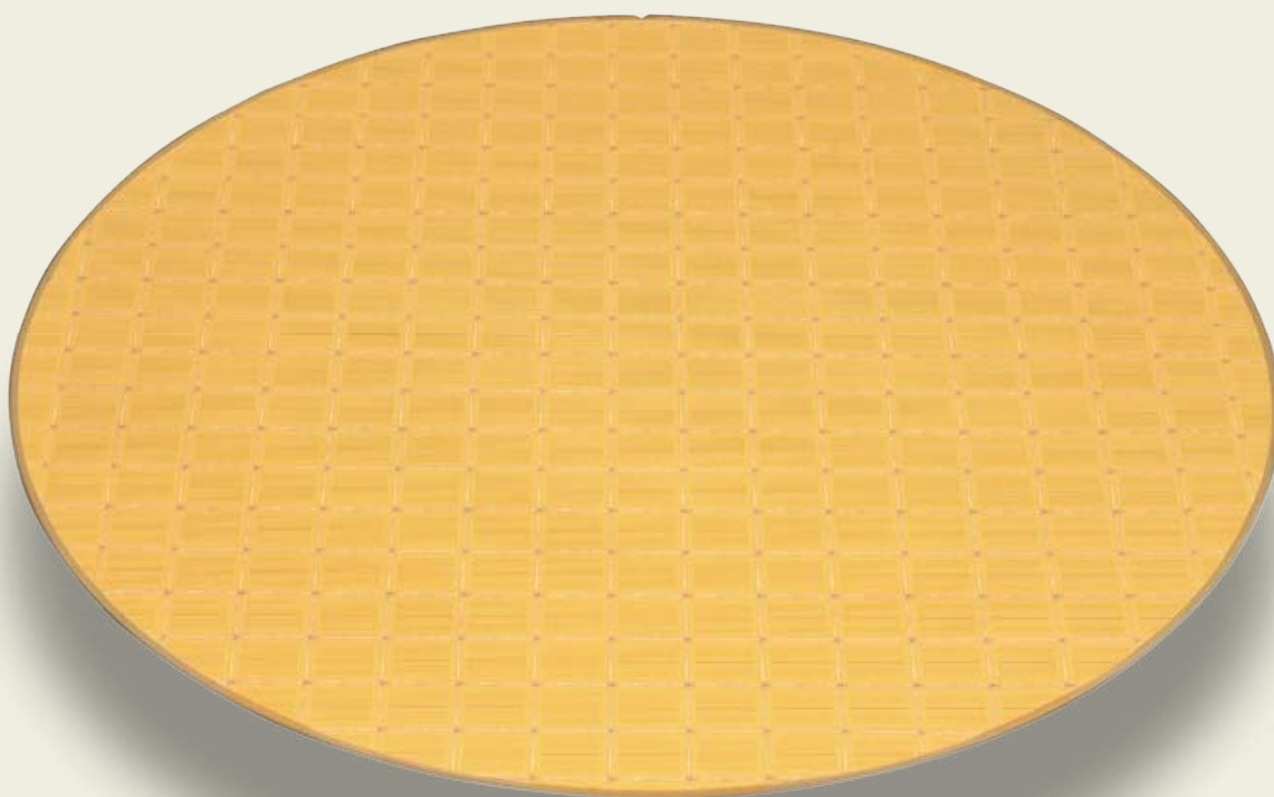


2007 ANNUAL REPORT

TSE:2303 NYSE:UMC



UMC

CORPORATE INFORMATION

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Sandy_Yen@umc.com

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www.nyse.com
Ticker/Search Code: UMC

EXCHANGEABLE BOND EXCHANGE MARKETPLACE

Luxembourg Stock Exchange
11, av de la Porte-Neuve
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www.bourse.lu
Ticker: UniMicElexCorp
EB Search Code: ISIN XS0147090533
ECB Search Code: ISIN XS0231460709

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www.umc.com

UMC ANNUAL REPORT INFORMATION CAN BE ACCESSED FROM THE FOLLOWING WEBSITES:

www.umc.com
newmops.tse.com.tw

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LETTER TO SHAREHOLDERS

Dear Shareholders,

UMC achieved revenues of NTD 106.77 billion in 2007, which was a 2.6% improvement over the previous year. Operating income was 11.1% above 2006. Net income for the year was NTD 16.96 billion. The positive gains can be attributed to stronger demand across all applications and a higher percentage of revenue from leading edge process technologies. We shipped a record number of wafers in 2007, totaling 3.474 million 200mm wafer equivalents. However, our revenues did not reach a record high due to strong wafer pricing pressure.

By the end of 2007, revenue from 90-nanometer and below technology was 26%, which included 65-nanometer sales. We are excited to see the continuing acceleration of the manufacture of various 65-nanometer customer products, and many of our 65-nanometer customers are those who have migrated from existing 0.13-micron and 90-nanometer production at UMC. Furthermore, we worked throughout the year with multiple partners to prepare IP for 45-nanometer technologies. Our 45-nanometer program is moving along smoothly with several customer prototypes ready. We expect to see a small amount of 45-nanometer production by the second half of 2008.

Partnering for the Future

We continue to see more and more IDMs adopting the fab-lite or fabless business model, a trend that we have been witnessing over the past several years. UMC will benefit from this trend as these IDMs outsource their business to foundries. The trend will also allow us to collaborate with our IDM customers more closely in developing future technologies such as 45-nanometer and 32-nanometer. We believe that this is a positive industry trend and a win-win situation for both IDMs and foundries, and a strong affirmation of foundry R&D capabilities. UMC has also been actively working with partners to develop technologies other than CMOS logic. One example of our efforts in this area was our decision to sign a technology cross license and joint development agreement with Elpida in Q3 2007. This is a significant development, as we will have access to Elpida's DRAM process, technology that we can offer as part of our customer SoC solutions for memory intensive applications. Furthermore, we will jointly develop PRAM (phase-change RAM) technology with Elpida for use in future SoC designs. As process scaling continues, the ability to integrate various system memories will become very important.

Jackson Hu,
Chairman and CEO



Our 32-nanometer development program remains on schedule and is progressing smoothly. In addition to joint development programs with our IDM and fab-less customers, we continue to cooperate with many of the industry's leading research organizations, such as ATDF and IME. Going forward, we do not rule out further technology development alliances, similar to our current activities with Elpida. We believe that future applications will make good use of the increasing chip density offered by 45-nanometer, 32-nanometer and beyond technologies, which will enable the integration of more and more features on a single chip. The future of the semiconductor industry will be defined by the proliferation of these SoCs. Electronic product companies will utilize these chips to roll out a continuous stream of innovative products that feature increased functionality, lower power consumption and higher performance, while current popular products such as the hottest multimedia phones and best-selling game consoles can be manufactured more cost effectively.

Strategic Expansion

In 2007, UMC opened its new R&D headquarters in Tainan Science Park next to Fab 12A, and successfully transferred UMC's R&D operations to the new site from Hsinchu. For 2008, capital expenditures will be between 500 and 700 million US dollars. The major focus of this spending will be to improve product mix for our 8 and 12-inch production lines by increasing the percentage of advanced technologies. Effective use of our capacity can support potential revenue growth in excess of 20% in 2008 provided that we see that kind of demand growth in the coming year.

Corporate Social Responsibility

As UMC expands, we also recognize that corporate social responsibility (CSR) has become a key element for sustainable growth. UMC has put CSR into practice based on the principles of LOHAS, (Lifestyles of Health and Sustainability) which focuses on healthy, sustainable living, environmental protection, personal development, and social accountability. UMC's success in CSR implementation has gained worldwide

recognition, and in 2007, CLSA's Clean and Green report ranked UMC as third in Asia for corporate governance and first among semiconductor companies in Taiwan. Furthermore, in early 2008, UMC became the first company in Taiwan to receive a Level A grade for our CSR report from Global Reporting Initiative (GRI).

Enhancing Shareholder Value

In Q3, we completed Taiwan's largest ever capital-reduction plan by canceling 30% of UMC's outstanding shares, while returning NTD 57.3 billion to shareholders. Our cash position after the capital reduction remains very healthy. This action will contribute positively to shareholders' equity through the improvement of the company's capital structure. Going forward, we will continue to pursue maximum benefits for UMC's shareholders, employees, and the many participants in the global and domestic semiconductor industry.

Moving Forward

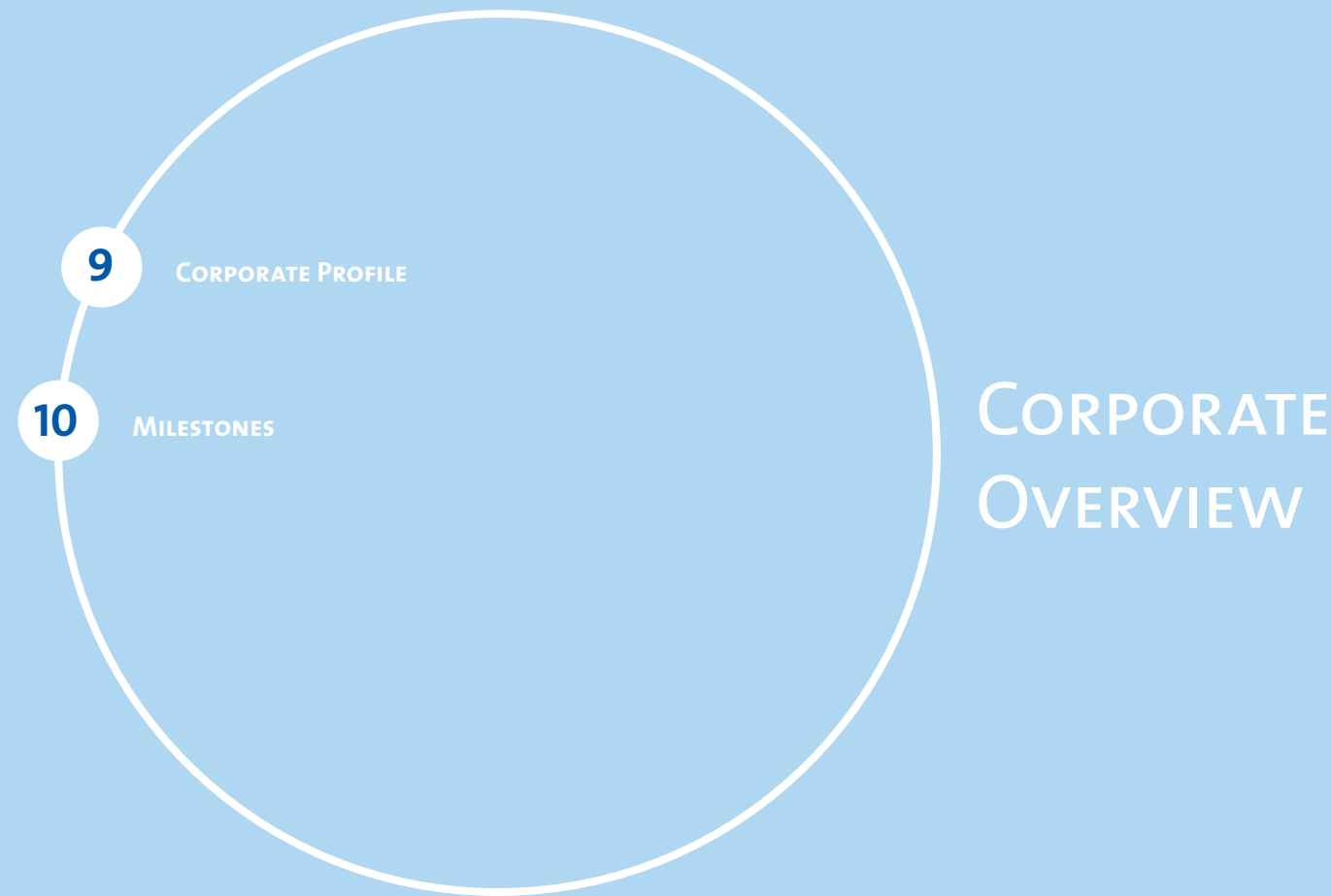
We will continue preparing our 45-nanometer process for pilot production in 2008. Resources will be dedicated to strengthening our position as the SoC Solution Foundry, with emphasis on IP, EDA, and Design-for-Manufacturing (DFM) solutions. We are also aggressively working together with our supply chain partners on a plan to optimize our cooperation model. The plan focuses on streamlining resource movement, localizing vendor support, and breaking through cost barriers. This effort will enhance UMC's operations to improve the company's overall efficiency.

I would like to thank you for supporting UMC over the years, and look forward to continuing to build upon UMC's strengths to create better opportunities for our customers and shareholders.

Sincerely,



Chairman and CEO



Corporate Profile

UMC is a world-leading semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. The Company's cutting-edge foundry technologies enable the creation of faster and more powerful System-on-Chip ICs for today's demanding applications. UMC's technology includes a wide range of advanced processes, such as 90-nanometer, 65-nanometer, embedded memories, and Mixed-Signal/RF CMOS. As an industry pioneer, UMC was the first foundry to manufacture wafers using copper materials, produce chips using 90-nanometer process technology, produce chips on 300mm wafers, and deliver functional 65-nanometer ICs to its customers.

UMC led the development of the commercial semiconductor industry in Taiwan. It was the first local company to offer foundry services, as well as the first semiconductor company

to list on the Taiwan Stock Exchange (1985). UMC is responsible for many local industry innovations, including the introduction of the employee share bonus system, often credited as a primary factor in the development of a prominent electronics industry in Taiwan. UMC employs approximately 13,000 people worldwide. With sales and customer service offices in Taiwan, Japan, Singapore, Europe, and the United States, UMC has an extensive service network to meet the needs of its global clientele. In the future, UMC will continue to offer world leading production processes and the most comprehensive support structure for our customers to strengthen its competitive advantages in a rapidly changing industry.

DATE OF INCORPORATION MAY 22, 1980

MILESTONES

1980 MAY UMC established.

1985 JUL. Becomes the first IC company to list on the Taiwan Stock Exchange.

1995 JUL. Begins transformation into a pure-play foundry.

JUL. Establishes joint venture foundry USC.

AUG. Establishes joint venture foundry UICC.

SEP. Establishes joint venture foundryUSIC.

SEP. 200mm fab begins production.

1996 JAN. 0.35-micron volume production.

1997 OCT. 0.25-micron volume production.

1998 APR. Acquires Holtek Semiconductor fab.

DEC. Acquires Nippon Steel Semiconductor Corp. fab; renamed Fab UMCJ in 2001.

1999 MAR. 0.18-micron volume production.

NOV. Begins construction of 300mm fab in Taiwan's Tainan Science Park, Fab 12A.

2000 JAN. Completes consolidation of five companies: UMC, USC, UTEK, USIC and UICC.

MAR. Ships first foundry chips using copper process.

MAY Produces foundry industry's first 0.13-micron integrated circuits.

SEP. Makes its debut on the New York Stock Exchange.

DEC. Announces plan to establish advanced 300mm foundry in Singapore (UMCi).

2003 JAN. Announces equipment move-in at UMCi.

MAR. Delivers foundry's first customer ICs built on 90-nanometer.

2004 MAR. UMCi moves to full-scale 300mm production.

MAY 90-nanometer full qualification and volume production.

JUL. Completes acquisition of SiS Microelectronics Corp. fab.

DEC. Fully acquires its subsidiary UMCi; renamed UMC Fab 12i.

2005 JUN. Delivered the foundry industry's first 65-nanometer customer products.

AUG. Achieves record milestone of over 100,000 90-nanometer wafer shipments.

2006 JUN. Becomes first IC company to achieve QC 080000 IECQ HSPM qualification for all fabs.

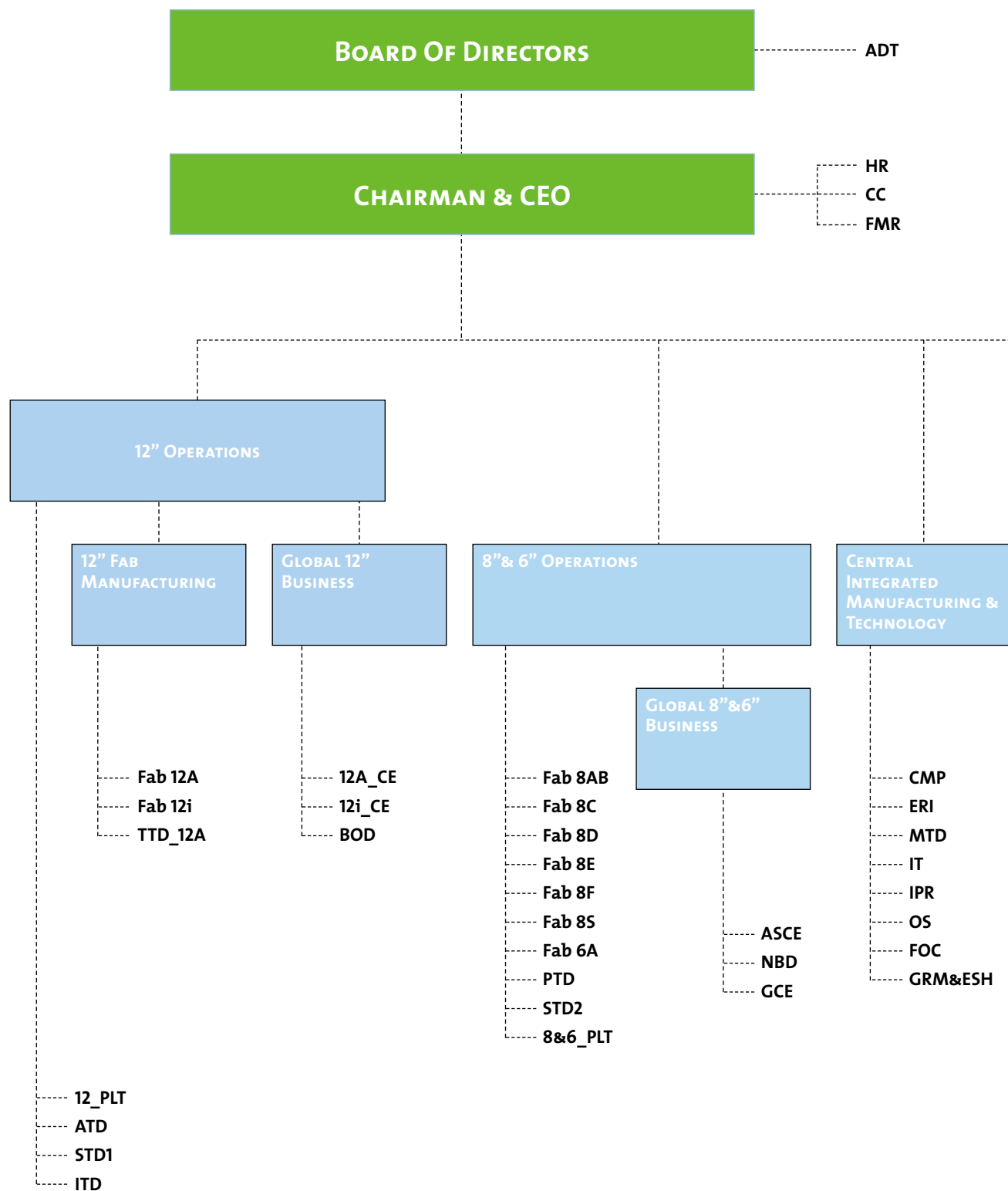
NOV. Produces working 45-nanometer ICs.

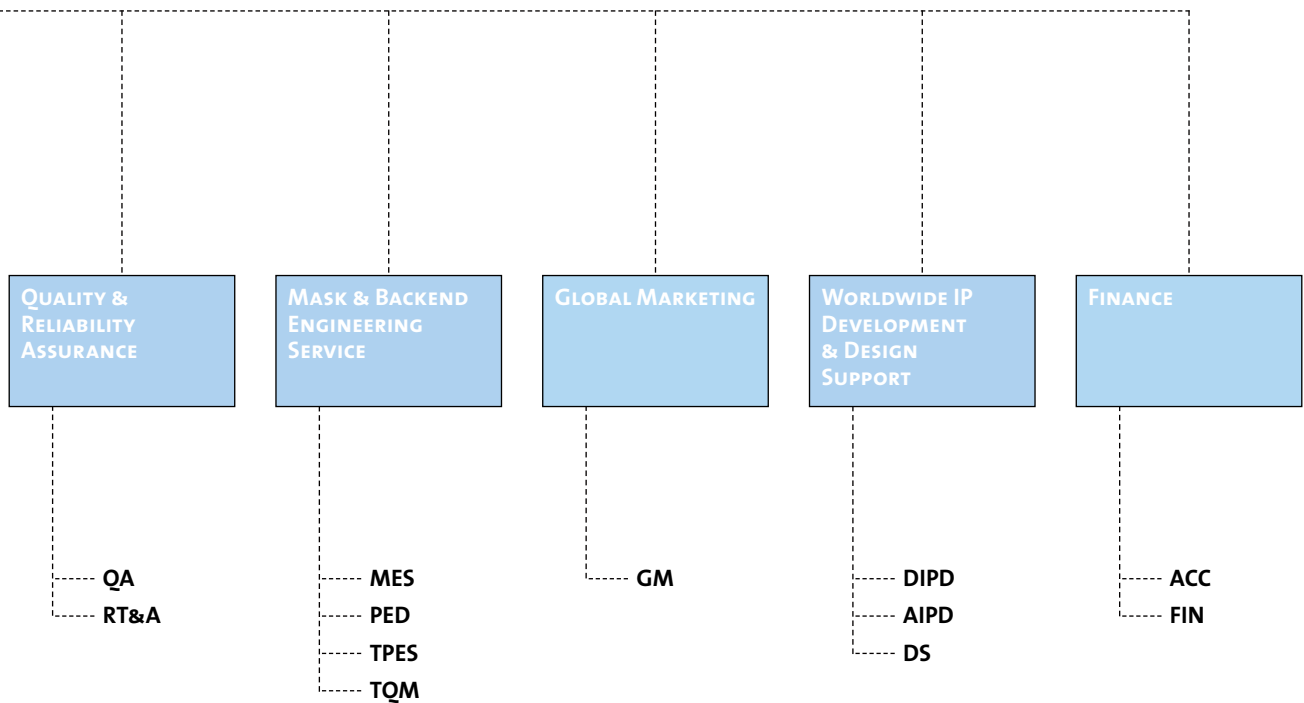
2007 JAN. Expands advanced technology complex in Tainan Science Park.

CORPORATE GOVERNANCE REPORT



CORPORATE ORGANIZATION





Directors' and Supervisors' Information

NAME TITLE		DATE ELECTED [DATE ASSUMED] (DATE FIRST ELECTED)	TERM (YRS.)	SHAREHOLDING WHEN ELECTED		PRESENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING	
				COMMON SHARES	%	COMMON SHARES	%	COMMON SHARES	%
Hsun Chieh Investment Co., Ltd.		2006.6.12 (1995.6.21)	3	599,696,356	3.02	422,364,594	3.20	-	-
Representatives	Jackson Hu Chairman and CEO	2006.6.12 (2004.2.4)	3	1,875,943	0.01	1,425,796	0.01	-	-
	Ching-Chang Wen Director	2006.6.12 (2001.5.30)	3	5,614,913	0.03	9,239,308	0.07	7,251	0.00
	Fu-Tai Liou Director	2006.6.12 (2001.5.30)	3	5,527,407	0.03	4,123,221	0.03	-	-
	Wen-Yang Chen Director	2007.10.1 (2007.10.1)	3	2,124,683	0.02	2,432,683	0.02	37,831	0.00
Silicon Integrated Systems Corp.		2006.6.12 (2005.6.13)	3	428,511,368	2.16	301,799,449	2.28	-	-
Representatives	Shih-Wei Sun Director	2006.6.12 (2006.6.12)	3	15,192,341	0.08	10,110,756	0.08	720,500	0.01
	Chitung Liu Director	2007.12.21 (2007.12.21)	3	947,577	0.01	947,577	0.01	155,357	0.00
Chun-Yen Chang Independent Director		2006.6.12 (2006.6.12)	3	-	-	-	-	-	-
Chung Laung Liu Independent Director		2006.6.12 (2006.6.12)	3	-	-	-	-	-	-
Paul S.C. Hsu Independent Director		2006.6.12 (2004.6.1)	3	-	-	-	-	-	-
Hsun Chieh Investment Co., Ltd.		2006.6.12 (1995.6.21)	3	599,696,356	3.02	422,364,594	3.20	-	-
Representatives	Tzyy-Jang Tseng Supervisor	2006.6.12 (2002.3.14)	3	19,650,715	0.10	9,636,948	0.07	145,817	0.00
Silicon Integrated Systems Corp.		2006.6.12 (2005.6.13)	3	428,511,368	2.16	301,799,449	2.28	-	-
Representatives	Ta-Hsing Wang Supervisor	2006.6.12 (2006.6.12)	3	-	-	-	-	-	-
Ting-Yu Lin Supervisor		2006.6.12 (2006.6.12)	3	16,182,403	0.08	11,815,524	0.09	-	-

Notes (1) Present shareholding figures are actual number of shares held on February 29, 2008. (2) Directors' and Supervisors' election date is the same date they assumed their positions. (3) Directors and Supervisors are not spouses or siblings of other managers, directors, and supervisors. (4) Directors and Supervisors did not hold shares through other parties. (5) Wen-Yang Chen was assigned as representative and director by Hsun Chieh Investment Co., Ltd. on October 1, 2007; Chitung Liu was assigned as representative and director by Silicon Integrated Systems Corp. on December 21, 2007.

EXPERIENCE EDUCATION	ALSO SERVES CONCURRENTLY AS
-	-
Chairman and CEO, UMC Ph.D. of Computer Science, University of Illinois at Urbana-Champaign	Independent Director, Compal Communications, Inc.
Director, UMC Ph.D. of Electrical Engineering, University of Pennsylvania	-
Director, UMC Ph.D. of Material Science & Engineering, State University of New York at Stony Brook	-
Director, UMC Master of Electronics Engineering, National Chiao Tung University	-
-	-
Director, UMC Ph.D. of Electronic Materials, Northwestern University	-
Director, UMC EMBA candidate, National Taiwan University	Director, Novatek Microelectronics Corp., Ltd.; Director, Fortune Venture Capital Corporation; Supervisor, UMC Japan; Supervisor, TLC Capital Co., Ltd.; Supervisor, Nexpower Technology Corp.
Academician, Academia Sinica Ph.D. of Electronics Engineering, National Chiao Tung University	Independent Director, Himax Technologies, Inc.
Honorary Chair Professor, National Tsing Hua University Sc. D. of Massachusetts Institute of Technology	Chairman, DRAMeXchange Corporation; Supervisor, MediaTek Incorporation; Independent Director, Anpec Electronics Corporation; Independent Director, Mototech Inc.
Chair Professor of Management, Yuan-Ze University Ph.D. of Business Administration, University of Michigan	Chairman, Taiwan Assessment and Evaluation Association; Independent Director, Faraday Technology Corp.; Independent Director, Taiwan Chi Cheng Enterprise Co., Ltd.; Supervisor, Far Eastern International Bank
-	-
Chairman, Unimicron Technology Corp. Master of Physics, National Tsing Hua University	Chairman, Unimicron Technology Corp.; Director, Harvatek Corp.; Chairman, Subtron Technology Co., Ltd.
-	-
Director, Pacific Online Limited MBA, Columbia University	-
Chairman, Sunrox International Inc. Master of International Finance, Meiji University	-

List of Major Shareholders of UMC's Institutional Shareholders

UMC's INSTITUTIONAL SHAREHOLDERS	MAJOR SHAREHOLDERS OF UMC's INSTITUTIONAL SHAREHOLDERS (HOLDING PERCENTAGE)
Hsun Chieh Investment Co., Ltd.	Hsieh Yong Capital Co., Ltd. (63.48%); United Microelectronics Corporation (36.49%)
Silicon Integrated Systems Corp.	United Microelectronics Corporation (16.24%); Buddhist Compassion Relief Tzu Chi Foundation Taiwan (1.61%); Crédit Agricole (Suisse) SA (1.36%); Chuin Li Investment Corporation (1.21%); Chuin Tsie Investment Corporation (1.16%); Shin-Sen Liu (1.13%); HSBC, as the representative of HKIT-Pacific Glory Finance One Ltd. (1.12%); Taiwan Post Co., Ltd. (0.63%); DFA Emerging Markets Value Portfolio (0.59%); R.O.C. Public Service Pension Fund (0.54%)

List of Institutional Shareholders of the Major Shareholders

INSTITUTIONAL SHAREHOLDERS	MAJOR SHAREHOLDERS OF THE INSTITUTIONAL SHAREHOLDERS (HOLDING PERCENTAGE)
Hsieh Yong Capital Co., Ltd.	Unimicron Technology Corp. (16.67%); Silicon Integrated Systems Corp. (16.67%); Novatek Microelectronics Corp., Ltd. (15.15%); Faraday Technology Corporation (12.12%); King Yuan Electronics Co., Ltd. (7.58%)
Buddhist Compassion Relief Tzu Chi Foundation Taiwan	Not Applicable.
Chuin Li Investment Corporation	Robert H.C. Tsao (27.69%); John Hsuan (15.89%)
Chuin Tsie Investment Corporation	Robert H.C. Tsao (36.00%); John Hsuan (13.33%)
Taiwan Post Co., Ltd.	Ministry of Transportation and Communications (100.00%)
R.O.C. Public Service Pension Fund	Not Applicable.

Directors' and Supervisors' Professional Knowledge and Independence Information

NAME	FIVE OR MORE YEARS EXPERIENCE OR PROFESSIONAL QUALIFICATION			INDEPENDENCE STATUS (NOTE)										NUMBER OF COMPANIES ALSO SERVES AS INDEPENDENT DIRECTOR FOR
	LECTURER OR ABOVE IN BUSINESS, LAW, FINANCE, ACCOUNTING OR CORPORATE BUSINESS RELATED FIELDS	QUALIFICATION OF JUSTICE, PROCURATOR, ATTORNEY, CPA, SPECIALIST OR TECHNICIAN OF NATIONAL EXAMINATION IN CORPORATE BUSINESS RELATED FIELDS	EXPERIENCE IN BUSINESS, LAW, FINANCE, ACCOUNTING OR CORPORATE BUSINESS RELATED FIELDS	1	2	3	4	5	6	7	8	9	10	
Jackson Hu		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	1
Ching-Chang Wen		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Fu-Tai Liou		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Wen-Yang Chen		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Shih-Wei Sun		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Chitung Liu		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Chun-Yen Chang	Yes	Yes		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chung Laung Liu	Yes	Yes		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Paul S.C. Hsu	Yes	Yes		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Tzyy-Jang Tseng		Yes		-	✓	✓	✓	-	✓	✓	✓	✓	-	-
Ta-Hsing Wang		Yes		✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Ting-Yu Lin		Yes		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Notes For those directors and supervisors who match the condition listed below during and two years before assuming period, “✓” is marked in the appropriate space. (1) Is not an employee of the Company or its affiliates. (2) Is not a director or supervisor of the Company or its affiliates. Does not include the independent directors or supervisors in the parent companies and subsidiaries. (3) Does not directly or indirectly own more than 1% of the Company's outstanding shares, nor is one of the top ten non-institutional shareholders of the Company. (4) Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any person specified in the preceding two columns. (5) Is not a director, supervisor, or employee of a legal entity which directly owns more than 5% of the Company's issued shares, nor a director, supervisor or employee of the top five legal entities which are owners of the Company's issued shares. (6) Is not a director, supervisor, or manager of a company which has a business relationship with the Company, nor a shareholder who owns more than 5% of such a company. (7) Is not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Company and its affiliates with financial, business consulting, or legal services. (8) Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any of the directors. (9) Is not under any condition pursuant to Article 30 of the R.O.C. Company Law. (10) Is not a legal entity owner or its representative pursuant to Article 27 of the R.O.C. Company Law.

Managers' Information

TITLE	NAME	DATE ELECTED (DATE ASSUMED)	PRESENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING	
			COMMON SHARES	%	COMMON SHARES	%
Chairman and CEO	Jackson Hu	2006.1.9	1,425,796	0.01	-	-
President of Central Integrated Manufacturing & Technology	Ching-Chang Wen	1997.12.16	9,239,308	0.07	7,251	0.00
President of Quality & Reliability Assurance	Fu-Tai Liou	2003.2.13	4,123,221	0.03	-	-
Chief Operating Officer	Shih-Wei Sun	2007.8.17	10,110,756	0.08	720,500	0.01
Senior Vice President	Henry Liu	2003.9.16	8,047,104	0.06	13,846	0.00
Senior Vice President	Tai-Sheng Feng	2006.5.22	1,142,314	0.01	-	-
Senior Vice President	Wen-Yang Chen	1998.1.1	2,432,683	0.02	37,831	0.00
Vice President	Nick Nee	2000.9.1	2,028,918	0.02	-	-
Vice President	Ying-Chih Wu	1999.2.1	6,906,828	0.05	1,627,199	0.01
Vice President	Chia-Pin Lee	2004.9.14	56,133	0.00	9,615	0.00
Vice President	Lee Chung	2003.12.1	1,044,915	0.01	-	-
Vice President	Shan-Chieh Chien	2004.11.23	2,882,917	0.02	-	-
Vice President	Po-Wen Yen	2005.10.21	1,022,888	0.01	-	-
Vice President	Tsung-Hsi Ko	2005.11.14	2,551,682	0.02	46,649	0.00
Vice President	Terry Tsao	2007.8.17	99,472	0.00	244	0.00
Vice President	Kevin Lee	2007.5.15	707,698	0.01	-	-
Vice President	Ming Hsu	2007.10.31	-	-	-	-
Chief SoC Architect	Patrick T. Lin	2007.9.21	126,773	0.00	-	-
CFO	Chitung Liu	2005.10.20	947,577	0.01	155,357	0.00

Notes (1) Shareholding figures are actual number of shares held on February 29, 2008. (2) Managers did not hold shares through other parties. (3) Managers are not spouses or siblings of other managers. (4) Managers' election date is the same date they assumed their positions.

EXPERIENCE EDUCATION	ALSO SERVES CONCURRENTLY AS
Chairman and CEO, UMC Ph.D. of Computer Science, University of Illinois at Urbana-Champaign	Independent Director, Compal Communications, Inc.
Director, UMC Ph.D. of Electrical Engineering, University of Pennsylvania	-
Director, UMC Ph.D. of Material Science & Engineering, State University of New York at Stony Brook	-
Director, UMC Ph.D. of Electronic Materials, Northwestern University	-
Senior Vice President, UMC Bachelor of Electronics Engineering, National Taiwan University of Science and Technology	Director, Faraday Technology Corp.
Senior Vice President, UMC Master of Electrical Engineering, University of Utah	-
Senior Vice President, UMC Master of Electronics Engineering, National Chiao Tung University	-
Vice President, UMC Bachelor of Marine Engineering, National Taiwan Ocean University	-
Vice President, UMC Bachelor of Physics, National Changhua University of Education	-
Vice President, UMC Master of Business Administration, University of Oregon State	-
Vice President, UMC Master of Materials Science, University of California, L.A.	-
Vice President, UMC Bachelor of Chemical Engineering, National Taiwan University	-
Vice President, UMC Master of Chemical Engineering, National Taiwan University	-
Vice President, UMC EMBA, National Chiao Tung University	-
Vice President, UMC Bachelor of Electrophysics, National Chiao Tung University	-
Vice President, UMC Master of Electrical Engineering, National Taiwan University	Director and President, UMC Japan
Vice President, UMC Master of Electrical Engineering, USC, Los Angeles	-
Chief SoC Architect, UMC Master of Electrical Engineering, San Jose State University	-
CFO, UMC EMBA candidate, National Taiwan University	Director, Novatek Microelectronics Corp., Ltd.; Director, Fortune Venture Capital Corporation; Supervisor, UMC Japan; Supervisor, TLC Capital Co., Ltd.; Supervisor, Nexpower Technology Corp.

The Compensation of Directors (Including Independent Directors), Supervisors and Managers

Directors' Compensation (Including Independent Directors')

				DIRECTORS' COMPENSATION		THE PERCENTAGE OF DIRECTORS' COMPENSATION TO EAIT (%)	
ALLOWANCE		DIRECTORS' REMUNERATION		OPERATING EXPENSES			
UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES
-	-	10,029	10,029	1,650	1,650	0.07	0.07

TITLE	NAME	REPRESENTATIVES
Director	Hsun Chieh Investment Co., Ltd.	Jackson Hu
		Ching-Chang Wen
		Fu-Tai Liou
		Wen-Yang Chen
Director	Silicon Integrated Systems Corp.	Shih-Wei Sun
		Chitung Liu
Independent Director	Chun-Yen Chang	
Independent Director	Chung Laung Liu	
Independent Director	Paul S.C. Hsu	

Note Wen-Yang Chen was assigned as representative and director by Hsun Chieh Investment Co., Ltd. on October 1, 2007; Chitung Liu was assigned as representative and director by Silicon Integrated Systems Corp. on December 21, 2007.

In thousand NTD

MANAGERS' COMPENSATION								THE PERCENTAGE OF TOTAL COMPENSATION TO EAIT (%)	COMPENSATION FROM OTHER UMC INVESTEE COMPANIES	
SALARIES		EMPLOYEES' BONUS		EMPLOYEE STOCK OPTIONS (SHARES)						
UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES	UMC	UMC's CONSOLIDATED COMPANIES			
		CASH	STOCK	CASH	STOCK					
50,530	50,530	7,787	60,711	7,787	60,711	4,100	4,100	0.77	0.77	None

LEVELS OF AMOUNTS OF COMPENSATION				NAMES OF DIRECTORS	
				DIRECTORS' COMPENSATION	
				TOTAL COMPENSATION	
				UMC	UMC's CONSOLIDATED COMPANIES
Lower than NTD 2,000,000				Chitung Liu, Fu-Tai Liou, Wen-Yang Chen, Jackson Hu, Ching-Chang Wen, Shih-Wei Sun	Chitung Liu, Fu-Tai Liou, Wen-Yang Chen, Jackson Hu, Ching-Chang Wen, Shih-Wei Sun
NTD 2,000,000~NTD 4,999,999				Paul S.C. Hsu, Chun-Yen Chang, Chung Laung Liu	Paul S.C. Hsu, Chun-Yen Chang, Chung Laung Liu
NTD 5,000,000~NTD 9,999,999				Chitung Liu	Chitung Liu
NTD 10,000,000~NTD 14,999,999				Wen-Yang Chen	Wen-Yang Chen
NTD 15,000,000~NTD 29,999,999				Fu-Tai Liou, Ching-Chang Wen, Shih-Wei Sun	Fu-Tai Liou, Ching-Chang Wen, Shih-Wei Sun
NTD 30,000,000~NTD 49,999,999				Jackson Hu	Jackson Hu
NTD 50,000,000~NTD 99,999,999					
NTD 100,000,000 or More					
Total				9	9

Supervisors' Compensation

SUPERVISORS' COMPENSATION					
ALLOWANCE		SUPERVISORS' REMUNERATION		OPERATING EXPENSES	
UMC	UMC'S CONSOLIDATED COMPANIES	UMC	UMC'S CONSOLIDATED COMPANIES	UMC	UMC'S CONSOLIDATED COMPANIES
-	-	1,910	1,910	140	140

TITLE	NAME	REPRESENTATIVES
Supervisor	Hsun Chieh Investment Co., Ltd.	Tzyy-Jang Tseng
Supervisor	Silicon Integrated Systems Corp.	Ta-Hsing Wang
Supervisor	Ting-Yu Lin	

In thousand NTD

THE PERCENTAGE OF SUPERVISORS' COMPENSATION TO EAIT (%)		COMPENSATION FROM OTHER UMC INVESTEE COMPANIES	
UMC	UMC'S CONSOLIDATED COMPANIES		
0.01	0.01		None

LEVELS OF AMOUNTS OF COMPENSATION	NAMES OF SUPERVISORS		
	TOTAL COMPENSATION		
	UMC	UMC'S CONSOLIDATED COMPANIES	
Lower than NTD 2,000,000	Tzyy-Jang Tseng, Ta-Hsing Wang, Ting-Yu Lin	Tzyy-Jang Tseng, Ta-Hsing Wang, Ting-Yu Lin	
NTD 2,000,000~NTD 4,999,999			
NTD 5,000,000~NTD 9,999,999			
NTD 10,000,000~NTD 14,999,999			
NTD 15,000,000~NTD 29,999,999			
NTD 30,000,000~NTD 49,999,999			
NTD 50,000,000~NTD 99,999,999			
NTD 100,000,000 or More			
Total	3	3	

Managers' Compensation

SALARIES		BONUS AND SPECIAL ALLOWANCE				EMPLOYEES' BONUS	
UMC	UMC'S CONSOLIDATED COMPANIES	UMC	UMC'S CONSOLIDATED COMPANIES	UMC		UMC'S CONSOLIDATED COMPANIES	
				CASH	STOCK	CASH	STOCK
31,220	31,220	56,681	56,681	15,111	117,804	15,111	117,804

TITLE	NAME
Chairman and CEO	Jackson Hu
President of Central Integrated Manufacturing & Technology	Ching-Chang Wen
President of Quality & Reliability Assurance	Fu-Tai Liou
Chief Operating Officer	Shih-Wei Sun
Senior Vice President	Henry Liu
Senior Vice President	Tai-Sheng Feng
Senior Vice President	Wen-Yang Chen
Vice President	Nick Nee
Vice President	Ying-Chih Wu
Vice President	Chia-Pin Lee
Vice President	Lee Chung
Vice President	Shan-Chieh Chien
Vice President	Po-Wen Yen
Vice President	Tsung-Hsi Ko
Vice President	Terry Tsao
Vice President	Kevin Lee
Vice President	Ming Hsu
Chief SoC Architect	Patrick T. Lin
CFO	Chitung Liu

In thousand NTD

THE PERCENTAGE OF TOTAL COMPENSATION TO EAIT (%)		EMPLOYEE STOCK OPTIONS (SHARES)		COMPENSATION FROM OTHER UMC INVESTEE COMPANIES
UMC	UMC'S CONSOLIDATED COMPANIES	UMC	UMC'S CONSOLIDATED COMPANIES	
1.30	1.30	10,400	10,400	None

LEVELS OF AMOUNTS OF COMPENSATION		NAMES OF MANAGERS	
		UMC	UMC'S CONSOLIDATED COMPANIES
Lower than NTD 2,000,000			
NTD 2,000,000~NTD 4,999,999		Ming Hsu, Patrick T. Lin	Ming Hsu, Patrick T. Lin
NTD 5,000,000~NTD 9,999,999	Terry Tsao, Kevin Lee, Ying-Chih Wu, Nick Nee, Shan-Chieh Chien, Chia-Pin Lee, Po-Wen Yen, Tsung-Hsi Ko, Wen-Yang Chen, Lee Chung, Chitung Liu	Terry Tsao, Kevin Lee, Ying-Chih Wu, Nick Nee, Shan-Chieh Chien, Chia-Pin Lee, Po-Wen Yen, Tsung-Hsi Ko, Wen-Yang Chen, Lee Chung, Chitung Liu	Terry Tsao, Kevin Lee, Ying-Chih Wu, Nick Nee, Shan-Chieh Chien, Chia-Pin Lee, Po-Wen Yen, Tsung-Hsi Ko, Wen-Yang Chen, Lee Chung, Chitung Liu
NTD 10,000,000~NTD 14,999,999			
NTD 15,000,000~NTD 29,999,999	Henry Liu, Tai-Sheng Feng, Fu-Tai Liou, Ching-Chang Wen, Shih-Wei Sun	Henry Liu, Tai-Sheng Feng, Fu-Tai Liou, Ching-Chang Wen, Shih-Wei Sun	Henry Liu, Tai-Sheng Feng, Fu-Tai Liou, Ching-Chang Wen, Shih-Wei Sun
NTD 30,000,000~NTD 49,999,999		Jackson Hu	Jackson Hu
NTD 50,000,000~NTD 99,999,999			
NTD 100,000,000 or More			
Total		19	19

Managers' Bonus

In thousand NTD

STOCK BONUS	CASH BONUS	TOTAL	THE PERCENTAGE OF TOTAL BONUS TO EAIT (%)
117,804	15,111	132,915	0.78

TITLE	NAME
Chairman and CEO	Jackson Hu
President of Central Integrated Manufacturing & Technology	Ching-Chang Wen
President of Quality & Reliability Assurance	Fu-Tai Liou
Chief Operating Officer	Shih-Wei Sun
Senior Vice President	Henry Liu
Senior Vice President	Tai-Sheng Feng
Senior Vice President	Wen-Yang Chen
Vice President	Nick Nee
Vice President	Ying-Chih Wu
Vice President	Chia-Pin Lee
Vice President	Lee Chung
Vice President	Shan-Chieh Chien
Vice President	Po-Wen Yen
Vice President	Tsung-Hsi Ko
Vice President	Terry Tsao
Vice President	Kevin Lee
Vice President	Ming Hsu
Chief SoC Architect	Patric T. Lin
CFO	Chitung Liu

Comparison of Compensation of Directors, Supervisors and Managers in the Past Two Years

	2007		2006	
	UMC	CONSOLIDATED	UMC	CONSOLIDATED
EAIT (Thousand NTD)	16,961,762	16,961,762	32,619,313	32,619,313
The Percentage of Directors' and Supervisors' Compensation to EAIT	0.07	0.07	0.05	0.05
The Percentage of Managers' Compensation to EAIT	1.30	1.30	0.52	0.54

Notes (1) The directors' and supervisors' compensation includes allowance, remuneration and operating expenses; the managers' compensation includes salaries, special allowance and employees' bonus. (2) On March 17, 2008, the Company's Board proposed to distribute NTD 11,939,226 as Directors' and Supervisors' remuneration, NTD 1,146,165,670 as employee stock bonus and NTD 286,541,418 as employee cash bonus from retained earnings of 2007 and previous years.

The Company's compensation for Directors, Supervisors and Managers is based on the Company's Article and formulations, and is distributed in proper ratios.

Compensation Policy for Directors, Supervisors and Managers

Policy for Directors' and Supervisors' Compensation

The Company's Article has stated that Directors' and Supervisors' Compensation is the allocation of 0.1% of the residual amount from net profit after being deducted by payment of taxes, making up loss for preceding years and setting aside 10% for legal reserve.

Policy for Managers' Compensation

The Company annually evaluates its salary level with similar industries to ensure the Company's salary is competitive. The Company's salary structure can be divided into fixed and variable. The compensation is set to fully reflect the achievements for individuals and teams.

Information of Board Meeting Operation

Board meetings were held 6 times in 2007; attendances of directors and supervisors are as follows:

NAME	TITLE	ATTENDANCE	PROXY ATTENDANCE	ATTENDANCE RATE (%) (NOTE)	REMARKS
Hsun Chieh Investment Co., Ltd.					
Representatives: Jackson Hu	Chairman	6		100.00	
Representatives: Ching-Chang Wen	Director	6		100.00	
Representatives: Fu-Tai Liou	Director	5		83.33	
Representatives: Wen-Yang Chen	Director	6		100.00	Assigned on 2007.10.1
Silicon Integrated Systems Corp.					
Representatives: Shih-Wei Sun	Director	6		100.00	
Representatives: Chitung Liu	Director	4	1	66.67	Assigned on 2007.12.21
Chun-Yen Chang	Independent Director	4		66.67	
Chung Laung Liu	Independent Director	5		83.33	
Paul S.C. Hsu	Independent Director	5		83.33	
Hsun Chieh Investment Co., Ltd.					
Representatives: Tzyy-Jang Tseng	Supervisor	3		50.00	
Silicon Integrated Systems Corp.					
Representatives: Ta-Hsing Wang	Supervisor	5		83.33	
Ting-Yu Lin	Supervisor	6		100.00	
Other disclosures: The board resolved the proportion of directors' and supervisors' compensation distribution for 2007 on December 13, 2007; all directors were agreed upon except for Chun-Yen Chang, Chung Laung Liu and Paul S.C. Hsu, who abstained due to their independent status.					

Note Attendance rate = Number of meetings each board member actually attends / total number of board meetings held within his or her service period.

Information Regarding Audit Committee Operation

Not Applicable. The audit committee of the Company was instituted under US securities authorities regulation.

Corporate Governance Practices

ITEM	ACTIONS	THE REASONS FOR THE DIFFERENCES BETWEEN THE COMPANY'S GOVERNANCE AND RECOGNIZED CORPORATE GOVERNANCE
Corporate Shareholder Structure and Shareholders' Rights:		
(a) How the Company handles shareholders' recommendations or disputes:	The Company has designated a specific body and established an email address to handle shareholders' recommendations or disputes.	-
(b) How the Company regularly monitors the list of key shareholders who have management control of the Company, or those who have ultimate control of key shareholders:	There is no single shareholder who holds more than 10% of the Company's total outstanding shares.	-
(c) How the Company establishes proper risk control mechanisms and firewalls between the Company and its affiliated enterprises:	The obligations and rights between the Company and its affiliated enterprises have been clearly defined. Any transaction between the Company and its affiliated enterprises complies with related regulations.	-
The Structure and Responsibilities of the Board:		
(a) Independent directors on the Company's Board:	The Company has instituted three independent directors.	-
(b) How the Company periodically evaluates the independence of its auditors:	The Company's auditor is one of the largest and best regarded in its industry. The auditor assiduously avoids conflicts of interests.	-
The Composition and Responsibilities of Supervisors:		
(a) How the Company institutes independent supervisors:	-	The Company currently has no independent supervisors.
(b) How the supervisors communicate with the Company's employees and shareholders:	At any time, a supervisor may individually investigate the business and financial conditions of the Company, and may ask the Board of Directors or executive managers to prepare a report.	-
The Company's Communication Channels for its Stakeholders:	The Company has designated a specific unit and established an email address to handle stakeholders' concerns.	-
Information Disclosure:		
(a) How the Company establishes a website to disclose financial and corporate governance information:	The Company regularly publishes up-to-date detailed financial and corporate governance information on its website in both Chinese and English.	-
(b) Other channels for the disclosure of the Company's information:	The Company has designated a specific body to collect and disclose information about the Company. In addition, the Company has established standard procedures for an authorized spokesperson to make statements on behalf of the Company. The Company has one main spokesperson and two deputy spokespersons. To ensure the quality of information disclosure, the Company has set up a Disclosure Committee designed to provide and control information for government officials in a timely and accurate manner, thus achieving the goal and responsibility to thoroughly disclose corporate information.	-

ITEM	ACTIONS	THE REASONS FOR THE DIFFERENCES BETWEEN THE COMPANY'S GOVERNANCE AND RECOGNIZED CORPORATE GOVERNANCE
The operation of functional committee work within the Board of Directors of the Company:	The Company has instituted an audit committee. The operation details are disclosed on page 101.	-
<p>The comparison between the Company's corporate governance mechanism and the recognized corporate governance principles: The Company bases its corporate governance structures and practices on Taiwan's Company Law, the Securities and Exchange Law, and their related rules and regulations. The Company's corporate governance mechanism follows recognized corporate governance principles.</p>		
<p>The Company's policy and efforts to be socially responsible: When the Company was founded, its long-term policy stated that the company should make contributions to the society as well as focusing on its business. Therefore, launching a series of public services revolved around issues close to the daily lives and activities within the Company's capability has become part of UMC's goals. The breadth covered by UMC's public service scope includes the Company itself, its employees, employees' families, the community, and various other social entities. UMC's public service aspects cover education, environmental protection, cultural activities and child-care. The Company's public services can be categorized into two parts: the UMC Candlelight Charity Club, of which purpose is to assist disadvantaged minorities, and the UMC Science and Culture Foundation, of which purpose is to support affairs regarding education, culture, sports and environmental protection. The Company established a "Policy and Procedures for Refraining from Insider Trading" in May 2005 to request the Company's related parties to avoid improper interests. The descriptions about labor relationships, environmental protection and relationships with suppliers are disclosed in the Operations Overview section.</p>		
<p>Other information disclosures:</p> <p>(a) Has the Company established any educational programs for its board members? The Company provides information related to professional educational opportunities to all board members.</p> <p>(b) The attendance of directors and supervisors to the board meeting: In 2007, the attendance rate of directors was 87%; the attendance rate of supervisors was 78%.</p> <p>(c) Has the Company established a risk management policy and standards for evaluating risk and implementing its risk management policy? Not Applicable.</p> <p>(d) Has the Company established policies to protect consumers or its customers and does it regularly evaluate the policies' implementation? Not Applicable.</p> <p>(e) Is there a policy to ensure board members avoid introducing topics of discussion that would advance their own vested interests? The board is well disciplined and enforces a strict policy of separating personal and company interests amongst its members.</p> <p>(f) Has the Company purchased liability insurance for its directors and supervisors? The Company has purchased liability insurance for its directors since 2000.</p> <p>(g) The Corporate Governance Statement: http://www.umc.com/english/investors/corp_gov.asp</p>		
<p>The result, material deficiency (or suggestion) and improvement of corporate governance assessed by internal audit or professional institutions: None.</p>		

Status of Internal Control

Statement of Internal Control

The self-assessment of UMC's internal control was conducted for the year ended December 31, 2007 based on UMC's internal control system. The results are described as follows:

1. UMC acknowledges that the Board of Directors and the management are responsible for establishing, executing, and maintaining a sufficient internal control system, which is already in place. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with applicable laws and regulations.
2. The internal control system has its inherent constraints, and can only provide reasonable assurances of achieving the three goals mentioned above no matter how well it has been designed. The effectiveness of the internal control system is subject to changes in the environment and circumstances. UMC has established an internal control system with the function of self-monitoring, which is designed to take corrective actions whenever a shortcoming is identified.
3. UMC's assessment of the effectiveness of the design and execution of the internal control system is based on the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations) currently in effect in the Republic of China ("R.O.C."), which specify the judgement items for evaluating the effectiveness of internal control.

The internal control is divided into five components, based on the process of management control, according

to the judgement items for internal control employed by the Regulations, such as: (1) Control Environment, (2) Risk Assessments, (3) Control Activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Regulations.

4. UMC has employed the judgement items mentioned above to evaluate the effectiveness of the design and execution of the internal control system.
5. UMC believes that the effectiveness of the design and execution of its internal control system (including subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable R.O.C. laws and regulations.
6. The Statement of Internal Control will be an integral part of UMC's annual report and prospectus that are open to the public, and within which any illegal acts, such as misstatement or concealment, would be subject to the legal liabilities of Code 20, Code 32, Code 171 and Code 174 of the Securities Exchange Laws.
7. UMC's Board of Directors approved the Statement of Internal Control (the Statement) on March 17, 2008. 9 directors attended and agreed with the content of the Statement.



Jackson Hu,
Chairman and CEO
March 17, 2008

The Company was not required to engage with a CPA to attest to the internal control system under R.O.C. regulations; therefore, there is no CPA audit report on internal control to be disclosed for 2007 in this annual report.

Major Resolutions of the Shareholders' Meeting and the Board of Directors' Meetings

Shareholders' Meeting

The Company's 2007 Shareholders' Meeting was held at UMC Recreation Center in Hsinchu Science Park on June 11, 2007. The shareholders present in person or by proxy approved the following resolutions:

1. Acceptance of the 2006 business reports and financial statements.
2. Distribution of 2006 retained earnings.
3. Capital Reduction.
4. Amendment of the Company's Articles of Incorporation, Acquisition or Disposal of Assets Procedure and Directors and Supervisors Election Procedure.
5. Investment related to mainland China.

Board of Directors' Meetings

The major resolutions from the Board of Directors from January 1, 2007 to the printing day are summarized below:

1. Capital Reduction.
2. Acceptance of the 2006 business reports and financial statements.
3. Distribution of 2006 retained earnings.
4. Investment related to mainland China.
5. Cancellation of 192,067,000 treasury shares.
6. Amendment of ADS conversion sales program for UMC's common shareholders.
7. Revision of Employee Stock Option Plan for Employees.
8. Acceptance of the 2007 business reports and financial statements.
9. Distribution of 2007 retained earnings.
10. Capitalization of retained earnings from 2007 and previous years and capital reserve.
11. Amendment of the Company's Articles of Incorporation and establishment of an audit committee under the Securities and Exchange Act.
12. Approval of 15% of net income (before the effect of employee's bonus expense) as the ratio allocated for employees' bonus expense.

Description of Violations/Infringement of Regulations and the Company's Response

None.

Directors' or Supervisors' Objections on the Important Resolution of Board Meetings

None.

Information of Resignation or Dismissal of Persons Related to Financial Reports

None.

Auditing Notes

Disclosure of Auditing Fee

- (a) The amount of non-auditing relevant fees charged by the appointed independent auditors and the related parties reaches 25% of the Company's annual auditing expenses: Not Applicable.
- (b) If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed: Not Applicable.
- (c) Auditing expenses decreased by 15% in comparison to the previous year, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed: Not Applicable.

Changes in Independent Auditors

Not Applicable.

The Company's chairman, presidents, CFO or Accounting division director have not worked in the accounting firm of the appointed independent auditors or the related parties within the past year.

Change in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: share

TITLE	NAME	2008		2007	
		HOLDING INCREASE (DECREASE)	PLEDGED HOLDING INCREASE (DECREASE)	HOLDING INCREASE (DECREASE)	PLEDGED HOLDING INCREASE (DECREASE)
Chairman, Supervisor	Hsun Chieh Investment Co., Ltd.	-	48,000,000	(183,465,774)	(209,760,939)
Director, Supervisor	Silicon Integrated Systems Corp.	-	-	(131,094,960)	-
Independent Director	Chun-Yen Chang	-	-	-	-
Independent Director	Chung Laung Liu	-	-	-	-
Independent Director	Paul S.C. Hsu	-	-	-	-
Supervisor	Ting-Yu Lin	-	-	(5,132,401)	-
Chairman and CEO	Jackson Hu	-	-	(619,335)	-
President of Central Integrated Manufacturing & Technology	Ching-Chang Wen	-	-	3,416,963	-
President of Quality & Reliability Assurance	Fu-Tai Liou	-	-	(1,390,723)	(1,000,000)
Chief Operating Officer	Shih-Wei Sun	-	-	(4,391,888)	(5,865,239)
Senior Vice President	Henry Liu	-	-	(3,595,484)	-
Senior Vice President	Tai-Sheng Feng	-	-	(496,196)	-
Senior Vice President	Wen-Yang Chen	-	-	(614,916)	-
Vice President	Nick Nee	-	-	(881,318)	(2,900,000)
Vice President	Ying-Chih Wu	-	-	(5,075,173)	-
Vice President	Chia-Pin Lee	-	-	(869,877)	-
Vice President	Lee Chung	-	-	633,369	788,000
Vice President	Shan-Chieh Chien	-	-	1,047,724	1,061,215
Vice President	Po-Wen Yen	-	-	337	90,000
Vice President	Tsung-Hsi Ko	-	-	(1,108,394)	(100,000)
Vice President	Terry Tsao	-	-	(43,209)	-
Vice President	Kevin Lee	-	-	122,905	-
Vice President	Ming Hsu	-	-	-	-
Chief SoC Architect	Patrick T. Lin	-	-	-	-
CFO	Chitung Liu	-	-	18,706	-

Notes (1) No shareholder owns 10% or more of UMC shares. (2) The data represented for 2008 was gathered until February 29, 2008. (3) Counterparts of the shareholding transferred or pledged are not related parties. (4) The share changes for Terry Tsao, Kevin Lee, Ming Hsu and Patrick T. Lin are calculated starting from the assumed date.

Information Disclosing the Relationship Between Any of the Company's Top Ten Shareholders

No relationship between any of the Company's top ten shareholders under ROC SFAS No. 6.

Total Percentage of Ownership of Investees

INVESTEES	UMC INVESTMENTS		INVESTMENTS FROM DIRECTORS, SUPERVISORS, MANAGERS, AND DIRECTLY OR INDIRECTLY CONTROLLED BUSINESSES		TOTAL INVESTMENTS	
	SHARES	%	SHARES	%	SHARES	%
Fortune Venture Capital Corporation	499,994,000	99.99	-	-	499,994,000	99.99
Hsun Chieh Investment Co., Ltd.	33,624,110	36.49	-	-	33,624,110	36.49
Pacific Venture Capital Co., Ltd.	30,000,000	50.00	-	-	30,000,000	50.00
United Microdisplay Optonics Corp.	84,093,025	85.24	-	-	84,093,025	85.24
UMC Group (USA)	16,437,500	100.00	-	-	16,437,500	100.00
UMC Japan	495,650	50.09	57,880	5.85	553,530	55.94
UMCi Ltd.	880,006,287	100.00	-	-	880,006,287	100.00
UMC Capital Corp.	124,000,000	100.00	-	-	124,000,000	100.00
United Microelectronics Corp. (Samoa)	280,000	100.00	-	-	280,000	100.00
United Microelectronics (Europe) B.V.	9,000	100.00	-	-	9,000	100.00
Unitech Capital Inc.	21,000,000	42.00	-	-	21,000,000	42.00
XGI Technology Inc.	5,867,578	16.44	15,115,610	42.35	20,983,188	58.79
TLC Capital Co., Ltd.	628,800,000	100.00	-	-	628,800,000	100.00
Mega Mission Limited Partnership	-	45.00	-	-	-	45.00
MTIC Holdings Pte Ltd.	4,000,000	49.94	-	-	4,000,000	49.94
NexPower Technology Corporation	44,911,562	34.55	-	-	44,911,562	34.55
United Fu Shen Chen Technology Corp.	18,460,153	16.60	-	-	18,460,153	16.60
MediaTek Inc.	6,552,023	0.63	25,000	0.00	6,577,023	0.63
C-Com Corporation	2,312,157	4.40	-	-	2,312,157	4.40
Mega Financial Holding Company	95,576,810	0.86	-	-	95,576,810	0.86
Hon Hai Precision Industry Co., Ltd.	1,268,154	0.02	-	-	1,268,154	0.02
Billionton Systems Inc.	2,047,819	2.63	-	-	2,047,819	2.63
Chipbond Technology Corporation	12,583,647	4.05	-	-	12,583,647	4.05
Faraday Technology Corp.	56,714,388	16.46	20,438	0.01	56,734,826	16.46

Notes (1) The companies listed above are UMC's funds and investments. (2) Shareholding figures are actual number of shares held on December 31, 2007.

Total Percentage of Ownership of Investees (cont.)

INVESTEES	UMC INVESTMENTS		INVESTMENTS FROM DIRECTORS, SUPERVISORS, MANAGERS, AND DIRECTLY OR INDIRECTLY CON- TROLLED BUSINESSES		TOTAL INVESTMENTS	
	SHARES	%	SHARES	%	SHARES	%
Novatek Microelectronics Corp.	61,273,871	11.32	4,174,630	0.77	65,448,501	12.09
Silicon Integrated Systems Corp.	228,955,885	16.24	-	-	228,955,885	16.24
AMIC Technology Corporation	15,590,000	11.21	20,653,808	14.85	36,243,808	26.06
Unimicron Technology Corp.	206,413,870	19.53	6,565,530	0.62	212,979,400	20.15
EPISTAR Corporation	21,004,999	3.39	20,642,255	3.33	41,647,254	6.71
King Yuan Electronics Co., Ltd.	38,505,220	3.17	9,000,000	0.74	47,505,220	3.91
Springsoft, Inc.	8,572,190	4.16	-	-	8,572,190	4.16
Topoint Technology Co., Ltd.	929,233	0.97	7,252,471	7.60	8,181,704	8.57
Vietnam Infrastructure Ltd.	5,000,000	-	-	-	5,000,000	-
ITE Tech. Inc.	22,279,364	19.73	-	-	22,279,364	19.73
Holtek Semiconductor Inc.	42,326,239	19.42	-	-	42,326,239	19.42
TECO Nanotech Co., Ltd.	9,000,757	3.73	-	-	9,000,757	3.73
United Industrial Gases Co., Ltd.	13,185,529	7.66	-	-	13,185,529	7.66
Industrial Bank of Taiwan Corp.	118,302,849	4.95	-	-	118,302,849	4.95
Subtron Technology Co., Ltd.	13,774,174	4.29	11,142,770	3.47	24,916,944	7.76
Taiwan High Speed Rail Corporation Preferred Stock	30,000,000	-	-	-	30,000,000	-
Pacific Technology Partners, L.P.	-	-	-	-	-	-
Pacific United Technology, L.P.	-	-	-	-	-	-
Tonbu, Inc.	937,500	-	-	-	937,500	-
MTIC Holdings Pte Ltd. Preferred Stock	4,000,000	49.94	-	-	4,000,000	49.94
PixTech, Inc.	9,883,470	17.63	-	-	9,883,470	17.63
Sino Swearingen Aircraft Corporation	1,124,361	1.50	-	-	1,124,361	1.50
Taiwan Aerospace Corporation	234,208	0.17	-	-	234,208	0.17
Aetas Technology Incorporated Preferred Stock	781,250	-	-	-	781,250	-
Unimicron Holding Limited	20,000,000	33.78	-	-	20,000,000	33.78

41	CAPITAL AND SHARES
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CAPITAL OVERVIEW

Capital and Shares

Source of Capital

DATE	ISSUE PRICE (PER SHARE)	AUTHORIZED SHARES		ISSUED SHARES		REMARKS		
		SHARES (IN THOUSANDS)	TOTAL (IN THOUSAND NTD)	SHARES (IN THOUSANDS)	TOTAL (IN THOUSAND NTD)	SOURCE OF CAPITAL	ASSETS OTHER THAN CASH USED FOR CAPITAL	OTHER
January, 2007	NTD 10	26,000,000	260,000,000	19,131,193	191,311,927	Note 1	-	-
April, 2007	NTD 10	26,000,000	260,000,000	19,144,252	191,442,517	Note 2	-	-
August, 2007	NTD 10	26,000,000	260,000,000	18,952,185	189,521,847	Note 3	-	-
August, 2007	NTD 10	26,000,000	260,000,000	13,212,827	132,128,269	Note 4	-	-
December, 2007	NTD 10	26,000,000	260,000,000	13,214,495	132,144,949	Note 5	-	-

Notes (1) On January 16, 2007, the Science Park Administration approved the issuance of NTD 458,830 thousand from the execution of employee stock options during Q4 2006. The Company's paid-in capital was increased to NTD 191,311,927 thousand. (2) On April 4, 2007, the Science Park Administration approved the issuance of NTD 130,590 thousand from the execution of employee stock options during Q1 2007. The Company's paid-in capital was increased to NTD 191,442,517 thousand. (3) On August 2, 2007, the Science Park Administration approved the capital reduction of NTD 1,920,670 thousand due to cancellation of treasury shares. The Company's paid-in capital was decreased to NTD 189,521,847 thousand. (4) On August 21, 2007, the Science Park Administration approved the capital reduction of NTD 57,393,578 thousand due to cash return. The Company's paid-in capital was increased to NTD 132,128,269 thousand. (5) On December 31, 2007, the Science Park Administration approved the issuance of NTD 16,680 thousand from the execution of employee stock options during Q4 2007. The Company's paid-in capital was increased to NTD 132,144,949 thousand.

Unit: share

SHARE TYPE	AUTHORIZED SHARES			ALLOTMENT FOR CONVERTIBLE BONDS	ALLOTMENT FOR STOCK OPTION CERTIFICATES (UNITS)
	ISSUED SHARES	UN-ISSUED SHARES	TOTAL		
Common stock	13,214,494,883	12,785,505,117	26,000,000,000	1,500,000,000	2,000,000,000

Securities under General Application System

Not applicable.

Capital and Shares (cont.)

Status of Shareholders

Stock: common share

ITEM	GOVERNMENT AGENCIES	FINANCIAL INSTITUTIONS	OTHER LEGAL ENTITIES	DOMESTIC INDIVIDUALS	FOREIGN INSTITUTIONS & INDIVIDUALS	TOTAL
Number of shareholders	23	72	885	752,868	1,013	754,861
Shareholding (Shares)	91,931,067	337,100,275	2,264,547,141	4,889,380,995	5,629,867,405	13,212,826,883
Percentage (%)	0.70	2.56	17.14	37.00	42.60	100.00

Note The data shown above was recorded on September 30, 2007, which was the record date of the replacement of share certificates for capital reduction.

Distribution of Common Shares

CLASS OF SHAREHOLDING (UNIT: SHARES)	NUMBER OF SHAREHOLDERS	SHAREHOLDING (SHARES)	%
1 ~ 999	302,172	107,926,815	0.82
1,000 ~ 5,000	286,645	683,070,091	5.17
5,001 ~ 10,000	82,104	577,985,048	4.37
10,001 ~ 15,000	31,624	388,445,723	2.94
15,001 ~ 20,000	14,033	240,653,112	1.82
20,001 ~ 30,000	15,441	370,379,327	2.80
30,001 ~ 40,000	6,923	239,427,470	1.81
40,001 ~ 50,000	3,813	169,078,537	1.28
50,001 ~ 100,000	6,813	469,730,179	3.56
100,001 ~ 200,000	2,910	397,786,526	3.01
200,001 ~ 400,000	1,176	321,243,660	2.43
400,001 ~ 600,000	340	164,828,264	1.25
600,001 ~ 800,000	162	112,088,934	0.85
800,001 ~ 1,000,000	92	82,033,586	0.62
Over 1,000,001	613	8,888,149,611	67.27
Total	754,861	13,212,826,883	100.00

Note The data shown above was recorded on September 30, 2007, which was the record date of the replacement of share certificates for capital reduction.

Preferred Stock

None.

List of Major Shareholders

SHAREHOLDER'S NAME	SHAREHOLDING	
	COMMON SHARES	%
Citicorp Financial Service Ltd., as representative of holders of the ADRs and as nominee for Citibank, N.A., as Depositary, pursuant to a Deposit Agreement, dated as of September 21, 2000 among United Microelectronics Corporation, the Depositary and holders and beneficial owners from time to time of the ADRs issued thereunder	1,098,412,473	8.31
Hsun Chieh Investment Co., Ltd.	422,364,594	3.20
Silicon Integrated Systems Corp.	301,799,449	2.28
Deutsche Bank AG	281,597,587	2.13
Alliance Bernstein International Value Fund	233,745,541	1.77
Citicorp Financial Service Ltd., as representative of the ABN AMRO Bank N.V.	164,059,398	1.24
Cathay Life Insurance Co., Ltd.	121,443,015	0.92
Administrative Committee, Yao Hua Glass Co., Ltd.	104,222,212	0.79
Sanford Bernstein Emerging Markets Value Portfolio	101,600,738	0.77
Citicorp Financial Service Ltd., as representative of the Singapore Government Fund	97,083,937	0.73

Note The data shown above was recorded on September 30, 2007, which was the record date of the replacement of share certificates of capital reduction.

Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NTD

ITEM		2008 (NOTE 7)	2007	2006
Market price per share	Highest market price	20.05	24.70	22.90
	Adjusted highest market price (Note 1)	–	27.13	27.49
	Lowest market price	16.60	17.00	17.35
	Adjusted lowest market price (Note 1)	–	18.65	19.70
	Average market price	17.97	19.74	19.36
	Adjusted average market price (Note 1)	–	23.31	22.48
Net worth per share	Before distribution	–	18.93	16.39
	After distribution	–	*	15.55
Earnings per share	Weighted average shares	–	15,618,485,643 shares	18,050,962,111 shares
	Earnings per share (Note 2)	–	1.09	1.81
	Earnings per share (Note 3)	–	*	1.81
Dividends per share	Cash dividends	–	*	0.70
	Stock dividends	Dividends from retained earnings	*	–
		Dividends from additional paid-in capital	*	–
	Accumulated unappropriated dividends		–	–
Return on investment	Price / Earnings ratio (Note 4)	–	17.95	10.59
	Price / Dividends ratio (Note 5)	–	*	27.39
	Cash dividends yield rate (Note 6)	–	*	0.04

* Subject to change following the 2008 shareholders' meeting resolution.

Notes (1) The calculation of adjusted market price was based on retroactive adjustment for capital reduction, capitalization of unappropriated earnings, additional paid-in capital, cash dividends and bonus to employees. (2) The calculation of EPS was based on weighted average shares outstanding for the year. (3) The calculation of EPS was based on retroactive adjustment for capitalization of unappropriated earnings, additional paid-in capital and bonus to employees. (4) Price / Earnings ratio = Average closing price / Earnings per share. (5) Price / Dividends ratio = Average closing price / Cash dividends per share. (6) Cash dividends yield rate = Cash dividends per share / Average closing price. (7) The data represented for 2008 was gathered until March 17, 2008. (8) The average closing prices for years 2006, 2007 and 2008 were NTD 19.17, NTD 19.57, and NTD 18.02, respectively.

Dividend Policy and Status

Dividend Policy in the Company's

Articles of Incorporation

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' operating 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 Company shares 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 approved through the shareholders' meeting.

The Company is in its growth stage; 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.

Proposed Distribution of Dividend

The Company's proposal for 2007 earnings distribution was passed during the 11th board meeting of the 10th term. This proposal, a cash dividend of NTD 0.75 per share and capitalization of 45 shares from retained earnings and capital reserve for every 1,000 shares held, will be discussed at the annual shareholders' meeting.

Impact of Stock Dividends on Operating Results, EPS and ROE

Not Applicable.

Employee Bonus and Directors' & Supervisors' Remuneration

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the manner described on page 45.

Information on the earnings per share and amount of employee bonus and remuneration to directors and supervisors passed by the board of directors are as follows:

The Company's resolution on earnings distribution was passed at the 11th board meeting of the 10th term. Details regarding earnings distribution are as follows:

- (a) Stock bonus for employees is NTD 1,146,165,670 and cash bonus for employees is NTD 286,541,418. The remuneration paid to directors and supervisors is NTD 11,939,226.
- (b) Stock bonus for employees is 114,616,567 shares, accounting for 53.38% of the capitalization of 2007 retained earnings.
- (c) In consideration of employee bonus and remuneration to directors and supervisors, pro forma diluted EPS is NTD 0.99.

Details of the 2006 Employee Bonus Settlement and Directors' & Supervisors' Remuneration are as Follows:

For the year ended December 31, 2006

DETAILS			AS APPROVED AT THE SHAREHOLDERS' MEETING	AS RECOMMENDED BY THE BOARD OF DIRECTORS	DIFFERENCES	REASONS FOR DIFFERENCES
Settlement of employees' bonus by issuance of new shares	Number of shares (In thousands)		-	-	-	-
	Amount (In thousand NTD)		-	-	-	-
	Percentage on total number of outstanding shares at year end		-	-	-	-
Settlement of employees' bonus by cash (In thousand NTD)			2,324,120	2,324,120	-	-
Remuneration paid to directors and supervisors (In thousand NTD)			15,494	15,494	-	-
Effect on earnings per share before retroactive adjustments	Earnings per share (NTD)	Basic	1.81	1.81	-	-
		Diluted	1.75	1.75	-	-
	Pro forma earnings per share taking into consideration employees' bonus and directors' & supervisors' remuneration (NTD)	Basic	1.68	1.68	-	-
		Diluted	1.62	1.62	-	-

Share Buy-back History

None.

Corporate Bonds

TYPE	UNSECURED CORPORATE BONDS
Issue date	2001.4.16~2001.4.27
Face amount	NTD 1,000,000
Listing exchange	R.O.C. OTC Securities Exchange
Issue amount	NTD 1,000,000
Issue size	NTD 15 billion
Coupon rate	1A01~1A10: 5.1850% 1A11~1A19: 5.1195% 1B01~1B10: 5.2850% 1B11~1B19: 5.2170%
Maturity	1A~5 years; 2006.4.16~2006.4.27 1B~7 years; 2008.4.16~2008.4.27
Guarantor	-
Trustee	Trust Dept., Mega International Commercial Bank Co., Ltd.
Address of trustee	2F, 550, Sec. 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.
Underwriter	-
Registrar, principal paying, conversion and transfer agent	-
Address of agent	-
Legal counsel	Chen & Lin Attorneys-at-Law
Auditor	Ernst & Young
Redemption	1A is a five-year term, and total size is NTD 7.5 billion. Principal will be paid after three, four, and five years at 30%, 30%, and 40% respectively. 1B is a seven-year term, and total size is NTD 7.5 billion. Principal will be paid after five, six, and seven years at 30%, 30%, and 40% respectively. Interest will be paid annually.
Principal payable	NTD 3 billion
Redemption	-
Covenant	-
Name of rating company, date and result of rating	Taiwan Ratings Corporation, 2001.3.8, twAA
Other obligation	-
Effect due to dilution	-
Name of custodian	-

Corporate Bonds (cont.)

TYPE	UNSECURED CORPORATE BONDS
Issue date	2003.5.21~2003.6.24
Face amount	NTD 5,000,000
Listing exchange	R.O.C. OTC Securities Exchange
Issue amount	NTD 5,000,000
Issue size	NTD 15 billion
Coupon rate	3A: The annual coupon rate is 4.0% minus the floating rate, but no less than 0%. The rate is adjusted annually based on the “floating rate” of the second London business date prior to the issued date of each “interest accrued period”. The interest is calculated per annum. 3B: The annual coupon rate is 4.3% minus the floating rate, but no less than 0%. The rate is adjusted annually based on the “floating rate” of the second London business date prior to the issued date of each “interest accrued period”. The interest is calculated per annum. “Interest accrued period” is the period starting from a year prior to the interest payout date to one day prior to the interest payout date. “Interest accrued method” is defined as the coupon rate times the number of days in the interest period divided by actual days of the year. The rate is calculated to five figures after the decimal point. “Business date” is referred to the London financial business date, or is otherwise referred to the Taiwan, Taipei and Kaohsiung financial business date. “Floating rate” is referred to the USD 12-Month LIBOR rate shown on London time 11am, Moneyline Telerate pg. 3750. The initial interest pricing date is set as the second London business date prior to the bond issuance date.
Maturity	3A–5 years; 2008.5.21~2008.6.24 3B–7 years; 2010.5.21~2010.6.24
Guarantor	-
Trustee	Trust Dept., Mega International Commercial Bank Co., Ltd.
Address of trustee	2F, 550, Sec. 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.
Underwriter	-
Registrar, principal paying, conversion and transfer agent	-
Address of agent	-
Legal counsel	Chen & Lin Attorneys-at-Law
Auditor	Ernst & Young
Redemption	3A is a five-year term, and total size is NTD 7.5 billion. Principal will be paid in full at maturity. 3B is a seven-year term, and total size is NTD 7.5 billion. Principal will be paid in full at maturity. Interest will be paid annually.
Principal payable	NTD 15 billion
Redemption	-
Covenant	-
Name of rating company, date and result of rating	Taiwan Ratings Corporation, 2003.4.24, twAA-
Other obligation	-
Effect on the current shareholders due to dilution	-
Name of custodian	-

Corporate Bonds (cont.)

TYPE	EURO CONVERTIBLE BONDS DUE 2008
Issue date	2005.10.05
Face amount	USD 10,000
Listing exchange	EuroMTF Market of the Luxembourg Stock Exchange
Issue amount	USD 10,000
Issue size	USD 381,400,000
Coupon rate	0%
Maturity	2008.2.15
Guarantor	-
Trustee	Citibank, N.A.
Address of trustee	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
Underwriter	Morgan Stanley Services Limited and Lehman Brothers International (Europe)
Registrar, principal paying, conversion and transfer agent	Citibank, N.A.
Address of agent	5 Carmelite Street, London EC4Y 0PA, United Kingdom
Legal counsel	Simpson Thacher & Bartlett
Auditor	Ernst & Young
Redemption	The bonds will be redeemed at 100% of their principal amount by the Company on the maturity date unless: (a) The issuer shall have redeemed the bonds at the option of the issuer, or the bonds shall have been redeemed at the option of the bondholders.(b) The bondholders shall have exercised the conversion right before maturity; or (c) The bonds shall have been purchased by the issuer and cancelled.
Principal payable	USD 0
Redemption or early redemption clause	(a) 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 some only, of the bonds. (b) If at least 90% in principal amount of the bonds has already been redeemed, repurchased, cancelled or converted, the Company may redeem all, but not some only, of the bonds. (c) In the event that the Company's ADSs or shares officially cease to be listed or admitted for trading on the New York Stock Exchange or the Taiwan Stock Exchange, as the case may be, each bondholder shall have the right, at such bondholder's option, to require the Company to repurchase all, but not in part of, such bondholder's bonds at their principal amount. (d) 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 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. (e) If a 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.

Corporate Bonds (cont.)

TYPE		EURO CONVERTIBLE BONDS DUE 2008
Covenant		-
Name of rating company, date and result of rating		Taiwan Ratings Corporation, 2005.8.15, twAA
Other obligation	Balance of amount converted to (exchangeable or warrant) shares, ADSs, or other types of securities as of printing date	-
	Policy of issuing or converting (exchangeable or warrant)	(a) Bondholders have the right hereunder to convert the bonds into the Company's ADSs.(b) The bondholders may from November 4, 2005 to February 5, 2008 convert the bonds into the Company's ADSs as a substitute for the issuer's cash redemption. In addition, the bondholders will not be able to effect conversions into ADSs during any closed period.
Effect on the current shareholders due to dilution		The underlying conversion for ECB is treasury shares. If the ECB is fully converted, the dilution ratio to original shareholders is 2.6%. The impact to the dilution is minimal.
Name of custodian		Citibank, N.A.

Exchangeable Bonds Information

None.

Euro Convertible Bonds Information

ZERO COUPON CONVERTIBLE BONDS DUE 2008		2008	2007	2006	2005	2005. 10.05 (ISSUE DATE)
The quantity of holding converted securities (Common shares)		348,583,215	348,583,215	500,000,000	500,000,000	500,000,000
Convertible price		USD 4.253	USD 4.253	USD 3.693	USD 3.814	USD 3.814
Market price	High	99.89	111.21	112.50	105.25	-
	Low	99.41	99.72	98.38	97.50	-
	Average	99.67	104.25	103.65	102.12	-
Reference shares		UMC ADS				

Note The data represented for 2008 was gathered until February 15, 2008.

Warrant Bonds Information

None.

Preferred Stock

None.

American Depositary Receipts

ISSUE DATE	2006.11.6	2006.9.1	2005.9.1	2005.1.20	2004.11.16	2004.8.19
Listing exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange
Issue amount	USD 108.2 million	Stock dividend	Stock dividend	USD 84.2 million	USD 76.3 million	Stock dividend
Listing price/unit	USD 3.05	-	-	USD 3.33	USD 3.47	-
Issue units	35,456,000	2,831,464	25,833,137	25,290,000	22,000,000	15,088,684
Underlying representing shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares
Number of equivalent local shares per ADS	5 shares	5 shares	5 shares	5 shares	5 shares	5 shares
Rights and obligations of ADS holder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder
Trustee	N/A	N/A	N/A	N/A	N/A	N/A
Depository bank	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.
Custodian bank	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch
Outstanding balance (Units)	The total outstanding balance is 315,107,776 units.					
Issuing expenses and maintenance fees	Except for IPO and dividends, the issuing expenses will be borne by the selling shareholders. The maintenance fees will be borne by the Company.					
Important terms and conditions of depositary agreement and custodian agreement	-	-	-	-	-	-

Note The data shown above was gathered until March 17, 2008.

American Depositary Receipt Trading Data

CLOSING PRICE PER SHARE (USD)	2008			2007		
	HIGH	LOW	AVERAGE	HIGH	LOW	AVERAGE
	3.51	2.75	3.12	3.94	2.79	3.22

Note The data represented for 2008 was gathered until March 17, 2008.

2004.1.2	2003.12.23	2003.8.15	2002.9.9	2002.3.19	2001.8.17	2000.9.19
New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange
USD 13.8 million	USD 24.4 million	Stock dividend	Stock dividend	USD 439.7 million	Stock dividend	USD 1,291.5 million
USD 4.92	USD 4.75	-	-	USD 9.25	-	USD 14.35
2,804,000	5,146,000	6,965,107	22,655,667	47,537,780	13,500,000	90,000,000
UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares
5 shares	5 shares	5 shares	5 shares	5 shares	5 shares	5 shares
Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.
Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch
The total outstanding balance is 315,107,776 units.						
Except for IPO and dividends, the issuing expenses will be borne by the selling shareholders. The maintenance fees will be borne by the Company.						
-	-	-	-	-	-	-

Employee Stock Option Certificates

Status of Stock Option Plan and Impact on Stockholders' Equity

TYPE	EMPLOYEE STOCK OPTION CERTIFICATES		
	1 ST ISSUED, 1 ST ROUND 2007	3 RD ISSUED, 1 ST ROUND 2005	2 ND ISSUED, 1 ST ROUND 2005
Date of approval	2007.10.9	2005.12.22	2005.12.22
Issue date	2007.12.13	2006.8.24	2006.5.22
Units issued	500,000,000	28,140,000	42,058,000
Ratio of issue shares to outstanding shares (%)	3.78	0.21	0.32
Option duration	2007.12.13~2013.12.12	2006.8.24~2012.8.23	2006.5.22~2012.5.21
Method for performance of contract	The issue of new shares	The issue of new shares	The issue of new shares
Vesting schedule	The grant period for employee options is six years. Employees may exercise up to 50% of the options after two years, up to 75% after three years and up to 100% after four years.		
Exercised shares	-	-	-
Exercised amount	-	-	-
Un-exercised shares	500,000,000	19,700,000	26,860,000
Exercise price	NTD 18.95	NTD 18.35 (Original) NTD 25.32 (Adjusted)	NTD 19.80 (Original) NTD 26.48 (Adjusted)
Ratio of un-exercised shares to outstanding shares (%)	3.78	0.15	0.20
Effect on current shareholders due to dilution	The strike price for the shares is the market price at the time of issuance and the vesting period for employee options is from two years to four years. The dilution effect to current shareholders is insignificant.		

Notes (1) The data shown above was gathered until March 17, 2008. (2) The date of approval refers to the date when the R.O.C. FSC approved the Stock Option Plan. (3) Each unit of the stock option entitles the recipient to subscribe to one share of the Company's common shares.

Employee Stock Option Certificates (cont.)

TYPE	EMPLOYEE STOCK OPTION CERTIFICATES		
	1 ST ISSUED, 1 ST ROUND 2005	4 TH ISSUED, 1 ST ROUND 2004	3 RD ISSUED, 1 ST ROUND 2004
Date of approval	2005.12.22	2004.9.30	2004.9.30
Issue date	2006.1.4	2005.9.29	2005.8.16
Units issued	39,290,000	51,990,000	54,350,000
Ratio of issue shares to outstanding shares (%)	0.30	0.39	0.41
Option duration	2006.1.4~2012.1.3	2005.9.29~2011.9.28	2005.8.16~2011.8.15
Method for performance of contract	The issue of new shares	The issue of new shares	The issue of new shares
Vesting schedule	The grant period for employee options is six years. Employees may exercise up to 50% of the options after two years, up to 75% after three years and up to 100% after four years.		
Exercised shares	-	-	-
Exercised amount	-	-	-
Un-exercised shares	15,168,101	27,470,354	10,198,861
Exercise price	NTD 18.30 (Original) NTD 24.36 (Adjusted)	NTD 19.95 (Original) NTD 28.27 (Adjusted)	NTD 21.90 (Original) NTD 30.98 (Adjusted)
Ratio of un-exercised shares to outstanding shares (%)	0.11	0.21	0.08
Effect on current shareholders due to dilution	The strike price for the shares is the market price at the time of issuance and the vesting period for employee options is from two years to four years. The dilution effect to current shareholders is insignificant.		

Employee Stock Option Certificates (cont.)

TYPE	EMPLOYEE STOCK OPTION CERTIFICATES		
	2 ND ISSUED, 1 ST ROUND 2004	1 ST ISSUED, 1 ST ROUND 2004	3 RD ISSUED, 1 ST ROUND 2003
Date of approval	2004.9.30	2004.9.30	2003.10.8
Issue date	2005.4.29	2004.10.13	2004.7.1
Units issued	23,460,000	20,200,000	56,590,000
Ratio of issue shares to outstanding shares (%)	0.18	0.15	0.43
Option duration	2005.4.29~2011.4.28	2004.10.13~2010.10.12	2004.7.1~2010.6.30
Method for performance of contract	The issue of new shares	The issue of new shares	The issue of new shares
Vesting schedule	The grant period for employee options is six years. Employees may exercise up to 50% of the options after two years, up to 75% after three years and up to 100% after four years.		
Exercised shares	-	907,000	145,000
Exercised amount	-	16,144,600	4,305,050
Un-exercised shares	8,553,458	6,059,676	25,866,413
Exercise price	NTD 18.40 (Original) NTD 23.52 (Adjusted)	NTD 20.00 (Original) NTD 25.53 (Adjusted)	NTD 25.20 (Original) NTD 29.69 (Adjusted)
Ratio of un-exercised shares to outstanding shares (%)	0.06	0.05	0.20
Effect on current shareholders due to dilution	The strike price for the shares is the market price at the time of issuance and the vesting period for employee options is from two years to four years. The dilution effect to current shareholders is insignificant.		

Employee Stock Option Certificates (cont.)

TYPE	EMPLOYEE STOCK OPTION CERTIFICATES			
	2 ND ISSUED, 1 ST ROUND 2003	1 ST ISSUED, 1 ST ROUND 2003	2 ND ISSUED, 1 ST ROUND 2002	1 ST ISSUED, 1 ST ROUND 2002
Date of approval	2003.10.8	2003.10.8	2002.9.11	2002.9.11
Issue date	2004.3.23	2003.11.26	2003.1.3	2002.10.7
Units issued	33,330,000	57,330,000	61,000,000	939,000,000
Ratio of issue shares to outstanding shares (%)	0.25	0.43	0.46	7.11
Option duration	2004.3.23~2010.3.22	2003.11.26~2009.11.25	2003.1.3~2009.1.2	2002.10.7~2008.10.6
Method for performance of contract	The issue of new shares	The issue of new shares	The issue of new shares	The issue of new shares
Vesting schedule	The grant period for employee options is six years. Employees may exercise up to 50% of the options after two years, up to 75% after three years and up to 100% after four years.			
Exercised shares	-	-	1,974,000	263,264,750
Exercised amount	-	-	36,303,650	4,325,767,485
Un-exercised shares	12,050,554	22,336,564	6,145,830	82,261,671
Exercise price	NTD 27.90 (Original) NTD 32.85 (Adjusted)	NTD 30.20 (Original) NTD 35.43 (Adjusted)	NTD 22.50 (Original) NTD 25.39 (Adjusted)	NTD 20.00 (Original) NTD 22.52 (Adjusted)
Ratio of un-exercised shares to outstanding shares (%)	0.09	0.17	0.05	0.62
Effect on current shareholders due to dilution	The strike price for the shares is the market price at the time of issuance and the vesting period for employee options is from two years to four years. The dilution effect to current shareholders is insignificant.			

List of Managers and Top 10 Employees Participating in Employee Stock Option Plan

UNITS GRANTED	UNITS GRANTED / TOTAL OUTSTANDING SHARES (%)	EXERCISED UNITS	EXERCISE PRICE (NTD)	EXERCISED AMOUNT (IN THOUSAND NTD)
53,000,000	0.40	2,300,000	15.7	36,110
5,000,000	0.04	-	-	-
18,370,000	0.14	-	-	-
2,000,000	0.02	-	-	-
10,400,000	0.08	-	-	-

TITLE	NAME
Chairman and CEO	Jackson Hu
President of Central Integrated Manufacturing & Technology	Ching-Chang Wen
President of Quality & Reliability Assurance	Fu-Tai Liou
Chief Operating Officer	Shih-Wei Sun
Senior Vice President	Henry Liu
Senior Vice President	Tai-Sheng Feng
Senior Vice President	Wen-Yang Chen
Vice President	Nick Nee
Vice President	Ying-Chih Wu
Vice President	Chia-Pin Lee
Vice President	Lee Chung
Vice President	Shan-Chieh Chien
Vice President	Po-Wen Yen
Vice President	Tsung-Hsi Ko
Vice President	Terry Tsao
Vice President	Kevin Lee
Vice President	Ming Hsu
Chief SoC Architect	Patrick T. Lin
CFO	Chitung Liu

Notes (1) The data shown above was gathered until March 17, 2008. (2) Employees listed in this table are the top 10 holders of stock options and each subscription amount exceeds NTD 30 million.

UNITS EXERCISED / TOTAL OUTSTANDING SHARES (%)	UN-EXERCISED UNITS	EXERCISE PRICE (NTD)	UN-EXERCISED AMOUNT (IN THOUSAND NTD)	UNITS UN-EXERCISED/TOTAL OUTSTANDING SHARES (%)
0.02	13,747,020	22.52	309,583	0.10
-	3,485,833	25.39	88,505	0.03
-	12,806,948	35.43	453,750	0.10
-	1,394,333	32.85	45,804	0.01
-	10,400,000	18.95	197,080	0.08

Mergers and Acquisitions or the Issue of New Shares to Acquire Another Company's Shares

None.

Financing Plans and Execution Status

None.



OPERATIONS OVERVIEW

Business Scope

Major Business

Full Service Semiconductor Wafer Foundry.

Current Products and Services

UMC provides a variety of services to fit individual customer's needs, including silicon intellectual property (IP), IC design support, design verification, mask tooling, wafer fabrication, and testing.

Future Products and Services

ADVANCED 65-NANOMETER AND 45-NANOMETER PROCESSES

UMC has reached world-class manufacturing levels and leads most of the major semiconductor companies in the introduction of advanced deep sub-micron processes. UMC has been in volume production for advanced 65-nanometer technology in wireless handset baseband, FPGA and Graph-

ics applications, and also has expanded to 65-nanometer RF CMOS wireless networking. Currently, there are two 12-inch fabs in production for 65-nanometer technology. Furthermore, with 45-nanometer test wafers produced in Q4 2006, UMC continues to actively develop 45-nanometer process technology for customer product validation. 45-nanometer processes technology, which is scheduled to release for volume production in 2008, will significantly increase the competitive advantages of UMC customers.

SoC PROCESS TECHNOLOGIES

In response to the growing trend towards System-on-Chip (SoC) products, UMC continues to develop resources for SoC designers including embedded memory macros, Mixed-Signal/RF CMOS processes, and other system integration technologies used for SoC designs.

Industry Scope

Current Industry Products & Development

The functions of electronic products increase and evolve on a daily basis, leading to an enormous increase in design and process complexity for today's semiconductors. As far as manufacturing efficiency is concerned, wafer sizes have also migrated to the next generation of larger 300mm wafers. The combination of both advancing technologies and larger wafers has somewhat slowed overall development, while investment has increased to bring these new technologies to maturity.

This trend has increased the challenges involved in semiconductor design, production, packaging, and testing. For the most part, semiconductor companies find it difficult to manage every aspect of the IC supply chain, adding to the attraction of the vertically disintegrated business model.

While entering 65-nanometer and below advanced technologies, investment for process development and equipment increases dramatically compared to previous technology nodes. More and more IDM companies have announced Fab-Lite strategies and increased their level of outsourcing, which is expected to benefit the foundry industry.

The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services

The semiconductor industry has continuously evolved in order to support down-stream (end-user) electronic products. Therefore, IC manufacturers must develop new process technologies early to enable up-stream chip developers' sophisticated designs for more powerful ICs. This in turn allows down-stream companies to innovate new applications and products that can take advantage of the better performing semiconductors.

Development Trends

Advanced technologies have enabled electronic products, especially those in the Computer, Communication, and Consumer sectors, to merge their functions in ways previously unseen. Networking capabilities have allowed electronic products such as computers, cell phones, televisions, PDAs, CD-ROMs, and digital cameras to communicate with each other to exchange information. More powerful chips are required to drive multimedia functions (processing visual data, etc.) and to resolve network bandwidth issues. At the same time, the trend towards more personalized electronic devices means that products are becoming smaller and consuming less power. Process technology must also shrink aggressively to accommodate this trend to integrate more functions, reduce the number of parts needed to operate, and lower IC power consumption. Dedicated semiconductor foundries will need to achieve this process improvement, and at the same time develop multiple process technologies to satisfy the varying needs of Computer, Communication, and Consumer applications.

A Competitive Market

The stable growth rate that is seen every year for the foundry industry has attracted more and more competitors, including IDM companies such as Samsung, and pure-play foundries like China's SMIC and HHNEC and Korea's Dongbu. While entering 65-nanometer and 45-nanometer advanced technologies, the foundry industry and UMC have enhanced competitiveness by expanding 300mm wafer capacity strategically and effectively. Meanwhile, the Company continuously strengthens its advantage through on-going development in advanced and specialty process technologies.

Research & Development Achievements and Plans

On May 22, 2007, UMC marked its 27th anniversary celebration with the opening of the company's most advanced 300mm R&D center, which is located at UMC's fab complex in Tainan Science Park, Taiwan. The facility, which will focus on R&D for advanced 45-, 32-nanometer and below technologies for 300mm manufacturing, is located adjacent to 300mm Fab 12A at UMC's Tainan Science Park site. The close proximity of the new R&D center to UMC's most advanced fabs enhances the company's ability to rapidly migrate newly-developed technologies to mass production, resulting in increased competitiveness for UMC customers. The R&D center will be staffed with over 1,000 employees when fully operational, most of which will consist of R&D engineers. The R&D center is another clear testament to UMC's commitment to strengthen its position as a global leader in advanced-foundry technologies and to embrace the upcoming and constantly emerging semiconductor process development challenges. This commitment will ensure that UMC's broad customer portfolio bases from across the entire spectrum of semiconductor applications can count on UMC's evolving advanced technologies to continuously extend the lifetime of their products.

UMC has been actively engaging with new 65-nanometer customers and extending the product spectrum of manufactured products to range from low-power handheld applications in the GSM and CDMA wireless domain to high-performance networking, switching and computing graphic products. In June 2005, UMC was the first foundry to deliver 65-nanometer customer products, and currently has 12 customers for this technology node with over 40 product tape-outs. Over 25 products have been functionally validated with 7 products already in volume production. Two advanced 300mm fabs have been dedicated to 65-nanometer production. The UMC 55SP process (shrinking L65 feature sizes to 90% of its original size) has also successfully passed the qualification stage. This offering is expected to help customers migrate their 65-nanometer products for more density and performance while delivering more competitive cost incentives to further extend their product life. In addition to manufacturing success, UMC is constantly adding Sys-

tem-on-Chip (SoC) variety into existing CMOS compatible processes. This includes adding a 65-nanometer RF CMOS solution, which features fundamental libraries, IP, and the foundry industry's first transformer library to help customers jump-start their design-in process. Full characterization reports, models with mismatch Monte Carlo simulation, advance HF noise model and foundry design kits (FDK) complement the 65-nanometer RF process, with RF SPICE models and ESD manuals and support ready. This offering is targeted for next generation wireless System-on-Chip (SoC) applications including WiFi, WiMax, wireless USB, and cellular.

The 45-nanometer node is a challenging technology generation that simultaneously introduces new materials and process modules. It incorporates sophisticated immersion lithography for its critical layers and the latest transistor advancements such as ultra shallow junction and mobility enhancement techniques that include embedded SiGe source/drain processes, dual stress liners, and ultra low-k dielectrics ($k=2.5$). During 2007, UMC focused on improving transistor performance and defect density to meet 45-nanometer mass-production goals and preparing the technology for adoption by UMC's foundry customers. UMC has successfully delivered functional samples with an SRAM bit cell size of less than 0.26 μm^2 for customers' product validation. UMC is among the first companies in the world to produce working 45-nanometer silicon, with successful results realized for the initial 45-nanometer wafer lots. In addition, UMC is in the final process optimization stage of a shrink version of its 45-nanometer process technology, called the UMC 40SP process (shrinking L45 feature sizes to 90% of its original size). This offering is expected to help customers migrate their 45-nanometer products for more density and performance while delivering more competitive cost incentives to further extend their product life.

Optimized memory solutions have been the deciding factor for today's SoC product success. UMC's embedded 6T-SRAM, with its industry leading footprint and performance, has been an integral part of the Company's standard SoC solution for 65-nanometer and 45-nanometer.

Research & Development Achievements and Plans (cont.)

The improvement of high-density 6T-SRAM yield to the maturity level of >90% has been a key achievement for 65-nanometer programs. The 45-nanometer development is in the final product qualification stage for UMC's low power family and on track for a Q4 2008 launch for the 40-nanometer standard performance family. In addition, an innovative high density, low cost logic-compatible embedded memory IP offering has been developed and qualified to replace traditional embedded DRAM. The memory bit-cell is 1/4 to 1/5 the size of 6T-SRAM and its macro area is approximately 1/2 to 1/3 times smaller than SRAM, which in turn allows for more efficient chip area utilization and flexibility. Such a high-density, low power, smaller chip area embedded memory (called URAM) solution has been targeted for a wide range of applications including communications, graphics and imaging systems, and storage devices. A UMC customer has successfully adopted UMC's 90-nanometer URAM solution to their latest Mobile TV product. Another embedded flash (e-Flash) memory solution utilizing Uniform Channel Fowler Nordheim (UCFN) tunneling mode of operation shows better scaling capability and wider reliability margin on data retention and endurance. This cell shows unequivocal robust reliability performance and has passed extremely high quality demand standards for 0.18-micron automotive IC chip products, and is in the final sampling stage for UMC's 0.13-micron e-flash integrated FPGA products. The development activity of UMC's 90-nanometer/65-nanometer e-Flash is being pursued full-speed according to customers' demand. Commodity NOR type flash for mobile phone applications is also in production at UMC on the 0.13-micron node. 90-nanometer is under development and will be in production in Q1 2009.

UMC is also actively pursuing a joint development program with the leading DRAM manufacturer, Elpida, for advanced DRAM with copper low-k backend, as well as for phase-change random access memory (PRAM). Elpida and UMC's cooperation targets the development of advanced DRAM by joining Elpida's DRAM technology expertise with UMC's advanced copper low-k processes. With the success of this collaboration, UMC will license Elpida under UMC's

copper low-k technology for Elpida's production and Elpida will license UMC to offer DRAM as part of UMC's advanced System-on-Chip (SoC) solutions. In addition, Elpida and UMC will cooperate to develop PRAM technology, coupling Elpida's expertise in GST materials with UMC's expertise in high performance CMOS logic technologies. The joint effort is a significant step forward for future memory development, as copper low-k technology will be the key elements for future high performance DRAM production. UMC's leading-edge copper low-k technology together with Elpida's advanced DRAM technology will enable UMC's SoC customers using DRAM to achieve high speeds, low-power consumption and high density, while accelerating the commercialization of PRAMs, an important next generation memory technology.

The display driver market shows vast application possibilities including portable phone/PDA, computer monitors, TVs, digital camera and commercial displays. UMC's high voltage (HV) development has been as diversified as possible to meet each market's spec. UMC's 0.162-micron high voltage (HV) process is now in the mass production phase and is targeted for the growing portable liquid crystal display (LCD) driver market. To improve overall HV performance, UMC is piloting 0.135/0.13-micron HV chips and further advanced 0.11-micron/90-nanometer nodes are under development to enable our customers' growing SoC demand on integrating driver, processor and memory elements together for better product applications. The demand for various Power Management IC (PMIC) drivers also warrants the successful qualification of super high voltage ($\geq 600V$) process production and various 0.18-micron PMICs with different voltage capabilities (20V, 30V, 40V and 60V) for special applications such as LED driver, audio amplifier, DC-AC converter and motor driver. As for CMOS Image Sensor (CIS) technology development, the 0.13-micron process node has passed product qualification and entered the mass production phase. UMC has also completed the development of its 0.11-micron CIS process node with AL BEOL, which enables lower cost high-resolution camera phones offered at a lower cost level.

It is well known that IC designs produced at the 65-nanometer node and below face multiple production challenges such as increasing process variations and rapidly diminishing printability, which often lead to undesirable manufacturing yields and unacceptable performance variations. To help designers offset their 65-nanometer production challenges, UMC has been closely collaborating with the industry's leading EDA vendors to successfully deliver optimal DFM solutions. UMC's latest innovation is the comprehensive all-in-one 65-nanometer design for manufacturing (DFM) support package. The new DFM Design Enablement Kit (DEK) encompasses all the models required by qualified model-based DFM tools that support UMC's 65-nanometer process technology. The company collaborated with leading EDA vendors to develop the DEK in order to provide an easy to use DFM solution for its 65-nanometer customers. UMC's DEK package consists of 65-nanometer DFM solutions in three main areas: Critical Area Analysis (CAA) to improve Defect-Limited Yield (DLY), Chemical Mechanical Polishing (CMP) with CMP thickness analysis and simulation based to determine thickness impact and dummy optimization, and finally Lithography Simulation Check (LSC) to use lithography simulation tools to analyze potential layout hotspots. The 65-nanometer DFM DEK offering is UMC's testimony to its commitment to deliver to its customers the foundry industry's most comprehensive and user-friendly DFM solutions.

UMC continually works to provide its customers with design and manufacturing solutions that help ensure silicon success. SoC designers today require proven design support solutions to help them overcome the challenges encountered during the design cycle. UMC has successfully introduced a Reference Design Flow with silicon-proven design methodologies in 90-nanometer and 65-nanometer technologies. The UMC Reference Design Flows incorporate 3rd-party EDA vendors' baseline design flows to address issues such as timing closure, signal integrity, leakage power and Design For Manufacturability (DFM). The flow has been successfully validated utilizing the open-source LEON2 SPARC

processor in 65-nanometer silicon. They cover schematic/RTL coding all the way to GDS-II generation and support Cadence, Magma, Mentor and Synopsys EDA tools. The availability of UMC's newest and most comprehensive reference flows help SoC designers find the easiest path to silicon success for advanced technologies. In order to address customer's SoC design needs of intellectual properties (IP), UMC operates an extensive coverage of 3rd-party IP partnerships with industry-leading vendors including ARM, Virage, Synopsys, Faraday, and Silicon Image, offering a range of services from physical libraries to analog mixed-signal IP that supports industry standards such as PCI-E, SATA, and HDMI. In addition, UMC successfully developed a series of reliable, high quality intellectual properties (IP). These include DFM-compliant, process-tuned 65-nanometer libraries, ultra high-speed PLL, and various state-of-the-art analog mixed-signal IPs that support industry standards for advanced audio/video applications, all of which will be utilized in customer SoC designs to help shorten their design cycle time. Finally, UMC has opened a customer support office in India's Hyderabad Technology Park. The new office will provide design support services for India-based customers and existing UMC customers who operate design centers in the area. The India office enhances UMC's global customer design support network, which also includes offices in Japan, Taiwan, Singapore, and Sunnyvale, California.

For exploratory technologies, the true limits of immersion lithography are being constantly challenged, while further Resolution Enhancement Techniques (RETs) are being explored actively for 32-nanometer and below technology. The mini-pilot line for high-k dielectric/metal gate development has narrowed down the number of material choices for dual work function metal gates and a possible integration scheme to enable such new materials. The search for new advanced CMOS device schemes leads to multi-gate field-effect transistors (MuGFETs), and various mobility enhancement structures. The new and innovative transistor scheme is being explored for 32-nanometer and beyond technology development.

R&D Expenditures

In thousand NTD

	2008	2007
Expenditures	1,383,997	9,487,543

Note The data represented for 2008 was gathered until March 17, 2008; the figure represented was unaudited.

Long-term and Short-term Business Development Plan

UMC operates as the SoC Solution Foundry, dedicated to providing comprehensive SoC solutions for its customers. This approach involves collaborating closely with customers as well as partners throughout the entire supply chain, including equipment, EDA tool, IP and test and packaging vendors to work synergistically towards each customer's SoC silicon success. This strategy has resulted in a broad range

of resources available to SoC designers, including silicon validated reference flows, a broad IP portfolio, free-of-charge libraries and extensive test and packaging capabilities. Combine these with UMC's advanced process technology and state-of-the-art 300mm manufacturing, and the result is shortened time-to-market for customers' SoC products.

Market and Sales Conditions

Major Sales Regions

UMC's technologies and services have proven themselves by contributing to the success of its customers, many of whom are major players in the global IC industry. Currently, the majority of the Company's customers are located in North America and Asia, with Europe following closely behind. Japanese customers' orders primarily go to UMC's subsidiary in Japan, UMCJ, although a few customers deal directly with UMC. UMC will enhance its partnerships with world-class customers around the globe by continuing to develop customers' high-end products to ensure the steady growth of UMC for the mid and long-terms.

Market Share

UMC is a leading company in the foundry industry, with a 2007 sales revenue figure of USD 3.236 billion. UMC possessed a global pure-play foundry market share of 18%. TSMC, SMIC and Chartered are considered major competitors. Together in 2007, UMC, TSMC, SMIC and Chartered are estimated to account for approximately 81% of the pure-play foundry market share. In 2007, TSMC, SMIC and Chartered had a market share of 48%, 8% and 7% respectively (market share information and revenues of the competitors are based on their financial releases and data from IC Insights).

Future Market Supply, Demand, and Growth Potential

According to reports by the World Semiconductor Trade Statistics (WSTS), the Semiconductor Industry Association (SIA), Dataquest, and In-Stat and IC Insights, the global semiconductor market in 2008 is estimated to exhibit growth in the range of 5% around, following growth of 4% in 2007.

To provide an indicator of future market supply, demand and growth potential by industry breakdown, Fabless design companies have historically outperformed the overall semiconductor market. Furthermore, increasing numbers of Integrated Device Manufacturers (IDMs) are adopting the strategy of using external foundry services. Therefore, the foundry service market is expected to grow at a faster rate than the overall semiconductor industry.

Competitive Advantages

IC design companies in Taiwan are performing well, and are second only to North American IC design firms. UMC has a high market share in the Taiwan market and can directly enjoy the advantages accompanying the rapid growth of Taiwan's IC design companies.

The IC industry in Taiwan is well structured and is very competitive in terms of efficiency and cost. UMC's technology leadership leveraged with the advantages of Taiwan's IC industry will result in greater competitiveness for the Company.

Positive Factors Relating to Future Development

Considering the long-term steady growth of the IC industry, the relative advantages of foundry manufacturing, and UMC's technical excellence, we believe that the following factors will contribute positively to the future development of the Company:

- UMC has distinguished itself as a top-tier company in the foundry industry. The trend towards increased disintegration within the industry will create new opportunities for the Company as the market for foundry services continues to grow.
- Major IDMs are shifting their strategy to increase their use of external foundry services, which will help the growth of the foundry service market.
- UMC maintains stable long-term orders through its strategic alliances with global industry leaders.
- UMC has an exceptional management team that strongly emphasizes the research and development of advanced process technologies.
- UMC is the industry leader in the implementation of 300mm wafer production. The Company has two 300mm facilities, Fab 12A in the Tainan Science Park, and Fab 12i in Singapore. Furthermore, a third 300mm facility is under construction in the Tainan Science Park. UMC's aggressive expansion into 300mm manufacturing will help attract more outsourcing orders from IDMs and fabless companies.

Market and Sales Conditions (cont.)

- UMC is in volume production for 65-nanometer process technology. UMC is one of the few foundries in the world that is capable of providing this technology capability. As the Company produces more advanced technology products, the Company reaps higher profits while offering customers value-added benefits.
- In response to the trend of producing greater numbers of SoC products, UMC continues to develop embedded memory macros, Mixed-Signal/RF CMOS processes, and other system integration technologies used in SoC designs to meet customers' needs and firmly establish the company's leading position for the development of SoC technologies.
- As the need continues to rise for consumer products such as digital televisions, LCD televisions, DVD players, MP3 players and smart phones, the semiconductor industry is expected to enter another growth stage.

Negative Factors Relating to Future Development

- The recent prosperity of the foundry market has attracted many new competitors into the market; this may negatively impact the market balance.

Adaptations to Market Situation

- In response to other foundry market entrants, UMC will build on its competitive advantages, such as leading-edge technologies, high manufacturing yields, and comprehensive customer services. This will widen the gap with these new competitors, and differentiate UMC from the rest of the industry. This strategy will ensure UMC remains a primary choice for foundry customers.
- The Company will strive to provide the most advanced technologies for various IC applications and simultaneously meet high performance and low power consumption needs while helping customers to reduce overall costs.

- UMC will strengthen its marketing effectiveness, strive for service excellence, and continue with efforts to increase customer satisfaction.
- UMC will strengthen its partnerships with existing customers to facilitate enhanced growth for both the Company and its customers.

Applications of Major Processes

- CMOS logic processes: Chips for logic-calculation functions, e.g. graphics chips, audio chips, and micro-processors.
- Mixed-Signal processes: Chips for processing analog/digital mixed signals, e.g. broadband communications and optical storage chips.
- RF CMOS processes: Chips for wireless communications, e.g. cellular phones, WLAN, and Bluetooth chips.
- Embedded memory processes: Chips combining logic and memory functions for high performance, low power consumption chips, e.g. graphics and router chips.
- High Voltage processes: for manufacturing LCD Driver ICs and Power Management ICs.
- CMOS Image Sensor processes: for manufacturing CMOS Image Sensors used in digital cameras, cell phones and PC cameras.

Product Manufacturing Process

The IC manufacturing process can be broken down into five major steps including circuit design, mask tooling, wafer fabrication, assembly and test. UMC excels in the research and development of pioneering IC process technologies, and provides leading manufacturing technologies, materials and equipment for its customers to rapidly realize their designs in silicon.

Major Raw Materials Status

MATERIAL CATEGORIES	MAJOR VENDORS	VENDORS' MARKET POSITION	UMC'S PROCUREMENT STRATEGIES
Raw Silicon Wafers	S.E.H. (manufactured in the U.S., Japan, Taiwan and Malaysia) MEMC (manufactured in the U.S. Japan and Taiwan) SUMCO Group (manufactured in Japan and Taiwan)	UMC's vendors are major raw silicon wafer suppliers to the world. Their factories, located in the U.S., Japan, Taiwan and throughout Southeast Asia, can consistently supply high-quality silicon wafers in sizes ranging from 150mm to 300mm.	(a) UMC maintains good relationships with the world's major silicon wafer suppliers to assure a stable supply. (b) UMC's decision to procure wafers made locally has not only reduced logistical risks, but has also reduced costs. (c) UMC allocates procurement among its vendors according to their overall performance, which is evaluated quarterly by UMC's internal Suppliers Management Committee.

Major Vendors and Customers

Major Vendors

In thousand NTD

2007			2006		
NAME	AMOUNT	PERCENTAGE OF NET PURCHASES	NAME	AMOUNT	PERCENTAGE OF NET PURCHASES
Topco Scientific Co., Ltd.	4,557,568	15	Shin-Etsu Handotai Taiwan Co., Ltd.	3,353,721	13

Reasons for changes in procurement amount: UMC's purchase amount with Topco Scientific increased for 2007 due to a greater variety of materials purchased from the company during the year, along with the transfer of business from Shin-Etsu to Topco Scientific.

Major Customers

In thousand NTD

2007			2006		
NAME	AMOUNT	PERCENTAGE OF NET OPERATING REVENUES	NAME	AMOUNT	PERCENTAGE OF NET OPERATING REVENUES
UMC Group (USA)	51,894,797	49	UMC Group (USA)	54,476,329	52
Customer "A"	15,704,992	15	Customer "A"	8,274,751	8

Reasons for changes in sales amount: Sales to UMC Group (USA) accounted for more than 10% of net operating revenues in 2007. The net sales to UMC Group (USA) in 2007 are less than the amount in 2006 primarily due to the depression of the semiconductor industry in Q4 2007 and the decrease in demand of communication, consumer and computer products. Sales to Customer "A" accounted for more than 10% of net operating revenues in 2007 and the percentage of net operating revenues of Customer "A" increased 7% over than 2006. This resulted primarily from the increased demand in communication products in 2007.

Production and Sales Figures

Production Figures

	2007		2006	
	QUANTITY	AMOUNT (IN THOUSAND NTD)	QUANTITY	AMOUNT (IN THOUSAND NTD)
Wafers (Pcs)	3,263,224	71,361,759	3,030,999	76,232,056
Chips (In thousands)	138,494	12,220,745	84,918	6,635,478
Packaged ICs (In thousands)	3	152	599	43,148
Total amount		83,582,656		82,910,682
Capacity (Pcs)	4,308,000		4,017,000	

Note Wafer quantity and capacity are expressed in 200mm wafer equivalents.

Sales Figures

		2007		2006	
		QUANTITY	AMOUNT (IN THOUSAND NTD)	QUANTITY	AMOUNT (IN THOUSAND NTD)
Wafers (Pcs)	Domestic	1,655,826	38,331,946	1,372,006	32,839,086
	Export	1,558,500	54,730,239	1,618,731	62,001,889
Chips (In thousands)	Domestic	59	101,108	56	58,508
	Export	138,216	10,282,195	84,807	5,677,686
Packaged ICs (In thousands)	Domestic	3	104	374	26,803
	Export			203	16,579
Others	Domestic		14,013		122,026
	Export		549,593		570,829
Total	Domestic		38,447,171		33,046,423
	Export		65,562,027		68,266,983

Note Wafer quantity is expressed in 200mm wafer equivalents.

Employee Analysis

Number of Employees

	2008	2007	2006
Engineers	7,054	7,046	6,774
Administrators	547	556	550
Clerks	49	51	60
Technicians	5,944	6,067	5,881
Total	13,594	13,720	13,265

Average Age

	2008	2007	2006
Average age	31.2	31.0	30.6

Average Years of Employment

	2008	2007	2006
Average number of years	6.0	5.9	5.4

Level of Education (%)

	2008	2007	2006
Ph.D.	1.3	1.2	1.2
Masters degree	22.3	22.1	21.8
Bachelors/ Associate degree	48.8	48.8	48.7
Secondary school and others	27.6	27.9	28.3

Note The data represented for 2008 was gathered until March 17, 2008.

Environmental Protection Information

In the past year, UMC met all environmental regulations and government requirements and distinguished itself with its environmental protection performance. Moreover, there was no penalty or loss associated with pollution from Company operations.

UMC follows the ISO14001 and OHSAS18001 standards for environmental, safety and health risks in business operations and implements proper prevention and correction measures accordingly, including facility modification, employee education and training and operating system reinforcement.

In 2007, the total expenditures in environmental, safety and health management were approximately NTD 1.95 billion. UMC's environmental protection and pollution control plan addresses all aspects of the environment. In 2007, capital expenditures for pollution control equipment were NTD 168 million and the average monthly operational fees were NTD 27 million. Handling fees for monthly waste

treatment were NTD 4.11 million and the annual cost for the environmental monitoring program was NTD 3.05 million. In addition, UMC incorporated the QC 080000 IECQ HSPM (Hazardous Substance Process Management) system in 2006 to align itself with the RoHS Directive announced by the EU. This demonstrates UMC's capabilities in managing hazardous substances and meeting RoHS Directives. The qualification also assures UMC's continual access to European markets to help its customers expand their market share. The annual certification costs for the QC 080000 IECQ HSPM system, product testing, and relative education total approximately NTD 0.52 million.

Estimated expenditures in the future will include: 1. Modernization and upgrade of current pollution control facilities, 2. Operational fees of NTD 27 million per month for pollution control facilities, 3. Handling fees related to waste treatment of NTD 4 million per month and 4. Environmental monitoring fees of NTD 3 million.

Labor Relations

UMC places great importance on employee salaries and benefits, employee development, the enforcement of all labor laws, and the protection of employee rights, in an effort to provide the best possible working environment.

UMC makes every effort to develop a positive working relationship between employees and management. Employees can communicate with their superiors through many channels, including departmental meetings, colleague symposiums, and opinion boxes. The mental and physical well-being of UMC employees are equally as important, and the Company offers employee-counseling services and has a health clinic on-site.

UMC has its own employee recreation center to provide its staff with a facility to improve their quality of life and encourage social interaction among company personnel. The employee recreation center is equipped to support a variety of activities, such as sports, entertainment, arts, and community meetings.

UMC follows a training policy that is implemented to not only benefit the Company, but also cultivate individual growth and development.

To protect the rights and interests of employees, UMC follows the Labor Standards Law. UMC's employee retirement policy also corresponds with existing related labor laws.

The Council of Labor Affairs and other organizations have recognized UMC's efforts in developing good labor relations. These organizations awarded UMC the honors of Model Institution for the Promotion of Labor Welfare, Model Enterprise for the Promotion of Labor Education, Model Enterprise for Industrial Relations distinctions, and Model Enterprise for Human Resources Development Innovation.

In recent years, up to the publish date of the annual report, there have been no disputes between employees and employers, nor has the Company realized any financial impact resulting from disputes between employees and employers. Disputes within the organization or financial loss could be averted by following the complete administrative practices listed above and through constant efforts to avoid such circumstances.

Major Agreements

Major Long-term Supply and Marketing Agreements

In order to maintain a worldwide marketing presence, UMC has entered into long-term distribution, sales, service and support agreements with the companies listed below. In

addition, UMC has maintained long-term supply business relationships with major wafer material suppliers. The major contents of these agreements are described below:

COMPANY NAME	CONTRACT PERIOD	MAJOR CONTENTS	LIMITATIONS
UMC Group (USA)	2006.1.1~2007.12.31	Semiconductor products sales and relevant services	None material
United Microelectronics (Europe) B.V.	2005.1.1~2008.12.31	Semiconductor products sales and relevant services	None material
UMC Japan	2006.1.1~2007.12.31	Semiconductor products sales and relevant services	None material
Shin-Etsu Handotai Taiwan Co., Ltd.	Indefinite period	150mm, 200mm and 300mm raw wafer supply	None material

Major License Agreements

UMC is committed to the protection and enhancement of intellectual property. Based on more than 20 years of investment, UMC has a leading position amongst independent foundries worldwide for number of US patents issued in the

semiconductor field. UMC also has cross-licensing agreements with major semiconductor patent holders to ensure that customers do not face infringement claims as a result of UMC services. Some of the major licenses include:

CROSS LICENSE (COMPANY NAME)	LICENSE PERIOD	FIELDS OF PROTECTION	LIMITATIONS
Agere Systems Inc.	2004.1.1~2008.12.31 (This agreement was terminated on May 9, 2007)	Process and topography	None material
International Business Machines Corporation	2006.1.1~2010.12.31	Process, topography and design	None material
Texas Instruments Incorporated	1998.8.28~2007.12.31	Process, topography and memory content	None material
Freescale Semiconductor, Inc.	2005.12.7~2010.12.31	Process and topography	None material
Renesas Technology Corp.	2006.1.1~2010.12.31	Process and topography	None material

Major Agreements (cont.)

Major Construction Agreements

COMPANY NAME	CONTRACT PERIOD	MAJOR CONTENTS	LIMITATIONS
Various construction or engineering companies, such as: Yih-Shin Construction Co., Ltd.; Excelair Cond. Co., Ltd.; Hueng Luei Industry Co., Ltd.	2007.1.1~2008.12.31	UMC has contracts with major construction and engineering companies to expand semiconductor facilities in the Tainan Science Park. Total contract amounts exceed NTD 2.4 billion.	None material

Major Long-term Loan Agreements

UMC is committed to building and maintaining state-of-the-art wafer fabrication facilities that will allow UMC to maintain its position as a premier independent wafer foundry and maintain the capacity needed to support its

continued growth. In order to provide the necessary capital required to support such projects, UMC has, from time to time, obtained loans from commercial banks. Some of these loans include:

COMPANY NAME	CONTRACT PERIOD	MAJOR CONTENTS	LIMITATIONS
Mega International Commercial Bank Co., Ltd. and 13 other participant banks. (Note This case had been paid off in 2004)	1999.11.22~2007.9.25	Mega International Commercial Bank Co., Ltd. arranged the syndicated loan and the facility amount was approximately NTD 3.9 billion. The loan was for Fab 8E's capital expenditure.	None material
Mega International Commercial Bank Co., Ltd. and 20 other participant banks. (Note This case had been paid off in April of 2005)	2000.1.28~2007.1.28	Mega International Commercial Bank Co., Ltd. arranged the syndicated loan and the facility amount was approximately NTD 8 billion. The loan was for Fab 8F's capital expenditure.	None material

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REVIEW OF
FINANCIAL
POSITION,
OPERATING
RESULTS, RISK
MANAGEMENT
AND
EVALUATION

Analysis of Financial Position

In thousand NTD

	2007	2006	DIFFERENCE	% CHANGE
Current assets	68,252,759	118,430,216	(50,177,457)	(42)
Funds and investments	81,429,006	82,746,430	(1,317,424)	(2)
Property, plant and equipment	129,814,652	142,647,435	(12,832,783)	(9)
Other assets	7,521,028	7,659,590	(138,562)	(2)
Total assets	290,762,567	355,228,793	(64,466,226)	(18)
Current liabilities	43,152,807	30,060,546	13,092,261	44
Long-term liabilities	7,495,304	30,383,076	(22,887,772)	(75)
Total liabilities	54,295,678	64,063,922	(9,768,244)	(15)
Capital	132,144,949	191,323,332	(59,178,383)	(31)
Additional paid-in capital	66,126,806	67,707,287	(1,580,481)	(2)
Retained earnings	31,651,091	34,795,993	(3,144,902)	(9)
Total equity	236,466,889	291,164,871	(54,697,982)	(19)

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

1. The decrease in current assets resulted from the decrease of cash and cash equivalents due to capital reduction.
2. The increase in current liabilities is mainly due to the reclassification from bonds payable redeemed in next year to current portion of long-term liabilities.

3. The decrease in long-term liabilities is mainly due to the reclassification from bonds payable redeemed in next year to current portion of long-term liabilities.
4. The decrease in capital mainly resulted from capital reduction in 2007.

Analysis of Operating Results

In thousand NTD

	2007	2006	DIFFERENCE	% CHANGE
Sales revenues	104,996,317	102,023,597	2,972,720	3
Sales returns and discounts	(987,120)	(710,191)	(276,929)	39
Net sales	104,009,197	101,313,406	2,695,791	3
Other operating revenues	2,761,854	2,785,205	(23,351)	(1)
Net operating revenues	106,771,051	104,098,611	2,672,440	3
Operating costs	(84,285,534)	(83,419,400)	(866,134)	1
Gross profit	22,485,517	20,679,211	1,806,306	9
Realized (unrealized) intercompany profit	20,349	14,261	6,088	43
Gross profit-net	22,505,866	20,693,472	1,812,394	9
Operating expenses	(15,701,144)	(14,569,334)	(1,131,810)	8
Operating (loss) income	6,804,722	6,124,138	680,584	11
Non-operating income	16,493,757	33,871,592	(17,377,835)	(51)
Non-operating expenses	(3,732,130)	(2,979,691)	(752,439)	25
Income from continuing operations before income tax	19,566,349	37,016,039	(17,449,690)	(47)
Income tax expense	(2,604,587)	(3,208,211)	603,624	(19)
Cumulative effect of changes in accounting principles	-	(1,188,515)	1,188,515	-
Net income	16,961,762	32,619,313	(15,657,551)	(48)

Explanations for significant changes (over 20%) in operating results include:

(a) Net operating revenues

The increase in net operating revenues primarily resulted from the recovery of the semiconductor industry, and then the increased number of orders received.

(b) Gross profit analysis

The increase in gross profit for 2007 was due primarily to increases in sales quantity and increases in the capacity utilization rate, and a decrease in the product unit cost. Reasons for difference in gross profit are as follows:

In thousand NTD

Reasons for Difference	Gross Profit
Average selling price	(8,529,488)
Unit cost	7,999,681
Product mix	-
Quantity	2,208,048
Others	128,065
Difference	1,806,306

(c) Non-operating income

Mainly resulted from the greater amounts of gain on disposal of investment in 2006.

(d) Non-operating expenses

Mainly resulted from the increase in valuation loss on financial assets.

(e) Cumulative effect of changes in accounting principles

Mainly resulted from the implementation of ROC SFAS No.34, "Financial Instruments: Recognition and Measurement" to account for the financial instruments effective on January 1, 2006.

Estimated Sales Quantities

With the industry shifting towards the vertical disintegration business model, UMC, with its position as an industry leader and pioneer in 300mm manufacturing and SoC (System-on-Chip) technologies, should be able to reach a revenue growth rate higher than that of the overall semiconductor industry. Based on our capacity and customers' demand forecast, the estimated sales quantity for 2008 is approximately 3.96 million 200mm wafer equivalents.

Liquidity Analysis

Analysis of Cash Flows for 2007

In thousand NTD

CASH BALANCE AT BEGINNING OF YEAR	NET CASH PROVIDED BY OPERATING ACTIVITIES	NET CASH USED IN INVESTING AND FINANCING ACTIVITIES	CASH BALANCE AT END OF YEAR	SOURCE OF FUNDING IN CASE OF CASH SHORTFALL	
				INVESTING PLAN	FINANCING PLAN
83,394,802	46,783,545	(92,725,718)	37,452,629	-	-

Note Net cash used in investing and financing activities includes factoring for currency exchange, which amounts to (147,671) thousand.

(a) Cash inflows from operating activities are the result of net income reconciled to net cash with depreciation as the largest adjustment.

(b) Cash outflows from investing activities are attributed to the increase of capital expenditures, while cash inflows from investing activities are attributed to proceeds from

available-for-sale financial assets and long-term investments accounted for under the equity method, and proceeds from maturity of held-to-maturity financial assets.

(c) Cash outflows from financing activities resulted from the capital reduction, payment of cash dividends and employee bonus and repayment of bonds payable.

Projected Cash Flows for 2008

In thousand NTD

CASH BALANCE AT BEGINNING OF YEAR	PROJECTED CASH INFLOWS FROM OPERATING ACTIVITIES	PROJECTED CASH OUTFLOWS FROM INVESTING AND FINANCING ACTIVITIES	PROJECTED CASH BALANCE AT END OF YEAR	SOURCE OF FUNDING IN CASE OF CASH SHORTFALL	
				INVESTING PLAN	FINANCING PLAN
37,452,629	37,594,296	(48,067,941)	26,978,984	-	-

Impact on the Company's Financial Operations and Contingency Action Regarding Major Capital Expenditures

Execution Status of Major Capital Expenditures and Sources of Funding

In thousand NTD

PROJECT	ACTUAL OR EXPECTED SOURCES OF FUNDING	COMPLETION STATUS (UP TO 2007)	TOTAL AMOUNT (UP TO 2007)	CAPITAL EXPENDITURES PLAN	
				2007	2006
Production Equipment	Cash flows generated from operations, bank loans and issuance of bonds	Completed	51,509,273	23,376,309	28,132,964
R&D Equipment	Cash flows generated from operations, bank loans and issuance of bonds	Completed	7,807,230	4,735,775	3,071,455

Expected Benefit from Capital Expenditures

Starting from 2008, production capability for the Company's 0.25-micron and below technologies will increase to 70% or

more as a percentage of total production capacity due to the above mentioned capital expenditures.

Investment Policy, Causes of Profit /Loss and Future Investment Plans

The resolution to invest the equity of Unimicron Holding Limited, an indirect investment of Unimicron Technology (Suzhou) Corp. was passed in the Company's board meeting and annual shareholders' meeting on March 15, 2007 and

June 11, 2007, respectively. This investment was approved by the Investment Commission of MOEA, and the Company has invested USD 20 million in Unimicron Holding Limited for the year ended December 31, 2007.

Risk Management and Evaluation

Impact on Corporate Profitability from Fluctuating Interest Rates, Exchange Rates, and Inflation

The impact on the Company from fluctuating interest rates, exchange rates, and inflation has been minimal due to effective monitoring and control. The Company will continue to watch market movement with regard to interest and exchange rates to avoid losses.

Profit or Loss from Activities in High Risk and Highly Leveraged Investments, Loans Provided to Others, Endorsements and Guarantees, and Derivatives

The Company has not engaged in any transaction of high risk and highly leveraged investments. Any derivatives transaction is to elevate the Company's operating performance and reduce operating and financial risks.

Upcoming R&D Plans and Their Status

UMC's SoC Solution Foundry strategy is based on the strength of the company's advanced technologies, which include production proven 90/80-nanometer, 65/55-nanometer, 45-nanometer, mixed signal/RF CMOS, a wide range of specialty technologies and rich design support services to provide leading-edge technology design reference flows and IP. In addition, UMC's extensive volume production experience for advanced logic technologies will enable the foundry to quickly ramp its customers' products once they reach the manufacturing stage. The successful stories can be seen across multiple market sectors including base-band communication chips, network applications, mobile applications, consumer handheld devices, DTV applications, and high-performance computing graphic chips.

The overwhelming number of 65-nanometer customers engaged during 2007 is the best illustration of UMC's R&D development success. The 55-nanometer technology node has also passed qualification and is ready for customers' product migration. 2008 will be the key year to ready

45-nanometer lines for UMC's strategic partners to launch their pioneering 45-nanometer products. The development work of 32-nanometer is an ongoing challenge and should converge after the completion of high k/Metal gate materials and integration scheme selection. In addition to following its normal technology migration path, UMC is actively engaged in a joint development with Elpida to produce advanced DRAM commodity with copper low-k backend, as well as for future PRAM development.

UMC is strengthening its design support by continuously enhancing its on-going Foundry Design Kits (FDKs) with up-to-date DFM capabilities, verified design reference flows and a silicon validated intellectual property portfolio to help designers accelerate silicon-accurate SoC design integration with multiple digital, analog, mixed-signal and RF devices. For advanced technology design support, the foundation will be built upon DFM compliance libraries, memory compilers and reference design flows. State-of-the-art analog mixed-signal IP will further complement customers' SoC design needs, especially those supporting industry standards (such as PCI-E, SATA, HDMI, etc.) and advanced video, audio and consumer applications. UMC is committed to delivering the most comprehensive design services by expanding its own in-house library design capability, and exploiting its partnership base with worldwide EDA and IP communities to provide the best SoC foundry design solution.

Over the years, UMC has established itself as a leading global semiconductor foundry that manufactures advanced System-on-Chip (SoC) designs for applications spanning every major sector of the IC industry. UMC's success is built upon its top management's commitment to invest for the most advanced R&D development capabilities. UMC is looking forward to continuing its leading SoC foundry support to address the exciting semiconductor technology challenges of the future.

*Risk Management and Evaluation (cont.)***Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Domestic and International Policies and Regulations**

The Company strictly follows governing policies and regulations. All of the related departments constantly monitor any changes in related policies and regulations, and adjust internal operating procedures and business activities accordingly so that business operations continue smoothly.

Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Technology

The Company has been sharply focused on the development of advanced technology. In 2007, the Company's R&D expenses were approximately NTD 9.5 billion. The Company has taken the lead position in the foundry industry in both volume production of 90-nanometer and 65-nanometer technologies and achieved the scheduled progress of 45-nanometer technologies development. The Company has migrated 90-nanometer chips to mainstream volume production; 90-nanometer and below chips represented 26% of total revenue in Q4 2007; 65-nanometer chips represented 2% of total revenue in 2007. The Company's current financial situation is sound and cash on hand is sufficient for future technology development.

Impact on the Company's Risk Management and Contingency Action Regarding Recent Changes in Corporate Image

To ensure the long-term success of the Company and to further the corporate goal of building long-term partnerships with our customers and our community, the Company holds Shareholder Meetings and Investor Conferences regularly

to maintain a high-level of financial transparency. The Company consistently meets its obligations as an exemplary corporate citizen by participating in a wide range of public activities that benefit the community and society as a whole. In addition, the Company has established a comprehensive and robust set of response procedures aimed at addressing the needs of a highly diverse range of emergency conditions, reducing management uncertainty to the lowest achievable level.

Risk from the Company Encountering an Economic Downturn during Expansion by Acquisition or Merger

None.

Risk of Excess Capacity from Fluctuating Economic Conditions

The Company increases its production capabilities through fab expansion in order to accommodate more customer orders, thus providing the means to increase revenue, profits and market share. When production capacity reaches economies of scale, manufacturing costs can be dramatically reduced. However, the significant potential for fluctuations in the semiconductor industry economic cycle creates financial risk, as any excess capacity still must be accounted for under depreciation of plants and equipment during demand softening caused by economic conditions. This risk would be considered a burden to the Company.

The Company's capacity expansion is under deliberate capital expenditure plans, which focus on satisfying customers' needs while optimizing capital utilization. Disciplined capital expenditure can help to develop a healthy industry environment.

Risk and Countermeasures of the Company Encountering Material Shortage from Suppliers Failing to Provide Materials due to Circumstances Created by Natural or Unnatural Factors

The Risk of Material Shortage:

Material shortage may result from suppliers encountering situations such as insufficient capacity, industrial accidents in factories or natural disasters.

Solution for Material Shortage:

UMC currently uses consignment contracts to offset its risk.

Risk of Profit Loss if Sales are Concentrated on a Single or a Few Customers, and a Major Customer Reduces its Orders

UMC has established long-term and steady partnerships with numerous world-class customers. The combined strengths of both UMC and these customers will ensure the long-term steady growth of the company. The ten largest customers of UMC accounted for 89% of net operating revenue in 2007. UMC mitigates its risk through dispersed sales to lower the potentially significant impact that a single or a few customers may cause.

Risk of Change of Control and Stock Price Fluctuation from Large Scale Transfer of Shares

If Company directors, supervisors or major shareholders holding more than 10% of issued and outstanding shares transfer a significant portion of their shareholdings in the Company, then a change of control may occur. Furthermore, such transfer may give rise to investor concerns on the operation of the Company and may cause the market price of Company shares to fluctuate.

The share withholding status of the Company's directors, supervisors and managers have been reported based on official regulations and laws. Meanwhile, there has been no significant share transfer activity.

Risk of the Company Losing One or More Key Personnel without Adequate Replacement Due to Any Change of Company Control

UMC's future success depends to a large extent on the continued service of the Company's Chairman and key executive officers. If the Chairman or key executive officers leave their positions as a result of a change in Company control, and qualified replacement personnel cannot be found and integrated in a short period of time, operations may be adversely affected.

The Company's management focuses its operations with the intent to maximize value for its shareholders, thus gaining their trust and recognition. If there were a replacement of management, the succeeding personnel would have to recognize corporate culture, be qualified to assume professional duties, and be able to execute the Company's policy.

Litigation and Non-litigated Incidents

On February 15, 2005, Taiwan's Hsinchu District Court Prosecutor's Office conducted a search at UMC offices, assertively investigating whether there was any evidence of violation of Taiwan Securities and Exchange Act. On the afternoon of January 9, 2006, Taiwan's Hsinchu District Court Prosecutor's Office announced that UMC's former Chairman, Mr. Robert H.C. Tsao and former Vice Chairman, Mr. John Hsuan had been prosecuted due to their violations of Article 71 of the Business Entity Accounting Act and Article 342 paragraph 1 of Criminal Law. In actuality, Mr. Robert H.C. Tsao and Mr. John Hsuan had both resigned from their director positions from the Board of Directors on the morning of the same day. This case was reviewed in Taiwan Hsinchu District Court. Mr. Robert H.C. Tsao and Mr. John Hsuan were pronounced not guilty on October 26, 2007. On November 15, 2007, Taiwan's Hsinchu District Court Prosecutor's Office appealed, and this case is now being reviewed by Taiwan High Court.

Risk Management and Evaluation (cont.)

On February 13, 2006, Taiwan Hsinchu District Court delivered a notice to UMC and informed UMC that Taiwan Power Company (“TPC”) had filed a civil litigation case against UMC and other Taiwan companies. TPC claimed: (1) UMC and the other Taiwan companies should collectively pay NTD 13,348,056 with interest to TPC for electrical fees, and (2) UMC should pay NTD 21,210,000 to TPC for the electrical line’s fees. Up until this Annual Report’s editing deadline, UMC had provided the defense documents. This case is under Taiwan Hsinchu District Court’s trial.

On February 15, 2006, Taiwan Ministry of Economic Affairs, Executive Yuan (MOEA) fined UMC NTD 5 million for UMC’s alleged violation of Governing Relations between Peoples of the Taiwan Area and the Mainland Area Act (Article 35, failure to gain government’s approval for conducting investment in Mainland China). UMC had filed an administrative appeal against MOEA on March 16, 2006. On October 19, 2006, Executive Yuan denied the administrative appeal filed by UMC. UMC had filed an administrative litigation case against MOEA on December 8, 2006. On July 24, 2007, Taiwan Taipei High Court ruled in favor of UMC. MOEA appealed on August 10, 2007. This case is now being reviewed by Taiwan Supreme Administrative Court.

UMCi Ltd., as the operating company (and a subsidiary of UMC) prior to the transfer of the operating business to UMC Singapore Branch, as plaintiffs issued a Writ of Summons against Tokio Marine & Fire Insurance Company (Singapore) Pte. Ltd. as defendants on June 6, 2005 under a marine cargo insurance policy for the replacement cost of a 300mm Endura System damaged in transit. UMCi believes a chamber of that equipment was damaged in shipment, incurring a cost of approximately USD 1.2 million to replace the damaged chamber. UMCi filed suit to recover under the insurance policy on the grounds that the equipment was damaged in shipment as a result of rough handling or condi-

tions. Tokio Marine has denied the incident was a covered event under the policy. Discovery and the first phase of the trial have been completed and the parties are preparing for what is expected to be the final phase of the trial, expected in April 2008. Based on results to date, UMCi feels it has a meritorious case. Although it is too early to determine the possible outcome, the maximum exposure to UMCi would be the loss of its claim for reimbursement plus no more than a few hundred thousand dollars more in assessments, fees and costs.

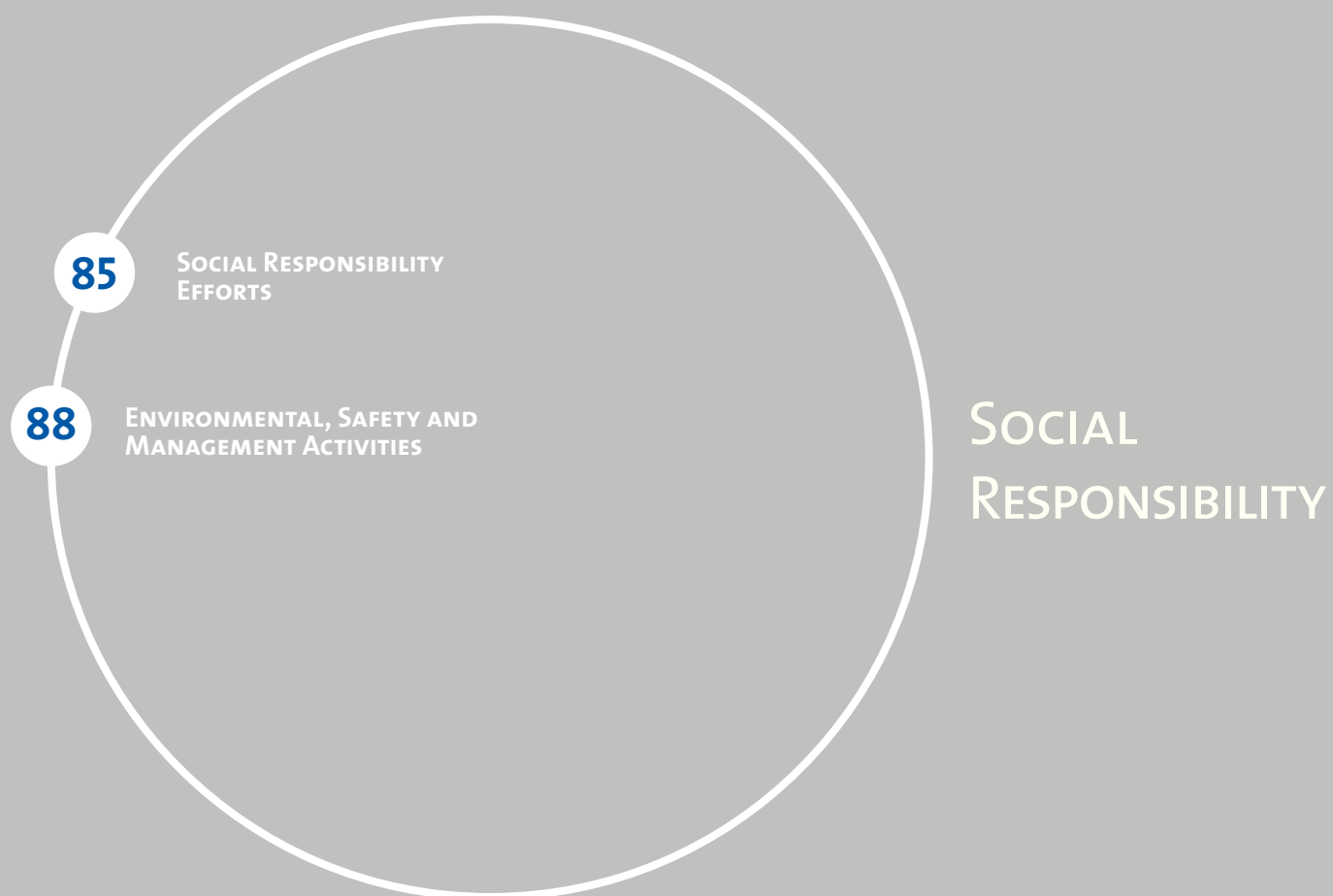
Mr. C.F. Shih, a workman of a subcontractor hired by Yih-Shin Construction Co., Ltd. (“Yih-Shin”), one of companies engaged by UMC for Fab 12A dormitory construction, was severely injured during construction. Mr. C.F. Shih’s wife filed a request to Taiwan Tainan Prosecutors’ Office to file charges against UMC and other related parties for personal injury. Taiwan Tainan Prosecutor’s Office denied this request. On March 30, 2006, Mr. C.F. Shih also filed a civil litigation case against Yih-Shin, UMC and other related parties. Mr. C.F. Shih claimed that Yih-Shin, UMC and other related parties should collectively pay NTD 20,967,400. Mr. C.F. Shih’s mother and wife each requested for compensatory damages in the amount of NTD 300,000 and Mr. C.F. Shih’s three children each requested for compensatory damages in the amount of NTD 100,000. Mr. Shih and his families also claimed that an annual interest rate of 5% to be accrued for the claimed damages. This case is waiting for Taiwan Tainan District Court’s trial.

Other Significant Risks

None.

Other Necessary Supplements

None.



Social Responsibility Efforts

Introduction

Since its establishment, UMC has specified in its long-term operation guidelines that the company will make every effort to contribute back to society in addition to focusing on its business growth. Former UMC chairman John Hsuan once noted, “We must attribute UMC’s strong growth to the efforts of its employees and the support of the community. In addition to rewarding employees’ efforts, as a public company, UMC must also fulfill its social responsibility by giving back to the society.”

UMC’s Candle Light Society, voluntarily formed by UMC employees in 1992, has acted as a bridge between UMC employees and charity groups to provide financial support and volunteer work.

In 1996, UMC established the UMC Science and Culture Foundation to systematically sponsor and participate in numerous activities in education, art and culture, sports, public interest, and environmental protection.

In 2005, UMC noticed that the expanding gap between the poor and the rich in Taiwan was creating an economic disadvantage that inhibited the educational performance of children from mid to low-income families. UMC Science and Culture Foundation then decided to provide education and care for these children. A proposal was passed during the board meeting to fund NTD 50 million annually to the Spreading Hope Program. This program provides schoolwork tutoring services for children from mid to low-income families with the hope of increasing these children’s future competitiveness through education.

The Candle Light Society provides a list of charity groups to UMC and establishes a convenient donation channel, while UMC Science and Culture Foundation provides assistance whenever needed. These two groups within UMC complement each other. UMC’s external activities in public interest areas are also promoted by Candle Light Society members within UMC so that more UMC employees can participate and give back to the underprivileged.

Five Focuses of UMC Social Responsibility Operation

The First Focus: Spreading Hope Program-Supporting Education for Children from Mid to Low-Income Families
According to Children’s Bureau, Ministry of the Interior and Taiwan Fund for Children and Families, the number of children from mid to low-income families reached 330 thousand in 2005. In addition, statistics show that low-income families are likely to have more children. Economic disadvantage

inhibits the educational performance of these children due to the inability to afford the necessary resources. Some work to support themselves, leaving less time for schoolwork.

UMC Science and Culture Foundation decided to provide education and care for these children by offering mid to long-term sponsorships and calling for support from others in the hi-tech industry. By working together, UMC hopes to provide better education for these children to increase their future competitiveness and help them rise above the poverty line.

Ideas and Practices

Based on the concept of “Give someone a fish, he’ll eat for a day, teach someone how to fish, he’ll eat for a lifetime”, UMC Science and Culture Foundation hires college students to provide schoolwork tutoring through collaboration with colleges, universities and public interest groups. Three stages are laid out for this program, from maintaining fundamental education, to inspiring children’s minds and guiding and helping them rise above poverty, so that those children can become more competitive in the future.

(First stage) This stage focuses on the assistance of fundamental education. UMC hopes to compensate for the insufficiency of their education resources, establish good learning habits and encourage positive thinking by conducting schoolwork tutoring services.

(Second stage) Through a filtering process, UMC provides scholarships to those children who are talented and willing to advance to higher education, and acts as a motivator for children’s self-progress.

(Third stage) Through evaluation, UMC provides further higher education aid such as subsidiaries for advanced education, or arrangements to study abroad for those who continue to grow with higher self-expectation.

Tutoring Partners

Since the program began on UMC’s 25th anniversary, May 21st, 2005, 65 tutoring classes have been established in Hsinchu and Tainan to provide long-term tutoring services for children from mid to low-income families. More than three thousand children have benefited from this service in the past two years.

To further integrate the strength of UMC employees and their family members to participate in helping children from mid to low-income families, UMC’s voluntary tutoring service team was established in 2005. Since its establishment,

Social Responsibility Efforts (cont.)

there have been more than a thousand people participating in UMC's voluntary tutoring service team. UMC also holds summer camps and donation-raising activities during Christmas and other holidays. Many UMC employees not only participate in activities themselves but also recruit their friends and family members to join.

Currently, the Spreading Hope program mainly focuses on elementary schools and junior high schools in Hsinchu and Tainan, but hopes to attract more passionate educators and enterprises to participate together to spread hope in additional areas.

Practical Achievements

UMC opened tutoring centers in September 2005. Today, there are 65 classes in four tutoring centers in Hsinchu and Tainan, with more than 400 children enrolled in UMC's schoolwork tutoring services. Since 2005, there have been more than a thousand children that have utilized this service. Combined with other tutoring services provided by local public interest groups (such as Taiwan Fund for Children and Families) prior to this program, more than three thousand children have benefited from these kinds of tutoring services. There are qualitative achievements as well as quantitative results. With considerable effort and resources involved, the progress and growth that the children have shown is substantial.

Through data analysis for the past two years, on average, children were behind two years than normal (such as a fourth grade student being only capable of second grade schoolwork) before tutored. However, after being tutored, 50% of the children were able to advance on average 1.2 semesters for each semester, and 1 full semester during summer vacation.

Total student numbers, attendance rate, completion rate and average advance semester are shown in the chart below:

	1 ST HALF OF 2005	2 ND HALF OF 2005	SUMMER IN 2005	1 ST HALF OF 2006	2 ND HALF OF 2006	TOTAL (AVERAGE)
Number of Children	199	256	345	445	423	1668 (counts)
Attendance Rate	97%	96%	95%	94%	95%	95%
Drop Rate	10.2%	6%	2.1%	1.8%	1.4%	4.3%
Average Advance semesters (In Mathematics)	1.3	1.2	1.2	1.2	-	1.2

Period Calculated September 2005 to June 2007.

The Second Focus: Fostering Talent for the Hi-Tech Industry

Since its establishment, UMC has grown and developed to solidify itself as part of the foundation of Taiwan's semiconductor industry with a global service network. UMC understands that quality talent drives sustainable growth, and therefore supplements its art and public interest activities with academic collaboration and other long-term development programs with several leading Taiwan universities.

Practical Achievements

To follow through on the theme of "Rooted in Taiwan, Expand to the World", UMC's R&D center in Southern Taiwan's Science Park will continue recruiting local technical talent as part of its long-term talent-fostering program. UMC believes it can improve the quality of hi-tech talent throughout Taiwan through comprehensive steps. Programs listed below are planned for fostering Taiwan's technical talent for the future:

- UMC Scholarship program: UMC scholarship program was established in 2004 to sponsor exceptional college students in the science and engineering fields. It is the sixth time the program has been executed, and 333 students have been awarded in total.
- Funds for outstanding technical talents: UMC provides funding for masters and Ph.D. degrees in related majors to foster talents in the R&D field. Each qualified student is entitled to NTD 120,000 per semester. This program has been implemented three times, with 36 students awarded in total. 21 among the 36 continue to be sponsored.
- Collaboration plans: Since 2005, UMC has continued to enhance its collaboration with local government and academic institutions, such as National Cheng Kung University, National Central University, National Sun Yat-Sen University, National Kaohsiung University of Applied Science and I-Shou University. By aggressively collaborating with leading universities, UMC hopes to encourage students to involve themselves in high-tech research and further improve Taiwan's semiconductor technologies.
- Technical talent workshop and practical lectures for semiconductor processes: UMC has managed the technical talent workshop since 2006 at National Cheng Kung University, National Kaohsiung University of Applied Science, National Central University, Chung Yuan Christian University, I-Shou University and National Sun Yat-Sen University, attracting thousands of participants. UMC also held practical lectures at National Cheng

Social Responsibility Efforts (cont.)

Kung University, National Kaohsiung University of Applied Science, National Central University and Chung Yuan Christian University to help students better understand techniques for semiconductor processes.

In addition, UMC sponsors university technology forums and international academic meetings by donating equipment, sharing fab information, and holding large-scale seminars. UMC also holds national technical activities such as its “SoC design competition”, “Campus creativity competition” and “New era technical talent meetings”. These activities promote the gathering of college talents to brainstorm and discuss different technical issues.

The Third Focus: Encouragement of Healthy Pastimes

To encourage the younger generation to engage in healthy pastimes and athletic activities, in addition to sponsoring various sports competitions, UMC Science and Culture Foundation has held its UMC Cup Basketball Open Tournament beginning in 1999. The event has since grown to become a major annual competition for colleges and universities. Beginning in 2007, UMC Science and Culture Foundation collaborated with Hsinchu City government to hold a field trip to 18 Peaks Mountain, attracting more than 10,000 participants. This activity was based on UMC’s interest in public welfare, environmental protection and community care to demonstrate UMC’s determination in caring for the environment and fulfilling its role as a social citizen.

The Fourth Focus: Public Interest and Volunteer Work

Education and aid to minority groups are important considerations at UMC. In addition to long-term sponsorships, UMC announced at its 25th anniversary on May 21st 2005 that the day would serve as UMC’s public interest day each year. UMC hopes to help society in multiple ways by encouraging its employees to participate in voluntary community work.

UMC’s activities in public interest areas promoted over the years include “Building the future together for our children” (collaborating with World Vision Taiwan), sponsoring school tutoring services for children from mid to low-income families (conducted by Boyo Social Welfare Foundation) and fundraising to help Bluesky and Good Shepherd Social Welfare Services build shelters for dropouts.

The Fifth Focus: Community Development

UMC recognizes and appreciates fine art through the sponsorship of large-scale performances such as the English Chamber Orchestra, Pianist Ruei Bin Chen’s Concerts and others, and also focuses on the promotion of community art activities. Major activities in recent years:

- | | |
|------------|---|
| Since 2005 | The sponsorship of Hsinchu Spring Music Festival. |
| 2005 | The exclusive sponsorship of Suzhou Kunju Troupe’s “Chang Sheng Dian” in Hsinchu. |
| 1999 | The sponsorship of English Chamber Orchestra in Taiwan. |
| | The sponsorship of Pianist Ruei Bin Chen’s Recital. Mr. Chen has been awarded several international music awards. |
| 1999 | UMC launches plans for UMC Recreation Center, which opened in 2003. It was constructed and maintained by UMC and accessible to general Hsinchu residents. |

In addition, UMC continually sponsors campus art and culture activities and lectures at National Tsing Hua University, National Chiao Tung University and National Cheng Kung University. UMC hopes to improve the development in art and culture for the community through various kinds of support activities.

Environmental, Safety and Management Activities

Many companies have stressed sustainable growth or social responsibilities in recent years. UMC sees corporate social responsibility (CSR) as an integral factor of its corporate culture, and expects its employees to put the belief into practice. Therefore, UMC is now promoting a corporate culture based on the core values of customer-orientation, integrity, innovation, accountability and efficiency. UMC hopes employees at all levels will embrace this new corporate culture, which is being promoted at the executive level, and adopt it in their working attitude. This corporate culture embodies UMC's goal of pursuing sustainable growth and involving itself in social development.

In February 2008, UMC's corporate social responsibility (CSR) report received a Level A grade from Global Reporting Initiative (GRI), signifying that UMC's CSR report is aligned with G3 Sustainability Reporting Guidelines. UMC is the first company in Taiwan to achieve this standard. In addition, UMC received the 2008 "Corporate Social Responsibility Award" from Commonwealth magazine. UMC has put forth significant efforts in every aspect of CSR over the years, with successful results that have recently gained worldwide recognition. These accomplishments illustrate UMC's emphasis on communication with stakeholders and information transparency, which enables UMC to maintain its position as a world-leading corporation.

For environmental protection, safety and health management, UMC aims to be a sustainable development enterprise with zero-pollution and a zero-incident rate. In addition to complying with and exceeding environmental protection and industrial safety laws, UMC also adopts advanced techniques in environmental protection, safety and health, risk management and rescue procedures to improve the overall environment and safety. Furthermore, UMC continues to encourage all employees to participate actively in environmental, safety and health training, and promotional activities.

Environmental protection

- Greenhouse Gas Reduction and Management

UMC's countermeasures are already in place. UMC established its "PFCs Emission Reduction Team" in 1999 to implement the greenhouse gas reduction plan. PFCs are Perfluorinated Compounds that are used in semiconductor processes. Currently, UMC has targeted PFC emissions reduction by "10% in 2010 compared to 1998 (the emission of 1998 is the MMTCE average of 1997 and 1999) levels". Major elements of the PFC emissions reduction plan include:

- Measure the utilization rate of machines that use PFCs and the reduction rate of the treatment equipment to master the efficiency of machines and hence conduct improvement measures toward inefficient machines.
- Conduct individual usage evaluation for each machine that uses PFCs to better understand greenhouse gas emissions for each machine.
- Continue researching and testing substitute gases, and lowering the use of gases with a high potential of contributing to the greenhouse effect by reducing the source emission.
- Meanwhile, in order to lower the PFC emissions year by year, UMC plans to install high efficiency PFC emissions abatement systems after fully evaluating all new models.

UMC finally completed the gas replacement from C_3F_8 to C_2F_6 in all fabs in 2007. This can effectively reduce the emission of greenhouse gases and lower the impact on global warming. Furthermore, UMC completed the inventory and verification for greenhouse gas emissions with TSIA (Taiwan Semiconductor Industrial Association), conducted by a third party based on ISO 14064 standards. UMC has passed PFC emissions requirements for all its Taiwan fabs. UMC will continue to require annual third party greenhouse gas emission inventory to ensure that UMC completely adheres to the current status of greenhouse gas usage.

- Energy Saving and Management

Energy utilization consumes the earth's resources and results in the greenhouse effect. To lower the impact of the greenhouse effect on the environment, UMC sets annual goals and plans to lower the emissions of greenhouse gases. In addition to continual assessment and introduction of various energy saving technologies, UMC also implements energy saving plans to directly slow the company's energy consumption. Furthermore, UMC promotes energy saving programs in the office and public areas accompanied by promotional activities and training to enhance employees' ideas and habits in energy saving and greenhouse gas reduction.

- Water Conservation and Management

UMC monitors its water utilization status due to occasional water shortages in Taiwan. Furthermore, UMC expects to lower the demand pressure for water by further expanding water recycling and reuse programs. This is to make the best use of limited water resources. Currently, the water recycling rate is higher than 85% in all new fabs, which conforms to or surpasses the standard drawn up by HSPA, and also outperforms other international fabs. UMC also adopts water saving measures such as using water saving taps, recycling rainwater for gardening, water saving in air conditioning systems and kitchen...etc.

- Waste Management and Resource Recycling

UMC's waste management is based on an economic and effective waste management system to achieve the goal of handling waste safely, hygienically, hazard-free and resourcefully. Strategies include waste reduction, resource recycling and waste treatment. UMC promotes waste and resource recycling based on the concept of green production. UMC hopes to achieve the goal of waste reduction through source management measures such as process improvement and materials reduction. Moreover, UMC aggressively promotes waste recycling and reuse to replace current end pipe treatment measures to transform garbage into useful resources. This lowers the resources and costs to handle the waste and helps to ease environmental strain. Finally, UMC regularly checks waste treatment vendors, strictly controls the flow of the waste and implements optimized measures to handle the waste.

- Pollutant Emission and Control

End pipe treatment has been seen as the last measure in recent years. In pollution control, UMC develops technologies to meet new laws or standards in environmental protection, while continuing to introduce highly efficient technologies and equipment for self-management by taking the overall environment into consideration. All pollution control equipment is operated and maintained by professional teams. The operation of all equipment is included in the central monitoring system and is monitored 24 hours a day to ensure emission quality.

- Other Environmental Management Projects

UMC has continued to put efforts into environmental protection work over the years. Environmental management tools have been introduced within UMC, such as an environmental management system, product life cycle assessment, an environmental accounting system and others. UMC expects to continually and spontaneously make improvements by adopting environmental management measures to achieve the practical goal of improving and lowering the impacts on the environment.

Furthermore, UMC has been aware of the green production trend from the international community and its customers and has promoted green supply chain management since 2003. In the same year, UMC became a Sony Green Partner, and passed qualification again in 2005. These actions demonstrate that UMC's progress in hazardous substance management has gained recognition from our customers. In 2006, UMC began to follow the RoHS supplier guidance project initiated by Industrial Development Bureau, Ministry of Economic affairs to ensure the completion of the whole green supply chain. UMC completed the final system audit for QC 080000 IECQ HSPM (Hazardous Substance Process Management) qualification in 2006 to become the first semiconductor manufacturer worldwide to achieve HSPM certification for all fabs at the same time. The completion of QC 080000 IECQ HSPM qualification audit demonstrates UMC's capabilities in managing hazardous substances and meeting RoHS Directives.

Safety and Hygiene

- Safe and Healthy Management

UMC establishes a simple yet effective environmental safety and health management system by continually improving the environmental safety and health risk management cycle, which includes: safety design for facilities, education and training for employees, systematic safety management measures and internal and external inspection. Based on the requirement of ISO14001 & OHSAS18001, UMC analyzed and classified different risk levels based on the frequency and severity degrees resulting from all operations. For those high-risk operations, UMC will establish rules as countermeasures. In addition, to keeping the information updated, UMC conducts a follow up evaluation every three years after any environmental safety and health exam is held prior to any process alteration or new task implementation. All data is recorded and tracked by the computer system.

- Safety is My Responsibility

UMC concluded that 90% of accidents resulted from human error. In order to achieve the goal of “zero-accident”, the company will promote the mentality of “Safety is my responsibility”. UMC declared the concepts of “Be aware of your own safety as well as the safety of others” and “Safety is everyone’s responsibility, and my personal accountability” as its foundations. Furthermore, UMC implements the FMEA method to foster employees’ capabilities in risk analysis. Therefore, the company has established a complete channel for communication and proposing new ideas to ensure that employees’ opinions are fully expressed and are followed with professional response and assistance. By doing so, UMC hopes to establish a working attitude of “Safety and health first” and carry out safety and hygiene management to further improve the quality of the working environment, and finally, to become a model for global safety and hygiene management.

- Health Encouragement and Management

UMC believes that employees are the most important asset for a corporation. Corporations require physically and mentally healthy employees to achieve efficient, high-quality performance. As such, UMC strives to create a working environment that facilitates employees’ physical, mental and spiritual health. UMC also assists the well being of employees’ family members. The working environment UMC creates results in increased morale and quality of life improvement for company employees.

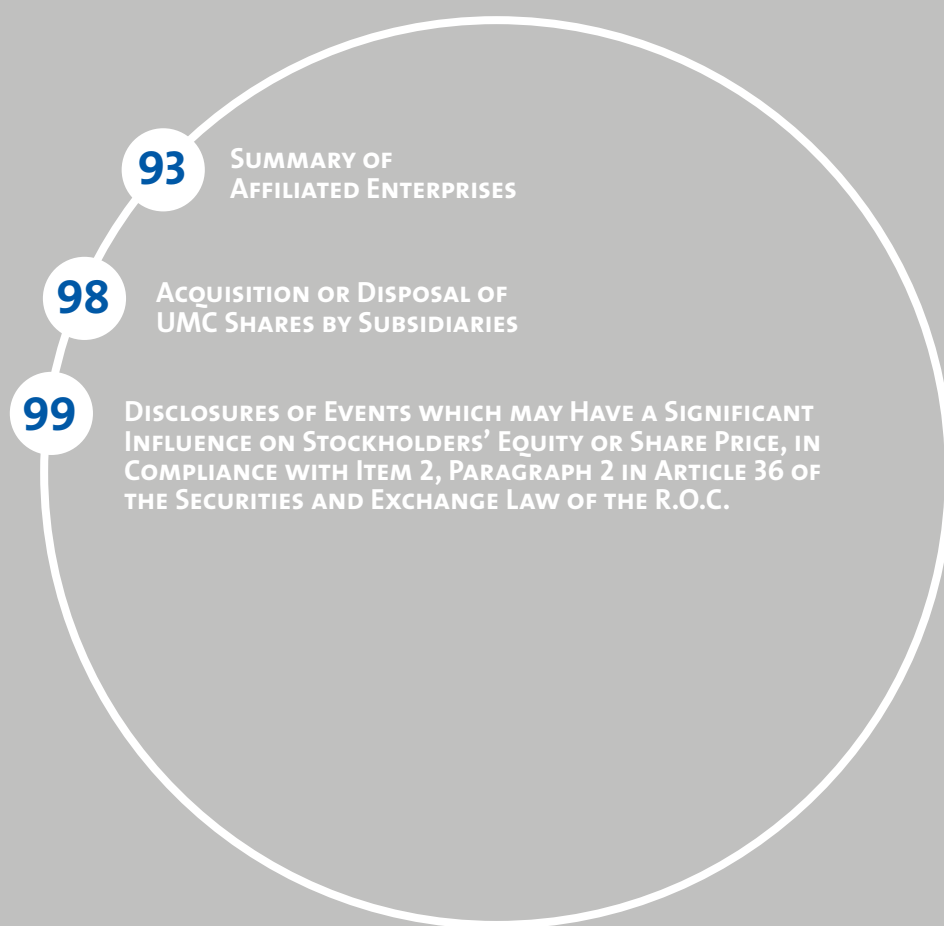
- Contractor Management

In addition to qualified contractor evaluations, UMC has an “Environmental, safety and hygiene notice for contractors” document that is distributed to all contractors to inform them of relative company regulations regarding safety and health management. Moreover, UMC requires all contract workers to take “UMC’s contractor ESH training program”. Furthermore, UMC established a comprehensive e-system when issuing work permits to effectively control and monitor construction applications as well as during pre, during and post-construction management. UMC also requires construction safety meetings to be held between UMC supervisory employees and contractors before construction begins. During construction, in addition to responsible supervision, UMC’s GRM&ESH Division will conduct random inspections to ensure all construction follows safety regulations.

Honors and Awards

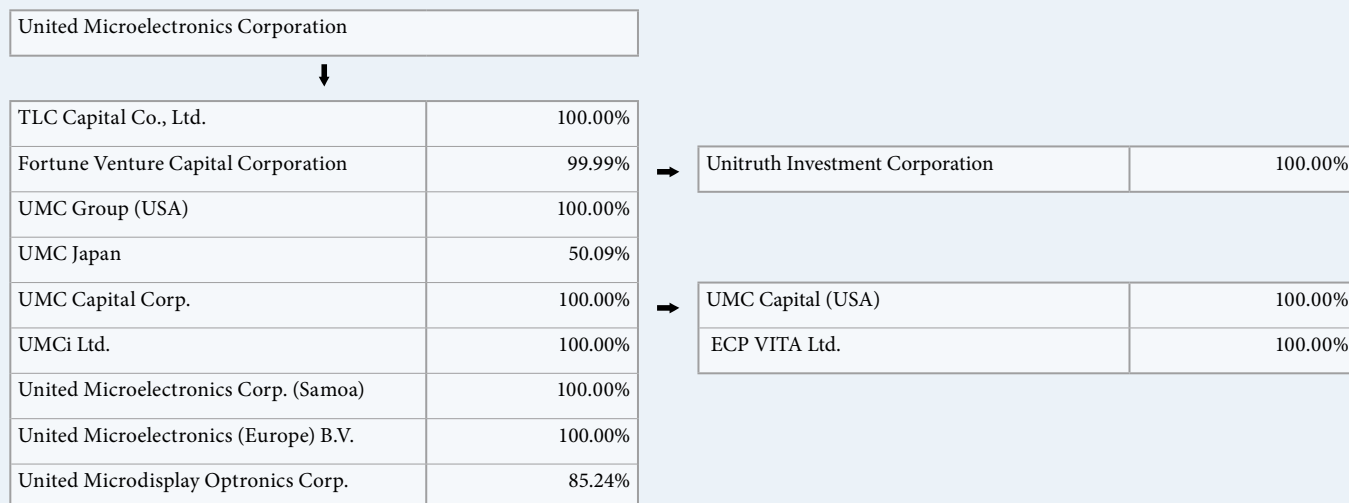
UMC does its utmost to excel in environmental protection and safety and health. UMC’s achievements in risk management, environmental protection and safety and health management meet international standards and are highly praised by the government and the industry. Following are awards received in 2007:

- “Clean & Green Watch 2007” Report ranks UMC as the runner-up company in Taiwan
- Enterprises Environmental Award of the Republic of China
- National Industry Safety & Health Award
- Excellent Performance in Waste Management and Resource Reduction, Recycle and Reuse
- Excellent Performance in Energy Saving and Greenhouse Gases Emission Reduction
- Excellent Industrial Safety and Health Executive Organization of Hsinchu Science Park
- Excellent Industrial Safety and Health Executive Organization
- Top Honors in Hsinchu Science Park’s ‘Protection of the Environment’ Competition
- Innovation for Workplace Safety and Health Award



Summary of Affiliated Enterprises

Organization Chart



Basic Data of Affiliated Enterprises

In thousand NTD

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS / PRODUCTION ITEMS
Fortune Venture Capital Corporation	1993.9.21	2F, 76, Sec. 2, Tunhwa S. Rd., Taipei, Taiwan 10683, R.O.C.	5,000,000,000	Consulting and planning for investment in new business
Unitruth Investment Co.	2004.7.22	2F, 76, Sec. 2, Tunhwa S. Rd., Taipei, Taiwan 10683, R.O.C.	800,000,000	Investment holding
TLC Capital Co., Ltd.	2005.10.14	2F, 76, Sec. 2, Tunhwa S. Rd., Taipei, Taiwan 10683, R.O.C.	6,288,000,000	Consulting for investment in new business
UMC Group (USA)	1997.8.11	488 De Guigne Drive, Sunnyvale, CA 94085, U.S.A.	539,922,563 (USD 16,437,500)	IC sales
UMC Japan	1984.5.15	1580, Yamamoto, Tateyama-City, Chiba 294-0014, Japan	7,577,540,365 (JPY 27,140,187,552)	Sales and manufacturing of integrated circuits
UMC Capital Corp.	2001.1.16	P.O. Box 1034GT, Grand Cayman, Cayman Islands	4,073,028,000 (USD 124,000,000)	Investment holding
UMC Capital (USA)	2001.2.13	488 De Guigne Drive, Sunnyvale, CA 94085, U.S.A.	6,569,400 (USD 200,000)	Investment holding
UMCi Ltd.	2001.1.18	3 Pasir Ris Drive 12, Singapore 519528	28,905,467,278 (USD 880,006,266)	Sales and manufacturing of integrated circuits
United Microelectronics Corp. (Samoa)	2000.10.12	Offshore Chambers, P.O. Box 217, Apia, Samoa	9,197,160 (USD 280,000)	Investment holding
United Microelectronics (Europe) B.V.	1989.5.23	World Trade Center, H-Tower, Schipholboulevard 243 1118 BH Schiphol, The Netherlands	127,292,275 (USD 3,875,309)	IC sales
United Microdisplay Optronics Corporation	2002.9.11	2F, 3, Li-Hsin 2 nd Rd., Hsinchu Science Park, Taiwan 30078, R.O.C.	986,584,420	Sales and manufacturing of LCOS
ECP VITA Ltd.	2005.7.27	Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands	32,847,000 (USD 1,000,000)	Insurance

Notes (1) USD:NTD = 1:32.847; JPY:NTD = 1:0.2792. (2) The data is dated December 31, 2007.

Summary of Affiliated Enterprises (cont.)

Data for Common Shareholders of Treated-as Controlled Companies and Affiliates

None.

Business of United Microelectronics Corporation (UMC) and its Affiliated Enterprises

The business of UMC and its affiliated enterprises includes semiconductor wafer manufacturing, electronics, optronics, investment activities, insurance and trade.

Summary of Affiliated Enterprises (cont.)

Directors, Supervisors and Presidents of Affiliated Enterprises

NAME OF CORPORATION	TITLE	NAME OR REPRESENTATIVE	SHAREHOLDING	
			SHARES	%
Fortune Venture Capital Corporation	Chairman	United Microelectronics Corporation	499,994,000	99.99
		Representative: Duen-Chian Cheng	-	-
	Director	United Microelectronics Corporation	499,994,000	99.99
		Representative: John Hsuan	-	-
	Director	United Microelectronics Corporation	499,994,000	99.99
		Representative: Chitung Liu	-	-
	Director	United Microelectronics Corporation	499,994,000	99.99
		Representative: Robert Tsao	-	-
	Director	United Microelectronics Corporation	499,994,000	99.99
		Representative: Isabel Liu	-	-
Unitruth Investment Co.	Chairman	United Microelectronics Corporation	499,994,000	99.99
		Representative: Bellona Chen	-	-
	Director	Fortune Venture Capital Corporation	80,000,000	100.00
		Representative: Duen-Chian Cheng	-	-
	Director	Fortune Venture Capital Corporation	80,000,000	100.00
		Representative: Jean Tien	-	-
	Director	Fortune Venture Capital Corporation	80,000,000	100.00
		Representative: Bellona Chen	-	-
	Supervisor	Fortune Venture Capital Corporation	80,000,000	100.00
		Representative: Isabel Liu	-	-
TLC Capital Co., Ltd.	Chairman	United Microelectronics Corporation	628,800,000	100.00
		Representative: Duen-Chian Cheng	-	-
	Director	United Microelectronics Corporation	628,800,000	100.00
		Representative: Jean Tien	-	-
	Director	United Microelectronics Corporation	628,800,000	100.00
		Representative: Bellona Chen	-	-
	Supervisor	United Microelectronics Corporation	628,800,000	100.00
		Representative: Chitung Liu	-	-

Summary of Affiliated Enterprises (cont.)

NAME OF CORPORATION	TITLE	NAME OR REPRESENTATIVE	SHAREHOLDING	
			SHARES	%
UMC Group (USA)	Director	Peter J. Courture	-	-
	Director	Tony Yu	-	-
UMC Japan	Chairman	John Hsuan	-	-
	Director and President	Kevin Lee	-	-
	Director	T.Y. Hwang	-	-
	Director	Toshiji Sugawara	920	0.09
	Director	Toshiaki Kaneta	5	0.00
	Supervisor	Chitung Liu	-	-
	Supervisor	Yoshihiro Matsumoto	210	0.02
	Supervisor	Eiichi Arakawa	172	0.02
	Supervisor	Grace Li	-	-
UMC Capital Corp.	Director	United Microelectronics Corporation	124,000,000	100.00
		Representative: Stan Hung	-	-
UMC Capital (USA)	Director and President	Peter J. Courture	-	-
	Director	Stan Hung	-	-
UMCi Ltd.	Director	Robert H.C. Tsao	-	-
	Director	Jackson Hu	-	-
	Director	Po-Wen Yen	-	-
	Director	Peter J. Courture	-	-
United Microelectronics Corp. (Samoa)	Director	United Microelectronics Corporation	280,000	100.00
		Representative: Stan Hung	-	-
United Microelectronics (Europe) B.V.	Director	Jackson Hu	-	-
	Director	Stan Hung	-	-
United Microdisplay Optronics Corporation	Chairman	United Microelectronics Corporation	84,093,025	85.24
		Representative: John Hsuan	-	-
	Director	United Microelectronics Corporation	84,093,025	85.24
		Representative: Duen-Chian Cheng	-	-
	Director	United Microelectronics Corporation	84,093,025	85.24
		Representative: Tony Sin	-	-
	Supervisor	United Microelectronics Corporation	84,093,025	85.24
		Representative: Jin-Shuang Chen	-	-

Summary of Affiliated Enterprises (cont.)

Directors, Supervisors and Presidents of Affiliated Enterprises

NAME OF CORPORATION	TITLE	NAME OR REPRESENTATIVE	SHAREHOLDING	
			SHARES	%
ECP VITA Ltd.	Director	Jeff Tseng	-	-
	Director	Stan Hung	-	-
	Director	Chitung Liu	-	-

Note The data is dated December 31, 2007.

Summarized Operation Results of Affiliated Enterprises

In thousand NTD

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (Loss)	NET INCOME (Loss)	EARNINGS (Loss) PER SHARE (NTD)
TLC Capital Co., Ltd.	6,288,000	8,138,296	95,679	8,042,617	4,264,624	709,353	656,926	1.05
Fortune Venture Capital Corp.	5,000,000	10,484,802	60,571	10,424,231	1,913,006	1,083,930	997,143	1.99
UMC Group (USA)	540	7,057,623	5,841,339	1,216,284	53,177,099	193,189	159,010	9.67
UMC Japan	7,577,540	14,480,421	1,803,184	12,677,237	7,783,989	(494,983)	(117,804)	(119.05)
UMC Capital Corp.	4,073,028	4,157,838	4,070	4,153,768	213,622	31,759	31,759	0.26
UMCi Ltd.	28,906	19,427,626	-	19,427,626	-	(1,060)	(1,054)	(0.00)
United Microelectronics Corp. (Samoa)	9,197	1,663	-	1,663	32	(6,902)	(6,902)	(24.65)
United Microelectronics (Europe) B.V.	127,292	2,159,317	1,856,063	303,254	9,311,883	19,545	21,664	2,407.10
United Microdisplay Optronics Corp.	986,584	256,343	79,549	176,794	21,349	(175,039)	(220,008)	(2.39)
Unitruth Investment Corp.	800,000	1,060,455	38,560	1,021,895	553,778	361,585	317,826	3.97
UMC Capital (USA)	6,569	12,905	1,122	11,783	37,777	1,799	1,073	5.37
ECP VITA Ltd.	32,847	94,631	25,246	69,385	17,962	15,894	18,487	18.49
UMO(HK) Limited	3,257	3,257	-	3,257	-	-	-	-

Note USD:NTD = 1:32.847; JPY:NTD = 1:0.2792; HKD:NTD = 1:4.157

Issuance of Private Placement Securities

None.

Acquisition or Disposal of UMC Shares by Subsidiaries

In thousand NTD, Shares

SUBSIDIARY	PAID-IN CAPITAL	SOURCE OF CAPITAL	HOLDING % BY THE COMPANY	ACQUISITION OR DISPOSAL DATE	SHARES ACQUIRED AND AMOUNT	DISPOSAL SHARES AND AMOUNT	PROFIT/ LOSS	AS OF ANNUAL REPORT PRINTING DATE	
								SHARES	AMOUNT
Fortune Venture Capital Corporation	5,000,000	New shares for cash	99.99	2007	None	6,683,490 shares 66,743 (Note 1)	None	15,386,352	105,114
				2008	None	None	None	15,386,352	105,114

Notes (1) 6,683,490 shares were cancelled due to capital reduction in 2007. (2) Data represented for 2008 was gathered up until March 17, 2008. (3) None of the above companies pledged UMC shares as collateral. (4) The Company did not provide endorsements or guarantees to these subsidiaries. (5) The Company did not provide loans to these subsidiaries.

Other Necessary Supplements

None.

Disclosures of Events which may Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 2, Paragraph 2 in Article 36 of the Securities and Exchange Law of the R.O.C.

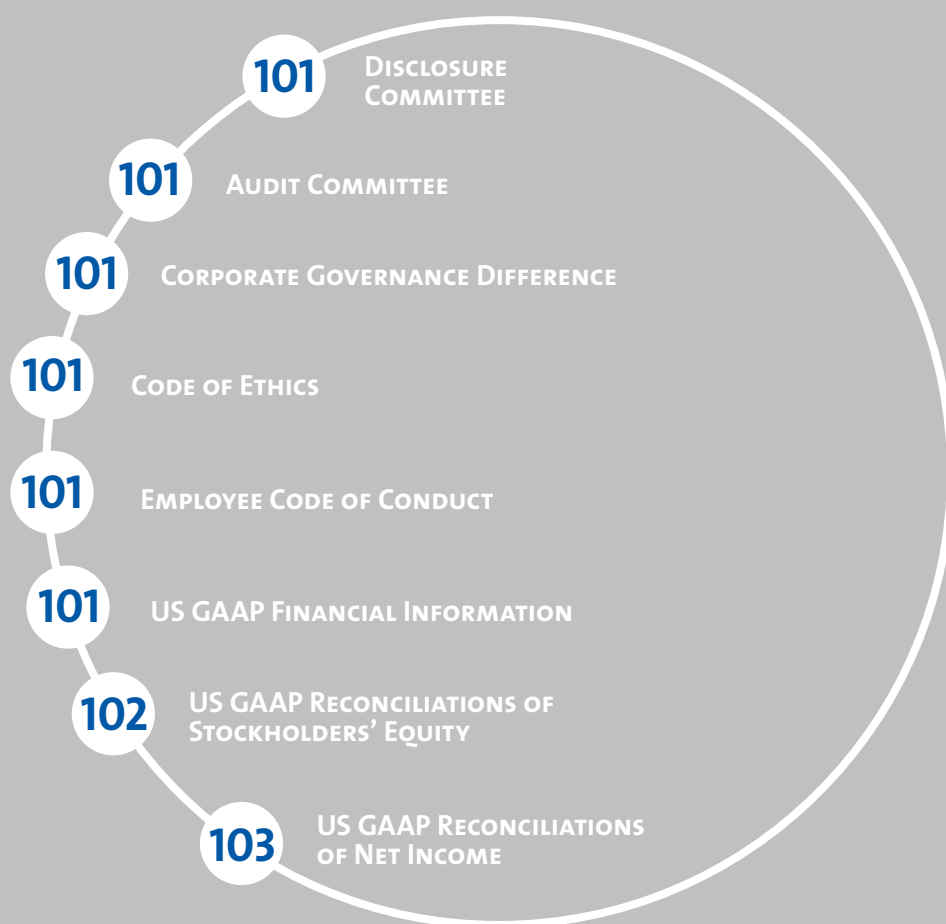
On February 15, 2005, the Hsinchu District Court Prosecutor's Office conducted a search of the Company's facilities. On February 18, 2005, the Company's former Chairman Mr. Robert H.C. Tsao, released a public statement, explaining that its assistance to Hejian Technology Corp. (Hejian) did not involve 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 USD 1.1. Therefore, the total market value of the said shares is

worth more than USD 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.

On February 15, 2006, the Company was fined in the amount of NTD 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 has had an appeal against the Company on August 10, 2007.

As resolved during the shareholders' meeting on June 11, 2007, the Company carried out a capital reduction of NTD 57,394 million, which represented 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 NTD 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. The replacement of new shares and cash return were completed on October 9, 2007.



DISCLOSURE ACCORDING TO US SECURITY AUTHORITIES REGULATION

Disclosure Committee

The primary purpose of the Disclosure Committee is to assist the Company in establishing and maintaining “disclosure controls and procedures” designed to ensure the quality of filing reports on a timely basis.

Audit Committee

To meet the requirement of Section 404 of the Sarbanes-Oxley Act, UMC’s Audit Committee was established in March 2005, with the purpose of assisting the Board of Directors in fulfilling its responsibility relating to the Company’s accounting and reporting practices and quality and integrity of financial reporting. The Committee shall have the responsibilities regarding the oversight of independent auditors and reviewing internal audits, the annual external audit, and the financial statements.

According to the Audit Committee Charter, the Committee is authorized to conduct or authorize investigations or special audits into any matters within the scope of the Committee’s responsibilities. The Committee shall communicate directly with the management, independent auditors and internal auditors respectively, and receive anonymous submissions by employees of the Company regarding concerns related to questionable accounting or auditing matters.

As of March 2008, there were three members in the Committee, all of which were independent directors of UMC. The Committee shall meet and determine the future meeting frequency and intervals needed to carry out its duties and responsibilities.

Disclosure of the Differences between UMC’s Corporate Governance Practices and Those Required of Domestic Companies under NYSE Listing Standards

http://www.umc.com/english/investors/Corp_gov_difference.asp

Disclosure of the UMC Code of Ethics for Directors, Supervisors and Managers

http://www.umc.com/english/pdf/Code_of_Ethics.pdf

Disclosure of the UMC Employee Code of Conduct

http://www.umc.com/english/pdf/Code_of_Conduct.pdf

US GAAP Financial Information

The Company’s completed 2007 US GAAP reconciled financial statements and footnotes will be available in the Form 20-F, which will be filed to US Securities and Exchange Commission (“SEC”) on or before June 30, 2008, and be accessible on both SEC and UMC websites.

US GAAP RECONCILIATIONS OF STOCKHOLDERS' EQUITY

As of December 31,

In thousands

	2007		2006
	NTD	USD	NTD
Total stockholders' equity (as reported under ROC GAAP)	236,466,889	7,291,609	291,164,871
US GAAP Adjustments:			
Compensation	(512,990)	(15,818)	(684,774)
Equity investees	(498,358)	(15,367)	21,528
Investments in debt and equity securities			
(1)Change in fair value of investments in securities	(139,909)	(4,314)	-
(2)Adjustments due to change in ownership of investees	375,885	11,591	353,330
Goodwill	14,187,604	437,484	37,948,205
Treasury stock and related disposal	(3,104,443)	(95,728)	(4,476,369)
Pension	527,312	16,260	(164,776)
Total stockholders' equity (as reported under US GAAP)	247,301,990	7,625,717	324,162,015

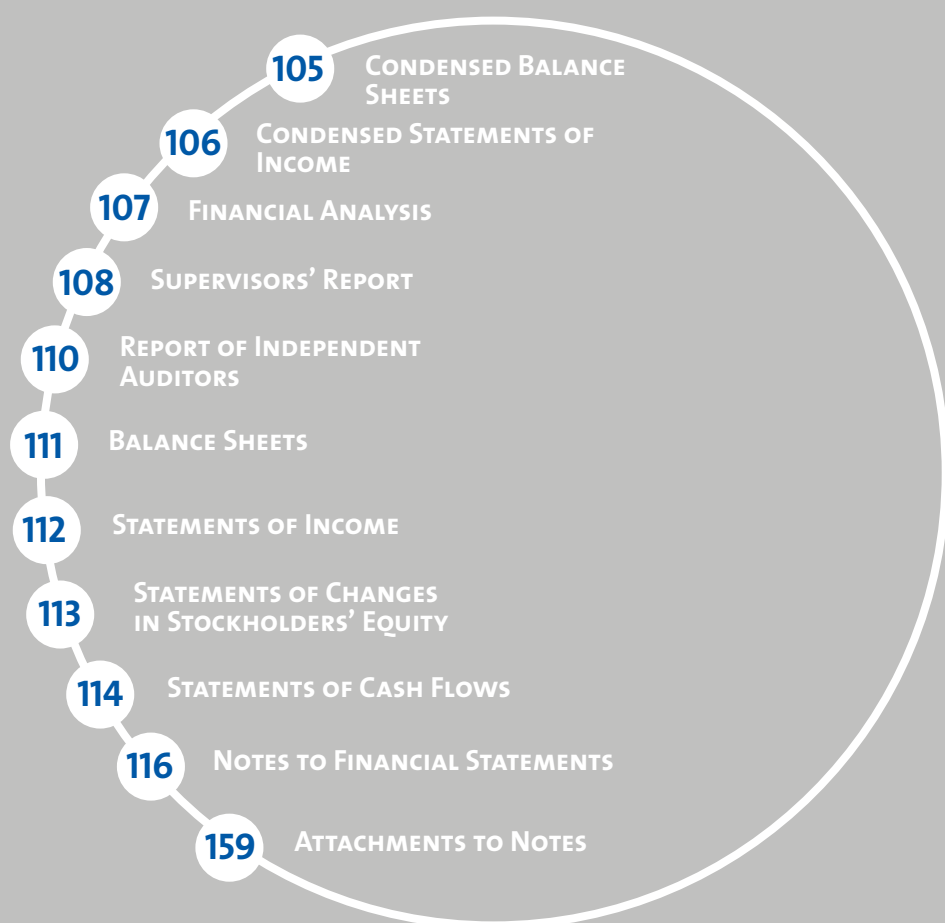
Notes (1) The USD amounts are presented solely for the convenience of the readers and were translated at the noon buying rate of NTD 32.43 to USD 1.0 in effect on December 31, 2007 at the Federal Reserve, the central bank of the United States. (2) Certain comparative amounts have been reclassified to conform to the current year's presentation.

US GAAP RECONCILIATIONS OF NET INCOME

For the years ended December 31,

In thousands

	2007		2006
	NTD	USD	NTD
Net income (as reported under ROC GAAP)	16,961,762	523,027	32,619,313
US GAAP Adjustments:			
Compensation	(2,647,918)	(81,650)	(2,106,043)
Equity investees	(4,069)	(126)	(56,785)
Investments in debt and equity securities			
(1)Change in fair value of investments in securities	207,286	6,391	(352,311)
(2)Impairment of investments in securities	162,481	5,010	779,368
(3)Difference in application of equity accounting	-	-	628,724
(4)Adjustments due to change in ownership of investees	(51,089)	(1,575)	(18,808)
Exchangeable bond liabilities	-	-	199,389
Derivative instruments	-	-	1,126,322
Goodwill impairment loss	(23,760,601)	(732,673)	-
Treasury stock and related disposal	(132,154)	(4,075)	(10,842,272)
Income tax effect	-	-	(180,167)
Net Income (loss) (as reported under US GAAP)	(9,264,302)	(285,671)	21,796,730



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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

In thousand NTD

	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)

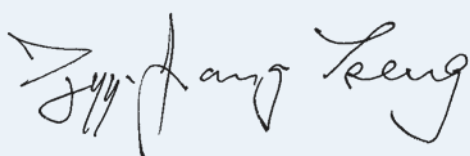
Leverage

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

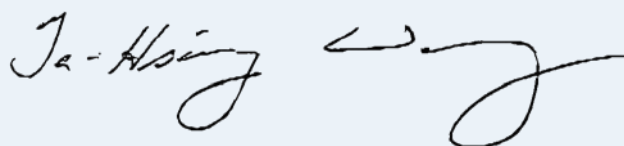
Supervisors' Report

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.

Telephone: 886-3-578-2258

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

REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To United Microelectronics Corporation

We have audited the accompanying balance sheets of United Microelectronics Corporation (“the Company”) as of December 31, 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.

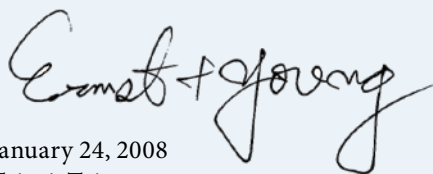
We conducted our audits in accordance with auditing standards generally accepted in the Republic of China and “Guidelines for Certified Public Accountants’ Examination and Reports on Financial Statements”, which require that we plan and perform the audit to obtain reasonable assurance about whether the 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)

Assets	As of December 31,		Notes	Liabilities and Stockholders' Equity		As of December 31,	
	2007	2006		Current liabilities	Notes	2007	2006
Current assets							
Cash and cash equivalents	\$ 37,452,629	\$ 83,394,802	2, 4(1)	Financial liabilities at fair value through profit or loss, current	2, 3, 4(12)	\$ 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	2	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	2, 4(13)	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					
Deferred income tax assets, current	179,432	1,913,513		Long-term liabilities			
Total current assets	68,252,759	118,430,216	2, 4(20)	Bonds payable	2, 4(13)	7,495,304	30,383,076
				Total long-term liabilities		7,495,304	30,383,076
Funds and investments							
Available-for-sale financial assets, noncurrent	39,888,970	41,218,780	2, 3, 4(6), 4(11)	Other liabilities			
Financial assets measured at cost, noncurrent	2,294,595	2,285,326	2, 3, 4(7), 4(11)	Accrued pension liabilities	2, 4(14)	3,169,801	3,086,774
Long-term investments accounted for under the equity method	38,597,081	39,242,324	2, 3, 4(8), 4(11)	Deposits-in		15,120	14,448
Prepayment for long-term investments	648,360	-		Deferred credits - intercompany profits	2	-	3,579
Total funds and investments	81,429,006	82,746,430		Other liabilities - others	2	462,646	515,499
				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		Capital			
Machinery and equipment	427,404,545	394,330,240		Common stock	2, 4(15), 4(16), 4(18)	132,144,949	191,311,927
Transportation equipment	74,223	79,117		Capital collected in advance		-	11,405
Furniture and fixtures	2,888,722	2,369,060		Additional paid-in capital	2, 4(15)	59,435,560	61,070,555
Total cost	448,852,320	414,185,773		Premiums		274	8,938
Less : Accumulated depreciation	(328,960,411)	(293,766,593)		Treasury stock transactions		6,690,972	6,627,794
Add : Construction in progress and prepayments	9,922,743	22,228,255		Change in equities of long-term investments			
Property, plant and equipment, net	129,814,652	142,647,435		Retained earnings			
				Legal reserve	4(15), 4(18)	18,476,942	16,699,508
Intangible assets			2, 3	Special reserve		824,922	322,150
Goodwill	3,745,122	3,745,122		Unappropriated earnings		12,349,227	17,774,335
Total intangible assets	3,745,122	3,745,122		Adjusting items in stockholders' equity	2, 4(6)		
				Cumulative translation adjustment		(866,562)	(824,922)
Other assets			2	Unrealized gain or loss on financial instruments		22,413,852	27,557,845
Deferred charges	1,379,744	1,465,645	2, 4(20)	Treasury stock	2, 4(8), 4(15), 4(17)	(15,003,247)	(29,394,664)
Deferred income tax assets, noncurrent	4,237,621	4,159,214		Total stockholders' equity		236,466,889	291,164,871
Other assets - others	1,903,663	2,034,731	2, 4(10), 6				
Total other assets	7,521,028	7,659,590					
				Total liabilities and stockholders' equity		\$ 290,762,567	\$ 355,228,793
Total assets	\$ 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)

		For the year ended December 31,			
	Notes	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			106,771,051		104,098,611
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			(84,285,534)		(83,419,400)
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			22,505,866		20,693,472
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			(15,701,144)		(14,569,334)
Operating income			6,804,722		6,124,138
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			16,493,757		33,871,592
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			(3,732,130)		(2,979,691)
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			16,961,762		33,807,828
Cumulative effect of changes in accounting principles	3		-		(1,188,515)
(the net amount after deducted tax expense \$0)					
Net income		\$	16,961,762	\$	32,619,313
		Pre-tax	Post-tax	Pre-tax	Post-tax
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		\$ 1.25	\$ 1.09	\$ 1.99	\$ 1.81
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		\$ 1.22	\$ 1.06	\$ 1.92	\$ 1.75
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			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)
Stock dividends		895,158	-	-	-	-	(895,158)	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(6,324)	-	-	-	(6,324)
Employee bonus - cash		-	-	-	-	-	(305,636)	-	-	-	(305,636)
Employee bonus-stock		458,455	-	-	-	-	(458,455)	-	-	-	-
Additional paid-in capital transferred to common stock	4(15)	895,158	-	(895,158)	-	-	-	-	-	-	-
Purchase of treasury stock	2, 4(15), 4(17)	-	-	-	-	-	-	-	-	(27,286,339)	(27,286,339)
Cancellation of treasury stock	2, 4(15), 4(17)	(10,000,000)	-	(3,269,100)	-	-	(6,371,128)	-	-	19,640,228	-
Adjustment of treasury stock due to loss of control over subsidiary		-	-	(57,972)	-	-	(9,198,144)	2,630,135	-	20,137,403	13,501,422
Net income in 2006		-	-	-	-	-	32,619,313	-	-	-	32,619,313
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	(62,686)	-	-	-	-	-	-	(62,686)
Adjustment of funds and investments disposal	2	-	-	(14,091,043)	-	-	-	-	8,170	-	(14,082,873)
Cash dividends allocated to subsidiaries	2	-	-	66,910	-	-	-	-	-	-	66,910
Changes in unrealized gain on available-for-sale financial assets	2, 4(6)	-	-	-	-	-	-	1,664,839	-	-	1,664,839
Changes in unrealized loss on long-term investments of investees	2	-	-	-	-	-	-	9,301,230	-	-	9,301,230
Exercise of employee stock options	2, 4(15), 4(16)	1,079,223	11,405	634,737	-	-	-	-	-	-	1,725,665
Common stock transferred from capital collected in advance		36,600	(36,600)	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	(603,486)	-	(603,486)
Balance as of December 31, 2006	4(15)	191,311,927	11,405	67,707,287	16,699,508	322,150	17,774,335	27,557,845	(824,922)	(29,394,664)	291,164,871
Appropriation of 2006 retained earnings	4(15), 4(18)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	1,777,434	-	(1,777,434)	-	-	-	-
Special reserve		-	-	-	-	802,772	(802,772)	-	-	-	-
Cash dividends		-	-	-	-	-	(12,461,529)	-	-	-	(12,461,529)
Remuneration to directors and supervisors		-	-	-	-	-	(15,494)	-	-	-	(15,494)
Employee bonus - cash		-	-	-	-	-	(2,324,120)	-	-	-	(2,324,120)
Capital reduction	4(15)	(57,393,578)	-	(1,142,437)	-	-	(2,650,494)	-	-	7,275,517	(53,910,992)
Adjustment of treasury stock held by subsidiary due to capital reduction		-	-	14,789	-	-	-	-	-	52,039	66,828
Cancellation of treasury stock	2, 4(15), 4(17)	(1,920,670)	-	(622,323)	-	-	(2,655,027)	-	-	5,198,020	-
Treasury stock sold to employees	2, 4(17)	-	-	182	-	-	-	-	-	1,865,841	1,866,023
Net income in 2007		-	-	-	-	-	16,961,762	-	-	-	16,961,762
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	51,867	-	-	-	-	-	-	51,867
Adjustment of funds and investments disposal	2	-	-	11,310	-	-	-	-	(150)	-	11,160
Cash dividends allocated to subsidiaries	2	-	-	15,541	-	-	-	-	-	-	15,541
Changes in unrealized gain on available-for-sale financial assets	2, 4(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	-	66,126,806	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	<u>\$ 1,927,504</u>	<u>\$ 27,260</u>
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; trans-portion 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	33,453,857	76,171,155
Cash equivalents	3,998,772	7,223,647
Total	\$37,452,629	\$83,394,802

(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	\$4,800,385	\$8,538,007

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	6,278,935		7,170,014	
<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	32,318,146		32,072,310	
Total	\$38,597,081		\$39,242,324	

- 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	\$458,775,063	\$(328,960,411)	\$129,814,652

	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	\$436,414,028	\$(293,766,593)	\$142,647,435

- 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	\$84,628	\$-
Interest rates applied	0.67%~0.92%	-

- 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

- a. 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.
- b. 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:

- Payment of all taxes and dues;
- Offset prior years' operation losses;
- Set aside 10% of the remaining amount after deducting items (a) and (b) as a legal reserve;
- Set aside 0.1% of the remaining amount after deducting items (a), (b), and (c) as directors' and supervisors' remuneration; and
- 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		\$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		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	\$2,871,255

- (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, 2006The 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 NT22 million and the related valuation loss of NT40 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 financing amount for individual counter-party	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

UNITED MICROELECTRONICS CORPORATION

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

FINANCIAL REVIEW UNCONSOLIDATED

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

ATTACHMENT 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	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
				(thousand)/ bonds/ shares (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.

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

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

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

ATTACHMENT 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	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,391	4.80	Note
Stock	JMICON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,837	4.72	Note
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	4,245	4.56	Note
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,249	4.21	Note
Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,183	4.11	Note
Stock	IBT VENTURE CORP.	-	Financial assets measured at cost, noncurrent	4,569	3.81	Note
Stock	SIMPAL ELECTRONICS CO., LTD.	-	Financial assets measured at cost, noncurrent	6,009	3.62	Note
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	11,143	3.47	Note
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	3,000	3.33	Note
Stock	ANIMATION TECHNOLOGIES INC.	-	Financial assets measured at cost, noncurrent	1,480	3.16	Note
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	5,400	3.06	Note
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	1,225	3.06	Note
Stock	SHENG-HUA VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	750	2.50	Note
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	1,500	1.81	Note
Stock	TAIMIDE TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	1,500	1.70	Note
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,500	1.58	Note
Stock	PRINTTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	1.44	Note
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,389	1.40	Note
Fund	CRYSTAL INTERNET VENTURE FUND II(BVI), L.P.	-	Financial assets measured at cost, noncurrent	-	1.09	N/A

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 (%)	
Stock	CHINATRUST FINANCIAL HOLDING CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,600	\$36,880	0.02
Stock	CATHAY FINANCIAL HOLDING CO., LTD.	-	Available-for-sale financial assets, noncurrent	750	50,700	0.01
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	10,000	100,000	11.11
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	11,502	479,250	6.51
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	10,000	100,000	5.67
Stock	INPAQ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,500	121,625	2.64
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	74	7,980	0.07

UNITRUTH INVESTMENT CORP.

December 31, 2007								
Type of securities	Name of securities	Relationship	Financial statement account	Units		Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
				(thousand)/ bonds/ shares (thousand)	Book value			
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)

TLC CAPITAL CO., LTD.

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)
					Book 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)	Percentage of ownership		Market value/ Net assets value	Shares as collateral (thousand)
					Book value	(%)		
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	Percentage of ownership (%)	Book value	Market value/	Shares as
				(thousand)/ bonds/ shares (thousand)			Net assets value	collateral (thousand)
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	5,241	11.22	\$29,603	\$22,734	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	10.00	35,260	18,256	None
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	1,587	8.58	12,121	12,121	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	2,150	7.52	20,720	17,958	None
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	1,585	-	-	-	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	1,225	4.90	9,815	7,315	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000	-	-	-	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 (%)	
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	1,700	\$8,525	\$8,525
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	1,179	3,843	3,843
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	929	73,409	73,409
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	695	37,296	37,296
Stock	ASROCK INC.	-	Available-for-sale financial assets, noncurrent	49	9,065	9,065
Stock	AMOD TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	930	7,920	Note
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	738	29,804	Note
Stock	UWIZ TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	3,410	39,593	Note
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	988	40,415	Note
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	6,374	63,739	Note
Stock	VASTVIEW TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,010	25,850	Note
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	1,504	18,542	Note
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	5,806	62,427	Note
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	1,200	10,500	Note
Stock	EE SOLUTIONS, INC.	-	Financial assets measured at cost, noncurrent	1,391	14,755	Note
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	2,518	31,218	Note
Stock	CHIP ADVANCED TECHNOLOGY INC.	The same chairman with UMC's subsidiary	Financial assets measured at cost, noncurrent	1,386	3,059	Note
Stock	EXOJET TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	850	8,500	Note
Stock	U-MEDIA COMMUNICATIONS, INC.	-	Financial assets measured at cost, noncurrent	1,250	3,920	Note
Stock	TRENDCHIP TECHNOLOGIES CORP.	-	Financial assets measured at cost, noncurrent	1,138	13,747	Note

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			
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Shares as collateral Market value/ Net assets value (thousand)
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,495	\$17,941	3.74	Note
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	740	11,100	2.98	Note
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	2,000	20,000	2.22	Note
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	750	13,714	2.08	Note
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	695	4,650	1.74	Note
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	1.44	Note
Stock	USBEST TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	660	7,145	1.40	Note
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	315	7,950	1.38	Note
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,365	14,570	1.38	Note
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	1,222	7,698	1.31	Note
Stock	STAR SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	260	2,193	1.25	Note
Stock	JMIRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	385	2,310	0.99	Note
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	1,728	72,000	0.98	Note
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	500	5,000	0.60	Note
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	604	5,064	0.34	Note
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.

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

UMC CAPITAL CORP.

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

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

ATTACHMENT 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			
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value
Stock	KOTURA, INC.	-	Financial assets measured at cost, noncurrent	0.59	-	-	Note
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	750	-	-	N/A
							None
							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 NTS100 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	Units (thousand)/bonds/shares	Amount (Note1)
Convertible bonds	EDOM TECHNOLOGY CO., LTD.	Financial assets at fair value through profit or loss, current	EDOM TECHNOLOGY CO., LTD.	-	60	\$193,910	-	\$-	60	\$197,760	-	\$-
Stock	SILICONWARE PRECISION INDUSTRIES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	5,395	276,202	-	-	5,409 (Note 4)	213,397	112,032	-
Stock	FIRICH ENTERPRISES CO., LTD.	Financial assets at fair value through profit or loss, current	Open market	-	-	-	122 (Note5)	54,919	174 (Notes5)	54,919	58,387	-
Stock	EPITECH TECHNOLOGY CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	37,221	1,155,725	-	-	37,221	1,313,916 (Note7)	519,799	-
Stock	EPISTAR CORP.	Available-for-sale financial assets, noncurrent	Note 6	-	-	-	20,641 (Note7)	2,278,868 (Note7)	-	-	21,005 (Note7)	2,904,149
Stock	MEDIA TEK INC.	Available-for-sale financial assets, noncurrent	Open market	-	14,979	5,048,091	-	-	9,123	5,100,253	90,396	2,758,402
Stock	AU OPTRONICS CORP.	Available-for-sale financial assets, noncurrent	Open market	-	78,266	3,545,441	-	-	78,339 (Note9)	938,840	2,956,868 (Note9)	-
Stock	HOLTEK SEMICONDUCTOR INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	51,939 (Note10)	878,747 (Note10)	10,100	719,718	42,326 (Note10)	2,093,033
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	24,229 (Note11)	341,268 (Note11)	1,950	259,631	22,279	2,161,098
Fund	VIETNAM INFRASTRUCTURE LTD.	Available-for-sale financial assets, noncurrent	VIETNAM INFRASTRUCTURE LTD.	-	-	-	5,000	166,468	-	-	5,000	153,900

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

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

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

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

Note 9: 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.

Note 10: 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 11: The gain on disposal includes additional paid-in capital adjustments 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.

Note 12: The gain on disposal includes additional paid-in capital adjustments of NT\$(117) thousand.

Note 13: The gain on disposal includes additional paid-in capital adjustments 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.

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

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 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	Gain (Loss) from disposal (Note 3)	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	\$21,033	-	-
Stock	TATUNG CORP.	Available-for-sale financial assets, noncurrent	Open market	-	38,152	557,019	-	-	12,000	175,971	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	43,251	-	-
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.,	Available-for-sale financial assets, noncurrent	Open market	-	23,596	355,936	-	-	19,855	276,938	34,214	3,853 (Note 15)	49,318
Stock	ORIENT SEMICONDUCTOR ELECTRONICS, LTD.	Available-for-sale financial assets, noncurrent	Open market	-	4,764	40,018	4,500	51,766	9,264	136,126	46,974	-	-
Stock	FORMOSA EPITAXY INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	2,509	76,606	2,509	124,553	47,947	-	-
Stock	OPTO TECH CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-	3,000	78,818	3,000	104,496	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)

TLC CAPITAL CO., LTD.

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

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\$97,978 thousand.)

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

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

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

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

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

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

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

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

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

UNITRUTH INVESTMENT CORP.

[illegible]

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

UMC CAPITAL CORP.

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Ending balance	
					Units (thousand)/bonds/shares (thousand)	Amount (Note 1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Cost	Gain (Loss) from disposal
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	Where counter-party is a related party, details of prior transactions			
						Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount
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
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
								Price reference	Date of acquisition and status of utilization
								Cost	2007.6.22 /In use
								Cost	2007.12.27 /In use

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

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)

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

UMC JAPAN

UMC JAPAN	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	Purchases	JPY 9,440,394	64	Net 60 Days	N/A	N/A	JPY 1,236,986	30	
	Sales	JPY 1,405,820	5	Month-end 45 Days	N/A	N/A	JPY 235,849	3	
AMIC TECHNOLOGY CORP.	Investee of UMC								

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

UMC JAPAN

Related party	Ending balance				Overdue receivables			
	Relationship	Notes receivable	Accounts receivable	Other receivables	Total	Turnover rate (times)	Amount	Collection status
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**

			Initial Investment (Note 1)			Investment as of December 31, 2007					
Investee company	Address	Main businesses and products	Ending balance		Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value	Net income (loss) of investee company	Investment income (loss) recognized	Note
			USD								
UMC GROUP (USA)	Sunnyvale, California, USA	IC Sales	USD	16,438	USD	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	301,091	21,664	21,664	
UMC CAPITAL CORP.	Grand Cayman, Cayman Islands	Investment holding	USD	124,000	USD	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	1,641	(6,902)	(6,902)	
UMCI LTD.	Singapore	Sales and manufacturing of integrated circuits	USD	839,880	USD	839,880	880,006	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	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	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	157,249	(220,008)	(185,192)	
UMC JAPAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY	20,994,400	JPY	20,994,400	496	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	127,379	(5,387)	-	Note 2
MTIC HOLDINGS PTE LTD.	Singapore	Investment holding	SGD	4,000	SGD	4,000	4,000	82,230	(8,323)	(4,156)	
UNITECH CAPITAL INC.	British Virgin Islands	Investment holding	USD	21,000	USD	21,000	21,000	954,691	235,883	99,071	
HSUN CHIEH INVESTMENT CO., LTD.	Taipei, Taiwan	Investment holding		336,241		336,241	33,624	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	784,668	(27,304)	(9,919)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Cartography chip design and production		248,795		248,795	5,868	19,120	(209,715)	(34,503)	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales		133,104		135,000	15,590	37,235	(190,553)	(22,028)	
MEGA MISSION LIMITED PARTNERSHIP	Cayman Islands	Investment holding	USD	67,500	USD	67,500	-	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.

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

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

TLC CAPITAL CO., LTD.

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

ATTACHMENT 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		Initial Investment (Note 1)		Investment as of December 31, 2007		Net income (loss) of investee company	Investment income (loss) recognized	Note
Investee company	Address	Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)			
CTC CAPITAL PARTNERS I, L.P.	Cayman Islands	4,500	USD	-	32.11	\$(2,418)	\$(776)	Note 2
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	106,266	106,266	7,084	15.16	(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		Initial Investment		Investment as of December 31, 2007		Net income (loss) of investee company	Investment income (loss) recognized	Note
Investee company	Address	Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)			
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	\$77,477	\$24,057	5,241	11.22	\$(108,299)	\$(8,149)	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	30,000	30,000	2,000	10.00	59,836	5,896	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	16,493	16,493	1,587	8.58	(13,862)	(1,184)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	27,573	14,820	2,150	7.52	(69,006)	(5,347)	
UCA TECHNOLOGY INC.	Taipei County, Taiwan	11,910	11,910	1,585	5.95	(44,193)	(4,837)	
HIGH POWER LIGHTING CORP.	Taipei County, Taiwan	14,700	14,700	1,225	4.90	(62,455)	(3,060)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	6,950	6,950	1,000	4.35	(59,486)	(2,235)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	20,463	11,463	1,700	4.33	(81,911)	(3,445)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	26,400	26,400	1,179	3.30	(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				
UMO(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)				
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.



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FINANCIAL REVIEW CONSOLIDATED

**UNITED MICROELECTRONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED 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.
Telephone: 886-3-578-2258

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

Letter of Representation

We confirm, to the best of our knowledge and belief, the following representations:

1. The companies represented in the consolidated financial statements of “United Microelectronics Corporation and its Affiliated Enterprises” for the year ended December 31, 2007 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report” are the identical companies represented in the consolidated financial statements of “United Microelectronics Corporation and Subsidiaries” for the year ended December 31, 2007 made in accordance with R.O.C. Statement of Financial Accounting Standards No. 7.

2. The disclosures to the consolidated financial statements of “United Microelectronics Corporation and Its Affiliated Enterprises” for the year ended December 31, 2007 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report” are fully presented in the consoli-

dated financial statements of “United Microelectronics Corporation and Subsidiaries” for the year ended December 31, 2007 made in accordance with R.O.C. Statement of Financial Accounting Standards No. 7.

3. Accordingly, we will not present separately a set of consolidated financial statements of “United Microelectronics Corporation and Its Affiliated Enterprises” for the year ended December 31, 2007 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report”.



Jackson Hu
Chairman
United Microelectronics Corporation
January 24th, 2008

REPORT OF INDEPENDENT AUDITORS

English Translation of a Report Originally Issued in Chinese

To United Microelectronics Corporation

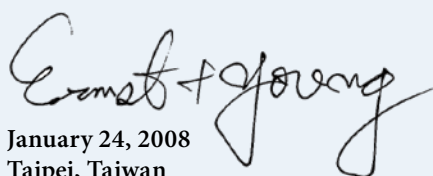
We have audited the accompanying consolidated balance sheets of United Microelectronics Corporation and Subsidiaries (the “Company”) as of December 31, 2007 and 2006, the related consolidated statements of income, changes in stockholders’ equity, and cash flows for the years ended December 31, 2007 and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

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

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

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

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



January 24, 2008
Taipei, Taiwan
Republic of China

Notice to Readers

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

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

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

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

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

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

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

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

	Notes	Capital			Retained Earnings				Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Minority Interests	Total
		Common Stock	Collected in Advance	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings						
	4(17)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as of January 1, 2006	4(17)	197,947,033	36,600	85,381,599	15,996,839	1,744,171	8,831,782	(80,989)	24,097,170	(241,153)	(51,332,329)	6,336,685	264,620,238
The effect of adopting SFAS NO. 34	3(2)	-	-	-	-	-	-	-	-	11,547	-	-	24,108,717
Appropriation of 2005 retained earnings	4(17)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	702,669	-	(702,669)	-	-	-	-	-	-
Special reserve		-	-	-	-	(1,422,021)	1,422,021	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(71,161,267)	-	-	-	-	-	(71,161,267)
Stock dividends		895,158	-	-	-	-	(895,158)	-	-	-	-	-	-
Remuneration to directors and supervisors		-	-	-	-	-	(6,324)	-	-	-	-	-	(6,324)
Employee bonus - cash		-	-	-	-	-	(305,636)	-	-	-	-	-	(305,636)
Employee bonus - stock		458,455	-	-	-	-	(458,455)	-	-	-	-	-	-
Additional paid-in capital transferred to common stock	4(17)	895,158	-	(895,158)	-	-	-	-	-	-	-	-	-
Purchase of treasury stock	2, 4(19)	-	-	-	-	-	-	-	-	-	(27,286,339)	-	(27,286,339)
Cancellation of treasury stock	2, 4(17), 4(19)	(10,000,000)	-	(3,269,100)	-	-	(6,371,128)	-	-	-	19,640,228	-	-
Adjustment of treasury stock due to loss of control over subsidiary		-	-	(57,972)	-	-	(9,198,144)	(6,826,238)	-	-	29,583,776	-	13,501,422
Net income in 2006		-	-	-	-	-	32,619,313	-	-	-	-	(482,025)	32,137,288
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	-	(62,686)	-	-	-	-	-	-	-	(62,686)
Adjustment of funds and investments disposal	2	-	-	(14,091,043)	-	-	-	-	-	8,170	-	-	(14,082,873)
Cash dividends allocated to subsidiaries	2	-	-	-	-	-	-	-	-	-	-	-	-
Changes in unrealized loss on available-for-sale financial assets	2, 4(7)	-	-	-	-	-	-	1,066,672	-	-	-	-	1,066,672
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	9,301,230	-	-	-	-	9,301,230
Exercise of employee stock options	2, 4(17), 4(18)	1,079,523	11,405	634,737	-	-	-	-	-	-	-	-	1,725,665
Common stock transferred from capital collected in advance		36,600	(36,600)	-	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	-	(603,486)	-	-	(603,486)
Changes in minority interests		-	-	-	-	-	-	-	-	-	-	383,358	383,358
Balance as of December 31, 2006	4(17)	191,311,927	11,405	67,707,287	16,699,508	322,150	17,774,335	27,557,845	-	(824,922)	(29,394,664)	6,238,018	297,402,889
Appropriation of 2006 retained earnings	4(17), 4(20)	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	1,777,434	-	(1,777,434)	-	-	-	-	-	-
Special reserve		-	-	-	-	502,772	(502,772)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(12,461,529)	-	-	-	-	-	(12,461,529)
Remuneration to directors and supervisors		-	-	-	-	-	(15,494)	-	-	-	-	-	(15,494)
Employee bonus - cash		-	-	-	-	-	(2,324,120)	-	-	-	-	-	(2,324,120)
Capital reduction	4(17)	(57,393,578)	-	(1,142,437)	-	-	(2,650,494)	-	-	-	7,275,517	-	(53,910,992)
Adjustment of treasury stock held by subsidiary due to capital reduction		-	-	14,789	-	-	-	-	-	-	52,039	-	52,039
Cancellation of treasury stock	2, 4(17), 4(19)	(1,920,670)	-	(622,323)	-	-	(2,655,027)	-	-	-	5,198,020	-	-
Treasury stock sold to employees	2, 4(17), 4(19)	-	-	182	-	-	-	-	-	-	1,865,841	-	-
Net income in 2007		-	-	-	-	-	16,961,762	-	-	-	-	(101,293)	1,866,023
Adjustment of additional paid-in capital accounted for under the equity method	2	-	-	51,867	-	-	-	-	-	-	-	-	51,867
Adjustment of funds and investments disposal	2	-	-	11,310	-	-	-	-	-	(150)	-	-	11,160
Cash dividends allocated to subsidiaries	2	-	-	15,541	-	-	-	-	-	-	-	-	15,541
Changes in unrealized gain on available-for-sale financial assets	2, 4(7)	-	-	-	-	-	-	(2,539,032)	-	-	-	-	(2,539,032)
Changes in unrealized gain on financial instruments of investees	2	-	-	-	-	-	-	(2,604,961)	-	-	-	-	(2,604,961)
Exercise of employee stock options	2, 4(17), 4(18)	135,865	-	90,590	-	-	-	-	-	-	-	-	226,455
Common stock transferred from capital collected in advance		11,405	(11,405)	-	-	-	-	-	-	-	-	-	-
Changes in cumulative translation adjustment	2	-	-	-	-	-	-	-	-	(41,490)	-	-	(41,490)
Changes in minority interests		-	-	-	-	-	-	-	-	-	-	394,085	394,085
Balance as of December 31, 2007	4(17)	\$ 132,144,949	\$ -	\$ 66,126,806	\$ 18,476,942	\$ 824,922	\$ 12,349,227	\$ 22,413,852	\$ -	\$ (866,562)	\$ (15,003,247)	\$ 6,530,810	\$ 242,997,699

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars)

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

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

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2007 and 2006

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

1. HISTORY AND ORGANIZATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Summary of significant accounting policies is as follows:

General Descriptions of Reporting Entities

(1) Principles of Consolidation

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

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

(2) The consolidated entities are as follows:As of December 31, 2007

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

As of December 31, 2006

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

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

Foreign Currency Transactions

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

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

Use of Estimates

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

Translation of Foreign Currency Financial Statements

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial instruments at fair value through profit or loss

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

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

b. Held-to-maturity financial assets

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

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

c. Financial assets measured at cost

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

d. Available-for-sale financial assets

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

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

Allowance for Doubtful Accounts

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

Inventories

Inventories are accounted for on a perpetual basis. Raw materials are recorded at actual purchase costs, while the work in process and finished goods are recorded at standard costs and subsequently adjusted to actual costs using the weighted-average method at the end of each month. Inventories are stated individually by category at the lower of

aggregate cost or market value as of the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost while the market values of work in process and finished goods are determined by net realizable values. An allowance for loss on decline in market value or obsolescence is provided, when necessary.

Long-term Investments Accounted for Under the Equity Method

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

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

Intangible Assets

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

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

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

Deferred Charges

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

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

Convertible and Exchangeable Bonds

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

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

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

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

Pension Plan

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

The Labor Pension Act of the R.O.C (the Act), which adopts a defined contribution plan, became effective on July 1, 2005. Employees subject to the Labor Standards Law, a defined benefit plan, were allowed to choose to either elect the

pension calculation under the Act or continue to be subject to the pension calculation under the Labor Standards Law. Those employees that elected to be subject to the Act will have their seniority achieved under the Labor Standards Law retained upon election of the Act, and the Company will make monthly contributions of no less than 6% of these employees' monthly wages to the employees' individual pension accounts.

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

Employee Stock Option Plan

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

Treasury Stock

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

Revenue Recognition

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

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

Research and Development Expenditures

Research and development expenditures are charged to expenses as incurred.

Capital Expenditures Versus Operating Expenditures

Expenditures are capitalized when it is probable that the Company will receive future economic benefits associated with the 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 ROC SFAS No. 12, "Accounting for Income Tax Credits", the Company recognizes the tax benefit from the purchase of equipment and technology, research and development expenditure, employee training, and certain equity investment by the flow-through method.

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

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

Earnings per Share

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

Asset Impairment

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

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

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

3. ACCOUNTING CHANGES

Goodwill

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

Financial Instruments

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

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

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

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

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

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

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

(3) HELD-TO-MATURITY FINANCIAL ASSETS

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

(4) ACCOUNTS RECEIVABLE, NET

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

(5) INVENTORIES, NET

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

Inventories were not pledged.

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

	As of December 31,	
	2007	2006
Convertible bonds	\$47,598	\$474,738

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

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

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

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

(8) FINANCIAL ASSETS MEASURED AT COST, NONCURRENT

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

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

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

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

Investee Company	As of December 31,			
	2007		2006	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
<u>Listed companies</u>				
HOLTEK SEMICONDUCTOR INC.(HOLTEK) (Note A)	\$-	-	\$878,747	24.45
ITE TECH. INC.(ITE) (Note B)	-	-	341,268	21.80
Subtotal	-		1,220,015	

Unlisted companies

Investee Company	As of December 31,			
	2007		2006	
	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC) (Note C)	127,379	49.99	127,379	49.99
MTIC HOLDING PTE LTD.	82,230	49.94	81,402	49.94
UWAVE TECHNOLOGY CORP.(UWAVE) (Note D)	-	48.64	36,823	48.64
UCA TECHNOLOGY INC. (UCA) (Note E)	-	48.33	50,128	48.33
SMEDIA TECHNOLOGY CORP.	172,191	45.74	153,830	48.73
YUNG LI INVESTMENTS, INC.	276,345	45.16	202,390	44.44
MEGA MISSION LIMITED PARTNERSHIP	2,441,703	45.00	2,699,491	45.00
ACHIEVE MADE INTERNATIONAL LTD.	24,920	43.29	30,845	44.44
UNITECH CAPITAL INC.	954,691	42.00	959,542	42.00
WALTOP INTERNATIONAL CORP.	141,041	40.00	117,457	40.00
ANOTO TAIWAN CORP.	24,635	39.20	32,622	49.00
AEVOE INTERNATIONAL LTD.	13,552	38.62	12,610	35.80
HSUN CHIEH INVESTMENT CO., LTD. (Note F)	4,122,988	36.49	4,674,311	36.49
UC FUND II	202,075	35.45	122,648	35.45
NEXPOWER TECHNOLOGY CORP.	784,668	34.55	11,976	40.00
CRYSTAL MEDIA INC.	46,439	32.87	50,649	34.03
CTC CAPITAL PARTNERS I, L.P.	145,021	32.11	-	-
XGI TECHNOLOGY INC.	32,410	31.53	96,685	31.62
ALLIANCE OPTOTEK CORP.	76,505	27.76	47,107	29.09
AMIC TECHNOLOGY CORP.	101,452	25.95	176,287	28.94
HIGH POWER LIGHTING CORP.	46,070	23.00	60,434	23.00
MOBILE DEVICES INC.	46,522	21.79	25,076	23.86
TRANSLINK CAPITAL PARTNERS I L.P. (TRANSLINK) (Note G)	46,758	16.73	-	-
STAR SEMICONDUCTOR CORP.	-	-	19,417	41.19
TERA XTAL TECHNOLOGY CORP.	-	-	108,950	35.00
HIGHLINK TECHNOLOGY CORP. (Note H)	-	-	361,378	30.63
U-MEDIA COMMUNICATIONS, INC.	-	-	24,110	26.05
AFA TECHNOLOGY, INC. (AFA) (Note I)	-	-	40,766	24.97
PARADE TECHNOLOGIES, LTD.	-	-	65,560	23.30
USBEST TECHNOLOGY INC.(USBEST) (Note I)	-	-	52,711	21.45
Subtotal	9,909,595		10,442,584	
Total	\$9,909,595		\$11,662,599	

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

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

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

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

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

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

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

Note H: As of March 1, 2007, HIGHLINK (an equity method investee) and EPITECH TECHNOLOGY CORP. (EPITECH) (accounted for as an available-for-sale financial asset, noncurrent) merged into EPISTAR CORP. and were continued as EPISTAR CORP. (classified as a noncurrent available-for-sale financial asset after the merger). During the transaction, 5.5 shares of HIGHLINK and 3.08 shares of EPITECH were exchanged for 1 share of EPISTAR CORP. Five million shares of HIGHLINK were acquired through private placement in February 2006 and the exchange of these shares are restricted by Article 43 paragraph 8 of the Securities and Exchange Law.

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

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

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

(10) PROPERTY, PLANT AND EQUIPMENT

As of December 31, 2007		
	Cost	Accumulated Depreciation
Land	\$1,922,230	\$-
Buildings	22,529,856	(7,944,046)
Machinery and equipment	446,198,339	(336,320,744)
Transportation equipment	85,877	(65,574)
Furniture and fixtures	3,429,067	(2,549,736)
Leasehold improvement	42,809	(40,845)
Construction in progress and prepayments	9,931,551	-
Total	\$484,139,729	\$(346,920,945)

As of December 31, 2006		
	Cost	Accumulated Depreciation
Land	\$1,879,442	\$-
Buildings	21,076,844	(6,807,389)
Machinery and equipment	415,225,873	(302,547,942)
Transportation equipment	90,706	(61,056)
Furniture and fixtures	2,964,369	(2,240,443)
Leasehold improvement	42,968	(40,093)
Construction in progress and prepayments	22,244,850	-
Total	\$463,525,052	\$(311,696,923)

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

Details of capitalized interest are as follows:

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

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

(11) OTHER ASSETS – OTHERS

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

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

(12) IMPAIRMENT

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

(13) SHORT-TERM LOANS

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

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

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

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

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

(15) BONDS PAYABLE

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

- a. During the period from April 16 to April 27, 2001, UMC issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 5.1195% through 5.1850% and 5.2170% through 5.2850%, respectively. The five-year bonds and seven-year bonds are repaid starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%. On April 27, 2006, the five-year bonds were fully repaid.
- b. During the period from October 2 to October 15, 2001, UMC issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with a face value of NT\$5,000 million. The interest was paid annually with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. On October 15, 2006 and 2004, the five-year bonds and the three-year bonds were fully repaid, respectively.
- c. On May 10, 2002, UMC issued zero coupon exchangeable bonds listed on the EuroMTF Market of the Luxembourg Stock Exchange (LSE). The terms and conditions of the bonds are as follows:
- (a) Issue Amount: US\$235 million
- (b) Period: May 10, 2002 ~ May 10, 2007

(c) Redemption

- i. UMC may redeem the bonds, in whole or in part, after three months of the issuance and prior to the maturity date, at their principal amount if the closing price of the AU Optronics Corp. (AUO) common shares on the TSE, translated into US dollars at the prevailing exchange rate, for a period of 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the exchange price then in effect translated into US dollars at the rate of NT\$34.645=US\$1.00.
- ii. UMC may redeem the bonds, in whole, but not in part, if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.
- iii. UMC may redeem all, but not part, of the bonds, at any time, in the event of certain changes in the R.O.C.'s tax rules which would require UMC to gross up for payments of principal, or to gross up for payments of interest or premium.
- iv. UMC will, at the option of the bondholders, redeem such bonds on February 10, 2005 at its principal amount.

(d) Terms of Exchange

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

(e) Exchange of the Bonds

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

(f) Redemption at maturity date

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

- d. During the period from May 21 to June 24, 2003, UMC issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, each with a face value of NT\$7,500 million. The interest is paid annually with stated interest rates of 4.0% minus USD 12-Month LIBOR and 4.3% minus USD 12-Month LIBOR, respectively. Stated interest rates are reset annually based on the prevailing USD 12-Month LIBOR. The five-year bonds and seven-year bonds are repayable in 2008 and 2010, respectively, upon the maturity of the bonds.
- e. On October 5, 2005, UMC issued zero coupon convertible bonds on the LSE. The terms and conditions of the bonds are as follows:
 - (a) Issue Amount: US\$381.4 million
 - (b) Period: October 5, 2005 ~ February 15, 2008 (Maturity date)
 - (c) Redemption
 - i. On or at any time after April 5, 2007, if the closing price of the ADSs listed on the NYSE has been at least 130% of either the conversion price or the last adjusted conversion price, for 20 out of 30 consecutive ADS trading days, UMC may redeem all, but not some only, of the bonds.
 - ii. If at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted, UMC may redeem all, but not some only, of the bonds.
 - iii. In the event that UMC's ADSs or shares have officially ceased to be listed or admitted for trading on the New York Stock Exchange or the Taiwan Stock Exchange, as the case may be, each bondholder shall have the right, at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
 - iv. In the event of certain changes in taxation in the R.O.C. resulting in UMC becoming required to pay additional amounts, UMC may redeem all, but not in part, of the bonds at their principal amount; bondholders may elect not to have their bonds redeemed by UMC in such event, in which case the bondholders shall not be entitled to receive payments of such additional amounts.
 - v. If a change of control occurs with respect to UMC, each bondholder shall have the right at such bondholder's option, to require UMC to repurchase all, but not in part, of such bondholder's bonds at their principal amount.
 - vi. UMC will pay the principal amount of the bonds at its maturity date, February 15, 2008.

(d) Conversion

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

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

(a) Final Redemption

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

(b) Redemption at the Option of UMCJ

- i. On or at any time after March 25, 2005, UMCJ may redeem all, but not part, of the bonds if the closing price of the shares on the Japan OTC Market is at least 120% of the conversion price then in effect for at least 20 out of 30 consecutive trading days ending on the trading day immediately prior to the date of the notice of redemption; or if the principal amount that has not been redeemed, repurchased and cancelled or converted is equal to or less than 10% of original aggregate principal amount.
- ii. In case of a corporate split or share exchange share transfer, UMCJ may redeem all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ is not able to ensure that the bondholders have the right to receive shares which they would have received had the conversion rights been exercised prior to the transaction.
- iii. If a change in who controls UMCJ occurs, bondholders will be able to require UMCJ to redeem their bonds on the date that is 85 days after the change of control occurs.

(c) Conversion Period

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

(d) Conversion Price

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

(e) Reacquisition of the Bonds

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

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

(f) Redemption at maturity date

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

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

(a) Final Redemption

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

(b) Redemption at the Option of UMCJ

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

(c) Conversion Period

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

(d) Conversion Price

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

(e) Reacquisition of the Bonds

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

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

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

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

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

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

c. Change in benefit obligation during the year:

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

d. Change in pension assets during the year:

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

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

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

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

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

The actuarial assumptions underlying are as follows:

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

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

(17) CAPITAL STOCK

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

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

(18) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, September 30, 2004, December 22, 2005, and October 9, 2007, the Company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan, to issue employee stock options with a total number of 1 billion, 150 million, 150 million, 350 million, and 500 million units, respectively. Each unit entitles an optionee to subscribe for 1 share of the Company's common stock. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The exercise price of the options was set at the closing price of the Company's common stock on the date of grant. The contractual life of the options is 6 years and an optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. Detailed information relevant to the employee stock options is disclosed 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	3.34	\$22.68	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	\$16,544,506	\$16,544,158
Pro forma earnings per share (NTD)	\$1.06	\$1.03

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

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

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

(19) TREASURY STOCK

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

For the year ended December 31, 2007

(In thousands of shares)

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

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

(20) RETAINED EARNINGS AND DIVIDEND POLICIES

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

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

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

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

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

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

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

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

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

(21) OPERATING COSTS AND EXPENSES

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

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

(22) INCOME TAX

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

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

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

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

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

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

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

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

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

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

g. The balance of UMC's imputation credit accounts as of December 31, 2007 and 2006 were NT\$413 million and NT\$95 million, respectively. The expected creditable ratio for 2007 and the actual creditable ratio for 2006 was 2.18% and 8.64%, respectively.

h. UMC's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(23) EARNINGS PER SHARE

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

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

	For the year ended December 31, 2007				
	Amount			Earnings per share (NTD)	
	Income before income tax	Net income	Shares expressed in thousands	Income before income tax	Net income
Effect of dilution					
Employee stock options	\$-	\$-	5,993		
Convertible bonds payable	\$(464)	\$(348)	448,389		
Earning per share-diluted:					
Income from continuing operations	\$19,780,715	\$16,961,414	16,072,868	\$1.23	\$1.06
Cumulative effect of changes in accounting principles	-	-		-	-
Net income	\$19,780,715	\$16,961,414		\$1.23	\$1.06
	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 operations of continued segments attributable to shareholders of the parent	\$37,067,932	\$33,807,828	18,050,962	\$2.05	\$1.87
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income attributable to shareholders of the parent	\$35,879,417	\$32,619,313		\$1.99	\$1.81
Effect of dilution					
Employee stock options	\$-	\$-	108,122		
Convertible bonds payable	\$33,978	\$33,978	516,383		
Earning per share-diluted:					
Income from operations of continued segments attributable to shareholders of the parent	\$37,101,910	\$33,841,806	18,675,467	\$1.98	\$1.81
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	(1,188,515)	(1,188,515)		(0.06)	(0.06)
Net income attributable to shareholders of the parent	\$35,913,395	\$32,653,291		\$1.92	\$1.75

5. RELATED PARTY TRANSACTIONS

(1) Name and Relationship of Related Parties

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

(2) Significant Related Party Transactions

a. Operating revenues

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

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

b. Accounts receivable

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

6. ASSETS PLEDGED AS COLLATERALAs of December 31, 2007

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

As of December 31, 2006

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

7. COMMITMENTS AND CONTINGENT LIABILITIES

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

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

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

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

(4) The Company entered into several wafer-processing contracts with its principal customers. According to the contracts, the Company shall guarantee processing capacity, while these customers make deposits to the Company.

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

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

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

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

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

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

8. SIGNIFICANT DISASTER LOSS

None.

9. SIGNIFICANT SUBSEQUENT EVENT

None.

10. OTHERS

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

(2) Financial risk management objectives and policies

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

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

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

Cash flow interest rate risk

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

Foreign currency risk

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

Commodity price risk

UMC's exposure to commodity price risk is minimal.

Credit risk

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

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

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

Liquidity risk

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

(3) Information of financial instruments

a. Fair value of financial instruments

Financial Assets	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Cash and cash equivalents	\$47,678,147	\$47,678,147	\$93,853,208	\$93,853,208
Financial assets at fair value through profit or loss, current	4,804,935	4,804,935	8,538,007	8,538,007
Held-to-maturity financial assets, current	-	-	1,110,422	1,110,422
Notes and accounts receivable	15,848,442	15,848,442	15,255,852	15,255,852
Financial assets at fair value through profit or loss, non-current	47,598	47,598	474,738	474,738
Available-for-sale financial assets, noncurrent	50,911,643	50,911,643	52,311,172	52,311,172
Financial assets measured at cost, noncurrent	8,295,679	-	7,515,945	-
Long-term investments accounted for under the equity method	9,909,595	9,615,972	11,662,599	14,234,042
Prepayment for long-term investments	648,360	-	-	-
Deposits-out	745,457	745,457	738,696	738,696

Financial Liabilities	As of December 31,			
	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
<u>Non-derivative</u>				
Short-term loans	\$359,071	\$359,071	\$342,549	\$342,549
Payables	21,054,519	21,054,519	24,169,179	24,169,179
Capacity deposits (current portion)	4,688	4,688	898,265	898,265
Bonds payable (current portion included)	30,384,780	29,900,297	39,451,359	40,362,245
<u>Derivative</u>				
Interest rate swaps	\$318,707	\$318,707	\$626,230	\$626,230
Derivatives embedded in exchangeable bonds	-	-	359,037	359,037
Forward contract	21,523	21,523	-	-

- b. The methods and assumptions used to measure the fair value of financial instruments are as follows:
- The book values of short-term financial instruments approximate their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes receivable, accounts receivable, current portion of capacity deposits, and payables.
 - The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets are based on the quoted market prices. If there are restrictions on the sale or transfer of an available-for-sale financial asset, the fair value of the asset will be determined based on similar but unrestricted financial assets' quoted market price with appropriate discounts for the restrictions.
 - 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.
 - The fair value of financial assets measured at cost and prepayment for long-term investments are unable to be estimated since there is no active market in trading those unlisted investments.
 - 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.
 - The fair value of bonds payable is determined by the market price.
 - 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	\$4,804,935	\$8,538,007	\$-	\$-
Financial assets at fair value through profit or loss, noncurrent	47,598	474,738	-	-
Available-for-sale financial assets, noncurrent	49,359,916	52,311,172	1,551,727	-
Long-term investments accounted for under the equity method	-	-	9,615,972	14,234,042
Financial liabilities				
Bonds payable (current portion included)	29,900,297	40,362,245	-	-
Financial liabilities				
Interest rate swaps	-	-	318,707	626,230
Derivatives embedded in exchangeable bonds	-	-	-	359,037
Forward contract	-	-	21,523	-

- d. The Company recognized gains of NT\$406 million and NT\$312 million 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 revenue for financial assets or liabilities that are not at fair value through profit or loss were NT\$1,330 million and NT\$1,563 million, respectively, while interest expense for the years ended December 31, 2007 and 2006 were NT\$266 million and NT\$648 million, respectively.
- (4) The Company held credit-linked deposits and repackage bonds that were recorded as held-to-maturity financial assets for the earning of interest income. The details are disclosed as follows:

a. Principal amount in original currency

As of December 31, 2007

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

As of December 31, 2006The Company

Credit-linked deposits and repackaged 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 repackaged 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, UMCJ, may receive less than the full amount of these investments or nothing. The Company and its subsidiary, UMCJ, have selected reference entities with high credit ratings to minimize the credit risk.

c. Liquidity risk

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

d. Market risk

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

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

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

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

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

UMC

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

UMC

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

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

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

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

As of December 31, 2007

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

As of December 31, 2006

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

11. ADDITIONAL DISCLOSURES

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

- a. Financing provided to others for the year ended December 31, 2007: please refer to Attachment 2.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2007: please refer to Attachment 3.
- c. Securities held as of December 31, 2007: please refer to Attachment 4.
- d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 5.
- e. Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 6.

- f. Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 7.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007: please refer to Attachment 8.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2007: please refer to Attachment 9.
- i. Names, locations and related information of investees as of December 31, 2007: please refer to Attachment 10.
- j. Financial instruments and derivative transactions: please refer to Note 10.

(2) Investment in Mainland China

None.

12. SEGMENT INFORMATION

(1) Operations in different industries

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

(2) Operations in different geographic areas

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

	For the year ended December 31, 2006					
	Taiwan	Asia, excluding Taiwan	North America	Europe and others	Eliminations	Consolidated
Sales to unaffiliated customers	\$38,310,762	\$9,511,367	\$55,616,919	\$8,564,771	\$-	\$112,003,819
Sales between geographic areas	50,953,904	14,961,088	-	-	(65,914,992)	-
Net operating revenues	\$89,264,666	\$24,472,455	\$55,616,919	\$8,564,771	\$(65,914,992)	\$112,003,819
Gross profit	\$20,276,206	\$46,601	\$992,481	\$88,680	\$(38,442)	\$21,365,526
Operating expenses						(16,206,895)
Non-operating income						34,909,503
Non-operating expenses						(3,480,709)
Income before income tax and minority interests						\$36,587,425
Minority interests loss						\$482,025
Identifiable assets	\$217,650,324	\$94,139,276	\$6,646,311	\$2,544,093	\$(25,290,997)	\$295,689,007
Funds and long-term investments						71,964,454
Total assets						\$367,653,461

(3) Export sales

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

(4) Major customers

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

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

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

For the year ended December 31, 2007

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

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

For the year ended December 31, 2006

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

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

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

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

Note 2: Transactions are categorized as follows :

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

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

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

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

ATTACHMENT 2 (Financing provided to others for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

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

None

ATTACHMENT 3 (Endorsement/Guarantee provided to others for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NT dollar unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

December 31, 2007							
Type of securities	Name of securities	Relationship	Financial statement account	Units	Book value	Percentage of ownership	Shares as collateral
				(thousand)/ bonds/ shares (thousand)		(%)	(thousand)
Stock	PROMOS TECHNOLOGIES INC.	-	Financial assets at fair value through profit or loss, current	471,400	\$4,101,180	7.03	\$4,101,180
Stock	ACTION ELECTRONICS CO., LTD.	-	Financial assets at fair value through profit or loss, current	16,270	218,016	4.59	218,016
Stock	MICRONAS SEMICONDUCTOR HOLDING AG	-	Financial assets at fair value through profit or loss, current	280	91,091	0.94	91,091
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.	-	Financial assets at fair value through profit or loss, current	24,044	307,767	0.22	307,767
Stock	YANG MING MARINE TRANSPORT CORP.	-	Financial assets at fair value through profit or loss, current	3,280	82,331	0.14	82,331
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	1,181,949	100.00	1,181,949
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	301,091	100.00	293,477
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	4,097,229	100.00	4,097,229
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	280	1,641	100.00	1,641
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	142	100.00	142
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	628,800	8,042,617	100.00	8,042,617
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	9,966,214	99.99	10,424,107
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	84,093	157,249	85.24	157,249
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	6,278,935	50.09	1,270,009
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	127,379	49.99	132,307
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the equity method	4,000	82,230	49.94	82,230
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method	-	2,441,703	45.00	2,441,703
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	954,691	42.00	954,691
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	4,122,988	36.49	3,981,380

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand, Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

December 31, 2007							
Type of securities	Name of securities	Relationship	Financial statement account	Units	Book value	Percentage of ownership	Shares as collateral
				(thousand)/ bonds/ shares (thousand)		(%)	Net assets value (thousand)
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,268	\$256,167	0.02	\$256,167
Fund	VIETNAM INFRASTRUCTURE LTD.	-	Available-for-sale financial assets, noncurrent	5,000	153,900	-	153,900
Stock	PIXTECH, INC.	-	Financial assets measured at cost, noncurrent	9,883	-	17.63	Note
Stock	UNITED INDUSTRIAL GASES CO., LTD.	-	Financial assets measured at cost, noncurrent	13,185	146,250	7.66	Note
Stock	INDUSTRIAL BANK OF TAIWAN CORP.	-	Financial assets measured at cost, noncurrent	118,303	1,139,196	4.95	Note
Stock	SUBTRON TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	13,774	208,746	4.29	Note
Stock	TECO NANOTECH CO. LTD.	-	Financial assets measured at cost, noncurrent	9,001	-	3.73	Note
Stock	SINO SWEARINGEN AIRCRAFT CORP.	-	Financial assets measured at cost, noncurrent	1,124	-	1.50	Note
Stock	TAIWAN AEROSPACE CORP.	-	Financial assets measured at cost, noncurrent	234	-	0.17	Note
Fund	PACIFIC TECHNOLOGY PARTNERS, L.P.	-	Financial assets measured at cost, noncurrent	-	188,179	-	N/A
Fund	PACIFIC UNITED TECHNOLOGY, L.P.	-	Financial assets measured at cost, noncurrent	-	144,579	-	N/A
Stock-Preferred stock	TAIWAN HIGH SPEED RAIL CORP.	-	Financial assets measured at cost, noncurrent	30,000	300,000	-	N/A
Stock-Preferred stock	MTIC HOLDINGS PTE LTD.	-	Financial assets measured at cost, noncurrent	4,000	85,080	-	N/A
Stock-Preferred stock	TONBU, INC.	-	Financial assets measured at cost, noncurrent	938	-	-	N/A
Stock-Preferred stock	AETAS TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	781	82,565	-	N/A
Stock	UNIMICRON HOLDING LIMITED	-	Prepayment for long-term investments	20,000	648,360	-	N/A

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

December 31, 2007							
Type of securities	Name of securities	Relationship	Financial statements account	Units	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
				(thousand)/ bonds/ shares (thousand)			
Stock	UNITRUTH INVESTMENT CORP.	Investee company	Long-term investments accounted for under the equity method	80,000	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	-
Stock	UCA TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	11,285	-	42.38	-
Stock	ANOTO TAIWAN CORP.	Investee company	Long-term investments accounted for under the equity method	3,920	24,635	39.20	24,635
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
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	105,781	30.00	54,769
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	4,493	34,318	24.29	34,318
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	5,789	55,785	20.24	48,349
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	9,045	40,802	19.36	39,237
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	4,525	36,255	18.10	27,022
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	6,853	37,997	17.46	34,363
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
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
Stock	DAVICOM SEMICONDUCTOR, INC.	-	Available-for-sale financial assets, noncurrent	12,217	967,588	15.38	967,588
Stock	PIXART IMAGING INC.	-	Available-for-sale financial assets, noncurrent	14,188	3,454,873	12.18	3,454,873
Stock	TOPOINT TECHNOLOGY CO., LTD.	-	Available-for-sale financial assets, noncurrent	1,691	133,593	1.77	133,593
Stock	EPISTAR CORP.	-	Available-for-sale financial assets, noncurrent	4,731	657,610	0.77	657,610
Stock	POWERTECH INDUSTRIAL CO., LTD.	-	Available-for-sale financial assets, noncurrent	595	31,968	0.56	31,968
Stock	C SUN MFG LTD.	-	Available-for-sale financial assets, noncurrent	318	5,718	0.24	5,718

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

December 31, 2007							
Type of securities	Name of securities	Relationship	Financial statement account	Units	Book value	Percentage of ownership	Shares as collateral
				(thousand)/ bonds/ shares (thousand)		(%)	Net assets value (thousand)
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	4,284	\$27,160	10.06	Note
Stock	ADVANCE MATERIALS CORP.	-	Financial assets measured at cost, noncurrent	11,452	109,898	9.94	Note
Stock	LIGHTUNING TECH. INC.	-	Financial assets measured at cost, noncurrent	2,660	16,663	9.93	Note
Stock	YAYATECH CO., LTD.	-	Financial assets measured at cost, noncurrent	1,396	42,180	9.77	Note
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	2,153	54,325	9.43	Note
Stock	COTECH, INC.	-	Financial assets measured at cost, noncurrent	750	30,289	9.38	Note
Stock	ALLEN PRECISION INDUSTRIES CO., LTD.	-	Financial assets measured at cost, noncurrent	3,000	38,400	9.32	Note
Stock	EXCELLENCE OPTOELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	8,529	85,291	9.09	Note
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	3,600	43,200	9.00	Note
Stock	ANDES TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	5,000	62,500	7.94	Note
Stock	CHINGIS TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	4,198	37,156	7.82	Note
Stock	SHIN-ETSU HANDOTAI TAIWAN CO., LTD.	-	Financial assets measured at cost, noncurrent	10,500	105,000	7.00	Note
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	1,700	17,306	6.85	Note
Stock	RISELINK VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	8,000	76,640	6.67	Note
Stock	NCTU SPRING VENTURE CAPITAL CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	7,000	6.28	Note
Stock	COSMOS TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.	-	Financial assets measured at cost, noncurrent	1,490	6,605	5.03	Note
Stock	PARAWIN VENTURE CAPITAL CORP.	-	Financial assets measured at cost, noncurrent	5,000	41,900	5.00	Note
Stock	EUTECH MICROELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,700	59,500	4.95	Note
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	1,750	32,000	4.86	Note

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2007			
				Units (thousand)/ bonds/ shares (thousand)	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	2,290	1.02	\$24,419	Note
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	1,162	0.66	9,739	Note
Stock	WAVEPLUS TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	4	0.40	-	Note
Fund	IGLOBE PARTNERS FUND, L.P.	-	Financial assets measured at cost, noncurrent	-	-	37,351	N/A
Stock-Preferred stock	AURORA SYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	5,133	-	59,317	N/A
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR LTD.	-	Financial assets measured at cost, noncurrent	1,500	-	46,313	N/A

TLC CAPITAL CO., LTD.

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

ATTACHMENT4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TLC CAPITAL CO., LTD.

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

TILC CAPITAL CO., LTD.

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

UNITRUTH INVESTMENT CORP.

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNTRUTH INVESTMENT CORP.

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITRUTH INVESTMENT CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2007			
				Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value
Stock	BCOM ELECTRONICS INC.	-	Financial assets measured at cost, noncurrent	1,495	\$17,941	3.74	Note
Stock	ACTI CORP.	-	Financial assets measured at cost, noncurrent	740	11,100	2.98	Note
Stock	UNIDISPLAY INC.	-	Financial assets measured at cost, noncurrent	2,000	20,000	2.22	Note
Stock	LUMITEK CORP.	-	Financial assets measured at cost, noncurrent	750	13,714	2.08	Note
Stock	MEMOCOM CORP.	-	Financial assets measured at cost, noncurrent	695	4,650	1.74	Note
Stock	PRINTECH INTERNATIONAL INC.	-	Financial assets measured at cost, noncurrent	540	2,457	1.44	Note
Stock	USBEST TECHNOLOGY INC.	-	Financial assets measured at cost, noncurrent	660	7,145	1.40	Note
Stock	CHANG-YU TECHNOLOGY CO., LTD.	-	Financial assets measured at cost, noncurrent	315	7,950	1.38	Note
Stock	RALINK TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	1,365	14,570	1.38	Note
Stock	GIGA SOLUTION TECH. CO., LTD.	-	Financial assets measured at cost, noncurrent	1,222	7,698	1.31	Note
Stock	STAR SEMICONDUCTOR CORP.	-	Financial assets measured at cost, noncurrent	260	2,193	1.25	Note
Stock	JMICRON TECHNOLOGY CORP.	-	Financial assets measured at cost, noncurrent	385	2,310	0.99	Note
Stock	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets measured at cost, noncurrent	1,728	72,000	0.98	Note
Stock	HIGH POWER OPTOELECTRONICS, INC.	-	Financial assets measured at cost, noncurrent	500	5,000	0.60	Note
Stock	ASIA PACIFIC MICROSYSTEMS, INC.	-	Financial assets measured at cost, noncurrent	604	5,064	0.34	Note
Stock-Preferred stock	ALLEN PRECISION INDUSTRIES CO., LTD.	-	Financial assets measured at cost, noncurrent	2,000	20,000	-	N/A

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICRODISPLAY OPTRONICS CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2007			
				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

UMC CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	December 31, 2007			
				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	INTELLON 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	-	Note	None
Stock-Preferred stock	AICENT, INC.	-	Financial assets measured at cost, noncurrent	2,000	-	N/A	None
Stock	SILICON 7, INC.	-	Financial assets measured at cost, noncurrent	1,866	-	Note	None
Stock-Preferred stock	GCT SEMICONDUCTOR, INC.	-	Financial assets measured at cost, noncurrent	1,571	-	N/A	None
Stock-Preferred stock	FORTEMEDIA, INC.	-	Financial assets measured at cost, noncurrent	11,233	-	N/A	None
Stock	MAGNACHIP SEMICONDUCTOR LLC	-	Financial assets measured at cost, noncurrent	31	-	Note	None

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

ATTACHMENT 4 (Securities held as of December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC CAPITAL CORP.

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

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

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

UNITED MICROELECTRONICS CORPORATION

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

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal		Ending balance	
					Units (thousand)/bonds/shares (thousand)	Amount (Note 1)	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	Amount	Units (thousand)/bonds/shares (thousand)	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	44,912	\$784,668 (Note 12)
Stock	HIGHLINK TECHNOLOGY CORP.	Long-term investments accounted for under the equity method	Note 6	-	28,500	225,624	-	-	28,500	564,818 (Note 7)	-	-
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Long-term investments accounted for under the equity method	Proceeds from new issues	-	64,313	167,217	19,780	197,798	-	-	84,093	157,249 (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 EPSTAR CORP.

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

Note 8: The gain on disposal (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 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 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

FORTUNE VENTURE CAPITAL CORP.

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

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

Note 2: The disposal cost represents historical cost.

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

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

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

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

ATTACHMENT 5 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of 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)

TLC CAPITAL CO., LTD.

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

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

Type of securities	Name of the securities	Financial statement account	Counter-party	Relationship	Beginning balance			Addition			Disposal			Ending balance		
					Units (thousand)/bonds/shares (thousand)	Amount (Note 1)		Units (thousand)/bonds/shares (thousand)	Amount		Units (thousand)/bonds/shares (thousand)	Amount		Units (thousand)/bonds/shares (thousand)	Gain (Loss) from disposal (Note 3)	Amount (Note 1)
Stock	GIANT MANUFACTURING CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	\$-		1,920	\$114,421		1,920	\$135,454			\$21,033	-
Stock	TATUNG CORP.	Available-for-sale financial assets, noncurrent	Open market	-	38,152	557,019		-	-		12,000	175,971		26,152	28,277	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 (Note 14)	43,251	-
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.,	Available-for-sale financial assets, noncurrent	Open market	-	23,596	353,936		-	-		19,855	276,938		242,724	34,214	49,318 (Note 15)
Stock	ORIENT SEMICONDUCTOR ELECTRONICS, LTD.	Available-for-sale financial assets, noncurrent	Open market	-	4,764	40,018		4,500	51,766		9,264	136,126		89,152	46,974	-
Stock	FORMOSA EPITAXY INC.	Available-for-sale financial assets, noncurrent	Open market	-	-	-		2,509	76,606		2,509	124,553		76,606	47,947	-
Stock	OPTO TECH CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-		3,000	78,818		3,000	104,496		78,818	25,678	-
Stock	DARFON ELECTRONICS CORP.	Available-for-sale financial assets, noncurrent	Open market	-	-	-		2,900	298,439		-	-		-	-	266,220
Stock	KING YUAN ELECTRONICS CO., LTD.	Available-for-sale financial assets, noncurrent	Open market	-	-	-		9,000	168,635		-	-		-	-	142,200

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

TLC CAPITAL CO., LTD.

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

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

Note 2: The disposal cost represents historical cost.

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

Note 4: 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 5: Exercise of conversion rights of EPISTAR CORP. and HIGHLINK TECHNOLOGY CORP. merged into EPISTAR CORP.

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

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

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

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

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

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

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

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

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

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

UNITRUTH INVESTMENT CORP.

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

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

ATTACHMENT 6 (Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Where counter-party is a related party, details of prior transactions									
Name of properties	Transaction date	Transaction amount	Payment status	Counter-party	Relationship	Relationship between former holder and acquirer of property		Date of transaction	Transaction amount
						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
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
								Price reference	Date of acquisition and status of utilization
								Cost	2007.6.22 /In use
								Cost	2007.12.27 /In use
									Other commitments

ATTACHMENT 7 (Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

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

None

ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UNITED MICROELECTRONICS CORPORATION

Transactions					Details of non-arm's length transaction		Notes and accounts receivable (payable)		
Related party	Relationship	Purchases (Sales)	Percentage of total		Term	Unit price	Term	Percentage of total	
			Amount	purchases (sales) (%)				Balance	receivables (%)
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.					Details of non-arm's length transaction		Notes and accounts receivable (payable)		

UNITED MICROELECTRONICS (EUROPE) B.V.

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

282 ATTACHMENT 8 (Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year ended December 31, 2007)
(Amount in thousand; Currency denomination in NTD unless otherwise specified)

UMC GROUP (USA)

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

UMC JAPAN

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

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

UNITED MICROELECTRONICS CORPORATION

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

UMC JAPAN

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

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

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

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

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

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

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

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

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 of ownership (thousand)	Percentage of ownership (%)			
YUNG LI INVESTMENTS, INC.	Taipei, Taiwan	Investment holding	\$280,000	\$200,000	0.28	45.16	\$\$(11,104)	\$\$(5,158)	

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

TLC CAPITAL CO., LTD.

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

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

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

UNITRUTH INVESTMENT CORP.

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

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

UNITED MICRODISPLAY OPTRONICS CORP.

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

UMC CAPITAL CORP.

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

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.

UMC and Its Affiliated Enterprises Have Not Faced Financial Difficulties; Therefore, There Has Been No Impact on UMC's Financial Status.



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