

**UNITED MICROELECTRONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To United Microelectronics Corporation

We have audited the accompanying consolidated balance sheets of United Microelectronics Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(9) to the consolidated financial statements, certain long-term investments were accounted for under the equity method based on the December 31, 2007 and 2006 financial statements of the investees, which were audited by the other auditors. Our audits insofar as it relates to the investment income amounting to NT\$810 million and NT\$848 million for the years ended December 31, 2007 and 2006, respectively, and the related long-term investment balances of NT\$5,418 million and NT\$1,719 million as of December 31, 2007 and 2006, respectively, are based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Microelectronics Corporation and subsidiaries as of December 31, 2007 and 2006, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2007 and 2006, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standard, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As described in Note 3 to the consolidated financial statements, effective from January 1, 2006, the Company has adopted the R.O.C. Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement" and No. 36, "Financial Instruments: Disclosure and Presentation".

As described in Note 3 to the consolidated financial statements, effective from January 1, 2006, goodwill is not subject to amortization.

January 24, 2008
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 2007 and 2006
 (Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31,		Liabilities and Stockholders' Equity	Notes	As of December 31,	
		2007	2006			2007	2006
Current assets				Current liabilities			
Cash and cash equivalents	2, 4(1)	\$ 47,678,147	\$ 93,853,208	Short-term loans	4(13)	\$ 359,071	\$ 342,549
Financial assets at fair value through profit or loss, current	2, 3, 4(2)	4,804,935	8,538,007	Financial liabilities at fair value through profit or loss, current	2, 3, 4(14)	340,230	985,267
Held-to-maturity financial assets, current	2, 3, 4(3)	-	1,110,422	Accounts payable		5,687,627	4,864,771
Notes receivable		32,712	54,381	Income tax payable	2	1,092,129	2,071,394
Accounts receivable, net	2, 4(4)	15,010,279	14,201,718	Accrued expenses		8,214,951	7,025,328
Accounts receivable - related parties, net	2, 5	348,303	150,011	Other payables		23,538	77,319
Other receivables	2	457,148	849,742	Payable on equipment		6,036,274	10,130,367
Inventories, net	2, 4(5)	11,867,832	10,878,182	Current portion of long-term liabilities	2, 4(15)	22,889,476	9,068,283
Prepaid expenses		692,030	762,799	Deferred income tax liabilities, current	2, 4(22)	18	62
Deferred income tax assets, current	2, 4(22)	219,881	1,945,082	Other current liabilities		645,143	1,538,450
Total current assets		81,111,267	132,343,552	Total current liabilities		45,288,457	36,103,790
Funds and investments				Long-term liabilities			
Financial assets at fair value through profit or loss, noncurrent	2, 3, 4(6)	47,598	474,738	Bonds payable	2, 4(15)	7,495,304	30,383,076
Available-for-sale financial assets, noncurrent	2, 3, 4(7), 4(12)	50,911,643	52,311,172	Total long-term liabilities		7,495,304	30,383,076
Financial assets measured at cost, noncurrent	2, 3, 4(8), 4(12)	8,295,679	7,515,945	Other liabilities			
Long-term investments accounted for under the equity method	2, 3, 4(9), 4(12)	9,909,595	11,662,599	Accrued pension liabilities	2, 4(16)	3,171,562	3,115,420
Prepayment for long-term investments		648,360	-	Deposits-in		14,415	12,282
Total funds and investments		69,812,875	71,964,454	Deferred income tax liabilities, noncurrent	2, 4(22)	47,548	52,585
Property, plant and equipment	2, 4(10), 4(12), 7			Deferred credits - intercompany profits	2	9,666	13,245
Land		1,922,230	1,879,442	Other liabilities - others		533,638	570,174
Buildings		22,529,856	21,076,844	Total other liabilities		3,776,829	3,763,706
Machinery and equipment		446,198,339	415,225,873	Total liabilities		56,560,590	70,250,572
Transportation equipment		85,877	90,706	Capital	2, 4(17), 4(18)		
Furniture and fixtures		3,429,067	2,964,369	Common stock		132,144,949	191,311,927
Leasehold improvements		42,809	42,968	Capital collected in advance		-	11,405
Total cost		474,208,178	441,280,202	Additional paid in capital	2, 4(17)		
Less : Accumulated depreciation		(346,920,945)	(311,696,923)	Premiums		59,435,560	61,070,555
Add : Construction in progress and prepayments		9,931,551	22,244,850	Treasury stock transactions		274	8,938
Property, plant and equipment, net		137,218,784	151,828,129	Change in equities of long-term investments		6,690,972	6,627,794
Intangible assets				Retained earnings	4(17), 4(20)		
Goodwill	2, 3	3,498,687	3,498,687	Legal reserve		18,476,942	16,699,508
Other intangible assets		305	1,330	Special reserve		824,922	322,150
Total intangible assets		3,498,992	3,500,017	Unappropriated earnings		12,349,227	17,774,335
Other assets				Adjustment items to stockholders' equity	2, 4(7)		
Deferred charges	2	1,434,821	1,501,064	Cumulative translation adjustment		(866,562)	(824,922)
Deferred income tax assets, noncurrent	2, 4(22)	4,268,053	4,184,091	Unrealized gain or loss on financial instruments		22,413,852	27,557,845
Other assets - others	2, 4(11), 6	2,213,497	2,332,154	Treasury stock	2, 4(17), 4(19)	(15,003,247)	(29,394,664)
Total other assets		7,916,371	8,017,309	Total stockholders' equity of parent company		236,466,889	291,164,871
Total assets		\$ 299,558,289	\$ 367,653,461	Minority interests		6,530,810	6,238,018
				Total stockholders' equity		242,997,699	297,402,889
				Total liabilities and stockholders' equity		\$ 299,558,289	\$ 367,653,461

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 For the years ended December 31, 2007 and 2006
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the year ended December 31,				
		2007		2006		
Operating revenues	2, 5					
Sales revenues		\$	111,344,599		\$109,857,465	
Less : Sales returns and discounts			(1,104,123)		(867,150)	
Net Sales			110,240,476		108,990,315	
Other operating revenues			3,070,822		3,013,504	
Net operating revenues			113,311,298		112,003,819	
Operating costs	4(21)					
Cost of goods sold			(87,820,893)		(88,452,676)	
Other operating costs			(1,967,732)		(2,198,540)	
Operating costs			(89,788,625)		(90,651,216)	
Gross profit			23,522,673		21,352,603	
Unrealized intercompany profit	2		(85,543)		(105,892)	
Realized intercompany profit	2		105,892		118,815	
Gross profit-net			23,543,022		21,365,526	
Operating expenses	2, 4(21)					
Sales and marketing expenses			(4,068,984)		(3,365,678)	
General and administrative expenses			(3,723,916)		(3,422,340)	
Research and development expenses	2		(9,631,227)		(9,418,877)	
Subtotal			(17,424,127)		(16,206,895)	
Operating income			6,118,895		5,158,631	
Non-operating income						
Interest revenue			1,330,418		1,562,704	
Investment gain accounted for under the equity method, net	2, 4(9)		625,752		1,178,103	
Dividend income			2,171,720		950,546	
Gain on disposal of property, plant and equipment	2		669,076		331,767	
Gain on disposal of investments	2		12,040,872		28,651,109	
Exchange gain, net	2		137,414		316,006	
Gain on valuation of financial assets	2		-		750,378	
Gain on valuation of financial liabilities	2		20,633		306,140	
Other income			933,808		862,750	
Subtotal			17,929,693		34,909,503	
Non-operating expenses						
Interest expense	2, 4(10)		(181,262)		(648,408)	
Loss on disposal of property, plant and equipment	2		(124,071)		(107,962)	
Loss on decline in market value and obsolescence of inventories	2		(372,359)		(1,089,490)	
Financial expenses			(137,134)		(230,757)	
Impairment loss	2, 4(12)		(575,784)		(1,330,293)	
Loss on valuation of financial assets	2		(2,788,343)		-	
Other losses	2		(199,292)		(73,799)	
Subtotal			(4,378,245)		(3,480,709)	
Income from continuing operations before income tax			19,670,343		36,587,425	
Income tax expense	2, 4(22)		(2,809,874)		(3,261,622)	
Income from continuing operations			16,860,469		33,325,803	
Cumulative effect of changes in accounting principles (the net amount after deducted tax expense \$0)	3		-		(1,188,515)	
Net income			\$ 16,860,469		\$ 32,137,288	
Attributable to:						
Shareholders of the parent			\$ 16,961,762		\$32,619,313	
Minority interests			(101,293)		(482,025)	
Net income			\$ 16,860,469		\$ 32,137,288	
			Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4(23)					
Net income attributable to shareholders of the parent			\$ 1.27	\$ 1.09	\$ 1.99	\$ 1.81
Earnings per share-diluted (NTD)	2, 4(23)					
Net income attributable to shareholders of the parent			\$ 1.23	\$ 1.06	\$ 1.92	\$ 1.75

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the years ended December 31, 2007 and 2006
 (Expressed in Thousands of New Taiwan Dollars)

	Notes	Capital			Retained Earnings			Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Minority Interests	Total
		Common Stock	Collected in Advance	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings					
Balance as of January 1, 2006	4(17)	\$ 197,947,033	\$ 36,600	\$ 85,381,599	\$ 15,996,839	\$ 1,744,171	\$ 8,831,782	\$ (80,989)	\$ (241,153)	\$ (51,332,329)	\$ 6,336,685	\$ 264,620,238
The effect of adopting SFAS NO. 34	3(2)	-	-	-	-	-	-	24,097,170	11,547	-	-	24,108,717
Appropriation of 2005 retained earnings	4(17)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	702,669	-	(702,669)	-	-	-	-	-
Special reserve		-	-	-	-	(1,422,021)	1,422,021	-	-	-	-	-
Cash dividends		-	-	-	-	-	(7,161,267)	-	-	-	-	(7,161,267)
Stock dividends		895,158	-	-	-	-	(895,158)	-	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(6,324)	-	-	-	-	(6,324)
Employee bonus - cash		-	-	-	-	-	(305,636)	-	-	-	-	(305,636)
Employee bonus - stock		458,455	-	-	-	-	(458,455)	-	-	-	-	-
Additional paid-in capital transferred to common stock	4(17)	895,158	-	(895,158)	-	-	-	-	-	-	-	-
Purchase of treasury stock	2, 4(19)	-	-	-	-	-	-	-	-	(27,286,339)	-	(27,286,339)
Cancellation of treasury stock	2, 4(17), 4(19)	(10,000,000)	-	(3,269,100)	-	-	(6,371,128)	-	-	19,640,228	-	-
Adjustment of treasury stock due to loss of control over subsidiary		-	-	(57,972)	-	-	(9,198,144)	(6,826,238)	-	29,583,776	-	13,501,422
Net income in 2006		-	-	-	-	-	32,619,313	-	-	-	(482,025)	32,137,288
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	(62,686)	-	-	-	-	-	-	-	(62,686)
Adjustment of funds and investments disposal	2	-	-	(14,091,043)	-	-	-	-	8,170	-	-	(14,082,873)
Cash dividends allocated to subsidiaries	2	-	-	66,910	-	-	-	-	-	-	-	66,910
Changes in unrealized gain on available-for-sale financial assets	2, 4(7)	-	-	-	-	-	-	1,066,672	-	-	-	1,066,672
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	9,301,230	-	-	-	9,301,230
Exercise of employee stock options	2, 4(17), 4(18)	1,079,523	11,405	634,737	-	-	-	-	-	-	-	1,725,665
Common stock transferred from capital collected in advance		36,600	(36,600)	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(603,486)	-	-	(603,486)
Changes in minority interests		-	-	-	-	-	-	-	-	-	383,358	383,358
Balance as of December 31, 2006	4(17)	191,311,927	11,405	67,707,287	16,699,508	322,150	17,774,335	27,557,845	(824,922)	(29,394,664)	6,238,018	297,402,889
Appropriation of 2006 retained earnings	4(17), 4(20)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	1,777,434	-	(1,777,434)	-	-	-	-	-
Special reserve		-	-	-	-	502,772	(502,772)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(12,461,529)	-	-	-	-	(12,461,529)
Remuneration to directors and supervisors		-	-	-	-	-	(15,494)	-	-	-	-	(15,494)
Employee bonus - cash		-	-	-	-	-	(2,324,120)	-	-	-	-	(2,324,120)
Capital reduction	4(17)	(57,393,578)	-	(1,142,437)	-	-	(2,650,494)	-	-	7,275,517	-	(53,910,992)
Adjustment of treasury stock held by subsidiary due to capital reduction		-	-	14,789	-	-	-	-	-	52,039	-	66,828
Cancellation of treasury stock	2, 4(17), 4(19)	(1,920,670)	-	(622,323)	-	-	(2,655,027)	-	-	5,198,020	-	-
Treasury stock sold to employees	2, 4(17), 4(19)	-	-	182	-	-	-	-	-	1,865,841	-	1,866,023
Net income in 2007		-	-	-	-	-	16,961,762	-	-	-	(101,293)	16,860,469
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	51,867	-	-	-	-	-	-	-	51,867
Adjustment of funds and investments disposal	2	-	-	11,310	-	-	-	-	(150)	-	-	11,160
Cash dividends allocated to subsidiaries	2	-	-	15,541	-	-	-	-	-	-	-	15,541
Changes in unrealized gain on available-for-sale financial assets	2, 4(7)	-	-	-	-	-	-	(2,539,032)	-	-	-	(2,539,032)
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	(2,604,961)	-	-	-	(2,604,961)
Exercise of employee stock options	2, 4(17), 4(18)	135,865	-	90,590	-	-	-	-	-	-	-	226,455
Common stock transferred from capital collected in advance		11,405	(11,405)	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(41,490)	-	-	(41,490)
Changes in minority interests		-	-	-	-	-	-	-	-	-	394,085	394,085
Balance as of December 31, 2007	4(17)	\$ 132,144,949	\$ -	\$ 66,126,806	\$ 18,476,942	\$ 824,922	\$ 12,349,227	\$ 22,413,852	\$ (866,562)	\$ (15,003,247)	\$ 6,530,810	\$ 242,997,699

The accompanying notes are an integral part of the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2007 and 2006
 (Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2007	2006
Cash flows from operating activities:		
Net income attributable to shareholders of the parent	\$ 16,961,762	\$ 32,619,313
Net loss attributable to minority interests	(101,293)	(482,025)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	37,784,558	44,255,730
Amortization	1,383,794	1,826,622
Bad debt expenses (reversal)	256	(164,908)
Loss on decline in market value and obsolescence of inventories	372,359	1,089,490
Loss on valuation of financial assets and liabilities	2,767,710	131,997
Investment gain accounted for under the equity method	(625,752)	(1,178,103)
Cash dividends received under the equity method	660,050	1,086,996
Gain on disposal of investments	(12,040,872)	(28,651,109)
Gain on disposal of property, plant and equipment	(545,005)	(223,805)
Gain on reacquisition of bonds	(6,205)	(18,465)
Amortization of bond discounts	58,461	87,369
Exchange gain on financial assets and liabilities	(45,182)	(13,009)
Exchange gain on long-term liabilities	127,417	(127,179)
Amortization of deferred income	(149,106)	(99,210)
Impairment loss	575,784	1,330,293
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	738,675	(5,803,828)
Notes and accounts receivable	(874,901)	783,372
Other receivables	513,065	97,674
Inventories	(1,354,730)	(1,262,091)
Prepaid expenses	72,758	(78,560)
Deferred income tax assets	1,646,169	1,231,531
Other current assets	(9,807)	13,924
Accounts payable	378,415	(135,076)
Income tax payable	94,721	(106,504)
Accrued expenses	581,206	512,799
Other payables	(38,313)	51,232
Other current liabilities	(117,122)	183,773
Accrued pension liabilities	56,020	110,883
Capacity deposits	(873,554)	(4,953)
Other liabilities - others	87,769	14,178
Net cash provided by operating activities	<u>48,079,107</u>	<u>47,078,351</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(427,202)
Acquisition of available-for-sale financial assets	(3,912,891)	(5,145,237)
Acquisition of financial assets measured at cost	(1,359,890)	(2,281,596)
Acquisition of long-term investments accounted for under the equity method	(1,343,316)	(3,524,941)
Proceeds from disposal of financial assets at fair value through profit or loss	-	74,092
Proceeds from disposal of available-for-sale financial assets	9,226,736	18,697,235
Proceeds from disposal of financial assets measured at cost	1,004,253	903,019
Proceeds from disposal of long-term investments accounted for under the equity method	1,531,544	8,202,027
Proceeds from maturity of held-to-maturity financial assets	1,119,950	-
Prepayment for long-term investments	(648,360)	-
Proceeds from capital reduction and liquidation of investments	342,206	204,352
Acquisition of property, plant and equipment	(28,299,165)	(33,239,978)
Proceeds from disposal of property, plant and equipment	1,751,144	587,904
Acquisition of deferred charges	(1,255,453)	(1,095,114)
Decrease in restricted deposits	-	555,800
Decrease (increase) in other assets	44,122	(20,958)
Net cash used in investing activities	<u>(21,799,120)</u>	<u>(16,510,597)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2007 and 2006
 (Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2007	2006
(continued)		
Cash flows from financing activities:		
Proceeds from short-term loans	\$ 14,000	\$ 204,265
Redemption of bonds	(5,355,192)	(10,250,000)
Reacquisition of bonds	(819,323)	(1,844,683)
Remuneratin paid to directors and supervisors	(15,494)	(6,324)
Cash dividends	(12,446,080)	(7,155,865)
Payment of employee bonus	(2,324,120)	(305,636)
Purchase of treasury stock	-	(27,286,339)
Exercise of employee stock options	226,455	1,725,665
Treasury stock sold to employees	1,866,023	-
Capital reduction	(53,844,157)	-
Increase (decrease) in deposits-in	2,136	(6,379)
Increase (decrease) in minority shareholders	2,202	(130,269)
Net cash used in financing activities	(72,693,550)	(45,055,565)
Effect of exchange rate changes on cash and cash equivalents	238,502	(247,242)
Effect of subsidiaries change	-	(38,539)
Net decrease in cash and cash equivalents	(46,175,061)	(14,773,592)
Cash and cash equivalents at beginning of year	93,853,208	108,626,800
Cash and cash equivalents at end of year	\$ 47,678,147	\$ 93,853,208
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 522,300	\$ 971,038
Cash paid for income tax	\$ 2,094,070	\$ 167,433
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 24,205,072	\$ 38,054,650
Add: Payable at beginning of period	10,130,367	5,315,695
Less: Payable at end of year	(6,036,274)	(10,130,367)
Cash paid for acquiring property, plant and equipment	\$ 28,299,165	\$ 33,239,978
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	\$ 3,285,254	\$ 69,621
Book value of available-for-sale financial assets delivered for exchange	(895,055)	(20,242)
Elimination of related balance sheet accounts	392,118	15,302
Recognition of gain on disposal of available-for-sale financial assets	\$ 2,782,317	\$ 64,681

The accompanying notes are an integral part of the consolidated financial statements.

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

United Microelectronics Corporation (UMC) was incorporated in May 1980 and commenced operations in April 1982. UMC is a full service semiconductor wafer foundry, and provides a variety of services to satisfy customer needs. UMC's common shares were publicly listed on the Taiwan Stock Exchange (TSE) in July 1985 and its American Depositary Shares (ADSs) were listed on the New York Stock Exchange (NYSE) in September 2000.

The numbers of employees as of December 31, 2007 and 2006 were 14,680 and 14,251, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standard, Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China (R.O.C.).

Summary of significant accounting policies is as follows:

General Descriptions of Reporting Entities

(1) Principles of Consolidation

Investees in which UMC, directly or indirectly, holds more than 50% of voting rights or de facto control with less than 50% of voting rights, are consolidated into UMC's financial statements. (UMC and the consolidated entities are hereinafter referred to as "the Company".)

Transactions between consolidated entities are eliminated in the consolidated financial statements. Prior to January 1, 2006, the difference between the acquisition cost and the net equity of a subsidiary as of the acquisition date was amortized over 5 years; however effective January 1, 2006, goodwill arising from new acquisitions is analyzed and accounted for under the ROC Statement of Financial Accounting Standard (SFAS) No. 25, "Business Combination – Accounting Treatment under Purchase Method", and goodwill is not subject to amortization.

(2) The consolidated entities are as follows:

As of December 31, 2007

<u>Investor</u>	<u>Subsidiary</u>	<u>Business nature</u>	<u>Percentage of ownership (%)</u>
UMC	UMC GROUP (USA)(UMC-USA)	IC Sales	100.00
UMC	UNITED MICROELECTRONICS (EUROPE) B.V (UMC-BV)	IC Sales	100.00
UMC	UMC CAPITAL CORP.	Investment holding	100.00
UMC	UNITED MICROELECTRONICS CORP. (SAMOA)	Investment holding	100.00
UMC	TLC CAPITAL CO., LTD. (TLC)	Consulting and planning for investment in new business	100.00
UMC	UMCI LTD. (UMCI)	Sales and manufacturing of integrated circuits	100.00
UMC	FORTUNE VENTURE CAPITAL CORP. (FORTUNE)	Consulting and planning for investment in new business	99.99
UMC	UNITED MICRODISPLAY OPTRONICS CORP. (UMO) (Note 1)	Sales and manufacturing of LCOS	85.24
UMC	UMC JAPAN (UMCJ)	Sales and manufacturing of integrated circuits	50.09
FORTUNE	UNITRUTH INVESTMENT CORP. (UNITRUTH)	Investment holding	100.00
UMC CAPITAL CORP.	UMC CAPITAL (USA)	Investment holding	100.00
UMC CAPITAL CORP.	ECP VITA LTD.	Insurance	100.00
UMO	UMO(HK) LIMITED	Investment holding	100.00

As of December 31, 2006

<u>Investor</u>	<u>Subsidiary</u>	<u>Business nature</u>	<u>Percentage of ownership (%)</u>
UMC	UMC-USA	IC Sales	100.00
UMC	UME BV	IC Sales	100.00
UMC	UMC CAPITAL CORP.	Investment holding	100.00
UMC	UNITED MICROELECTRONICS CORP. (SAMOA)	Investment holding	100.00
UMC	TLC	Consulting and planning for investment in new business	100.00

Investor	Subsidiary	Business nature	Percentage of ownership (%)
UMC	UMCI	Sales and manufacturing of integrated circuits	100.00
UMC	FORTUNE	Consulting and planning for investment in new business	99.99
UMC	UMO (Note 1)	Sales and manufacturing of LCOS	81.76
UMC	UMCJ	Sales and manufacturing of integrated circuits	50.09
UMC and UMO	THINTEK OPTRONICS CORP. (THINTEK) (Note 1)	LCOS design, production and sales	-
FORTUNE	UNITRUTH	Investment holding	100.00
UMC CAPITAL CORP.	UMC CAPITAL (USA) CORP.	Investment holding	100.00
UMC CAPITAL CORP.	ECP VITA LTD.	Insurance	100.00

Note 1: THINTEK was merged into UMO on October 1, 2006. The exchange ratio was 2.31 to 1.

Foreign Currency Transactions

Transactions denominated in foreign currencies are remeasured into the local functional currencies and recorded based on the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are remeasured into the local functional currencies at the exchange rates prevailing at the balance sheet date, with the related exchange gains or losses included in the consolidated statements of income. Translation gains or losses from investments in foreign entities are recognized as cumulative translation adjustment in stockholders' equity.

Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value with changes in fair value charged to the consolidated statements of income, are remeasured at the exchange rate at the balance sheet date, with related exchange gains or losses recorded in the consolidated statements of income. Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value with changes in fair value charged to stockholders' equity, are remeasured at the exchange rate at the balance sheet date, with related exchange gains or losses recorded as adjustment items to consolidated stockholders' equity. Non-monetary assets and liabilities denominated in foreign currencies and reported at cost are remeasured at historical exchange rates.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with R.O.C. generally accepted accounting principles requires management to make reasonable estimates and assumptions that will affect the amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results may differ from those estimates.

Translation of Foreign Currency Financial Statements

The financial statements of foreign subsidiaries and UMC's Singapore branch (the Branch) are translated into New Taiwan Dollars using the spot rates at the balance sheet date for asset and liability accounts and average exchange rates for profit and loss accounts. The cumulative translation effects from the subsidiaries and the Branch using functional currencies other than New Taiwan Dollars are included in the cumulative translation adjustment in consolidated stockholders' equity.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks on changes in value resulting from changes in interest rates, including commercial paper with original maturities of three months or less.

Financial Instruments

In accordance with ROC Statement of Financial Accounting Standard (SFAS) No. 34, "Financial Instruments: Recognition and Measurement" and the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity financial assets, financial assets measured at cost, or available-for-sale financial assets. Financial liabilities are recorded at fair value through profit or loss.

The Company accounts for purchase or sale of financial instruments as of the trade date, which is the date the Company commits to purchase or sell the asset or liability. Financial assets and financial liabilities are initially recognized at fair value plus acquisition or issuance costs.

a. Financial instruments at fair value through profit or loss

Financial instruments held for short-term sale or repurchase purposes and derivative financial instruments not qualified for hedge accounting are classified as financial assets or liabilities at fair value through profit or loss.

This category of financial instruments is measured at fair value and changes in fair value are recognized in the consolidated statements of income. Stock of listed companies, convertible bonds, and closed-end funds are measured at closing prices as of the balance sheet date. Open-end funds are measured at the unit price of the net assets as of the balance sheet date. The fair value of derivative financial instruments is determined by using valuation techniques commonly used by market participants in the industry.

b. Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity financial assets if the Company has both the positive intention and ability to hold the financial assets to maturity. Investments intended to be held to maturity are measured at amortized cost.

The Company recognizes an impairment loss if objective evidence of impairment loss exists. However, the impairment loss may be reversed if the value of asset recovers subsequently and the Company concludes the recovery is related to improvements in events or factors that originally caused the impairment loss. The new cost basis as a result of the reversal cannot exceed the amortized cost prior to the impairment.

c. Financial assets measured at cost

Unlisted stock, funds, and other securities without reliable market prices are measured at cost. When objective evidence of impairment exists, the Company recognizes an impairment loss, which cannot be reversed in subsequent periods.

d. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial instruments not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Subsequent measurement is calculated at fair value. Investments in listed companies are measured at closing prices as of the balance sheet date. Any gain or loss arising from the change in fair value, excluding impairment loss and exchange gain or loss arising from monetary financial assets denominated in foreign currencies, is recognized as an adjustment to consolidated stockholders' equity until such investment is reclassified or disposed of, upon which the cumulative gain or loss previously charged to consolidated stockholders' equity will be recorded in the consolidated statement of income.

The Company recognizes an impairment loss when objective evidence of impairment exists. Any reduction in the impairment loss of equity investments in subsequent periods will be recognized as an adjustment to consolidated stockholders' equity. The impairment loss of a debt security may be reversed and recognized in the current period's consolidated statement of income if the security recovers and the Company concludes the recovery is related to improvements in the factors or events that originally caused the impairment.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided based on management's judgment of the collectibility and aging analysis of accounts and other receivables.

Inventories

Inventories are accounted for on a perpetual basis. Raw materials are recorded at actual purchase costs, while the work in process and finished goods are recorded at standard costs and subsequently adjusted to actual costs using the weighted-average method at the end of each month. Inventories are stated individually by category at the lower of aggregate cost or market value as of the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost while the market values of work in process and finished goods are determined by net realizable values. An allowance for loss on decline in market value or obsolescence is provided, when necessary.

Long-term Investments Accounted for Under the Equity Method

Long-term investments are initially recorded at acquisition cost. Investments acquired by the contribution of technological know-how are credited to deferred credits among affiliates, which will be amortized over a period of 5 years.

Investments in which the Company has ownership of at least 20% or exercises significant influence on operating decisions are accounted for under the equity method. Prior to January 1, 2006, the difference of the acquisition cost and the underlying equity in the investee's net assets as of acquisition date was amortized over 5 years; however, effective January 1, 2006, goodwill arising from new acquisitions is analyzed and accounted for under the ROC SFAS No. 25, "Business Combination – Accounting Treatment under Purchase Method", where goodwill is not subject to amortization.

The change in the Company's proportionate share in the net assets of an investee resulting from its acquisition of additional stock issued by the investee at a rate not proportionate to its existing equity ownership is charged to the additional paid-in capital and long-term investments accounts.

Unrealized intercompany gains and losses arising from sales from the Company to equity method investees are eliminated in proportion to the Company's ownership percentage until realized through transactions with third parties. Intercompany gains and losses arising from transactions between the Company and majority-owned (above 50%) subsidiaries are eliminated entirely until realized through transactions with third parties.

Unrealized intercompany gains and losses due to sales from equity method investees to the Company are eliminated in proportion to the Company's weighted-average ownership percentage of the investee until realized through transactions with third parties.

Unrealized intercompany gains and losses arising from transactions between two equity method investees are eliminated in proportion to the Company's multiplied weighted-average ownership percentage with the investees until realized through transactions with third parties.

Those intercompany gains and losses arising from transactions between two majority-owned subsidiaries are eliminated in proportion to the Company's weighted-average ownership percentage in the subsidiary that incurred the gain or loss.

If the recoverable amount of investees accounted for under the equity method is less than its carrying amount, the difference is to be recognized as impairment loss in the current period.

The total value of an investment and related receivables cannot be negative. If, after the investment loss is recognized, the net book value of the investment is less than zero, the investment is reclassified to other liabilities - others on the consolidated balance sheet.

The Company ceases to use the equity method upon a loss of ability to exercise significant influence over an investee. In accordance with ROC SFAS No. 34, "Financial Instrument: Recognition and Measurement", the carrying value of the investment upon the loss of significant influence remains as the carrying value of the investment. Any amount of the investee's additional paid-in capital and other adjustment items under stockholders' equity recorded in the consolidated stockholders' equity of the Company are eliminated in proportion to the amount of the investment sold and recorded as gain or loss on disposal of investments. Cash dividends received during the year of change would be applied as a reduction of the carrying amount of the investment. Dividends received in subsequent years are recorded in accordance with ROC SFAS No. 32, "Accounting for Revenue Recognition."

Gain or loss on disposal of long-term investments is based on the difference between selling price and book value of investments sold. Any amount of the investee's additional paid-in capital and other adjustment items under stockholders' equity recorded in the stockholders' equity of the Company are eliminated in proportion to the amount of the investment sold and recorded as gain or loss on disposal of investments.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Interest incurred on loans used to finance the construction of property, plant and equipment is capitalized and depreciated accordingly. Maintenance and repairs are charged to expense as incurred. Significant renewals and improvements are treated as capital expenditures and are depreciated over their estimated useful lives. Upon disposal of property, plant and equipment are disposed, their original cost and accumulated depreciation are written off and the related gain or loss is classified as non-operating income or expense. Idle assets are classified as other assets at the lower of net book or net realizable value, with the difference charged to non-operating expenses. Depreciation is recognized on a straight-line basis using the estimated economic life of the assets less salvage value.

Buildings	8~55 years
Machinery and equipment	5~6 years
Transportation equipment	4~5 years
Furniture and fixtures	2~14 years
Leased assets and leasehold improvements	The lease period or estimated economic life, whichever is shorter

Intangible Assets

Effective January 1, 2006, goodwill generated from business combinations is no longer subject to amortization.

Technological know-how is stated at cost and amortized over its estimated economic life using the straight-line method.

An impairment loss will be recognized when the decrease in fair value of intangible assets are other than temporary. The book value after recognizing the impairment loss is recorded as the new cost.

Deferred Charges

Deferred charges are stated at cost and amortized on a straight-line basis as follows: intellectual property license fees—the shorter of contract term or estimated economic life of the related technology; and software—3 years.

Prior to December 31, 2005, the issuance costs of convertible and exchangeable bonds were classified as deferred charges and amortized over the life of the bonds. Effective January 1, 2006, the unamortized amounts as of December 31, 2005 were reclassified as a bond discount and recorded as a deduction to bonds payable. The amounts are amortized using the effective interest method over the remaining life of the bonds. If the difference between the straight-line method and the effective interest method is immaterial, the amortization of the bond discount may be amortized using the straight-line method and recorded as interest expenses.

Convertible and Exchangeable Bonds

The excess of the stated redemption price over par value is accrued as interest payable and expensed over the redemption period using the effective interest method.

When convertible bondholders exercise their conversion rights, the book value of the bonds is credited to common stock at an amount equal to the par value of the common stock with the excess credited to additional paid-in capital. No gain or loss is recognized upon bond conversion.

When exchangeable bondholders exercise their right to exchange their bonds for reference shares, the book value of the bonds is offset against the book value of the investments in reference shares and the related stockholders' equity accounts, with the difference recognized as a gain or loss on disposal of investments.

In accordance with ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement," effective as of January 1, 2006, since the economic and risk characteristics of the embedded derivative instrument and the host contract are not clearly and closely related, derivative financial instruments embedded in exchangeable bonds shall be bifurcated and accounted as financial liabilities at fair value through profit or loss.

Pension Plan

All regular employees are entitled to a defined benefit pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the Bank of Taiwan and hence, not associated with the Company. Therefore, fund assets are not to be included in the Company's financial statements. Pension benefits for employees of the Branch and overseas subsidiaries are provided in accordance with the local regulations.

The Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees subject to the Labor Standards Law, a defined benefit plan, were allowed to choose to either elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts.

The accounting for UMC's pension liability is computed in accordance with ROC SFAS No.18. Net pension costs of the defined benefit plan are recorded based on an independent actuarial valuation. Pension cost components such as service cost, interest cost, expected return on plan assets, the amortization of net obligation at transition, pension gain or loss, and prior service cost, are all taken into consideration. UMC recognizes expenses from the defined contribution pension plan in the period in which the contribution becomes due.

Employee Stock Option Plan

The Company uses intrinsic value method to recognize compensation cost for its employee stock options issued since January 1, 2004. Under the intrinsic value method, the Company recognizes the difference between the market price of the stock on date of grant and the exercise price of its employee stock option as compensation cost. The Company also discloses pro forma net income and earnings per share under the fair value method for options granted since January 1, 2004.

Treasury Stock

In accordance with ROC SFAS No. 30, "Accounting for Treasury Stock", treasury stock held by the Company is accounted for under the cost method. The cost of treasury stock is shown as a deduction to consolidated stockholders' equity, while any gain or loss from selling treasury stock is treated as an adjustment to additional paid-in capital. Treasury stock transferred to employees is accounted for as treasury stock transaction and no compensation expense is recorded. The Company's stock held by its subsidiaries is also treated as treasury stock. Cash dividends received by subsidiaries from the Company are recorded as additional paid-in capital - treasury stock transactions.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, the product or service has been delivered, the seller's price to the buyer is fixed or determinable and collectibility is reasonably assured. Most of the Company's sales transactions have shipping terms of Free on Board (FOB) or Free Carrier (FCA) shipment in which title and the

risk of loss or damage is transferred to the customer upon delivery of the product to a carrier approved by the customer.

Allowance for sales returns and discounts are estimated based on history of customer complaints, historical experiences, management judgment and any other known factors that might significantly affect collectibility. Such allowances are recorded in the same period in which sales are made.

Research and Development Expenditures

Research and development expenditures are charged to expenses as incurred.

Capital Expenditures Versus Operating Expenditures

Expenditures are capitalized when it is probable that the Company will receive future economic benefits associated with the expenditures.

Income Tax

The Company adopted ROC SFAS No. 22, "Accounting for Income Taxes" for inter-period and intra-period income tax allocation. The provision for income taxes includes deferred income tax assets and liabilities that are a result of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, loss carry-forward and investment tax credits. A valuation allowance on deferred income tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, its classification is based on the expected reversal date of the temporary difference.

According to ROC SFAS No. 12, "Accounting for Income Tax Credits", the Company recognizes the tax benefit from the purchase of equipment and technology, research and development expenditure, employee training, and certain equity investment by the flow-through method.

Income tax (10%) on unappropriated earnings is recorded as expense in the year in which the shareholders have resolved that the earnings shall be retained.

The Income Basic Tax Act of the R.O.C. (the IBTA) became effective on January 1, 2006. Set up by the Executive Yuan, the IBTA is a supplemental 10% tax that is payable if the income tax payable determined by the ROC Income Tax Act is below the minimum amount as prescribed by the IBTA. The IBTA is calculated based on taxable income as defined by the IBTA, which includes most income that is exempted from income tax under various legislations. The impact of the IBTA has been considered in the Company's income tax for the current reporting periods.

Earnings per Share

Earnings per share is computed according to ROC SFAS No. 24, "Earnings Per Share" Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the current reporting period. Diluted earnings per share is computed by taking basic earnings per share into consideration plus additional common shares that would have been outstanding if the dilutive share equivalents had been

issued. Net income (loss) is also adjusted for interest and other income or expenses derived from any underlying dilutive share equivalents. The weighted-average of outstanding shares is adjusted retroactively for stock dividends and bonus share issues.

Asset Impairment

Pursuant to ROC SFAS No. 35, the Company assesses indicators of impairment for all its assets (except for goodwill) within the scope of the standard at each balance sheet date. If impairment is indicated, the Company compares the asset's carrying amount with the recoverable amount of the assets or the cash-generating unit (CGU) associated with the asset and writes down the carrying amount to the recoverable amount where applicable. The recoverable amount is defined as the higher of fair value less the costs to sell, and the values in use. For previously recognized losses, the Company assesses at the balance sheet date any indication that the impairment loss no longer exists or may have diminished. If there is any such indication, the Company recalculates the recoverable amount of the asset, and if the recoverable amount has increased as a result of the increase in the estimated service potential of the assets, the Company reverses the impairment loss so that the resulting carrying amount of the asset does not exceed the amount (net of amortization or depreciation) that would otherwise result had no impairment loss been recognized for the assets in prior years.

In addition, a goodwill-allocated CGU or group of CGUs is tested for impairment each year, regardless of whether impairment is indicated. If an impairment test reveals that the carrying amount, including goodwill, of CGU or group of CGUs is greater than its recoverable amount, it results in an impairment loss. The loss is first recorded against the CGU's goodwill, with any remaining loss allocated to other assets on a pro rata basis proportionate to their carrying amounts. The write-down of goodwill cannot be reversed in subsequent periods under any circumstances.

Impairment losses and reversals are classified as non-operating expenses and income, respectively.

3. ACCOUNTING CHANGES

Goodwill

The Company adopted the amendments to ROC SFAS No. 1, "Conceptual Framework of Financial Accounting and Preparation of Financial Statements," SFAS No. 5, "Long-Term Investments in Equity Securities," and SFAS No. 25, "Business Combinations – Accounting Treatment under Purchase Method," all of which have discontinued the amortization of goodwill effective on January 1, 2006. As a result of adopting the revised SFAS No.1, revised SFAS No.5 and revised SFAS No.25 on January 1, 2006, the Company's total assets as of December 31, 2006 are NT\$856 million higher than if it had continued to account for goodwill under the prior year's requirements. The net income and earnings per share for the year ended December 31, 2006, are NT\$856 million and NT\$0.05 higher, respectively, than if the Company had continued to account for goodwill under the prior year's requirements.

Financial Instruments

(1) The Company adopted ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement" and SFAS No. 36, "Financial Instruments: Disclosure and Presentation" to account for the financial instruments effective January 1, 2006.

- (2) The above changes in accounting principles increased the Company's total assets, total liabilities, and stockholders' equity as of January 1, 2006 by NT\$24,246 million, NT\$1,326 million, and NT\$22,920 million, respectively; and resulted in an unfavorable cumulative effect of changes in accounting principles of NT\$1,189 million deducted from consolidated net income, thereby reducing basic earnings per share by NT\$0.06 for the year ended December 31, 2006.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of December 31,	
	2007	2006
Cash:		
Cash on hand	\$2,665	\$2,665
Checking and savings accounts	6,031,675	4,527,578
Time deposits	35,697,615	80,909,065
Subtotal	<u>41,731,955</u>	<u>85,439,308</u>
Cash equivalents:	5,946,192	8,413,900
Total	<u><u>47,678,147</u></u>	<u><u>\$93,853,208</u></u>

(2) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

	As of December 31,	
	2007	2006
<u>Held for trading</u>		
Listed stocks	\$4,800,385	\$8,094,274
Convertible bonds	-	443,733
Open-end fund	4,550	-
Total	<u><u>\$4,804,935</u></u>	<u><u>\$8,538,007</u></u>

During the years ended December 31, 2007 and 2006, net gain (loss) of financial assets at fair value through profit or loss, current, were a net loss of NT\$2,737 million and a net gain of NT\$671 million, respectively.

(3) HELD-TO-MATURITY FINANCIAL ASSETS

	As of December 31,	
	2007	2006
Credit-linked deposits and repackage bonds	<u><u>\$-</u></u>	<u><u>\$1,110,422</u></u>

(4) ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2007	2006
Accounts receivable	\$15,612,138	\$15,002,206
Less: Allowance for sales returns and discounts	(599,607)	(798,492)
Less: Allowance for doubtful accounts	(2,252)	(1,996)
Net	<u>\$15,010,279</u>	<u>\$14,201,718</u>

(5) INVENTORIES, NET

	As of December 31,	
	2007	2006
Raw materials	\$1,158,782	\$1,157,909
Supplies and spare parts	2,223,092	1,974,417
Work in process	8,201,214	7,220,955
Finished goods	1,236,551	1,636,365
Total	12,819,639	11,989,646
Less : Allowance for loss on decline in market value and obsolescence	(951,807)	(1,111,464)
Net	<u>\$11,867,832</u>	<u>\$10,878,182</u>

Inventories were not pledged.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS,
NONCURRENT

	As of December 31,	
	2007	2006
Convertible bonds	<u>\$47,598</u>	<u>\$474,738</u>

During the year ended December 31, 2007 and 2006, net gain (loss) of financial assets at fair value through profit or loss, noncurrent, were a net loss of NT\$17 million and net gain of NT\$92 million, respectively.

(7) AVAILABLE-FOR-SALE FINANCIAL ASSETS, NONCURRENT

	As of December 31,	
	2007	2006
Common stock	\$50,757,743	\$52,311,172
Funds	153,900	-
Total	<u>\$50,911,643</u>	<u>\$52,311,172</u>

During the years ended December 31, 2007 and 2006, the total unrealized gain adjustments to consolidated stockholders' equity due to changes in available-for-sale assets were NT\$5,658 million and NT\$21,947 million, respectively. The Company recognized gains of NT\$9,414 million and NT\$13,940 million due to the disposal of available-for-sale assets during the years ended December 31, 2007 and 2006, respectively. 5.5 million shares of SIMPLO TECHNOLOGY were acquired through private placement in July 2006 and the exchange of these shares are restricted by the provisions in Article 43 paragraph 8 of the Securities and Exchange Law.

(8) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of December 31,	
	2007	2006
Common stock	\$5,282,110	\$4,614,880
Preferred stock	2,303,264	2,387,508
Convertible bond	16,394	-
Funds	693,911	513,557
Total	<u>\$8,295,679</u>	<u>\$7,515,945</u>

Four million shares of INPAQ TECHNOLOGY were acquired through private placement in November 2007 and the exchange of these shares are restricted by the provisions in Article 43 paragraph 8 of the Securities and Exchange Law.

(9) LONG-TERM INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

a. Details of long-term investments accounted for under the equity method are as follows :

Investee Company	As of December 31,			
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
HOLTEK SEMICONDUCTOR INC.(HOLTEK) (Note A)	\$-	-	\$878,747	24.45
ITE TECH. INC.(ITE) (Note B)	-	-	341,268	21.80
Subtotal	-	-	<u>1,220,015</u>	

Investee Company	As of December 31,			
	2007		2006	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Unlisted companies</u>				
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC) (Note C)	127,379	49.99	127,379	49.99
MTIC HOLDING PTE LTD.	82,230	49.94	81,402	49.94
UWAVE TECHNOLOGY CORP.(UWAVE) (Note D)	-	48.64	36,823	48.64
UCA TECHNOLOGY INC. (UCA) (Note E)	-	48.33	50,128	48.33
SMEDIA TECHNOLOGY CORP.	172,191	45.74	153,830	48.73
YUNG LI INVESTMENTS, INC.	276,345	45.16	202,390	44.44
MEGA MISSION LIMITED PARTNERSHIP	2,441,703	45.00	2,699,491	45.00
ACHIEVE MADE INTERNATIONAL LTD.	24,920	43.29	30,845	44.44
UNITECH CAPITAL INC.	954,691	42.00	959,542	42.00
WALTOP INTERNATIONAL CORP.	141,041	40.00	117,457	40.00
ANOTO TAIWAN CORP.	24,635	39.20	32,622	49.00
AEVOE INTERNATIONAL LTD.	13,552	38.62	12,610	35.80
HSUN CHIEH INVESTMENT CO., LTD. (Note F)	4,122,988	36.49	4,674,311	36.49
UC FUND II	202,075	35.45	122,648	35.45
NEXPOWER TECHNOLOGY CORP.	784,668	34.55	11,976	40.00
CRYSTAL MEDIA INC.	46,439	32.87	50,649	34.03
CTC CAPITAL PARTNERS I, L.P.	145,021	32.11	-	-
XGI TECHNOLOGY INC.	32,410	31.53	96,685	31.62
ALLIANCE OPTOTEK CORP.	76,505	27.76	47,107	29.09
AMIC TECHNOLOGY CORP.	101,452	25.95	176,287	28.94
HIGH POWER LIGHTING CORP.	46,070	23.00	60,434	23.00
MOBILE DEVICES INC.	46,522	21.79	25,076	23.86
TRANSLINK CAPITAL PARTNERS I L.P. (TRANSLINK) (Note G)	46,758	16.73	-	-
STAR SEMICONDUCTOR CORP.	-	-	19,417	41.19
TERA XTAL TECHNOLOGY CORP.	-	-	108,950	35.00
HIGHLINK TECHNOLOGY CORP. (Note H)	-	-	361,378	30.63
U-MEDIA COMMUNICATIONS, INC.	-	-	24,110	26.05
AFA TECHNOLOGY, INC. (AFA) (Note I)	-	-	40,766	24.97
PARADE TECHNOLOGIES, LTD.	-	-	65,560	23.30

Investee Company	As of December 31,			
	2007		2006	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
USBEST TECHNOLOGY INC.(USBEST) (Note I)	-	-	52,711	21.45
Subtotal	9,909,595		10,442,584	
Total	\$9,909,595		\$11,662,599	

Note A : As UMC did not have significant influence after decreasing its percentage of ownership in HOLTEK in September 2007; the investee was classified as available-for-sale financial asset.

Note B : As UMC did not have significant influence after decreasing its percentage of ownership in ITE in August 2007; the investee was classified as available-for-sale financial asset.

Note C : On June 27, 2006, PACIFIC set July 3, 2006 as its liquidation date through a decision at its shareholders' meeting. The liquidation has not been completed as of December 31, 2007

Note D : On June 29, 2007, UWAVE reached the decision to liquidate the company at its shareholders' meeting. The liquidation has not been completed as of December 31, 2007

Note E : On September 14, 2007, UCA reached the decision to liquidate the company at its shareholders' meeting. The liquidation has not been completed as of December 31, 2007

Note F : As of January 27, 2006, the Company sold 58.5 million shares of HSUN CHIEH. UMC's ownership percentage decreased from 99.97% to 36.49%. As HSUN CHIEH ceased to be a subsidiary, UMC's stock held by HSUN CHIEH was reclassified from treasury stock to long-term investments accounted for under the equity method. The reclassification increased long-term investments accounted for under the equity method and stockholders' equity by NT\$10,881 million.

Note G : According to the partnership contract, the Company has significant influence over TRANSLINK, and it is accounted for under the equity method.

Note H: As of March 1, 2007, HIGHLINK (an equity method investee) and EPITECH TECHNOLOGY CORP. (EPITECH) (accounted for as an available-for-sale financial asset, noncurrent) merged into EPISTAR CORP. and were continued as

EPISTAR CORP. (classified as a noncurrent available-for-sale financial asset after the merger). During the transaction, 5.5 shares of HIGHLINK and 3.08 shares of EPITECH were exchanged for 1 share of EPISTAR CORP. Five million shares of HIGHLINK were acquired through private placement in February 2006 and the exchange of these shares are restricted by Article 43 paragraph 8 of the Securities and Exchange Law.

Note I: AFA was merged into USBEST on December 31, 2007. During the transaction, one share of AFA is exchanged for 0.66 share of USBEST.

b. Total gains arising from investments accounted for under the equity method, based on the audited financial statements of the investees, were NT\$626 million and NT\$1,178 million for the years ended December 31, 2007 and 2006, respectively. Investment income amounting to NT\$810 million and NT\$848 million for the years ended December 31, 2007 and 2006, respectively, and the related long-term investment balances of NT\$5,418 million and NT\$1,719 million as of December 31, 2007 and 2006, respectively, were determined based on the investees' financial statements audited by other auditors.

c. The long-term equity investments were not pledged.

(10) PROPERTY, PLANT AND EQUIPMENT

	As of December 31, 2007		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,922,230	\$-	\$1,922,230
Buildings	22,529,856	(7,944,046)	14,585,810
Machinery and equipment	446,198,339	(336,320,744)	109,877,595
Transportation equipment	85,877	(65,574)	20,303
Furniture and fixtures	3,429,067	(2,549,736)	879,331
Leasehold improvement	42,809	(40,845)	1,964
Construction in progress and prepayments	9,931,551	-	9,931,551
Total	<u>\$484,139,729</u>	<u>\$(346,920,945)</u>	<u>\$137,218,784</u>

	As of December 31, 2006		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,879,442	\$-	\$1,879,442
Buildings	21,076,844	(6,807,389)	14,269,455
Machinery and equipment	415,225,873	(302,547,942)	112,677,931
Transportation equipment	90,706	(61,056)	29,650
Furniture and fixtures	2,964,369	(2,240,443)	723,926
Leasehold improvement	42,968	(40,093)	2,875
Construction in progress and prepayments	22,244,850	-	22,244,850
Total	<u>\$463,525,052</u>	<u>\$(311,696,923)</u>	<u>\$151,828,129</u>

- a. Total interest expense before capitalization amounted to NT\$266 million and NT\$648 million for the years ended December 31, 2007 and 2006, respectively.

Details of capitalized interest are as follows:

	For the year ended December 31,	
	2007	2006
Machinery and equipment	\$80,382	\$-
Other property, plant and equipment	4,246	-
Total interest capitalized	<u>\$84,628</u>	<u>\$-</u>
Interest rates applied	<u>0.67%~0.92%</u>	<u>-</u>

- b. Property, plant, and equipment were not pledged.

(11) OTHER ASSETS — OTHERS

	As of December 31,	
	2007	2006
Leased assets	\$1,202,453	\$1,333,029
Deposits-out	745,457	738,696
Others	265,587	260,429
Total	<u>\$2,213,497</u>	<u>\$2,332,154</u>

Please refer to Note 6 for deposits-out pledged as collateral.

(12) IMPAIRMENT

	For the year ended December 31,	
	2007	2006
Available for sale financial assets, noncurrent	\$371,194	\$825,863
Long-term investments accounted for under the equity method	-	33,217
Financial assets measured at cost, noncurrent	196,898	215,071
Technology know how	-	256,142
Fixed assets	7,692	-
Total	<u>\$575,784</u>	<u>\$1,330,293</u>

(13) SHORT-TERM LOANS

	As of December 31,	
	2007	2006
Unsecured bank loans	<u>\$359,071</u>	<u>\$342,549</u>
Interest rates	<u>3.43%~5.43%</u>	<u>3.25%~5.85%</u>

The Company's unused short-term lines of credits amounted to NT\$12,197 million and NT\$13,057 million as of December 31, 2007 and 2006, respectively.

(14) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

	As of December 31,	
	2007	2006
Interest rate swaps	\$318,707	\$626,230
Derivatives embedded in exchangeable bonds	-	359,037
Forward contract	21,523	-
Total	<u>\$340,230</u>	<u>\$985,267</u>

During the years ended December 31, 2007 and 2006, net gain arising from financial liabilities at fair value through profit or loss, current were NT\$406 million and NT\$312 million, respectively.

(15) BONDS PAYABLE

	As of December 31,	
	2007	2006
Domestic unsecured bonds :	\$3,000,000	\$5,250,000
Issued in April 2001 and due on April 2008, 5.2170% ~ 5.2850% interest payable annually		
Issued in May ~ June 2003 and due on May ~ June 2008, 4.0% minus USD 12-Month LIBOR interest payable annually	7,500,000	7,500,000
Issued in May ~ June 2003 and due on May ~ June 2010, 4.3% minus USD 12-Month LIBOR interest payable annually	7,500,000	7,500,000
Zero coupon convertible bonds:		
Issued in March 2002 and due on March 2007	-	1,484,268
Issued in November 2003 and due on November 2013	-	2,225,020
Issued in October 2005 and due on February 2008	12,395,500	12,441,268
Zero coupon exchangeable bonds :	-	3,122,060
Issued in May 2002 and due on May 2007		
Discounts on convertible bonds	(10,720)	(71,257)
Subtotal	30,384,780	39,451,359
Less: Current portion	(22,889,476)	(9,068,283)
Net	<u>\$7,495,304</u>	<u>\$30,383,076</u>

- a. During the period from April 16 to April 27, 2001, UMC issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 5.1195% through 5.1850% and 5.2170% through 5.2850%, respectively. The five-year bonds and seven-year bonds are repaid starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%. On April 27, 2006, the five-year bonds were fully repaid.

- b. During the period from October 2 to October 15, 2001, UMC issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with a face value of NT\$5,000 million. The interest was paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. On October 15, 2006 and 2004, the five-year bonds and the three-year bonds were fully repaid, respectively.
- c. On May 10, 2002, UMC issued zero coupon exchangeable bonds listed on the EuroMTF Market of the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds are as follows:
- (a) Issue Amount: US\$235 million
 - (b) Period: May 10, 2002 ~ May 10, 2007
 - (c) Redemption
 - i. UMC may redeem the bonds, in whole or in part, after three months of the issuance and prior to the maturity date, at their principal amount if the closing price of the AU Optronics Corp. (AUO) common shares on the TSE, translated into US dollars at the prevailing exchange rate, for a period of 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the exchange price then in effect translated into US dollars at the rate of NT\$34.645=US\$1.00.
 - ii. UMC may redeem the bonds, in whole, but not in part, if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.
 - iii. UMC may redeem all, but not part, of the bonds, at any time, in the event of certain changes in the R.O.C.'s tax rules which would require UMC to gross up for payments of principal, or to gross up for payments of interest or premium.
 - iv. UMC will, at the option of the bondholders, redeem such bonds on February 10, 2005 at its principal amount.
 - (d) Terms of Exchange
 - i. Underlying securities: ADSs or common shares of AUO.
 - ii. Exchange Period: The bonds are exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AUO common shares or AUO ADSs; provided, however, that if the exercise date falls within 5 business days from the beginning of, and during, any closed period, the right of the exchanging holder of the bonds to vote with respect to the shares it receives will be subject to certain restrictions.

- iii. Exchange Price and Adjustment: The exchange price is NT\$44.3 per share, determined on the basis of a fixed exchange rate of NT\$34.645=US\$1.00. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

- (e) Exchange of the Bonds
As of December 31, 2007 and 2006, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of US\$235 million and US\$139 million into AUO shares, respectively. Gain arising from the exercise of exchange rights during the years ended December 31, 2007 and 2006 amounted to NT\$2,782 million and NT\$65 million, respectively, and were recognized as gain on disposal of investments.

- (f) Redemption at maturity date
At the maturity date of May 10, 2007, UMC redeemed all of the remaining bonds outstanding in the principal amount of US\$0.3 million.

- d. During the period from May 21 to June 24, 2003, UMC issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 4.0% minus USD 12-Month LIBOR and 4.3% minus USD 12-Month LIBOR, respectively. Stated interest rates are reset annually based on the prevailing USD 12-Month LIBOR. The five-year bonds and seven-year bonds are repayable in 2008 and 2010, respectively, upon the maturity of the bonds.

- e. On October 5, 2005, UMC issued zero coupon convertible bonds on the LSE. The terms and conditions of the bonds are as follows:
 - (a) Issue Amount: US\$381.4 million

 - (b) Period: October 5, 2005 ~ February 15, 2008 (Maturity date)

 - (c) Redemption
 - i. On or at any time after April 5, 2007, if the closing price of the ADSs listed on the NYSE has been at least 130% of either the conversion price or the last adjusted conversion price, for 20 out of 30 consecutive ADS trading days, UMC may redeem all, but not some only, of the bonds.

 - ii. If at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted, UMC may redeem all, but not some only, of the bonds.

- iii. In the event that UMC's ADSs or shares have officially ceased to be listed or admitted for trading on the New York Stock Exchange or the Taiwan Stock Exchange, as the case may be, each bondholder shall have the right, at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
- iv. In the event of certain changes in taxation in the R.O.C. resulting in UMC becoming required to pay additional amounts, UMC may redeem all, but not in part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by UMC in such event, in which case the bondholders shall not be entitled to receive payments of such additional amounts.
- v. If a change of control occurs with respect to UMC, each bondholder shall have the right at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
- vi. UMC will pay the principal amount of the bonds at its maturity date, February 15, 2008.

(d) Conversion

- i. Conversion Period: Except for the closed period, the bonds may be converted into UMC's ADSs on or after November 4, 2005 and on or prior to February 5, 2008.
- ii. Conversion Price and Adjustment: The conversion price is US\$4.253 per ADS. The applicable conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

f. On March 25, 2002, UMC's subsidiary, UMC JAPAN (UMCJ), issued LSE- listed zero coupon convertible bonds with an aggregate principal amount of JPY17,000 million and the issue price was set at 101.75% of the principal amount. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously converted, purchased and cancelled or redeemed, the bonds must be redeemed on March 26, 2007 at their principal amount.

(b) Redemption at the Option of UMCJ

- i. On or at any time after March 25, 2005, UMCJ may redeem all, but not part, of the bonds if the closing price of the shares on the Japan OTC Market is at least 120% of the conversion price then in effect for at least 20 out of 30 consecutive trading days ending on the trading day immediately prior to the date of the notice of redemption; or if the principal amount that has not been redeemed, repurchased and cancelled or converted is equal to or less than 10% of original aggregate principal amount.

ii. In case of a corporate split or share exchange share transfer, UMCJ may redeem all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ is not able to ensure that the bondholders have the right to receive shares which they would have received had the conversion rights been exercised prior to the transaction.

iii. If a change in who controls UMCJ occurs, bondholders will be able to require UMCJ to redeem their bonds on the date that is 85 days after the change of control occurs.

(c) Conversion Period

At any time on or after May 3, 2002 to and including March 19, 2007. The bonds may be converted into the common shares of UMCJ.

(d) Conversion Price

The conversion price was set at JPY400,000 per share, subject to adjustments upon the occurrence of certain events set out in the indenture.

(e) Reacquisition of the Bonds

As of December 31, 2007, UMCJ has reacquired and cancelled a total amount of JPY11,630 million of the bonds from the open market. There was no reacquisition during the year ended December 31, 2007.

As of December 31, 2006, UMCJ has reacquired and cancelled a total amount of JPY 11,630 million, of the bonds from the open market. The gain on the reacquisition amounting to JPY28 million was recognized as other income for the year ended December 31, 2006.

(f) Redemption at maturity date

At the maturity date of March 26, 2007, UMCJ redeemed all the remaining bonds in the principal amount of JPY5,370 million.

g. On November 25, 2003, UMCJ issued its second LSE-listed zero coupon convertible bonds with an aggregate principal amount of JPY21,500 million and the issue price was set at 101.25% of the principal amount. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously converted, purchased and cancelled or redeemed, the bonds must be redeemed on November 25, 2013 at their principal amount.

(b) Redemption at the Option of UMCJ

- i. On or at any time after November 27, 2006, UMCJ may redeem all, but not part, of the bonds if the closing price of the shares on the Japan OTC Market is at least 120% of the conversion price then in effect for at least 20 out of 30 consecutive trading days ending on the trading day immediately prior to the date of the notice of redemption; or if the principal amount that has been redeemed, repurchased and cancelled or converted is equal to or less than 10% of original aggregate principal amount.
- ii. In case of a corporate split or share exchange share transfer, UMCJ may redeem all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ is not able to ensure that the bondholders have the right to receive shares which they would have received had the conversion rights been exercised prior to the transaction.
- iii. If a change in who controls UMCJ occurs, bondholders will be able to require UMCJ to redeem their bonds on the date that is 70 days after the change of control occurs.
- iv. UMCJ will, at the option of the bondholders, redeem such bonds on November 26, 2007 at its principal amount.

(c) Conversion Period

The conversion period may be any time on or after January 5, 2004 and on or prior to November 11, 2013. The bonds may be converted into the common shares of UMCJ.

(d) Conversion Price

The conversion price was set at JPY187,500 per share, subject to adjustment upon the occurrence of certain events set out in the indenture.

(e) Reacquisition of the Bonds

As of December 31, 2007, UMCJ has reacquired and cancelled JPY16,270 million and JPY8,430 million, respectively, of the bonds from the open market. UMCJ also redeemed bonds in the principal amount of JPY5,230 million upon request from bondholders. The gain on the reacquisition amounting to JPY178 million was recognized as other income for the year ended December 31, 2007.

As of December 31, 2006, UMCJ had reacquired and cancelled JPY13,450 million and JPY4,160 million, respectively, of the bonds from the open market. The gain on the reacquisition amounting to JPY38 million was recognized as other income for the year ended December 31, 2006.

- h. Repayments of the above-mentioned bonds in the future years are as follows:
(Assuming the convertible bonds are paid off upon maturity.)

<u>Bonds repayable in</u>	<u>Amount</u>
2008	\$22,895,500
2009	-
2010	7,500,000
Total	<u><u>\$30,395,500</u></u>

(16) PENSION PLAN

- a. The Labor Pension Act of the R.O.C., which adopts a defined contribution plan, became effective on July 1, 2005. Employees subject to the Labor Standards Law, a defined benefit plan, were offered the option to elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions based on each individual employee's salary or wage to employees' pension accounts beginning July 1, 2005 and a total of NT\$395 million and NT\$372 million were contributed by the Company for the years ended December 31, 2007 and 2006, respectively. Pension benefits for employees of the Branch and subsidiaries overseas are provided in accordance with the local regulations, and during the years ended December 31, 2007 and 2006, the Company made contributions of NT\$126 million and NT\$97 million, respectively.
- b. The defined benefit plan under the Labor Standards Law is disbursed based on the units of service years and the average salary in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the fifteenth year. The total units shall not exceed 45 units. In accordance to the plan, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of an administered pension fund committee. The unrecognized net asset or obligation at transition based on actuarial valuation is amortized on a straight-line basis over 15 years.

c. Change in benefit obligation during the year:

	For the year ended December 31,	
	2007	2006
Projected benefit obligation at beginning of year	\$(5,090,744)	\$(4,778,045)
Service cost	(124,193)	(128,775)
Interest cost	(136,017)	(136,780)
Benefits paid	54,122	22,738
Gain (loss) on projected benefit obligation	683,868	(85,973)
Exchange (loss) gain	(35,293)	16,091
Projected benefit obligation at end of year	<u>\$(4,648,257)</u>	<u>\$(5,090,744)</u>

d. Change in pension assets during the year:

	For the year ended December 31,	
	2007	2006
Fair value of plan assets at beginning of year	\$1,822,322	\$1,620,201
Actual (loss) return on plan assets	(7,497)	62,850
Contributions from employer	167,331	172,475
Benefits paid	(54,122)	(22,738)
Exchange gain (loss)	34,535	(10,466)
Fair value of plan assets at end of year	<u>\$1,962,569</u>	<u>\$1,822,322</u>

e. The funding status of the pension plan is as follows:

	As of December 31,	
	2007	2006
Benefit obligation		
Vested benefit obligation	\$(717,040)	\$(55,213)
Non-vested benefit obligation	(1,728,007)	(2,376,276)
Accumulated benefit obligation	(2,445,047)	(2,431,489)
Effect from projected salary increase	(2,203,210)	(2,659,255)
Projected benefit obligation	<u>(4,648,257)</u>	<u>(5,090,744)</u>
Fair value of plan assets	1,962,569	1,822,322
Funded status	(2,685,688)	(3,268,422)
Unrecognized net transitional benefit obligation	89,727	118,332
Unrecognized (gain) loss	(575,124)	36,656
Adjustment required to recognize minimum liabilities	(305)	(1,986)
Others	(172)	-
Accrued pension liabilities recognized on the consolidated balance sheets	<u>\$(3,171,562)</u>	<u>\$(3,115,420)</u>

f. The components of the net periodic pension cost are as follows:

	For the year ended December 31,	
	2007	2006
Service cost	\$124,193	\$128,775
Interest cost	136,017	136,780
Expected return on plan assets	(63,880)	(44,778)
Amortization of unrecognized transitional net benefit obligation	28,606	60,441
Amortization of unrecognized pension gain	(915)	(891)
Net periodic pension cost	<u>\$224,021</u>	<u>\$280,327</u>

The actuarial assumptions underlying are as follows:

	For the year ended December 31, 2007			
	UMC	FORTUNE	UMO	UMC JAPAN
Discount rate	3.50%	3.00%	3.50%	2.00%
Rate of salary increase	4.50%	3.00%	4.00%	2.58%
Expected return on plan assets	2.75%	3.00%	2.75%	5.00%

	For the year ended December 31, 2006			
	UMC	FORTUNE	UMO	UMC JAPAN
Discount rate	2.75%	2.75%	3.75%	2.00%
Rate of salary increase	4.50%	2.00%	4.00%	2.68%
Expected return on plan assets	2.50%	2.75%	2.75%	2.00%

(17) CAPITAL STOCK

- a. UMC had 26,000 million common shares authorized to be issued, and 19,131 million shares were issued as of December 31, 2006, each at a par value of NT\$10.
- b. UMC has issued a total of 315 million ADSs, which were traded on the NYSE as of December 31, 2006. The total number of common shares of UMC represented by all issued ADSs was 1,576 million shares as of December 31, 2006. One ADS represents five common shares.
- c. Among the employee stock options issued by UMC on October 7, 2002, January 3, 2003 and October 13, 2004, 109 million shares were exercised during the year ended December 31, 2006. The issuance process through the authority had been completed.
- d. On May 22, 2006, UMC cancelled 1,000 million shares of treasury stock, which were repurchased during the period from February 16, 2006 to April 11, 2006 for retention of UMC's creditability and stockholders' interests.

- e. As recommended by the board of directors, and approved by the shareholders on the meeting held on June 12, 2006, UMC issued 225 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT\$2,249 million, of which NT\$895 million was stock dividend, NT\$459 million was employee bonus, and NT\$895 million was additional paid-in capital. The issuance process through the authority had been completed.
- f. UMC had 26,000 million common shares authorized to be issued, and 13,214 million shares were issued as of December 31, 2007, each at a par value of NT\$10.
- g. As of December 31, 2007, UMC had a total of 220 million ADSs traded on the NYSE. The total number of common shares of UMC represented by all issued ADSs was 1,098 million shares as of December 31, 2007. One ADS represents five common shares.
- h. Among the employee stock options issued by UMC on October 7, 2002, January 3, 2003, July 1, 2004 and October 13, 2004, 14 million shares were exercised during the year ended December 31, 2007. The issuance process through the authority had been completed.
- i. As resolved during the shareholders' meeting on June 11, 2007, UMC carried out a capital reduction of NT\$57,394 million, which represented approximately 5,739 million shares or 30% of its outstanding shares, for the purpose of increasing shareholders' return on equity and reducing idle funds. The capital reduction is comprised of NT\$53,911 million of cash distribution, and the proportionate cancellation of 348 million shares of treasury stock. The effective date of capital reduction was August 7, 2007 and the transaction was submitted and approved by the competent authority.
- j. On July 17, 2007, UMC cancelled 192 million shares of treasury stock, which were repurchased during the period from May 10, 2004 to May 21, 2004 for the purpose of transferring to employees.
- k. As to the treasury stocks acquired during the periods of September 30 to November 29, 2005 and May 23 to July 13, 2006, UMC sold 32 million and 65 million shares, respectively, to employees in December 2007 and 97 million shares were added to the total amount of shares outstanding.

(18) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, September 30, 2004, December 22, 2005, and October 9, 2007, the Company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan, to issue employee stock options with a total number of 1 billion, 150 million, 150 million, 350 million, and 500 million units, respectively. Each unit entitles an optionee to subscribe for 1 share of the Company's common stock. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The exercise price of the options was set at the

closing price of the Company's common stock on the date of grant. The contractual life of the options is 6 years and an optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the employee stock options is disclosed as follows:

Date of grant	Total number of options granted (in thousands)	Total number of options outstanding (in thousands)	Shares available to option holders (Note)	Exercise price (NTD) (Note)
October 7, 2002	939,000	462,286	322,290	\$22.52
January 3, 2003	61,000	41,394	28,859	\$25.39
November 26, 2003	57,330	42,417	29,571	\$35.43
March 23, 2004	33,330	19,312	13,464	\$32.85
July 1, 2004	56,590	40,833	28,468	\$29.69
October 13, 2004	20,200	10,190	7,104	\$25.53
April 29, 2005	23,460	14,007	9,765	\$23.52
August 16, 2005	54,350	36,314	25,317	\$30.98
September 29, 2005	51,990	42,496	29,627	\$28.27
January 4, 2006	39,290	24,900	17,359	\$24.36
May 22, 2006	42,058	32,130	22,400	\$26.48
August 24, 2006	28,140	21,530	15,010	\$25.32
December 13, 2007	500,000	499,598	499,598	\$18.95
Total	1,906,738	1,287,407	1,048,832	

Note: The employee stock options granted prior to August 7, 2007, effective date of capital reduction, are adjusted in accordance with capital reduction rate. Each option unit entitles an optionee to subscribe for about 0.7 share of the Company's common stock. The exercise price of the options is also adjusted according to capital reduction rate. Each option unit entitles an optionee to subscribe for about 0.7 share of the Company's common stock.

- a. A summary of the Company's stock option plans, and related information for the years ended December 31, 2007 and 2006, are as follows:

For the year ended December 31,						
2007			2006			
	Option (in thousands)	Shares available to option holders(in thousands)	Weighted- average Exercise Price per shares (NTD)	Option (in thousands)	Shares available to option holders(in thousands)	Weighted- average Exercise Price per shares (NTD)
Outstanding at beginning of period	913,958	637,180	\$24.95	975,320	679,960	\$24.74
Granted	500,000	500,000	\$18.95	109,488	76,331	\$25.42
Exercised	(14,311)	(9,977)	\$22.70	(109,093)	(76,056)	\$22.57
Forfeited	(112,240)	(78,371)	\$24.56	(61,757)	(43,055)	\$26.71
Outstanding at end of period	<u>1,287,407</u>	<u>1,048,832</u>	\$22.14	<u>913,958</u>	<u>637,180</u>	\$24.95
Exercisable at end of period	<u>641,427</u>	<u>447,181</u>	\$24.59	<u>650,268</u>	<u>453,345</u>	\$23.79
Weighted-average fair value of options granted during the period	NT\$5.4			NT\$5.7		

b. The information on the Company's outstanding stock options as of December 31, 2007, is as follows:

		Outstanding Stock Options				Exercisable Stock Options		
		Option (in thousands)	Shares available to option holders (in thousands)	Weighted- average Expected Remaining Years	Weighted- average Exercise Price per share (NTD)	Option (in thousands)	Shares available to option holders (in thousands)	Weighted- average Exercise Price per share (NTD)
2002.09.11	\$22.52~\$25.39	503,680	351,149	0.78	\$22.76	503,416	350,965	\$22.76
2003.10.08	\$29.69~\$35.43	102,562	71,503	2.20	\$32.66	86,805	60,517	\$32.99
2004.09.30	\$23.52~\$30.98	103,007	71,813	3.55	\$28.31	51,206	35,699	\$28.33
2005.12.22	\$24.36~\$26.48	78,560	54,769	4.34	\$25.49	-	-	-
2007.10.09	\$18.95	499,598	499,598	5.95	\$18.95	-	-	-
		<u>1,287,407</u>	<u>1,048,832</u>	3.72	\$22.14	<u>641,427</u>	<u>447,181</u>	\$24.59

- c. The Company used the intrinsic value method to recognize compensation costs for its employee stock options issued since January 1, 2004. The compensation costs for the years ended December 31, 2007 and 2006 are NT\$0. Pro forma information using the fair value method on net income and earnings per share is as follows:

	For the year ended December 31, 2007	
	Basic earnings per share	Diluted earnings per share
Net Income	\$16,961,762	\$16,961,414
Earnings per share (NTD)	\$1.09	\$1.06
Pro forma net income	\$16,544,506	\$16,544,158
Pro forma earnings per share (NTD)	\$1.06	\$1.03

	For the year ended December 31, 2006	
	Basic earnings per share	Diluted earnings per share
Net Income	\$32,619,313	\$32,653,291
Earnings per share (NTD)	\$1.81	\$1.75
Pro forma net income	\$32,149,409	\$32,183,387
Pro forma earnings per share (NTD)	\$1.78	\$1.72

The fair value of the options granted was estimated at the date of grant using the Black-Scholes options pricing model with the following weighted-average assumptions for the years ended December 31, 2007 and 2006:

	2007	2006
Expected dividend yields	1.71%	1.37%~1.38%
Volatility factors of the expected market price	35.45%~37.70%	35.57%~41.14%
Risk-free interest rate	2.48%	1.88%~2.28%
Weighted-average expected life of the options	4~5 years	4~5 years

(19) TREASURY STOCK

- a. The Company bought back its own shares from the open market during the years ended December 31, 2007 and 2006. Details of the treasury stock transactions are as follows:

For the year ended December 31, 2007

(In thousands of shares)

Purpose	As of			As of December 31, 2007
	January 1, 2007	Increase	Decrease	
For transfer to employees	842,067	-	486,351	355,716
For conversion of the convertible bonds into shares	500,000	-	151,417	348,583
Total shares	1,342,067	-	637,768	704,299

For the year ended December 31, 2006

(In thousands of shares)

Purpose	As of			As of
	January 1, 2006	Increase	Decrease	December 31, 2006
For transfer to employees	442,067	400,000	-	842,067
For conversion of the convertible bonds into shares	500,000	-	-	500,000
To retain the Company's creditability and stockholders' interests	-	1,000,000	1,000,000	-
Total shares	<u>942,067</u>	<u>1,400,000</u>	<u>1,000,000</u>	<u>1,342,067</u>

- b. According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of UMC's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital – premiums, and realized additional paid-in capital. As such, the maximum number of shares of treasury stock that UMC could hold as of December 31, 2007 and 2006, was 1,321 million shares and 1,913 million shares, while the ceiling amount was NT\$90,262 million and NT\$94,970 million, respectively.
- c. In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends. Stock held by subsidiaries is treated as treasury stock. These subsidiaries have the same rights as other stockholders except for subscription to new stock issuance. Starting June 22, 2005, stocks held by subsidiaries no longer have voting rights according to the revised Companies Act.
- d. As of December 31, 2007, UMC's subsidiary, FORTUNE VENTURE CAPITAL CORP., held 15 million shares of UMC's stock, with a book value of NT\$20.15 per share. The closing price on December 31, 2007 was NT\$20.15.

As of December 31, 2006, UMC's subsidiary, FORTUNE VENTURE CAPITAL CORP., held 22 million shares of UMC's stock, with a book value of NT\$20.25 per share. The closing price on December 31, 2006 was NT\$20.25.

(20) RETAINED EARNINGS AND DIVIDEND POLICIES

According to UMC's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as a legal reserve;
- d. Set aside 0.1% of the remaining amount after deducting items (a), (b), and (c) as directors' and supervisors' remuneration; and

- e. After deducting items (a), (b), and (c) above from the current year's earnings, no less than 5% of the remaining amount together with the prior years' unappropriated earnings is to be allocated as employees' bonus, which will be settled through issuance of new shares of UMC, or cash. Employees of UMC's subsidiaries, meeting certain requirements determined by the board of directors, are also eligible for the employees' bonus.
- f. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy for dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the benefit of shareholders, share bonus equilibrium, and long-term financial planning. The board of directors shall make the distribution proposal annually and present it at the shareholders' meeting. UMC's Articles of Incorporation further provide that no more than 80% of the dividends to shareholders, if any, must be paid in the form of stock dividends. Accordingly, at least 20% of the dividends must be paid in the form of cash.

The appropriation of 2007 retained earnings has not yet been recommended by the board of directors as of the date of the Report of Independent Auditors. Information on the board of directors' recommendations and shareholders' approval can be obtained from the "Market Observation Post System" on the website of the TSE.

Details of the 2006 employee bonus settlement and directors' and supervisors' remuneration are as follows:

	For the year ended December 31, 2006		
	As approved by the shareholders' meeting	As recommended by the board of directors	Differences
1. Settlement of employees' bonus by cash	\$2,324,120	\$2,324,120	-
2. Remuneration paid to directors and supervisors	\$15,494	\$15,494	-
3. Effect on earnings per share before retroactive adjustments			
a. Basic and diluted earnings per share (NTD)	\$1.81/1.75	\$1.81/1.75	-
b. Pro forma basic and diluted earnings per share taking into consideration employees' bonus and directors' and supervisors' remuneration (NTD)	\$1.68/1.62	\$1.68/1.62	-

Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings for items that are accounted for as deductions to stockholders' equity such as unrealized loss on long-term investments and cumulative translation adjustments. However, there are the following

exceptions for UMC's investees' unrealized loss on long-term investments arising from the merger which was recognized by UMC in proportion to its ownership percentage:

- a. According to the explanatory letter No. 101801 of the Securities and Futures Commission (SFC), if UMC recognizes the investees' additional paid-in capital—excess from the merger in proportion to the ownership percentage, then the special reserve is exempted for the amount originated from the acquisition of the long-term investments.
- b. If UMC and its investees transfer a portion of the additional paid-in capital to increase capital, a special reserve equal to the amount of the transfer shall be provided according to the explanatory letter No. 101801-1 of the SFC.
- c. In accordance with the explanatory letter No. 170010 of the SFC applicable to listed companies, in the case where the market value of UMC's stock held by its subsidiaries at period-end is lower than the book value, a special reserve shall be provided in UMC's accounts in proportion to its ownership percentage.

For the 2005 appropriations approved by the shareholders' meeting on June 12, 2006, unrealized loss on long-term investments exempted from the provision of special reserve pursuant to the above regulations amounted to NT\$18,208 million.

(21) OPERATING COSTS AND EXPENSES

The Company's personnel, depreciation, and amortization expenses are summarized as follows:

	For the year ended December 31,					
	2007			2006		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	\$11,168,190	\$4,418,228	\$15,586,418	\$9,003,173	\$3,616,996	\$12,620,169
Labor and health insurance	552,236	205,800	758,036	546,631	192,257	738,888
Pension	556,421	193,574	749,995	571,888	184,781	756,669
Other personnel expenses	122,884	86,776	209,660	99,293	72,899	172,192
Depreciation	35,665,112	2,083,539	37,748,651	42,059,492	2,183,770	44,243,262
Amortization	68,854	1,314,890	1,383,744	197,673	1,621,260	1,818,933

(22) INCOME TAX

- a. Reconciliation between the income tax expense and the income tax calculated on pre-tax financial statement income based on the statutory tax rate is as follows :

	For the year ended December 31,	
	2007	2006
Income tax on pre-tax income at statutory tax rate	\$5,323,188	\$8,844,990
Permanent and temporary differences	(5,172,661)	(6,894,219)
Change in investment tax credit	1,457,098	(1,335,540)
Change in loss carry-forward	909,702	(105,508)
Change in valuation allowance	(510,299)	885,837
Income Basic Tax	818,262	2,021,375
Change in tax rate	237	1,269
Estimated 10% income tax on unappropriated earnings	9	-
Adjustment of prior year's tax expense	(19,620)	(164,111)
Income tax on interest revenue separately taxed	3,239	1,713
Others	719	5,816
Income tax expense	<u>\$2,809,874</u>	<u>\$3,261,622</u>

b. Significant components of deferred income tax assets and liabilities are as follows:

	As of December 31,			
	2007		2006	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		\$13,535,633		\$14,992,731
Loss carry-forward	\$6,280,803	2,339,326	\$9,559,235	3,138,465
Pension	3,225,816	814,228	3,124,419	785,660
Allowance on sales returns and discounts	666,217	170,584	753,074	191,304
Allowance for loss on obsolescence of inventories	620,664	160,946	827,079	220,309
Others	2,097,658	582,097	1,960,409	535,280
Total deferred income tax assets		17,602,814		19,863,749
Valuation allowance		(11,374,792)		(11,775,747)
Net deferred income tax assets		<u>\$6,228,022</u>		<u>\$8,088,002</u>
Deferred income tax liabilities				
Unrealized exchange gain	\$(106,141)	\$(26,535)	\$(291,391)	\$(72,848)
Depreciation	(5,411,783)	(1,352,946)	(5,005,315)	(1,251,329)
Others	(1,611,714)	(408,173)	(2,673,529)	(687,299)
Total deferred income tax liabilities		(1,787,654)		(2,011,476)
Total net deferred income tax assets		<u>\$4,440,368</u>		<u>\$6,076,526</u>

	As of December 31,			
	2007		2006	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets - current		\$7,470,657		\$5,933,725
Deferred income tax liabilities - current		(229,784)		(278,346)
Valuation allowance		(7,021,010)		(3,710,359)
Net		<u>219,863</u>		<u>1,945,020</u>
Deferred income tax assets - noncurrent		10,132,157		13,930,024
Deferred income tax liabilities - noncurrent		(1,557,870)		(1,733,130)
Valuation allowance		(4,353,782)		(8,065,388)
Net		<u>4,220,505</u>		<u>4,131,506</u>
Total net deferred income tax assets		<u><u>\$4,440,368</u></u>		<u><u>\$6,076,526</u></u>

- c. UMC's income tax returns for all the fiscal years up to 2005 have been assessed and approved by the Tax Authority.
- d. UMC was granted several four- or five-year income tax exemption periods with respect to income derived from the expansion of operations. The starting date of the exemption period attributable to the expansions in 2002 and 2003 had not yet been decided. The income tax exemption for other periods will expire on December 31, 2012.
- e. The Company earns investment tax credits for the amount invested in production equipment, research and development, employee training, and investment in high technology industry and venture capital.

As of December 31, 2007, the Company's unused investment tax credit was as follows:

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2007	\$1,611,785	\$540,180
2008	6,385,099	6,385,099
2009	2,592,432	2,592,432
2010	1,663,862	1,663,862
2011	2,354,060	2,354,060
Total	<u><u>\$14,607,238</u></u>	<u><u>\$13,535,633</u></u>

- f. As of December 31, 2007, the unutilized accumulated losses for the Company were as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2007	\$3,773,826	\$-
2008	188,312	188,312
2009	520,520	520,520
2010	392,049	392,049
2011	184,246	184,246
2012	3,831,854	3,831,854
2013	1,020,765	1,020,765
2014	143,057	143,057
Total	\$10,054,629	\$6,280,803

- g. The balance of UMC's imputation credit accounts as of December 31, 2007 and 2006 were NT\$413 million and NT\$95 million, respectively. The expected creditable ratio for 2007 and the actual creditable ratio for 2006 was 2.18% and 8.64%, respectively.
- h. UMC's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(23) EARNINGS PER SHARE

- a. There were zero coupon convertible bonds and employee stock options outstanding as of December 31, 2007 and 2006. Therefore, in consideration of such complex structure, the calculated basic and diluted earnings per share for the years ended December 31, 2007 and 2006, are disclosed as follows:

	For the year ended December 31, 2007				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income before income tax	Net income		Income before income tax	Net income
Earning per share-basic (NTD)					
Income from continuing operations	\$19,781,179	\$16,961,762	15,618,486	\$1.27	\$1.09
Cumulative effect of changes in accounting principles	-	-		-	-
Net income	\$19,781,179	\$16,961,762		\$1.27	\$1.09

	For the year ended December 31, 2007				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income before income tax	Net income		Income before income tax	Net income
Effect of dilution					
Employee stock options	\$-	\$-	5,993		
Convertible bonds payable	\$(464)	\$(348)	448,389		
Earning per share-diluted:					
Income from continuing operations	\$19,780,715	\$16,961,414	16,072,868	\$1.23	\$1.06
Cumulative effect of changes in accounting principles	-	-		-	-
Net income	<u>\$19,780,715</u>	<u>\$16,961,414</u>		<u>\$1.23</u>	<u>\$1.06</u>

	For the year ended December 31, 2006				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income before income tax	Net income		Income before income tax	Net income
Earning per share-basic (NTD)					
Income from operations of continued segments attributable to shareholders of the parent	\$37,067,932	\$33,807,828	18,050,962	\$2.05	\$1.87
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income attributable to shareholders of the parent	<u>\$35,879,417</u>	<u>\$32,619,313</u>		<u>\$1.99</u>	<u>\$1.81</u>
Effect of dilution					
Employee stock options	\$-	\$-	108,122		
Convertible bonds payable	\$33,978	\$33,978	516,383		
Earning per share-diluted:					
Income from operations of continued segments attributable to shareholders of the parent	\$37,101,910	\$33,841,806	18,675,467	\$1.98	\$1.81
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income attributable to shareholders of the parent	<u>\$35,913,395</u>	<u>\$32,653,291</u>		<u>\$1.92</u>	<u>\$1.75</u>

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
UNITECH CAPITAL INC.	Equity Investee
MEGA MISSION LIMITED PARTNERSHIP	Equity Investee
MTIC HOLDINGS PTE. LTD.	Equity Investee
HSUN CHIEH INVESTMENT CO., LTD.	Equity Investee
HOLTEK SEMICONDUCTOR INC. (HOLTEK) (Ceased to be UMC's equity investee since September 2007)	Equity Investee
ITE TECH. INC. (Ceased to be UMC's equity investee since August 2007)	Equity Investee
AMIC TECHNOLOGY CORP.	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
XGI TECHNOLOGY INC.	Equity Investee
HIGHLINK TECHNOLOGY CORP. (merged into EPISTAR CORP. since March 2007)	Equity Investee
NEXPOWER TECHNOLOGY CORP.	Equity Investee
SILICON INTEGRATED SYSTEMS CORP. (SILICON)	The Company's director
UWAVE TECHNOLOGY CORP.	Subsidiary's equity investee
UCA TECHNOLOGY INC.	Subsidiary's equity investee
AFA TECHNOLOGY, INC.	Subsidiary's equity investee
USBEST TECHNOLOGY INC. (Ceased to be an subsidiary's equity investee since February 2007)	Subsidiary's equity investee
SMEDIA TECHNOLOGY CORP.	Subsidiary's equity investee
U-MEDIA COMMUNICATIONS, INC. (Ceased to be an subsidiary's equity investee since May 2007)	Subsidiary's equity investee
CRYSTAL MEDIA INC.	Subsidiary's equity investee
MOBILE DEVICES INC.	Subsidiary's equity investee
Parade Technologies, Ltd. (Ceased to be an subsidiary's equity investee since August 2007)	Subsidiary's equity investee
CHIP ADVANCED TECHNOLOGY INC.	Same chairman with the Company's subsidiary

(2) Significant Related Party Transactions

a. Operating revenues

	For the year ended December 31,			
	2007		2006	
	Amount	Percentage	Amount	Percentage
SILICON	\$1,596,040	2	\$2,046,127	2
Others	1,473,980	1	1,879,669	2
Total	<u>\$3,070,020</u>	<u>3</u>	<u>\$3,925,796</u>	<u>4</u>

The sales price to the above related parties was determined through mutual agreement based on the market conditions. The collection period for overseas sales to related parties was net 60 days, while the terms for domestic sales were month-end 45~60 days. The collection period for third party overseas sales was net 30~60 days, while the terms for third party domestic sales were month-end 30~60 days.

b. Accounts receivable

	As of December 31,			
	2007		2006	
	Amount	Percentage	Amount	Percentage
SILICON	\$392,383	2	\$99,333	1
Others	116,343	1	54,267	0
Total	508,726	3	153,600	1
Less : Allowance for sales returns and discounts	(160,423)		(3,589)	
Net	\$348,303		\$150,011	

6. ASSETS PLEDGED AS COLLATERAL

As of December 31, 2007

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$621,596	Customs	Customs duty guarantee

As of December 31, 2006

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$625,846	Customs	Customs duty guarantee

7. COMMITMENTS AND CONTINGENT LIABILITIES

- (1) The Company has entered into several patent license agreements and development contracts of intellectual property for a total contract amount of approximately NT\$20.2 billion. Royalties and development fees payable in future years are NT\$3.8 billion as of December 31, 2007.
- (2) The Company signed several construction contracts for the expansion of its factory space. As of December 31, 2007, these construction contracts have amounted to approximately NT\$3.2 billion and the unpaid portion of the contracts, which was not accrued, was approximately NT\$1.1 billion.

- (3) The Company entered into several operating lease contracts for land and offices. These renewable operating leases will expire in various years through 2032 and are renewable. Future minimum lease payments under those leases are as follows:

<u>For the year ended December 31,</u>	<u>Amount</u>
2008	\$296,580
2009	272,072
2010	258,627
2011	250,817
2012	241,086
2013 and thereafter	1,889,903
Total	<u><u>\$3,209,085</u></u>

- (4) The Company entered into several wafer-processing contracts with its principal customers. According to the contracts, the Company shall guarantee processing capacity, while these customers make deposits to the Company.
- (5) On February 15, 2005, the Hsinchu District Court Prosecutor's Office conducted a search of UMC's facilities. On February 18, 2005, UMC's former Chairman Mr. Robert H.C. Tsao, released a public statement, explaining that its assistance to Hejian Technology Corp. (Hejian) did not involve any investment or technology transfer. Furthermore, from the very beginning there was a verbal indication that, at the proper time, UMC would be compensated appropriately for its assistance, and circumstances permitting, at some time in the future, it will push through the merger between two companies. However, no promise was made by UMC and no written agreement was made and executed. Upon UMC's request to materialize the said verbal indication by compensating in the form of either cash or equity, the Chairman of the holding company of Hejian offered 15% of the approximately 700 million outstanding shares of the holding company of Hejian in return for UMC's past assistance and for continued assistance in the future.

Immediately after UMC had received such offer, it filed an application with the Investment Commission of the Ministry of Economic Affairs on March 18, 2005 (Ref. No. 94-Lian-Tung-Tzu-0222), for their executive guidance for the successful transfer of said shares to UMC. The shareholders meeting dated June 13, 2005 resolved that to the extent permitted by law UMC shall try to get the 15% of the outstanding shares offered by the holding company of Hejian as an asset of UMC. The holding company of Hejian offered 106 million shares of its outstanding common shares in return for UMC's assistance. The holding company of Hejian has put all such shares in escrow. UMC was informed of such escrow on August 4, 2006. The subscription price per share of the holding company of Hejian in the last offering was US\$1.1. Therefore, the total market value of the said shares is worth more than US\$110 million. However, UMC may not acquire the ownership of nor exercise the rights of the said shares with any potential stock dividend or cash dividend distributed in the future until the ROC laws and regulations allow UMC to acquire and exercise. In the event that any stock dividend or cash dividend is distributed, UMC's stake in the holding company of Hejian will accumulate accordingly.

In April 2005, UMC's former Chairman Mr. Robert H.C. Tsao was personally fined with in the aggregate amount of NT\$3 million by the Financial Supervisory Commission, Executive Yuan, R.O.C. (ROC FSC) for failure to disclose material information relating to Hejian in accordance with applicable rules. As a result of the imposition of the fines by the ROC FSC, UMC was also fined in the amount of NT\$30,000 by Taiwan Stock Exchange (TSE) for the alleged non-compliance with the disclosure rules in relation to the material information. UMC and its former Chairman Mr. Robert H.C. Tsao have filed for administrative appeal and reconsideration with the Executive Yuan, R.O.C. and TSE, respectively. Mr. Robert H.C. Tsao's administrative appeal was dismissed by the Executive Yuan, R.O.C. on February 21, 2006 and the ROC FSC transferred the case against Mr. Robert H.C. Tsao to the Administrative Enforcement Agency for enforcement of the fine. Mr. Robert H.C. Tsao filed an administrative action against the ROC FSC with Taipei High Administrative Court on April 14, 2006. On December 27, 2007, the Administrative High Court revoked the decision and ruled in favor of Mr. Tsao.

For UMC's assistance to Hejian Technology Corp., UMC's former Chairman Mr. Robert H.C. Tsao, former Vice Chairman Mr. John Hsuan, and Mr. Duen-Chian Cheng, the General Manager of Fortune Venture Capital Corp., which is 99.99% owned by UMC, were indicted for violating the Business Entity Accounting Act and breach of trust under the Criminal Law by Hsinchu District Court's Prosecutor's Office on January 9, 2006. Mr. Robert H.C. Tsao and Mr. John Hsuan had officially resigned from their positions of UMC's Chairman, Vice Chairman and directors prior to the announcement of the prosecution; for this reason, at the time of the prosecution, Mr. Robert H.C. Tsao and Mr. John Hsuan no longer served as UMC's directors and had not executed their duties as UMC's Chairman and Vice Chairman. In the future, if a guilty judgment is pronounced by the court, such consequences would be Mr. Robert H.C. Tsao, Mr. John Hsuan and Mr. Duen-Chian Cheng's personal concerns only; UMC would not be subject to indictment regarding this case. Mr. Robert H.C. Tsao, Mr. John Hsuan and Mr. Duen-Chian Cheng were pronounced innocent of the charge by Hsinchu District Court on October 26, 2007. On November 15, 2007, Taiwan's Hsinchu District Court Prosecutor's Office filed an appeal, and the trial will be held in Taiwan High Court on January 28, 2008.

On February 15, 2006, UMC was fined in the amount of NT\$5 million for unauthorized investment activities in Mainland China, implicating violation of Article 35 of the Act "Governing Relations Between Peoples of the Taiwan Area and the Mainland Area" by the R.O.C. Ministry of Economic Affairs (MOEA). However, as UMC believes it was illegally and improperly fined, UMC had filed an administrative appeal against MOEA to the Executive Yuan on March 16, 2006. On October 19, 2006, Executive Yuan denied the administrative appeal filed by UMC. UMC had filed an administrative litigation case against MOEA on December 8, 2006. Taipei High Administrative Court announced and reversed MOEA's administrative sanction on July 19, 2007. MOEA filed an appeal against UMC on August 10, 2007.

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

None.

10. OTHERS

(1) Certain comparative amounts have been reclassified to conform to the current year's presentation.

(2) Financial risk management objectives and policies

UMC's principal financial instruments, other than derivatives, is comprised of cash and cash equivalents, common stock, preferred stock, convertible bonds, open-end funds, bank loans, and bonds payable. The main purpose of these financial instruments is to manage financing for the UMC's operations. UMC also holds various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

UMC also enters into derivative transactions, including credit-link deposits, interest rate swaps and forward currency contracts. The purpose of these derivative transactions is to mitigate interest rate risk and foreign currency exchange risks arising from UMC's operations and financing activities.

The main risks arising from UMC's financial instruments include cash flow interest rate risk, foreign currency risk, commodity price risk, credit risk, and liquidity risk.

Cash flow interest rate risk

UMC utilizes interest rate swap agreements to avoid its cash flow interest rate risk on the counter-floating rate of its unsecured domestic bonds issued during the period from May 21 to June 24, 2003. The terms of the interest rate swap agreements are the same as those of the domestic bonds, which are five and seven years. The floating rate is reset annually.

Foreign currency risk

UMC has foreign currency risk arising from purchases and sales. UMC utilizes spot or forward contracts to avoid foreign currency risk. The notional amounts of the foreign currency contracts are the same as the amounts of the hedged items. In principal, UMC does not carry out any forward contracts for uncertain commitments.

Commodity price risk

UMC's exposure to commodity price risk is minimal.

Credit risk

UMC trades only with established and creditworthy third parties. It is UMC's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, which consequently minimizes UMC's exposure to bad debts.

With respect to credit risk arising from the other financial assets of UMC, it is comprised of cash and cash equivalents, available-for-sale financial assets and certain derivative instruments. UMC's exposure to credit risk arising from the default of counter-parties is limited to the carrying amount of these instruments.

Although UMC trades only with established third parties, it will request collateral to be provided by third parties with less favorable financial positions.

Liquidity risk

UMC's objective is to maintain a balance of funding continuity and flexibility through the use of financial instruments such as cash and cash equivalents, bank loans and bonds.

(3) Information of financial instruments

a. Fair value of financial instruments

Financial Assets	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$47,678,147	\$47,678,147	\$93,853,208	\$93,853,208
Financial assets at fair value through profit or loss, current	4,804,935	4,804,935	8,538,007	8,538,007
Held-to-maturity financial assets, current	-	-	1,110,422	1,110,422
Notes and accounts receivable	15,848,442	15,848,442	15,255,852	15,255,852
Financial assets at fair value through profit or loss, noncurrent	47,598	47,598	474,738	474,738
Available-for-sale financial assets, noncurrent	50,911,643	50,911,643	52,311,172	52,311,172

Financial Assets	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets measured at cost, noncurrent	8,295,679	-	7,515,945	-
Long-term investments accounted for under the equity method	9,909,595	9,615,972	11,662,599	14,234,042
Prepayment for long-term investments	648,360	-	-	-
Deposits-out	745,457	745,457	738,696	738,696
<u>Financial Liabilities</u>				
<u>Non-derivative</u>				
Short-term loans	\$359,071	\$359,071	\$342,549	\$342,549
Payables	21,054,519	21,054,519	24,169,179	24,169,179
Capacity deposits (current portion)	4,688	4,688	898,265	898,265
Bonds payable (current portion included)	30,384,780	29,900,297	39,451,359	40,362,245
<u>Derivative</u>				
Interest rate swaps	\$318,707	\$318,707	\$626,230	\$626,230
Derivatives embedded in exchangeable bonds	-	-	359,037	359,037
Forward contract	21,523	21,523	-	-

b. The methods and assumptions used to measure the fair value of financial instruments are as follows:

- i. The book values of short-term financial instruments approximate their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, current portion of capacity deposits, and payables.
- ii. The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets are based on the quoted market prices. If there are restrictions on the sale or transfer of an available-for-sale financial asset, the fair value of the asset will be determined based on similar but unrestricted financial assets' quoted market price with appropriate discounts for the restrictions.
- iii. The fair value of held-to-maturity financial assets and long-term investments accounted for under the equity method are based on the quoted market prices. If market prices are unavailable, the Company estimates the fair value based on the book values.

- iv. The fair value of financial assets measured at cost and prepayment for long-term investments are unable to be estimated since there is no active market in trading those unlisted investments.
 - v. The fair value of deposits-out is based on their book value since the deposit periods are principally within one year and renewed upon maturity.
 - vi. The fair value of bonds payable is determined by the market price.
 - vii. The fair value of derivative financial instruments is based on the amount the Company expects to receive (positive) or to pay (negative) assuming that the contracts are settled in advance at the balance sheet date.
- b. The fair value of the Company's financial instruments is determined by the quoted prices in active markets, or if the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique:

	Active Market Quotation		Valuation Technique	
	2007.12.31	2006.12.31	2007.12.31	2006.12.31
Non-derivative				
Financial Instruments				
Financial assets				
Financial assets at fair value through profit or loss, current	\$4,804,935	\$8,538,007	\$-	\$-
Financial assets at fair value through profit or loss, noncurrent	47,598	474,738	-	-
Available-for-sale financial assets, noncurrent	49,359,916	52,311,172	1,551,727	-
Long-term investments accounted for under the equity method	-	-	9,615,972	14,234,042
Financial liabilities				
Bonds payable (current portion included)	29,900,297	40,362,245	-	-

Derivative Financial Instruments	Active Market Quotation		Valuation Technique	
	2007.12.31	2006.12.31	2007.12.31	2006.12.31
Financial liabilities				
Interest rate swaps	\$-	\$-	\$318,707	\$626,230
Derivatives embedded in exchangeable bonds	-	-	-	359,037
Forward contract	-	-	21,523	-

d. The Company recognized gains of NT\$406 million and NT\$312 million from financial liabilities at fair value through profit or loss for the years ended December 31, 2007 and 2006, respectively.

e. The Company's financial liabilities with cash flow interest rate risk exposure as of December 31, 2007 and 2006 were NT\$319 million and NT\$626 million, respectively.

f. During the years ended December 31, 2007 and 2006, total interest revenue for financial assets or liabilities that are not at fair value through profit or loss were NT\$1,330 million and NT\$1,563 million, respectively, while interest expense for the years ended December 31, 2007 and 2006 were NT\$266 million and NT\$648 million, respectively.

(4) The Company held credit-linked deposits and repackage bonds that were recorded as held-to-maturity financial assets for the earning of interest income. The details are disclosed as follows:

a. Principal amount in original currency

As of December 31, 2007

The Company did not hold any credit-linked deposits or repackage bonds as of December 31, 2007.

As of December 31, 2006

The Company

Credit-linked deposits and repackage bonds referenced to		Amount	Due Date
SILICONWARE PRECISION INDUSTRIES CO., LTD. European Convertible Bonds and Loans	NTD	400 million	2007.02.05
SILICONWARE PRECISION INDUSTRIES CO., LTD. European Convertible Bonds and Loans	NTD	200 million	2007.02.05
UMC JAPAN European Convertible Bonds	JPY	640 million	2007.03.28
ADVANCED SEMICONDUCTOR ENGINEERING INC. European Convertible Bonds and Loans	NTD	200 million	2007.09.25

UMC JAPAN

<u>Credit-linked deposits and repackage bonds referenced to</u>	<u>Amount</u>		<u>Due Date</u>
UMC JAPAN European Convertible Bonds	JPY	500 million	2007.03.29

b. Credit risk

The counterparties of the above investments are major international financial institutions. The repayment in full of these investments is subject to the non-occurrence of one or more credit events, which are referenced to the entities' fulfillment of their own obligations as well as repayment of their corporate bonds. Upon the occurrence of one or more of such credit events, the Company and its subsidiary, UMCJ, may receive less than the full amount of these investments or nothing. The Company and its subsidiary, UMCJ, have selected reference entities with high credit ratings to minimize the credit risk.

c. Liquidity risk

Early withdrawal is not allowed for the above investments unless called by the issuer. However, the anticipated liquidity risk is low since most of the investments will either have matured within one year, or are relatively liquid in the secondary market.

d. Market risk

There is no market risk for the above investments except for the fluctuations in the exchange rates of US Dollars and Japanese Yen to NT Dollars at the balance sheet date and the settlement date.

(5) The Company entered into interest rate swaps and forward contracts for hedging interest rate risk arising from the counter-floating rate of its domestic bonds and for hedging the exchange rate risk arising from net assets or liabilities denominated in foreign currency. The Company entered into these derivative financial instruments in connection with its hedging strategy to reduce the market risk of the hedged items and these financial instruments were not held for trading purposes. The relevant information on the derivative financial instruments entered into by the Company is as follows:

a. The Company utilized interest rate swap agreements to hedge its interest rate risk on the counter-floating rate of its unsecured domestic bonds issued during the period from May 21 to June 24, 2003. The terms of the interest rate swap agreements are the same as those of the domestic bonds, which are five and seven years. The floating rate is reset annually. The details of interest rate swap agreements are summarized as follows:

As of December 31, 2007 and 2006, the Company had the following interest rate swap agreements outstanding:

<u>Notional Amount</u>	<u>Contract Period</u>	<u>Interest Rate Received</u>	<u>Interest Rate Paid</u>
NT\$7,500 million	May 21, 2003 to June 24, 2008	4.0% minus USD 12-Month LIBOR	1.52%
NT\$7,500 million	May 21, 2003 to June 24, 2010	4.3% minus USD 12-Month LIBOR	1.48%

b. The details of forward contracts entered into by the Company are summarized as follows:

As of December 31, 2007

UMC

<u>Type</u>	<u>Notional Amount</u>	<u>Contract Period</u>
Forward contracts	Sell USD 239 million	December 4, 2007 to January 31, 2008

As of December 31, 2006

The Company did not hold any forward contracts as of December 31, 2006.

c. Transaction risk

(a) Credit risk

There is no significant credit risk exposure with respect to the above transactions as the counter-parties are reputable financial institutions with good global standing.

(b) Liquidity and cash flow risk

The cash flow requirements on the interest rate swap agreements are limited to the net interest payables or receivables arising from the differences in the swap rates.

The cash flow requirements on forward contracts are limited to the net difference between the forward and spot rates at the settlement date. Therefore, no significant cash flow risk is anticipated since the working capital is sufficient to meet the cash flow requirements.

(c) Market risk

Interest rate swap agreements and forward contracts are intended for hedging purposes. Gains or losses arising from the fluctuations in interest rates and exchange rates are likely to be offset against the gains or losses from the hedged items. As a result, no significant exposure to market risk is anticipated.

d. The presentation of derivative financial instruments on financial statements

UMC

As of December 31, 2007 and 2006, the interest rate swap agreements that were classified as current liabilities amounted to NT\$319 million and NT\$626 million, respectively.

As of December 31, 2007, the forward contracts that were classified as current liabilities amounted to NT\$22 million and the related valuation loss of NT\$40 million was recorded under non-operating expense for the year ended December 31, 2007.

(6) Significant intercompany transactions among consolidated entities for the years ended December 31, 2007 and 2006 are disclosed in Attachment 1.

(7) Details of subsidiaries that hold UMC's stock are as follows:

As of December 31, 2007

<u>Subsidiary</u>	<u>No. of Shares (in thousands)</u>	<u>Amount</u>	<u>Purpose</u>
FORTUNE VENTURE CAPITAL CORP.	15,386	\$310,035	Long-term investment

As of December 31, 2006

<u>Subsidiary</u>	<u>No. of Shares (in thousands)</u>	<u>Amount</u>	<u>Purpose</u>
FORTUNE VENTURE CAPITAL CORP.	22,070	\$446,914	Long-term investment

11. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates as required by the ROC Securities and Futures Bureau:

- a. Financing provided to others for the year ended December 31, 2007: please refer to Attachment 2.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2007: please refer to Attachment 3.
- c. Securities held as of December 31, 2007: please refer to Attachment 4.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 5.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 6.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 7.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 8.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2007: please refer to Attachment 9.

i. Names, locations and related information of investees as of December 31, 2007: please refer to Attachment 10.

j. Financial instruments and derivative transactions: please refer to Note 10.

(2) Investment in Mainland China

None.

12. SEGMENT INFORMATION

(1) Operations in different industries

The Company's major business is operating as a full service semiconductor foundry.

(2) Operations in different geographic areas

	For the year ended December 31, 2007					
	Taiwan	Asia, excluding Taiwan	North America	Europe and others	Eliminations	Consolidated
Sales to unaffiliated customers	\$43,029,375	\$7,792,941	\$53,177,099	\$9,311,883	\$-	\$113,311,298
Sales between geographic areas	44,800,106	18,953,967	-	-	(63,754,073)	-
Net operating revenues	<u>\$87,829,481</u>	<u>\$26,746,908</u>	<u>\$53,177,099</u>	<u>\$9,311,883</u>	<u>\$(63,754,073)</u>	<u>\$113,311,298</u>
Gross profit	<u>\$24,632,781</u>	<u>\$(2,276,512)</u>	<u>\$1,080,246</u>	<u>\$110,803</u>	<u>\$(4,296)</u>	\$23,543,022
Operating expenses						(17,424,127)
Non-operating income						17,929,693
Non-operating expenses						(4,378,245)
Income before income tax and minority interests						<u>\$19,670,343</u>
Minority interests loss						<u>\$101,293</u>
Identifiable assets	<u>\$152,133,746</u>	<u>\$93,878,228</u>	<u>\$6,961,579</u>	<u>\$3,134,252</u>	<u>\$(26,362,391)</u>	\$229,745,414
Funds and long-term investments						<u>69,812,875</u>
Total assets						<u>\$299,558,289</u>

For the year ended December 31, 2006

	Asia, excluding		Europe and others		Eliminations	Consolidated
	Taiwan	Taiwan	North America	others		
Sales to unaffiliated customers	\$38,310,762	\$9,511,367	\$55,616,919	\$8,564,771	\$-	\$112,003,819
Sales between geographic areas	50,953,904	14,961,088	-	-	(65,914,992)	-
Net operating revenues	<u>\$89,264,666</u>	<u>\$24,472,455</u>	<u>\$55,616,919</u>	<u>\$8,564,771</u>	<u>\$(65,914,992)</u>	<u>\$112,003,819</u>
Gross profit	<u>\$20,276,206</u>	<u>\$46,601</u>	<u>\$992,481</u>	<u>\$88,680</u>	<u>\$(38,442)</u>	<u>\$21,365,526</u>
Operating expenses						(16,206,895)
Non-operating income						34,909,503
Non-operating expenses						(3,480,709)
Income before income tax and minority interests						<u>\$36,587,425</u>
Minority interests loss						<u>\$482,025</u>
Identifiable assets	<u>\$217,650,324</u>	<u>\$94,139,276</u>	<u>\$6,646,311</u>	<u>\$2,544,093</u>	<u>\$(25,290,997)</u>	<u>\$295,689,007</u>
Funds and long-term investments						71,964,454
Total assets						<u>\$367,653,461</u>

(3) Export sales

Export sales to unaffiliated customers is less than 10% of the total sales amount on the consolidated statements of income, therefore disclosure is not required.

(4) Major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2007 and 2006 are as follows:

	For the year ended December 31,			
	2007		2006	
	Sales amount	Percentage	Sales amount	Percentage
Customer A	\$15,707,969	14	\$8,277,665	7
Customer B	14,896,377	13	24,475,058	22
Total	<u>\$30,604,346</u>	<u>27</u>	<u>\$32,752,723</u>	<u>29</u>

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

For the year ended December 31, 2007

No. (Note1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 4)
				Account	Amount	Terms (Note 3)	
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	\$51,894,797	Net 60 days	46%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	5,721,345	-	2%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	9,181,444	Net 60 days	8%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	1,797,169	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	2,663,281	Net 60 days	2%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	355,438	-	-
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICRODISPLAY OPTRONICS CORP.	1	Long-term investments accounted for under the equity method	197,798	-	-

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

For the year ended December 31, 2006

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 4)
				Account	Amount	Terms (Note 3)	
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	\$54,476,329	Net 60 days	49%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	5,118,532	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Other current liabilities	650,400	-	-
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	8,455,595	Net 60 days	8%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	734,440	-	-
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	2,835,621	Net 60 days	3%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	401,039	-	-
0	UNITED MICROELECTRONICS CORPORATION	TLC CAPITAL CO., LTD.	1	Long-term investments accounted for under the equity method	3,000,000	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC CAPITAL CORP.	1	Long-term investments accounted for under the equity method	1,665,000	-	-
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Long-term investments accounted for under the equity method	132,462	-	-
1	UMC JAPAN	UMC GROUP (USA)	3	Sales	129,703	Net 55 days	-
2	FORTUNE VENTURE CAPITAL CORP.	UNITRUTH INVESTMENT CORP.	3	Long-term investments accounted for under the equity method	400,000	-	-

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

Note 1: UMC and its subsidiaries are coded as follows:

1. UMC is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Note 4: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, cumulative balances are used as basis.

ATTACHMENT 2 (Financing provided to others for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

No.	Lender	Counter-party	Financial statement account	Maximum balance for the period	Ending balance	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
											Item	Value		

None

ATTACHMENT 3 (Endorsement/Guarantee provided to others for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

No.	Endorsor/Guarantor	Receiving party	Relationship	Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount
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None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	PROMOS TECHNOLOGIES INC.	-	Financial assets at fair value through profit or loss, current	471,400	\$4,101,180	7.03	\$4,101,180	None
Stock	ACTION ELECTRONICS CO., LTD.	-	Financial assets at fair value through profit or loss, current	16,270	218,016	4.59	218,016	None
Stock	MICRONAS SEMICONDUCTOR HOLDING AG	-	Financial assets at fair value through profit or loss, current	280	91,091	0.94	91,091	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Financial assets at fair value through profit or loss, current	24,044	307,767	0.22	307,767	None
Stock	YANG MING MARINE TRANSPORT CORP.	-	Financial assets at fair value through profit or loss, current	3,280	82,331	0.14	82,331	None
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	1,181,949	100.00	1,181,949	None
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	301,091	100.00	293,477	None
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	4,097,229	100.00	4,097,229	None
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	280	1,641	100.00	1,641	None
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	142	100.00	142	None
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	628,800	8,042,617	100.00	8,042,617	None
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	9,966,214	99.99	10,424,107	None
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	84,093	157,249	85.24	157,249	None
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	6,278,935	50.09	1,270,009	None
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	127,379	49.99	132,307	None
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the equity method	4,000	82,230	49.94	82,230	None
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method	-	2,441,703	45.00	2,441,703	None
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	954,691	42.00	954,691	None
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	4,122,988	36.49	3,981,380	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	NEXPOWER TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	44,912	\$784,668	34.55	\$788,590	None
Stock	XGI TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	5,868	19,120	16.44	19,120	None
Stock	AMIC TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	15,590	37,235	11.21	61,955	None
Stock	ITE TECH. INC.	-	Available-for-sale financial assets, noncurrent	22,279	2,161,098	19.73	2,161,098	None
Stock	UNIMICRON TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	206,414	11,765,591	19.53	11,765,591	None
Stock	HOLTEK SEMICONDUCTOR INC.	-	Available-for-sale financial assets, noncurrent	42,326	2,093,033	19.42	2,093,033	None
Stock	UNITED FU SHEN CHEN TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	18,460	139,374	16.60	139,374	None
Stock	FARADAY TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	56,714	4,111,793	16.46	4,111,793	None
Stock	SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Available-for-sale financial assets, noncurrent	228,956	2,587,202	16.24	2,587,202	None
Stock	NOVATEK MICROELECTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	61,274	7,597,960	11.32	7,597,960	None
Stock	C-COM CORP.	-	Available-for-sale financial assets, noncurrent	2,312	22,428	4.40	22,428	None
Stock	SPRINGSOFT, INC.	-	Available-for-sale financial assets, noncurrent	8,572	325,743	4.16	325,743	None
Stock	CHIPBOND TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	12,584	407,710	4.05	407,710	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	21,005	2,904,149	3.39	2,904,149	None
Stock	KING YUAN ELECTRONICS CO., LTD.	-	Available-for-sale financial assets, noncurrent	38,505	608,383	3.17	608,383	None
Stock	BILLIONTON SYSTEMS INC.	-	Available-for-sale financial assets, noncurrent	2,048	15,871	2.63	15,871	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	929	73,409	0.97	73,409	None
Stock	MEGA FINANCIAL HOLDING COMPANY	-	Available-for-sale financial assets, noncurrent	95,577	1,906,757	0.86	1,906,757	None
Stock	MEDIATEK INC.	-	Available-for-sale financial assets, noncurrent	6,552	2,758,402	0.63	2,758,402	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,268	\$256,167	0.02	\$256,167	None
Fund	VIETNAM INFRASTRUCTURE LTD.	-	Available-for-sale financial assets, noncurrent	5,000	153,900	-	153,900	None
Stock	PIXTECH, INC.	-	Financial assets measured at cost, noncurrent	9,883	-	17.63	Note	None
Stock	UNITED INDUSTRIAL GASES CO., LTD.	-	Financial assets measured at cost, noncurrent	13,185	146,250	7.66	Note	None
Stock	INDUSTRIAL BANK OF TAIWAN CORP.	-	Financial assets measured at cost, noncurrent	118,303	1,139,196	4.95	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	13,774	208,746	4.29	Note	None
Stock	TECO NANOTECH CO. LTD.	-	Financial assets measured at cost, noncurrent	9,001	-	3.73	Note	None
Stock	SINO SWEARINGEN AIRCRAFT CORP.	-	Financial assets measured at cost, noncurrent	1,124	-	1.50	Note	None
Stock	TAIWAN AEROSPACE CORP.	-	Financial assets measured at cost, noncurrent	234	-	0.17	Note	None
Fund	PACIFIC TECHNOLOGY PARTNERS, L.P.	-	Financial assets measured at cost, noncurrent	-	188,179	-	N/A	None
Fund	PACIFIC UNITED TECHNOLOGY, L.P.	-	Financial assets measured at cost, noncurrent	-	144,579	-	N/A	None
Stock-Preferred stock	TAIWAN HIGH SPEED RAIL CORP.	-	Financial assets measured at cost, noncurrent	30,000	300,000	-	N/A	None
Stock-Preferred stock	MTIC HOLDINGS PTE LTD.	-	Financial assets measured at cost, noncurrent	4,000	85,080	-	N/A	None
Stock-Preferred stock	TONBU, INC.	-	Financial assets measured at cost, noncurrent	938	-	-	N/A	None
Stock-Preferred stock	AETAS TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	781	82,565	-	N/A	None
Stock	UNIMICRON HOLDING LIMITED	-	Prepayment for long-term investments	20,000	648,360	-	N/A	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UNITRUTH INVESTMENT CORP.	Investee company	Long-term investments accounted for under the equity method	80,000	\$1,021,894	100.00	\$1,021,894	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	10,186	-	44.29	-	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	11,285	-	42.38	-	None
Stock	ANOTO TAIWAN CORP.	Investee company	Long-term investments accounted for under the equity method	3,920	24,635	39.20	24,635	None
Stock-Preferred stock	AEVOE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	3,155	13,552	38.62	14,049	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	105,781	30.00	54,769	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	4,493	34,318	24.29	34,318	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	5,789	55,785	20.24	48,349	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	9,045	40,802	19.36	39,237	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	4,525	36,255	18.10	27,022	None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	6,853	37,997	17.46	34,363	None
Stock	AMIC TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	20,554	81,462	14.74	81,462	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	4,208	9,447	11.79	13,714	None
Stock	DAVICOM SEMICONDUCTOR, INC.	-	Available-for-sale financial assets, noncurrent	12,217	967,588	15.38	967,588	None
Stock	PIXART IMAGING INC.	-	Available-for-sale financial assets, noncurrent	14,188	3,454,873	12.18	3,454,873	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,691	133,593	1.77	133,593	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	4,731	657,610	0.77	657,610	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	595	31,968	0.56	31,968	None
Stock	C SUN MFG LTD.	-	Available-for-sale financial assets, noncurrent	318	5,718	0.24	5,718	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	AIMTRON TECHNOLOGY, INC.	-	Available-for-sale financial assets, noncurrent	59	\$2,159	0.13	\$2,159	None
Stock	UNITED MICROELECTRONICS CORP.	Investor company	Available-for-sale financial assets, noncurrent	15,386	310,035	0.12	310,035	None
Stock	ASROCK INC.	-	Available-for-sale financial assets, noncurrent	49	9,065	0.05	9,065	None
Stock	INFINERA CORP.	-	Available-for-sale financial assets, noncurrent	4	1,692	-	1,692	None
Convertible bonds	HARVATEK CORP.	-	Financial assets at fair value through profit or loss, noncurrent	142	14,342	-	14,342	None
Stock	CLIENTRON CORP. (formerly BCOM ELECTRONICS INC.)	-	Financial assets measured at cost, noncurrent	17,675	176,797	19.64	Note	None
Stock	STAR SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	3,837	35,174	18.51	Note	None
Stock	KUN YUAN TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	7,650	76,500	16.63	Note	None
Stock	HITOP COMMUNICATIONS CORP.	-	Financial assets measured at cost, noncurrent	4,340	60,849	16.07	Note	None
Stock	USBEST TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	7,347	95,303	15.63	Note	None
Stock	U-MEDIA COMMUNICATIONS, INC.	-	Financial assets measured at cost, noncurrent	5,000	15,679	15.44	Note	None
Stock	CION TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,268	10,583	11.08	Note	None
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	3,864	11,458	11.04	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	4,530	50,553	10.79	Note	None
Stock	GOLDEN TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	4,234	41,216	10.67	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,060	10,421	10.60	Note	None
Stock	EXOJET TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,300	23,000	10.57	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	The same chairman with UMC's subsidiary	Financial assets measured at cost, noncurrent	3,140	22,886	10.25	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,500	21,875	10.23	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	4,284	\$27,160	10.06	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	11,452	109,898	9.94	Note	None
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	2,660	16,663	9.93	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,396	42,180	9.77	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,153	54,325	9.43	Note	None
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	750	30,289	9.38	Note	None
Stock	ALLEN PRECISION INDUSTRIES CO., LTD.	-	Financial assets measured at cost, noncurrent	3,000	38,400	9.32	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	8,529	85,291	9.09	Note	None
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	3,600	43,200	9.00	Note	None
Stock	ANDES TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	5,000	62,500	7.94	Note	None
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	4,198	37,156	7.82	Note	None
Stock	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	-	Financial assets measured at cost, noncurrent	10,500	105,000	7.00	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	1,700	17,306	6.85	Note	None
Stock	RISELINK VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	8,000	76,640	6.67	Note	None
Stock	NCTU SPRING VENTURE CAPITAL CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	7,000	6.28	Note	None
Stock	COSMOS TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	1,490	6,605	5.03	Note	None
Stock	PARAWIN VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	5,000	41,900	5.00	Note	None
Stock	EUTECH MICROELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,700	59,500	4.95	Note	None
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	1,750	32,000	4.86	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,391	\$22,178	4.80	Note	None
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,837	30,060	4.72	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	4,245	26,742	4.56	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,249	15,086	4.21	Note	None
Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,183	14,165	4.11	Note	None
Stock	IBT VENTURE CORP.	-	Financial assets measured at cost, noncurrent	4,569	45,685	3.81	Note	None
Stock	SIMPAL ELECTRONICS CO., LTD.	-	Financial assets measured at cost, noncurrent	6,009	70,179	3.62	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	11,143	131,806	3.47	Note	None
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	3,000	30,000	3.33	Note	None
Stock	ANIMATION TECHNOLOGIES INC.	-	Financial assets measured at cost, noncurrent	1,480	9,472	3.16	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	5,400	225,000	3.06	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	1,225	8,195	3.06	Note	None
Stock	SHENG-HUA VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	750	4,950	2.50	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	1,500	15,000	1.81	Note	None
Stock	TAIMIDE TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	1,500	16,095	1.70	Note	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,500	72,975	1.58	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	1.44	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,389	14,828	1.40	Note	None
Fund	CRYSTAL INTERNET VENTURE FUND II(BVI), L.P.	-	Financial assets measured at cost, noncurrent	-	9,124	1.09	N/A	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,290	\$24,419	1.02	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	1,162	9,739	0.66	Note	None
Stock	WAVEPLUS TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	4	-	0.40	Note	None
Fund	IGLOBE PARTNERS FUND, L.P.	-	Financial assets measured at cost, noncurrent	-	37,351	-	N/A	None
Stock-Preferred stock	AURORA SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	5,133	59,317	-	N/A	None
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR LTD.	-	Financial assets measured at cost, noncurrent	1,500	46,313	-	N/A	None

TLC CAPITAL CO., LTD.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Fund	FGIT GLOBAL REALTY & INFRASTRUCTURE FUND	-	Financial assets at fair value through profit or loss, current	500	\$4,550	-	\$4,550	None
Convertible bonds	CAREER TECHNOLOGY (MFG.) CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	70	6,895	-	6,895	None
Convertible bonds	HARVATEK CORP.	-	Financial assets at fair value through profit or loss, noncurrent	261	26,361	-	26,361	None
Stock	YUNG LI INVESTMENTS, INC.	Investee company	Long-term investments accounted for under the equity method	0.28	276,345	45.16	276,345	None
Fund	CTC CAPITAL PARTNERS I, L.P.	Investee company	Long-term investments accounted for under the equity method	-	145,021	32.11	145,021	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	7,084	101,786	15.16	30,732	None
Stock	RECHI PRECISION CO., LTD.	-	Available-for-sale financial assets, noncurrent	20,768	304,256	5.70	304,256	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	4,632	365,942	4.85	365,942	None
Stock	SERCOMM CORP.	-	Available-for-sale financial assets, noncurrent	6,423	188,179	4.11	188,179	None
Stock	SIMPLO TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	5,500	847,000	2.96	847,000	None

ATTACHMENT4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	HORIZON SECURITIES CO., LTD.	-	Available-for-sale financial assets, noncurrent	8,858	\$113,383	2.06	\$113,383	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,843	98,974	1.75	98,974	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	10,256	1,425,459	1.67	1,425,459	None
Stock	MITAC TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	6,000	156,000	1.15	156,000	None
Stock	DARFON ELECTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	2,900	266,220	1.05	266,220	None
Stock	CORETRONIC CORP.	-	Available-for-sale financial assets, noncurrent	6,127	267,150	0.88	267,150	None
Stock	KING YUAN ELECTRONICS CO., LTD.	-	Available-for-sale financial assets, noncurrent	9,000	142,200	0.74	142,200	None
Stock	HUNG SHENG CONSTRUCTION LTD.	-	Available-for-sale financial assets, noncurrent	3,300	79,695	0.59	79,695	None
Stock	TATUNG CORP.	-	Available-for-sale financial assets, noncurrent	26,152	411,894	0.58	411,894	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	529	27,682	0.56	27,682	None
Stock	TRIDENT MICROSYSTEMS, INC.	-	Available-for-sale financial assets, noncurrent	250	53,136	0.42	53,136	None
Stock	CYNTEC CO., LTD.	-	Available-for-sale financial assets, noncurrent	763	36,395	0.42	36,395	None
Stock	ASROCK INC.	-	Available-for-sale financial assets, noncurrent	202	37,370	0.20	37,370	None
Stock	YULON MOTOR CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,015	31,563	0.07	31,563	None
Stock	CHINA METAL PRODUCTS CO., LTD.	-	Available-for-sale financial assets, noncurrent	168	5,845	0.07	5,845	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Available-for-sale financial assets, noncurrent	3,853	49,318	0.04	49,318	None
Stock	YEH-CHIANG TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	60	1,630	0.03	1,630	None
Stock	FAR EASTERN INTERNATIONAL BANK	-	Available-for-sale financial assets, noncurrent	500	5,225	0.03	5,225	None
Stock	SHIN KONG FINANCIAL HOLDING CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,286	28,686	0.03	28,686	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	CHINATRUST FINANCIAL HOLDING CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,600	\$36,880	0.02	\$36,880	None
Stock	CATHAY FINANCIAL HOLDING CO., LTD.	-	Available-for-sale financial assets, noncurrent	750	50,700	0.01	50,700	None
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	10,000	100,000	11.11	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	11,502	479,250	6.51	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	10,000	100,000	5.67	Note	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,500	121,625	2.64	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	74	7,980	0.07	Note	None

UNITRUTH INVESTMENT CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	5,241	\$29,603	11.22	\$22,734	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	35,260	10.00	18,256	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	1,587	12,121	8.58	12,121	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	2,150	20,720	7.52	17,958	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,585	-	5.95	-	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	1,225	9,815	4.90	7,315	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000	-	4.35	-	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	1,700	\$8,525	4.33	\$8,525	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	1,179	3,843	3.30	3,843	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	929	73,409	0.97	73,409	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	695	37,296	0.66	37,296	None
Stock	ASROCK INC.	-	Available-for-sale financial assets, noncurrent	49	9,065	0.05	9,065	None
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	930	7,920	9.30	Note	None
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	738	29,804	9.23	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	3,410	39,593	8.12	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	988	40,415	6.92	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	6,374	63,739	6.80	Note	None
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,010	25,850	5.74	Note	None
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	1,504	18,542	5.61	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	5,806	62,427	5.04	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,200	10,500	4.91	Note	None
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,391	14,755	4.80	Note	None
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,518	31,218	4.69	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	The same chairman with UMC's subsidiary	Financial assets measured at cost, noncurrent	1,386	3,059	4.52	Note	None
Stock	EXOJET TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	850	8,500	3.91	Note	None
Stock	U-MEDIA COMMUNICATIONS, INC.	-	Financial assets measured at cost, noncurrent	1,250	3,920	3.86	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,138	13,747	3.84	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,495	\$17,941	3.74	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	740	11,100	2.98	Note	None
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	2,000	20,000	2.22	Note	None
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	750	13,714	2.08	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	695	4,650	1.74	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	1.44	Note	None
Stock	USBEST TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	660	7,145	1.40	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	315	7,950	1.38	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,365	14,570	1.38	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	1,222	7,698	1.31	Note	None
Stock	STAR SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	260	2,193	1.25	Note	None
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	385	2,310	0.99	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	1,728	72,000	0.98	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	500	5,000	0.60	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	604	5,064	0.34	Note	None
Stock-Preferred stock	ALLEN PRECISION INDUSTRIES CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	20,000	-	N/A	None

ATTACHMENT4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMO(HK) LIMITED	Investee company	Long-term investments accounted for under the equity method	15,600	\$3,257	100.00	\$3,257	None

UMC CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMC CAPITAL (USA)	Investee company	Long-term investments accounted for under the equity method	200	USD 359	100.00	USD 359	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	USD 2,112	100.00	USD 2,112	None
Stock-Preferred stock	ACHIEVE MADE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	508	USD 769	43.29	USD 236	None
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	USD 6,237	35.45	USD 6,237	None
Fund	TRANSLINK CAPITAL PARTNERS I L.P.	Investee company	Long-term investments accounted for under the equity method	-	USD 1,443	16.73	USD 1,443	None
Stock	INTELLON CORP.	-	Available-for-sale financial assets, noncurrent	1,233	USD 9,299	4.12	USD 9,299	None
Stock	RUBICON TECHNOLOGY, INC.	-	Available-for-sale financial assets, noncurrent	275	USD 6,531	1.43	USD 6,531	None
Stock	SPREADTRUM COMMUNICATIONS, INC.	-	Available-for-sale financial assets, noncurrent	550	USD 6,737	0.44	USD 6,737	None
Stock	PATENTOP, LTD.	-	Financial assets measured at cost, noncurrent	720	-	18.00	Note	None
Stock	CIPHERMAX, INC. (formerly MAXXAN SYSTEMS, INC.)	-	Financial assets measured at cost, noncurrent	95	USD 1,281	-	Note	None
Stock-Preferred stock	AICENT, INC.	-	Financial assets measured at cost, noncurrent	2,000	USD 1,000	-	N/A	None
Stock	SILICON 7, INC.	-	Financial assets measured at cost, noncurrent	1,866	-	-	Note	None
Stock-Preferred stock	GCT SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,571	USD 1,000	-	N/A	None
Stock-Preferred stock	FORTEMEDIA, INC.	-	Financial assets measured at cost, noncurrent	11,233	USD 4,928	-	N/A	None
Stock	MAGNACHIP SEMICONDUCTOR LLC	-	Financial assets measured at cost, noncurrent	31	USD 1,094	-	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock-Preferred stock	MAXLINEAR, INC.	-	Financial assets measured at cost, noncurrent	2,070	USD 4,052	-	N/A	None
Stock-Preferred stock	SMART VANGUARD LTD.	-	Financial assets measured at cost, noncurrent	5,750	USD 6,500	-	N/A	None
Stock-Preferred stock	WISAIR, INC.	-	Financial assets measured at cost, noncurrent	153	USD 1,596	-	N/A	None
Stock-Preferred stock	AMALFI SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,471	USD 1,500	-	N/A	None
Stock-Preferred stock	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	10	USD 1,186	-	N/A	None
Convertible bonds	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	3	USD 506	-	N/A	None
Stock-Preferred stock	EAST VISION TECHNOLOGY LTD.	-	Financial assets measured at cost, noncurrent	2,770	USD 4,820	-	N/A	None
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR LTD.	-	Financial assets measured at cost, noncurrent	650	USD 1,462	-	N/A	None
Stock-Preferred stock	AURORA SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	550	USD 242	-	N/A	None
Stock-Preferred stock	VERIPRECISE TECHNOLOGY, INC.	-	Financial assets measured at cost, noncurrent	4,000	USD 4,000	-	N/A	None
Stock-Preferred stock	PACTRUST COMMUNICATION, INC.	-	Financial assets measured at cost, noncurrent	4,850	USD 4,850	-	N/A	None
Stock-Preferred stock	LUMINUS DEVICES, INC.	-	Financial assets measured at cost, noncurrent	477	USD 3,000	-	N/A	None
Stock-Preferred stock	REALLUSION (CAYMAN) HOLDING INC.	-	Financial assets measured at cost, noncurrent	1,800	USD 555	-	N/A	None
Stock-Preferred stock	FORCE10 NETWORKS, INC.	-	Financial assets measured at cost, noncurrent	4,373	USD 4,500	-	N/A	None
Stock-Preferred stock	QSECURE, INC.	-	Financial assets measured at cost, noncurrent	14,355	USD 3,558	-	N/A	None
Stock-Preferred stock	VISAGE MOBILE INC.	-	Financial assets measured at cost, noncurrent	5,099	USD 2,000	-	N/A	None
Fund	VENGLOBAL CAPITAL FUND III, L.P.	-	Financial assets measured at cost, noncurrent	-	USD 712	-	N/A	None
Fund	DEXON DYNAMIC INVESTMENT FUND VIII	-	Financial assets measured at cost, noncurrent	9	USD 9,000	-	N/A	None
Stock-Preferred stock	PARADE TECHNOLOGIES, LTD.	-	Financial assets measured at cost, noncurrent	3,125	USD 1,459	-	N/A	None
Stock-Preferred stock	SIFOTONICS TECHNOLOGIES CO., LTD.	-	Financial assets measured at cost, noncurrent	1,000	USD 500	-	N/A	None

ATTACHMENT 4 (Securities held as of December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC CAPITAL CORP.

				December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	KOTURA, INC.	-	Financial assets measured at cost, noncurrent	0.59	-	-	None	None
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	750	-	-	N/A	None

Note : The net assets values for unlisted investees classified as "Financial assets measured at cost, noncurrent" were not available as of December 31, 2007.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Convertible bonds	EDOM TECHNOLOGY CO., LTD.	Financial assets at fair value through profit or loss, current	EDOM TECHNOLOGY CO., LTD.	-	60	\$193,910	-	\$-	60	\$197,760	\$201,990	\$(4,230)	-	\$-
Stock	SILICONWARE PRECISION INDUSTRIES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	5,395	276,202	-	-	5,409 (Note 4)	325,429	213,397	112,032	-	-
Stock	FIRICH ENTERPRISES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	122 (Note5)	54,919	174 (Note5)	113,306	54,919	58,387	-	-
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	37,221	1,155,725	-	-	37,221	1,313,916 (Note7)	794,117	519,799	-	-
Stock	EPISTAR CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	-	-	20,641 (Note7)	2,278,868 (Note7)	-	-	-	-	21,005 (Note7)	2,904,149
Stock	MEDIATEK INC.	Available-for-sale financial assets, noncurrent	Open market	-	14,979	5,048,091	-	-	9,123	5,100,253	90,396	5,004,017 (Note8)	6,552 (Note8)	2,758,402
Stock	AU OPTRONICS CORP.	Available-for-sale financial assets, noncurrent	Open market	-	78,266	3,545,441	-	-	78,339 (Note9)	3,889,146	938,840	2,956,868 (Note9)	-	-
Stock	HOLTEK SEMICONDUCTOR INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	51,939 (Note10)	878,747 (Note10)	10,100	719,718	171,722	547,996	42,326 (Note10)	2,093,033
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	24,229 (Note11)	341,268 (Note11)	1,950	259,631	30,575	229,056	22,279	2,161,098
Fund	VIETNAM INFRASTRUCTURE LTD.	Available-for-sale financial assets, noncurrent	VIETNAM INFRASTRUCTURE LTD.	-	-	-	5,000	166,468	-	-	-	-	5,000	153,900

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Stock	NEXPOWER TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	\$-	45,262	\$764,247	350	\$3,675	\$3,515	\$160	44,912	\$784,668 (Note12)
Stock	HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Note 6	-	28,500	225,624	-	-	28,500	564,818 (Note7)	175,810	389,125 (Note13)	-	-
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	64,313	167,217	19,780	197,798	-	-	-	-	84,093	157,249 (Note14)
Stock	UNIMICRON HOLDING LIMITED	Prepayment for long-term investments	Proceeds from new issues	-	-	-	20,000	648,360	-	-	-	-	20,000	648,360

Note 1: The amounts of beginning and ending balances of financial assets at fair value through profit or loss and available for sale are recorded at the prevailing market prices.

Note 2: The disposal cost represents historical cost.

Note 3: Gain/Loss from disposal includes realized exchange gain/loss to which the ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement", is applied.

Gain/loss from disposal of financial assets at fair value through profit/loss is recorded as realized valuation gain/loss in accordance with Accounting Research and Development Foundation interpretation (95)No.237.

Note 4: The ending balance includes stock dividend of 14 thousand shares.

Note 5: The addition is the shares transferred from convertible bonds. The ending balance includes stock dividend of 52 thousand shares.

Note 6: On March 1, 2007, EPITECH TECHNOLOGY CORP. and HIGHLINK TECHNOLOGY CORP. merged into EPSTAR CORP.

Note 7: The addition includes shares exchanged of 12,085 thousand shares of EPITECH TECHNOLOGY CORP. (amounted to NT\$1,313,916 thousand), 5,182 thousand shares of HIGHLINK TECHNOLOGY CORP. (NT\$564,818 thousand), 1,702 thousand shares acquired in open market (amounted to NT\$199,450 thousand) and 1,672 thousand shares acquired from new issues (NT\$200,684 thousand). The ending balance includes stock dividend of 364 thousand shares.

Note 8: The gain on disposal includes additional paid-in capital adjustments of NT\$(5,840) thousand. The ending balance includes stock dividend of 696 thousand shares.

Note 9: The disposal includes stock dividends of 73 thousand shares. The gain on disposal includes additional paid-in capital adjustments of NT\$6,412 thousand and cumulative translation adjustments of NT\$150 thousand.

Note 10: As the Company did not have significant influence after decreasing its percentage of ownership in HOLTEK in 2007, the investee was classified as available-for-sale financial asset. The ending balance includes stock dividend of 487 thousand share

Note 11: As the Company did not have significant influence after decreasing its percentage of ownership in ITE TECH in 2007, the investee was classified as available-for-sale financial asset.

Note 12: The ending balance includes long-term investment loss of NT\$(9,919) thousand and a long-term investment additional paid-in capital adjustment of NT\$33,855 thousand.

Note 13: The gain on disposal includes additional paid-in capital adjustments of NT\$117 thousand.

Note 14: The ending balance includes long-term investment loss of NT\$(185,192) thousand, long-term investment additional paid-in capital adjustment of NT\$(22,555) thousand and cumulative translation adjustments of NT\$(19) thousand.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount (Note4)	Units (thousand)/bonds/shares (thousand)	Amount (Note2)	Cost (Note2)	Gain (Loss) from disposal	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Note 3	-	13,128	\$407,627	-	\$-	13,128	\$463,421	\$300,613	\$162,808	-	\$-
Stock	EPISTAR CORP.	Available-for-sale financial assets, noncurrent	Note 3	-	-	-	4,649 (Note4)	502,389 (Note4)	-	-	-	-	4,731 (Note4)	657,610
Stock	PIXART IMAGING INC.	Available-for-sale financial assets, noncurrent	Open market	-	13,274	6,504,255	-	-	413	111,202	5,498	105,704	14,188 (Note5)	3,454,873
Stock	JMICRON TECHNOLOGY CORP.	Financial assets measured at cost, noncurrent	Natural person	-	2,660	47,880	-	-	990	297,000	17,820	279,180	1,837 (Note6)	30,060

Note 1: The amounts of beginning and ending balances of available-for-sale financial assets are recorded at the prevailing market prices.

Note 2: The disposal cost represents historical cost.

Note 3: On March 1, 2007, EPITECH TECHNOLOGY CORP. and HIGHLINK TECHNOLOGY CORP. merged into EPISTAR CORP.

Note 4: The addition included shares exchanged of 4,262 thousand shares of EPITECH TECHNOLOGY CORP. (amounted to NT\$463,421 thousand), 10 thousand shares of HIGHLINK TECHNOLOGY CORP. (NT\$1,145 thousand), 377 thousand shares acquired in open market (amounted to NT\$45,200 thousand) and deduct cash dividend of NT\$7,377 thousand. The ending balance includes stock dividend of 82 thousand shares.

Note 5: The ending balance includes stock dividend of 1,327 thousand shares.

Note 6: The ending balance includes stock dividend of 167 thousand shares.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)
Convertible bonds	EPISTAR CORP.	Financial assets at fair value through profit or loss, noncurrent	Note 4/ EPISTAR CORP.	-	-	\$-	2,500	\$317,500	2,500 (Note5)	\$332,792	\$317,500	\$15,292	-	\$-
Convertible bonds	EPITECH TECHNOLOGY CORP.	Financial assets at fair value through profit or loss, noncurrent	Note 4	-	2,500	293,250	-	-	2,500	317,500	250,000	67,500	-	-
Stock	HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Note 4	-	17,460	134,999	-	-	17,460	363,476	134,999	231,019 (Note6)	-	-
Fund	CTC CAPITAL PARTNERS I, L.P.	Long-term investments accounted for under the equity method	CTC CAPITAL PARTNERS I, L.P.	-	-	-	-	148,050	-	-	-	-	-	145,021 (Note7)
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Note 4	-	10,413	323,324	-	-	10,413	367,579	298,327	69,252	-	-
Stock	EPISTAR CORP.	Available-for-sale financial assets, noncurrent	Note 4/ EPISTAR CORP./Proceeds from new issues	-	-	-	10,078 (Note8)	1,161,825 (Note8)	-	-	-	-	10,256 (Note9)	1,425,459
Stock	TOPOINT TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	5,430	395,317	841	67,929 (Note10)	2,080	154,922	113,063	41,859	4,632 (Note11)	365,942
Stock	ADVANCED SEMICONDUCTOR ENGINEERING, INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	3,700	141,090	4,144 (Note12)	142,137	136,652 (Note13)	5,485	-	-
Stock	AVERMEDIA TECHNOLOGIES, INC.	Available-for-sale financial assets, noncurrent	Open market	-	4,085	163,196	-	-	4,085	165,586	146,474	19,112	-	-
Stock	MITAC TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	6,000	168,866	-	-	-	-	6,000	156,000

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Stock	GIANT MANUFACTURING CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	\$-	1,920	\$114,421	1,920	\$135,454	\$114,421	\$21,033	-	-
Stock	TATUNG CORP.	Available-for-sale financial assets, noncurrent	Open market	-	38,152	557,019	-	-	12,000	175,971	147,694	28,277	26,152	411,894
Stock	TRIDENT MICROSYSTEMS, INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	250	164,588	-	-	-	-	250	53,136
Stock	WINTEK CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	3,957	122,472	3,957	164,722	121,471 (Note14)	43,251	-	-
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.,	Available-for-sale financial assets, noncurrent	Open market	-	23,596	353,936	-	-	19,855	276,938	242,724	34,214	3,853 (Note15)	49,318
Stock	ORIENT SEMICONDUCTOR ELECTRONICS, LTD.	Available-for-sale financial assets, noncurrent	Open market	-	4,764	40,018	4,500	51,766	9,264	136,126	89,152	46,974	-	-
Stock	FORMOSA EPITAXY INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	2,509	76,606	2,509	124,553	76,606	47,947	-	-
Stock	OPTO TECH CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	3,000	78,818	3,000	104,496	78,818	25,678	-	-
Stock	DARFON ELECTRONICS CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	2,900	298,439	-	-	-	-	2,900	266,220
Stock	KING YUAN ELECTRONICS CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	9,000	168,635	-	-	-	-	9,000	142,200

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Stock	HORIZON SECURITIES CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	16,858	\$118,849	-	\$-	8,000	\$118,309	\$50,107	\$68,202	8,858	\$113,383
Stock	TAIWAN FERTILIZER CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	800	49,840	800	51,760	1,600	116,333	100,790	15,543	-	-
Stock	UNIDISPLAY INC.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	-	10,000	100,000	-	-	-	-	10,000	100,000
Stock	INPAQ TECHNOLOGY CO., LTD.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	-	2,500	121,625	-	-	-	-	2,500	121,625

Note 1: The amounts of beginning and ending balances of financial assets at fair value through profit or loss and available for sale are recorded at the prevailing market prices.

Note 2: The disposal cost represents historical cost .

Note 3: Gain/Loss from disposal includes realized exchange gain/loss to which the ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement", is applied.

Gain/loss from disposal of financial assets at fair value through profit/loss is recorded as realized valuation gain/loss in accordance with Accounting Research and Development Foundation interpretation (95)No.237.

Note 4: On March 1, 2007, EPITECH TECHNOLOGY CORP. and HIGHLINK TECHNOLOGY CORP. merged into EPISTAR CORP.

Note 5: Exercise of conversion rights of EPISTAR CORP's convertible bonds to obtain 2,706 thousand shares of EPISTAR stock.

Note 6: The gain on disposal includes long-term additional paid-in capital adjustments of NT\$2,542 thousand due to proportionate changes in shareholding.

Note 7: The ending balance includes long-term investment loss of NT\$(776) thousand and cumulative translation adjustments of NT\$(2,253) thousand.

Note 8: The addition included shares exchanged of 3,381 thousand shares of EPITECH TECHNOLOGY CORP.(amounted to NT\$367,579 thousand) , 3,174 thousand shares of HIGHLINK TECHNOLOGY CORP. (amounted to NT\$363,476 thousand), exercise of conversion right of EPISTAR CORP.'s convertible bond into 2,706 thousand shares (amounted to NT\$ 332,792 thousand) and 817 thousand shares acquired from new shares (amounted to NT\$97,978 thousand.)

Note 9: The ending balance includes stock dividend of 178 thousand shares.

Note 10: Exercise of conversion rights of the Company's convertible bond classified as "Financial asset at fair value through profit or loss" on the balance sheet.

Note 11: The ending balance includes stock dividend of 441 thousand shares.

Note 12: The disposal shares includes stock dividend of 444 thousand shares.

Note 13: The disposal cost includes cash dividend of NT\$4,438 thousand.

Note 14: The disposal cost includes cash dividend of NT\$1,001 thousand.

Note 15: The ending balance includes stock dividend of 112 thousand shares.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/bonds/shares (thousand)	Amount
Stock	JMICRON TECHNOLOGY CORP.	Financial assets measured at cost, noncurrent	Natural person	-	1,340	\$8,844	-	\$-	990	\$297,000	\$6,534	\$290,466	385	\$2,310
													(Note1)	

Note 1: The ending balance includes stock dividend of 35 thousand shares.

UMC CAPITAL CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/bonds/shares (thousand)	Amount (Note1)
Fund	DEXON DYNAMIC INVESTMENT FUND VIII	Financial assets measured at cost, noncurrent	DEXON DYNAMIC INVESTMENT FUND VIII	-	-	\$-	9	USD 9,000	-	\$-	\$-	\$-	9	USD 9,000
Stock	RUBICON TECHNOLOGY, INC.	Available-for-sale financial assets, noncurrent	Proceeds from new issues	-	-	-	275	USD 3,850	-	-	-	-	275	USD 6,531

Note 1: The amounts of beginning and ending balances of financial assets available for sale are recorded at the prevailing market prices.

ATTACHMENT 6 (Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Name of properties	Transaction date	Transaction amount	Payment status	Counter-party	Relationship	<u>Where counter-party is a related party, details of prior transactions</u>					Date of acquisition and status of utilization	Other commitments
						Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount	Price reference		
R&D Center in Tainan Science Park	2007.6.22	\$725,000	100% fullfilled	Yih Shin Construction Co, Ltd.	Third Party	N/A	N/A	N/A	N/A	Cost	2007.6.22 /In use	
Employee dormitory in Tainan Science Park	2007.12.27	340,000	89% fullfilled	Yih Shin Construction Co, Ltd.	Third Party	N/A	N/A	N/A	N/A	Cost	2007.12.27 /In use	

ATTACHMENT 7 (Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

<u>Names of properties</u>	<u>Transaction date</u>	<u>Date of original acquisition</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Status of proceeds collection</u>	<u>Gain (Loss) from disposal</u>	<u>Counter-party</u>	<u>Relationship</u>	<u>Reason of disposal</u>	<u>Price reference</u>	<u>Other commitments</u>
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None

ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UMC GROUP (USA)	Investee company	Sales	\$51,894,797	49	Net 60 Days	N/A	N/A	\$5,721,345	40	
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Sales	9,181,444	9	Net 60 Days	N/A	N/A	1,797,169	12	
UMC JAPAN	Investee company	Sales	2,663,281	2	Net 60 Days	N/A	N/A	355,438	2	
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Sales	1,596,040	1	Month-end 45 Days	N/A	N/A	392,383	3	

UNITED MICROELECTRONICS (EUROPE) B.V.

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 280,119	100	Net 60 Days	N/A	N/A	USD 55,468	100	

ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)

(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC GROUP (USA)

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 1,582,326	100	Net 60 Days	N/A	N/A	USD 176,594	100	

UMC JAPAN

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	JPY 9,440,394	64	Net 60 Days	N/A	N/A	JPY 1,236,986	30	
AMIC TECHNOLOGY CORP.	Investee of UMC	Sales	JPY 1,405,820	5	Month-end 45 Days	N/A	N/A	JPY 235,849	3	

ATTACHMENT 9 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Related party	Relationship	Ending balance				Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
		Notes receivable	Accounts receivable	Other receivables	Total		Amount	Collection status		
UMC GROUP (USA)	Investee company	\$-	\$5,721,345	\$284	\$5,721,629	9.57	\$43,963	Credit Collecting	\$3,328,954	\$726
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	-	1,797,169	1	1,797,170	7.25	36,503	Credit Collecting	804,574	-
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	-	392,383	1,264	393,647	6.50	53,671	Credit Collecting	1,265	-
UMC JAPAN	Investee company	-	355,438	5	355,443	7.04	1,545	Credit Collecting	17,546	1,526

UMC JAPAN

Related party	Relationship	Ending balance				Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
		Notes receivable	Accounts receivable	Other receivables	Total		Amount	Collection status		
AMIC TECHNOLOGY CORP.	Investee of UMC	\$-	JPY 235,849	JPY 437	JPY 236,286	7.89	\$-	-	JPY 51,462	\$-

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note		
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value					
UMC GROUP (USA)	Sunnyvale, California, USA	IC Sales	USD	16,438	USD	16,438	16,438	100.00	\$1,181,949	\$159,010	\$159,010	
UNITED MICROELECTRONICS (EUROPE) B.V.	The Netherlands	IC Sales	USD	5,421	USD	5,421	9	100.00	301,091	21,664	21,664	
UMC CAPITAL CORP.	Grand Cayman, Cayman Islands	Investment holding	USD	124,000	USD	124,000	124,000	100.00	4,097,229	31,759	31,759	
UNITED MICROELECTRONICS CORP. (SAMOA)	Apia, Samoa	Investment holding	USD	1,000	USD	1,000	280	100.00	1,641	(6,902)	(6,902)	
UMCI LTD.	Singapore	Sales and manufacturing of integrated circuits	USD	839,880	USD	839,880	880,006	100.00	142	(1,054)	(1,054)	
TLC CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		6,000,000		6,000,000	628,800	100.00	8,042,617	656,926	656,626	
FORTUNE VENTURE CAPITAL CORP.	Taipei, Taiwan	Consulting and planning for investment in new business		4,999,940		4,999,940	499,994	99.99	9,966,214	997,143	983,840	
UNITED MICRODISPLAY Optronics Corp.	Hsinchu Science Park, Taiwan	Sales and manufacturing of LCOS		1,205,876		1,008,078	84,093	85.24	157,249	(220,008)	(185,192)	
UMC JAPAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY	20,994,400	JPY	20,994,400	496	50.09	6,278,935	(117,804)	(59,007)	
PACIFIC VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		150,000		150,000	30,000	49.99	127,379	(5,387)	-	Note 2
MTIC HOLDINGS PTE LTD.	Singapore	Investment holding	SGD	4,000	SGD	4,000	4,000	49.94	82,230	(8,323)	(4,156)	
UNITECH CAPITAL INC.	British Virgin Islands	Investment holding	USD	21,000	USD	21,000	21,000	42.00	954,691	235,883	99,071	
HSUN CHIEH INVESTMENT CO., LTD.	Taipei, Taiwan	Investment holding		336,241		336,241	33,624	36.49	4,122,988	1,825,017	665,395	
NEXPOWER TECHNOLOGY CORP.	Taichung, Taiwan	Sales and manufacturing of solar power batteries		760,745		-	44,912	34.55	784,668	(27,304)	(9,919)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Cartography chip design and production		248,795		248,795	5,868	16.44	19,120	(209,715)	(34,503)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales		133,104		135,000	15,590	11.21	37,235	(190,553)	(22,028)	
MEGA MISSION LIMITED PARTNERSHIP	Cayman Islands	Investment holding	USD	67,500	USD	67,500	-	45.00	2,441,703	230,917	103,913	Note 3

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.

Note 2: From the third quarter of 2006, the Company no longer recognized the investment income of PACIFIC VENTURE CAPITAL CO., LTD. because of the liquidation began in July 3, 2006.

Note 3: No shares since it belongs to partnership fund organization.

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
UNITRUTH INVESTMENT CORP.	Taipei, Taiwan	Investment holding	\$800,000	\$800,000	80,000	100.00	\$1,021,894	\$317,826	\$317,826	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	85,471	85,471	10,186	44.29	-	(59,486)	(34,076)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	99,311	99,311	11,285	42.38	-	(44,193)	(44,955)	
ANOTO TAIWAN CORP.	Taoyuan County, Taiwan	Tablet transmission systems and chip-set	39,200	39,200	3,920	39.20	24,635	(23,729)	(11,090)	
AEVOE INTERNATIONAL LTD.	Samoa	Design of VOIP Telephone	USD 1,213	USD 912	3,155	38.62	13,552	(12,563)	(1,024)	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	90,000	90,000	6,000	30.00	105,781	59,836	17,688	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	50,629	50,629	4,493	24.29	34,318	(13,862)	(3,351)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	74,235	39,900	5,789	20.24	55,785	(69,006)	(14,395)	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	93,478	93,478	9,045	19.36	40,802	(108,299)	(24,153)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	54,300	54,300	4,525	18.10	36,255	(62,455)	(11,304)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B Chip	89,414	56,102	6,853	17.46	37,997	(81,911)	(15,402)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	215,542	291,621	20,554	14.74	81,462	(190,553)	(30,594)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	270,483	270,483	4,208	11.79	9,447	(209,715)	(22,734)	

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.

TLC CAPITAL CO., LTD.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
YUNG LI INVESTMENTS, INC.	Taipei, Taiwan	Investment holding	\$280,000	\$200,000	0.28	45.16	\$276,345	\$(11,104)	\$(5,158)	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
CTC CAPITAL PARTNERS I, L.P.	Cayman Islands	Investment holding	USD 4,500	USD -	-	32.11	\$145,021	\$(2,418)	\$(776)	Note 2
SMEDIA TECHNOLOGY	Hsinchu, Taiwan	Multimedia co-processor	106,266	106,266	7,084	15.16	101,786	(108,299)	(18,918)	

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.

Note 2: No shares since it belongs to partnership fund organization.

UNITRUTH INVESTMENT CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	\$77,477	\$24,057	5,241	11.22	\$29,603	\$(108,299)	\$(8,149)	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	30,000	30,000	2,000	10.00	35,260	59,836	5,896	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	16,493	16,493	1,587	8.58	12,121	(13,862)	(1,184)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	27,573	14,820	2,150	7.52	20,720	(69,006)	(5,347)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	11,910	11,910	1,585	5.95	-	(44,193)	(4,837)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	14,700	14,700	1,225	4.90	9,815	(62,455)	(3,060)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	6,950	6,950	1,000	4.35	-	(59,486)	(2,235)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B Chip	20,463	11,463	1,700	4.33	8,525	(81,911)	(3,445)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	26,400	26,400	1,179	3.30	3,843	(209,715)	(6,944)	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
UMO(HK) LIMITED	Hongkong	Investment holding	USD 100	\$-	15,600	100.00	\$3,257	\$-	\$-	

UMC CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2007			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 1)			
UMC CAPITAL (USA)	Sunnyvale, California, U.S.A.	Investment holding	USD 200	USD 200	200	100.00	USD 359	USD 33	USD 33	
ECP VITA LTD.	British Virgin Islands	Insurance	USD 1,000	USD 1,000	1,000	100.00	USD 2,112	USD 563	USD 563	
ACHIEVE MADE INTERNATIONAL LTD.	British Virgin Islands	Internet Content Provider	USD 1,000	USD 1,000	508	43.29	USD 769	USD (450)	USD (196)	
UC FUND II	British Virgin Islands	Investment holding	USD 3,850	USD 3,850	5,000	35.45	USD 6,237	USD 2,044	USD 725	
TRANSLINK CAPITAL PARTNERS I L.P.	California, USA	Investment holding	USD 1,560	USD -	-	16.73	USD 1,443	USD (555)	USD (98)	Note 2

Note 1: Initial investment amounts and ending book value denominated in foreign currencies are expressed in thousands.

Note 2: No shares since it belongs to partnership fund organization.