

**UNITED MICROELECTRONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005**

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

REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Stockholders of
United Microelectronics Corporation

We have audited the accompanying consolidated balance sheets of United Microelectronics Corporation and Subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, change in stockholders' equity and cash flows for the years ended December 31, 2006 and 2005. The consolidated financial statements are the responsibility of United Microelectronics Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(11) to the consolidated financial statements, certain long-term investments were accounted for under the equity method based on the December 31, 2006 and 2005 financial statements of the investees, which were audited by other auditors. Our opinion insofar as it relates to the investment income amounting to NT\$848 million and NT\$1,031 million for the years ended December 31, 2006 and 2005, respectively, and the related long-term investment balances of NT\$1,719 million and NT\$6,253 million as of December 31, 2006 and 2005, 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 consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Microelectronics Corporation and Subsidiaries as of December 31, 2006 and 2005, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2006 and 2005, in conformity with the "Business Entity Accounting Law", "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

As described in Note 3 to the consolidated financial statements, effective from January 1, 2006, United Microelectronics Corporation and Subsidiaries have adopted the ROC Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement" and No. 36, "Financial Instruments: Disclosure and Presentation" to account for the financial instruments.

As described in Note 3 to the consolidated financial statements, effective from January 1, 2005, United Microelectronics Corporation and Subsidiaries have adopted the ROC Statement of Financial Accounting Standards No. 35, "Accounting for Asset Impairment" to account for the impairment of its assets. Effective from January 1, 2006, goodwill is no longer subject to amortization.

As described in Note 3 to the consolidated financial statements, effective from January 1, 2005, United Microelectronics Corporation and Subsidiaries have adopted the amendments to the ROC Statement of Financial Accounting Standards No. 5, "Accounting for Long-term Equity Investment".

February 9, 2007
Taipei, Taiwan
Republic of China

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 2006 and 2005
 (Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31,		Liabilities and Stockholders' Equity	Notes	As of December 31,	
		2006	2005			2006	2005
Current assets				Current liabilities			
Cash and cash equivalents	2, 4 (1)	\$ 93,853,208	\$ 108,626,800	Short-term loans	4 (15), 6	\$ 342,549	\$ 6,136,336
Financial assets at fair value through profit or loss, current	2, 3, 4 (2)	8,538,007	2,468,968	Financial liabilities at fair value through profit or loss, current	2, 3, 4 (16)	985,267	95,634
Available-for-sale financial assets, current	2, 3, 4 (3)	-	2,414,153	Accounts payable		4,864,771	5,501,159
Held-to-maturity financial assets, current	2, 3, 4 (4)	1,110,422	-	Income tax payable	2	2,071,394	277,953
Notes receivable	4 (5)	3,733	193	Accrued expenses		7,025,328	7,932,949
Notes receivable - related parties	5	50,648	62,136	Other payables		77,319	140,735
Accounts receivable, net	2, 4 (6)	14,028,084	13,628,434	Payable on equipment		10,130,367	5,315,695
Accounts receivable - related parties, net	2,5	323,645	1,420,977	Current portion of long-term liabilities	2, 4 (17)	9,068,283	10,250,000
Other receivables	2	849,742	891,058	Deferred income tax liabilities, current	2, 4 (24)	62	-
Inventories, net	2, 4 (7)	10,878,182	10,712,535	Other current liabilities	7	1,538,450	1,309,579
Prepaid expenses		762,799	694,669	Total current liabilities		36,103,790	36,960,040
Deferred income tax assets, current	2, 4 (24)	1,945,082	3,386,790				
Restricted deposits	6	-	555,800	Long-term liabilities			
Total current assets		132,343,552	144,862,513	Bonds payable	2, 4 (17)	30,383,076	41,692,159
				Total long-term liabilities		30,383,076	41,692,159
Funds and investments				Other liabilities			
Financial assets at fair value through profit or loss, noncurrent	2, 3, 4 (8)	474,738	-	Accrued pension liabilities	2, 4 (18)	3,115,420	3,014,998
Available-for-sale financial assets, noncurrent	2, 3, 4 (9), 4 (14)	52,311,172	6,812,103	Deposits-in		12,282	18,664
Held-to-maturity financial assets, noncurrent	2, 3, 4 (4)	-	1,116,806	Deferred income tax liabilities, noncurrent	2, 4 (24)	52,585	51,870
Financial assets measured at cost, noncurrent	2, 3, 4 (10), 4 (14)	7,515,945	6,574,800	Deferred credits - intercompany profits	2	13,245	-
Long-term investments accounted for under the equity method	2, 3, 4 (11), 4 (14)	11,662,599	16,262,856	Other liabilities - others		570,174	691,290
Prepaid long-term investments		-	30,000	Total other liabilities		3,763,706	3,776,822
Total funds and investments		71,964,454	30,796,565	Total liabilities		70,250,572	82,429,021
Property, plant and equipment	2, 3, 4 (12), 7			Capital	2, 4 (19), 4 (20), 4 (22)		
Land		1,879,442	1,893,522	Common stock		191,311,927	197,947,033
Buildings		21,076,844	21,260,902	Capital collected in advance		11,405	36,600
Machinery and equipment		415,225,873	386,920,282	Additional Paid-in Capital	2, 4 (19)		
Transportation equipment		90,706	89,580	Premiums		61,070,555	64,600,076
Furniture and fixtures		2,964,369	2,804,967	Treasury stock transactions		8,938	-
Leasehold improvements		42,968	43,037	Change in equities of long-term investments		6,627,794	20,781,523
Total cost		441,280,202	413,012,290	Retained earnings	4 (19), 4 (22)		
Less : Accumulated depreciation		(311,696,923)	(269,508,148)	Legal reserve		16,699,508	15,996,839
Add : Construction in progress and prepayments		22,244,850	15,609,497	Special reserve		322,150	1,744,171
Property, plant and equipment, net		151,828,129	159,113,639	Unappropriated earnings		17,774,335	8,831,782
				Adjustment items to stockholders' equity	2, 4 (9)		
Intangible assets				Cumulative translation adjustment		(824,922)	(241,153)
Goodwill	2, 3	3,498,687	3,491,072	Unrealized gain or loss on financial instruments		27,557,845	(80,989)
Technological know-how	2, 4 (14)	-	359,556	Treasury stock	2, 4 (11), 4 (19), 4 (21), 6	(29,394,664)	(51,332,329)
Other intangible assets	2	1,330	182,793	Total stockholders' equity of holding company		291,164,871	258,283,553
Total intangible assets		3,500,017	4,033,421	Minority interests		6,238,018	6,336,685
				Total stockholders' equity		297,402,889	264,620,238
Other assets							
Deferred charges	2	1,501,064	2,034,569				
Deferred income tax assets, noncurrent	2, 4 (24)	4,184,091	4,012,314				
Other assets - others	2, 4 (13), 4 (14), 6	2,332,154	2,196,238				
Total other assets		8,017,309	8,243,121				
Total assets		\$ 367,653,461	\$ 347,049,259	Total liabilities and stockholders' equity		\$ 367,653,461	\$ 347,049,259

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 For the years ended December 31, 2006 and 2005
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the year ended December 31,			
		2006		2005	
Operating revenues	2, 5				
Sales revenues		\$109,857,465		\$97,172,846	
Less : Sales returns and discounts		(867,150)		(1,959,994)	
Net Sales		108,990,315		95,212,852	
Other operating revenues		3,013,504		5,103,130	
Net operating revenues		112,003,819		100,315,982	
Operating costs	4 (23)				
Cost of goods sold		(88,452,676)		(86,409,480)	
Other operating costs		(2,198,540)		(4,266,217)	
Operating costs		(90,651,216)		(90,675,697)	
Gross profit		21,352,603		9,640,285	
Unrealized intercompany profit	2	(105,892)		(118,815)	
Realized intercompany profit	2	118,815		151,192	
Gross profit-net		21,365,526		9,672,662	
Operating expenses	4 (23), 5				
Sales and marketing expenses		(3,365,678)		(3,738,469)	
General and administrative expenses		(3,422,340)		(4,387,406)	
Research and development expenses		(9,418,877)		(9,633,607)	
Subtotal		(16,206,895)		(17,759,482)	
Operating income (loss)		5,158,631		(8,086,820)	
Non-operating income					
Interest revenue		1,562,704		1,055,138	
Investment gain accounted for under the equity method, net	2, 4 (11)	1,178,103		1,096,985	
Dividend income		950,546		1,051,813	
Gain on disposal of property, plant and equipment	2	331,767		177,397	
Gain on disposal of investments	2	28,651,109		10,276,618	
Exchange gain, net	2	316,006		295,179	
Gain on recovery of market value of inventories	2	-		837,315	
Gain on valuation of financial assets	2	750,378		58,853	
Gain on valuation of financial liabilities	2	306,140		-	
Other income		862,750		1,038,821	
Subtotal		34,909,503		15,888,119	
Non-operating expenses					
Interest expense	4 (12)	(648,408)		(1,098,854)	
Loss on disposal of property, plant and equipment	2	(107,962)		(218,525)	
Loss on decline in market value and obsolescence of inventories	2	(1,089,490)		-	
Financial expenses		(230,757)		(268,985)	
Impairment loss	2, 3, 4 (14)	(1,330,293)		(460,542)	
Other losses	2	(73,799)		(148,606)	
Subtotal		(3,480,709)		(2,195,512)	
Income from continuing operations before income tax		36,587,425		5,605,787	
Income tax expense	2, 4 (24)	(3,261,622)		(67,052)	
Income from continuing operations		33,325,803		5,538,735	
Cumulative effect of changes in accounting principles (the net amount after deducted tax expense \$0)	3	(1,188,515)		(112,898)	
Net income		\$32,137,288		\$5,425,837	
Attributable to:					
Shareholders of the parent		\$32,619,313		\$7,026,692	
Minority interests		(482,025)		(1,600,855)	
Net income		\$32,137,288		\$5,425,837	
		Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4 (25)				
Net income attributable to shareholders of the parent		\$ 1.99	\$ 1.81	\$ 0.38	\$ 0.38
Earnings per share-diluted (NTD)	2, 4 (25)				
Net income attributable to shareholders of the parent		\$ 1.92	\$ 1.75	\$ 0.37	\$ 0.37

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the years ended December 31, 2006 and 2005
 (Expressed in Thousands of New Taiwan Dollars)

	Notes	Capital		Retained Earnings			Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Minority Interests	Total	
		Common Stock	Collected in Advance	Additional Paid-in Capital	Legal Reserve	Special Reserve						Unappropriated Earnings
Balance as of January 1, 2005	4 (19)	\$ 177,919,819	\$ 4,040	\$ 84,933,195	\$ 12,812,501	\$ 90,871	\$ 29,498,329	\$ (424,713)	\$ (1,319,452)	\$ (37,140,714)	\$ 8,728,877	\$ 275,102,753
Appropriation of 2004 retained earnings	4 (22)											
Legal reserve		-	-	-	3,184,338	-	(3,184,338)	-	-	-	-	-
Special reserve		-	-	-	-	1,653,300	(1,653,300)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(1,758,736)	-	-	-	-	(1,758,736)
Stock dividends		17,587,364	-	-	-	-	(17,587,364)	-	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(27,006)	-	-	-	-	(27,006)
Employee bonus - stock		1,972,855	-	-	-	-	(1,972,855)	-	-	-	-	-
Purchase of treasury stock	2, 4 (21)	-	-	-	-	-	-	-	-	(16,378,692)	-	(16,378,692)
Cancellation of treasury stock	2, 4 (19), 4 (21)	(491,140)	-	(177,419)	-	-	(1,509,640)	-	-	2,178,199	-	-
Net income in 2005		-	-	-	-	-	7,026,692	-	-	-	(1,600,855)	5,425,837
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	(28,491)	-	-	-	-	-	-	-	(28,491)
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	343,724	-	-	-	343,724
Exercise of employee stock options	2, 4 (20)	954,095	36,600	654,314	-	-	-	-	-	-	-	1,645,009
Common stock transferred from capital collected in advance		4,040	(4,040)	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	1,078,299	-	-	1,078,299
Changes in minority interests		-	-	-	-	-	-	-	-	8,878	(791,337)	(782,459)
Balance as of December 31, 2005	4 (19)	197,947,033	36,600	85,381,599	15,996,839	1,744,171	8,831,782	(80,989)	(241,153)	(51,332,329)	6,336,685	264,620,238
The effect of adopting SFAS NO. 34	3 (3)	-	-	-	-	-	-	24,097,170	11,547	-	-	24,108,717
Appropriation of 2005 retained earnings	4 (22)											
Legal reserve		-	-	-	702,669	-	(702,669)	-	-	-	-	-
Special reserve		-	-	-	-	(1,422,021)	1,422,021	-	-	-	-	-
Cash dividends		-	-	-	-	-	(7,161,267)	-	-	-	-	(7,161,267)
Stock dividends		895,158	-	-	-	-	(895,158)	-	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(6,324)	-	-	-	-	(6,324)
Employee bonus - cash		-	-	-	-	-	(305,636)	-	-	-	-	(305,636)
Employee bonus - stock		458,455	-	-	-	-	(458,455)	-	-	-	-	-
Additional paid-in capital transferred to common stock	4 (19)	895,158	-	(895,158)	-	-	-	-	-	-	-	-
Purchase of treasury stock	2, 4 (21)	-	-	-	-	-	-	-	-	(27,286,339)	-	(27,286,339)
Cancellation of treasury stock	2, 4 (19), 4 (21)	(10,000,000)	-	(3,269,100)	-	-	(6,371,128)	-	-	19,640,228	-	-
Adjustment of treasury stock due to loss of control over subsidiary		-	-	(57,972)	-	-	(9,198,144)	(6,826,238)	-	29,583,776	-	13,501,422
Net income in 2006		-	-	-	-	-	32,619,313	-	-	-	(482,025)	32,137,288
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	(62,686)	-	-	-	-	-	-	-	(62,686)
Adjustment of funds and investments disposal	2	-	-	(14,091,043)	-	-	-	-	8,170	-	-	(14,082,873)
Cash dividends allocated to subsidiaries		-	-	66,910	-	-	-	-	-	-	-	66,910
Changes in unrealized gain on available-for-sale financial assets	2, 4 (9)	-	-	-	-	-	-	1,066,672	-	-	-	1,066,672
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	9,301,230	-	-	-	9,301,230
Exercise of employee stock options	2, 4 (20)	1,079,523	11,405	634,737	-	-	-	-	-	-	-	1,725,665
Common stock transferred from capital collected in advance		36,600	(36,600)	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(603,486)	-	-	(603,486)
Changes in minority interests		-	-	-	-	-	-	-	-	-	383,358	383,358
Balance as of December 31, 2006	4 (19)	\$ 191,311,927	\$ 11,405	\$ 67,707,287	\$ 16,699,508	\$ 322,150	\$ 17,774,335	\$ 27,557,845	\$ (824,922)	\$ (29,394,664)	\$ 6,238,018	\$ 297,402,889

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2006 and 2005
 (Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2006	2005
Cash flows from operating activities:		
Net income attributable to shareholders of the parent	\$ 32,619,313	\$ 7,026,692
Net loss attributable to minority interests	(482,025)	(1,600,855)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	44,255,730	51,366,170
Amortization	1,826,622	3,278,290
Bad debt reversal	(164,908)	(149,407)
Loss (gain) on decline (recovery) in market value and obsolescence of inventories	1,089,490	(837,315)
Loss (gain) on valuation of financial assets and liabilities	131,997	(58,853)
Investment gain accounted for under the equity method	(1,178,103)	(984,087)
Cash dividends received under the equity method	1,086,996	870,694
Gain on disposal of investments	(28,651,109)	(10,276,618)
Loss (gain) on disposal of property, plant and equipment	(223,805)	41,128
Transfer of property, plant and equipment to losses and expenses	-	9,370
Gain on reacquisition of bonds	(18,465)	(133,042)
Amortization of bond discounts (premiums)	87,369	(9,569)
Exchange gain on financial assets and liabilities	(13,009)	(2,352)
Exchange (gain) loss on long-term liabilities	(127,179)	77,021
Amortization of deferred income	(99,210)	(89,762)
Impairment loss	1,330,293	460,542
Effect from subsidiaries over which significant control is no longer held	-	(264,467)
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss, current	(5,803,828)	46,605
Notes and accounts receivable	783,372	(1,668,590)
Other receivables	97,674	(243,280)
Inventories	(1,262,091)	17,184
Prepaid expenses	(78,560)	(342,885)
Deferred income tax assets	(2,793)	54,604
Other current assets	13,924	(14,612)
Notes payable	-	(167,875)
Accounts payable	(1,676,068)	(333,824)
Income tax payable	(106,504)	34,104
Accrued expenses	2,053,791	(691,806)
Other payables	51,232	14,366
Other current liabilities	183,773	(732,210)
Accrued pension liabilities	110,883	301,796
Capacity deposits	(4,953)	(193,249)
Other liabilities - others	1,248,502	242,200
Net cash provided by operating activities	<u>47,078,351</u>	<u>45,046,108</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(427,202)	-
Acquisition of available-for-sale financial assets	(5,145,237)	(3,126,417)
Acquisition of financial assets measured at cost	(2,281,596)	(2,834,658)
Acquisition of long-term investments accounted for under the equity method	(3,524,941)	(2,211,922)
Proceeds from disposal of financial assets at fair value through profit or loss	74,092	-
Proceeds from disposal of available-for-sale financial assets	18,697,235	9,755,644
Proceeds from disposal of financial assets measured at cost	903,019	2,323,314
Proceeds from disposal of long-term investments accounted for under the equity method	8,202,027	7,178,638
Proceeds from disposal of held-to-maturity financial assets	-	1,708,260
Proceeds from capital reduction and liquidation of long-term investments	204,352	50,725
Acquisition of property, plant and equipment	(33,239,978)	(22,162,708)
Proceeds from disposal of property, plant and equipment	587,904	3,084,714
Increase in deferred charges	(1,095,114)	(1,377,043)
Decrease (increase) in restricted deposits	555,800	(555,800)
Decrease (increase) in other assets	(20,958)	679,908
Net cash used in investing activities	<u>(16,510,597)</u>	<u>(7,487,345)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2006 and 2005
 (Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2006	2005
(continued)		
Cash flows from financing activities:		
Increase in short-term loans	\$ 204,265	\$ 499,929
Repayment of long-term loans	-	(20,382,214)
Issuance of bonds	-	12,478,603
Redemption of bonds	(10,250,000)	(2,820,004)
Reacquisition of bonds	(1,844,683)	(2,662,226)
Remuneration paid to directors and supervisors	(6,324)	(27,006)
Decrease in deposits-in	(6,379)	(204,474)
Cash dividends	(7,155,865)	(1,758,736)
Employee bonus	(305,636)	-
Purchase of treasury stock	(27,286,339)	(16,378,692)
Exercise of employee stock options	1,725,665	1,642,008
Increase (decrease) in minority shareholders	(130,269)	20,826
Net cash used in financing activities	<u>(45,055,565)</u>	<u>(29,591,986)</u>
Effect of exchange rate changes on cash and cash equivalents	(247,242)	(1,536,358)
Effect of subsidiaries change	(38,539)	814,408
Net increase (decrease) in cash and cash equivalents	<u>(14,773,592)</u>	<u>7,244,827</u>
Cash and cash equivalents at beginning of year	108,626,800	101,381,973
Cash and cash equivalents at end of year	<u>\$ 93,853,208</u>	<u>\$ 108,626,800</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 971,038</u>	<u>\$ 1,379,098</u>
Cash paid (refunded) for income tax	<u>\$ 167,433</u>	<u>\$ (129,057)</u>
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 38,054,650	\$ 19,407,024
Add: Payable at beginning of year	5,315,695	8,071,379
Less: Payable at end of year	(10,130,367)	(5,315,695)
Cash paid for acquiring property, plant and equipment	<u>\$ 33,239,978</u>	<u>\$ 22,162,708</u>
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	\$ 69,621	\$ -
Book value of available-for-sale financial assets delivered for exchange	(20,242)	-
Elimination of related balance sheet accounts	15,302	-
Recognition of gain on disposal of available-for-sale financial assets	<u>\$ 64,681</u>	<u>\$ -</u>

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

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006 and 2005
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

United Microelectronics Corporation (“UMC”) was incorporated in May 1980 and commenced operations in April 1982. UMC is a full service semiconductor wafer foundry, and provides a variety of services to satisfy customer needs. These services include intellectual property, embedded IC design, design verification, mask tooling, wafer fabrication, and testing. UMC’s common shares were publicly listed on the Taiwan Stock Exchange (TSE) in July 1985 and its American Depositary Shares (ADSs) were listed on the New York Stock Exchange (NYSE) in September 2000.

Based on the resolution of the board of directors’ meeting on February 26, 2004, the effective date of UMC’s merger with SiS MICROELECTRONICS CORP. (SiSMC) was July 1, 2004. UMC was the surviving company, and SiSMC was the dissolved company. The merger was approved by the relevant government authorities. All the assets, liabilities, rights, and obligations of SiSMC have been fully incorporated into UMC since July 1, 2004.

Based on the resolution of the board of directors’ meeting on August 26, 2004, UMCI LTD. had transferred its businesses, operations, and assets to UMC’s Singapore branch (the Branch) since April 1, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in conformity with the “Business Entity Accounting Law”, “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China (R.O.C.).

Summary of significant accounting policies is as follows:

General Descriptions of Reporting Entities

(1) Principles of Consolidation

Effective January 1, 2005, investees in which UMC, directly or indirectly, holds more than 50% of voting rights or de facto control with less than 50% of voting rights, are consolidated into UMC’s financial statements in accordance with the amended ROC Statements of Financial Accounting Standards (SFAS) No. 7, “Consolidation of Financial Statements” (UMC and the consolidated entities are hereinafter referred to as “the Company”.)

Transactions between consolidated entities are eliminated in the consolidated financial statements. Prior to January 1, 2006, the difference between the acquisition cost and the net equity of a subsidiary as of the acquisition date was amortized over 5 years; however effective January 1, 2006, goodwill arising from new acquisitions is analyzed and accounted for under the ROC SFAS No. 25, “Business Combination – Accounting Treatment under Purchase Method”, and goodwill is no longer to be amortized.

(2) The consolidated entities are as follows:

As of December 31, 2006

Investor	Subsidiary	Business nature	Percentage of ownership (%)
UMC	UMC GROUP (USA) (UMC-USA)	IC Sales	100.00
UMC	UNITED MICROELECTRONICS (EUROPE) B.V. (UME BV)	IC Sales	100.00
UMC	UMC CAPITAL CORP.	Investment holding	100.00
UMC	UNITED MICROELECTRONICS CORP. (SAMOA)	Investment holding	100.00
UMC	TLC CAPITAL CO., LTD. (TLC)	Investment holding	100.00
UMC	UMCI LTD. (UMCI) (Note 1)	Sales and manufacturing of integrated circuits	100.00
UMC	FORTUNE VENTURE CAPITAL CORP. (FORTUNE)	Consulting and planning for investment in new business	99.99
UMC	UNITED MICRODISPLAY OPTRONICS CORP. (UMO)(Note 2)	Sales and manufacturing of LCOS	81.76
UMC	UMC JAPAN (UMCJ)	Sales and manufacturing of integrated circuits	50.09
UMC and UMO	THINTEK OPTRONICS CORP. (THINTEK) (Note 2)	LCOS design, production and sales	-
FORTUNE	UNITRUTH INVESTMENT CORP. (UNITRUTH)	Investment holding	100.00
UMC CAPITAL CORP.	UMC CAPITAL (USA)	Investment holding	100.00
UMC CAPITAL CORP.	ECP VITA LTD.	Insurance	100.00

As of December 31, 2005

Investor	Subsidiary	Business nature	Percentage of ownership (%)
UMC	UMC-USA	IC Sales	100.00
UMC	UME BV	IC Sales	100.00
UMC	UMC CAPITAL CORP.	Investment holding	100.00
UMC	UNITED MICROELECTRONICS CORP. (SAMOA)	Investment holding	100.00
UMC	TLC	Investment holding	100.00
UMC	UNITED FOUNDARY SERVICE, INC. (Note 3)	Supervising and monitoring group projects	-
UMC	UMCI (Note 1)	Sales and manufacturing of integrated circuits	100.00
UMC	FORTUNE	Consulting and planning for investment in new business	99.99
UMC	HSUN CHIEH INVESTMENT CO., LTD. (HSUN CHIEH) (Note 4)	Investment holding	99.97
UMC	UMO	Sales and manufacturing of LCOS	86.72
UMC	SILICON INTEGRATED SYSTEMS CORP.(SIS) (NOTE5)	Sale and manufacturing of integrated circuit	16.59
UMC and UMO	THINTEK	LCOS design, production and sales	54.26
UMC, HSUN CHIEH	UMCJ	Sales and manufacturing of integrated circuits	53.49
UMC, UNITRUTH and FORTUNE	XGI TECHNOLOGY INC. (XGI) (Note 5)	Cartography chip design, production and sales	31.70
FORTUNE	UNITRUTH	Investment holding	100.00
UMC CAPITAL CORP.	UMC CAPITAL (USA)	Investment holding	100.00
UMC CAPITAL CORP.	ECP VITA LTD.	Insurance	100.00
SIS	SILICON INTEGRATED SYSTEMS CORP. (SIS-HK) (Note 5)	IC sales	100.00
SIS	SILICON INTEGRATED SYSTEMS CORP. (SIS-USA) (Note 5)	IC sales	100.00
SIS	INVESTAR CPU VENTURE CAPITAL FUND, INC. LDC (IVCF) (Note 6)	Investment holding	-
XGI	XGI TECHNOLOGY INC. (CAYMAN) (Note 5)	Investment holding	100.00
XGI	XGI TECHNOLOGY INC. (USA) (Note 5)	Cartography chip design and production	100.00

Note 1: Based on the resolution of the board of directors' meeting on August 26, 2004, UMC has transferred its businesses, operations, and assets to the Branch since April 1, 2005.

Note 2: THINTEK was merged into UMO on October 1, 2006. The exchange ratio was 2.31 to 1.

Note 3: UNITED FOUNDRY SERVICE, INC. completed the liquidation process in April 2005.

Note 4: UMC has ceased to consolidate the gains and losses of the subsidiary and its investees in preparing the consolidated financial statements since January 2006 as UMC no longer possessed control over the subsidiary.

Note 5: In conformity with the ROC SFAS No. 7, "Consolidated Financial Statements", UMC has ceased to consolidate the gains and losses of the subsidiary and its investees in preparing the consolidated financial statements since June 27, 2005 as UMC no longer possessed control over the subsidiary.

Note 6: Based on the resolution of the board of directors meeting in November 2002, IVCF was to be liquidated. The liquidation process was completed during the first quarter of 2005.

Foreign Currency Transactions

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

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

Use of Estimates

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

Translation of Foreign Currency Financial Statements

The financial statements of foreign subsidiaries and the Branch are translated into New Taiwan Dollars using the spot rates as of each financial statement date for asset and liability accounts, average exchange rates for profit and loss accounts, historical exchange rates for equity accounts, and exchange rates on dividend declaration date for dividends. The cumulative translation effects from the subsidiaries and the Branch using functional currencies other than New Taiwan Dollars are included in the cumulative translation adjustment in consolidated stockholders' equity.

Cash Equivalents

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

Financial Instruments

In accordance with ROC 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 that the Company commits to purchasing or selling the asset or liability. Financial assets and financial liabilities are initially recognized at fair value plus acquisition or issuance costs. Accounting policies prior to December 31, 2005 are described in Note 3.

a. Financial instruments at fair value through profit or loss

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

This category of financial instruments is measured at fair value, and changes in fair value are recognized in the consolidated statements of income. Stock of listed companies, convertible bonds, and close-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.

b. Held-to-maturity financial assets

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

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

c. Financial assets measured at cost

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

d. Available-for-sale financial assets

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

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

Allowance for Doubtful Accounts

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

Inventories

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

Long-term Investments Accounted for Under the Equity Method

Long-term investments are initially recorded at acquisition cost. Investments acquired by the contribution of technological know-how are credited to deferred credits among affiliates, which will be amortized to income 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, arising differences from new acquisitions are analyzed and accounted for under the ROC SFAS No. 25, "Business Combination – Accounting Treatment under Purchase Method", where goodwill is no longer to be amortized.

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 year end ownership percentage until realized through transactions with third parties. Intercompany gains and losses arising from transactions between the Company and majority-owned (above 50%) subsidiaries are eliminated entirely until realized through transactions with third parties.

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

Unrealized intercompany gains and losses arising from transactions between two equity method investees are eliminated in proportion to the Company's multiplied weighted-average ownership percentage with the investees until realized through transactions with third parties. Those intercompany gains and losses arising from transactions between two majority-owned subsidiaries are eliminated in proportion to the Company's weighted-average ownership percentage in the subsidiary that incurred the gain or loss.

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

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

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. When property, plant and equipment are disposed, their original cost and accumulated depreciation are written off and the related gain or loss is classified as non-operating income or expense. Idle assets are classified as other assets at the lower of net book or net realizable value, with the difference charged to non-operating expenses.

Depreciation is recognized on a straight-line basis using the estimated economic life of the assets less salvage value, if any. If the main property, plant and equipment are fully depreciated and sub property, plant and equipment are still in use, the depreciation is based on the newly estimated remaining useful life. The estimated economic life of the property, plant and equipment is as follows: buildings – 3 to 55 years; machinery and equipment – 5 to 6 years; transportation equipment – 4 to 5 years; furniture and fixtures – 2 to 20 years; leased assets and leasehold improvements – the lease period or estimated economic life, whichever is shorter.

Intangible Assets

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

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

An impairment loss will be recognized when the 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—select the shorter term of contract or estimated economic life of the related technology; and software—3 years.

Prior to December 31, 2005, the issuance costs of convertible and exchangeable bonds were classified as deferred charges and amortized over the life of the bonds. Effective January 1, 2006, the unamortized amounts as of December 31, 2005 were reclassified as a bond discount and recorded as a deduction to bonds payable. The amounts are amortized using the effective interest method over the remaining life of the bonds. If the difference between the straight-line method and the effective interest method is immaterial, the amortization of the bond discount may be amortized using the straight-line method and recorded as the adjustment of 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 on 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 consolidated stockholders' equity accounts, with the difference recognized as a gain or loss on disposal of investments.

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

Pension Plan

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

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

The accounting for UMC's pension liability is computed in accordance with ROC SFAS No.18. Net pension costs of the defined benefit plan are recorded based on an 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 by the actuary. UMC recognizes expenses from the defined contribution pension plan in the period in which the contribution becomes due.

Employee Stock Option Plan

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

Treasury Stock

The Company adopted ROC SFAS No. 30, "Accounting for Treasury Stocks" which requires that treasury stock held by the Company to be accounted for under the cost method. The cost of treasury stock is shown as a deduction to consolidated stockholders' equity, while any gain or loss from selling treasury stock is treated as an adjustment to additional paid-in capital. The Company's stock held by its subsidiaries is also treated as treasury stock.

Revenue Recognition

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

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

Capital Expenditure versus Operating Expenditure

An expenditure is capitalized when it is probable that the Company will receive future economic benefits associated with the expenditure and the expenditure amount exceeds a predetermined amount. Otherwise, the expenditure is expensed as incurred.

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, then it is classified as either current or noncurrent based on the expected reversal date of the temporary difference.

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

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

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

Earnings per Share

Earnings per share is computed according to ROC SFAS No. 24, "Earnings Per Share." Basic earnings per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the current reporting period. Diluted earnings per share is computed by taking basic earnings per share into consideration plus additional common shares that would have been outstanding if the dilutive share equivalents had been issued. Net income (loss) is also adjusted for interest and other income or expenses derived from any underlying dilutive share equivalents. The weighted-average of outstanding shares is adjusted retroactively for stock dividends and bonus share issues.

Asset Impairment

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

In addition, a goodwill-allocated CGU or group of CGUs is tested for impairment each year, regardless of whether impairment is indicated. If an impairment test reveals that the carrying amount, including goodwill, of CGU or group of CGUs is greater than its recoverable amount, there is 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 loss and income, respectively.

3. ACCOUNTING CHANGES

Asset Impairment

The Company adopted the ROC SFAS No. 35, "Accounting for Asset Impairment" to account for the impairment of its assets for its financial statements effective January 1, 2005. No retroactive adjustment is required under the standard. With such a change, the Company's consolidated net income was reduced by NT\$370 million and the consolidated earnings per share was decreased by NT\$0.02.

Goodwill

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

Financial Instruments

(1) The Company adopted ROC SFAS No. 34, "Financial Instruments: Recognition and Measurement" and SFAS No. 36, "Financial Instruments: Disclosure and Presentation" to account for the financial instruments effective January 1, 2006. Some prior year items have been reclassified as required by ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers," SFAS No. 34 and No. 36 to conform with current year's presentation.

(2) The accounting policies prior to December 31, 2005 are as follows:

a. Marketable Securities

Marketable securities were recorded at cost at acquisition and were stated at the lower of aggregate cost or market value as of the balance sheet date. Cash dividends were recognized as dividend income at the point of receipt. Costs of money market funds and short-term notes were identified specifically while other marketable securities were determined by the weighted-average method. The market values of listed debts, equity securities and closed-end funds were determined by the average closing price during the last month of the fiscal year. The market value for open-end funds was determined by the net asset value as of the balance sheet date. The amount by which the aggregate cost exceeded the market value was reported as a loss in the current year. In subsequent periods, recovery of the market value was recognized as a gain to the extent that the market value did not exceed the original aggregate cost of the investment.

b. Long-Term Investment – Cost Method or Lower of Cost or Market Value Method

Investments of less than 20% of the outstanding voting rights in listed investees, where significant influence on operating decisions of the investees does not reside with the Company, were accounted for by the lower of aggregate cost or market value method. The unrealized loss resulting from the decline in market value of investments that were held for the purpose of long-term investment was deducted from the consolidated stockholders' equity. The market value as of the balance sheet date was determined by the average closing price during the last month of the reporting period. Investments of less than 20% of the outstanding voting rights in unlisted investees were accounted for under the cost method. The Company recognized an impairment loss on investments if objective evidence existed demonstrating an other than temporary decline in fair value. The book value of the investment was written down to its fair market value.

c. Derivative Financial Instruments

The net receivables or payables resulting from interest rate swap and forward contracts were recorded under current assets or current liabilities before December 31, 2005.

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

Gains and Losses of Equity Method Investees

Pursuant to revised ROC SFAS No.5, "Accounting for Long-term Investment" effective on January 1, 2005, certain gains or losses of equity investees were recognized based on the gains or losses incurred in the current period and could not be deferred to the next year. As a result of the amendment, the consolidated net income and the basic earnings per share for the year ended December 31, 2005 were reduced by NT\$113 million and NT\$0.01, respectively.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of December 31,	
	2006	2005
Cash:		
Cash on hand	\$2,665	\$2,814
Checking and savings accounts	4,527,578	4,150,657
Time deposits	80,909,065	91,976,196
Subtotal	85,439,308	96,129,667
Cash equivalents	8,413,900	12,497,133
Total	\$93,853,208	\$108,626,800

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

	As of December 31,	
<u>Held for trading</u>	2006	2005
Listed stocks	\$8,094,274	\$1,250,280
Convertible bonds	443,733	1,218,688
Total	<u>\$8,538,007</u>	<u>\$2,468,968</u>

During the year ended December 31, 2006, net gain arising from the changes in fair value of financial assets at fair value through profit or loss, current, was NT\$712 million.

(3) AVAILABLE-FOR-SALE FINANCIAL ASSETS, CURRENT

	As of December 31,	
	2006	2005
Common stock	\$-	\$1,004,878
Preferred stock	-	1,409,275
Total	<u>\$-</u>	<u>\$2,414,153</u>

(4) HELD-TO-MATURITY FINANCIAL ASSETS

	As of December 31,	
	2006	2005
Credit-linked deposits and repackage bonds	\$1,110,422	\$1,116,806
Less: Non-current portion	-	(1,116,806)
Total	<u>\$1,110,422</u>	<u>\$-</u>

(5) NOTES RECEIVABLE

	As of December 31,	
	2006	2005
Notes receivable	<u>\$3,733</u>	<u>\$193</u>

(6) ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2006	2005
Accounts receivable	\$14,824,524	\$14,459,202
Less: Allowance for sales returns and discounts	(794,444)	(681,449)
Less: Allowance for doubtful accounts	(1,996)	(149,319)
Net	<u>\$14,028,084</u>	<u>\$13,628,434</u>

(7) INVENTORIES, NET

	As of December 31,	
	2006	2005
Raw materials	\$1,157,909	\$310,393
Supplies and spare parts	1,974,417	1,917,444
Work in process	7,220,955	8,141,427
Finished goods	1,636,365	1,140,774
Total	11,989,646	11,510,038
Less: Allowance for loss on decline in market value and obsolescence	(1,111,464)	(797,503)
Net	<u>\$10,878,182</u>	<u>\$10,712,535</u>

Inventories were not pledged.

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

	As of December 31,	
	2006	2005
Convertible bonds	<u>\$474,738</u>	<u>\$-</u>

During the year ended December 31, 2006, net gain arising from the changes in fair value of financial assets at fair value through profit or loss, noncurrent, was NT\$90 million.

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

	As of December 31,	
	2006	2005
Common stock	<u>\$52,311,172</u>	<u>\$6,812,103</u>

During the year ended December 31, 2006, the Company recognized a net gain of NT\$8,282 million due to the changes in fair value as an adjustment to consolidated stockholders' equity.

(10) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of December 31,	
	2006	2005
Common stock	\$4,614,880	\$3,982,342
Preferred stock	2,387,508	1,957,968
Funds	513,557	634,490
Total	<u>\$7,515,945</u>	<u>\$6,574,800</u>

(11) 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,			
	2006		2005	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
HOLTEK SEMICONDUCTOR INC.	\$878,747	24.45	\$818,681	24.81
ITE TECH. INC.	341,268	21.80	329,704	22.66
UNIMICRON TECHNOLOGY CORP. (UNIMICRON)(Note A)	-	-	4,370,256	22.26
FARADAY TECHNOLOGY CORP. (Note B)	-	-	864,928	18.50
SILICON INTEGRATED SYSTEMS CORP. (Note B)	-	-	3,921,878	16.59
HARVATEK CORP. (Note C)	-	-	346,020	16.50
NOVATEK MICROELECTRONICS CORP. (Note B)	-	-	1,538,740	12.54
SERCOMM CORP. (Note C)	-	-	267,807	12.15
Subtotal	<u>1,220,015</u>		<u>12,458,014</u>	
<u>Unlisted companies</u>				
PACIFIC VENTURE CAPITAL CO., LTD.	127,379	49.99	296,218	49.99
MTIC HOLDINGS PTE LTD.	81,402	49.94	-	-
ANOTO TAIWAN CORP.	32,622	49.00	-	-
SMEDIA TECHNOLOGY CORP.	153,830	48.73	71,848	38.32
UWAVE TECHNOLOGY CORP.	36,823	48.64	74,937	48.64
UCA TECHNOLOGY INC.	50,128	48.33	34,881	45.53
MEGA MISSION LIMITED PARTNERSHIP	2,699,491	45.00	-	-
YUNG LI INVESTMENTS, INC.	202,390	44.44	-	-
ACHIEVE MADE INTERNATIONAL LTD.	30,845	44.44	-	-
UNITECH CAPITAL INC.	959,542	42.00	638,946	42.00
STAR SEMICONDUCTOR CORP.	19,417	41.19	30,962	33.47
WALTOP INTERNATIONAL CORP.	117,457	40.00	-	-
NEXPOWER TECHNOLOGY CORP.	11,976	40.00	7,982	40.00
HSUN CHIEH INVESTMENT CO., LTD. (HSUN CHIEH) (Note D)	4,674,311	36.49	-	-
AEVOE INTERNATIONAL LTD.	12,610	35.80	-	-
UC FUND II	122,648	35.45	133,217	35.45

Investee Companies	As of December 31,			
	2006		2005	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
TERA XTAL TECHNOLOGY CORP.	\$108,950	35.00	\$-	-
CRYSTAL MEDIA INC.	50,649	34.03	12,803	34.36
XGI TECHNOLOGY INC.	96,685	31.62	150,477	31.70
HIGHLINK TECHNOLOGY CORP.	361,378	30.63	208,833	22.18
ALLIANCE OPTOTEK CORP.	47,107	29.09	-	-
AMIC TECHNOLOGY CORP.	176,287	28.94	186,010	28.95
U-MEDIA COMMUNICATIONS, INC.	24,110	26.05	36,524	26.26
AFA TECHNOLOGY, INC.	40,766	24.97	38,157	30.46
MOBILE DEVICES INC.	25,076	23.86	48,555	26.28
PARADE TECHNOLOGIES, LTD.	65,560	23.30	81,949	24.63
HIGH POWER LIGHTING CORP.	60,434	23.00	-	-
USBEST TECHNOLOGY INC.	52,711	21.45	69,973	33.80
AEVOE INC.	-	-	6,674	39.47
DAVICOM SEMICONDUCTOR, INC. (Note E)	-	-	145,649	21.56
CHIP ADVANCED TECHNOLOGY INC. (Note E)	-	-	30,740	21.91
TOPPAN PHOTOMASKS TAIWAN LTD. (formerly DUPONT PHOTOMASKS TAIWAN LTD.)	-	-	1,063,671	45.35
ULI ELECTRONICS INC.	-	-	452,203	26.77
PATENTOP, LTD (Note C, F)	-	-	1,245	18.00
Subtotal	10,442,584		3,822,454	
Elimination of upstream and intercompany transaction (Note G)	-		(17,612)	
Total	<u>\$11,662,599</u>		<u>\$16,262,856</u>	

Note A: As UMC did not have significant influence after decreasing its percentage of ownership in UNIMICRON in 2006, the investee was classified as available-for-sale financial asset.

Note B: In the beginning of 2006 as UMC determined it did not have significant influence over the investee, and in accordance with ROC SFAS No. 34, the investee was classified as available-for-sale financial asset.

Note C: The equity method was applied for investees in which the Company held the highest percentage of the outstanding voting rights and had significant influence on operating decisions.

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

Note E: As the Company did not have significant influence after decreasing its percentage of ownership, these investments were classified as financial assets measured at cost in 2006.

Note F: In the beginning of 2006, as the Company determined it did not have significant influence over the investee, and in compliance with the ROC SFAS No. 34, the investment in the investee was classified as financial assets measured at cost.

Note G: This balance represents the unrealized balance of deferred gains or losses arising from the transfer of equity investment ownership among the affiliated companies including downstream, upstream, and intercompany transactions. The amount will be realized upon disposal of the affiliate, transactions with a third party, or the change of percentage of ownership.

- b. The total gains arising from investments accounted for under the equity method were NT\$1,178 million and NT\$1,097 million for the years ended December 31, 2006 and 2005, respectively. Among which, investment income amounted to NT\$848 million and NT\$1,031 million for the years ended December 31, 2006 and 2005, respectively, and the related long-term investment balances of NT\$1,719 million and NT\$6,253 million as of December 31, 2006 and 2005, respectively, were determined based on the investees' financial statements audited by other auditors.
- c. Pursuant to the revised ROC SFAS No. 5, "Accounting for Long-term Investments" effective on January 1, 2005, investment income (loss) of UWAVE TECHNOLOGY CORP., SERCOMM CORP., HARVATEK CORP., PATENTOP, LTD., UC FUND II, RIRA ELECTRONICS, INC., VISTAPOINT, INC., AFA TECHNOLOGY, INC., STAR SEMICONDUCTOR CORP., USBEST TECHNOLOGY INC., UCA TECHNOLOGY INC., CRYSTAL MEDIA INC., U-MEDIA COMMUNICATIONS, INC., AMOD TECHNOLOGY CO., LTD., SMEDIA TECHNOLOGY CORP., and AEVOE INC. was recognized based on the gain or loss incurred in the current period, instead of the prior period. As a result of the adoption of the amendment, the consolidated net income, and the basic earnings per share for the year of 2005 were reduced by NT\$113 million and NT\$0.01, respectively.
- d. The long-term equity investments were not pledged.

(12) PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31, 2005		
	Cost	Accumulated	
		Depreciation	Book Value
Land	\$1,893,522	\$-	\$1,893,522
Buildings	21,260,902	(5,969,469)	15,291,433
Machinery and equipment	386,920,282	(261,499,341)	125,420,941
Transportation equipment	89,580	(63,214)	26,366
Furniture and fixtures	2,804,967	(1,936,607)	868,360
Leasehold improvements	43,037	(39,517)	3,520
Construction in progress and prepayments	15,609,497	-	15,609,497
Total	<u>\$428,621,787</u>	<u>\$(269,508,148)</u>	<u>\$159,113,639</u>

- a. Total interest expense before capitalization amounted to NT\$648 million and NT\$1,364 million for the years ended December 31, 2006 and 2005, respectively.

Details of capitalized interest are as follows :

	For the year ended December 31,	
	2006	2005
Machinery and equipment	\$-	\$260,294
Other property, plant and equipment	-	4,397
Total interest capitalized	<u>\$-</u>	<u>\$264,691</u>
Interest rates applied	<u>-</u>	<u>2.86%~4.20%</u>

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

(13) OTHER ASSETS - OTHERS

	As of December 31,	
	2006	2005
Leased assets	\$1,333,029	\$1,366,695
Deposits-out	738,696	678,929
Others	260,429	150,614
Total	<u>\$2,332,154</u>	<u>\$2,196,238</u>

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

(14) IMPAIRMENT

	As of December 31,	
	2006	2005
Available-for-sale financial assets, noncurrent	\$825,863	\$3,848
Long-term investment accounted for under the equity method	33,217	250,435
Financial assets measured at cost, noncurrent	215,071	86,259
Technology know-how	256,142	-
Other assets	-	120,000
Total	<u>\$1,330,293</u>	<u>\$460,542</u>

(15) SHORT-TERM LOANS

	As of December 31,	
	2006	2005
Secured bank loans	\$-	\$6,066,478
Unsecured bank loans	342,549	69,858
Total	<u>\$342,549</u>	<u>\$6,136,336</u>
Interest rates	<u>3.25%~5.85%</u>	<u>1.5%~4.88%</u>

a. The Company's unused short-term lines of credits amounted to NT\$13,057 million and NT\$14,658 million in 2006 and 2005, respectively.

b. Assets pledged as collateral to secure these loans are detailed in Note 6.

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

	As of December 31,	
	2006	2005
Interest rate swaps	\$626,230	\$95,634
Derivatives embedded in exchangeable bonds	359,037	-
Total	<u>\$985,267</u>	<u>\$95,634</u>

During the year ended December 31, 2006, net gain arising from the changes in fair value of financial liabilities at fair value through profit or loss, current, was NT\$312 million.

(17) BONDS PAYABLE

	As of December 31,	
	2006	2005
Domestic unsecured bonds :		
Issued in April 2001 and due on April 2006, 5.1195% ~ 5.1850% interest payable annually	\$-	\$3,000,000
Issued in April 2001 and due on April 2008, 5.2170% ~ 5.2850% interest payable annually	5,250,000	7,500,000
Issued in October 2001 and due on October 2006, 3.4896% ~ 3.520% interest payable annually	-	5,000,000
Issued in May ~ June 2003 and due on May ~ June 2008, 4.0% minus USD 12-Month LIBOR interest payable annually	7,500,000	7,500,000
Issued in May ~ June 2003 and due on May ~ June 2010, 4.3% minus USD 12-Month LIBOR interest payable annually	7,500,000	7,500,000
Zero coupon convertible bonds:		
Issued in March 2002 and due on March 2007	1,484,268	2,579,385
Issued in November 2003 and due on November 2013	2,225,020	3,103,719
Issued in October 2005 and due on February 2008	12,441,268	12,540,432
Zero coupon exchangeable bonds :	3,122,060	3,218,623
Issued in May 2002 and due on May 2007		
(Discounts) premiums on convertible bonds	(71,257)	-
Subtotal	<u>39,451,359</u>	<u>51,942,159</u>
Less: Current portion	<u>(9,068,283)</u>	<u>(10,250,000)</u>
Net	<u>\$30,383,076</u>	<u>\$41,692,159</u>

- a. On April 27, 2000, UMC issued five-year secured bonds amounting to NT\$3,990 million. The interest was paid semi-annually with a stated interest rate of 5.6%. The bonds were repaid in installments every six months from April 27, 2002 to April 27, 2005. On April 27, 2005, the bonds were fully repaid.
- b. During the period from April 16 to April 27, 2001, UMC issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 5.1195% through 5.1850% and 5.2170% through 5.2850%, respectively. The five-year bonds and seven-year bonds are repaid starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%. On April 27, 2006, the five-year bonds were fully repaid.
- c. During the period from October 2 to October 15, 2001, UMC issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with a face value of NT\$5,000 million. The interest was paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. On October 15, 2006 and 2004, the five-year bonds and the three-year bonds were fully repaid, respectively.
- d. On May 10, 2002, UMC issued zero coupon exchangeable bonds listed on the EuroMTF Market of the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds are as follows:
 - (a) Issue Amount: US\$235 million
 - (b) Period: May 10, 2002 ~ May 10, 2007
 - (c) Redemption
 - i. UMC may redeem the bonds, in whole or in part, after three months of the issuance and prior to the maturity date, at their principal amount if the closing price of the AU Optronics Corp (AUO) common shares on the TSE, translated into US dollars at the prevailing exchange rate, for a period of 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the exchange price then in effect translated into US dollars at the rate of NT\$34.645=US\$ 1.00.

- ii. UMC may redeem the bonds, in whole, but not in part, if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.
- iii. UMC may redeem all, but not part, of the bonds, at any time, in the event of certain changes in the ROC tax rules which would require UMC to gross up for payments of principal, or to gross up for payments of interest or premium.
- iv. UMC will, at the option of the bondholders, redeem such bonds on February 10, 2005 at its principal amount.

(d) Terms of Exchange

- i. Underlying securities: ADSs or common shares of AUO.
- ii. Exchange Period: The bonds are exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AUO common shares or AUO ADSs; provided, however, that if the exercise date falls within 5 business days from the beginning of, and during, any closed period, the right of the exchanging holder of the bonds to vote with respect to the shares it receives will be subject to certain restrictions.
- iii. Exchange Price and Adjustment: The exchange price is NT\$44.3 per share, determined on the basis of a fixed exchange rate of NT\$34.645=US\$1.00. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

(e) Exchange of the Bonds

As of December 31, 2006 and 2005, certain bondholders have exercised their rights to exchange their bonds with the total principal amount of US\$139 million and US\$137 million into AUO shares, respectively. Gains arising from the exercise of exchange rights during the year ended December 31, 2006 amounted NT\$65 million and was recognized as gain on disposal of investment. No bonds were exchanged during the year ended December 31, 2005.

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

f. On October 5, 2005, UMC issued zero coupon convertible bonds on the LSE. The terms and conditions of the bonds are as follows:

(a) Issue Amount: US\$381.4 million

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

(c) Redemption:

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

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

iii. In the event that UMC's ADSs or shares have officially ceased to be listed or admitted for trading on the New York Stock Exchange or the Taiwan Stock Exchange, as the case may be, each bondholder shall have the right, at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.

iv. In the event of certain changes in taxation in the R.O.C. resulting in UMC becoming required to pay additional amounts, UMC may redeem all, but not part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by UMC in such event, in which case the bondholders shall not be entitled to receive payments of such additional amounts.

v. If a change of control occurs with respect to UMC, each bondholder shall have the right at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.

vi. UMC will pay the principal amount of the bonds at its maturity date, February 15, 2008.

(d) Conversion:

i. Conversion Period: Except for the closed period, the bonds may be converted into UMC's ADSs on or after November 4, 2005 and on or prior to February 5, 2008.

- ii. Conversion Price and Adjustment: The conversion price is US\$3.693 per ADS. The applicable conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

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

(a) Final Redemption

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

(b) Redemption at the Option of UMCJ

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

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

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

(c) Conversion Period

At any time on or after May 3, 2002 to and including March 19, 2007.

(d) Conversion Price

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

(e) Reacquisition of the Bonds

As of December 31, 2006, UMCJ has reacquired and cancelled JPY11,630 million of the bonds from the open market. The corresponding gain on the reacquisition amounting to JPY28 million as other income during the year ended December 31, 2006.

As of December 31, 2005, UMCJ has reacquired and cancelled JPY7,850 million and JPY7,650 million, respectively, of the bonds from the open market. The corresponding gain on the reacquisition amounting to JPY6 million was recognized as other income during the year ended December 31, 2005.

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

(a) Final Redemption

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

(b) Redemption at the Option of UMCJ

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

(c) Conversion Period

The conversion period may be any time on or after January 5, 2004 and on or prior to November 11, 2013.

(d) Conversion Price

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

(e) Reacquisition of the Bonds

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

As of December 31, 2005, UMCJ had reacquired JPY10,490 million of bonds from the open market. The corresponding gain on the reacquisition amounting to JPY449 million and it was recognized as other income.

i. Repayments of the above bonds in the future years are as follows:

(Assuming the convertible bonds and exchangeable bonds are both paid off upon maturity.)

<u>Bonds repayable in</u>	<u>Amount</u>
2007	\$9,081,348
2008	22,941,268
2009	-
2010	7,500,000
2011 and thereafter	-
Total	<u><u>\$39,522,616</u></u>

(18) PENSION FUND

- 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 subject to the Labor Standards Law, a defined benefit plan, were allowed to choose to either elect the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and UMC will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts. UMC and its domestic subsidiaries have made monthly contributions based on each individual employee's salary or wage to employees' pension accounts beginning July 1, 2005, and totaled NT\$372 million and NT\$173 million as of December 31, 2006 and 2005, respectively. Pension benefits for employees of the Branch and subsidiaries overseas are provided in accordance with the local regulations, and the Company has contributed the amount of NT\$97 million and NT\$74 million as of December 31, 2006 and 2005, 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, UMC contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Central Trust of China in the name of an administered pension fund committee. The unrecognized net asset or obligation at transition based on actuarial valuation is amortized on a straight-line basis over 15 years.

- c. Change in benefit obligation during the year:

	For the year ended December 31,	
	2006	2005
Projected benefit obligation at beginning of year	\$(4,778,045)	\$(4,354,361)
Service cost	(128,775)	(360,107)
Interest cost	(136,780)	(143,058)
Benefits paid	38,829	24,128
Gain (loss) on projected benefit obligation	(85,973)	55,353
Projected benefit obligation at end of year	<u>\$(5,090,744)</u>	<u>\$(4,778,045)</u>

- d. Change in pension assets during the year:

	For the year ended December 31,	
	2006	2005
Fair value of plan assets at beginning of year	\$1,620,201	\$1,404,130
Actual return on plan assets	62,850	81,453
Contributions from employer	172,475	200,167
Benefits paid	(38,829)	(24,128)
Others	5,625	(41,421)
Fair value of plan assets at end of year	<u>\$1,822,322</u>	<u>\$1,620,201</u>

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

	As of December 31,	
	2006	2005
Benefit obligation		
Vested benefit obligation	\$(55,213)	\$(39,069)
Non-vested benefit obligation	(2,376,276)	(2,188,642)
Accumulated benefit obligation	(2,431,489)	(2,227,711)
Effect from projected salary increase	(2,659,255)	(2,550,334)
Projected benefit obligation	<u>(5,090,744)</u>	<u>(4,778,045)</u>
Fair value of plan assets	<u>1,822,322</u>	<u>1,620,201</u>
Funded status	(3,268,422)	(3,157,844)
Unrecognized net transitional benefit obligation	118,332	181,481
Unrecognized loss (gain)	36,656	(29,043)
Adjustment required to recognize minimum liabilities	(1,986)	(9,592)
Accrued pension liabilities recognized on the consolidated balance sheet	<u>\$(3,115,420)</u>	<u>\$(3,014,998)</u>

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

	<u>For the year ended December 31,</u>	
	<u>2006</u>	<u>2005</u>
Service cost	\$128,775	\$360,107
Interest cost	136,780	143,059
Expected return on plan assets	(44,778)	(39,577)
Amortization of unrecognized transitional net benefit obligation	60,441	39,232
Amortization of unrecognized pension gain	(891)	(88)
Pension costs from subsidiaries over which significant control is no longer held	-	6,978
Net periodic pension cost	<u>\$280,327</u>	<u>\$509,711</u>

The actuarial assumptions underlying are as follows:

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

	<u>For the year ended December 31, 2005</u>			
	<u>UMC</u>	<u>UMO</u>	<u>UMC JAPAN</u>	<u>Thintek</u>
Discount rate	3.00%	3.75%	2.00%	3.75%
Rate of salary increase	4.50%	4.00%	2.68%	4.00%
Expected return on plan assets	3.00%	2.75%	1.00%	2.75%

(19) CAPITAL STOCK

- a. UMC had 26,000 million common shares authorized to be issued, and 19,795 million common shares were issued as of December 31, 2005, each at a par value of NT\$10.
- b. UMC had issued a total of 277 million ADSs that were traded on the NYSE as of December 31, 2005. The total number of common shares of UMC represented by all issued ADSs was 1,384 million shares as of December 31, 2005. One ADS represents five common shares.
- c. On April 26, 2005, UMC cancelled 49 million shares of treasury stocks, which were bought back during the period from February 20 to April 19, 2002 for transfer to employees.

- d. As recommended by the board of directors, and approved by the shareholders on the meeting held on June 13, 2005, UMC issued 1,956 million new shares from capitalization of retained earnings that amounted to NT\$19,560 million, of which NT\$17,587 million was stock dividend and NT\$1,973 million was employee bonus. The issuance process through the authority had been completed.
- e. Among the employee stock options issued by UMC on October 7, 2002 and January 3, 2003, 96 million shares were exercised during the year ended December 31, 2005. The issuance process through the authority had been completed.
- f. UMC had 26,000 million common shares authorized to be issued, and 19,131 million was issued as of December 31, 2006, each at a par value of NT\$10.
- g. Among the employee stock options issued by UMC on October 7, 2002, January 3, 2003 and October 13, 2004, 109 million shares were exercised during the year ended December 31, 2006. The exercise of employee stock options of 47 million shares, 16 million shares and 46 million shares were issued on March 15, 2006, September 25, 2006, and December 27, 2006, respectively. The issuance process through the authority had been completed.
- h. On May 22, 2006 UMC cancelled 1,000 million shares of treasury stock, which were bought back during the period from February 16, 2006 to April 11, 2006 for retention of UMC's creditability and stockholders' interests.
- i. As recommended by the board of directors, and approved by the shareholders on the meeting held on June 12, 2006, UMC issued 225 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT\$2,249 million, of which NT\$895 million was stock dividend, NT\$459 million was employee bonus, and NT\$895 million was additional paid-in capital. The issuance process through the authority had been completed.
- j. UMC had issued a total of 315 million ADSs, which were traded on the NYSE as of December 31, 2006. The total number of common shares of UMC represented by all issued ADSs was 1,576 million shares as of December 31, 2006. One ADS represents five common shares.

(20) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, September 30, 2004, and December 22, 2005, 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, and 350 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:

<u>Date of grant</u>	<u>Total number of options granted (in thousands)</u>	<u>Total number of options outstanding (in thousands)</u>	<u>Exercise price (NTD)</u>
October 7, 2002	939,000	543,834	\$15.7
January 3, 2003	61,000	44,571	\$17.7
November 26, 2003	57,330	45,443	\$24.7
March 23, 2004	33,330	22,110	\$22.9
July 1, 2004	56,590	44,460	\$20.7
October 13, 2004	20,200	12,905	\$17.8
April 29, 2005	23,460	17,790	\$16.4
August 16, 2005	54,350	42,610	\$21.6
September 29, 2005	51,990	46,675	\$19.7
January 4, 2006	39,290	30,690	\$17.7
May 22, 2006	42,058	37,040	\$19.2
August 24, 2006	28,140	25,830	\$18.4

- a. A summary of the Company's stock option plans, and related information for the years ended December 31, 2006 and 2005, are as follows:

	<u>For the year ended December 31,</u>			
	<u>2006</u>		<u>2005</u>	
	<u>Weighted-average</u>		<u>Weighted-average</u>	
	<u>Option</u>	<u>Exercise Price</u>	<u>Option</u>	<u>Exercise Price</u>
	<u>(in thousands)</u>	<u>(NTD)</u>	<u>(in thousands)</u>	<u>(NTD)</u>
Outstanding at beginning of period	975,320	\$17.3	973,858	\$16.8
Granted	109,488	\$18.4	129,800	\$19.9
Exercised	(109,093)	\$15.7	(95,814)	\$15.7
Forfeited	<u>(61,757)</u>	\$18.8	<u>(32,524)</u>	\$18.5
Outstanding at end of period	<u>913,958</u>	\$17.5	<u>975,320</u>	\$17.3

	For the year ended December 31,			
	2006		2005	
	Weighted-average		Weighted-average	
	Option (in thousands)	Exercise Price (NTD)	Option (in thousands)	Exercise Price (NTD)
Exercisable at end of period	<u>650,268</u>	\$16.6	<u>528,373</u>	\$16.2
Weighted-average fair value of options granted during the period (NTD)	\$5.7		\$6.5	

- b. The information of the Company's outstanding stock options as of December 31, 2006, is as follows:

			Outstanding Stock Options		Exercisable Stock Options	
			Weighted-average			
Authorization Date	Range of Exercise Price	Option (in thousands)	Remaining Contractual Life (Years)	Weighted-average Exercise Price (NTD)	Option (in thousands)	Weighted-average Exercise Price (NTD)
2002.09.11	\$15.7~\$17.7	588,405	1.78	\$15.9	577,608	\$15.8
2003.10.08	\$20.7~\$24.7	112,013	3.20	\$22.8	67,095	\$23.1
2004.09.30	\$16.4~\$21.6	119,980	4.53	\$19.7	5,565	\$17.8
2005.12.22	\$17.7~\$19.2	93,560	5.33	\$18.5	-	-
		<u>913,958</u>	2.68	\$17.5	<u>650,268</u>	\$16.6

- c. The Company uses intrinsic value method to recognize compensation costs for its employee stock options issued since January 1, 2004. The compensation cost for the years ended December 31, 2006 and 2005 are nil because the Company grants options with the exercise price equal to the current market price. Pro forma information using the fair value method on net income and earnings per share is as follows:

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

	For the year ended December 31, 2005 (retroactively adjusted)	
	Basic earnings per share	Diluted earnings per share
Net Income	\$7,026,692	\$7,035,187
Earnings per share (NTD)	\$0.38	\$0.37
Pro forma net income	\$6,776,219	\$6,784,714
Pro forma earnings per share (NTD)	\$0.36	\$0.36

The fair value of the options granted was estimated at the date of grant using the Black-Scholes options pricing model with the following assumptions for the years ended December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Expected dividend yields	1.37%~1.38%	1.63%~1.64%
Volatility factors of the expected market price	35.57%~41.14%	40.35%~43.39%
Risk-free interest rate	1.88%~2.28%	1.85%~2.24%
Weighted-average expected life of the options	4~5 years	4~5 years

(21) TREASURY STOCK

- a. UMC bought back its own shares from the open market during the years ended December 31, 2006 and 2005. Details of the treasury stock transactions are as follows :

For the year ended December 31, 2006

(In thousands of shares)

Purpose	As of			As of
	January 1, 2006	Increase	Decrease	December 31, 2006
For transfer to employees	442,067	400,000	-	842,067
For conversion of the convertible bonds into shares	500,000	-	-	500,000
For retention of UMC's creditability and stockholder's interests	-	1,000,000	1,000,000	-
Total shares	942,067	1,400,000	1,000,000	1,342,067

For the year ended December 31, 2005

(In thousands of shares)

Purpose	As of			As of
	January 1, 2005	Increase	Decrease	December 31, 2005
For transfer to employees	241,181	250,000	49,114	442,067
For conversion of the convertible bonds into shares	-	500,000	-	500,000
Total shares	241,181	750,000	49,114	942,067

- b. According to the Securities and Exchange Law of the R.O.C., total shares of treasury stock should not exceed 10% of UMC's stock issued. Total purchase amount should not exceed the sum of the retained earnings, additional paid-in capital-premiums, and realized additional paid-in capital. As such, the maximum number of shares of treasury stock that UMC could hold as of December 31, 2006 and 2005, were 1,913 million shares and 1,979 million shares with the ceiling of the amounts were NT\$ 94,970 million and NT\$90,851 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 voting rights or receive 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, stock held by subsidiaries no longer have voting rights according to the revised Companies Act.
- d. As of December 31, 2006, UMC's subsidiary, FORTUNE VENTURE CAPITAL CORP., held 22 million shares of UMC's stock, with a book value of NT\$ 20.25 per share. The closing price on December 31, 2006 was NT\$20.25.

As of December 31, 2005, UMC's subsidiaries, HSUN CHIEH INVESTMENT CO., LTD. and FORTUNE VENTURE CAPITAL CORP., held 600 million shares and 22 million shares, respectively, of UMC's stock, with a book value of NT\$18.98 and NT\$7.87 per share, respectively. The average closing price of UMC's stock during December 2005 was NT\$18.98.

(22) RETAINED EARNINGS AND DIVIDEND POLICIES

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

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as a legal reserve;
- d. Set aside 0.1% of the remaining amount after deducting items (a), (b), and (c) as directors' and supervisors' remuneration; and
- e. After deducting items (a), (b), and (c) above from the current year's earnings, no less than 5% of the remaining amount together with the prior years' unappropriated earnings is to be allocated as employees' bonus, which will be settled through issuance of new shares of UMC, or cash. Employees of UMC's subsidiaries, meeting certain requirements determined by the board of directors, are also eligible for the employees' bonus.
- f. The distribution of the remaining portion, if any, will be recommended by the board of directors and subject to shareholders' approval.

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

The appropriation of 2006 retained earnings has not yet been recommended by the board of directors as of the date of the Report of Independent Auditors. Information on the board of directors' recommendations and shareholders' approval can be obtained from the "Market Observation Post System" on the website of the TSE.

Details of the 2005 employee bonus settlement and directors' and supervisors' remuneration are as follows:

	For the year ended December 31, 2005		
	As approved by the shareholders' meeting	As recommended by the board of directors	Differences
1. Settlement of employees' bonus by issuance of new shares			
a. Number of shares (in thousands)	45,846	45,846	-
b. Amount	\$458,455	\$458,455	-
c. Percentage on total number of outstanding shares at year-end (%)	0.24	0.24	-
2. Settlement of employees' bonus by cash	\$305,636	\$305,636	-
3. Remuneration paid to directors and supervisors	\$6,324	\$6,324	-
4. Effect on earnings per share before retroactive adjustments			
a. Basic and diluted earnings per share (NTD)	\$0.38/0.38	\$0.38/0.38	-
b. Pro forma basic and diluted earnings per share taking into consideration employees' bonus and directors' and supervisors' remuneration (NTD)	\$0.34/0.34	\$0.34/0.34	-

Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings for items that are accounted for as deductions to consolidated stockholders' equity such as unrealized loss on long-term investments and cumulative translation adjustments. However, there are the following exceptions for UMC's investees' unrealized loss on long-term investments arising from a merger that was recognized by UMC in proportion to UMC's ownership percentage:

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

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

(23) OPERATING COSTS AND EXPENSES

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

	For the year ended December 31,					
	2006			2005		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	\$9,003,173	\$3,616,996	\$12,620,169	\$7,532,447	\$3,421,537	\$10,953,984
Labor and health insurance	546,631	192,257	738,888	538,484	206,941	745,425
Pension	571,888	184,781	756,669	566,739	191,476	758,215
Other personnel expenses	99,293	72,899	172,192	247,754	155,343	403,097
Depreciation	42,059,492	2,183,770	44,243,262	49,260,694	2,085,525	51,346,219
Amortization	197,673	1,621,260	1,818,933	935,126	2,250,407	3,185,533

The numbers of employees as of December 31, 2006 and 2005 were 14,251 and 13,278, respectively.

(24) INCOME TAX

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

	For the year ended December 31,	
	2006	2005
Income tax on pre-tax income at statutory tax rate	\$9,254,650	\$768,584
Permanent and temporary differences	(7,303,879)	(2,469,797)
Change in investment tax credit	(1,335,540)	6,930,316
Change in loss carry-forward	(105,508)	-
Change in valuation allowance	885,837	(5,295,125)
Income Basic Tax	2,021,375	-
Change in tax rate	1,269	-
Estimated 10% income tax on unappropriated earnings	-	35,501
Adjustment of prior year's tax expense	(164,111)	20,371
Income tax on interest revenue separately taxed	1,713	1,415
Others	5,816	75,787
Income tax expense	<u>\$3,261,622</u>	<u>\$67,052</u>

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

	As of December 31,			
	2006		2005	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		\$14,992,731		\$13,755,893
Loss carry-forward	\$9,559,235	3,138,465	\$19,854,167	5,585,640
Pension	3,124,419	785,660	3,009,911	751,611
Allowance on sales returns and discounts	753,074	191,304	790,132	199,060
Allowance for loss on obsolescence of inventories	827,079	220,309	317,488	79,372
Others	1,960,409	535,280	3,209,106	1,021,304
Total deferred income tax assets		19,863,749		21,392,880
Valuation allowance		(11,775,747)		(11,576,791)
Net deferred income tax assets		<u>\$8,088,002</u>		<u>\$9,816,089</u>
Deferred income tax liabilities				
Unrealized exchange gain	\$ (291,391)	\$ (72,848)	\$-	\$-
Depreciation	(5,005,315)	(1,251,329)	(9,667,939)	(2,416,985)
Others	(2,673,529)	(687,299)	(51,870)	(51,870)
Total deferred income tax liabilities		(2,011,476)		(2,468,855)
Total net deferred income tax assets		<u>\$6,076,526</u>		<u>\$7,347,234</u>

	As of December 31,			
	2006		2005	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets - current		\$5,933,725		\$6,555,306
Deferred income tax liabilities - current		(278,346)		-
Valuation allowance		(3,710,359)		(3,168,516)
Net		<u>1,945,020</u>		<u>3,386,790</u>
Deferred income tax assets - noncurrent		13,930,024		14,837,574
Deferred income tax liabilities - noncurrent		(1,733,130)		(2,468,855)
Valuation allowance		(8,065,388)		(8,408,275)
Net		<u>4,131,506</u>		<u>3,960,444</u>
Total net deferred income tax assets		<u><u>\$6,076,526</u></u>		<u><u>\$7,347,234</u></u>

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

As of December 31, 2006, the Company's unused investment tax credit was as follows:

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2006	\$2,879,909	\$2,879,909
2007	1,638,333	1,638,333
2008	6,298,009	6,298,009
2009	1,780,805	1,780,805
2010	2,395,675	2,395,675
Total	<u><u>\$14,992,731</u></u>	<u><u>\$14,992,731</u></u>

- f. As of December 31, 2006, the unutilized accumulated losses for the Company were as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2006	\$11,892,614	\$316,509
2007	3,832,326	3,832,326
2008	208,335	208,335
2009	447,237	447,237
2010	254,854	254,854
2011	173,728	173,728
2012	3,404,642	3,404,642
2013	921,604	921,604
Total	<u>\$21,135,340</u>	<u>\$9,559,235</u>

- g. The balance of UMC's imputation credit accounts as of December 31, 2006 and 2005 were NT\$95 million and NT\$29 million, respectively. The expected creditable ratio for 2006 and the actual creditable ratio for 2005 was 0.54% and 0%, respectively.
- h. UMC's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(25) EARNINGS PER SHARE

The Company's capital structure is composed mainly of zero coupon convertible bonds and employee stock options. Therefore, in consideration of such complex structure, the calculated basic and diluted earnings per share for the years ended December 31, 2006 and 2005, are disclosed as follows:

	For the year ended December 31, 2006				
	Amount		Shares expressed in thousands	Earnings per share (NTD)	
	Income before income tax	Net income		Income before income tax	Net income
Earning per share-basic (NTD)					
Income from operations of continued segments attributable to shareholders of the parent	\$37,067,932	\$33,807,828	18,050,962	\$2.05	\$1.87
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	<u>(1,188,515)</u>	<u>(1,188,515)</u>		<u>(0.06)</u>	<u>(0.06)</u>
Net income attributable to shareholders of the parent	<u>\$35,879,417</u>	<u>\$32,619,313</u>		<u>\$1.99</u>	<u>\$1.81</u>
Effect of dilution					
Employee stock options	\$-	\$-	108,122		

For the year ended December 31, 2006

	Amount			Earnings per share (NTD)	
	Income before		Shares expressed in thousands	Income before	
	income tax	Net income		income tax	Net income
Convertible bonds payable	\$33,978	\$33,978	516,383		
Earning per share-diluted:					
Income from operations of continued segments attributable to shareholders of the parent	\$37,101,910	\$33,841,806	18,675,467	\$1.98	\$1.81
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income attributable to shareholders of the parent	<u>\$35,913,395</u>	<u>\$32,653,291</u>		<u>\$1.92</u>	<u>\$1.75</u>

For the year ended December 31, 2005 (retroactively adjusted)

	Amount			Earnings per share (NTD)	
	Income before		Shares expressed in thousands	Income before	
	income tax	Net income		income tax	Net income
Earning per share-basic (NTD)					
Income from operations of continued segments attributable to shareholders of the parent	\$7,174,027	\$7,138,239	18,647,462	\$0.39	\$0.39
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(111,547)	(111,547)		(0.01)	(0.01)
Net income attributable to shareholders of the parent	<u>\$7,062,480</u>	<u>\$7,026,692</u>		<u>\$0.38</u>	<u>\$0.38</u>
Effect of dilution					
Employee stock options	\$-	\$-	161,651		
Convertible bonds payable	\$8,495	\$8,495	124,498		
Earning per share-diluted:					
Income from operations of continued segments attributable to shareholders of the parent	\$7,182,522	\$7,146,734	18,933,611	\$0.38	\$0.38
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(111,547)	(111,547)		(0.01)	(0.01)
Net income attributable to shareholders of the parent	<u>\$7,070,975</u>	<u>\$7,035,187</u>		<u>\$0.37</u>	<u>\$0.37</u>

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with UMC
HSUN CHIEH INVESTMENT CO., LTD.	Equity Investee
HOLTEK SEMICONDUCTOR INC. (HOLTEK)	Equity Investee
UNITECH CAPITAL INC.	Equity Investee
ITE TECH. INC.	Equity Investee
AMIC TECHNOLOGY CORP.	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
XGI TECHNOLOGY INC.	Equity Investee
HIGHLINK TECHNOLOGY CORP.	Equity Investee
MEGA MISSION LIMITED PARTNERSHIP	Equity Investee
MTIC HOLDINGS PTE. LTD.	Equity Investee
TOPPAN PHOTOMASKS TAIWAN LTD. (formerly DUPONT PHOTOMASKS TAIWAN LTD.) (TOPPAN) (Disposed in March 2006)	Equity Investee
FARADAY TECHNOLOGY CORP. (No longer an equity investee since January 1, 2006)	Equity Investee
NOVATEK MICROELECTRONICS CORP. (NOVATEK) (No longer an equity investee since January 1, 2006)	Equity Investee
UNIMICRON TECHNOLOGY CORP. (No longer an equity investee since November, 2006)	Equity Investee
SILICON INTEGRATED SYSTEMS CORP. (SIS)	UMC's director
UWAVE TECHNOLOGY CORP. (formerly UNITED RADIOTEK INC.)	Subsidiary's equity investee
UCA TECHNOLOGY INC.	Subsidiary's equity investee
AFA TECHNOLOGY, INC.	Subsidiary's equity investee
STAR SEMICONDUCTOR CORP.	Subsidiary's equity investee
USBEST TECHNOLOGY INC.	Subsidiary's equity investee
SMEDIA TECHNOLOGY CORP.	Subsidiary's equity investee
U-MEDIA COMMUNICATIONS, INC.	Subsidiary's equity investee
CRYSTAL MEDIA INC.	Subsidiary's equity investee
NEXPOWER TECHNOLOGY CORP.	Subsidiary's equity investee
MOBILE DEVICES INC.	Subsidiary's equity investee
ULI ELECTRONICS INC. (Disposed in February 2006)	Subsidiary's equity investee
AEVOE INC. (Disposed in October 2006)	Subsidiary's equity investee
CHIP ADVANCED TECHNOLOGY INC. (No longer an equity investee since October, 2006)	Subsidiary's equity investee
DAVICOM SEMICONDUCTOR, INC. (No longer an equity investee since December, 2006)	Subsidiary's equity investee

(2) Significant Related Party Transactions

a. Operating revenues

	For the year ended December 31,			
	2006		2005	
	Amount	Percentage	Amount	Percentage
SIS	\$2,046,127	2	\$2,352,259	2
NOVATEK	-	-	6,159,104	6
Others	2,029,429	2	3,970,927	4
Total	<u>\$4,075,556</u>	<u>4</u>	<u>\$12,482,290</u>	<u>12</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 30~60 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. Notes receivable

	As of December 31,			
	2006		2005	
	Amount	Percentage	Amount	Percentage
HOLTEK	\$49,924	92	\$62,136	100
Others	724	1	-	-
Total	<u>\$50,648</u>	<u>93</u>	<u>\$62,136</u>	<u>100</u>

c. Accounts receivable, net

	As of December 31,			
	2006		2005	
	Amount	Percentage	Amount	Percentage
SIS	\$99,333	1	\$1,235,010	8
Others	231,978	1	226,282	1
Total	<u>331,311</u>	<u>2</u>	<u>1,461,292</u>	<u>9</u>
Less : Allowance for sales returns and discounts	(7,666)		(24,649)	
Less : Allowance for doubtful accounts	-		(15,666)	
Net	<u>\$323,645</u>		<u>\$1,420,977</u>	

d. Other transactions

The Company was involved in several other transactions with related parties, including service charges and development expenses of intellectual property, totaling NT\$8 million and NT\$518 million for the years ended December 31, 2006 and 2005, respectively.

The Company purchased approximately NT\$105 million and NT\$486 million of masks from TOPPAN during the years ended December 31, 2006 and 2005, respectively.

6. ASSETS PLEDGED AS COLLATERAL

The assets pledged of the Company were as follows:

As of December 31, 2006

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

As of December 31, 2005

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$525,730	Customs	Customs duty guarantee
Restricted deposits (Time deposit)	555,800	The International Commercial Bank of China (Tokyo branch)	Short-term loans
Deposits-out (Time deposit)	2,500	The Farmer Bank of China	Payment guarantee
The stocks of UMC held by the subsidiaries	21,712,280	Chinatrust Commercial Bank	Short-term loans
Total	<u>\$22,796,310</u>		

7. COMMITMENTS AND CONTINGENT LIABILITIES

(1) UMC has entered into several patent license agreements and development contracts of intellectual property for a total contract amount of approximately NT\$19.67 billion. Royalties and development fees for future years are NT\$5.98 billion as of December 31, 2006.

(2) UMC signed several construction contracts for the expansion of its factory space. As of December 31, 2006, these construction contracts have amounted to approximately NT\$3.82 billion and the unpaid portion of the contracts, which was not accrued, was approximately NT\$1.9 billion.

(3) OAK Technology, Inc. (OAK) and UMC entered into a settlement agreement on July 31, 1997 concerning a complaint filed with the United States International Trade Commission (ITC) by OAK against UMC and others, alleging unfair trade practices based on alleged patent infringement regarding certain CD-ROM controllers (the first OAK ITC case). On October 27, 1997, OAK filed a civil action in a California federal district court, alleging claims for breach of the settlement agreement and fraudulent misrepresentation. In connection with its breach of contract and other claims, OAK sought damages in excess of US\$750 million. UMC denied the material allegations of the complaint, and asserted counterclaims against OAK for breach of contract, intentional interference with economic advantage and rescission and restitution based on fraudulent concealment and/or mistake. UMC also asserted declaratory judgment claims for invalidity and unenforceability of the relevant OAK patent. On February 9, 2006, the parties entered a settlement agreement in which UMC, OAK and Zoran (the successor to OAK) fully and finally released one another from any and all claims and liabilities arising out of the facts alleged in the district court case. The terms of settlement are confidential and, except for the obligation to keep the terms confidential, impose no obligation on UMC.

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

For the year ended December 31,	Amount
2007	\$234,447
2008	220,066
2009	201,872
2010	194,296
2011	188,944
2012 and thereafter	1,701,017
Total	<u><u>\$2,740,642</u></u>

(5) UMC entered into several wafer-processing contracts with its principal customers. According to the contracts, UMC shall guarantee processing capacity after receipts of customers' deposits.

(6) UMC has entered into contracts for the purchase of materials and masks with certain vendors. These contracts oblige UMC to purchase specified amounts or quantities of materials and masks. Should UMC fail to fulfill the conditions set out in the contracts, the differences between the actual purchase and the required minimum will be reconciled between UMC and its vendors.

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

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

In April 2005, UMC's former Chairman Mr. Robert H.C. Tsao was personally fined with in the aggregate amount of NT\$3 million by the Financial Supervisory Commission, Executive Yuan, R.O.C. (ROC FSC) for failure to disclose material information relating to Hejian in accordance with applicable rules. As a result of the imposition of the fines by the ROC FSC, UMC was also fined in the amount of NT\$30,000 by Taiwan Stock Exchange (TSE) for the alleged non-compliance with the disclosure rules in relation to the material information. UMC and its former Chairman Mr. Robert H.C. Tsao have filed for administrative appeal and reconsideration with the Executive Yuan, R.O.C. and TSE, respectively. Mr. Robert H.C. Tsao's administrative appeal was dismissed by the Execution 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. As of December 31, 2006, the result of such reconsideration and administrative action has not been finalized.

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

On February 15, 2006, UMC was fined in the amount of NT\$5 million for unauthorized investment activities in Mainland China, implicating violation of Article 35 of the Act "Governing Relations Between Peoples of the Taiwan Area and the Mainland Area" by the R.O.C. Ministry of Economic Affairs (MOEA). However, as UMC believes it was illegally and improperly fined, UMC had filed an administrative appeal against MOEA to the Executive Yuan on March 16, 2006. UMC's administrative appeal was dismissed by the Executive Yuan, R.O.C. on October 19, 2006. UMC filed an administrative action against the R.O.C. Ministry of Economic Affairs to Taipei High Administrative Court on December 8, 2006. As of December 31, 2006, the result of such administrative action has not been finalized.

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENTS

UMC has entered a stage of sustained growth. UMC determined that cash flows generated from UMC's future operations will be sufficient for the research and development of advanced process technologies and the continued expansion of advanced manufacturing capacity, including the second 300mm fab in Taiwan's Tainan Science Park. In order to avoid future cash levels becoming excessive and to better respond to the expectations of today's capital markets, UMC has resolved to carry out a capital reduction of NT\$ 57,394 million with the cancellation of 5,739 million of its outstanding shares, following a resolution passed at a meeting of the Board of Directors on January 23, 2007. The board of directors will decide the date of the capital reduction after the approval at the stockholders' meeting and the authorization of the government. The exact exchange ratio for shares and the amount of the capital reduction is to be set on the record date for capital reduction.

10. OTHERS

- (1) Certain comparative amounts have been reclassified to conform to the current year's presentation.
- (2) Financial risk management objectives and policies

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

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

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

Cash flow interest rate risk

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

Foreign currency risk

UMC has foreign currency risk arising from purchases or sales. UMC utilizes spot or forward contracts to mitigate foreign currency risk. UMC buys or sells the same amount of foreign currency with hedged items through forward contracts. In principal, UMC does not carry out any forward contracts for uncertain commitments.

Commodity price risk

UMC's exposure to commodity price risk is minimal.

Credit risk

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

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

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

Liquidity risk

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

(3) Information of financial instruments

a. Fair value of financial instruments

Financial Assets	As of December 31,			
	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$93,853,208	\$93,853,208	\$108,626,800	\$108,626,800
Financial assets at fair value through profit or loss, current	8,538,007	8,538,007	2,468,968	2,438,668
Available-for-sale financial assets, current	-	-	2,414,153	2,900,084
Held-to-maturity financial assets, current	1,110,422	1,110,422	-	-
Notes receivable, accounts receivable and other receivables	15,255,852	15,255,852	16,002,798	16,002,798
Restricted deposits	-	-	555,800	555,800
Financial assets at fair value through profit or loss, noncurrent	474,738	474,738	-	-
Available-for-sale financial assets, noncurrent	52,311,172	52,311,172	6,812,103	30,124,523
Held-to-maturity financial assets, noncurrent	-	-	1,116,806	1,126,018
Financial assets measured at cost, noncurrent	7,515,945	-	6,574,800	-
Long-term investments accounted for under the equity method	11,662,599	14,234,042	16,262,856	33,755,273
Prepaid long-term investments	-	-	30,000	30,000
Deposits-out	738,696	738,696	678,929	678,929

Financial Liabilities	As of December 31,			
	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Short-term loans	\$342,549	\$342,549	\$6,136,336	\$6,136,336
Payables	24,169,179	24,169,179	19,168,491	19,168,491
Capacity deposits (current portion)	898,265	898,265	657,600	657,600
Bonds payable (current portion included)	39,451,359	40,362,245	51,942,159	52,517,633
<u>Derivative</u>				
Interest rate swaps	\$626,230	\$626,230	\$95,634	\$730,191
Derivatives embedded in exchangeable bonds	359,037	359,037	-	-

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

- i. The book value of short-term financial instruments approximates their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, other receivables, restricted deposits, short-term loans, current portion of capacity deposits, and payables.
- ii. The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is based on the quoted market prices.
- iii. The fair value of held-to-maturity financial assets is based on the quoted market prices. If market prices are unavailable, UMC estimates the fair value based on the book value as the held-to-maturity financial assets consist principally of credit-linked deposit agreements with maturity dates less than one year, as well as bonds that can be easily liquidated in the secondary market.
- iv. The fair value of financial assets measured at cost is unable to estimate since those unlisted investments are not traded in the open market.
- v. The fair value of deposits-out is based on their book value since the deposit periods are principally within one year and renewed upon maturity.

vi. The fair value of bonds payable is determined by the market price.

vii. The fair value of derivative financial instruments is based on the amount UMC 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 UMC's financial instruments is determined by the quoted prices in active markets, or if the market for a financial instrument is not active, UMC establishes fair value by using a valuation technique:

Non-derivative Financial Instruments	Active Market Quotation		Valuation Technique	
	2006.12.31	2005.12.31	2006.12.31	2005.12.31
Financial assets				
Financial assets at fair value through profit or loss, current	\$8,538,007	\$2,438,668	\$-	\$-
Available-for-sale financial asset, current	-	2,900,084	-	-
Financial assets at fair value through profit or loss, noncurrent	474,738	-	-	-
Available-for-sale financial assets, noncurrent	52,311,172	30,124,523	-	-
Long-term investments accounted for under the equity method	14,234,042	33,755,273	-	-
Financial liabilities				
Bonds payable (current portion included)	40,362,245	52,517,633	-	-
Derivative Financial Instruments				
Financial liabilities				
Interest rate swaps	\$-	\$-	\$626,230	\$730,191
Derivatives embedded in exchangeable bonds	-	-	359,037	-

d. UMC recognized a gain of NT\$312 million arising from the changes in fair value of financial liabilities at fair value through profit or loss for the year ended December 31, 2006.

e. UMC's financial liability with cash flow interest rate risk exposure as of December 31, 2006 amounted to NT\$626 million.

f. During the year ended December 31, 2006, total interest revenue and interest expense for financial assets or liabilities that are not at fair value through profit or loss were NT\$1,563 million and NT\$648 million, respectively, while interest revenue and expense for the year ended December 31, 2005 amounted to NT\$1,055 million and NT\$1,099 million, respectively.

(4) UMC and its subsidiary, UMC JAPAN, held credit-linked deposits and repackaged bonds recognized as held-to-maturity financial assets for the earning of interest income. The details are disclosed as follows:

a. Principal amount in original currency

As of December 31, 2006

UMC

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

UMC JAPAN

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

As of December 31, 2005

UMC

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

UMC JAPAN

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

b. Credit risk

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

c. Liquidity risk

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

d. Market risk

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

(5) UMC and its subsidiary, UMC JAPAN, entered into interest rate swap and forward contracts for hedging the interest rate risk arising from the counter-floating rate of domestic bonds and for hedging the exchange rate risk arising from the net assets or liabilities denominated in foreign currency. The hedging strategy was developed with the objective to reduce the market risk for non-trading purpose. The relevant information on the derivative financial instruments entered into by UMC is as follows:

a. UMC utilized interest rate swap agreements to hedge its interest rate risk on its counter-floating rate of unsecured domestic bonds issued during the period from May 21 to June 24, 2003. The periods 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, 2006 and 2005, UMC had the following interest rate swap agreements in effect:

<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. Transaction risk

(a) Credit risk

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

(b) Liquidity and cash flow risk

The cash flow requirements on the interest rate swap agreements are limited to the net interest payables or receivables arising from the differences in the swap rates. The cash flow requirements on forward contracts are limited to the net difference between the forward and spot rates at the settlement date. Therefore, no significant cash flow risk is anticipated since the working capital is sufficient to meet the cash flow requirements.

(c) Market risk

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

c. The presentation of derivative financial instruments on financial statements

UMC

As of December 31, 2006 and 2005, the interest rate swap agreements were classified as current liabilities amounting to NT\$626 million and NT\$96 million, respectively.

The exchange loss arising from forward contracts was NT\$415 million for the year ended December 31, 2005 and recorded in non-operating expenses in the accompanying consolidated statement of income.

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The exchange (loss) gain arising from forward contracts was JPY\$(7.5) million and JPY\$25.4 million and recorded in non-operating (expense) revenue in the accompanying consolidated statements of income for the years ended December 31, 2006 and 2005, respectively.

(6) Significant intercompany transactions among consolidated entities for the years ended December 31, 2006 and 2005 are disclosed in Attachment 1.

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

As of December 31, 2006

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

As of December 31, 2005

<u>Subsidiary</u>	<u>No. of Shares (in thousands)</u>	<u>Amount</u>	<u>Purpose</u>
HSUN CHIEH INVESTMENT CO., LTD.	599,696	\$11,379,238	Long-term investment
FORTUNE VENTURE CAPITAL CORP.	21,847	171,857	Long-term investment

11. ADDITIONAL DISCLOSURES

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

- a. Financing provided to others for the year ended December 31, 2006: please refer to Attachment 2.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2006: please refer to Attachment 3.
- c. Securities held as of December 31, 2006: please refer to Attachment 4.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2006: please refer to Attachment 5.

- e. Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2006: please refer to Attachment 6.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2006: please refer to Attachment 7.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2006: please refer to Attachment 8.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2006: please refer to Attachment 9.
- i. Names, locations and related information of investees as of December 31, 2006: please refer to Attachment 10.
- j. Financial instruments and derivative transactions: Please refer to Note 10.

(2) Investment in Mainland China

None.

12. SEGMENT INFORMATION

(1) Operations in different industries

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

(2) Operations in different geographic areas

	For the year ended December 31, 2006					Consolidated
	Taiwan	Asia, excluding Taiwan	North America	Europe and others	Eliminations	
Sales to unaffiliated customers	\$38,310,762	\$9,511,367	\$55,616,919	\$8,564,771	\$-	\$112,003,819
Sales between geographic areas	50,953,904	14,961,088	-	-	(65,914,992)	-
Net operating revenues	\$89,264,666	\$24,472,455	\$55,616,919	\$8,564,771	\$(65,914,992)	\$112,003,819
Gross profit	\$20,276,206	\$46,601	\$992,481	\$88,680	\$(38,442)	\$21,365,526

For the year ended December 31, 2006

	Asia, excluding		Europe and others		Eliminations	Consolidated
	Taiwan	Taiwan	North America	others		
Operating expenses						(16,206,895)
Non-operating income						34,909,503
Non-operating expenses						(3,480,709)
Income before income tax and minority interests						<u>\$36,587,425</u>
Minority interests loss						<u>\$482,025</u>
Identifiable assets	<u>\$217,650,324</u>	<u>\$94,139,276</u>	<u>\$6,646,311</u>	<u>\$2,544,093</u>	<u>\$(25,290,997)</u>	<u>\$295,689,007</u>
Funds and long-term investments						<u>71,964,454</u>
Total assets						<u>\$367,653,461</u>

For the year ended December 31, 2005

	Asia, excluding		Europe and others		Eliminations	Consolidated
	Taiwan	Taiwan	North America	others		
Sales to unaffiliated customers	\$43,245,624	\$6,627,031	\$43,506,307	\$6,937,020	\$-	\$100,315,982
Sales between geographic areas	47,349,058	6,734,820	44,458	-	(54,128,336)	-
Net operating revenues	<u>\$90,594,682</u>	<u>\$13,361,851</u>	<u>\$43,550,765</u>	<u>\$6,937,020</u>	<u>\$(54,128,336)</u>	<u>\$100,315,982</u>
Gross profit	<u>\$14,357,973</u>	<u>\$(5,427,549)</u>	<u>\$701,590</u>	<u>\$64,214</u>	<u>\$(23,566)</u>	<u>\$9,672,662</u>
Operating expenses						(17,759,482)
Non-operating income						15,888,119
Non-operating expenses						(2,195,512)
Income before income tax and minority interests						<u>\$5,605,787</u>
Minority interests loss						<u>\$1,600,855</u>
Identifiable assets	<u>\$247,228,232</u>	<u>\$86,155,818</u>	<u>\$5,968,463</u>	<u>\$1,149,973</u>	<u>\$(24,249,792)</u>	<u>\$316,252,694</u>
Funds and long-term investments						<u>30,796,565</u>
Total assets						<u>\$347,049,259</u>

(3) Export sales

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

(4) Major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2006 and 2005 are as follows:

	For the year ended December 31,			
	2006		2005	
	Sales amount	Percentage	Sales amount	Percentage
Customer A	\$24,475,058	22	\$17,844,440	18
Customer B	10,243,818	9	10,528,973	10
Total	<u>\$34,718,876</u>	<u>31</u>	<u>\$28,373,413</u>	<u>28</u>

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

For the year ended December 31, 2006

No. (Note1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 4)
				Account	Amount	Terms (Note 3)	
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	\$54,476,329	Net 60 days	49%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	5,118,532	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Other current liabilities	650,400	-	-
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	8,455,595	Net 60 days	8%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	734,440	-	-
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	2,835,621	Net 60 days	3%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	401,039	-	-
0	UNITED MICROELECTRONICS CORPORATION	TLC CAPITAL CO., LTD.	1	Long-term investments accounted for under the equity method	3,000,000	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC CAPITAL CORP.	1	Long-term investments accounted for under the equity method	1,665,000	-	-
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Long-term investments accounted for under the equity method	132,462	-	-
1	UMC JAPAN	UMC GROUP (USA)	3	Sales	129,703	Net 55 days	-
2	FORTUNE VENTURE CAPITAL CORP.	UNITRUTH INVESTMENT CORP.	3	Long-term investments accounted for under the equity method	400,000	-	-

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

For the year ended December 31, 2005

No. (Note1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 4)
				Account	Amount	Terms (Note 3)	
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	\$43,226,036	Net 60 days	43%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	4,559,933	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Other current liabilities	655,600	-	-
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	6,839,285	Net 60 days	7%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	545,166	-	-
0	UNITED MICROELECTRONICS CORPORATION	UMCI LTD.	1	Purchase	1,244,347	Net 60 days	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	1,107,574	Net 60 days	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	333,157	-	-
0	UNITED MICROELECTRONICS CORPORATION	FORTUNE VENTURE CAPITAL CORP.	1	Long-term investments accounted for under the equity method	2,000,000	-	1%
0	UNITED MICROELECTRONICS CORPORATION	TLC CAPITAL CO., LTD.	1	Long-term investments accounted for under the equity method	3,000,000	-	1%
0	UNITED MICROELECTRONICS CORPORATION	UMC CAPITAL CORP.	1	Long-term investments accounted for under the equity method	634,612	-	-
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICRODISPLAY OPTRONICS CORP.	1	Long-term investments accounted for under the equity method	189,625	-	-
0	UNITED MICROELECTRONICS CORPORATION	SILICON INTEGRATED SYSTEMS CORP.	1	Sales	1,433,057	Month-end 45 Days	1%
1	FORTUNE VENTURE CAPITAL CORP.	UNITED MICROELECTRONICS CORPORATION	2	Available-for-sale financial assets, noncurrent	326,071	-	-

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

For the year ended December 31, 2005

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions			Percentage of consolidated operating revenues or consolidated total assets (Note 4)
				Account	Amount	Terms (Note 3)	
1	FORTUNE VENTURE CAPITAL CORP.	HSUN CHIEH INVESTMENT CO., LTD.	3	Available-for-sale financial assets, noncurrent	\$140,794	-	-
2	HSUN CHIEH INVESTMENT CO., LTD.	FORTUNE VENTURE CAPITAL CORP.	3	Financial assets measured at cost, noncurrent	769,598	-	-
2	HSUN CHIEH INVESTMENT CO., LTD.	FORTUNE VENTURE CAPITAL CORP.	3	Long-term investments accounted for under the equity method	351,108	-	-
2	HSUN CHIEH INVESTMENT CO., LTD.	UNITRUTH INVESTMENT CORP.	3	Financial assets measured at cost, noncurrent	208,551	-	-
2	HSUN CHIEH INVESTMENT CO., LTD.	UMC CAPITAL CORP.	3	Financial assets measured at cost, noncurrent	176,495	-	-
2	HSUN CHIEH INVESTMENT CO., LTD.	UMC CAPITAL CORP.	3	Long-term investments accounted for under the equity method	130,336	-	-

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

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

Note 2: Transactions are categorized as follows :

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

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

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

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

ATTACHMENT 2 (Financing provided to others for the year ended December 31, 2006)

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

No. (Note 1)	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		
1	UMC GROUP (USA)	Former Employees	Receivable from employees	USD 691	\$-	7%	Note 2	\$-	Employee loan	\$-	-	-	N/A	N/A

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

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

Note 2 : Need for short-term financing.

ATTACHMENT 3 (Endorsement/Guarantee provided to others for the year ended December 31, 2006)

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

No. (Note 1)	Endorsor/Guarantor	Receiving party	Relationship (Note 2)	Limit of guarantee/endorsement amount for receiving party (Note 3)	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 (Note 4)
0	UMC	UMC JAPAN	2	\$7,501,548	JPY 10,400,000	\$-	\$-	-	\$76,524,771

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

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

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. An investee company that has a business relationship with UMC.
2. A subsidiary in which UMC holds directly over 50% of equity interest.
3. An investee in which UMC and its subsidiaries hold over 50% of equity interest.
4. An investee in which UMC holds directly and indirectly over 50% of equity interest.
5. An investee that has provided guarantees to UMC, and vice versa, due to contractual requirements.
6. An investee in which UMC conjunctly invests with other shareholders, and for which UMC has provided endorsement/guarantee in proportion to its shareholding percentage.

Note 3: Limit of guarantee/endorsement amount for receiving party shall not exceed the lower of receiving party's capital stock or 10% of UMC's capital stock.

Note 4: Limit of total guarantee/endorsement amount equals 40% of UMC's capital stock as of December 31, 2006.

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Convertible bonds	QUANTA STORAGE INC.	-	Financial assets at fair value through profit or loss, current	1,000	\$34,485	-	\$34,485	None
Convertible bonds	EDOM TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, current	60	193,910	-	193,910	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, current	380	53,485	-	53,485	None
Convertible bonds	FIRICH ENTERPRISES CO., LTD	-	Financial assets at fair value through profit or loss, current	340	54,740	-	54,740	None
Convertible bonds	TATUNG CO.	-	Financial assets at fair value through profit or loss, current	402	52,863	-	52,863	None
Convertible bonds	CHANG WAH ELECTRONMATERIALS INC.	-	Financial assets at fair value through profit or loss, current	500	54,250	-	54,250	None
Stock	PROMOS TECHNOLOGIES INC.	-	Financial assets at fair value through profit or loss, current	477,374	6,778,711	7.77	6,778,711	None
Stock	L&K ENGINEERING CO., LTD.	-	Financial assets at fair value through profit or loss, current	1,683	97,456	0.99	97,456	None
Stock	MICRONAS SEMICONDUCTOR HOLDING AG	-	Financial assets at fair value through profit or loss, current	280	198,191	0.86	198,191	None
Stock	ACTION ELECTRONICS CO., LTD.	-	Financial assets at fair value through profit or loss, current	16,270	329,464	0.44	329,464	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Financial assets at fair value through profit or loss, current	23,538	353,072	0.21	353,072	None
Stock	SILICONWARE PRECISION INDUSTRIES CO., LTD.	-	Financial assets at fair value through profit or loss, current	5,395	276,202	0.19	276,202	None
Stock	YANG MING MARINE TRANSPORT CORP.	-	Financial assets at fair value through profit or loss, current	3,254	61,178	0.14	61,178	None
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	1,006,496	100.00	1,006,496	None
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	284,084	100.00	276,469	None
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	3,613,491	100.00	3,613,491	None
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	280	8,480	100.00	8,480	None
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	86	100.00	86	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	600,000	\$6,999,737	100.00	\$6,999,737	None
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	11,114,198	99.99	11,711,305	None
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	64,313	167,217	81.76	167,217	None
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	5,949,999	50.09	3,480,760	None
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	127,379	49.99	131,879	None
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the equity method	4,000	81,402	49.94	81,402	None
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	959,542	42.00	959,542	None
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	4,674,311	36.49	4,532,186	None
Stock	HOLTEK SEMICONDUCTOR INC.	Investee company	Long-term investments accounted for under the equity method	51,939	878,747	24.45	3,282,569	None
Stock	ITE TECH. INC.	Investee company	Long-term investments accounted for under the equity method	24,229	341,268	21.80	896,486	None
Stock	HIGHLINK TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	28,500	225,624	18.97	225,624	None
Stock	XGI TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	8,758	53,710	16.48	53,710	None
Stock	AMIC TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	16,200	57,062	11.86	82,750	None
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method	-	2,699,491	45.00	2,699,491	None
Stock	UNIMICRON TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	202,367	9,096,376	19.89	9,096,376	None
Stock	PIXTECH, INC.	-	Available-for-sale financial assets, noncurrent	9,883	321	17.63	321	None
Stock	FARADAY TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	55,611	4,382,181	17.27	4,382,181	None
Stock	UNITED FU SHEN CHEN TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	18,460	128,667	16.60	128,667	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

(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, 2006				
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Available-for-sale financial assets, noncurrent	228,956	\$4,556,222	16.09	\$4,556,222	None
Stock	NOVATEK MICROELECTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	60,073	8,860,711	11.54	8,860,711	None
Stock	EPITECH TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	37,221	1,155,725	10.06	1,155,725	None
Stock	SPRINGSOFT, INC.	-	Available-for-sale financial assets, noncurrent	9,467	520,658	4.78	520,658	None
Stock	C-COM CORP.	-	Available-for-sale financial assets, noncurrent	3,083	22,197	4.40	22,197	None
Stock	CHIPBOND TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	12,330	359,412	4.15	359,412	None
Stock	KING YUAN ELECTRONICS CO., LTD.	-	Available-for-sale financial assets, noncurrent	35,008	952,216	3.21	952,216	None
Stock	BILLIONTON SYSTEMS INC.	-	Available-for-sale financial assets, noncurrent	2,048	24,676	2.63	24,676	None
Stock	MEDIATEK INC.	-	Available-for-sale financial assets, noncurrent	14,979	5,048,091	1.55	5,048,091	None
Stock	AU OPTRONICS CORP.	-	Available-for-sale financial assets, noncurrent	78,266	3,545,441	1.03	3,545,441	None
Stock	MEGA FINANCIAL HOLDING COMPANY	-	Available-for-sale financial assets, noncurrent	95,577	2,289,065	0.86	2,289,065	None
Stock	RECHI PRECISION CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,753	31,116	0.51	31,116	None
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,057	245,705	0.02	245,705	None
Stock	SINO-AEROSPACE INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	28,500	-	11.11	Note	None
Stock	UNITED INDUSTRIAL GASES CO., LTD.	-	Financial assets measured at cost, noncurrent	13,185	146,250	7.80	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	11,520	172,800	4.79	Note	None
Stock	TECO NANOTECH CO. LTD.	-	Financial assets measured at cost, noncurrent	11,001	-	4.56	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

(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, 2006				
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Fund	PACIFIC TECHNOLOGY PARTNERS, L.P.	-	Financial assets measured at cost, noncurrent	-	\$280,846	-	N/A	None
Fund	PACIFIC UNITED TECHNOLOGY, L.P.	-	Financial assets measured at cost, noncurrent	-	161,154	-	N/A	None
Stock-Preferred stock	TAIWAN HIGH SPEED RAIL CORP.	-	Financial assets measured at cost, noncurrent	30,000	300,000	-	N/A	None
Stock-Preferred stock	MTIC HOLDINGS PTE LTD.	-	Financial assets measured at cost, noncurrent	4,000	85,080	-	N/A	None

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2006				
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UNITRUTH INVESTMENT CORP.	Investee company	Long-term investments accounted for under the equity method	80,000	\$743,210	100.00	\$743,210	None
Stock	ANOTO TAIWAN CORP.	Investee company	Long-term investments accounted for under the equity method	3,920	32,622	49.00	32,622	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	10,187	33,531	44.29	33,531	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	11,285	42,288	42.38	32,905	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	800	11,976	40.00	11,976	None
Stock	STAR SEMICONDUCTOR CORP.	Investee company	Long-term investments accounted for under the equity method	10,212	17,224	36.54	17,224	None
Stock-Preferred stock	AEVOE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	2,500	12,610	35.80	10,133	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	88,093	30.00	37,081	None
Stock	TERA XTAL TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	5,200	88,134	26.00	54,301	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	4,493	37,429	25.15	37,429	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	9,045	\$37,525	23.57	\$35,960	None
Stock	USBEST TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	3,646	52,711	21.45	50,949	None
Stock	AFA TECHNOLOGY, INC.	Investee company	Long-term investments accounted for under the equity method	6,033	36,806	21.42	23,889	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	3,500	34,349	21.21	26,912	None
Stock	U-MEDIA COMMUNICATIONS, INC.	Investee company	Long-term investments accounted for under the equity method	5,000	19,288	20.84	19,288	None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	5,457	20,983	19.41	17,869	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	4,525	47,559	18.10	38,327	None
Stock	AMIC TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	23,405	119,225	17.08	119,225	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	6,281	32,187	11.83	38,502	None
Stock	HIGHLINK TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	55	755	0.04	435	None
Stock	DAVICOM SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	12,848	142,030	19.89	Note	None
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	17,675	176,797	19.64	Note	None
Stock	KUN YUAN TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	6,650	66,500	19.00	Note	None
Stock	CION TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,268	21,600	17.05	Note	None
Stock	HITOP COMMUNICATIONS CORP.	-	Financial assets measured at cost, noncurrent	4,340	60,848	16.07	Note	None
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	2,660	16,663	14.94	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	3,340	24,344	14.06	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	4,230	46,953	13.22	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	3,487	\$11,891	12.02	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,080	36,180	10.80	Note	None
Stock	GOLDEN TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	5,040	49,280	10.67	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,060	10,421	10.60	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	11,434	113,017	10.36	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	4,284	27,160	10.06	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	8,529	85,291	9.61	Note	None
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,660	47,880	9.50	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	7.88	Note	None
Stock	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	-	Financial assets measured at cost, noncurrent	10,500	105,000	7.00	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	1,700	17,306	6.85	Note	None
Stock	RISELINK VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	8,000	76,640	6.67	Note	None
Stock	NCTU SPRING VENTURE CAPITAL CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	13,600	6.28	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	1,500	15,000	6.00	Note	None
Stock	SIMPAL ELECTRONICS CO., LTD.	-	Financial assets measured at cost, noncurrent	6,009	70,179	5.67	Note	None
Stock	COSMOS TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	1,742	15,964	5.03	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	PARAWIN VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	5,000	\$41,900	5.00	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	2,450	16,391	4.90	Note	None
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	1,750	32,000	4.89	Note	None
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,300	22,178	4.85	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,249	15,086	4.72	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	3,930	26,742	4.65	Note	None
Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,183	14,165	4.11	Note	None
Stock	PROSYS TECHNOLOGY INTEGRATION, INC.	-	Financial assets measured at cost, noncurrent	409	4,224	4.08	Note	None
Stock	WAVEPLUS TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,200	-	4.00	Note	None
Stock	FORTUNE SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	1,504	24,931	4.00	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	3.98	Note	None
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	9,317	102,459	3.88	Note	None
Stock	IBT VENTURE CORP.	-	Financial assets measured at cost, noncurrent	7,614	76,142	3.81	Note	None
Fund	IGLOBE PARTNERS FUND, L.P.	-	Financial assets measured at cost, noncurrent	-	39,051	3.45	N/A	None
Stock	ANIMATION TECHNOLOGIES INC.	-	Financial assets measured at cost, noncurrent	1,480	22,200	3.16	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	5,000	225,000	3.08	Note	None
Stock	CHIPSENCE CORP.	-	Financial assets measured at cost, noncurrent	1,750	11,325	2.93	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	SHENG-HUA VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	1,250	\$9,950	2.50	Note	None
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,290	24,419	1.84	Note	None
Stock	TAIMIDE TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	1,500	16,095	1.83	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,391	15,590	1.68	Note	None
Fund	CRYSTAL INTERNET VENTURE FUND II	-	Financial assets measured at cost, noncurrent	-	9,342	0.99	N/A	None
Stock	ARCADIA DESIGN SYSTEMS (TAIWAN), INC.	-	Financial assets measured at cost, noncurrent	162	-	0.83	Note	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	PIXART IMAGING INC.	-	Available-for-sale financial assets, noncurrent	13,274	6,504,255	12.71	6,504,255	None
Stock	UNITED ORTHOPEDIC CORP.	-	Available-for-sale financial assets, noncurrent	2,000	27,600	5.89	27,600	None
Stock	EPITECH TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	13,128	407,627	3.55	407,627	None
Stock	AVERLOGIC TECHNOLOGIES CORP.	-	Available-for-sale financial assets, noncurrent	1,051	16,560	3.40	16,560	None
Stock	AIMTRON TECHNOLOGY, INC.	-	Available-for-sale financial assets, noncurrent	1,384	50,930	3.17	50,930	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	959	69,827	1.26	69,827	None
Stock	CHIPBOND TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	2,190	63,846	0.74	63,846	None
Stock	UNITED MICROELECTRONICS CORP.	Investor company	Available-for-sale financial assets, noncurrent	22,070	446,914	0.12	446,914	None
Stock	SIMPLO TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	178	21,004	0.12	21,004	None
Stock	ATHEROS COMMUNICATION INC.	-	Available-for-sale financial assets, noncurrent	8	5,536	0.02	5,536	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Convertible bonds	ALPHA NETWORKS INC.	-	Financial assets at fair value through profit or loss, noncurrent	300	\$33,600	-	\$33,600	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	258	36,314	-	36,314	None

TLC CAPITAL CO., LTD.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	YUNG LI INVESTMENTS, INC.	Investee company	Long-term investments accounted for under the equity method	0.20	\$202,390	44.44	\$202,390	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	7,084	99,220	18.46	28,166	None
Stock	HIGHLINK TECHNOLOGY CORP.	Investee of UMC and TLC	Long-term investments accounted for under the equity method	17,460	134,999	11.62	138,221	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	10,000	100,000	8.40	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	10,650	479,250	6.55	Note	None
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	5,430	395,317	7.02	395,317	None
Stock	RECHI PRECISION CO., LTD.	-	Available-for-sale financial assets, noncurrent	20,163	357,901	5.84	357,901	None
Stock	SERCOMM CORP.	-	Available-for-sale financial assets, noncurrent	6,192	168,408	4.48	168,408	None
Stock	HORIZON SECURITIES CO., LTD.	-	Available-for-sale financial assets, noncurrent	16,858	118,849	3.92	118,849	None
Stock	SIMPLO TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	5,220	615,960	3.48	615,960	None
Stock	EPITECH TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	10,413	323,324	2.81	323,324	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

TLC CAPITAL CO., LTD.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	AVERMEDIA TECHNOLOGIES, INC.	-	Available-for-sale financial assets, noncurrent	4,085	\$163,196	2.16	\$163,196	None
Stock	SYSTEX CORP.	-	Available-for-sale financial assets, noncurrent	800	31,120	0.96	31,120	None
Stock	TATUNG CO.	-	Available-for-sale financial assets, noncurrent	38,152	557,019	0.91	557,019	None
Stock	CORETRONIC CORP.	-	Available-for-sale financial assets, noncurrent	6,007	254,102	0.90	254,102	None
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	500	32,800	0.74	32,800	None
Stock	HUNG SHENG CONSTRUCTION LTD.	-	Available-for-sale financial assets, noncurrent	3,300	83,160	0.59	83,160	None
Stock	ORIENT SEMICONDUCTOR ELECTRONICS, LTD.	-	Available-for-sale financial assets, noncurrent	4,764	40,018	0.54	40,018	None
Stock	ALI CORP.	-	Available-for-sale financial assets, noncurrent	1,050	62,265	0.41	62,265	None
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	248	12,648	0.27	12,648	None
Stock	CHINA ELECTRIC MFG. CORP.	-	Available-for-sale financial assets, noncurrent	895	16,065	0.23	16,065	None
Stock	CHONG HONG CONSTRUCTION CO., LTD.	-	Available-for-sale financial assets, noncurrent	343	30,253	0.23	30,253	None
Stock	HANNSTAR DISPLAY CORP.	-	Available-for-sale financial assets, noncurrent	14,000	86,520	0.23	86,520	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Available-for-sale financial assets, noncurrent	23,596	353,936	0.21	353,936	None
Stock	SHIHLIN ELECTRIC & ENGINEERING CORP.	-	Available-for-sale financial assets, noncurrent	950	33,582	0.18	33,582	None
Stock	GOLDSUN DEVELOPMENT & CONSTRUCTION CO., LTD.	-	Available-for-sale financial assets, noncurrent	2,060	36,256	0.17	36,256	None
Stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	-	Available-for-sale financial assets, noncurrent	566	54,365	0.15	54,365	None
Stock	KEE TAI PROPERTIES CO., LTD.	-	Available-for-sale financial assets, noncurrent	300	7,785	0.11	7,785	None
Stock	YUNGTAY ENGINEERING CO., LTD.	-	Available-for-sale financial assets, noncurrent	400	8,340	0.10	8,340	None
Stock	TAIWAN FERTILIZER CO., LTD.	-	Available-for-sale financial assets, noncurrent	800	49,840	0.08	49,840	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

TLC CAPITAL CO., LTD.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	PRINCE HOUSING & DEVELOPMENT CORP.	-	Available-for-sale financial assets, noncurrent	580	\$12,789	0.07	\$12,789	None
Stock	YULON MOTOR CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,000	39,500	0.07	39,500	None
Stock	CHINA INSURANCE INTL	-	Available-for-sale financial assets, noncurrent	800	32,614	0.06	32,614	None
Stock	NANTEX INDUSTRY.CO.,LTD.	-	Available-for-sale financial assets, noncurrent	150	3,150	0.06	3,150	None
Stock	FAR EASTERN INTERNATIONAL BANK	-	Available-for-sale financial assets, noncurrent	500	7,800	0.03	7,800	None
Stock	CHINATRUST FINANCIAL HOLDING COMPANY LTD.	-	Available-for-sale financial assets, noncurrent	1,600	43,600	0.02	43,600	None
Stock	TA CHONG BANK LTD.	-	Available-for-sale financial assets, noncurrent	100	1,095	0.01	1,095	None
Convertible bonds	EPITECH TECHNOLOGY CORP.	-	Financial assets at fair value through profit or loss, noncurrent	2,500	293,250	-	293,250	None
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	380	53,485	-	53,485	None
Convertible bonds	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	-	Financial assets at fair value through profit or loss, noncurrent	40	4,604	-	4,604	None

UNITRUTH INVESTMENT CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	\$29,364	10.00	\$12,360	None
Stock	TERA XTAL TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,800	20,816	9.00	18,797	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	1,587	13,220	8.88	13,220	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UNITRUTH INVESTMENT CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	1,300	\$12,758	7.88	\$9,996	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	2,570	17,085	6.70	10,217	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,585	7,840	5.95	4,621	None
Stock	U-MEDIA COMMUNICATIONS, INC.	Investee company	Long-term investments accounted for under the equity method	1,250	4,822	5.21	4,822	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	1,225	12,875	4.90	10,376	None
Stock	STAR SEMICONDUCTOR CORP.	Investee company	Long-term investments accounted for under the equity method	1,300	2,193	4.65	2,193	None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	1,250	4,093	4.45	4,093	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000	3,292	4.35	3,292	None
Stock	AFA TECHNOLOGY, INC.	Investee company	Long-term investments accounted for under the equity method	1,000	3,960	3.55	3,960	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Unitruth	Long-term investments accounted for under the equity method	1,760	10,788	3.31	10,788	None
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	930	7,920	9.30	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	6,374	63,739	7.18	Note	None
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	1,748	25,850	6.03	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	1,386	3,059	5.83	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	5,637	62,427	5.11	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,200	10,500	4.91	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	490	16,415	4.90	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UNITRUTH INVESTMENT CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	1,750	\$32,000	4.89	Note	None
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,300	14,755	4.85	Note	None
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,340	8,844	4.79	Note	None
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,518	31,218	4.73	Note	None
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	840	5,262	4.72	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,470	16,317	4.59	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,138	13,747	4.30	Note	None
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	2,005	13,416	4.01	Note	None
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	3.98	Note	None
Stock	FORTUNE SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	1,361	17,747	3.62	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	740	11,100	2.98	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	1,801	12,256	2.13	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	500	5,000	2.00	Note	None
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,300	14,570	1.57	Note	None
Stock	CHIPSENCE CORP.	-	Financial assets measured at cost, noncurrent	910	5,889	1.52	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	1,600	72,000	0.98	Note	None
Stock	UNITED ORTHOPEDIC CORP.	-	Available-for-sale financial assets, noncurrent	1,082	14,932	3.19	14,932	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UNITRUTH INVESTMENT CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Convertible bonds	TOPOINT TECHNOLOGY CO., LTD.	-	Financial assets at fair value through profit or loss, noncurrent	380	\$53,485	-	\$53,485	None

UMC CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMC CAPITAL (USA)	Investee company	Long-term investments accounted for under the equity method	200	USD 326	100.00	USD 326	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	USD 1,550	100.00	USD 1,550	None
Stock-Preferred stock	ACHIEVE MADE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	508	USD 948	44.44	USD 415	None
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	USD 3,772	35.45	USD 3,772	None
Stock-Preferred stock	PARADE TECHNOLOGIES, LTD.	Investee company	Long-term investments accounted for under the equity method	3,125	USD 2,016	23.30	USD 1,113	None
Stock-Preferred stock	MAXXAN SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	2,537	USD 1,281	-	N/A	None
Stock-Preferred stock	AICENT, INC.	-	Financial assets measured at cost, noncurrent	2,000	USD 1,000	-	N/A	None
Stock-Preferred stock	SPREADTRUM COMMUNICATIONS, INC.	-	Financial assets measured at cost, noncurrent	1,649	USD 1,436	-	N/A	None
Stock-Preferred stock	SILICON 7, INC.	-	Financial assets measured at cost, noncurrent	1,678	USD 2,000	-	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	INTELLON CORP.	-	Financial assets measured at cost, noncurrent	5,235	USD 4,381	-	N/A	None
Stock-Preferred stock	FORTEMEDIA, INC.	-	Financial assets measured at cost, noncurrent	10,066	USD 4,053	-	N/A	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UMC CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock-Preferred stock	MAXLINEAR, INC.	-	Financial assets measured at cost, noncurrent	2,070	USD 4,052	-	N/A	None
Stock-Preferred stock	SMART VANGUARD LTD.	-	Financial assets measured at cost, noncurrent	5,750	USD 6,500	-	N/A	None
Stock-Preferred stock	WISAIR, INC.	-	Financial assets measured at cost, noncurrent	153	USD 1,596	-	N/A	None
Stock-Preferred stock	AMALFI SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,471	USD 1,500	-	N/A	None
Stock-Preferred stock	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	10	USD 1,186	-	N/A	None
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	1,500	USD 3,375	-	N/A	None
Stock-Preferred stock	AURORA SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	550	USD 242	-	N/A	None
Stock-Preferred stock	VERIPRECISE TECHNOLOGY, INC.	-	Financial assets measured at cost, noncurrent	4,000	USD 4,000	-	N/A	None
Stock-Preferred stock	PACTRUST COMMUNICATION, INC.	-	Financial assets measured at cost, noncurrent	4,850	USD 4,850	-	N/A	None
Stock-Preferred stock	LUMINUS DEVICES, INC.	-	Financial assets measured at cost, noncurrent	477	USD 3,000	-	N/A	None
Stock-Preferred stock	REALLUSION 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	12,422	USD 3,000	-	N/A	None
Stock	MAGNACHIP SEMICONDUCTOR LLC	-	Financial assets measured at cost, noncurrent	31	USD 1,094	0.00	Note	None
Fund	VENGLOBAL CAPITAL FUND III, L.P.	-	Financial assets measured at cost, noncurrent	-	USD 712	-	N/A	None
Stock	PATENTOP, LTD.	-	Financial assets measured at cost, noncurrent	720	-	18.00	Note	None
Stock	KOTURA, INC.	-	Financial assets measured at cost, noncurrent	0.59	-	0.00	Note	None

ATTACHMENT 4 (Securities held as of December 31, 2006)

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

UMC CAPITAL CORP.

				December 31, 2006				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock-Preferred stock	TERABURST NETWORKS	-	Financial assets measured at cost, noncurrent	301	-	-	N/A	None
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	750	-	-	N/A	None

Note : The net asset values for unlisted investees classified as "Financial assets measured at cost, noncurrent" were not available as of December 31, 2006.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of capital stock for the year ended December 31, 2006)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	
Convertible bonds	KING YUAN ELECTRONICS CO., LTD.	Financial assets at fair value through profit or loss, current	KING YUAN ELECTRONICS CO., LTD.	-	800	\$340,912	-	\$-	800	\$309,884 (Note4)	\$271,600	\$38,284	-	\$-
Convertible bonds	SILICONWARE PRECISION INDUSTRIES CO., LTD.	Financial assets at fair value through profit or loss, current	SILICONWARE PRECISION INDUSTRIES CO., LTD.	-	8,000	310,099	-	-	8,000	291,714 (Note4)	270,120	21,594	-	-
Convertible bonds	ACTION ELECTRONICS CO., LTD.	Financial assets at fair value through profit or loss, current	ACTION ELECTRONICS CO., LTD.	-	10,000	402,375	-	-	10,000	434,127 (Note4)	322,200	111,927	-	-
Convertible bonds	QUANTA STORAGE INC.	Financial assets at fair value through profit or loss, current	QUANTA STORAGE INC.	-	4,500	144,191	1,000	32,578	4,500	144,342 (Note5)	152,778	(8,436)	1,000	34,485
Convertible bonds	TATUNG CO.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	982	111,540	580	78,464	65,879	12,585	402	52,863
Stock	SAMSON HOLDING LTD.	Financial assets at fair value through profit or loss, current	Open market	-	37,872	565,344	-	-	37,872	581,041	456,571	124,470	-	-
Stock	SILICONWARE PRECISION INDUSTRIES CO., LTD.	Financial assets at fair value through profit or loss, current	SILICONWARE PRECISION INDUSTRIES CO., LTD.	-	3,700	170,385	6,832	291,714 (Note4)	6,150	292,416	243,280	49,136	5,395 (Note6)	276,202
Stock	ACTION ELECTRONICS CO., LTD.	Financial assets at fair value through profit or loss, current	ACTION ELECTRONICS CO., LTD.	-	-	-	14,791	434,127 (Note4)	-	-	-	-	16,270 (Note7)	329,464
Stock	PROMOS TECHNOLOGIES INC.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	526,750	6,831,114	49,376	709,895	640,329	69,566	477,374	6,778,711
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	23,200	298,433	-	-	-	-	23,538 (Note8)	353,072
Stock	MEDIATEK INC.	Available-for-sale financial assets, noncurrent	Open market	-	53,916	20,865,597	-	-	42,407	14,259,393	458,508	13,771,261 (Note9)	14,979 (Note10)	5,048,091

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD\$100 million or 20 percent of capital stock for the year ended December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	
Stock	KING YUAN ELECTRONICS CO., LTD.	Available-for-sale financial assets, noncurrent	KING YUAN ELECTRONICS CO., LTD.	-	23,040	\$828,272	9,653	\$309,884 (Note4)	-	\$-	\$-	\$-	35,008 (Note11)	\$952,216
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Proceeds from new issues	-	23,729	716,630	13,492	296,823	-	-	-	-	37,221	1,155,725
Stock	RECHI PRECISION CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	12,412	331,400	-	-	12,677	223,636	205,245	18,391	1,753 (Note12)	31,116
Stock	PREMIER IMAGE TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	PREMIER IMAGE TECHNOLOGY CORP.	-	3,497	154,043	-	-	3,602 (Note13)	244,929 (Note14)	27,964	216,965	-	-
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	Available-for-sale financial assets, noncurrent	HON HAI PRECISION INDUSTRY CO., LTD.	-	-	-	1,057	244,929 (Note14)	-	-	-	-	1,057	245,705
Stock-Preferred stock	CHINATRUST FINANCIAL HOLDING CO., LTD.	Available-for-sale financial assets, noncurrent	CHINATRUST FINANCIAL HOLDING CO., LTD.	-	4,810	206,830	-	-	4,810	192,400	207,482	(15,082)	-	-
Stock-Preferred stock	TAIWAN CEMENT CORP.	Available-for-sale financial assets, noncurrent	TAIWAN CEMENT CORP.	-	44,530	1,202,310	-	-	44,530	1,113,250	1,201,794	(88,544)	-	-
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Long-term investments accounted for under the equity method	HSIEH YONG CAPITAL CO., LTD.	-	92,124	(3,169,837) (Note15)	-	-	58,500	6,521,580	5,865,917	13,152,475 (Note16)	33,624	4,674,311
Stock	TOPPAN PHOTOMASKS TAIWAN LTD.	Long-term investments accounted for under the equity method	TOPPAN PHOTOMASKS TAIWAN LTD.	-	106,621	1,063,671	-	-	106,621	1,279,449	1,053,204	197,633 (Note17)	-	-

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD\$100 million or 20 percent of capital stock for the year ended December 31, 2006)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount Cost (Note 2)	Gain (Loss) from disposal (Note 3)	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	
Stock	HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	\$-	28,500	\$285,000	-	\$-	\$-	\$-	28,500	\$225,624 (Note18)
Stock	UMC JAPAN	Long-term investments accounted for under the equity method	Open market	-	484	6,341,144	12	132,462	-	-	-	-	496	5,949,999 (Note19)
Stock	TLC CAPITAL CO., LTD.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	300,000	2,991,258	300,000	3,000,000	-	-	-	-	600,000	6,999,737 (Note20)
Stock	UMC CAPITAL CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	74,000	2,051,350	50,000	1,665,000	-	-	-	-	124,000	3,613,491 (Note21)
Fund	MEGA MISSION LIMITED PARTNERSHIP	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	-	-	2,222,100 (Note22)	-	-	-	-	- (Note22)	2,699,491 (Note22)

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

Note 2: The disposal cost represents historical cost .

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

As for the gain/loss from disposal of financial assets at fair value through profit/loss transfers to gain/loss on the valuation of financial assets.

Note 4: Exercise of conversion rights of UMC's convertible bond classified as "Financial asset at fair value through profit or loss" on the balance sheet.

Note 5: Exercise of call back rights of the UMC's convertible bond classified as "Financial asset at fair value through profit or loss" on the balance sheet.

Note 6: The ending balance includes stock dividend of 1,013 thousand shares.

Note 7: The ending balance includes stock dividend of 1,479 thousand shares.

Note 8: The ending balance includes stock dividend of 338 thousand shares.

Note 9: The gain/loss on disposal of investment includes adjustments to long-term investment additional paid-in capital of NTD\$(29,624) thousand.

Note 10: The ending balance includes stock dividend of 3,470 thousand shares.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS100 million or 20 percent of capital stock for the year ended December 31, 2006)
(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)/	Amount	Units (thousand)/	Amount	Units (thousand)/	Cost	Gain (Loss)	Units (thousand)/	Amount
					bonds/	(Note1)	bonds/	Amount	bonds/	(Note 2)	from disposal	bonds/	(Note1)
					shares (thousand)		shares (thousand)	Amount	shares (thousand)	Amount	(Note 3)	shares (thousand)	(Note1)

Note 11: The ending balance includes stock dividend of 2,315 thousand shares.

Note 12: The ending balance includes stock dividend of 2,018 thousand shares.

Note 13: The disposal shares include stock dividend of 105 thousand shares.

Note 14: On December 1, 2006, Premier Image Technology Corporation merged into Hon Hai Precision Industry Co., Ltd.

Note 15: The ending balance of NTS(3,169,837) thousand is computed by deducting UMC's stocks held by Hsun Chieh (therefore accounted for as treasury stock) of NTS20,137,403 thousand from UMC's long-term investment beginning balance in Hsun Chieh of NTS16,967,566 thousand.

Note 16: The gain/loss on disposal includes long-term investment additional paid-in capital adjustments of NTS14,149,221 thousand, cumulative translation adjustments of NTS(8,157) thousand, unrealized loss of available for sale NTS(1,644,252) thousand.

Note 17: The gain/loss on disposal includes long-term investment additional paid-in capital adjustments of NTS(28,612) thousand.

Note 18: The ending balance includes impairment loss of NTS(7,774) thousand, long-term investment loss of NTS(51,719) thousand and long-term investment additional paid-in capital adjustment of NTS117 thousand.

Note 19: The ending balance includes long-term investment loss of NTS(408,923) thousand, long-term investment additional paid-in capital adjustment of NTS1 thousand and cumulative translation adjustments of NTS(114,685) thousand.

Note 20: The ending balance includes long-term investment gain of NTS329,178 thousand, long-term investment additional paid-in capital adjustment of NTS2,543 thousand, cumulative translation adjustments of NTS10 thousand and unrealized gain on financial assets of NTS676,748 thousand.

Note 21: The ending balance includes long-term investment loss of NTS(49,736) thousand, long-term investment additional paid-in capital adjustment of NTS930 thousand, cumulative translation adjustments of NTS(55,147) thousand and unrealized gain on financial assets of NTS1,094 thousand.

Note 22: No shares since it belongs to partnership fund organization. The ending balance includes long-term investment loss of NTS504,936 thousand and cumulative translation adjustments of NTS(27,545) thousand.

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)/	Amount	Units (thousand)/	Amount	Units (thousand)/	Cost	Gain (Loss)	Units (thousand)/	Amount	
					bonds/	(Note1)	bonds/	Amount	bonds/	(Note 2)	from disposal	bonds/	(Note1)	
Stock	ULI ELECTRONICS INC.	Long-term investments accounted for under the equity method	NVIDIA BVI HOLDINGS LTD.	-	12,655	\$252,307	-	\$-	12,655	\$240,451	\$252,307	\$(11,607)	-	\$-
Stock	UNITRUTH INVESTMENT CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	Subsidiary	40,000	366,683	40,000	400,000	-	-	-	-	80,000	743,210 (Note3)
Stock	TRIDENT MICROSYSTEMS, INC.	Available-for-sale financial assets, noncurrent	Open market	-	255	150,565	-	-	255	218,469	71,775	146,694	-	-
Stock	SIRF TECHNOLOGY HOLDINGS, INC.	Available-for-sale financial assets, noncurrent	Open market	-	181	176,419	-	-	181	185,353	24,652	160,701	-	-

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of capital stock for the year December 31, 2006)

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

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)
Stock	SIMPLO TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	\$-	1,518	\$128,913	1,340	\$127,011	\$113,977	\$13,034	178	\$21,004
Stock	RECHI PRECISION CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	5,000	133,500	-	-	5,461 (Note4)	111,552	93,633	17,919	-	-
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	4,361	131,705	8,767	257,000	-	-	-	-	13,128	407,627
Stock-Preferred stock	INTEGRANT TECHNOLOGIES, INC.	Financial assets measured at cost, noncurrent	ANALOG DEVICES HOLDINGS B.V.	-	120	34,413	-	-	240 (Note5)	232,190	34,413	197,777	-	-
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	Financial assets measured at cost, noncurrent	Taiwan Special Opportunities Fund III / Proceeds from new issues	-	-	-	5,000	225,000	-	-	-	-	5,000	225,000

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

Note 2: The loss on disposal of investment includes cumulative translation adjustments of NTS\$249 thousand.

Note 3: The ending balance includes long-term investment loss of NTS\$(44,024) thousand, additional paid-in capital adjustments of NTS\$17,428 thousand due to disproportionate changes in shareholding, cumulative translation adjustments of NTS\$(99) thousand, retained earning adjustments of NTS\$246 thousand and unrealized loss of available-for-sale financial assets of NTS\$2,976 thousand.

Note 4: The disposal shares includes stock dividend of 461 thousand shares.

Note 5: 2 for 1 Stock splits.

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of capital stock for the year December 31, 2006)

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

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)
Stock	SERCOMM CORP.	Available-for-sale financial assets, noncurrent	Open market	-	2,867	\$75,499	5,077	\$126,954	2,600	\$70,109	\$59,874	\$10,235	6,192 (Note2)	\$168,408
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	23,025	292,259	-	-	-	-	23,596 (Note3)	353,936
Stock	PROMOS TECHNOLOGIES INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	19,500	238,307	19,500	286,030	238,307	47,723	-	-
Stock	SIMPLO TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	Open market / Private	-	-	-	5,520	330,234	300	30,403	25,617	4,786	5,220	615,960
Stock	TATUNG CO.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	47,372	583,045	9,220	123,401	113,478	9,923	38,152	557,019
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	10,413	298,327	-	-	-	-	10,413	323,324
Stock	TXC CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	4,208	166,996	4,460 (Note4)	217,570	162,789 (Note5)	54,781	-	-
Stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	1,300	126,049	900	86,560	76,347	10,213	566 (Note6)	54,365
Stock	CORETRONIC CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	5,983	245,799	-	-	-	-	6,007 (Note7)	254,102
Stock	A-DATA TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	1,741	211,155	1,909 (Note8)	225,036	204,978 (Note9)	20,058	-	-

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of capital stock for the year December 31, 2006)

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

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance		
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)
Stock	ELITE MATERIAL CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	6,874	\$102,424	6,874	\$114,860	\$102,424	\$12,436	-	\$-
Stock	POWER QUOTIENT INTERNATIONAL CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	12,483	207,004	12,483	306,400	204,961 (Note10)	101,439	-	-
Stock	AVERMEDIA TECHNOLOGIES, INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	5,012	179,713	927	36,788	33,239	3,549	4,085	163,196
Stock	TOPOINT TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	Open market / Proceeds from new issues	-	2,263	144,832	2,778	145,609	-	-	-	-	5,430 (Note11)	395,317
Stock	SMEDIA TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	-	7,084	106,266	-	-	-	-	7,084	99,220 (Note12)
Stock	YUNG LI INVESTMENTS, INC.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	-	-	0.20	200,000	-	-	-	-	0.20	202,390 (Note13)
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	-	10,000	100,000	-	-	-	-	10,000	100,000
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	Financial assets measured at cost, noncurrent	Taiwan Special Opportunities Fund III / Proceeds from new issues	-	-	-	10,650	479,250	-	-	-	-	10,650	479,250
Convertible bonds	EPITECH TECHNOLOGY CORP.	Financial assets at fair value through profit or loss, noncurrent	Open market	-	-	-	2,500	250,000	-	-	-	-	2,500	293,250

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS100 million or 20 percent of capital stock for the year December 31, 2006)

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

TLC CAPITAL CO., LTD.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal			Ending balance	
					Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/ bonds/ shares (thousand)

Note1: 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.

Note2: The ending balance includes stock dividend of 848 thousand shares.

Note3: The ending balance includes stock dividend of 571 thousand shares.

Note4: The disposal shares include stock dividend of 252 thousand shares.

Note5: The disposal cost includes cash dividend of NT\$(4,207) thousand.

Note6: The ending balance includes stock dividend of 166 thousand shares.

Note7: The ending balance includes stock dividend of 24 thousand shares.

Note8: The disposal shares include stock dividend of 168 thousand shares.

Note9: The disposal cost includes cash dividend of NT\$(6,177) thousand.

Note10: The disposal cost includes cash dividend of NT\$(2,043) thousand.

Note11: The ending balance includes stock dividend of 389 thousand shares.

Note12: The ending balance includes long-term investment loss of NT\$(7,057) thousand and cumulative translation adjustments of NTS11 thousand.

Note13: The ending balance includes long-term investment gain of NT\$2,390 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 (Note1)	Units (thousand)/ bonds/ shares (thousand)	Amount	Units (thousand)/ bonds/ shares (thousand)	Amount	Cost	Gain (Loss) from disposal	Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)
Stock-Preferred stock	FORCE10 NETWORKS, INC.	Financial assets measured at cost, noncurrent	Proceeds from new issues	-	-	\$-	4,373	USD 4,500	-	\$-	\$-	\$-	4,373	USD 4,500

ATTACHMENT 6 (Acquisition of individual real estate with amount exceeding the lower of NTD\$100 million or 20 percent of capital stock for the year ended December 31, 2006)

(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		Date of transaction	Transaction amount	Price reference	Date of acquisition and status of utilization	Other commitments
						Former holder of property	Relationship between former holder and acquirer of property					

None

ATTACHMENT 7 (Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

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

ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NTD\$100 million or 20 percent of capital stock for the year ended December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UMC GROUP (USA)	Investee company	Sales	\$54,476,329	52.33	Net 60 Days	N/A	N/A	\$5,118,532	38.89	
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Sales	8,455,595	8.12	Net 60 Days	N/A	N/A	734,440	5.58	
UMC JAPAN	Investee company	Sales	2,835,621	2.72	Net 60 Days	N/A	N/A	401,039	3.05	
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	Sales	2,046,127	1.97	Month-end 45 Days	N/A	N/A	98,861	0.75	
HOLTEK SEMICONDUCTOR INC.	Investee company	Sales	688,955	0.66	Month-end 60 Days	N/A	N/A	115,670	0.88	
ITE TECH. INC.	Investee company	Sales	322,726	0.31	Month-end 45 Days	N/A	N/A	41,829	0.32	
USBEST TECHNOLOGY INC.	Subsidiary's investee company	Sales	226,662	0.22	Month-end 45 Days	N/A	N/A	59,860	0.45	
AFA TECHNOLOGY, INC.	Subsidiary's investee company	Sales	144,859	0.14	Month-end 45 Days	N/A	N/A	12,869	0.10	

UNITED MICROELECTRONICS (EUROPE) B.V.

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 260,578	100.00	Net 60 Days	N/A	N/A	USD 22,584	100.00	

ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year December 31, 2006)

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

UMC GROUP (USA)

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 1,673,665	99.77	Net 60 Days	N/A	N/A	USD 157,396	99.50	
UMC JAPAN	Investee of UMC	Purchases	USD 3,927	0.23	Net 55 Days	N/A	N/A	USD 617	0.39	

UMC JAPAN

Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		
		Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit price	Term	Balance	Percentage of total receivables (%)	Note
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	JPY 9,881,648	55.48	Net 60 Days	N/A	N/A	JPY 1,458,726	33.05	
UMC GROUP(USA)	Investee of UMC	Sales	JPY 463,508	1.35	Net 55 Days	N/A	N/A	JPY 73,364	0.78	

ATTACHMENT 9 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2006)

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

UNITED MICROELECTRONICS CORPORATION

Related party	Relationship	Ending balance				Turnover rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
		Notes receivable	Accounts receivable	Other receivables	Total		Amount	Collection status		
UMC GROUP (USA)	Investee company	\$-	\$5,118,532	\$-	\$5,118,532	11.26	\$-	-	\$4,900,961	\$-
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	-	734,440	4	734,444	13.22	-	-	531,115	-
UMC JAPAN	Investee company	-	401,039	318	401,357	7.72	7	Credit Collecting	175,792	1,996
HOLTEK SEMICONDUCTOR INC.	Investee company	49,924	65,746	-	115,670	5.90	-	-	99,735	-
SILICON INTEGRATED SYSTEMS CORP.	The Company's director	-	98,861	1,299	100,160	3.07	20,475	Credit Collecting	40,741	-

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2006)
(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, 2006			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	\$1,006,496	\$260,573	\$260,573	
UNITED MICROELECTRONICS (EUROPE) B.V.	The Netherlands	IC Sales	USD	5,421	USD	5,421	9	100.00	284,084	7,058	7,058	
UMC CAPITAL CORP.	Cayman, Cayman Islands	Investment holding	USD	124,000	USD	74,000	124,000	100.00	3,613,491	(49,736)	(49,736)	
UNITED MICROELECTRONICS CORP. (SAMOA)	Apia, Samoa	Investment holding	USD	1,000	USD	1,000	280	100.00	8,480	(5,588)	(5,588)	
UMCI LTD.	Singapore	Sales and manufacturing of integrated circuits	USD	839,880	USD	839,880	880,006	100.00	86	12,463	12,463	Note2
TLC CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		6,000,000		3,000,000	600,000	100.00	6,999,737	329,178	329,178	
FORTUNE VENTURE CAPITAL CORP.	Taipei, Taiwan	Consulting and planning for investment in new business		4,999,940		4,999,940	499,994	99.99	11,114,198	374,046	379,890	
UNITED MICRODISPLAY OPTRONICS CORP.	Hsinchu Science Park, Taiwan	Sales and manufacturing of LCOS		1,008,078		1,008,078	64,313	81.76	167,217	(186,142)	(158,511)	
UMC JAPAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY	20,994,400	JPY	20,537,634	496	50.09	5,949,999	(833,067)	(408,923)	
PACIFIC VENTURE CAPITAL CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business		150,000		300,000	30,000	49.99	127,379	(32,936)	(20,964)	
MTIC HOLDINGS PTE LTD.	Singapore	Investment holding	SGD	4,000	SGD	-	4,000	49.94	81,402	(5,097)	(2,545)	
UNITECH CAPITAL INC.	British Virgin Islands	Investment holding	USD	21,000	USD	21,000	21,000	42.00	959,542	306,447	128,708	
HSUN CHIEH INVESTMENT CO., LTD.	Taipei, Taiwan	Investment holding		336,241		921,241	33,624	36.49	4,674,311	215,305	81	
HOLTEK SEMICONDUCTOR INC.	Hsinchu Science Park, Taiwan	IC design and production		357,628		357,628	51,939	24.45	878,747	1,058,371	233,441	
ITE TECH. INC.	Hsinchu Science Park, Taiwan	Sales and manufacturing of integrated circuits		186,898		186,898	24,229	21.80	341,268	251,307	47,559	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2006)

(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, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
HIGHLINK TECHNOLOGY CORP.	Miao-Li County, Taiwan	Sales and manufacturing of electronic parts	\$285,000	\$-	28,500	18.97	\$225,624	\$(277,489)	\$(51,719)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Cartography chip design and production	248,795	248,795	8,758	16.48	53,710	(175,804)	(29,020)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	135,000	135,000	16,200	11.86	57,062	(61,367)	(2,519)	
MEGA MISSION LIMITED PARTNERSHIP	Cayman Islands	Investment holding	USD 67,500	USD -	-	45.00	2,699,491	1,247,081	504,936	Note3

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

Note 2: Based on the resolution of the board of directors meeting on August 26, 2004, the businesses, operations and assets of UMCI LTD. were transferred to the Branch as of April 1, 2005.

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

FORTUNE VENTURE CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
UNITRUTH INVESTMENT CORP.	Taipei, Taiwan	Investment holding	\$800,000	\$400,000	80,000	100.00	\$743,210	\$(44,024)	\$(44,024)	
ANOTO TAIWAN CORP.	Taoyuan County, Taiwan	Tablet transmission systems and chip-set	39,200	-	3,920	49.00	32,622	(13,425)	(6,578)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	85,471	85,471	10,187	44.29	33,531	(69,000)	(30,559)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	99,311	49,311	11,285	42.38	42,288	(84,925)	(36,459)	
NEXPOWER TECHNOLOGY CORP.	Hsinchu, Taiwan	Sales and manufacturing of solar power batteries	8,000	8,000	800	40.00	11,976	9,983	3,995	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2006)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
STAR SEMICONDUCTOR CORP.	Hsinchu, Taiwan	IC design, production and sales	\$91,194	\$44,129	10,212	36.54	\$17,224	\$(84,661)	\$(28,052)	
AEVOE INTERNATIONAL LTD.	Samoa	Design of VOIP Telephone	USD 912	-	2,500	35.80	12,610	(32,976)	(17,175)	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	90,000	-	6,000	30.00	88,093	(13,516)	(1,907)	
TERA XTAL TECHNOLOGY CORP.	Taoyuan County, Taiwan	Lithium Tantalate and Niobate, Optical Grade Lithium Niobate Lithium Tetraborate and Sapphire	85,200	-	5,200	26.00	88,134	2,015	2,934	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	50,629	17,206	4,493	25.15	37,429	(20,383)	(5,154)	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	93,478	90,240	9,045	23.57	37,525	(145,821)	(41,037)	
USBEST TECHNOLOGY INC.	Hsinchu, Taiwan	Design, manufacturing and sales of IC	41,645	54,208	3,646	21.45	52,711	37,313	8,974	
AFA TECHNOLOGY, INC.	Taipei County, Taiwan	IC design	64,544	53,340	6,033	21.42	36,806	(83,173)	(19,674)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	39,900	-	3,500	21.21	34,349	(41,909)	(7,108)	
U-MEDIA COMMUNICATIONS, INC.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	45,750	45,750	5,000	20.84	19,288	(46,892)	(10,143)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS &GSM/PHS dual mode B/B Chip	56,102	50,000	5,457	19.41	20,983	(140,837)	(28,677)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	54,300	-	4,525	18.10	47,559	(57,062)	(6,743)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	291,621	291,621	23,405	17.08	119,225	(61,367)	(3,624)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	270,483	270,483	6,281	11.83	32,187	(175,804)	(18,775)	
HIGHLINK TECHNOLOGY CORP.	Miao-Li County, Taiwan	Sales and manufacturing of electronic parts	792	-	55	0.04	755	(277,489)	(37)	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2006)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
YUNG LI INVESTMENTS, INC.	Taipei, Taiwan	Investment	\$200,000	\$-	0.20	44.44	\$202,390	\$5,378	\$2,390	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	106,266	-	7,084	18.46	99,220	(145,821)	(7,057)	
HIGHLINK TECHNOLOGY CORP.	Miao-Li County, Taiwan	Sales and manufacturing of electronic parts	174,596	221,920	17,460	11.62	134,999	(277,489)	(35,899)	

UNITRUTH INVESTMENT CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	\$30,000	\$-	2,000	10.00	\$29,364	\$(13,516)	\$(636)	
TERA XTAL TECHNOLOGY CORP.	Taoyuan County, Taiwan	Lithium Tantalate and Niobate, Optical Grade Lithium Niobate Lithium Tetraborate and Sapphire	19,800	-	1,800	9.00	20,816	2,015	1,016	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	16,493	4,688	1,587	8.88	13,220	(20,383)	(1,820)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	14,820	-	1,300	7.88	12,758	(41,909)	(2,640)	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	24,057	24,057	2,570	6.70	17,085	(145,821)	(11,692)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	Design of MP3 player chip	11,910	5,390	1,585	5.95	7,840	(84,925)	(5,189)	
U-MEDIA COMMUNICATIONS, INC.	Hsinchu, Taiwan	WLAN, Broadband, Digital Home ODM	13,800	13,800	1,250	5.21	4,822	(46,892)	(2,536)	

ATTACHMENT 10 (Names, locations and related information of investee companies as of December 31, 2006)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			Net income (loss) of investee company	Investment income (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value			
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	High brightness LED package and Lighting module R&D and manufacture	\$14,700	\$-	1,225	4.90	\$12,875	\$(57,062)	\$(1,825)	
STAR SEMICONDUCTOR CORP.	Hsinchu, Taiwan	IC design, production and sales	6,617	6,617	1,300	4.65	2,193	(84,661)	(4,225)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS & GSM/PHS dual mode B/B chip	11,463	11,463	1,250	4.45	4,093	(140,837)	(6,812)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	6,950	6,950	1,000	4.35	3,292	(69,000)	(3,000)	
AFA TECHNOLOGY, INC.	Taipei County, Taiwan	IC design	5,600	5,600	1,000	3.55	3,960	(83,173)	(3,051)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Design and manufacturing of cartography chip	26,400	26,400	1,760	3.31	10,788	(175,804)	(5,835)	

UMC CAPITAL CORP.

Investee company	Address	Main businesses and products	Initial Investment		Investment as of December 31, 2006			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 CAPITAL (USA)	Sunnyvale, California, U.S.A.	Investment holding	USD 200	USD 200	200	100.00	USD 326	USD 30	USD 30	
ECP VITA LTD.	British Virgin Islands	Insurance	USD 1,000	USD 1,000	1,000	100.00	USD 1,550	USD 286	USD 286	
ACHIEVE MADE INTERNATIONAL LTD.	British Virgin Islands	Internet Content Provider	USD 1,000	USD -	508	44.44	USD 948	USD (118)	USD (52)	
UC FUND II	British Virgin Islands	Investment holding	USD 3,850	USD 3,850	5,000	35.45	USD 3,772	USD (918)	USD (326)	
PARADE TECHNOLOGIES, LTD.	U.S.A.	IC design	USD 2,500	USD 2,500	3,125	23.30	USD 2,016	USD (2,168)	USD (515)	