

A circular graphic with a white border on a grey background. Inside the circle, a series of white circles are connected by a thin white line, forming a partial arc on the left side. Each white circle contains a page number in blue. To the right of each page number, the corresponding section title is written in white, uppercase letters.

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FINANCIAL REVIEW UNCONSOLIDATED

Condensed Balance Sheets

In thousand NTD

		2007	2006	2005	2004	2003
Current assets		68,252,759	118,430,216	128,267,746	110,373,653	122,306,834
Funds and investments		81,429,006	82,746,430	39,238,167	71,568,002	72,218,479
Property, plant and equipment		129,814,652	142,647,435	149,809,616	137,355,251	117,184,749
Intangible assets		3,745,122	3,745,122	4,104,678	1,214,956	6,956
Other assets		7,521,028	7,659,590	7,970,867	7,747,985	7,527,580
Total assets		290,762,567	355,228,793	329,391,074	329,563,491	320,113,838
Current liabilities	Before distribution	43,152,807	30,060,546	28,303,962	23,277,031	32,751,363
	After distribution	*	44,861,689	35,777,189	25,062,773	32,763,981
Long-term interest-bearing liabilities		7,495,304	30,383,076	36,009,055	33,607,029	48,552,355
Other liabilities		3,647,567	3,620,300	6,794,504	6,296,677	6,568,196
Total liabilities	Before distribution	54,295,678	64,063,922	71,107,521	63,180,737	87,871,914
	After distribution	*	78,865,065	78,580,748	64,966,479	87,884,532
Capital		132,144,949	191,323,332	197,983,633	177,923,859	161,407,435
Additional paid-in capital		66,126,806	67,707,287	85,381,599	84,933,195	80,074,184
Retained earnings	Before distribution	31,651,091	34,795,993	26,572,792	42,401,701	26,794,291
	After distribution	*	19,994,850	17,745,952	21,055,740	13,446,116
Unrealized gain or loss on financial instruments		22,413,852	27,557,845	(9,527,362)	(9,871,086)	(9,537,237)
Cumulative translation adjustment		(866,562)	(824,922)	(241,153)	(1,319,452)	913,877
Unrecognized pension cost, contra equity account, charge to stockholders' equity (excess of additional pension liability over unrecognized prior service cost)		-	-	-	-	-
Total equity	Before distribution	236,466,889	291,164,871	258,283,553	266,382,754	232,241,924
	After distribution	*	276,363,728	250,810,326	264,597,012	232,229,306

*Subject to change following resolutions decided during the 2008 shareholders' meeting.

Condensed Statements of Income

	<i>In thousand NTD</i>				
	2007	2006	2005	2004	2003
Net operating revenues	106,771,051	104,098,611	90,775,439	117,311,840	84,862,070
Gross profit	22,505,866	20,693,472	11,195,550	35,820,944	19,442,269
Operating income (loss)	6,804,722	6,124,138	(2,668,719)	24,454,992	9,936,334
Non-operating income	16,493,757	33,871,592	13,871,542	14,895,451	9,033,180
Non-operating expenses	3,732,130	2,979,691	4,175,293	7,473,153	4,154,145
Income from continuing operations before income tax	19,566,349	37,016,039	7,027,530	31,877,290	14,815,369
Income from continuing operations	16,961,762	33,807,828	7,026,692	31,843,381	14,020,257
Discontinued operations	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Cumulative effect of change in accounting principle	-	(1,188,515)	-	-	-
Net income	16,961,762	32,619,313	7,026,692	31,843,381	14,020,257
Earnings per share (NTD)	1.09	1.81	0.38	1.68	0.75

Note The EPS calculations for 2003-2006 were based on the retroactive adjustment for capitalization of unappropriated earnings, additional paid-in capital and bonuses to employees, and the EPS calculation for 2007 was based on weighted average shares outstanding for the period.

Auditors' Opinion

YEAR	CPA	AUDITORS' OPINION
2003	James Wang, Thomas Yue	A modified unqualified opinion
2004	Kim Chang, MY Lee	A modified unqualified opinion
2005	James Wang, MY Lee	A modified unqualified opinion
2006	James Wang, MY Lee	A modified unqualified opinion
2007	James Wang, MY Lee	A modified unqualified opinion

Financial Analysis

		2007	2006	2005	2004	2003
Capital structure analysis (%)	Debt ratio	18.67	18.03	21.59	19.17	27.45
	Long-term funds to fixed assets	187.93	225.41	196.44	218.40	239.62
Liquidity analysis (%)	Current ratio	158.17	393.97	453.18	474.17	373.44
	Quick ratio	130.30	351.82	404.71	421.28	340.19
	Times interest earned	79.89	57.80	7.01	23.58	9.58
Operating performance analysis	Average collection turnover (times)	8.22	8.42	7.87	9.45	7.23
	Average collection days	44	43	46	39	50
	Average inventory turnover (times)	7.70	8.17	8.51	10.01	8.45
	Average payable turnover (times)	18.74	20.21	18.43	18.61	18.77
	Average inventory turnover days	47	45	43	36	43
	Fixed assets turnover (times)	0.78	0.71	0.63	0.92	0.64
	Total assets turnover (times)	0.33	0.30	0.28	0.36	0.27
Profitability analysis (%)	Return on total assets	5.29	9.67	2.34	10.08	4.84
	Return on equity	6.43	11.87	2.68	12.77	6.24
	Operating income (loss) to capital	5.15	3.20	(1.35)	13.74	6.16
	Income before income tax to capital	14.81	18.73	3.55	17.92	9.18
	Net income to sales	15.89	31.34	7.74	27.14	16.52
	Earnings per share (NTD)	1.09	1.81	0.38	1.68	0.75
Cash Flow (%)	Cash flow ratio	108.41	153.19	156.32	296.49	139.22
	Cash flow adequacy ratio	153.58	152.38	148.68	115.97	105.92
	Cash flow reinvestment ratio	5.99	6.32	7.73	13.64	10.37
Leverage	Operating leverage	11.22	12.58	(24.95)	3.66	6.65
	Financial leverage	1.02	1.11	0.74	1.05	1.14

Explanations for significant changes (over 20%) in financial analysis include:

1. Current ratio: Mainly resulted from the decrease in cash due to capital reduction and the increase in current portion of long-term liabilities.
2. Quick ratio: Mainly resulted from the decrease in cash due to capital reduction and the increase in current portion of long-term liabilities.
3. Times interest earned: Mainly resulted from the decrease in interest expense compared with the previous year.
4. Return on total assets: Mainly resulted from the decrease in net income compared with the previous year.

5. Return on equity: Mainly resulted from the decrease in net income compared with the previous year.

6. Operating income to capital: Mainly resulted from the decrease in capital due to capital reduction.

7. Income before income tax to capital: Mainly resulted from the decrease in net income compared with the previous year.

8. Net income to sales: Mainly resulted from the decrease in net income compared with the previous year.

9. Earnings per share (NTD): Mainly resulted from the decrease in net income compared with the previous year.

10. Cash flow ratio: Mainly resulted from the increase in current liabilities over the previous year.

Notes (1) The EPS calculations for 2003-2006 were based on the retroactive adjustment for capitalization of unappropriated earnings and bonus to employees; the EPS calculation for 2007 was based on weighted average shares outstanding for the period. (2) The calculation formulas of financial analysis are listed as follows

Capital structure analysis

(1) Debt ratio = Total liabilities / Total assets (2) Long-term funds to fixed assets = (Stockholders' equity + Long-term interest-bearing liabilities) / Net fixed assets

Liquidity analysis

(1) Current ratio = Current assets / Current liabilities (2) Quick ratio = (Current assets - Inventories - Prepaid expenses - Current deferred income tax assets) / Current liabilities (3) Times interest earned = Earnings before interest and taxes / Interest expense

Operating performance analysis

(1) Average collection turnover (times) = Net sales / Average trade receivables (2) Average collection days = 365 / Average collection turnover (times) (3) Average inventory turnover (times) = Cost of goods sold / Average inventory (4) Average payable turnover (times) = Cost of goods sold / Average trade payables (5) Average inventory turnover days = 365 / Average inventory turnover (times) (6) Fixed assets turnover (times) = Net sales / Average fixed assets (7) Total assets turnover (times) = Net sales / Average total assets

Profitability analysis

(1) Return on total assets = {Net income + Interest expense × (1 - Tax rate)} / Average total assets (2) Return on equity = Net income / Average stockholders' equity (3) Operating income to capital = Operating income / Capital (4) Income before income tax to capital = Income before income tax / Capital (5) Net income to sales = Net income / Net sales (6) Earnings per share = (Net income - Preferred stock dividend) / Weighted average number of shares outstanding

Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current liabilities (2) Cash flow adequacy ratio = Five-year sum of cash from operation / Five-year sum of capital expenditures, Inventory additions, and Cash dividends (3) Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross fixed assets + Long-term investments + Other assets + Working capital)

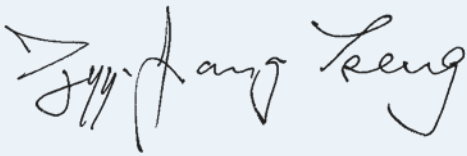
Leverage

(1) Operating leverage = (Net sales - Variable cost) / Operating income (2) Financial leverage = Operating income(loss) / (Operating income(loss) - Interest expense)

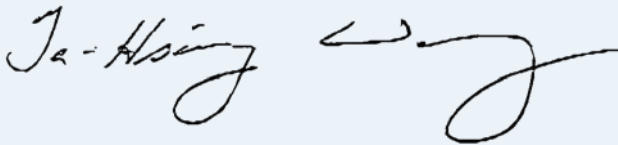
Supervisors' Report

The board of directors has prepared and submitted to us the Company's 2007 financial statements. These statements have been audited by Ernst & Young. The financial statements present fairly the financial position of the Company and the results of its operations and cash flows. We, as the Supervisors of the Company, have reviewed these statements, the report of operations and the proposals relating to distribution of net profit. According to article 219 of the Company Law, we hereby submit this report.

United Microelectronics Corporation
Supervisors:



Tzyy-Jang Tseng



Ta-Hsing Wang



Ting-Yu Lin

March 17, 2008

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

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

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

REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To United Microelectronics Corporation

We have audited the accompanying balance sheets of United Microelectronics Corporation (“the Company”) as of December 31, 2007 and 2006, the related statements of income, statements of changes in stockholders’ equity, and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(8) to the financial statements, certain long-term investments were accounted for under the equity method based on financial statements as of December 31, 2007 and 2006 of the investees, which were audited by the other auditors. Our audits insofar as it relates to the investment income amounting to NT\$815 million and NT\$911 million for the years ended December 31, 2007 and 2006, respectively, and the related long-term investment balances of NT\$5,160 million and NT\$1,186 million as of December 31, 2007 and 2006, respectively, is based solely on the reports of the other auditors.

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

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

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

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

We have also audited the consolidated financial statements of United Microelectronics Corporation as of and for the years ended December 31, 2007 and 2006, and have expressed an unqualified opinion with explanatory paragraph on such financial statements.



January 24, 2008
Taipei, Taiwan
Republic of China

Notice to Readers

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

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

	As of December 31,		Notes	Liabilities and Stockholders' Equity		As of December 31,	
	2007	2006		2007	2006		
Assets							
Current assets				Current liabilities			
Cash and cash equivalents	\$ 37,452,629	\$ 83,394,802	2, 4(1)	Financial liabilities at fair value through profit or loss, current	\$ 340,230	\$	985,267
Financial assets at fair value through profit or loss, current	4,800,385	8,538,007	2, 3, 4(2)	Accounts payable	4,796,800		4,018,368
Held-to-maturity financial assets, current	-	974,272	2, 3, 4(3)	Income tax payable	943,887		2,018,673
Notes receivable	32,712	54,381		Accrued expenses	7,799,230		6,245,411
Accounts receivable, net	5,821,561	6,436,619	2, 4(4)	Payable on equipment	6,016,394		10,101,767
Accounts receivable - related parties, net	7,766,432	5,874,742	2, 5	Current portion of long-term liabilities	22,889,476		5,355,883
Other receivables	355,131	486,242	2	Other current liabilities	366,790		1,335,177
Inventories, net	11,334,059	10,119,521	2, 4(5)	Total current liabilities	43,152,807		30,060,546
Prepaid expenses	510,418	638,117		Long-term liabilities			
Deferred income tax assets, current	179,432	1,913,513	2, 4(20)	Bonds payable	7,495,304		30,383,076
Total current assets	68,252,759	118,430,216		Total long-term liabilities	7,495,304		30,383,076
Funds and investments				Other liabilities			
Available-for-sale financial assets, noncurrent	39,888,970	41,218,780	2, 3, 4(6), 4(11)	Accrued pension liabilities	3,169,801		3,086,774
Financial assets measured at cost, noncurrent	2,294,595	2,285,326	2, 3, 4(7), 4(11)	Deposits-in	15,120		14,448
Long-term investments accounted for under the equity method	38,597,081	39,242,324	2, 3, 4(8), 4(11)	Deferred credits - intercompany profits	-		3,579
Prepayment for long-term investments	648,360	-		Other liabilities - others	462,646		515,499
Total funds and investments	81,429,006	82,746,430		Total other liabilities	3,647,567		3,620,300
Property, plant and equipment			2, 4(9), 7	Total liabilities	54,295,678		64,063,922
Land	1,132,576	1,132,576					
Buildings	17,352,254	16,274,780					
Machinery and equipment	427,404,545	394,330,240					
Transportation equipment	74,223	79,117		Capital			
Furniture and fixtures	2,888,722	2,369,060		Common stock	132,144,949		191,311,927
Total cost	448,852,320	414,185,773		Capital collected in advance	-		11,405
Less : Accumulated depreciation	(328,960,411)	(293,766,593)		Additional paid-in capital			
Add : Construction in progress and prepayments	9,922,743	22,228,255		Premiums	59,435,560		61,070,555
Property, plant and equipment, net	129,814,652	142,647,435		Treasury stock transactions	274		8,938
				Change in equities of long-term investments	6,690,972		6,627,794
Intangible assets				Retained earnings			
Goodwill	3,745,122	3,745,122	2, 3	Legal reserve	18,476,942		16,699,508
Total intangible assets	3,745,122	3,745,122		Special reserve	824,922		322,150
				Unappropriated earnings	12,349,227		17,774,335
Other assets				Adjusting items in stockholders' equity			
Deferred charges	1,379,744	1,465,645	2	Cumulative translation adjustment	(866,562)		(824,922)
Deferred income tax assets, noncurrent	4,237,621	4,159,214	2, 4(20)	Unrealized gain or loss on financial instruments	22,413,852		27,557,845
Other assets - others	1,903,663	2,034,731	2, 4(10), 6	Treasury stock	(15,003,247)		(29,394,664)
Total other assets	7,521,028	7,659,590		Total stockholders' equity	236,466,889		291,164,871
Total assets	\$ 290,762,567	\$ 355,228,793		Total liabilities and stockholders' equity	\$ 290,762,567		\$ 355,228,793

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

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

	Notes	For the year ended December 31,			
		2007	2006		
Operating revenues	2, 5				
Sales revenues		\$ 104,996,317	\$ 102,023,597		
Less: Sales returns and discounts		(987,120)	(710,191)		
Net sales		104,009,197	101,313,406		
Other operating revenues		2,761,854	2,785,205		
Net operating revenues		<u>106,771,051</u>	<u>104,098,611</u>		
Operating costs	4(19)				
Cost of goods sold		(82,641,090)	(81,618,123)		
Other operating costs		(1,644,444)	(1,801,277)		
Operating costs		<u>(84,285,534)</u>	<u>(83,419,400)</u>		
Gross profit		22,485,517	20,679,211		
Unrealized intercompany profit	2	(85,543)	(105,892)		
Realized intercompany profit	2	105,892	120,153		
Gross profit-net		<u>22,505,866</u>	<u>20,693,472</u>		
Operating expenses	2, 4(19)				
Sales and marketing expenses		(3,185,953)	(2,601,671)		
General and administrative expenses		(3,027,648)	(2,730,047)		
Research and development expenses	2	(9,487,543)	(9,237,616)		
Subtotal		<u>(15,701,144)</u>	<u>(14,569,334)</u>		
Operating income		<u>6,804,722</u>	<u>6,124,138</u>		
Non-operating income					
Interest revenue		1,162,423	1,453,040		
Investment gain accounted for under the equity method, net	2, 4(8)	2,507,794	1,873,777		
Dividend income		1,931,488	860,977		
Gain on disposal of property, plant and equipment	2	143,045	133,212		
Gain on disposal of investments	2	9,719,548	27,501,643		
Exchange gain, net	2, 10	140,940	296,044		
Gain on valuation of financial assets	2	-	660,106		
Gain on valuation of financial liabilities	2	20,633	306,140		
Other income		867,886	786,653		
Subtotal		<u>16,493,757</u>	<u>33,871,592</u>		
Non-operating expenses					
Interest expense	2, 4 (9)	(162,316)	(630,738)		
Loss on disposal of property, plant and equipment	2	(74,293)	(32,480)		
Loss on decline in market value and obsolescence of inventories	2	(285,712)	(918,253)		
Financial expenses		(135,488)	(229,602)		
Impairment loss	2, 4(11)	(246,144)	(1,103,812)		
Loss on valuation of financial assets	2	(2,771,015)	-		
Other losses		(57,162)	(64,806)		
Subtotal		<u>(3,732,130)</u>	<u>(2,979,691)</u>		
Income from continuing operations before income tax		19,566,349	37,016,039		
Income tax expense	2, 4(20)	(2,604,587)	(3,208,211)		
Net income from continuing operations		<u>16,961,762</u>	<u>33,807,828</u>		
Cumulative effect of changes in accounting principles (the net amount after deducted tax expense \$0)	3	-	(1,188,515)		
Net income		<u>\$ 16,961,762</u>	<u>\$ 32,619,313</u>		
		<u>Pre-tax</u>	<u>Post-tax</u>	<u>Pre-tax</u>	<u>Post-tax</u>
Earnings per share-basic (NTD)	2, 4(21)				
Income from continuing operations		\$ 1.25	\$ 1.09	\$ 2.05	\$ 1.87
Cumulative effect of changes in accounting principles		-	-	(0.06)	(0.06)
Net income		<u>\$ 1.25</u>	<u>\$ 1.09</u>	<u>\$ 1.99</u>	<u>\$ 1.81</u>
Earnings per share-diluted (NTD)	2, 4(21)				
Income from continuing operations		\$ 1.22	\$ 1.06	\$ 1.98	\$ 1.81
Cumulative effect of changes in accounting principles		-	-	(0.06)	(0.06)
Net income		<u>\$ 1.22</u>	<u>\$ 1.06</u>	<u>\$ 1.92</u>	<u>\$ 1.75</u>
Pro forma information on earnings as if subsidiaries' investment in the Company is not treated as treasury stock	2, 4(21)				
Net income		\$ 16,977,303		\$ 32,686,223	
Earnings per share-basic (NTD)		\$ 1.09		\$ 1.80	
Earnings per share-diluted (NTD)		\$ 1.06		\$ 1.75	

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

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

	Notes	Capital			Retained Earnings				Unappropriated Earnings	Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Total
		Common Stock	Collected in Advance	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings						
Balance as of January 1, 2006	4(15)	\$ 197,947,033	\$ 36,600	\$ 85,381,599	\$ 15,996,839	\$ 1,744,171	\$ 8,831,782	\$ (9,527,362)	\$ (241,153)	\$ (41,885,956)	\$ 258,283,553		
The effect of adopting SFAS NO. 34	3(2)	-	-	-	-	-	-	23,499,003	11,547	-	23,510,550		
Appropriation of 2005 retained earnings	4(15)	-	-	-	-	-	-	-	-	-	-		
Legal reserve		-	-	-	702,669	-	(702,669)	-	-	-	-		
Special reserve		-	-	-	-	(1,422,021)	1,422,021	-	-	-	-		
Cash dividends		-	-	-	-	(7,161,267)	(7,161,267)	-	-	-	(7,161,267)		
Stock dividends		895,158	-	-	-	(895,158)	(895,158)	-	-	-	-		
Remuneration to directors and supervisors		-	-	-	-	(6,324)	(6,324)	-	-	-	(6,324)		
Employee bonus - cash		-	-	-	-	(305,636)	(305,636)	-	-	-	(305,636)		
Employee bonus-stock		458,455	-	-	-	(458,455)	(458,455)	-	-	-	-		
Additional paid-in capital transferred to common stock	4(15)	895,158	-	(895,158)	-	-	-	-	-	-	-		
Purchase of treasury stock	2, 4(15), 4(17)	-	-	(3,269,100)	-	-	(6,371,128)	-	-	(27,286,339)	(27,286,339)		
Cancellation of treasury stock	2, 4(15), 4(17)	(10,000,000)	-	(57,972)	-	-	(9,198,144)	2,620,135	-	19,640,228	13,501,422		
Adjustment of treasury stock due to loss of control over subsidiary		-	-	-	-	-	32,619,313	-	-	20,137,403	32,619,313		
Net income in 2006		-	-	-	-	-	-	-	-	-	(62,686)		
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	(62,686)	-	-	-	-	8,170	-	(14,082,873)		
Adjustment of funds and investments disposal	2	-	-	(14,091,043)	-	-	-	-	-	-	66,910		
Cash dividends allocated to subsidiaries	2	-	-	66,910	-	-	-	-	-	-	1,664,839		
Changes in unrealized gain on available-for-sale financial assets	2, 4(6)	-	-	-	-	-	-	1,664,839	-	-	9,301,230		
Changes in unrealized loss on long-term investments of investees	2	-	-	-	-	-	-	9,301,230	-	-	1,725,665		
Exercise of employee stock options	2, 4(15), 4(16)	1,079,233	11,405	634,737	-	-	-	-	-	-	-		
Common stock transferred from capital collected in advance		36,600	(36,600)	-	-	-	-	-	-	-	-		
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(603,486)	-	(603,486)		
Balance as of December 31, 2006	4(15)	\$ 191,311,927	\$ 11,405	\$ 67,707,287	\$ 16,699,508	\$ 322,150	\$ 17,774,335	\$ 27,557,945	\$ (824,922)	\$ (29,394,664)	\$ 291,164,871		
Appropriation of 2006 retained earnings	4(15), 4(18)	-	-	-	-	-	-	-	-	-	-		
Legal reserve		-	-	-	1,777,434	-	(1,777,434)	-	-	-	-		
Special reserve		-	-	-	-	502,772	(502,772)	-	-	-	-		
Cash dividends		-	-	-	-	(12,461,529)	(12,461,529)	-	-	-	(12,461,529)		
Remuneration to directors and supervisors		-	-	-	-	(15,494)	(15,494)	-	-	-	(15,494)		
Employee bonus - cash		-	-	-	-	(2,324,120)	(2,324,120)	-	-	-	(2,324,120)		
Capital reduction	4(15)	(57,393,578)	-	(1,142,437)	-	-	(2,650,494)	-	-	7,275,517	(53,910,992)		
Adjustment of treasury stock held by subsidiary due to capital reduction		-	-	14,789	-	-	-	-	-	52,039	66,828		
Cancellation of treasury stock	2, 4(15), 4(17)	(1,920,670)	-	(622,323)	-	-	(2,655,027)	-	-	5,198,020	-		
Treasury stock sold to employees	2, 4(17)	-	-	182	-	-	-	-	-	1,865,841	1,866,023		
Net income in 2007		-	-	-	-	-	16,961,762	-	-	-	16,961,762		
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	51,867	-	-	-	-	(150)	-	51,867		
Adjustment of funds and investments disposal	2	-	-	11,310	-	-	-	-	-	-	11,160		
Cash dividends allocated to subsidiaries	2	-	-	15,541	-	-	-	-	-	-	15,541		
Changes in unrealized gain on available-for-sale financial assets	2, 4(6)	-	-	-	-	-	-	(2,539,032)	-	-	(2,539,032)		
Changes in unrealized loss on long-term investments of investees	2	-	-	-	-	-	-	(2,604,961)	-	-	(2,604,961)		
Exercise of employee stock options	2, 4(15), 4(16)	135,865	-	90,590	-	-	-	-	-	-	226,455		
Common stock transferred from capital collected in advance		11,405	(11,405)	-	-	-	-	-	-	-	-		
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(41,490)	-	(41,490)		
Balance as of December 31, 2007	4(15)	\$ 132,144,949	\$ -	\$ 66,125,806	\$ 18,476,942	\$ 824,922	\$ 12,349,227	\$ 22,413,832	\$ (866,562)	\$ (15,003,247)	\$ 226,466,889		

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

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 16,961,762	\$ 32,619,313
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	36,392,897	42,512,610
Amortization	1,362,368	1,780,590
Bad debt expenses (reversal)	256	(164,908)
Loss on decline in market value and obsolescence of inventories	285,712	918,253
Cash dividends received under the equity method	650,633	1,076,020
Investment gain accounted for under the equity method	(2,507,794)	(1,873,777)
Loss on valuation of financial assets and liabilities	2,750,382	222,269
Impairment loss	246,144	1,103,812
Gain on disposal of investments	(9,719,548)	(27,501,643)
Gain on disposal of property, plant and equipment	(68,752)	(100,732)
Exchange gain on financial assets and liabilities	(30,726)	(13,009)
Exchange loss (gain) on long-term liabilities	127,417	(126,106)
Amortization of bond discounts	58,461	94,896
Amortization of deferred income	(149,106)	(99,210)
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss, current	752,715	(5,803,828)
Notes and accounts receivable	(1,270,875)	159,629
Other receivables	237,523	270,444
Inventories	(1,532,465)	(1,071,401)
Prepaid expenses	128,001	(220,048)
Deferred income tax assets	1,668,552	1,234,324
Accounts payable	787,212	(83,390)
Accrued expenses	523,083	594,242
Other current liabilities	(169,832)	407,389
Capacity deposits	(881,754)	(5,200)
Accrued pension liabilities	83,026	82,996
Other liabilities - others	98,253	35,639
Net cash provided by operating activities	46,783,545	46,049,174
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(566,602)	(296,823)
Proceeds from disposal of available-for-sale financial assets	5,442,776	15,788,568
Acquisition of financial assets measured at cost	(119,875)	(85,080)
Proceeds from disposal of financial assets measured at cost	41,452	254,261
Acquisition of long-term investments accounted for under the equity method	(962,045)	(7,437,443)
Proceeds from disposal of long-term investments accounted for under the equity method	971,451	7,801,029
Proceeds from maturity of held-to-maturity financial assets	976,000	-
Prepayment for long-term investments	(648,360)	-
Proceeds from liquidation of investments	219,565	150,000
Acquisition of property, plant and equipment	(28,112,084)	(31,204,419)
Proceeds from disposal of property, plant and equipment	245,183	248,962
Decrease in restricted deposits	(1,232,343)	(1,082,648)
Decrease (increase) in other assets	45,810	(17,391)
Net cash used in investing activities	(23,699,072)	(15,880,984)

English Translation of Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31,	
	2007	2006
(continued)		
Cash flows from financing activities:		
Redemption of bonds	\$ (2,259,992)	\$ (10,250,000)
Cash dividends	(12,461,529)	(7,155,865)
Payment of employee bonus	(2,324,120)	(305,636)
Remuneration paid to directors and supervisors	(15,494)	(6,324)
Exercise of employee stock options	226,455	1,725,665
Purchase of treasury stock	-	(27,286,339)
Treasury stock sold to employees	1,866,023	-
Capital reduction	(53,910,992)	-
Increase (decrease) in deposits-in	674	(6,379)
Net cash used in financing activities	(68,878,975)	(43,284,878)
Effect of exchange rate changes on cash and cash equivalents	(147,671)	(85,133)
Net decrease in cash and cash equivalents	(45,942,173)	(13,201,821)
Cash and cash equivalents at beginning of year	83,394,802	96,596,623
Cash and cash equivalents at end of year	<u>\$ 37,452,629</u>	<u>\$ 83,394,802</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 502,693	\$ 953,685
Cash paid for income tax	\$ 1,927,504	\$ 27,260
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 24,026,711	\$ 36,028,323
Add: Payable at beginning of period	10,101,767	5,277,863
Less: Payable at end of period	(6,016,394)	(10,101,767)
Cash paid for acquiring property, plant and equipment	<u>\$ 28,112,084</u>	<u>\$ 31,204,419</u>
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	\$ 3,285,254	\$ 69,621
Book value of available-for-sale financial assets delivered for exchange	(895,055)	(20,242)
Elimination of related balance sheet accounts	392,118	15,302
Recognition of gain on disposal of available-for-sale financial assets	<u>\$ 2,782,317</u>	<u>\$ 64,681</u>

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

UNITED MICROELECTRONICS CORPORATION NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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

1. HISTORY AND ORGANIZATION

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

The numbers of employees as of December 31, 2007 and 2006 were 13,720 and 13,265 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Summary of significant accounting policies is as follows:

Use of Estimates

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

Foreign Currency Transactions

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

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

Translation of Foreign Currency Financial Statements

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

Cash Equivalents

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

Financial Assets and Financial Liabilities

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

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

a. Financial assets and financial liabilities at fair value through profit or loss

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

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

b. Held-to-maturity financial assets

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

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

c. Financial assets measured at cost

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

d. Available-for-sale financial assets

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

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

Allowance for Doubtful Accounts

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

Inventories

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

Long-term Investments Accounted for Under the Equity Method

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

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

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

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

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

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

If the recoverable amount of investees accounted for under the equity method is less than its carrying amount, the difference is 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 balance sheet.

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

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

Property, Plant and Equipment

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

Depreciation is recognized on a straight-line basis using the estimated economic life of the assets less salvage value. The estimated economic life of the property, plant and equipment is as follows: buildings – 20 to 55 years; machinery and equipment – 5 years; transportation equipment – 5 years and furniture and fixtures – 5 years.

Intangible Assets

Effective 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—the shorter of contract term or estimated economic life of the related technology; and software—3 years.

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

Convertible and Exchangeable Bonds

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

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

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

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

Pension Plan

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

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

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

Employee Stock Option Plan

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

Treasury Stock

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

Revenue Recognition

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

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

Research and Development Expenditures

Research and development expenditures are charged to expenses as incurred.

Capital Expenditure versus Operating Expenditure

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

Income Tax

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

According to the ROC SFAS No. 12, "Accounting for Income Tax Credits", the Company recognizes the tax benefit from the purchase of equipment and technology, research and development 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 when the shareholders have resolved that the earnings shall be retained.

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

Earnings 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 having no impairment loss been recognized for the assets in prior years.

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

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

3. ACCOUNTING CHANGEGoodwill

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\$ 859 million higher than if it had continued to account for goodwill under the prior year's requirements. The net income and earnings per share for the year ended December 31, 2006, are NT\$859 million and NT\$0.05 higher, respectively, than if the Company had continued to account for goodwill under the prior year's requirements.

Financial Instruments

- (1) The Company adopted ROC SFAS No. 34, “Financial Instruments: Recognition and Measurement” and SFAS No. 36, “Financial Instruments: Disclosure and Presentation” to account for the financial instruments effective January 1, 2006.
- (2) The above changes in accounting principles increased the Company’s total assets, total liabilities, and stockholders’ equity as of January 1, 2006 by NT\$23,648 million, NT\$1,326 million, and NT\$22,322 million, respectively; and resulted in an unfavorable cumulative effect of changes in accounting principles of NT\$1,189 million deducted from net income, thereby reducing earnings per share by NT\$0.06 for the year ended December 31, 2006.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of December 31,	
	2007	2006
Cash		
Cash on hand	\$1,911	\$1,865
Checking and savings accounts	2,090,111	874,866
Time deposits	31,361,835	75,294,424
Subtotal	<u>33,453,857</u>	<u>76,171,155</u>
Cash equivalents	3,998,772	7,223,647
Total	<u>\$37,452,629</u>	<u>\$83,394,802</u>

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

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

During the years ended December 31, 2007 and 2006, net gain (loss) arising from financial assets at fair value through profit or loss, current, were a net loss of NT\$2,736 million and a net gain of NT\$671 million, respectively.

(3) HELD-TO-MATURITY FINANCIAL ASSETS

	As of December 31,	
	2007	2006
Credit-linked deposits and repackage bonds	\$-	\$974,272

(4) ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2007	2006
Accounts receivable	\$6,024,938	\$6,727,986
Less: Allowance for sales returns and discounts	(203,377)	(291,367)
Net	\$5,821,561	\$6,436,619

(5) INVENTORIES, NET

	As of December 31,	
	2007	2006
Raw materials	\$1,132,731	\$1,089,684
Supplies and spare parts	1,996,041	1,733,527
Work in process	7,932,511	6,740,834
Finished goods	1,175,655	1,524,270
Total	12,236,938	11,088,315
Less: Allowance for loss on decline in market value and obsolescence	(902,879)	(968,794)
Net	\$11,334,059	\$10,119,521

Inventories were not pledged.

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

	As of December 31,	
	2007	2006
Common stock	\$39,735,070	\$41,218,780
Funds	153,900	-
Total	\$39,888,970	\$41,218,780

During the years ended December 31, 2007 and 2006, the net unrealized gains recorded in stockholders' equity due to changes in fair value of available-for-sale assets were NT\$5,976 million and NT\$14,836 million, respectively.

Additionally, the Company recognized gains of NT\$8,515 million and NT\$13,172 million due to the disposal of available-for-sale assets during the years ended December 31, 2007 and 2006, respectively.

(7) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

	As of December 31,	
	2007	2006
Common stock	\$1,494,192	\$1,458,246
Preferred stock	467,645	385,080
Funds	332,758	442,000
Total	\$2,294,595	\$2,285,326

 (8) 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,			
	2007		2006	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
UMC JAPAN	\$6,278,935	50.09	\$5,949,999	50.09
HOLTEK SEMICONDUCTOR INC. (HOLTEK) (Note A)	-	-	878,747	24.45
ITE TECH. INC. (Note B)	-	-	341,268	21.80
Subtotal	<u>6,278,935</u>		<u>7,170,014</u>	
<u>Unlisted companies</u>				
UMC GROUP (USA)	1,181,949	100.00	1,006,496	100.00
UNITED MICROELECTRONICS (EUROPE) B.V.	301,091	100.00	284,084	100.00
UMC CAPITAL CORP.	4,097,229	100.00	3,613,491	100.00
UNITED MICROELECTRONICS CORP. (SAMOA)	1,641	100.00	8,480	100.00
UMCI LTD.	142	100.00	86	100.00
TLC CAPITAL CO., LTD.	8,042,617	100.00	6,999,737	100.00
FORTUNE VENTURE CAPITAL CORP. (Note C)	9,966,214	99.99	11,114,198	99.99
UNITED MICRODISPLAY OPTRONICS CORP. (UMO)	157,249	85.24	167,217	81.76
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC) (Note D)	127,379	49.99	127,379	49.99
MTIC HOLDINGS PTE LTD.	82,230	49.94	81,402	49.94
MEGA MISSION LIMITED PARTNERSHIP	2,441,703	45.00	2,699,491	45.00
UNITECH CAPITAL INC.	954,691	42.00	959,542	42.00
HSUN CHIEH INVESTMENT CO., LTD. (HSUN CHIEH) (Note E)	4,122,988	36.49	4,674,311	36.49
NEXPOWER TECHNOLOGY CORP.	784,668	34.55	-	-
XGI TECHNOLOGY INC. (Note F)	19,120	16.44	53,710	16.48
AMIC TECHNOLOGY CORP. (Note F)	37,235	11.21	57,062	11.86
HIGHLINK TECHNOLOGY CORP. (HIGHLINK) (Notes F, G)	-	-	225,624	18.97
Subtotal	<u>32,318,146</u>		<u>32,072,310</u>	
Total	<u>\$38,597,081</u>		<u>\$39,242,324</u>	

- Note A: As the Company did not have significant influence after decreasing its percentage of ownership in HOLTEK in September 2007, the investee was classified as available-for-sale financial asset.
- Note B: As the Company did not have significant influence after decreasing its percentage of ownership in ITE TECH in August 2007, the investee was classified as available-for-sale financial asset.
- Note C: As of December 31, 2007 and 2006, the costs of investment were NT\$10,086 million and NT\$11,286 million, respectively. After deducting the Company's stock held by the subsidiary (treated as treasury stock by the Company) of NT\$120 million and NT\$172 million, respectively, the residual book values totalled NT\$9,966 million and NT\$11,114 million as of December 31, 2007 and 2006, respectively.
- Note D: On June 27, 2006, PACIFIC set July 3, 2006 as its liquidation date through a decision at its shareholders' meeting. The liquidation has not been completed as of December 31, 2007.
- Note E: As of January 27, 2006, the Company sold 58.5 million shares of HSUN CHIEH. The company's ownership percentage decreased from 99.97% to 36.49%. As HSUN CHIEH ceased to be a subsidiary, the Company'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 F: The equity method was applied for investees, in which the total ownership held by the Company and its subsidiaries is over 20%.
- Note G: As of March 1, 2007, HIGHLINK (an equity method investee) and EPITECH TECHNOLOGY CORP. (EPITECH) (accounted for as a available-for-sale financial asset, noncurrent) merged into EPISTAR CORP. and were continued as EPISTAR CORP. (classified as a noncurrent available-for-sale financial asset after the merger). During the transaction, 5.5 shares of the HIGHLINK and 3.08 shares of the EPITECH were exchanged for 1 share of EPISTAR CORP. Among which, 5 million shares of HIGHLINK were acquired through private placement in February 2006 and the exchange of these shares are restricted by Article 43 paragraph 8 of the Securities and Exchange Law.
- b. Total gains arising from investments accounted for under the equity method, based on the reviewed financial statements of the investees, were NT\$2,508 million and NT\$1,874 million for the years ended December 31, 2007 and 2006, respectively. Investment income amounting to NT\$815 million and NT\$911 million for the years ended December 31, 2007 and 2006, respectively, and the related long-term investment balances of NT\$5,160 million and NT\$1,186 million as of December 31, 2007 and 2006, respectively, were determined based on the investees' financial statements audited by other auditors.
- c. The long-term equity investments were not pledged.

(9) PROPERTY, PLANT AND EQUIPMENT

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

	As of December 31, 2006		
	Cost	Accumulated Depreciation	Book Value
Land	\$1,132,576	\$-	\$1,132,576
Buildings	16,274,780	(5,396,847)	10,877,933
Machinery and equipment	394,330,240	(286,527,429)	107,802,811
Transportation equipment	79,117	(58,812)	20,305
Furniture and fixtures	2,369,060	(1,783,505)	585,555
Construction in progress and prepayments	22,228,255	-	22,228,255
Total	<u>\$436,414,028</u>	<u>\$(293,766,593)</u>	<u>\$142,647,435</u>

- a. Total interest expense before capitalization amounted to NT\$247 million and NT\$631 million for the years ended December 31, 2007 and 2006, respectively.

Details of capitalized interest are as follows:

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

- b. The property, plant, and equipment were not pledged.

(10) OTHER ASSETS-OTHERS

	As of December 31,	
	2007	2006
Leased assets	\$1,202,453	\$1,333,029
Deposits-out	641,894	642,584
Others	59,316	59,118
Total	\$1,903,663	\$2,034,731

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

(11) IMPAIRMENT LOSS

	For the years ended December 31,	
	2007	2006
Available for sale financial assets, noncurrent	\$162,481	\$825,863
Financial assets measured at cost, noncurrent	83,663	-
Long-term investments accounted for under the equity method	-	21,807
Technology know how	-	256,142
Total	\$246,144	\$1,103,812

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

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

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

(13) BONDS PAYABLE

	As of December 31,	
	2007	2006
Unsecured domestic bonds payable	\$18,000,000	\$20,250,000
Convertible bonds payable	12,395,500	12,441,268
Exchangeable bonds payable	-	3,122,060
Less: discounts on bonds payable	(10,720)	(74,369)
Total	30,384,780	35,738,959
Less: Current portion	(22,889,476)	(5,355,883)
Net	\$7,495,304	\$30,383,076

- A. During the period from April 16 to April 27, 2001, the Company 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 due starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%. On April 27, 2006, the five-year bonds were fully repaid.
- B. During the period from October 2 to October 15, 2001, the Company issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with a face value of NT\$5,000 million. The interest was paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. On October 15, 2006 and 2004, the five-year bonds and the three-year bonds were fully repaid, respectively.
- C. On May 10, 2002, the Company issued zero coupon exchangeable bonds listed on the EuroMTF Market of the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds were as follows:
- (a) Issue Amount: US\$235 million
 - (b) Period: May 10, 2002 ~ May 10, 2007
 - (c) Redemption
 - i. The Company may redeem the bonds, in whole or in part, after three months of the issuance and prior to the maturity date, at their principal amount if the closing price of the AU Optronics Corp. (AUO) common shares on the TSE, translated into US dollars at the prevailing exchange rate, for a period of 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the exchange price then in effect translated into US dollars at the rate of NT\$34.645=US\$ 1.00.
 - ii. The Company may redeem the bonds, in whole, but not in part, if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.

- iii. The Company may redeem all, but not in part, of the bonds, at any time, in the event of certain changes in the R.O.C. tax rules which would require the Company to gross up for payments of principal, or to gross up for payments of interest or premium.
- iv. The Company will, at the option of the bondholders, redeem such bonds on February 10, 2005 at its principal amount.

(d) Terms of Exchange

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

(e) Exchange of the Bonds

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

(f) Redemption at maturity date

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

D. During the period from May 21 to June 24, 2003, the Company 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 payable in 2008 and 2010, respectively, upon the maturity of the bonds.

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

- a. Issue Amount: US\$381.4 million

- b. Period: October 5, 2005 ~ February 15, 2008 (Maturity date)
- c. Redemption:
- i. On or at any time after April 5, 2007, if the closing price of the ADSs listed on the NYSE has been at least 130% of either the conversion price or the last adjusted conversion price, for 20 out of 30 consecutive ADS trading days, the Company may redeem all, but not in part, of the bonds.
 - ii. If at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted, the Company may redeem all, but not in part, of the bonds.
 - iii. In the event that the Company's ADSs or shares have officially ceased to be listed or admitted for trading on the NYSE or the TSE, as the case may be, each bondholder shall have the right, at such bondholder's option, to require the Company to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
 - iv. In the event of certain changes in taxation in the R.O.C. resulting in the Company becoming required to pay additional amounts, the Company may redeem all, but not in part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by the Company in such event, in which case the bondholders shall not be entitled to receive payments of such additional amounts.
 - v. If a significant change of control occurs with respect to the Company, each bondholder shall have the right at such bondholder's option, to require the Company to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
 - vi. The Company 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 the Company's ADSs on or after November 4, 2005 and on or prior to February 5, 2008.
 - ii. Conversion Price and Adjustment: The conversion price is US\$4.253 per ADS. The applicable conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

F. Repayments of the above-mentioned bonds in the future years are as follows:

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

(14) PENSION PLAN

- a. The Labor Pension Act of the R.O.C. (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees eligible for the Labor Standards Law, a defined benefit plan, were offered the options to elect either the pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions based on each individual employee's salary or wage to employees' pension accounts beginning July 1, 2005 and a total of NT\$390 million and NT\$367 million were contributed by the Company for the years ended December 31, 2007 and 2006, respectively. Pension benefits for employees of the Branch are provided in accordance with the local regulations and during the years ended December 31, 2007 and 2006, the Company made contributions of NT\$113 million and NT\$86 million, respectively.
- b. The defined benefit plan under the Labor Standards Law is disbursed based on the units of service years and the average salary in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the fifteenth year. The total units shall not exceed 45 units. In accordance to the plan, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of an administered pension fund committee. The unrecognized net asset or obligation at transition based on actuarial valuation is amortized on a straight-line basis over 15 years.
- c. Change in benefit obligation during the year:

	For the year ended December 31,	
	2007	2006
Projected benefit obligation at beginning of year	\$ (4,454,953)	\$ (4,142,309)
Service cost	(68,390)	(72,312)
Interest cost	(122,431)	(124,234)
Benefits paid	38,686	10,024
Gain (loss) on projected benefit obligation	686,695	(126,122)
Projected benefit obligation at end of year	\$ (3,920,393)	\$ (4,454,953)

- d. Change in pension assets during the year:

	For the year ended December 31,	
	2007	2006
Fair value of plan assets at beginning of year	\$1,203,403	\$1,077,661
Actual return on plan assets	8,592	28,140
Contributions from employer	104,595	107,626
Benefits paid	(38,686)	(10,024)
Fair value of plan assets at end of year	\$1,277,904	\$1,203,403

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

	As of December 31,	
	2007	2006
Benefit obligation		
Vested benefit obligation	\$(120,083)	\$(55,213)
Non-vested benefit obligation	(1,723,780)	(1,853,757)
Accumulated benefit obligation	(1,843,863)	(1,908,970)
Effect from projected salary increase	(2,076,530)	(2,545,983)
Projected benefit obligation	\$(3,920,393)	\$(4,454,953)
Fair value of plan assets	1,277,904	1,203,403
Funded status	(2,642,489)	(3,251,550)
Unrecognized net transitional benefit obligation	84,503	112,670
Unrecognized loss (gain)	(611,815)	52,106
Accrued pension liabilities recognized on the balance sheet	\$(3,169,801)	\$(3,086,774)

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

	For the year ended December 31,	
	2007	2006
Service cost	\$68,390	\$72,312
Interest cost	122,431	124,234
Expected return on plan assets	(31,366)	(34,091)
Amortization of unrecognized transitional net benefit obligation	28,167	28,167
Net periodic pension cost	\$187,622	\$190,622

The actuarial assumptions underlying are as follows:

	For the year ended December 31,	
	2007	2006
Discount rate	3.50%	2.75%
Rate of salary increase	4.50%	4.50%
Expected return on plan assets	2.75%	2.50%

(15) CAPITAL STOCK

- The Company had 26,000 million common shares authorized to be issued, and 19,131 million shares were issued as of December 31, 2006, each at a par value of NT\$10.
- The Company has issued a total of 315 million ADSs, which were traded on the NYSE as of December 31, 2006. The total number of common shares of the Company represented by all issued ADSs was 1,576 million shares as of

- December 31, 2006. One ADS represents five common shares.
- c. Among the employee stock options issued by the Company on October 7, 2002, January 3, 2003 and October 13, 2004, 109 million shares were exercised during the year ended December 31, 2006. The issuance process through the authority had been completed.
 - d. On May 22, 2006, the Company cancelled 1,000 million shares of treasury stock, which were repurchased during the period from February 16, 2006 to April 11, 2006 for retention of the Company's creditability and stockholders' interests.
 - e. As recommended by the board of directors, and approved by the shareholders on the meeting held on June 12, 2006, the Company issued 225 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT\$2,249 million, of which NT\$895 million was stock dividend, NT\$459 million was employee bonus, and NT\$895 million was additional paid-in capital. The issuance process through the authority had been completed.
 - f. The Company had 26,000 million common shares authorized to be issued, and 13,214 million shares were issued as of December 31, 2007, each at a par value of NT\$10.
 - g. As of December 31, 2007, the Company had a total of 220 million ADSs traded on the NYSE after accounting for the capital reduction transaction. The total number of common shares of the Company represented by all issued ADSs was 1,098 million shares as of December 31, 2007. One ADS represents five common shares.
 - h. Among the employee stock options issued by the Company on October 7, 2002, January 3, 2003, July 1, 2004 and October 13, 2004, 14 million shares were exercised during the year ended December 31, 2007. The issuance process through the authority had been completed.
 - i. As resolved during the shareholders' meeting on June 11, 2007, the Company carried out a capital reduction of NT\$57,394 million, which represented approximately 5,739 million shares or approximately 30% of its outstanding shares, for the purpose of increasing shareholders' return on equity and reducing idle funds. The capital reduction is comprised of NT\$53,911 million of cash distribution, and the proportionate cancellation of 348 million shares of treasury stock. The effective date of capital reduction was August 7, 2007 and the transaction was submitted and approved by the competent authority.
 - j. On July 17, 2007, the Company cancelled 192 million shares of treasury stock, which were repurchased during the period from May 10, 2004 to May 21, 2004 for the purpose of transferring to employees.
 - k. As to the treasury stocks acquired from the periods of September 30 to November 29, 2005 and May 23 to July 13, 2006, the Company sold 32 million and 65 million shares, respectively, to employees in December 2007 and 97 million shares were added to the total amount of shares outstanding.

(16) 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, 350 million, and 500 million units, respectively. Each unit entitles an optionee to subscribe to 1 share of the Company's common stock. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The exercise price of the options was set at the closing price of the Company's common stock on the date of grant. The contractual life of the options is 6 years and an optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the employee stock options is disclosed as follows:

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

Note: The employee stock options granted prior to August 7, 2007, effective date of capital reduction, are adjusted in accordance with capital reduction rate. Each option unit entitles an optionee to subscribe for about 0.7 share of the Company's common stock. The exercise price of the options is also adjusted according to capital reduction rate. Each stock option unit granted after August 7, 2007 remains to be subscribed for 1 share of the Company's common stock.

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

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

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

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

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

	For the year ended December 31, 2007	
	Basic earnings per share	Diluted earnings per share
Net Income	\$16,961,762	\$16,961,414
Earnings per share (NTD)	\$1.09	\$1.06
Pro forma net income	\$16,576,565	\$16,576,217
Pro forma earnings per share (NTD)	\$1.06	\$1.03

	For the year ended December 31, 2006	
	Basic earnings per share	Diluted earnings per share
Net Income	\$32,619,313	\$32,653,291
Earnings per share (NTD)	\$1.81	\$1.75
Pro forma net income	\$32,193,259	\$32,227,237
Pro forma earnings per share (NTD)	\$1.78	\$1.73

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

	2007	2006
Expected dividend yields	1.71%	1.37%~1.38%
Volatility factors of the expected market price	35.45%~37.7%	35.57%~41.14%
Risk-free interest rate	2.48%	1.88%~2.28%
Weighted-average expected life of the options	4~5 years	4~5 years

(17) TREASURY STOCK

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

For the year ended December 31, 2007

(In thousands of shares)

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

For the year ended December 31, 2006

(In thousands of shares)

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

b. According to the Securities and Exchange Law of the R.O.C., the total shares of treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital – premiums, and realized additional paid-in capital. As such, the maximum number of shares of treasury stock that the Company could hold as of December 31, 2007 and 2006, was 1,321 million shares and 1,913 million shares, while the ceiling amount was NT\$90,262 million and NT\$94,970 million, respectively.

c. In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends. Stock held by subsidiaries is treated as treasury stock. These subsidiaries have the same rights as other stockholders except for subscription to new stock issuance. Starting June 22, 2005, stocks held by subsidiaries no longer have voting rights according to the revised Companies Act.

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

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

(18) RETAINED EARNINGS AND DIVIDEND POLICIES

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

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

- f. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy for dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the benefit of shareholders, 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. The Company's Articles of Incorporation further provide that no more than 80% of the dividends to shareholders, if any, must be paid in the form of stock dividends. Accordingly, at least 20% of the dividends must be paid in the form of cash.

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

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

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

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

- a. According to the explanatory letter No. 101801 of the Securities and Futures Commission (SFC), if the Company 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 the Company 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 the Company's stock held by its subsidiaries at period-end is lower than the book value, a special reserve shall be provided in the Company'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.

(19) OPERATING COSTS AND EXPENSES

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

	For the years ended December 31,					
	2007			2006		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	\$10,395,690	\$3,325,499	\$13,721,189	\$8,159,508	\$2,749,890	\$10,909,398
Labor and health insurance	448,827	131,252	580,079	437,527	123,780	561,307
Pension	528,007	169,697	697,704	496,293	154,729	651,022
Other personnel expenses	110,340	45,218	155,558	85,210	46,176	131,386
Depreciation	34,326,653	2,056,511	36,383,164	40,377,798	2,122,344	42,500,142
Amortization	57,506	1,304,862	1,362,368	187,146	1,593,444	1,780,590

(20) 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 years ended December 31,	
	2007	2006
Income tax on pre-tax income at statutory tax rate	\$4,891,587	\$8,956,881
Permanent and temporary differences	(3,903,815)	(6,871,214)
Change in investment tax credit	1,459,984	(1,255,913)
Change in valuation allowance	(533,487)	435,752
Income basic tax	687,079	1,940,992
Income tax on interest revenue separately taxed	3,239	1,713
Income tax expense	\$2,604,587	\$3,208,211

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

	As of December 31,			
	2007		2006	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		\$13,404,974		\$14,864,958
Loss carry-forward	\$41,208	10,302	\$3,815,034	953,758
Pension	3,164,126	791,031	3,083,578	770,895
Allowance on sales returns and discounts	638,963	159,741	732,523	183,131
Allowance for loss on obsolescence of inventories	570,775	142,694	685,023	171,256
Others	904,069	226,017	794,686	198,671
Total deferred income tax assets		14,734,759		17,142,669
Valuation allowance		(8,577,626)		(9,111,113)
Net deferred income tax assets		6,157,133		8,031,556
Deferred income tax liabilities				
Unrealized exchange gain	(106,050)	(26,512)	(291,144)	(72,786)
Depreciation	(5,411,783)	(1,352,946)	(5,005,315)	(1,251,329)
Others	(1,442,486)	(360,622)	(2,538,858)	(634,714)
Total deferred income tax liabilities		(1,740,080)		(1,958,829)
Total net deferred income tax assets		\$4,417,053		\$6,072,727
Deferred income tax assets - current				
Deferred income tax assets - current		\$7,289,020		\$5,803,448
Deferred income tax liabilities - current		(229,761)		(278,284)
Valuation allowance		(6,879,827)		(3,611,651)
Net		179,432		1,913,513
Deferred income tax assets - noncurrent				
Deferred income tax assets - noncurrent		7,445,739		11,339,221
Deferred income tax liabilities - noncurrent		(1,510,319)		(1,680,545)
Valuation allowance		(1,697,799)		(5,499,462)
Net		4,237,621		4,159,214
Total net deferred income tax assets		\$4,417,053		\$6,072,727

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

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

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2007	\$1,611,785	\$540,180
2008	6,363,061	6,363,061
2009	2,549,487	2,549,487
2010	1,633,049	1,633,049
2011	2,319,197	2,319,197
Total	\$14,476,579	\$13,404,974

- f. Under the rules of the Income Tax Law of the R.O.C., net loss can be carried forward for 5 years. As of December 31, 2007, the unutilized accumulated loss was as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2007	\$3,773,826	\$-
2008 (Transferred in from merger with SiSMC)	2,283	2,283
2009 (Transferred in from merger with SiSMC)	38,925	38,925
Total	\$3,815,034	\$41,208

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

(21) EARNINGS PER SHARE

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

	For the year ended December 31, 2007				
	Amount		Earnings per share (NTD)		
	Income before income tax	Net income	Shares expressed in thousands	Income before income tax	Net income
Earning per share-basic (NTD)					
Income from continuing operations	\$19,566,349	\$16,961,762	15,618,486	\$1.25	\$1.09
Cumulative effect of changes in accounting principles	-	-		-	-
Net income	<u>\$19,566,349</u>	<u>\$16,961,762</u>		<u>\$1.25</u>	<u>\$1.09</u>
Effect of dilution					
Employee stock options	\$-	\$-	5,993		
Convertible bonds payable	\$(464)	\$(348)	448,389		
Earning per share-diluted:					
Income from continuing operations	\$19,565,885	\$16,961,414	16,072,868	\$1.22	\$1.06
Cumulative effect of changes in accounting principles	-	-		-	-
Net income	<u>\$19,565,885</u>	<u>\$16,961,414</u>		<u>\$1.22</u>	<u>\$1.06</u>
	For the year ended December 31, 2006				
	Amount		Earnings per share (NTD)		
	Income before income tax	Net income	Shares expressed in thousands	Income before income tax	Net income
Earning per share-basic (NTD)					
Income from continuing operations	\$37,016,039	\$33,807,828	18,050,962	\$2.05	\$1.87
Cumulative effect of changes in accounting principles	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income	<u>\$35,827,524</u>	<u>\$32,619,313</u>		<u>\$1.99</u>	<u>\$1.81</u>
Effect of dilution					
Employee stock options	\$-	\$-	108,122		
Convertible bonds payable	\$33,978	\$33,978	516,383		
Earning per share-diluted:					
Income from continuing operations	\$37,050,017	\$33,841,806	18,675,467	\$1.98	\$1.81
Cumulative effect of changes in accounting principles	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income	<u>\$35,861,502</u>	<u>\$32,653,291</u>		<u>\$1.92</u>	<u>\$1.75</u>

- b. Pro forma information on earnings as if subsidiaries' investment in the Company is not treated as treasury stock is set out as follows:

(shares expressed in thousands)

	For the year ended December 31, 2007	
	Basic	Diluted
Net income	\$16,977,303	\$16,976,955
Weighted-average of shares outstanding:		
Beginning balance	17,789,126	17,789,126
Capital reduction of 5,739 million shares	(2,171,210)	(2,171,210)
Treasury stock sold to employees totaling 97 million shares	7,742	7,742
Exercise of employee stock options from January 1 to December 31, 2007	12,206	12,206
Dilutive shares of employee stock options accounted for under treasury stock method	-	5,993
Dilutive shares of convertible bonds accounted for under if-converted method	-	448,389
Ending balance	15,637,864	16,092,246
Earnings per share		
Net income (NTD)	\$1.09	\$1.06

(shares expressed in thousands)

	For the years ended December 31, 2006	
	Basic	Diluted
Net income	\$32,686,223	\$32,720,201
Weighted-average of shares outstanding:		
Beginning balance	18,852,636	18,852,636
Increase in capital through 2006 retained earnings and capital reserve at proportion of 1.3%	242,215	242,215
Purchase of 1,400,000 thousand shares of treasury stock from January 1 to December 31, 2006	(1,024,860)	(1,024,860)
Exercise of employee stock options from January 1 to December 31, 2006	48,029	48,029
Dilutive shares of employee stock options accounted for under treasury stock method	-	108,122
Dilutive shares of convertible bonds accounted for under if-converted method	-	516,383
Ending balance	18,118,020	18,742,525
Earnings per share		
Net income (NTD)	\$1.80	\$1.75

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
UMC GROUP (USA) (UMC-USA)	Equity Investee
UNITED MICROELECTRONICS (EUROPE) B.V. (UME BV)	Equity Investee
UMC CAPITAL CORP.	Equity Investee
UNITED MICROELECTRONICS CORP. (SAMOA)	Equity Investee
UMCI LTD.	Equity Investee
UMC JAPAN	Equity Investee
UNITECH CAPITAL INC.	Equity Investee
MEGA MISSION LIMITED PARTNERSHIP	Equity Investee
MTIC HOLDINGS PTE. LTD.	Equity Investee
FORTUNE VENTURE CAPITAL CORP.	Equity Investee
HSUN CHIEH INVESTMENT CO., LTD.	Equity Investee
UNITED MICRODISPLAY OPTRONICS CORP.	Equity Investee
HOLTEK SEMICONDUCTOR INC. (ceased to be an equity investee since September 2007)	Equity Investee
ITE TECH. INC. (ceased to be an equity investee since August 2007)	Equity Investee
AMIC TECHNOLOGY CORP.	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
XGI TECHNOLOGY INC.	Equity Investee
TLC CAPITAL CO., LTD.	Equity Investee
HIGHLINK TECHNOLOGY CORP. (merged into EPISTAR CORP. in March, 2007)	Equity Investee
NEXPOWER TECHNOLOGY CORP.	Equity Investee
SILICON INTEGRATED SYSTEMS CORP.	The Company's director
UNITRUTH INVESTMENT CORP.	Subsidiary's equity investee
UWAVE TECHNOLOGY CORP.	Subsidiary's equity investee
UCA TECHNOLOGY INC.	Subsidiary's equity investee
AFA TECHNOLOGY, INC. (merged into USBEST TECHNOLOGY INC. in December, 2007)	Subsidiary's equity investee
STAR SEMICONDUCTOR CORP. (ceased to be a subsidiary's equity investee since March 2007)	Subsidiary's equity investee
USBEST TECHNOLOGY INC. (ceased to be a subsidiary's equity investee since February 2007)	Subsidiary's equity investee
SMEDIA TECHNOLOGY CORP.	Subsidiary's equity investee
U-MEDIA COMMUNICATIONS, INC. (ceased to be an subsidiary's equity investee since May 2007)	Subsidiary's equity investee
CRYSTAL MEDIA INC.	Subsidiary's equity investee
MOBILE DEVICES INC.	Subsidiary's equity investee
CHIP ADVANCED TECHNOLOGY INC.	The same chairman with the Company's subsidiary

(2) Significant Related Party Transactions

a. Operating revenues

	For the years ended December 31,			
	2007		2006	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$51,894,797	49	\$54,476,329	52
Others	14,528,995	13	14,924,711	15
Total	\$66,423,792	62	\$69,401,040	67

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

b. Accounts receivable, net

	As of December 31,			
	2007		2006	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$5,721,345	40	\$5,118,532	39
UME BV	1,797,169	12	734,440	6
Others	798,392	6	526,290	4
Total	8,316,906	58	6,379,262	49
Less: Allowance for sales returns and discounts	(548,222)		(502,524)	
Less: Allowance for doubtful accounts	(2,252)		(1,996)	
Net	\$7,766,432		\$5,874,742	

6. ASSETS PLEDGED AS COLLATERAL

As of December 31, 2007

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$620,996	Customs	Customs duty guarantee

As of December 31, 2006

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	\$620,846	Customs	Customs duty guarantee

7. COMMITMENTS AND CONTINGENT LIABILITIES

(1) The Company has entered into several patent license agreements and development contracts of intellectual property for a total contract amount of approximately NT\$20.2 billion. Royalties and development fees payable in future years are NT\$3.8 billion as of December 31, 2007.

(2) The Company signed several construction contracts for the expansion of its factory space. As of December 31, 2007, these construction contracts have amounted to approximately NT\$3.2 billion and the unpaid portion of the contracts, which was not accrued, was approximately NT\$1.1 billion.

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

For the year ended December 31,	Amount
2008	\$213,541
2009	213,193
2010	213,569
2011	213,960
2012	214,366
2013 and thereafter	1,802,626
Total	<u>\$2,871,255</u>

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

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

Immediately after the Company had received such offer, it filed an application with the Investment Commission of the Ministry of Economic Affairs on March 18, 2005 (Ref. No. 94-Lian-Tung-Tzu-0222), for their executive guidance for the successful transfer of said shares to the Company. The shareholders meeting dated June 13, 2005 resolved that to the extent permitted by law the Company shall try to get the 15% of the outstanding shares offered by the holding company of Hejian as an asset of the Company. The holding company of Hejian offered 106 million shares of its outstanding

common shares in return for the Company's assistance. The holding company of Hejian has put all such shares in escrow. The Company was informed of such escrow on August 4, 2006. The subscription price per share of the holding company of Hejian in the last offering was US\$1.1. Therefore, the total market value of the said shares is worth more than US\$110 million. However, the Company may not acquire the ownership of nor exercise the rights of the said shares with any potential stock dividend or cash dividend distributed in the future until the ROC laws and regulations allow the Company to acquire and exercise. In the event that any stock dividend or cash dividend is distributed, the Company's stake in the holding company of Hejian will accumulate accordingly.

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

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

On February 15, 2006, the Company was fined in the amount of NT\$5 million for unauthorized investment activities in Mainland China, implicating violation of Article 35 of the Act "Governing Relations Between Peoples of the Taiwan Area and the Mainland Area" by the R.O.C. Ministry of Economic Affairs (MOEA). However, as the Company believes it was illegally and improperly fined, the Company had filed an administrative appeal against MOEA to the Executive Yuan on March 16, 2006. On October 19, 2006, Executive Yuan denied the administrative appeal filed by the

Company. The Company had filed an administrative litigation case against MOEA on December 8, 2006. Taipei High Administrative Court announced and reversed MOEA's administrative sanction on July 19, 2007. MOEA filed an appeal against the Company on August 10, 2007.

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

None.

10. OTHERS

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

(2) Financial risk management objectives and policies

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

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

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

Cash flow interest rate risk

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

Foreign currency risk

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

Commodity price risk

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

Credit risk

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

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

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

Liquidity risk

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

(3) Information of financial instruments

a. Fair value of financial instruments

Financial Assets	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$37,452,629	\$37,452,629	\$83,394,802	\$83,394,802
Financial assets at fair value through profit or loss, current	4,800,385	4,800,385	8,538,007	8,538,007
Held-to-maturity financial assets, current	-	-	974,272	974,272
Notes and accounts receivable	13,975,836	13,975,836	12,851,984	12,851,984
Available-for-sale financial assets, noncurrent	39,888,970	39,888,970	41,218,780	41,218,780
Financial assets measured at cost, noncurrent	2,294,595	-	2,285,326	-
Long-term investments accounted for under the equity method	38,597,081	33,930,396	39,242,324	40,209,680
Prepayment for long-term investments	648,360	-	-	-
Deposits-out	641,894	641,894	642,584	642,584

Financial Liabilities	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Payables	\$19,556,311	\$19,556,311	\$22,384,219	\$22,384,219
Capacity deposits (current portion)	4,688	4,688	898,265	898,265
Bonds payable (current portion included)	30,384,780	29,900,297	35,738,959	36,739,231
<u>Derivative</u>				
Interest rate swaps	\$318,707	\$318,707	\$626,230	\$626,230
Derivatives embedded in exchangeable bonds	-	-	359,037	359,037
Forward contracts	21,523	21,523	-	-

- b. The methods and assumptions used to measure the fair value of financial instruments are as follows:
- i. The book value of short-term financial instruments approximates to the fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, current portion of capacity deposits, and payables.
 - ii. The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is based on the quoted market price. If available-for-sale financial assets are restricted for transaction, the fair value of the assets will be determined based on the similar but unrestricted financial assets' quoted market price with proper adjustments.
 - iii. The fair value of held-to-maturity financial assets and long-term investments accounted for under the equity method are based on the quoted market prices. If market prices are unavailable, the Company estimates the fair value based on the book values.
 - iv. The fair value of financial assets measured at cost and prepayment for long-term investments are unable to estimate since there is no active market in trading those unlisted investments.
 - v. The fair value of deposits-out is based on their book value since the deposit periods are principally within one year and renewed upon maturity.
 - vi. The fair value of bonds payable is determined by the market price.
 - vii. The fair value of derivative financial instruments is based on the amount the Company expects to receive (positive) or to pay (negative) assuming that the contracts are settled in advance at the balance sheet date.

- c. The fair value of the Company's financial instruments is determined by the quoted prices in active markets, or if the market for a financial instrument is not active, the Company establishes fair value by using a valuation technique:

Non-derivative Financial Instruments	Active Market Quotation		Valuation Technique	
	2007.12.31	2006.12.31	2007.12.31	2006.12.31
Financial assets				
Financial assets at fair value through profit or loss, current	\$4,800,385	\$8,538,007	\$-	\$-
Available-for-sale financial assets, noncurrent	39,184,243	41,218,780	704,727	-
Long-term investments accounted for under the equity method	1,270,009	7,659,815	32,660,387	32,549,865
Financial liabilities				
Bonds payable (current portion included)	29,900,297	36,739,231	-	-
Derivative Financial Instruments				
Financial liabilities				
Interest rate swaps	\$-	\$-	\$318,707	\$626,230
Derivatives embedded in exchangeable bonds	-	-	-	359,037
Forward contracts	-	-	21,523	-

- d. The Company recognized gains of NT\$406 million and NT\$312 million arising from financial liabilities at fair value through profit or loss for the years ended December 31, 2007 and 2006, respectively.
- e. The Company's financial liabilities with cash flow interest rate risk exposure as of December 31, 2007 and 2006 were NT\$319 million and NT\$626 million, respectively.
- f. During the years ended December 31, 2007 and 2006, total interest revenues for financial assets or liabilities that are not at fair value through profit or loss were NT\$1,162 million and NT\$1,453 million, while interest expenses for the years ended December 31, 2007 and 2006 were NT\$247 million and NT\$631 million, respectively.
- (4) The Company and its subsidiary, UMC JAPAN, held credit-linked deposits and repackaged bonds that were recorded as held-to-maturity financial assets for the earning of interest income. The details are disclosed as follows:

a. Principal amount in original currency

As of December 31, 2007

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

As of December 31, 2006

The Company

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

UMC JAPAN

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

b. Credit risk

The counterparties of the above investments are major international financial institutions. The repayment in full of these investments is subject to the non-occurrence of one or more credit events, which are referenced to the entities' fulfillment of their own obligations as well as repayment of their corporate bonds. Upon the occurrence of one or more of such credit events, the Company and its subsidiary, UMC JAPAN, may receive nil or less than full amount of these investments. The Company 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) The Company and its subsidiary, UMC JAPAN, entered into interest rate swaps and forward contracts for hedging the interest rate risk arising from the counter-floating rate of its domestic bonds and for hedging the exchange rate risk arising from the net assets or liabilities denominated in foreign currency. The Company entered into these derivative

financial instruments in connection with its hedging strategy to reduce the market risk of the hedged items and these financial instruments were not held for trading purposes. The relevant information on the derivative financial instruments entered into by the Company is as follows:

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

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

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

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

As of December 31, 2007

The Company

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

As of December 31, 2006

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

- c. Transaction risk

- (a) Credit risk

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

- (b) Liquidity and cash flow risk

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

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

(c) Market risk

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

d. The presentation of derivative financial instruments on financial statements

The Company

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

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

11. ADDITIONAL DISCLOSURES

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

- a. Financing provided to others for the year ended December 31, 2007: Please refer to Attachment 1.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2007: Please refer to Attachment 2.
- c. Securities held as of December 31, 2007: Please refer to Attachment 3.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007: Please refer to Attachment 4.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007: Please refer to Attachment 5.
- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007: Please refer to Attachment 6.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007: Please refer to Attachment 7.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of December 31, 2007: Please refer to Attachment 8.
- i. Names, locations and related information of investees as of December 31, 2007: Please refer to Attachment 9.
- 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 operates principally in one industry, and the major business is operating as a full service semiconductor foundry.

(2) Operations in different geographic areas

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

	For the years ended December 31, 2006			
	Taiwan	Asia, excluding Taiwan	Write-off	Total
Revenue other than head office and branch	\$89,250,893	\$14,847,718	\$-	\$104,098,611
Revenue from head office and branch	119,888	-	(119,888)	-
Total revenue	\$89,370,781	\$14,847,718	\$(119,888)	\$104,098,611
Segment income (loss)	\$20,422,987	\$390,575	\$(120,090)	\$20,693,472
Operating expense				(14,569,334)
Non-operating income				33,871,592
Non-operation expense				(2,979,691)
Income from continuing operations before income tax				\$37,016,039
Recognized assets	\$264,645,380	\$57,131,502	\$(49,294,519)	\$272,482,363
Funds and investments				82,746,430
Total assets				\$355,228,793

(3) Export sales

Area	For the year ended December 31,	
	2007	2006
North America	\$52,498,374	\$54,538,785
Others	15,717,486	16,298,886
Total export sales	\$68,215,860	\$70,837,671

(4) Major customers

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

Customers	For the year ended December 31,			
	2007		2006	
	Sales amount	Percentage	Sales amount	Percentage
Customer A	\$51,894,797	49	\$54,476,329	52
Customer B	15,704,992	15	8,274,751	8
Total	\$67,599,789	64	\$62,751,080	60

ATTACHMENT 1 (Financing provided to others for the year ended December 31, 2007)

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

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

None

160 ATTACHMENT 2 (Endorsement/Guarantee provided to others for the year ended December 31, 2007)

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

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

		December 31, 2007				
Type of securities	Name of securities	Relationship	Financial statement account	Units		Shares as collateral (thousand)
				(thousand) bonds/ shares (thousand)	Percentage of ownership (%)	
Stock	PROMOS TECHNOLOGIES INC.	-	Financial assets at fair value through profit or loss, current	471,400	7.03	\$4,101,180
Stock	ACTION ELECTRONICS CO., LTD.	-	Financial assets at fair value through profit or loss, current	16,270	4.59	218,016
Stock	MICRONAS SEMICONDUCTOR HOLDING AG	-	Financial assets at fair value through profit or loss, current	280	0.94	91,091
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Financial assets at fair value through profit or loss, current	24,044	0.22	307,767
Stock	YANG MING MARINE TRANSPORT CORP.	-	Financial assets at fair value through profit or loss, current	3,280	0.14	82,331
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	100.00	1,181,949
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	100.00	293,477
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	100.00	4,097,229
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	280	100.00	1,641
Stock	UMC LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	100.00	142
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	628,800	100.00	8,042,617
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	99.99	9,966,214
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	84,093	85.24	157,249
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	50.09	6,278,935
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	49.99	127,379
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the equity method	4,000	49.94	82,230
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method	-	45.00	2,441,703
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	42.00	954,691
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	36.49	4,122,988

ATTACHMENT 3 (Securities held as of December 31, 2007)
 (Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
(Amount in thousand, Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
 (Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

FORTUNE VENTURE CAPITAL CORP.

		December 31, 2007					
Type of securities	Name of securities	Relationship	Financial statement account	Units		Shares as collateral (thousand)	
				(thousand)/ bonds/ shares (thousand)	Percentage of ownership (%)		Market value/ Net assets value
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	4,284	10.06	Note	None
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	11,452	9.94	Note	None
Stock	LIGHTNING TECH. INC.	-	Financial assets measured at cost, noncurrent	2,660	9.93	Note	None
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,396	9.77	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,153	9.43	Note	None
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	750	9.38	Note	None
Stock	ALLEN PRECISION INDUSTRIES CO., LTD.	-	Financial assets measured at cost, noncurrent	3,000	9.32	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	8,529	9.09	Note	None
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	3,600	9.00	Note	None
Stock	ANDES TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	5,000	7.94	Note	None
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	4,198	7.82	Note	None
Stock	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	-	Financial assets measured at cost, noncurrent	10,500	7.00	Note	None
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	1,700	6.85	Note	None
Stock	RISELINK VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	8,000	6.67	Note	None
Stock	NCTU SPRING VENTURE CAPITAL CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	6.28	Note	None
Stock	COSMOS TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	1,490	5.03	Note	None
Stock	PARAWIN VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	5,000	5.00	Note	None
Stock	EUTECH MICROELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,700	4.95	Note	None
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	1,750	4.86	Note	None

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

FORTUNE VENTURE CAPITAL CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
 (Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

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

UNITRUTH INVESTMENT CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

TLC CAPITAL CO., LTD.

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

UNITRUTH INVESTMENT CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

UNITRUTH INVESTMENT CORP.

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

ATTACHMENT 3 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

		December 31, 2007					
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMO(HK) LIMITED	Investee company	Long-term investments accounted for under the equity method	15,600	100.00	\$3,257	None
<u>UMC CAPITAL CORP.</u>							
		December 31, 2007					
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	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	100.00	USD 359	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	100.00	USD 2,112	None
Stock-Preferred stock	ACHIEVE MADE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	508	43.29	USD 236	None
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	35.45	USD 6,237	None
Fund	TRANSLINK CAPITAL PARTNERS I L.P.	Investee company	Long-term investments accounted for under the equity method	-	16.73	USD 1,443	None
Stock	INTELLEON CORP.	-	Available-for-sale financial assets, noncurrent	1,233	4.12	USD 9,299	None
Stock	RUBICON TECHNOLOGY, INC.	-	Available-for-sale financial assets, noncurrent	275	1.43	USD 6,531	None
Stock	SPREADTRUM COMMUNICATIONS, INC.	-	Available-for-sale financial assets, noncurrent	550	0.44	USD 6,737	None
Stock	PATENTOP, LTD.	-	Financial assets measured at cost, noncurrent	720	18.00	Note	None
Stock	CIPHERMAX, INC. (formerly MAXXAN SYSTEMS, INC.)	-	Financial assets measured at cost, noncurrent	95	-	USD 1,281	None
Stock-Preferred stock	AICENT, INC.	-	Financial assets measured at cost, noncurrent	2,000	-	USD 1,000	None
Stock	SILICON 7, INC.	-	Financial assets measured at cost, noncurrent	1,866	-	Note	None
Stock-Preferred stock	GCT SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,571	-	USD 1,000	None
Stock-Preferred stock	FORTEMEDIA, INC.	-	Financial assets measured at cost, noncurrent	11,233	-	USD 4,928	None
Stock	MAGNACHIP SEMICONDUCTOR LLC	-	Financial assets measured at cost, noncurrent	31	-	USD 1,094	None

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

UMC CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2007			Shares as collateral (thousand)
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	
Stock-Preferred stock	MAXLINEAR, INC.	-	Financial assets measured at cost, noncurrent	2,070	USD 4,052	-	N/A
Stock-Preferred stock	SMART VANGUARD LTD.	-	Financial assets measured at cost, noncurrent	5,750	USD 6,500	-	N/A
Stock-Preferred stock	WISAIR, INC.	-	Financial assets measured at cost, noncurrent	153	USD 1,596	-	N/A
Stock-Preferred stock	AMALFI SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,471	USD 1,500	-	N/A
Stock-Preferred stock	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	10	USD 1,186	-	N/A
Convertible bonds	DIBCOM, INC.	-	Financial assets measured at cost, noncurrent	3	USD 506	-	N/A
Stock-Preferred stock	EAST VISION TECHNOLOGY LTD.	-	Financial assets measured at cost, noncurrent	2,770	USD 4,820	-	N/A
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR LTD.	-	Financial assets measured at cost, noncurrent	650	USD 1,462	-	N/A
Stock-Preferred stock	AURORA SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	550	USD 242	-	N/A
Stock-Preferred stock	VERIPRECISE TECHNOLOGY, INC.	-	Financial assets measured at cost, noncurrent	4,000	USD 4,000	-	N/A
Stock-Preferred stock	PACTRUST COMMUNICATION, INC.	-	Financial assets measured at cost, noncurrent	4,850	USD 4,850	-	N/A
Stock-Preferred stock	LUMINUS DEVICES, INC.	-	Financial assets measured at cost, noncurrent	477	USD 3,000	-	N/A
Stock-Preferred stock	REALLUSION (CAYMAN) HOLDING INC.	-	Financial assets measured at cost, noncurrent	1,800	USD 555	-	N/A
Stock-Preferred stock	FORCE10 NETWORKS, INC.	-	Financial assets measured at cost, noncurrent	4,373	USD 4,500	-	N/A
Stock-Preferred stock	QSECURE, INC.	-	Financial assets measured at cost, noncurrent	14,355	USD 3,558	-	N/A
Stock-Preferred stock	VISAGE MOBILE INC.	-	Financial assets measured at cost, noncurrent	5,099	USD 2,000	-	N/A
Fund	VENGLOBAL CAPITAL FUND III, L.P.	-	Financial assets measured at cost, noncurrent	-	USD 712	-	N/A
Fund	DEXON DYNAMIC INVESTMENT FUND VIII	-	Financial assets measured at cost, noncurrent	9	USD 9,000	-	N/A
Stock-Preferred stock	PARADE TECHNOLOGIES, LTD.	-	Financial assets measured at cost, noncurrent	3,125	USD 1,459	-	N/A
Stock-Preferred stock	SIFOTONICS TECHNOLOGIES CO., LTD.	-	Financial assets measured at cost, noncurrent	1,000	USD 500	-	N/A

ATTACHMENT 3 (Securities held as of December 31, 2007)

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

UMC CAPITAL CORP.

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

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Ending balance			
					Units (thousand)/ shares	Amount (Note 1)	Units (thousand)/ shares	Amount	Units (thousand)/ shares	Amount	Units (thousand)/ shares	Amount	Gain (Loss) from disposal (Note 3)	Amount (Note 1)
Convertible bonds	EDOM TECHNOLOGY CO., LTD.	Financial assets at fair value through profit or loss, current	EDOM TECHNOLOGY CO., LTD.	-	60	\$193,910	-	-	\$197,760	60	-\$	-	-	\$-
Stock	SILICONWARE PRECISION INDUSTRIES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	5,395	276,202	-	-	325,429	5,409 (Note 4)	112,032	213,397	-	-
Stock	FIRICH ENTERPRISES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	122 (Note 5)	54,919	113,306	174 (Note 5)	58,387	54,919	-	-
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	37,221	1,155,725	-	-	1,313,916 (Note 7)	37,221	519,799	794,117	-	-
Stock	EPISTAR CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	-	-	20,641 (Note 7)	2,278,868 (Note 7)	-	-	-	-	21,005 (Note 7)	2,904,149
Stock	MEDIA TEK INC.	Available-for-sale financial assets, noncurrent	Open market	-	14,979	5,048,091	-	-	5,100,253	9,123	5,004,017 (Note 8)	90,396	6,552 (Note 8)	2,758,402
Stock	AU OPTRONICS CORP.	Available-for-sale financial assets, noncurrent	Open market	-	78,266	3,545,441	-	-	3,889,146 (Note 9)	78,339 (Note 9)	2,956,868 (Note 9)	938,840	-	-
Stock	HOLTEK SEMICONDUCTOR INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	51,939 (Note 10)	878,747 (Note 10)	719,718	10,100	547,996	171,722	42,326 (Note 10)	2,093,033
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	24,229 (Note 11)	341,268 (Note 11)	259,631	1,950	229,056	30,575	22,279	2,161,098
Fund	VIETNAM INFRASTRUCTURE LTD.	Available-for-sale financial assets, noncurrent	VIETNAM INFRASTRUCTURE E LTD.	-	-	-	5,000	166,468	-	-	-	-	5,000	153,900

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Ending balance		
					Units (thousand)/bonds/shares	Amount (Note1)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Gain (Loss) from disposal (Note 3)	Units (thousand)/bonds/shares	Amount (Note 1)
Stock	NEXPOWER TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	\$-	45,262	\$764,247	350	\$3,675	\$3,515	\$160	44,912	\$784,668 (Note 12)
Stock	HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Note 6	-	225,624	-	-	28,500	564,818 (Note 7)	175,810	389,125 (Note 13)	-	-
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	167,217	19,780	197,798	-	-	-	-	84,093	157,249 (Note 14)
Stock	UNIMICRON HOLDING LIMITED	Prepayment for long-term investments	Proceeds from new issues	-	-	20,000	648,360	-	-	-	-	20,000	648,360

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

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

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

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

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

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

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

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

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

FORTUNE VENTURE CAPITAL CORP.

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

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

TILC CAPITAL CO., LTD.

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

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

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

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

Note 8: The addition included shares exchanged of 3,381 thousand shares of EPITECH TECHNOLOGY CORP. (amounted to NT\$367,579 thousand), 3,174 thousand shares of HIGHLINK TECHNOLOGY CORP. (amounted to NT\$363,476 thousand), exercise of conversion right of EPISTAR CORP.'s convertible bond into 2,706 thousand shares (amounted to NT\$ 332,792 thousand) and 817 thousand shares acquired from new shares (amounted to NT\$897,978 thousand.)

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

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

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

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

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

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

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

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

UNITRUTH INVESTMENT CORP.

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

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

UMC CAPITAL CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Ending balance			
					Units (thousand)/bonds/shares	Amount (Note 1)	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Units (thousand)/bonds/shares	Amount	Gain (Loss) from disposal	Amount (Note 1)
Fund	DEXON DYNAMIC INVESTMENT FUND VIII	Financial assets measured at cost, noncurrent	DEXON DYNAMIC INVESTMENT FUND VIII	-	-	\$-	9	USD 9,000	-	-	\$-	9	\$-	USD 9,000
Stock	RUBICON TECHNOLOGY, INC.	Available-for-sale financial assets, noncurrent	Proceeds from new issues	-	-	-	275	USD 3,850	-	-	-	275	-	USD 6,531

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

ATTACHMENT 5 (Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)

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

UNITED MICROELECTRONICS CORPORATION

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

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

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

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

UNITED MICROELECTRONICS CORPORATION

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

ATTACHMENT 7 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)

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

UNITED MICROELECTRONICS CORPORATION

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

UNITED MICROELECTRONICS (EUROPE) B.V.

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

ATTACHMENT 7 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)

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

UMC GROUP (USA)

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

UMC JAPAN

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

ATTACHMENT 8 (Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2007)

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

UNITED MICROELECTRONICS CORPORATION

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

UMC JAPAN

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

ATTACHMENT 9 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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

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

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

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

ATTACHMENT 9 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 9 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

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

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

UNTRUTH INVESTMENT CORP.

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

ATTACHMENT 9 (Names, locations and related information of investee companies as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

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

UMC CAPITAL CORP.

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

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

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