

**UNITED MICROELECTRONICS CORPORATION
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

Address: No. 3 Li-Hsin Road II, Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.
Telephone: 886-3-578-2258

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 balance sheets of United Microelectronics Corporation (the “Company”) as of December 31, 2008 and 2007, the related statements of income, statements of changes in stockholders’ equity, and cash flows for the years ended December 31, 2008 and 2007. 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(7) to the financial statements, certain long-term investments were accounted for under the equity method based on financial statements as of December 31, 2008 and 2007 of the investees, which were audited by the other auditors. Our audit insofar as it relates to the investment income (loss) amounted to NT\$(9,418) million and NT\$815 million for the years ended December 31, 2008 and 2007, respectively, and the related long-term investment balances of NT\$2,752 million and NT\$5,160 million as of December 31, 2008 and 2007, respectively, is 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 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 financial statements referred to above present fairly, in all material respects, the financial position of United Microelectronics Corporation as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years ended December 31, 2008 and 2007, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standards, 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 financial statements, effective from January 1, 2008, the Company adopted Accounting Research and Development Foundation Interpretation No. 96-052, and recognized share-based employee bonuses and remunerations to directors and supervisors as expenses rather than as a distribution of retained earnings.

We have also audited the consolidated financial statements of United Microelectronics Corporation and subsidiaries as of and for the years ended December 31, 2008 and 2007, and have expressed an unqualified opinion with explanatory paragraph on such financial statements.

February 10, 2009
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position and 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 financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION
 BALANCE SHEETS
 December 31, 2008 and 2007
 (Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31,		Liabilities and Stockholders' Equity	Notes	As of December 31,	
		2008	2007			2008	2007
Current assets				Current liabilities			
Cash and cash equivalents	2, 4(1)	\$ 36,123,738	\$ 37,452,629	Financial liabilities at fair value through profit or loss, current	2, 4(11)	\$ 33,189	\$ 246,298
Financial assets at fair value through profit or loss, current	2, 4(2)	1,741,055	4,800,385	Accounts payable		2,049,637	4,796,800
Notes receivable		19,680	32,712	Income tax payable	2	729,847	943,887
Accounts receivable, net	2, 4(3)	3,049,717	5,834,983	Accrued expenses	2	6,673,164	7,799,230
Accounts receivable - related parties, net	2, 5	4,726,054	7,753,010	Payable on equipment		1,714,520	6,016,394
Other receivables		236,973	355,131	Current portion of long-term liabilities	2, 4(12), 4(13), 6	66,667	22,889,476
Inventories, net	2, 4(4)	7,769,824	11,334,059	Other current liabilities		162,404	366,790
Prepaid expenses		300,396	510,418	Total current liabilities		<u>11,429,428</u>	<u>43,058,875</u>
Deferred income tax assets, current	2, 4(20)	647,133	179,432				
Total current assets		<u>54,614,570</u>	<u>68,252,759</u>	Long-term liabilities			
Funds and investments				Financial liabilities at fair value through profit or loss, noncurrent	2, 4(11)	-	93,932
Financial assets at fair value through profit or loss, noncurrent	2, 4(2)	113,550	-	Bonds payable	2, 4(12)	7,497,110	7,495,304
Available-for-sale financial assets, noncurrent	2, 4(5), 4(10)	11,830,481	39,888,970	Long-term loans	2, 4(13), 6	633,333	-
Financial assets measured at cost, noncurrent	2, 4(6), 4(10)	2,541,746	2,294,595	Total long-term liabilities		<u>8,130,443</u>	<u>7,589,236</u>
Long-term investments accounted for under the equity method	2, 4(7)	32,171,534	38,597,081				
Prepayment for long-term investments		-	648,360	Other liabilities			
Total funds and investments		<u>46,657,311</u>	<u>81,429,006</u>	Accrued pension liabilities	2, 4(14)	3,247,034	3,169,801
Property, plant and equipment	2, 4(8), 6, 7			Deposits-in		7,985	15,120
Land		1,132,576	1,132,576	Other liabilities - others	2	497,177	462,646
Buildings		17,422,273	17,352,254	Total other liabilities		<u>3,752,196</u>	<u>3,647,567</u>
Machinery and equipment		436,590,058	427,404,545	Total liabilities		<u>23,312,067</u>	<u>54,295,678</u>
Transportation equipment		64,778	74,223				
Furniture and fixtures		2,958,442	2,888,722	Capital	2, 4(15), 4(16), 4(18)		
Total cost		458,168,127	448,852,320	Common stock		129,877,713	132,144,949
Less : Accumulated depreciation		(362,623,660)	(328,960,411)	Additional paid-in capital	2, 4(15)		
Add : Construction in progress and prepayments		4,898,703	9,922,743	Premiums		51,239,148	59,435,560
Property, plant and equipment, net		<u>100,443,170</u>	<u>129,814,652</u>	Treasury stock transactions		-	274
				Change in equities of long-term investments		6,910,365	6,690,972
Intangible assets				Retained earnings	4(15), 4(18)		
Goodwill	2, 4(10)	-	3,745,122	Legal reserve		19,711,865	18,476,942
Total intangible assets		<u>-</u>	<u>3,745,122</u>	Special reserve		-	824,922
				Unappropriated earnings (accumulated deficit)		(26,748,416)	12,349,227
Other assets				Adjusting items in stockholders' equity	2, 4(5)		
Deferred charges	2	881,865	1,379,744	Cumulative translation adjustment		1,347,373	(866,562)
Deferred income tax assets, noncurrent	2, 4(20)	3,528,256	4,237,621	Unrealized gain or loss on financial instruments		2,457,922	22,413,852
Other assets - others	2, 4(9), 4(10), 6	1,863,064	1,903,663	Treasury stock	2, 4(7), 4(15), 4(17)	(119,801)	(15,003,247)
Total other assets		<u>6,273,185</u>	<u>7,521,028</u>	Total stockholders' equity		<u>184,676,169</u>	<u>236,466,889</u>
Total assets		<u>\$ 207,988,236</u>	<u>\$ 290,762,567</u>	Total liabilities and stockholders' equity		<u>\$ 207,988,236</u>	<u>\$ 290,762,567</u>

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

English Translation of Financial Statements Originally Issued in Chinese
UNITED MICROELECTRONICS CORPORATION
STATEMENTS OF INCOME
For the years ended December 31, 2008 and 2007
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended December 31,			
		2008		2007	
Operating revenues	2, 5				
Sales revenues		\$ 89,856,475		\$ 104,996,317	
Less : Sales returns and discounts		(491,593)		(987,120)	
Net sales		89,364,882		104,009,197	
Other operating revenues		3,165,168		2,761,854	
Net operating revenues		<u>92,530,050</u>		<u>106,771,051</u>	
Operating costs	2, 4(19)				
Cost of goods sold		(75,631,341)		(82,641,090)	
Other operating costs		(1,284,430)		(1,644,444)	
Operating costs		<u>(76,915,771)</u>		<u>(84,285,534)</u>	
Gross profit		15,614,279		22,485,517	
Unrealized intercompany profit	2	(61,178)		(85,543)	
Realized intercompany profit	2	85,543		105,892	
Gross profit-net		<u>15,638,644</u>		<u>22,505,866</u>	
Operating expenses	2, 4(19)				
Sales and marketing expenses		(2,687,384)		(3,185,953)	
General and administrative expenses		(2,447,574)		(3,027,648)	
Research and development expenses	2	(8,199,247)		(9,487,543)	
Subtotal		<u>(13,334,205)</u>		<u>(15,701,144)</u>	
Operating income		<u>2,304,439</u>		<u>6,804,722</u>	
Non-operating income					
Interest revenue		561,283		1,162,423	
Investment gain accounted for under the equity method, net	2, 4(7)	-		2,507,794	
Dividend income		1,724,826		1,931,488	
Gain on disposal of property, plant and equipment	2	52,927		143,045	
Gain on disposal of investments	2, 4(12)	1,838,914		9,719,548	
Exchange gain, net	2	396,745		140,940	
Gain on valuation of financial liabilities	2, 4(11)	-		20,633	
Other income		1,046,011		867,886	
Subtotal		<u>5,620,706</u>		<u>16,493,757</u>	
Non-operating expenses					
Interest expense	2, 4(8)	(61,418)		(162,316)	
Investment loss accounted for under the equity method, net	2, 4(7)	(12,374,318)		-	
Loss on disposal of property, plant and equipment	2	(5,583)		(74,293)	
Loss on decline in market value and obsolescence of inventories	2	(3,081,830)		(285,712)	
Financial expenses		(89,024)		(135,488)	
Impairment loss	2, 4(10)	(10,191,610)		(246,144)	
Loss on valuation of financial assets	2, 4(2)	(2,402,040)		(2,771,015)	
Loss on valuation of financial liabilities	2, 4(11)	(1,046,081)		-	
Other losses		(66,862)		(57,162)	
Subtotal		<u>(29,318,766)</u>		<u>(3,732,130)</u>	
Income (Loss) from continuing operations before income tax		<u>(21,393,621)</u>		<u>19,566,349</u>	
Income tax expense	2, 4(20)	<u>(926,454)</u>		<u>(2,604,587)</u>	
Net income (loss)		<u>\$ (22,320,075)</u>		<u>\$ 16,961,762</u>	
		<u>Pre-tax</u>	<u>Post-tax</u>	<u>Pre-tax</u>	<u>Post-tax</u>
Earnings (Loss) per share-basic (NTD)	2, 4(21)				
Net income (loss)		<u>\$ (1.63)</u>	<u>\$ (1.70)</u>	<u>\$ 1.19</u>	<u>\$ 1.03</u>
Earnings (Loss) per share-diluted (NTD)	2, 4(21)				
Net income (loss)		<u>\$ (1.64)</u>	<u>\$ (1.70)</u>	<u>\$ 1.15</u>	<u>\$ 1.00</u>
Pro forma information on earnings as if subsidiaries' investment in the Company is not treated as treasury stock	2, 4(21)				
Net income (loss)		<u>\$ (22,308,535)</u>		<u>\$ 16,977,303</u>	
Earnings (Loss) per share-basic (NTD)		<u>\$ (1.70)</u>		<u>\$ 1.03</u>	
Earnings (Loss) per share-diluted (NTD)		<u>\$ (1.70)</u>		<u>\$ 1.00</u>	

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

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	Notes	Capital			Retained Earnings			Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Total
		Common Stock	Collected in Advance	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings (accumulated deficit)				
Balance as of January 1, 2007	4(15)	\$ 191,311,927	\$ 11,405	\$ 67,707,287	\$ 16,699,508	\$ 322,150	\$ 17,774,335	\$ 27,557,845	\$ (824,922)	\$ (29,394,664)	\$ 291,164,871
Appropriation of 2006 retained earnings	4(15), 4(18)										
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(15)	(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(15), 4(17)	(1,920,670)	-	(622,323)	-	-	(2,655,027)	-	-	5,198,020	-
Treasury stock sold to employees	2, 4(15), 4(17)	-	-	182	-	-	-	-	-	1,865,841	1,866,023
Net income in 2007		-	-	-	-	-	16,961,762	-	-	-	16,961,762
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(5)	-	-	-	-	-	-	(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(15), 4(16)	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)
Balance as of December 31, 2007	4(15)	132,144,949	-	66,126,806	18,476,942	824,922	12,349,227	22,413,852	(866,562)	(15,003,247)	236,466,889
Appropriation of 2007 retained earnings	4(15), 4(18)										
Legal reserve		-	-	-	1,234,923	-	(1,234,923)	-	-	-	-
Special reserve		-	-	-	-	(824,922)	824,922	-	-	-	-
Cash dividends		-	-	-	-	-	(9,382,647)	-	-	-	(9,382,647)
Stock dividends		1,000,816	-	-	-	-	(1,000,816)	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(11,939)	-	-	-	(11,939)
Employee bonus - cash		-	-	-	-	-	(286,541)	-	-	-	(286,541)
Employee bonus - stock		1,146,166	-	-	-	-	(1,146,166)	-	-	-	-
Additional paid-in capital transferred to common stock	4(15)	4,628,772	-	(4,628,772)	-	-	-	-	-	-	-
Purchase of treasury stock	2, 4(15), 4(17)	-	-	-	-	-	-	-	-	(2,278,456)	(2,278,456)
Cancellation of treasury stock	2, 4(15), 4(17)	(9,042,990)	-	(3,579,454)	-	-	(4,539,458)	-	-	17,161,902	-
Net loss in 2008		-	-	-	-	-	(22,320,075)	-	-	-	(22,320,075)
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	202,610	-	-	-	-	-	-	202,610
Adjustment of funds and investments disposal	2	-	-	16,783	-	-	-	-	(267)	-	16,516
Cash dividends allocated to subsidiaries	2	-	-	11,540	-	-	-	-	-	-	11,540
Changes in unrealized gain on available-for-sale financial assets	2, 4(5)	-	-	-	-	-	-	(21,771,498)	-	-	(21,771,498)
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	1,815,568	-	-	1,815,568
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	2,214,202	-	2,214,202
Balance as of December 31, 2008	4(15)	\$ 129,877,713	\$ -	\$ 58,149,513	\$ 19,711,865	\$ -	\$ (26,748,416)	\$ 2,457,922	\$ 1,347,373	\$ (119,801)	\$ 184,676,169

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

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2008	2007
Cash flows from operating activities:		
Net (loss) income	\$ (22,320,075)	\$ 16,961,762
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	36,092,448	36,438,057
Amortization	1,294,743	1,362,368
Bad debt expenses	7,277	256
Loss on decline in market value and obsolescence of inventories	3,081,830	285,712
Cash dividends received under the equity method	492,920	650,633
Investment loss (gain) accounted for under the equity method	12,374,318	(2,507,794)
Loss on valuation of financial assets and liabilities	3,448,121	2,750,382
Impairment loss	10,191,610	246,144
Gain on disposal of investments	(1,838,914)	(9,719,548)
Gain on disposal of property, plant and equipment	(47,344)	(68,752)
Exchange gain on financial assets and liabilities	(32,942)	(30,726)
Exchange loss (gain) on long-term liabilities	(178,877)	127,417
Amortization of bond discounts	7,830	58,461
Amortization of deferred income	(173,303)	(149,106)
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(777,660)	752,715
Notes and accounts receivable	5,925,620	(1,270,875)
Other receivables	183,277	237,523
Inventories	606,066	(1,532,465)
Prepaid expenses	162,737	128,001
Deferred income tax assets	281,377	1,668,552
Accounts payable	(2,760,464)	787,212
Accrued expenses	(1,323,508)	523,083
Other current liabilities	(193,985)	(169,832)
Capacity deposits	(4,447)	(881,754)
Accrued pension liabilities	77,233	83,026
Other liabilities - others	199,006	98,253
Net cash provided by operating activities	44,774,894	46,828,705
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	-	(566,602)
Proceeds from disposal of available-for-sale financial assets	2,075,072	5,442,776
Acquisition of financial assets measured at cost	(415,726)	(119,875)
Proceeds from disposal of financial assets measured at cost	7,463	41,452
Acquisition of long-term investments accounted for under the equity method	(2,175,794)	(962,045)
Proceeds from disposal of long-term investments accounted for under the equity method	378	971,451
Proceeds from maturities of held-to-maturity financial assets	-	976,000
Prepayment for long-term investments	-	(648,360)
Proceeds from liquidation of long-term investments	206,622	219,565
Acquisition of property, plant and equipment	(11,421,841)	(28,112,084)
Proceeds from disposal of property, plant and equipment	164,237	245,183
Increase in deferred charges	(767,485)	(1,232,343)
Decrease in other assets - others	3,182	650
Net cash used in investing activities	(12,323,892)	(23,744,232)

UNITED MICROELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2008	2007
(continued)		
Cash flows from financing activities:		
Increase in long-term loans	\$ 700,000	\$ -
Redemption of bonds	(22,716,624)	(2,259,992)
Cash dividends	(9,382,647)	(12,461,529)
Payment of employee bonus	(286,541)	(2,324,120)
Remuneration paid to directors and supervisors	(11,939)	(15,494)
Exercise of employee stock options	-	226,455
Purchase of treasury stock	(2,278,456)	-
Treasury stock sold to employees	-	1,866,023
Capital reduction	-	(53,910,992)
Decrease in deposits-in	(7,138)	674
Net cash used in financing activities	<u>(33,983,345)</u>	<u>(68,878,975)</u>
Effect of exchange rate changes on cash and cash equivalents	203,452	(147,671)
Net decrease in cash and cash equivalents	(1,328,891)	(45,942,173)
Cash and cash equivalents at beginning of period	37,452,629	83,394,802
Cash and cash equivalents at end of period	<u>\$ 36,123,738</u>	<u>\$ 37,452,629</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 390,259</u>	<u>\$ 502,693</u>
Cash paid for income tax	<u>\$ 740,676</u>	<u>\$ 1,927,504</u>
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 7,119,967	\$ 24,026,711
Add: Payable at beginning of period	6,016,394	10,101,767
Less: Payable at end of period	(1,714,520)	(6,016,394)
Cash paid for acquiring property, plant and equipment	<u>\$ 11,421,841</u>	<u>\$ 28,112,084</u>
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	\$ -	\$ 3,285,254
Book value of available-for-sale financial assets delivered for exchange	-	(895,055)
Elimination of related balance sheet accounts	-	392,118
Recognition of gain on disposal of available-for-sale financial assets	<u>\$ -</u>	<u>\$ 2,782,317</u>

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

UNITED MICROELECTRONICS CORPORATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

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

1. HISTORY AND ORGANIZATION

United Microelectronics Corporation (the Company) was incorporated in May 1980 and commenced operations in April 1982. The Company is a full service semiconductor wafer foundry, and provides a variety of services to satisfy customer needs. The Company'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, 2008 and 2007 were 11,704 and 13,720, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 standards, 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:

Use of Estimates

The preparation of the Company's financial statements in conformity with 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 periods. The actual results may differ from those estimates.

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 statements of income. Translation gains or losses from investments in foreign entities are recognized as a 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 statements of income, are remeasured at the exchange rate at the balance sheet date, with related exchange gains or losses recorded in the 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 cumulative translation adjustment in stockholders' equity. Non-monetary assets and liabilities denominated in foreign currencies and reported at cost are remeasured at historical exchange rates.

Translation of Foreign Currency Financial Statements

The financial statements of the Company'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 Branch using functional currencies other than New Taiwan Dollars are included in the cumulative translation adjustment in 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 Assets and Financial Liabilities

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 assets and financial liabilities 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 statements of income. Stock of listed companies, 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 stockholders' equity until such investment is reclassified or disposed of, upon which the cumulative gain or loss previously charged to stockholders' equity will be recorded in the statements 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 stockholders' equity. The impairment loss of a debt security may be reversed and recognized in the 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 collectability 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 recorded at acquisition cost. Investments acquired by 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", in which 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 at the end of the period 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 recognized as impairment loss in the current period.

The total value of an investment after recognition of the investment losses cannot be negative. If the Company has the positive intention to continue to support the investees, or the losses of investees are only temporary, the Company will continue to recognize investment losses with its proportionate share. If, after the investment loss is recognized, the net book value of the investment is less than zero, the investment is reclassified to liabilities on the 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 recorded in the stockholders' equity of the Company are eliminated in proportion to the amount of the investment sold and recorded as a gain or loss on disposal of investments. Cash dividends received during the year of change are 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 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, the 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. The estimated economic life of the property, plant and equipment is as follows: buildings – 20 to 55 years; machinery and equipment – 5 years; transportation equipment – 5 years and furniture and fixtures – 5 years.

Intangible Assets

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

An impairment loss will be recognized when the decreases 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.

Originally, the issuance costs of convertible and exchangeable bonds were classified as deferred charges and amortized over the life of the bonds. Effective from 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 are 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 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 eligible for the Labor Standards Law, a defined benefit plan, were allowed to elect either 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 the Company’s pension liability is computed in accordance with ROC SFAS No. 18, “Accounting for Pension”. 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. The Company recognizes expenses from the defined contribution pension plan in the period in which the contribution becomes due.

Employee Stock Option Plan

The Company used the intrinsic value method to recognize compensation cost for its employee stock options issued between January 1, 2004 and December 31, 2007, in accordance with Accounting Research and Development Foundation interpretation Nos. 92-070~072. For options granted on or after January 1, 2008, the Company recognizes compensation cost using the fair value method in accordance with ROC SFAS No. 39 “Accounting for Share-Based Payment.”

Employee Bonuses and Remunerations Paid to Directors and Supervisors

In accordance with Accounting Research and Development Foundation Interpretation No. 96-052 “Accounting for Employee Bonuses and Remunerations to Directors and Supervisors” effective from January 1, 2008, employee bonuses and remunerations paid to directors and supervisors are charged to expense at fair value and are no longer accounted for as an appropriation of retained earnings.

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 stockholders' equity, while any gain or loss from selling treasury stock is treated as an adjustment to additional paid-in capital. Prior to December 31, 2007, treasury stock transferred to employees was accounted as treasury stock transaction and no compensation expense was 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 collectability 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 collectability. 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 Expenditure versus Operating Expenditure

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 the 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 expenditures, employee training, and certain equity investment by the flow-through method.

Income tax (10%) on unappropriated earnings is recorded as expense in the year when 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 period.

Earnings (Loss) per Share

Earnings (Loss) per share is computed according to ROC SFAS No. 24, “Earnings Per Share”. Basic earnings (loss) 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 (loss) per share is computed by taking basic earnings (loss) 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, “Impairment of Assets”, 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 if 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

Employee Stock Options

Effective from January 1, 2008, the Company adopted ROC SFAS No. 39, "Accounting for Share-Based Payment" to account for share-based payments. This change in accounting principles had no effect on net loss or loss per share for the year ended December 31, 2008.

Employee Bonuses and Remunerations Paid to Directors and Supervisors

Effective from January 1, 2008, the Company adopted Accounting Research and Development Foundation interpretation No. 96-052 to account for employee bonuses and remunerations paid to directors and supervisors. This change in accounting principles had no effect on net loss or loss per share for the year ended December 31, 2008.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of December 31,	
	2008	2007
Cash		
Cash on hand	\$1,860	\$1,911
Checking and savings accounts	1,226,712	2,090,111
Time deposits	30,108,765	31,361,835
Subtotal	<u>31,337,337</u>	<u>33,453,857</u>
Cash equivalents	4,786,401	3,998,772
Total	<u><u>\$36,123,738</u></u>	<u><u>\$37,452,629</u></u>

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

	As of December 31,	
	2008	2007
Current		
Listed stocks	\$1,448,506	\$4,800,385
Convertible bonds	232,799	-
Forward contract	59,750	-
Subtotal	<u>1,741,055</u>	<u>4,800,385</u>
Non Current		
Interest rate swaps	<u>113,550</u>	<u>-</u>
Total	<u><u>\$1,854,605</u></u>	<u><u>\$4,800,385</u></u>

During the years ended December 31, 2008 and 2007, net losses arising from the changes in fair value of financial assets at fair value through profit or loss, were NT\$2,370 million and NT\$2,736 million, respectively.

(3) ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2008	2007
Accounts receivable	\$3,133,564	\$6,038,805
Less: Allowance for sales returns and discounts	(76,229)	(203,822)
Less: Allowance for doubtful accounts	(7,618)	-
Net	<u><u>\$3,049,717</u></u>	<u><u>\$5,834,983</u></u>

(4) INVENTORIES, NET

	As of December 31,	
	2008	2007
Raw materials	\$905,555	\$1,132,731
Supplies and spare parts	2,130,848	1,996,041
Work in process	5,818,047	7,932,511
Finished goods	2,704,111	1,175,655
Total	<u>11,558,561</u>	<u>12,236,938</u>
Less: Allowance for loss on decline in market value and obsolescence	<u>(3,788,737)</u>	<u>(902,879)</u>
Net	<u><u>\$7,769,824</u></u>	<u><u>\$11,334,059</u></u>

Inventories were not pledged.

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

	As of December 31,	
	2008	2007
Common stocks	\$11,791,217	\$39,735,070
Funds	39,264	153,900
Total	<u>\$11,830,481</u>	<u>\$39,888,970</u>

During the years ended December 31, 2008 and 2007, the net unrealized gain (loss) adjustments to stockholders' equity due to changes in fair value of available-for-sale assets were a loss of NT\$25,890 million and a gain of NT\$5,976 million, respectively.

Additionally, the Company recognized a loss of NT\$4,119 million and a gain of NT\$8,515 million due to the disposal of available-for-sale assets during the years ended December 31, 2008 and 2007, respectively.

As of March 1, 2007, HIGHLINK (an equity method investee) and EPITECH TECHNOLOGY CORP. (EPITECH) (classified as an available-for-sale financial asset, noncurrent) merged into EPISTAR CORP. and were continued as EPISTAR CORP. (classified as an available-for-sale financial asset, noncurrent 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. 5 million shares of EPISTAR CORP. were exchanged from HIGHLINK that originally were acquired through private placement of HIGHLINK in February 2006 and its subsequent stock dividends since February 2006. The exchanges of these shares are restricted by Article 43 paragraph 8 of the Securities and Exchange Law.

(6) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of December 31,	
	2008	2007
Common stocks	\$1,694,192	\$1,494,192
Preferred stocks	563,570	467,645
Funds	283,984	332,758
Total	<u>\$2,541,746</u>	<u>\$2,294,595</u>

(7) 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 Companies	As of December 31,			
	2008		2007	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
UMC JAPAN	\$7,750,697	52.64	\$6,278,935	50.09
<u>Unlisted companies</u>				
UMC GROUP (USA)	1,321,447	100.00	1,181,949	100.00
UNITED MICROELECTRONICS (EUROPE) B.V.	318,713	100.00	301,091	100.00
UMC CAPITAL CORP.	3,617,816	100.00	4,097,229	100.00
UNITED MICROELECTRONICS CORP. (SAMOA)	4,902	100.00	1,641	100.00
UMCI LTD.	195	100.00	142	100.00
TLC CAPITAL CO., LTD.	4,837,391	100.00	8,042,617	100.00
FORTUNE VENTURE CAPITAL CORP. (Note A)	7,258,923	99.99	9,966,214	99.99
UNITED MICRODISPLAY OPTRONICS CORP.	80,107	89.99	157,249	85.24
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC) (Note B)	7,379	49.99	127,379	49.99
MTIC HOLDINGS PTE LTD.	263,192	46.49	82,230	49.94
MEGA MISSION LIMITED PARTNERSHIP	1,504,963	45.00	2,441,703	45.00
UNITECH CAPITAL INC.	525,898	42.00	954,691	42.00
HSUN CHIEH INVESTMENT CO., LTD.	1,396,484	36.49	4,122,988	36.49
NEXPOWER TECHNOLOGY CORP.	2,676,686	35.76	784,668	34.55
UNIMICRON HOLDING LIMITED	566,380	25.25	-	-
XGI TECHNOLOGY INC. (Note C)	33,547	14.63	19,120	16.44
AMIC TECHNOLOGY CORP. (Note C)	6,814	11.18	37,235	11.21
Subtotal	24,420,837		32,318,146	
Total	\$32,171,534		\$38,597,081	

Note A: As of December 31, 2008 and 2007, the costs of investment were NT\$7,379 million and NT\$10,086 million, respectively. After deducting the Company's stock held by the subsidiary (treated as treasury stock by the Company) of NT\$120 million and NT\$120 million, respectively, the residual book values totalled NT\$7,259 million and NT\$9,966 million as of December 31, 2008 and 2007, respectively.

Note B: 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, 2008.

Note C: The equity method was applied for investees, in which the total ownership held by the Company and its subsidiaries is over 20%.

b. Total gain (loss) arising from investments accounted for under the equity method were a loss of NT\$12,374 million and a gain of NT\$2,508 million for the years ended December 31, 2008 and 2007, respectively. Investment income (loss) amounted to NT\$(9,418) million and NT\$815 million for the years ended December 31, 2008 and 2007, respectively, and the related long-term investment balances of NT\$2,752 million and NT\$5,160 million as of December 31, 2008 and 2007, respectively, were determined based on the investees' financial statements audited by other auditors.

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

(8) PROPERTY, PLANT AND EQUIPMENT

	As of December 31, 2008		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,132,576	\$-	\$1,132,576
Buildings	17,422,273	(6,951,035)	10,471,238
Machinery and equipment	436,590,058	(353,270,431)	83,319,627
Transportation equipment	64,778	(60,092)	4,686
Furniture and fixtures	2,958,442	(2,342,102)	616,340
Construction in progress and prepayments	4,898,703	-	4,898,703
Total	<u>\$463,066,830</u>	<u>\$(362,623,660)</u>	<u>\$100,443,170</u>

	As of December 31, 2007		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,132,576	\$-	\$1,132,576
Buildings	17,352,254	(6,156,038)	11,196,216
Machinery and equipment	427,404,545	(320,646,099)	106,758,446
Transportation equipment	74,223	(61,441)	12,782
Furniture and fixtures	2,888,722	(2,096,833)	791,889
Construction in progress and prepayments	9,922,743	-	9,922,743
Total	<u>\$458,775,063</u>	<u>\$(328,960,411)</u>	<u>\$129,814,652</u>

- a. Total interest expense before capitalization amounted to NT\$99 million and NT\$247 million for the years ended December 31, 2008 and 2007, respectively.

Details of capitalized interest are as follows:

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Machinery and equipment	\$21,679	\$80,382
Other property, plant and equipment	16,265	4,246
Total interest capitalized	<u>\$37,944</u>	<u>\$84,628</u>
Interest rates applied	<u>0.11%~1.22%</u>	<u>0.67%~0.92%</u>

- b. Please refer to Note 6 for property plant and equipment pledged as collateral.

(9) OTHER ASSETS-OTHERS

	<u>As of December 31,</u>	
	<u>2008</u>	<u>2007</u>
Leased assets	\$1,157,729	\$1,202,453
Deposits-out	646,017	641,894
Others	59,318	59,316
Total	<u>\$1,863,064</u>	<u>\$1,903,663</u>

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

(10) IMPAIRMENT LOSS

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Available-for-sale financial assets, noncurrent	\$6,006,620	\$162,481
Financial assets measured at cost, noncurrent	119,911	83,663
Goodwill	3,745,122	-
Other asset	319,957	-
Total	<u>\$10,191,610</u>	<u>\$246,144</u>

The Company recognizes an impairment loss of Available-for-sale financial assets if objective evidence of impairment loss exists. In addition, assets will be tested by considering the Company's own assessments and information from third parties to determine if any impairment exists on the balance sheet date. If an impairment test reveals that the carrying amount is greater than its recoverable amount after considering the future cash flow, it results in an impairment loss. As a result, the Company recognized the goodwill impairment loss by adopting ROC SFAS No. 35, "Accounting for Asset Impairment".

(11) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of December 31,	
	2008	2007
Current		
Interest rate swaps	\$33,189	\$224,775
Forward contract	-	21,523
Subtotal	33,189	246,298
Non Current		
Interest rate swaps	-	93,932
Total	\$33,189	\$340,230

During the years ended December 31, 2008 and 2007, net gain (loss) arising from financial liabilities at fair value through profit or loss were a net loss of NT\$1,046 million and a net gain of NT\$406 million, respectively.

(12) BONDS PAYABLE

	As of December 31,	
	2008	2007
Unsecured domestic bonds payable	\$7,500,000	\$18,000,000
Convertible bonds payable	-	12,395,500
Less: discounts on bonds payable	(2,890)	(10,720)
Total	7,497,110	30,384,780
Less: Current portion	-	(22,889,476)
Net	\$7,497,110	\$7,495,304

A. During the period from April 16 to April 27, 2001, the Company issued five-year and seven-year unsecured bonds totaled 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 and seven-year bonds were due 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 and April 27, 2008, the five-year and seven-year bonds were fully repaid, respectively.

B. On May 10, 2002, the Company issued zero coupon exchangeable bonds listed on the Euro MTF Market of the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds were as follows:

(a) Issue Amount: US\$235 million

(b) Period: May 10, 2002 ~ May 10, 2007

(c) Redemption

- i. The Company 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. The Company 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. The Company may redeem all, but not in part, of the bonds, at any time, in the event of certain changes in the R.O.C. tax rules which would require the Company to gross up for payments of principal, or to gross up for payments of interest or premium.
- iv. The Company could have, at the option of the bondholders, redeemed 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 were 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 were subject to certain restrictions.
- iii. Exchange Price and Adjustment: The exchange price was 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, certain bondholders exercised their rights to exchange their bonds with the total principal amount of US\$235 million into AUO shares. Gains arising from the exercise of exchange rights during the year ended December 31, 2007 amounted to NT\$2,782 million, and was recognized as gain on disposal of investments.

(f) Redemption at maturity date

At the maturity date of May 10, 2007, the Company redeemed all of the remaining bonds outstanding in the principal amount of US\$0.3 million.

- C. During the period from May 21 to June 24, 2003, the Company issued five-year and seven-year unsecured bonds totaled 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. On June 24, 2008, the five-year bonds were fully redeemed.
- D. On October 5, 2005, the Company 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, the Company may redeem all, but not in part, of the bonds.
 - ii. If at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted, the Company may redeem all, but not in part, of the bonds.
 - iii. In the event that the Company's ADSs or shares have officially ceased to be listed or admitted for trading on the NYSE or the TSE, as the case may be, each bondholder would have had the right, at such bondholder's option, to require the Company 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 the Company becoming required to pay additional amounts, the Company may redeem all, but not in part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by the Company in such event, in which case the bondholders would not be entitled to receive payments of such additional amounts.
 - v. If a significant change of control occurs with respect to the Company, each bondholder would have had the right at such bondholder's option, to require the Company to repurchase all, but not in part, of such bondholder's bonds at their principal amount.

- vi. The Company redeemed the principal amount of the bonds on their maturity date, February 15, 2008.
- d. Conversion:
- i. Conversion Period: Except for the closed period, the bonds may be converted into the Company's ADSs on or after November 4, 2005 and on or prior to February 5, 2008.
 - ii. Conversion Price and Adjustment: The conversion price was US\$4.253 per ADS. The applicable conversion price was subject to adjustments upon the occurrence of certain events set out in the indenture.
- e. Redemption at maturity date
At the maturity date of February 15, 2008, the Company had redeemed the bonds at the principal amount.

E. Repayment of the above-mentioned bonds in the future year is as follows:

<u>Bonds repayable in</u>	<u>Amount</u>
2010	<u><u>\$7,500,000</u></u>

(13) LONG-TERM LOANS

a. Details of long-term loans are as follows:

<u>Lender</u>	<u>December 31, 2008</u>	<u>Redemption</u>
Unsecured Long-Term Loan from Taiwan Cooperative Bank	\$200,000	Repayable quarterly from March 30, 2009 to December 30, 2011 and interest is paid monthly.
Secured Long-Term Loan from Bank of Taiwan	500,000	Repayable quarterly from December 30, 2010 to September 30, 2013 and interest is paid monthly.
Subtotal	<u>700,000</u>	
Less : Current Portion	<u>(66,667)</u>	
Total	<u><u>\$633,333</u></u>	
Interest Rate	<u><u>1.815%~2.610%</u></u>	

b. The above long-term loans will be repaid by installments with the last payment on September 30, 2013. Repayments in the coming years respectively are as follows:

<u>Long-Term Loans repayable in</u>	<u>Amount</u>
2009	\$66,667
2010	108,333
2011	233,333
2012	166,667
2013	125,000
Total	<u><u>\$700,000</u></u>

c. The Company did not have any long-term loans as at December 31, 2007.

- d. Please refer to Note 6 for property, plant and equipment pledged as collateral for long-term loans.

(14) PENSION PLAN

- a. The Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees eligible for the Labor Standards Law, a defined benefit plan, were offered the options 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\$396 million and NT\$390 million were contributed by the Company for the years ended December 31, 2008 and 2007, respectively. Pension benefits for employees of the Branch are provided in accordance with the local regulations and during the years ended December 31, 2008 and 2007, the Company made contributions of NT\$99 million and NT\$113 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:

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Projected benefit obligation at beginning of year	\$(3,920,393)	\$(4,454,953)
Service cost	(61,800)	(68,390)
Interest cost	(137,214)	(122,431)
Benefits paid	117,474	38,686
Gain (loss) on projected benefit obligation	385,988	686,695
Projected benefit obligation at end of year	<u><u>\$(3,615,945)</u></u>	<u><u>\$(3,920,393)</u></u>

d. Change in pension assets during the year:

	For the years ended December 31,	
	2008	2007
Fair value of plan assets at beginning of year	\$1,277,904	\$1,203,403
Actual return on plan assets	42,967	8,592
Contributions from employer	99,107	104,595
Benefits paid	(117,474)	(38,686)
Fair value of plan assets at end of year	<u>\$1,302,504</u>	<u>\$1,277,904</u>

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

	As of December 31,	
	2008	2007
Benefit obligation		
Vested benefit obligation	\$(150,776)	\$(120,083)
Non-vested benefit obligation	(1,777,736)	(1,723,780)
Accumulated benefit obligation	(1,928,512)	(1,843,863)
Effect from projected salary increase	(1,687,433)	(2,076,530)
Projected benefit obligation	(3,615,945)	(3,920,393)
Fair value of plan assets	1,302,504	1,277,904
Funded status	(2,313,441)	(2,642,489)
Unrecognized net transitional benefit obligation	56,336	84,503
Unrecognized (gain) loss	(989,929)	(611,815)
Accrued pension liabilities recognized on the balance sheet	<u>\$ (3,247,034)</u>	<u>\$ (3,169,801)</u>

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

	For the years ended December 31,	
	2008	2007
Service cost	\$61,800	\$68,390
Interest cost	137,214	122,431
Expected return on plan assets	(35,143)	(31,366)
Amortization of unrecognized transitional net benefit obligation	28,167	28,167
Amortization of unrecognized pension gain	(15,698)	-
Net periodic pension cost	<u>\$176,340</u>	<u>\$187,622</u>

The actuarial assumptions underlying are as follows:

	For the years ended December 31,	
	2008	2007
Discount rate	2.75%	3.50%
Rate of salary increase	3.50%	4.50%
Expected return on plan assets	1.50%	2.75%

(15) CAPITAL STOCK

- a. The Company 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.
- b. The Company has issued a total of 220 million ADSs, which were traded on the NYSE as of December 31, 2007. The total number of common shares of the Company represented by all issued ADSs was 1,098 million shares as of December 31, 2007. One ADS represents five common shares.
- c. Among the employee stock options issued by the Company 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.
- d. As resolved during the shareholders' meeting on June 11, 2007, the Company carried out a capital reduction of NT\$57,394 million, which represented approximately 5,739 million shares or approximately 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.
- e. On July 17, 2007, the Company cancelled 192 million shares of treasury stock, which were repurchased during the period from May 10 to May 21, 2004 for the purpose of transferring to employees.
- f. 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.
- g. As recommended by the board of directors, and approved by the shareholders at the meeting held on June 13, 2008, the Company issued 678 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT\$6,776 million, of which NT\$1,001 million was stock dividend, NT\$1,146 million was employee bonus, and NT\$4,629 million was additional paid-in capital.
- h. On September 10, 2008, the Company cancelled 349 million shares of treasury stocks, which were repurchased during the period from May 18 to July 15, 2005 for conversion of the convertible bonds into shares.
- i. On December 17, 2008, the company cancelled 142 million and 214 million shares of treasury stock, which were repurchased during the periods from October 4 to November 2, 2005 and May 25 to July 13, 2006, respectively, for the purpose of transferring to employees. In addition, on December 17, 2008, the company cancelled 200 million shares of treasury stock, which were repurchased during the period from August 28 to October 2, 2008 to maintain the Company's credit and stockholders' equity.

- j. The Company had 26,000 million common shares authorized to be issued, and 12,988 million shares were issued as of December 31, 2008, each at a par value of NT\$10.
- k. The Company had issued a total of 230 million ADSs, which were traded on the NYSE as of December 31, 2008. The total number of common shares of the Company represented by all issued ADSs was 1,148 million shares as of December 31, 2008. One ADS represents five common shares.

(16) 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 to 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 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 (in thousands) (Note)	Exercise price (NTD) (Note)
October 7, 2002	939,000	-	-	\$21.42
January 3, 2003	61,000	39,441	27,497	\$24.15
November 26, 2003	57,330	33,749	23,529	\$33.70
March 23, 2004	33,330	14,598	10,177	\$31.25
July 1, 2004	56,590	34,191	23,837	\$28.24
October 13, 2004	20,200	7,753	5,405	\$24.28
April 29, 2005	23,460	11,246	7,840	\$22.37
August 16, 2005	54,350	29,923	20,862	\$29.47
September 29, 2005	51,990	37,998	26,491	\$26.89
January 4, 2006	39,290	18,371	12,808	\$23.17
May 22, 2006	42,058	27,875	19,433	\$25.19
August 24, 2006	28,140	16,946	11,814	\$24.09
December 13, 2007	500,000	437,393	437,393	\$18.03
Total	1,906,738	709,484	627,086	

Note: The employee stock options granted prior to August 7, 2007, the effective date of capital reduction, were 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 stock option unit granted after August 7, 2007 remains to be subscribed for 1 share of the Company's common stock.

a. A summary of the Company's stock option plan, and related information for the years ended December 31, 2008 and 2007 is as follows:

	For the years ended December 31,					
	2008			2007		
	Options (in thousands)	Shares available to option holders (in thousands)	Weighted- average Exercise Price per share (NTD)	Options (in thousands)	Shares available to option holders (in thousands)	Weighted- average Exercise Price per share (NTD)
Outstanding at beginning of period	1,287,407	1,048,832	\$21.06	913,958	637,180	\$23.73
Granted	-	-	\$-	500,000	500,000	\$18.03
Exercised	-	-	\$-	(14,311)	(9,977)	\$21.59
Forfeited	(186,196)	(148,647)	\$21.54	(112,240)	(78,371)	\$23.37
Expired	(391,727)	(273,099)	\$21.42	-	-	\$-
Outstanding at end of period	<u>709,484</u>	<u>627,086</u>	\$20.79	<u>1,287,407</u>	<u>1,048,832</u>	\$21.06
Exercisable at end of period	<u>217,154</u>	<u>151,393</u>	\$27.62	<u>641,427</u>	<u>447,181</u>	\$23.38
Weighted-average fair value of options granted during the period	\$-			\$5.4		

b. The information on the Company's outstanding stock options as of December 31, 2008, is as follows:

Authorization Date	Range of Exercise Price (NTD)	Outstanding Stock Options				Exercisable Stock Options		
		Options (in thousands)	Shares available to option holders (in thousands)	Weighted- average Expected Remaining Years	Weighted- average Exercise Price per share (NTD)	Options (in thousands)	Shares available to option holders (in thousands)	Weighted- average Exercise Price per share (NTD)
2002.09.11	\$21.42~\$24.15	39,441	27,497	0.00	\$24.15	39,441	27,497	\$24.15
2003.10.08	\$28.24~\$33.70	82,538	57,543	1.20	\$31.00	82,538	57,543	\$31.00
2004.09.30	\$22.37~\$29.47	86,920	60,598	2.56	\$26.96	65,039	45,343	\$26.94
2005.12.22	\$23.17~\$25.19	63,192	44,055	3.34	\$24.31	30,136	21,010	\$24.33
2007.10.09	\$18.03	437,393	437,393	4.95	\$18.03	-	-	\$-
		<u>709,484</u>	<u>627,086</u>	4.04	\$20.79	<u>217,154</u>	<u>151,393</u>	\$27.62

- c. The Company used the intrinsic value method to recognize compensation costs for its employee stock options issued between January 1, 2004 and December 31, 2007. Compensation costs for the years ended December 31, 2008 and 2007 were NT\$0.

The Company granted options prior to adopting ROC SFAS No. 39 “Accounting for Share-Based Payment.” Pro forma information on net income (loss) and earnings (loss) share using the fair value method is as follows:

	For the year ended December 31, 2008	
	Basic loss per share	Diluted loss per share
Net loss	\$(22,320,075)	\$(22,449,985)
Loss per share (NTD)	\$(1.70)	\$(1.70)
Pro forma net loss	\$(23,224,478)	\$(23,354,388)
Pro forma loss per share (NTD)	\$(1.77)	\$(1.77)

	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)	\$1.03	\$1.00
Pro forma net income	\$16,576,565	\$16,576,217
Pro forma earnings per share (NTD)	\$1.01	\$0.98

The fair value of the options outstanding as of December 31, 2008 and 2007 were estimated at the date of grant using the Black-Scholes options pricing model with the following weighted-average assumptions: expected dividend yields of 1.37%~1.71%; volatility factors of the expected market price of the Company’s common stock of 36.29%~49.10%; risk-free interest rate of 1.85%~2.85%; and a weighted-average expected life of the options of 4~5years

(17) TREASURY STOCK

- a. Changes in treasury stock during the years ended December 31, 2008 and 2007 are as follows:

For the year ended December 31, 2008

(In thousands of shares)

Purpose	As of			As of December 31, 2008
	January 1, 2008	Increase	Decrease	
For transfer to employees	355,716	-	355,716	-
For conversion of the convertible bonds into shares	348,583	-	348,583	-
To maintain the Company’s credit and stockholders’ equity	-	200,000	200,000	-
Total shares	<u>704,299</u>	<u>200,000</u>	<u>904,299</u>	<u>-</u>

For the year ended December 31, 2007

(In thousands of shares)

Purpose	As of			As of
	January 1, 2007	Increase	Decrease	December 31, 2007
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	<u>1,342,067</u>	<u>-</u>	<u>637,768</u>	<u>704,299</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 the Company'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 the Company could hold as of December 31, 2008 and 2007, was 1,299 million shares and 1,321 million shares, while the ceiling amount was NT\$44,203 million and NT\$90,262 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, 2008, the Company's subsidiary, FORTUNE VENTURE CAPITAL CORP., held 16 million shares of the Company's stock, with a book value of NT\$7.43 per share. The closing price on December 31, 2008 was NT\$7.43.

As of December 31, 2007, the Company's subsidiary, FORTUNE VENTURE CAPITAL CORP., held 15 million shares of the Company's stock, with a book value of NT\$20.15 per share. The closing price on December 31, 2007 was NT\$20.15.

- e. On December 16, 2008, the board of directors approved the repurchase of 300 million shares of treasury stock during the period from December 17, 2008 to February 16, 2009 for transferring to employees as part of the 13th treasury stock buy back plan. As of the date of the Report of Independent Auditors, the company has repurchased 198 million shares.

(18) RETAINED EARNINGS AND DIVIDEND POLICIES

According to the Company'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 the Company, or cash. Employees of the Company'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, stock dividend equilibrium, and long-term financial planning. The board of directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company'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.

During the year ended December 31, 2008, the amounts of the employee bonuses and remunerations to directors and supervisors were both estimated at NT\$0 under Accounting Research and Development Foundation Interpretation No. 96-052. The board of directors estimated the amount by taking consideration of the Company's Articles of Incorporation, government regulations and industrial average. Estimated amount of employee bonuses and remunerations paid to directors and supervisors were charged to current income. If the board modified the estimates significantly in the subsequent periods during the year, the Company will recognize the change as an adjustment to current income. Moreover, if the amounts were modified by the shareholders' meeting in the following year, the adjustment will be regarded as a change in accounting estimate and will be reflected in the statement of income in the following year.

The appropriation and compensation of 2008 unappropriated retained earnings (accumulated deficit) 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.

The distributions of retained earnings for the years 2007 and 2006 were approved through the shareholders' meetings held on June 13, 2008 and June 11, 2007, respectively. The details of distribution are as follows:

	2007	2006
Cash Dividend	NT\$0.75 per share	NT\$0.70 per share
Stock Dividend	0.08 per share	-
Employees' bonus – Cash (in thousands NTD)	286,541	2,324,120
Employees' bonus – Stock (in thousands NTD)	1,146,166	-
Directors' and Supervisors' remuneration (in thousands NTD)	11,939	15,494

The amounts of the appropriations of earnings for 2007 and 2006 are consistent with the resolutions of the meetings of the Board of Directors. If the above bonus to employees, and remunerations to directors and supervisors had been paid entirely in cash and charged to earnings of 2007 and 2006, the basic earnings per share (after income tax) for the years ended December 31, 2007 and 2006 would have decreased from NT\$1.03 to NT\$0.94 and NT\$1.71 to NT\$1.59, respectively.

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 with an amount equal to the amount of items that is accounted for as deductions to stockholders' equity, such as unrealized loss on financial instruments and cumulative translation adjustments. When the deductions to stockholders' equity are reversed, the set-aside special reserve can be distributed.

(19) OPERATING COSTS AND EXPENSES

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

	For the years ended December 31,					
	2008			2007		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	\$8,263,735	\$2,648,409	\$10,912,144	\$10,395,690	\$3,325,499	\$13,721,189
Labor and health insurance	443,279	136,617	579,896	448,827	131,252	580,079
Pension	506,169	171,178	677,347	528,007	169,697	697,704
Other personnel expenses	191,944	65,018	256,962	110,340	45,218	155,558
Depreciation	33,659,080	2,380,863	36,039,943	34,326,653	2,056,511	36,383,164
Amortization	41,171	1,253,572	1,294,743	57,506	1,304,862	1,362,368

(20) INCOME TAX

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

	For the years ended December 31,	
	2008	2007
Income tax on pre-tax income (loss) at statutory tax rate	\$(5,348,405)	\$4,891,587
Permanent and temporary differences	5,401,359	(3,903,815)
Change in investment tax credit	(769,364)	1,459,984
Change in valuation allowance	1,727,635	(533,487)
Income basic tax	-	687,079
Others	(84,771)	3,239
Income tax expense	<u>\$926,454</u>	<u>\$2,604,587</u>

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

	As of December 31,			
	2008		2007	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		\$13,565,068		\$13,404,974
Loss carry-forward	\$41,066	10,266	\$41,208	10,302
Pension	3,237,936	809,484	3,164,126	791,031
Allowance on sales returns and discounts	487,276	121,819	638,963	159,741
Allowance for loss on decline in market value and obsolescence of inventories	1,963,451	490,863	570,775	142,694
Others	1,722,736	430,684	904,069	226,017
Total deferred income tax assets		15,428,184		14,734,759
Valuation allowance		(10,305,261)		(8,577,626)
Net deferred income tax assets		<u>5,122,923</u>		<u>6,157,133</u>
Deferred income tax liabilities				
Unrealized exchange gain	(49,407)	(12,351)	(106,050)	(26,512)
Depreciation	(3,441,050)	(860,262)	(5,411,783)	(1,352,946)
Others	(299,683)	(74,921)	(1,442,486)	(360,622)
Total deferred income tax liabilities		<u>(947,534)</u>		<u>(1,740,080)</u>
Total net deferred income tax assets		<u>\$4,175,389</u>		<u>\$4,417,053</u>
Deferred income tax assets – current		\$8,803,561		\$7,289,020
Deferred income tax liabilities - current		(87,272)		(229,761)
Valuation allowance		<u>(8,069,156)</u>		<u>(6,879,827)</u>
Net		<u>647,133</u>		<u>179,432</u>
Deferred income tax assets - noncurrent		6,624,623		7,445,739
Deferred income tax liabilities - noncurrent		(860,262)		(1,510,319)
Valuation allowance		<u>(2,236,105)</u>		<u>(1,697,799)</u>
Net		<u>3,528,256</u>		<u>4,237,621</u>
Total net deferred income tax assets		<u>\$4,175,389</u>		<u>\$4,417,053</u>

- c. The Company's income tax returns for all the fiscal years up to 2006 have been assessed and approved by the R.O.C. Tax Authority.
- d. The Company was granted several four- or five-year income tax exemption periods with respect to income derived from the expansion of operations. The income tax exemption periods will expire on December 31, 2015.
- e. The Company earns investment tax credits for the amount invested in production equipment, research and development, and employee training.

As of December 31, 2008, the Company's unused investment tax credit was as follows:

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2008	\$6,301,168	\$5,691,898
2009	2,366,991	2,366,991
2010	2,169,108	2,169,108
2011	1,783,278	1,783,278
2012	1,553,793	1,553,793
Total	<u>\$14,174,338</u>	<u>\$13,565,068</u>

- f. Under the rules of the Income Tax Law of the R.O.C., a company with its tax return certified by a certified public accountant can carry forward its net losses as tax credits for the next 10 years. As of December 31, 2008, the Company's unutilized tax credits arising from the accumulated losses were as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2013 (Transferred in from merger with SiSMC)	\$2,283	\$2,283
2014 (Transferred in from merger with SiSMC)	38,783	38,783
Total	<u>\$41,066</u>	<u>\$41,066</u>

- g. The balances of the Company's imputation credit amounts as of December 31, 2008 and 2007 were NT\$205 million and NT\$413 million, respectively. The expected creditable ratio for 2008 and actual creditable ratio for 2007 were 0% and 7.95%, respectively.
- h. The Company's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(21) EARNINGS (LOSS) PER SHARE

- a. There were zero coupon convertible bonds and employee stock options outstanding during 2008. Therefore, in consideration of such complex structure, the calculated basic and diluted earnings (loss) per share for the years ended December 31, 2008 and 2007, are disclosed as follows:

	For the year ended December 31, 2008				
	Amount		Shares expressed in thousands	Loss per share (NTD)	
	loss before income tax	Net loss		loss before income tax	Net loss
Loss per share-basic (NTD)					
Loss attributable to common stock shareholders	\$(21,393,621)	\$(22,320,075)	13,110,984	<u>\$(1.63)</u>	<u>\$(1.70)</u>
Effect of dilutive equivalent shares					
Convertible bonds payable	\$(173,214)	\$(129,910)	59,407		
Loss per share-diluted:					
Loss attributable to common stock shareholders	\$(21,566,835)	\$(22,449,985)	13,170,391	<u>\$(1.64)</u>	<u>\$(1.70)</u>

The employee stock options were not dilutive when calculating the diluted loss per share for the year ended December 31, 2008; therefore, they were not included in the diluted loss per share calculation.

	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 attributable to common stock shareholders	\$19,566,349	\$16,961,762	16,464,412	<u>\$1.19</u>	<u>\$1.03</u>
Effect of dilution					
Employee stock options	\$-	\$-	6,317		
Convertible bonds payable	\$(464)	\$(348)	472,675		
Earning per share-diluted:					
Income attributable to common stock shareholders	\$19,565,885	\$16,961,414	16,943,404	<u>\$1.15</u>	<u>\$1.00</u>

- b. The following pro forma information presents the Company's earnings (loss) if subsidiaries' investment in the Company was not treated as treasury stock:

(shares expressed in thousands)

	For the year ended December 31, 2008	
	Basic	Diluted
Net Loss	<u><u>\$ (22,308,535)</u></u>	<u><u>\$ (22,438,445)</u></u>
Weighted-average of shares outstanding:		
Beginning balance	12,510,196	12,510,196
Increase in capital through 2007 retained earnings and capital reserve at proportion of 5.4%	677,575	677,575
Purchase of 200 million shares of treasury stock from January 1 to December 31, 2008	(60,709)	(60,709)
Dilutive shares of convertible bonds accounted for under if-converted method	-	59,407
Total	<u><u>13,127,062</u></u>	<u><u>13,186,469</u></u>
Loss per share (NTD)	<u><u>\$ (1.70)</u></u>	<u><u>\$ (1.70)</u></u>

(shares expressed in thousands)

	For the year ended December 31, 2007	
	Basic	Diluted
Net income	<u><u>\$16,977,303</u></u>	<u><u>\$16,976,955</u></u>
Weighted-average of shares outstanding:		
Beginning balance	17,789,126	17,789,126
Increase in capital through 2007 retained earnings and capital reserve at proportion of 5.4%	846,976	846,976
Capital reduction of 5,739 million shares	(2,171,210)	(2,171,210)
Treasury stock of 97 million shares transferred to employees	7,742	7,742
Exercise of employee stock options from January 1 to December 31, 2007	12,206	12,206
Dilutive shares of employee stock options accounted for under treasury stock method	-	6,317
Dilutive shares of convertible bonds accounted for under if-converted method	-	472,675
Total	<u><u>16,484,840</u></u>	<u><u>16,963,832</u></u>
Earnings per share (NTD)	<u><u>\$1.03</u></u>	<u><u>\$1.00</u></u>

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
UMC GROUP (USA) (UMC-USA)	Equity Investee
UNITED MICROELECTRONICS (EUROPE) B.V. (UME BV)	Equity Investee
UMC CAPITAL CORP.	Equity Investee
UNITED MICROELECTRONICS CORP. (SAMOA)	Equity Investee
UMCI LTD.	Equity Investee
UMC JAPAN	Equity Investee
UNITECH CAPITAL INC.	Equity Investee
MEGA MISSION LIMITED PARTNERSHIP	Equity Investee
MTIC HOLDINGS PTE. LTD.	Equity Investee
UNIMICRON HOLDING LIMITED	Equity Investee
FORTUNE VENTURE CAPITAL CORP.	Equity Investee
HSUN CHIEH INVESTMENT CO., LTD.	Equity Investee
UNITED MICRODISPLAY OPTRONICS CORP.	Equity Investee
AMIC TECHNOLOGY CORP. (AMIC)	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
XGI TECHNOLOGY INC.	Equity Investee
TLC CAPITAL CO., LTD.	Equity Investee
NEXPOWER TECHNOLOGY CORP.	Equity Investee
SILICON INTEGRATED SYSTEMS CORP.	The Company's director
UNITRUTH INVESTMENT CORP.	Subsidiary's equity investee
UWAVE TECHNOLOGY CORP.	Subsidiary's equity investee
UCA TECHNOLOGY INC. (Liquidated on March 17, 2008)	Subsidiary's equity investee
SMEDIA TECHNOLOGY CORP. (Extinguished on December 31, 2008)	Subsidiary's equity investee
CRYSTAL MEDIA INC.	Subsidiary's equity investee
MOBILE DEVICES INC.	Subsidiary's equity investee
ALLIANCE OPTOTEK CORP.	Subsidiary's equity investee
Stan Hung and 10 other seats	The Company's director in 2007 (Including resignation during the year)
Tzyy-Jang Tseng and 2 other seats	The Company's supervisors in 2007
Shih-Wei Sun and 20 other officers	The Company's key management personnel in 2007 (Including resignation during the year)
Stan Hung and 11 other seats	The Company's director in 2008 (Including resignation during the year)
Tzyy-Jang Tseng and 2 other seats	The Company's supervisors in 2008
Shih-Wei Sun and 24 other officers	The Company's key management personnel in 2008 (Including resignation during the year)

(2) Significant Related Party Transactions

a. Operating revenues

	For the years ended December 31,			
	2008		2007	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$52,676,943	57	\$51,894,797	49
UME BV	9,218,401	10	9,181,444	8
Others	2,849,713	3	4,405,670	4
Total	<u>\$64,745,057</u>	<u>70</u>	<u>\$65,481,911</u>	<u>61</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, net

	As of December 31,			
	2008		2007	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$3,813,116	46	\$5,721,345	40
UME BV	1,102,855	13	1,797,169	13
Others	343,964	4	784,525	5
Total	<u>5,259,935</u>	<u>63</u>	<u>8,303,039</u>	<u>58</u>
Less: Allowance for sales returns and discounts	(531,970)		(547,777)	
Less: Allowance for doubtful accounts	(1,911)		(2,252)	
Net	<u>\$4,726,054</u>		<u>\$7,753,010</u>	

c. Key management personnel compensation disclosure

Item	For the years ended December 31,	
	2008	2007
Salary, compensation, allowance, income from professional practice and bonus	<u>\$170,193</u>	<u>\$178,859</u>

Please refer to Annual Report for related information of key management personnel compensation.

6. ASSETS PLEDGED AS COLLATERAL

As of December 31, 2008

	Amount	Party to which asset(s) was	
		pledged	Purpose of pledge
Deposit-out (Time deposit)	\$619,619	Customs	Customs duty guarantee
Equipment	6,162,081	Bank of Taiwan	Collateral for long-term loans
Total	<u>\$6,781,700</u>		

As of December 31, 2007

	<u>Amount</u>	<u>Party to which asset(s) was pledged</u>	<u>Purpose of pledge</u>
Deposit-out (Time deposit)	<u>\$620,996</u>	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\$7.8 billion. Royalties and development fees payable in future years are NT\$3.3 billion as of December 31, 2008.
- (2) The Company signed several construction contracts for the expansion of its factory space. As of December 31, 2008, these construction contracts have amounted to approximately NT\$2.9 billion and the unpaid portion of the contracts, which was not accrued, was approximately NT\$0.5 billion.
- (3) The Company entered into several operating lease contracts for land. These renewable operating leases will expire in various years through 2032. Future minimum lease payments under those leases are as follows:

<u>For the year ended December 31,</u>	<u>Amount</u>
2009	\$215,800
2010	216,205
2011	216,626
2012	217,064
2013	217,520
2014 and thereafter	1,634,105
Total	<u>\$2,717,320</u>

- (4) On February 15, 2005, the Hsinchu District Prosecutors Office conducted a search of the Company's facilities. On February 18, 2005, the Company'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, the Company 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 the Company and no written agreement was made and executed. Upon the Company'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 the Company's past assistance and for continued assistance in the future.

Immediately after the Company 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 the Company. The shareholders meeting dated June 13, 2005 resolved that to the extent permitted by law, the Company shall try to get the 15% of the outstanding shares offered by the holding company of Hejian as an asset of the Company. The holding company of Hejian offered 106 million shares of its outstanding common shares in return for the Company's assistance. The holding company of Hejian has put all such shares in escrow. The Company 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, the Company 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 the Company to acquire and exercise. In the event that any stock dividend or cash dividend is distributed, the Company's stake in the holding company of Hejian will accumulate accordingly.

In April 2005, the Company'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, the Company 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. The Company 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 has 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 the Company's assistance to Hejian Technology Corp., the Company'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 the Company, were indicted for violating the Business Entity Accounting Act and breach of trust under the Criminal Law by Hsinchu District Prosecutors Office on January 9, 2006. Mr. Robert H.C. Tsao and Mr. John Hsuan had officially resigned from their positions of the Company'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 the Company's directors and had not executed their duties as the Company'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; the Company 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 Prosecutors Office filed an appeal. On December 31, 2008, Taiwan High Court rejected the prosecutor's appeal and sustained Hsinchu District Court's decision.

On February 15, 2006, the Company 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 the Company believes it was illegally and improperly fined, the Company 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 the Company. The Company 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 the Company 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

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

The Company also enters into derivative transactions, including 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 the Company's operations and financing activities.

The main risks arising from the Company'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

The Company 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.

The Company's long-term loans bear floating interest rates. The fluctuation of market interest will result in changes in the Company's future cash flows.

Foreign currency risk

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

Commodity price risk

The Company's exposure to commodity price risk is minimal.

Credit risk

The Company only trades with established and creditworthy third parties. It is the Company'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 the Company's exposure to bad debts.

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

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

Liquidity risk

The Company'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,			
	2008		2007	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$36,123,738	\$36,123,738	\$37,452,629	\$37,452,629
Financial assets at fair value through profit or loss, current	1,681,305	1,681,305	4,800,385	4,800,385
Notes, accounts and other receivable	8,032,424	8,032,424	13,975,836	13,975,836
Available-for-sale financial assets, noncurrent	11,830,481	11,830,481	39,888,970	39,888,970
Financial assets measured at cost, noncurrent	2,541,746	-	2,294,595	-
Long-term investments accounted for under the equity method	32,171,534	25,657,686	38,597,081	33,930,396
Prepayment for long-term investments	-	-	648,360	-
Deposits-out	646,017	646,017	641,894	641,894
<u>Derivative</u>				
Interest rate swaps	113,550	113,550	-	-
Forward contract	59,750	59,750	-	-
<u>Financial Liabilities</u>				
<u>Non-derivative</u>				
Payables	\$11,167,168	\$11,167,168	\$19,556,311	\$19,556,311
Capacity deposits (current portion)	-	-	4,688	4,688
Bonds payable (current portion included)	7,497,110	7,143,323	30,384,780	29,900,297
Long-term loans (current portion included)	700,000	700,000	-	-
<u>Derivative</u>				
Interest rate swaps	33,189	33,189	318,707	318,707
Forward contracts	-	-	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 and accounts receivable, payables, and current portion of capacity deposits.
 - 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 long-term investments accounted for under 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 long-term loans is determined using discounted cash flow analysis, based on the Company's current incremental borrowing rates for borrowings with similar types.
 - viii. 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.
- c. 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:

Non-derivative Financial Instruments	Active Market Quotation		Valuation Technique	
	2008.12.31	2007.12.31	2008.12.31	2007.12.31
Financial assets				
Financial assets at fair value through profit or loss, current	\$1,681,305	\$4,800,385	\$-	\$-
Available-for-sale financial assets, noncurrent	11,676,001	39,184,243	154,480	704,727
Long-term investments accounted for under the equity method	1,181,433	1,270,009	24,476,253	32,660,387
Financial liabilities				
Bonds payable (current portion included)	7,143,323	29,900,297	-	-
Long-term loans (current portion included)	-	-	700,000	-
Derivative Financial Instruments				
Financial assets				
Interest rate swaps	\$-	\$-	\$113,550	\$-
Forward contracts	-	-	59,750	-
Financial liabilities				
Interest rate swaps	-	-	33,189	318,707
Forward contracts	-	-	-	21,523

- d. For the years ended December 31, 2008 and 2007, the total change in fair value estimated by using valuation techniques and recognized in the statement of income during the years was a loss of NT\$143 million and a gain of NT\$406 million, respectively.
- e. The Company's financial assets with cash flow interest rate risk exposure were NT\$114 million as of December 31, 2008. The Company's financial liabilities with cash flow interest rate risk exposure were NT\$33 million and NT\$319 million as of December 31, 2008 and 2007, respectively.
- f. During the years ended December 31, 2008 and 2007, total interest revenues for financial assets or liabilities that are not at fair value through profit or loss were NT\$561 million and NT\$1,162 million, respectively, while interest expenses for the years ended December 31, 2008 and 2007 were NT\$99 million and NT\$247 million, respectively.

(4) The Company entered into interest rate swap and forward contracts for hedging the interest rate risk arising from the counter-floating rate of its domestic bonds and for hedging the exchange rate risk arising from the 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 purpose. 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, 2008 and 2007, the Company had the following interest rate swap agreements outstanding:

<u>As of December 31, 2008</u>			
<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, 2010	4.3% minus USD 12-Month LIBOR	1.48%
<u>As of December 31, 2007</u>			
<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:

<u>As of December 31, 2008</u>		
<u>Type</u>	<u>Notional Amount</u>	<u>Contract Period</u>
Forward contracts	Sell USD 188 million	November 13, 2008 to February 3, 2009
<u>As of December 31, 2007</u>		
<u>Type</u>	<u>Notional Amount</u>	<u>Contract Period</u>
Forward contracts	Sell USD 239 million	December 4, 2007 to January 31, 2008

- 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 forward contract's principal amount, which is the same as the underlying net assets or liabilities denominated in their foreign currencies at the settlement day. 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 in the financial statements is summarized as follows:

As of December 31, 2008, the Company's interest rate swap agreements were classified as financial assets at fair value through profit or loss amounted to NT\$114 million; as of December 31, 2008 and 2007, the Company's interest rate swap agreements were classified as financial liabilities at fair value through profit or loss amounted to NT\$33 million and NT\$319 million, respectively. Related valuation gains of NT\$174 million and of NT\$82 million were recorded under non-operating revenue for the years ended December 31, 2008 and 2007, respectively.

As of December 31, 2008 and 2007, the forward contracts were classified as current assets and current liabilities amounted to the NT\$60 million and NT\$22 million, respectively, and the changes in valuation loss of NT\$317 million and NT\$40 million were recorded under non-operating expense for the years ended December 31, 2008 and 2007, respectively.

11. ADDITIONAL DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
- a. Financing provided to others for the year ended December 31, 2008: Please refer to Attachment 1.
 - b. Endorsement/Guarantee provided to others for the year ended December 31, 2008: Please refer to Attachment 2.

- c. Securities held as of December 31, 2008: Please refer to Attachment 3.
- d. 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, 2008: Please refer to Attachment 4.
- e. 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, 2008: Please refer to Attachment 5.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the years ended December 31, 2008: Please refer to Attachment 6.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2008: Please refer to Attachment 7.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2008: Please refer to Attachment 8.
- i. Names, locations and related information of investees as of December 31, 2008: Please refer to Attachment 9.
- j. Financial instruments and derivative transactions: Please refer to Note 10.

(2) Investment in Mainland China

- a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: please refer to Attachment 10.
- b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: None.

12. SEGMENT INFORMATION

(1) Operations in different industries

The Company operates principally in one industry, and the major business is operating as a full service semiconductor foundry.

(2) Operations in different geographic areas

	For the year ended December 31, 2008			
	Taiwan	Asia, excluding Taiwan	Write-off	Total
Revenue other than head office and branch	\$70,429,475	\$22,100,575	\$-	\$92,530,050
Revenue from head office and branch	365,385	1,034	(366,419)	-
Total revenue	<u>\$70,794,860</u>	<u>\$22,101,609</u>	<u>\$(366,419)</u>	<u>\$92,530,050</u>
Segment income (loss)	<u>\$16,437,848</u>	<u>\$(427,564)</u>	<u>\$(371,640)</u>	\$15,638,644
Operating expense				(13,334,205)
Non-operating income				5,620,706
Non-operation expense				<u>(29,318,766)</u>
Loss from continuing operations before income tax				<u>(\$21,393,621)</u>
Recognized assets	<u>\$162,197,387</u>	<u>\$50,335,987</u>	<u>\$(51,202,449)</u>	\$161,330,925
Funds and investments				46,657,311
Total assets				<u>\$207,988,236</u>

	For the year ended December 31, 2007			
	Taiwan	Asia, excluding Taiwan	Write-off	Total
Revenue other than head office and branch	\$87,808,131	\$18,962,920	\$-	\$106,771,051
Revenue from head office and branch	271,944	204	(272,148)	-
Total revenue	<u>\$88,080,075</u>	<u>\$18,963,124</u>	<u>\$(272,148)</u>	<u>\$106,771,051</u>
Segment income (loss)	<u>\$24,939,025</u>	<u>\$(2,160,533)</u>	<u>\$(272,626)</u>	\$22,505,866
Operating expense				(15,701,144)
Non-operating income				16,493,757
Non-operation expense				<u>(3,732,130)</u>
Income from continuing operations before income tax				<u>\$19,566,349</u>
Recognized assets	<u>\$208,932,689</u>	<u>\$60,379,511</u>	<u>\$(59,978,639)</u>	\$209,333,561
Funds and investments				81,429,006
Total assets				<u>\$290,762,567</u>

(3) Export sales

Area	For the years ended December 31,	
	2008	2007
North America	\$52,753,573	\$52,498,374
Others	14,089,009	15,717,486
Total export sales	\$66,842,582	\$68,215,860

(4) Major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2008 and 2007 are as follows:

Customers	For the years ended December 31,			
	2008		2007	
	Sales amount	Percentage	Sales amount	Percentage
Customer A	\$52,676,943	57	\$51,894,797	49
Customer B	9,218,401	10	9,181,444	8
Customer C	6,301,324	7	15,704,992	15
Total	\$68,196,668	74	\$76,781,233	72

ATTACHMENT 1 (Financing provided to others for the year ended December 31, 2008)
 (Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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 2 (Endorsement/Guarantee provided to others for the year ended December 31, 2008)

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

UNITED MICROELECTRONICS CORPORATION

No.	Endorsor/Guarantor	Receiving party		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
		Company name	Relationship						

None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Bonds	CATHAY FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss, current	190	\$189,999	-	\$189,999	None
Convertible bonds	A-DATA TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, current	400	42,800	-	42,800	None
Stock	PROMOS TECHNOLOGIES INC.	-	Financial assets at fair value through profit or loss, current	471,400	1,145,502	6.47	1,145,502	None
Stock	ACTION ELECTRONICS CO., LTD.	-	Financial assets at fair value through profit or loss, current	17,087	99,104	5.09	99,104	None
Stock	MICRONAS SEMICONDUCTOR HOLDING AG	-	Financial assets at fair value through profit or loss, current	280	26,873	0.94	26,873	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Financial assets at fair value through profit or loss, current	19,418	140,586	0.18	140,586	None
Stock	YANG MING MARINE TRANSPORT CORP.	-	Financial assets at fair value through profit or loss, current	3,608	36,441	0.14	36,441	None
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	1,321,447	100.00	1,321,447	None
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	318,713	100.00	311,098	None
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	3,617,816	100.00	3,617,816	None
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	680	4,902	100.00	4,902	None
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	195	100.00	195	None
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	687,800	4,837,391	100.00	4,837,391	None
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	535,794	7,258,923	99.99	7,516,582	None
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	26,755	80,107	89.99	80,107	None
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	7,750,697	52.64	1,181,433	None
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	7,379	49.99	13,421	None
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the equity method	12,000	263,192	46.49	263,192	None
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method	-	1,504,963	45.00	1,504,963	None
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	525,898	42.00	525,898	None
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	65,231	1,396,484	36.49	1,255,022	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	NEXPOWER TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	107,283	\$2,676,686	35.76	\$2,590,437	None
Stock	UNIMICRON HOLDING LIMITED	Investee company	Long-term investments accounted for under the equity method	20,000	566,380	25.25	568,764	None
Stock	XGI TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	3,307	33,547	14.63	33,547	None
Stock	AMIC TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	5,627	6,814	11.18	31,471	None
Stock	UNIMICRON TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	208,478	2,835,301	19.08	2,835,301	None
Stock	UNITED FU SHEN CHEN TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	18,460	77,348	16.60	77,348	None
Stock	HOLTEK SEMICONDUCTOR INC.	-	Available-for-sale financial assets, noncurrent	36,170	770,422	16.37	770,422	None
Stock	SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Available-for-sale financial assets, noncurrent	228,956	1,080,672	16.24	1,080,672	None
Stock	FARADAY TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	57,280	1,492,147	15.94	1,492,147	None
Stock	NOVATEK MICROELECTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	61,857	1,923,742	10.56	1,923,742	None
Stock	ITE TECH. INC.	-	Available-for-sale financial assets, noncurrent	19,347	793,232	9.64	793,232	None
Stock	SPRINGSOFT, INC.	-	Available-for-sale financial assets, noncurrent	8,658	138,094	4.10	138,094	None
Stock	CHIPBOND TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	12,870	109,781	3.97	109,781	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	21,215	624,556	3.35	624,556	None
Stock	KING YUAN ELECTRONICS CO., LTD.	-	Available-for-sale financial assets, noncurrent	40,427	291,072	3.16	291,072	None
Stock	C-COM CORP.	-	Available-for-sale financial assets, noncurrent	567	5,661	2.37	5,661	None
Stock	BILLIONTON SYSTEMS INC.	-	Available-for-sale financial assets, noncurrent	2,048	5,734	2.34	5,734	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,040	15,187	0.97	15,187	None
Stock	MEGA FINANCIAL HOLDING COMPANY	-	Available-for-sale financial assets, noncurrent	95,577	1,094,354	0.86	1,094,354	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	MEDIATEK INC.	-	Available-for-sale financial assets, noncurrent	1,997	\$440,286	0.19	\$440,286	None
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,458	93,628	0.02	93,628	None
Fund	VIETNAM INFRASTRUCTURE LTD.	-	Available-for-sale financial assets, noncurrent	5,000	39,264	-	39,264	None
Stock	PIXTECH, INC.	-	Financial assets measured at cost, noncurrent	9,883	-	17.63	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	20,000	200,000	13.61	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	13,912	208,746	4.26	Note	None
Stock	TECO NANOTECH CO. LTD.	-	Financial assets measured at cost, noncurrent	9,001	-	3.73	Note	None
Stock	EMIVEST AEROSPACE CORP. (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	-	164,587	-	N/A	None
Fund	PACIFIC UNITED TECHNOLOGY, L.P.	-	Financial assets measured at cost, noncurrent	-	119,397	-	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	12,000	263,460	-	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	1,166	-	-	N/A	None
Stock-Preferred stock	Tashee Golf & Country Club	-	Financial assets measured at cost, noncurrent	0	110	-	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, 2008.

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	UNITRUTH INVESTMENT CORP.	Investee company	Long-term investments accounted for under the equity method	98,800	\$1,241,536	100.00	\$1,241,536	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	10,186	-	44.29	-	None
Stock-Preferred stock	AEOVE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	4,155	24,190	43.92	24,190	None
Stock	ANOTO TAIWAN CORP.	Investee company	Long-term investments accounted for under the equity method	3,920	12,287	39.20	12,287	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	128,796	26.09	77,784	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	4,493	30,055	24.09	30,055	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	5,789	42,573	20.15	35,136	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	4,525	36,848	16.95	27,616	None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	6,853	39,531	16.85	35,897	None
Stock	AMIC TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	7,410	41,333	14.69	41,333	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	2,162	19,713	9.57	21,932	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	2,700	80,745	0.90	65,194	None
Stock	DAVICOM SEMICONDUCTOR, INC.	-	Available-for-sale financial assets, noncurrent	12,111	205,884	14.89	205,884	None
Stock	PIXART IMAGING, INC.	-	Available-for-sale financial assets, noncurrent	14,322	1,632,745	11.50	1,632,745	None
Stock	ITE TECH. INC.	-	Available-for-sale financial assets, noncurrent	11,524	472,469	5.74	472,469	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Available-for-sale financial assets, noncurrent	4,245	52,633	3.90	52,633	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,893	27,637	1.77	27,637	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	4,778	141,438	0.75	141,438	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	625	7,813	0.56	7,813	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	UNITED MICROELECTRONICS CORP.	Investor company	Available-for-sale financial assets, noncurrent	16,079	\$119,465	0.12	\$119,465	None
Stock	CLIENTRON CORP.	-	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	16.63	Note	None
Stock	KUN YUAN TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	9,409	94,095	15.68	Note	None
Stock	AWISE FIBER TECH.CO.,LTD.	-	Financial assets measured at cost, noncurrent	1,200	15,192	11.42	Note	None
Stock	CION TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,268	-	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	3,599	34,866	10.67	Note	None
Stock	EXOJET TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,300	23,000	10.57	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,500	21,875	10.23	Note	None
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	3,856	22,876	10.06	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	11,910	109,898	9.79	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,466	42,180	9.63	Note	None
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	2,782	33,335	9.60	Note	None
Stock	OCULON OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,100	17,600	9.49	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	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	3,600	43,200	9.00	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	8,529	85,291	8.63	Note	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,060	\$10,421	8.15	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	7.80	Note	None
Stock	PRINCEDOM PRECISION CORP. (formerly ALLEN PRECISION INDUSTRIES CO., LTD.)	-	Financial assets measured at cost, noncurrent	1,571	20,102	7.19	Note	None
Stock	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	-	Financial assets measured at cost, noncurrent	10,500	105,000	7.00	Note	None
Stock	HITOP COMMUNICATIONS CORP.	-	Financial assets measured at cost, noncurrent	752	15,673	6.96	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	1,371	5,031	5.03	Note	None
Stock	PARAWIN VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	5,000	41,900	5.00	Note	None
Stock	PRIMESENSOR TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	750	7,500	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
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,244	14,736	3.96	Note	None
Stock	IBT VENTURE CORP.	-	Financial assets measured at cost, noncurrent	3,426	34,264	3.81	Note	None
Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,183	14,165	3.50	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	11,254	131,806	3.45	Note	None
Stock	ANIMATION TECHNOLOGIES INC.	-	Financial assets measured at cost, noncurrent	1,480	-	3.16	Note	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,604	\$21,878	3.08	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	5,497	92,352	3.06	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	1,225	8,195	3.02	Note	None
Stock	SIMPAL ELECTRONICS CO., LTD.	-	Financial assets measured at cost, noncurrent	4,693	54,809	2.83	Note	None
Stock	SHENG-HUA VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	750	4,950	2.50	Note	None
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	3,000	30,000	2.31	Note	None
Stock	EGIS TECHNOLOGY INC. (Merged LIGHTUNING TECH. INC.)	-	Financial assets measured at cost, noncurrent	1,134	16,663	2.28	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	1,500	15,000	1.81	Note	None
Stock	TAIMIDE TECH., INC.	-	Financial assets measured at cost, noncurrent	1,500	16,095	1.66	Note	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,577	19,554	1.60	Note	None
Fund	CRYSTAL INTERNET VENTURE FUND II(BVI), L.P.	-	Financial assets measured at cost, noncurrent	-	9,124	1.09	N/A	None
Stock	FIRST INTERNATIONAL TELECOM CORP.	-	Financial assets measured at cost, noncurrent	4,610	-	1.02	Note	None
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,290	-	1.02	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	639	5,356	0.43	Note	None
Stock	WAVEPLUS TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	12	-	0.38	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	24	-	0.34	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
Stock	COTECH, INC.	-	Prepayment for long-term investments	172	2,580	-	-	None

Note : The net assets values for unlisted investees classified as "Financial assets measured at cost, noncurrent" were not available as of December 31, 2008.

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

TLC CAPITAL CO., LTD.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Convertible bonds	CAREER TECHNOLOGY (MFG.) CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	70	\$6,510	-	\$6,510	None
Convertible bonds	A-DATA TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	500	53,500	-	53,500	None
Stock	SOARING CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	900	26,780	100.00	26,780	None
Stock	YUNG LI INVESTMENTS, INC.	Investee company	Long-term investments accounted for under the equity method	0.28	251,165	45.16	251,165	None
Fund	CTC CAPITAL PARTNERS I, L.P.	Investee company	Long-term investments accounted for under the equity method	-	147,728	31.40	147,728	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee of UMC and TLC	Long-term investments accounted for under the equity method	5,400	161,489	1.80	130,387	None
Stock	RECHI PRECISION CO., LTD.	-	Available-for-sale financial assets, noncurrent	21,807	108,379	5.69	108,379	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	5,185	75,705	4.84	75,705	None
Stock	SERCOMM CORP.	-	Available-for-sale financial assets, noncurrent	6,679	82,825	3.91	82,825	None
Stock	SIMPLO TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	6,050	456,170	2.90	456,170	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,935	24,190	1.73	24,190	None
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	10,358	306,586	1.64	306,586	None
Stock	ITE TECH. INC.	-	Available-for-sale financial assets, noncurrent	2,357	96,632	1.17	96,632	None
Stock	MITAC TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	6,000	85,500	1.12	85,500	None
Stock	AVERMEDIA TECHNOLOGIES, INC.	-	Available-for-sale financial assets, noncurrent	2,106	48,649	0.95	48,649	None
Stock	DARFON ELECTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	2,658	53,551	0.89	53,551	None
Stock	CORETRONIC CORP.	-	Available-for-sale financial assets, noncurrent	6,250	106,872	0.86	106,872	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	556	6,900	0.57	6,900	None
Stock	CYNTEC CO., LTD.	-	Available-for-sale financial assets, noncurrent	803	21,749	0.42	21,749	None
Stock	CHUNGHWA TELECOM CO., LTD.	-	Available-for-sale financial assets, noncurrent	3,447	184,396	0.04	184,396	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

TLC CAPITAL CO., LTD.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	10,000	\$100,000	7.69	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	11,709	196,710	6.51	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	5,500	55,000	3.74	Note	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,628	32,591	2.67	Note	None
Stock	CANDO CORP.	-	Financial assets measured at cost, noncurrent	3,000	30,000	0.43	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	77	7,980	0.06	Note	None
Stock-Preferred stock	TOUCH MEDIA INTERNATIONAL HOLDINGS	-	Financial assets measured at cost, noncurrent	4,126	160,355	-	Note	None
Stock-Preferred stock	KU6 HOLDING LTD.	-	Financial assets measured at cost, noncurrent	26,248	151,696	-	Note	None

Note : The net assets values for unlisted investees classified as "Financial assets measured at cost, noncurrent" were not available as of December 31, 2008.

UNITRUTH INVESTMENT CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Unitruth	Long-term investments accounted for under the equity method	2,116	\$21,471	9.37	\$21,471	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	42,932	8.70	25,928	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	1,587	10,615	8.51	10,615	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	2,150	15,813	7.48	13,051	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	1,425	11,196	5.34	8,697	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000	-	4.35	-	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITRUTH INVESTMENT CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	1,700	\$8,905	4.18	\$8,905	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee of UMC and Unitruth	Long-term investments accounted for under the equity method	900	26,915	0.30	21,731	None
Stock	ITE TECH. INC.	-	Available-for-sale financial assets, noncurrent	2,639	108,203	1.32	108,203	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,222	15,151	1.12	15,151	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,040	15,187	0.97	15,187	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	729	9,116	0.65	9,116	None
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	2,782	25,935	9.60	Note	None
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	738	29,804	9.23	Note	None
Stock	AWISE FIBER TECH.CO.,LTD.	-	Financial assets measured at cost, noncurrent	860	10,888	8.18	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	3,410	39,593	8.12	Note	None
Stock	OCULON OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	900	14,400	7.77	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	930	7,920	7.15	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,037	40,415	6.82	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	6,374	63,739	6.45	Note	None
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,010	25,850	5.74	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	6,039	62,427	4.97	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,200	10,500	4.91	Note	None
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,518	31,218	4.68	Note	None
Stock	EXOJET TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	850	8,500	3.91	Note	None
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,495	17,941	3.74	Note	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITRUTH INVESTMENT CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,160	\$13,747	3.70	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	740	11,100	2.98	Note	None
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	750	13,714	2.08	Note	None
Stock	EGIS TECHNOLOGY INC. (Merged LIGHTUNING TECH. INC.)	-	Financial assets measured at cost, noncurrent	1,016	27,355	2.05	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	695	4,650	1.72	Note	None
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	2,000	20,000	1.54	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	315	7,950	1.38	Note	None
Stock	STAR SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	260	2,193	1.13	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	1,759	29,552	0.98	Note	None
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	462	2,310	0.89	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	500	5,000	0.60	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	24	-	0.34	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	332	2,785	0.23	Note	None
Stock-Preferred stock	PRINCEDOM PRECISION CORP. (formerly ALLEN PRECISION INDUSTRIES CO., LTD.)	-	Financial assets measured at cost, noncurrent	1,047	10,470	-	N/A	None
Stock	COTECH, INC.	-	Prepayment for long-term investments	172	2,580	-	-	None

Note : The net assets values for unlisted investees classified as "Financial assets measured at cost, noncurrent" were not available as of December 31, 2008.

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UNITED MICRODISPLAY OPTRONICS CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	UMO (HK) LIMITED	Investee company	Long-term investments accounted for under the equity method	15,600	\$-	100.00	\$-	None

Note1: UMO(HK) LIMITED has filed for liquidation on October, 2008 and it is under the process of liquidation.

SOARING CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				collateral
				bonds/ shares	Book value	ownership	Net assets value	
Capital	UNITRUTH ADVISOR (SHANGHAI) CO., LTD.	Investee company	Long-term investments accounted for under the equity method	-	USD 721	100.00	USD 721	None

UMC CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Stock	UMC CAPITAL (USA)	Investee company	Long-term investments accounted for under the equity method	200	USD 385	100.00	USD 385	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	USD 3,046	100.00	USD 3,046	None
Stock-Preferred stock	ACHIEVE MADE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	808	USD 895	48.03	USD 362	None

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UMC CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008				Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	USD 3,577	35.45	USD 3,577	None
Fund	TRANSLINK CAPITAL PARTNERS I L.P.	Investee company	Long-term investments accounted for under the equity method	-	USD 1,726	11.82	USD 1,726	None
Stock	INTELLON CORP.	-	Available-for-sale financial assets, noncurrent	647	USD 1,623	2.16	USD 1,623	None
American Depository Shares	CHUNGHWA TELECOM CO., LTD.	-	Available-for-sale financial assets, noncurrent	347	USD 5,417	0.04	USD 5,417	None
Stock	PATENTOP, LTD.	-	Financial assets measured at cost, noncurrent	720	-	18.00	Note	None
Stock	CIPHERMAX, 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-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	10,233	USD 4,322	-	N/A	None
Stock	MAGNACHIP SEMICONDUCTOR LLC	-	Financial assets measured at cost, noncurrent	31	-	-	Note	None
Stock-Preferred stock	MAXLINEAR, INC.	-	Financial assets measured at cost, noncurrent	2,070	USD 4,052	-	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	7	USD 839	-	N/A	None
Convertible bonds	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	6	USD 853	-	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

ATTACHMENT 3 (Securities held as of December 31, 2008)

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

UMC CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2008					Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value		
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	
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	CHIPX, INC.	-	Financial assets measured at cost, noncurrent	63	USD 117	-	N/A	None	
Stock-Preferred stock	SIFOTONICS TECHNOLOGIES CO., LTD.	-	Financial assets measured at cost, noncurrent	1,000	USD 500	-	N/A	None	
Stock	KOTURA, INC.	-	Financial assets measured at cost, noncurrent	0.59	-	-	Note	None	
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	750	-	-	N/A	None	
Floating Rate Note	MORGAN STANLEY & CO., INC.	-	Held-to-maturity financial assets, current	9,900	USD 9,911	-	N/A	None	
Bonds	GOLDMAN SACHS GROUP INC.	-	Held-to-maturity financial assets, current	850	USD 866	-	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, 2008.

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of the capital stock for the year ended December 31, 2008)
(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	Amount (Note1)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Cost (Note 2)	Gain (Loss) from disposal	Units (thousand)/bonds/shares	Amount (Note1)
Bonds	CATHAY FINANCIAL HOLDING CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	-	\$-	190	\$190,000	-	\$-	\$-	\$-	190	\$189,999
Stock	MEDIATEK INC.	Available-for-sale financial assets, noncurrent	Open market	-	6,552	2,758,402	-	-	4,593	1,672,648	47,984	1,624,664 (Note3)	1,997 (Note3)	440,286
Stock	HOLTEK SEMICONDUCTOR INC.	Available-for-sale financial assets, noncurrent	Open market	-	42,326	2,093,033	-	-	6,300	252,642	103,799	148,843 (Note4)	36,170 (Note4)	770,422
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Open market	-	22,279	2,161,098	-	-	3,598	136,531	52,109	84,422 (Note5)	19,347 (Note5)	793,232
Stock	NEXPOWER TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues/HSUN CHIEH INVESTMENT CO., LTD.	Long-term investments accounted for under the equity method	44,912	784,668	62,371	1,871,140	-	-	-	-	107,283	2,676,686
Stock	MTIC HOLDINGS PTE LTD.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	4,000	82,230	8,000	178,380	-	-	-	-	12,000	263,192
Stock-Preferred stock	MTIC HOLDINGS PTE LTD.	Financial assets measured at cost, noncurrent	MTIC HOLDINGS PTE LTD.	-	4,000	85,080	8,000	178,380	-	-	-	-	12,000	263,460
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	-	20,000	200,000	-	-	-	-	20,000	200,000

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; the amounts of beginning and ending balances of long-term investments accounted for under the equity method include adjustment under the equity method.

Note 2: The disposal cost represents historical cost.

Note 3: The gain on disposal includes additional paid-in capital adjustments of NTS(2,916) thousand dollars. The ending balance includes stock dividend of 38 thousand shares.

Note 4: The gain on disposal includes additional paid-in capital adjustments of NTS(9,069) thousand and cumulative translation adjustments of NTS\$371 thousand. The ending balance includes stock dividend of 144 thousand shares.

Note 5: The gain on disposal includes additional paid-in capital adjustments of NTS(4,827) thousand and cumulative translation adjustments of NTS(104) thousand. The ending balance includes stock dividend of 666 thousand shares.

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	Amount (Note1)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Cost (Note 3)	Gain (Loss) from disposal	Units (thousand)/bonds/shares	Amount (Note2)
Stock	RALINK TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	1,389	\$14,828 (Note1)	-	\$-	1,389	\$328,404	\$14,828	\$313,576	-	\$-
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Note4	-	-	-	11,524 (Note5)	472,469 (Note5)	-	-	-	-	11,524	472,469

Note 1: The investee was reclassified as available-for-sale financial asset due to it went initial public offering in 2008. The beginning balance was stated at cost.

Note 2: The amounts of ending balances of available for sale are recorded at the prevailing market prices.

Note 3: The disposal cost represents historical cost.

Note 4: On December 31, 2008, SMEDIA TECHNOLOGY CORP., CHIP ADVANCED TECHNOLOGY INC. and USBEST TECHNOLOGY INC. merged into ITE TECH. INC.

Note 5: The addition included shares exchanged of 2,352 thousand shares of SMEDIA TECHNOLOGY CORP. (amounted to NTS\$96,420 thousand), 1,287 thousand shares of CHIP ADVANCED TECHNOLOGY INC. (amounted to NTS\$52,783 thousand) and 7,885 thousand shares of USBEST TECHNOLOGY INC. (amounted to NTS\$323,266 thousand).

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of the capital stock for the year ended December 31, 2008)
(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	Amount (Note1)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares	Amount (Note1)
Stock	TATUNG CO.	Available-for-sale financial assets, noncurrent	Open market	-	26,152	\$411,894	-	\$-	26,152	\$445,827	\$321,874	\$123,953	-	\$-
Stock	HORIZON SECURITIES CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	8,858	113,383	-	-	8,858	139,659	55,481	84,178	-	-
Stock	HUNG SHENG CONSTRUCTION LTD.	Available-for-sale financial assets, noncurrent	Open market	-	3,300	79,695	-	-	3,300	105,296	88,460	16,836	-	-
Stock	AVERMEDIA TECHNOLOGIES, INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	1,950	108,152	-	-	-	-	2,106 (Note 3)	48,649
Stock	CHUNGHWA TELECOM CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	3,410	262,493	-	-	-	-	3,447 (Note 4)	184,396
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Open market/Note 5	-	-	-	2,342 (Note 6)	122,694 (Note 6)	-	-	-	-	2,357 (Note 7)	96,632
Stock-Preferred stock	TOUCH MEDIA INTERNATIONAL HOLDINGS	Financial assets measured at cost, noncurrent	TOUCH MEDIA INTERNATIONAL HOLDINGS	-	-	-	4,126	160,355	-	-	-	-	4,126	160,355
Stock-Preferred stock	KU6 HOLDING LTD.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	-	26,248	151,696	-	-	-	-	26,248	151,696
Stock	NEXPOWER TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	-	5,400	162,000	-	-	-	-	5,400	161,489

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

Note 2: The disposal cost represents historical cost.

Note 3: The ending balance includes stock dividend of 156 thousand shares.

Note 4: The ending balance includes stock dividend of 716 thousand shares, and cash capital reduction of 679 thousand shares.

Note 5: On December 31, 2008, SMEDIA TECHNOLOGY CORP., CHIP ADVANCED TECHNOLOGY INC. and USBEST TECHNOLOGY INC. merged into ITE TECH. INC.

Note 6: The addition included the shares from open market to buy 500 thousand shares (amounted to NTS\$47,174 thousand), and shares exchanged of 1,842 thousand shares of SMEDIA TECHNOLOGY CORP. (amounted to NTS\$75,520 thousand).

Note 7: The ending balance includes stock dividend of 15 thousand shares.

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS100 million or 20 percent of the capital stock for the year ended December 31, 2008)

(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)	Amount	Cost (Note 3)	Gain (Loss) from disposal	Units (thousand)/bonds/shares (thousand)	Amount (Note2)
Stock	RALINK TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	1,365	\$14,570 (Note1)	-	\$-	1,365	\$307,155	\$14,570	\$292,585	-	\$-
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Note4	-	-	-	2,639 (Note5)	108,203 (Note5)	-	-	-	-	2,639	108,203

Note 1: The investee was reclassified as available-for-sale financial asset due to it went initial public offering in 2008. The beginning balance was stated at cost .

Note 2: The amounts of ending balances of available for sale are recorded at the prevailing market prices.

Note 3: The disposal cost represents historical cost.

Note 4: On December 31, 2008, SMEDIA TECHNOLOGY CORP., CHIP ADVANCED TECHNOLOGY INC. and USBEST TECHNOLOGY INC. merged into ITE TECH. INC.

Note 5: The addition included shares exchanged of 1,363 thousand shares of SMEDIA TECHNOLOGY CORP. (amounted to NTS55,867 thousand) , 568 thousand shares of CHIP ADVANCED TECHNOLOGY INC. (amounted to NTS23,298 thousand) and 708 thousand shares of USBEST TECHNOLOGY INC. (amounted to NTS29,038 thousand).

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	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)	Amount	Cost (Note 3)	Gain (Loss) from disposal	Units (thousand)/bonds/shares (thousand)	Amount (Note2)
Stock	RUBICON TECHNOLOGY, INC.	Available-for-sale financial assets, noncurrent	Open market	-	275	USD 6,531	-	\$-	275	USD 5,841	USD 3,850	USD 1,991	-	\$-
American Depository Shares	SPREADTRUM COMMUNICATIONS, INC.	Available-for-sale financial assets, noncurrent	Open market	-	550	USD 6,737	-	-	550	USD 4,340	USD 1,435	USD 2,905	-	-
Stock-Preferred stock	SMART VANGUARD LTD.	Financial assets measured at cost, noncurrent	SMART VANGUARD LTD.	-	5,750	USD 6,500	-	-	5,750	USD 7,500	USD 6,500	USD 1,000	-	-
American Depository Shares	CHUNGHWA TELECOM CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	344	USD 8,752	-	-	-	-	347 (Note 3)	USD 5,417
Floating Rate Note	MORGAN STANLEY & CO., INC.	Held-to-maturity financial assets, current	Open market	-	-	-	9,900	USD 9,911	-	-	-	-	9,900	USD 9,911

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

Note 2: The disposal cost represents historical cost.

Note 3: The ending balance includes stock dividend of 72 thousand shares, and cash capital reduction of 69 thousand shares.

ATTACHMENT 5 (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, 2008)

(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	Where counter-party is a related party, details of prior transactions				Price reference	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			

None

ATTACHMENT 6 (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, 2008)

(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>
----------------------------	-------------------------	-------------------------------------	-------------------	---------------------------	--------------------------------------	----------------------------------	----------------------	---------------------	---------------------------	------------------------	--------------------------

None

ATTACHMENT 7 (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, 2008)

(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)		Note
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
UMC GROUP (USA)	Investee company	Sales	\$52,676,943	57 %	Net 60 Days	N/A	N/A	\$3,813,116	46 %	
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Sales	9,218,401	10 %	Net 60 Days	N/A	N/A	1,102,855	13 %	
UMC JAPAN	Investee company	Sales	1,664,401	2 %	Net 60 Days	N/A	N/A	217,882	3 %	
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Sales	1,031,393	1 %	Month-end 45 Days	N/A	N/A	117,468	1 %	

UNITED MICROELECTRONICS (EUROPE) B.V.

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 294,322	100 %	Net 60 Days	N/A	N/A	USD 33,706	100 %	

ATTACHMENT 7 (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, 2008)

(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)		Note
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 1,680,786	100 %	Net 60 Days	N/A	N/A	USD 116,543	100 %	

UMC JAPAN

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	JPY5,444,209	66 %	Net 60 Days	N/A	N/A	JPY 598,124	30 %	
AMIC TECHNOLOGY CORP.	Investee of UMC	Sales	JPY1,278,639	8 %	Month-end 45 Days	N/A	N/A	JPY 352,099	11 %	

ATTACHMENT 8 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of for the year ended December 31,2008)
(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	\$-	\$3,813,116	\$135	\$3,813,251	11.05	\$-	-	\$3,039,279	\$-
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	-	1,102,855	-	1,102,855	6.36	208,722	Credit Collecting	764,781	-
UMC JAPAN	Investee company	-	217,882	232	218,114	5.81	-	-	97,463	1,911
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	-	117,468	361	117,829	4.05	18,430	Credit Collecting	84,594	-

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 352,099	\$-	JPY 352,099	4.35	JPY 275,815	Credit Collecting	JPY 64,860	JPY 287,438

ATTACHMENT 9 (Names, locations and related information of investee companys as of December 31, 2008)
(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, 2008			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	\$1,321,447	\$104,972	\$104,972	
UNITED MICROELECTRONICS (EUROPE) B.V.	The Netherlands	IC Sales	USD 5,421	USD 5,421	9	100.00	318,713	12,025	12,025	
UMC CAPITAL CORP.	Grand Cayman, Cayman Islands	Investment holding	USD 124,000	USD 124,000	124,000	100.00	3,617,816	67,651	67,651	
UNITED MICROELECTRONICS CORP. (SAMOA)	Apia, Samoa	Investment holding	USD 1,400	USD 1,000	680	100.00	4,902	(9,485)	(9,485)	
UMCI LTD.	Singapore	Sales and manufacturing of integrated circuits	USD 839,880	USD 839,880	880,006	100.00	195	(916)	(916)	
TLC CAPITAL CO., LTD.	Taipei City, Taiwan	Consulting and planning for investment in new business	6,000,000	6,000,000	687,800	100.00	4,837,391	(2,127,256)	(2,127,856)	
FORTUNE VENTURE CAPITAL CORP.	Taipei City, Taiwan	Consulting and planning for investment in new business	4,999,940	4,999,940	535,794	99.99	7,258,923	456,718	454,836	
UNITED MICRODISPLAY OPTRONICS CORP.	Hsinchu Science Park, Taiwan	Sales and manufacturing of LCOS	1,305,236	1,205,876	26,755	89.99	80,107	(187,795)	(170,139)	
UMC JAPAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY 20,994,400	JPY 20,994,400	496	52.64	7,750,697	(1,310,048)	(410,632)	
PACIFIC VENTURE CAPITAL CO., LTD.	Taipei City, Taiwan	Consulting and planning for investment in new business	30,000	150,000	30,000	49.99	7,379	2,228	-	Note2
MTIC HOLDINGS PTE LTD.	Singapore	Investment holding	SGD 12,000	SGD 4,000	12,000	46.49	263,192	(1,049)	(568)	
MEGA MISSION LIMITED PARTNERSHIP	Grand Cayman, Cayman Islands	Investment holding	USD 67,500	USD 67,500	-	45.00	1,504,963	(1,765,621)	(794,530)	Note4
UNITECH CAPITAL INC.	British Virgin Islands	Investment holding	USD 21,000	USD 21,000	21,000	42.00	525,898	(496,857)	(208,680)	
HSUN CHIEH INVESTMENT CO., LTD.	Taipei City, Taiwan	Investment holding	336,241	336,241	65,231	36.49	1,396,484	(24,868,356)	(9,074,110)	
NEXPOWER TECHNOLOGY CORP.	Taichung County, Taiwan	Sales and manufacturing of solar power batteries	2,631,885	760,745	107,283	35.76	2,676,686	(148,478)	(49,239)	
UNIMICRON HOLDING LIMITED	Apia, Samoa	Investment holding	USD 20,000	USD 20,000	20,000	25.25	566,380	(457,966)	(134,810)	Note3
XGI TECHNOLOGY INC.	Hsinchu City, Taiwan	Cartography chip design and production	262,736	248,795	3,307	14.63	33,547	(27,844)	(4,560)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	133,009	133,104	5,627	11.18	6,814	(269,377)	(28,277)	

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

Note 2: On July 3, 2006, PACIFIC VENTURE CAPITAL CO., LTD. began the liquidation process. The Company had ceased to recognize investment income of PACIFIC VENTURE CAPITAL CO., LTD. thereafter.

Note 3: Previously recorded as a prepayment for long-term investments in prior periods.

Note 4: No shares since it belongs to partnership fund organization.

ATTACHMENT 9 (Names, locations and related information of investee companys as of December 31, 2008)
(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, 2008			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 City, Taiwan	Investment holding	\$800,000	\$800,000	98,800	100.00	\$1,241,536	\$225,922	\$225,920	
UWAVE TECHNOLOGY CORP.	Hsinchu City, Taiwan	RF IC Design	85,471	85,471	10,186	44.29	-	-	-	Note 2
AEVOE INTERNATIONAL LTD.	Samoa	Design of VOIP Telephone	USD 2,213	USD 1,213	4,155	43.92	24,190	(13,761)	(5,477)	
ANOTO TAIWAN CORP.	Taoyuan County, Taiwan	Tablet transmission systems and chip-set	39,200	39,200	3,920	39.20	12,287	(31,500)	(12,348)	
WALTOP INTERNATIONAL CORP.	Hsinchu City, Taiwan	Tablet PC module, Pen LCD Monitor/module	90,000	90,000	6,000	26.09	128,796	40,611	10,606	
CRYSTAL MEDIA INC.	Hsinchu City, Taiwan	Design of VOIP network phones	50,629	50,629	4,493	24.09	30,055	(18,059)	(4,380)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	74,235	74,235	5,789	20.15	42,573	(65,812)	(13,305)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	54,300	54,300	4,525	16.95	36,848	(11,845)	(2,127)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B Chip	89,414	89,414	6,853	16.85	39,531	1,086	201	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	214,745	215,542	7,410	14.69	41,333	(269,377)	(39,586)	
XGI TECHNOLOGY INC.	Hsinchu City, Taiwan	Cartography chip design and production	278,383	270,483	2,162	9.57	19,713	(27,844)	(1,165)	
NEXPOWER TECHNOLOGY CORP.	Taichung County, Taiwan	Sales and manufacturing of solar power batteries	81,000	-	2,700	0.90	80,745	(148,478)	(283)	

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

Note 2: On June 29, 2007, UWAVE TECHNOLOGY CORP. (UWAVE) reached the decision of liquidation at its shareholders' meeting. The Company had ceased to recognize investment income of UWAVE thereafter.

ATTACHMENT 9 (Names, locations and related information of investee companys as of December 31, 2008)
(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, 2008			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
SOARING CAPITAL CORP.	Samoa	Investment holding	USD 900	USD -	900	100.00	\$26,780	\$(2,615)	\$(2,615)	
YUNG LI INVESTMENTS, INC.	Taipei City, Taiwan	Investment holding	280,000	280,000	0.28	45.16	251,165	(55,431)	(26,104)	
CTC CAPITAL PARTNERS I, L.P.	Cayman Islands	Investment holding	USD 4,500	USD 4,500	-	31.40	147,728	3,753	1,210	Note2
NEXPOWER TECHNOLOGY CORP.	Taichung County, Taiwan	Sales and manufacturing of solar power batteries	162,000	-	5,400	1.80	161,489	(148,478)	(566)	

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

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

UNTRUTH INVESTMENT CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2008			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
XGI TECHNOLOGY INC.	Hsinchu City, Taiwan	Cartography chip design and production	\$43,767	\$26,400	2,116	9.37	\$21,471	\$(27,844)	\$(823)	
WALTOP INTERNATIONAL CORP.	Hsinchu City, Taiwan	Tablet PC module, Pen LCD Monitor/module	30,000	30,000	2,000	8.70	42,932	40,611	3,535	
CRYSTAL MEDIA INC.	Hsinchu City, Taiwan	Design of VOIP network phones	16,493	16,493	1,587	8.51	10,615	(18,059)	(1,547)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	27,573	27,573	2,150	7.48	15,813	(65,812)	(4,942)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	17,700	14,700	1,425	5.34	11,196	(11,845)	(587)	
UWAVE TECHNOLOGY CORP.	Hsinchu City, Taiwan	RF IC Design	6,950	6,950	1,000	4.35	-	-	-	Note 1
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B Chip	20,463	20,463	1,700	4.18	8,905	1,086	50	
NEXPOWER TECHNOLOGY CORP.	Taichung County, Taiwan	Sales and manufacturing of solar power batteries	27,000	-	900	0.30	26,915	(148,478)	(94)	

Note 1: On June 29, 2007, UWAVE TECHNOLOGY CORP. (UWAVE) reached the decesion of liquidation at it's shareholders' meeting. The Company had ceased to recognize investment income of UWAVE thereafter.

ATTACHMENT 9 (Names, locations and related information of investee companys as of December 31, 2008)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2008			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 -	USD 100	15,600	100.00	\$-	\$-	\$-	Note2

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.
Note 2: On October, 2008, UMO has filed for liquidation and it is under the process of liquidation.

SOARING CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2008			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (thousand)			
UNTRUTH ADVISOR (SHANGHAI) CO., LTD.	China	Investment holding and advisory	USD 800	\$-	-	100.00	USD 721	USD (77)	USD (77)	Note2

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.
Note 2: No shares since it belongs to limited company.

UMC CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of December 31, 2008			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (thousand)			
UMC CAPITAL (USA)	Sunnyvale, California, USA	Investment holding	USD 200	USD 200	200	100.00	USD 385	USD 26	USD 26	
ECP VITA LTD.	British Virgin Islands	Insurance	USD 1,000	USD 1,000	1,000	100.00	USD 3,046	USD 934	USD 934	
ACHIEVE MADE INTERNATIONAL LTD.	British Virgin Islands	Internet Content Provider	USD 1,750	USD 1,000	808	48.03	USD 895	USD (547)	USD (250)	
UC FUND II	Cayman Islands	Investment holding	USD 2,850	USD 3,850	5,000	35.45	USD 3,577	USD (126)	USD (45)	
TRANSLINK CAPITAL PARTNERS I L.P.	Cayman Islands	Investment holding	USD 2,600	USD 1,560	-	11.82	USD 1,726	USD (6,694)	USD (838)	Note2

Note 1: Initial investment amounts denominated in foreign currencies are expressed in thousands.
Note 2: No shares since it belongs to partnership fund organization.

UNITED MICROELECTRONICS CORPORATION

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2008 (Note 1)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008 (Note 1)	Percentage of Ownership	Investment income (loss) recognized (Note4)	Carrying Value as of December 31, 2008 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
UNIMICRON TECHNOLOGY (SUZHOU) CORP.	PCB production	RMB 587,852	(Note2)	USD 20,000 (Note3)	\$-	\$-	USD 20,000	25.25%	\$(112,199)	USD 17,831	\$-
CHU DONG MULTIMEDIA TECHNOLOGY (SHANGHAI) CO., LTD.	Development & technical design of multimedia	USD 6,000	(Note5)	-	(Note5)	-	(Note5)	-	-	USD 612	-
JIAOYUE SOFTWARE (SHANGHAI) CO., LTD.	Development & design of computer software	USD 1,000	(Note5)	-	(Note5)	-	(Note5)	-	-	USD 102	-
TOUCH EQUIPMENT LEASING (SHANGHAI) CO., LTD.	Development & technical design of multimedia	USD 4,000	(Note5)	-	(Note5)	-	(Note5)	-	-	USD 408	-
RE BO CULTURE BROADCASTING LTD.(BEIJING)	TV program producing 、 Advertisement 、 Added value service	(Note6)	(Note6)	-	(Note6)	-	(Note6)	-	-	-	-
U-YOU INFORMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Commercial consult of TV shopping 、 Business market plans and business management consult, etc.	(Note7)	(Note7)	-	(Note7)	-	(Note7)	-	-	-	-
KU6 (BEIJING) TECHNOLOGY CO., LTD.	Computer software and Computer system integrate, and data processing, etc.	(Note8)	(Note8)	-	(Note8)	-	(Note8)	-	-	-	-
UNITRUTH ADVISOR (SHANGHAI) CO., LTD.	Investment holding and advisory	USD 800	(Note9)	-	USD 800	-	USD 800	100%	USD (77)	USD 721	-
MYMYTI NETWORK TECHNOLOGY CO., LTD.	Computer system services 、 Commercial consult, etc.	(Note10)	(Note10)	-	(Note10)	-	(Note10)	-	-	-	-
Accumulated Investment in Mainland China as of December 31, 2008		USD 26,282 (Note 5, 6, 7, 8, 9,10)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment							
		USD 26,282 (Note 5, 6, 7, 8, 9,10)	USD 32,961	\$110,805,701							

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

Note 2: Indirect investment in UNIMICRON TECHNOLOGY (SUZHOU) CORP. was through UNIMICRON HOLDING LIMITED (Samoa).

Note 3: The Company initially accounted for its investment in UNIMICRON HOLDING LIMITED (Samoa) as a prepayment for long-term investments.

In January 2008 UNIMICRON HOLDING LIMITED (Samoa) completed its increase in the capital, and the Company now accounts it under the equity method.

However, outflow of investment capital from Taiwan to UNIMICRON TECHNOLOGY (SUZHOU) CORP. was as of the end of 2007.

Note 4: Recognized on the basis of the audited financial statements for the same period.

Note 5: TLC Capital Co., Ltd. (TLC) indirectly invests in Mainland China via holding preferred shares issued by Touch Media International Holdings (Cayman) (Touch Media).

TOUCH TECHNOLOGY DEVELOPMENT (SHANGHAI) CO., LTD. changed its name to TOUCH EQUIPMENT LEASING (SHANGHAI) CO., LTD., and it was approved by the competent authority.

As of December 31, 2008, TLC had wired USD 5,000 thousand to Touch Media for the stated investment.

Note 6: TLC Capital Co., Ltd. (TLC) indirectly invests in Mainland China via investing in Zebra Media Inc. (Cayman) (Zebra) by its investee company, CTC Capital Partners I, L.P. (Cayman) (CTC).

Due to CTC only holds preferred shares and does not have significant influence on Zebra, the detail information of investments that Zebra made in Mainland China were not available on a timely basis.

As of December 31, 2008, CTC had wired USD 122 thousand to Zebra for the stated investment.

Note 7: TLC Capital Co., Ltd. (TLC) indirectly invests in Mainland China via investing in TFY HOLDING LTD. (BVI) (TFY) by its investee company, CTC Capital Partners I, L.P. (Cayman) (CTC).

Due to CTC only holds preferred shares and does not have significant influence on TFY, the detail information of investments that TFY made in Mainland China were not available on a timely basis.

As of December 31, 2008, CTC had wired USD 58 thousand to TFY for the stated investment.

Note 8: TLC Capital Co., Ltd. (TLC) indirectly invests in KU6 (BEIJING) TECHNOLOGY CO., LTD. via investing in KU6 HOLDING LTD. (KU6).

Due to TLC only holds preferred shares and does not have significant influence on KU6, the detail information of investments that KU6 made in Mainland China were not available on a timely basis.

As of December 31, 2008, TLC had wired USD 5,000 thousand to KU6 for the stated investment.

Note 9: TLC Capital Co., Ltd. (TLC) indirectly invests in UNITRUTH ADVISOR (SHANGHAI) CO., LTD.(UNITRUTH) via investing in SOARING CAPITAL CORP. (SOARING).

As of December 31, 2008, TLC had wired USD 800 thousand to SOARING for the stated investment.

Note 10: TLC Capital Co., Ltd. (TLC) indirectly invests in MYMYTI NETWORK TECHNOLOGY CO., LTD. (MYMYTI) via investing in CTC Capital Partners I, L.P. (Cayman) (CTC).

Due to TLC indirectly invests in MYMYTI and does not have significant influence on MYMYTI, the detail information of investments that CTC made in Mainland China were not available on a timely basis.

As of December 31, 2008, TLC had wired USD 482 thousand to MYMYTI for the stated investment.