P COM INC
Form S-3
January 07, 2003
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As filed with the Securities and Exchange Commission on January 7, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-3
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

P-COM, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**77-0289371**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

P-Com, Inc.
3175 S. Winchester Boulevard
Campbell, California 95008
(408) 866-3666
(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

George P. Roberts
Chairman of the Board and Chief Executive Officer
P-Com, Inc.
3175 S. Winchester Boulevard
Campbell, California 95008
(408) 866-3666
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including all communications sent to the agent for service, should be sent to:

Theodore R. Maloney, Esq.
800 Anacapa Street
Santa Barbara, California 93101
(805) 568-1151

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, as amended, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of Shares To Be Registered	Amount to be Registered(3)	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, $0.0001 par value per share (2)	6,183,333	$0.21	$1,298,499.93	$119.46

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average high and low prices per share of the Common Stock of P-Com, Inc., on January 6, 2003 as reported on the Nasdaq SmallCap Market.

(2) Pursuant to Rule 457(c) under the Securities Act of 1933, as amended, the registration fee has been calculated based upon the average of the high and low prices per share of the Common Stock of P-Com, Inc., on January 6, 2003 as reported on the Nasdaq SmallCap Market.

(3) Includes 2,100,000 shares of Common Stock which may be issued upon satisfaction of certain conditions under the subscription agreement and 750,000 shares issuable upon exercise of warrants to purchase shares of Common Stock. Pursuant to rule 416, this registration statement also registers an indeterminate number of shares of Common Stock as may be issued upon outstanding shares upon stock splits, stock dividends or similar situations (and conversely, upon reverse stock splits).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this preliminary prospectus may change. The selling stockholders may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any state where the offer or sale is not permitted.

(SUBJECT TO COMPLETION, DATED JANUARY 7, 2003)
PRELIMINARY PROSPECTUS

6,183,333 SHARES

COMMON STOCK

The shares of common stock of P-Com, Inc. covered by this prospectus may be sold from time to time by the stockholders specified in this prospectus or their pledgees, donees, transferees or other successors in interest. This prospectus relates to:

6,183,333 shares, of which:

750,000 are shares of common stock which may in the future be issued to the selling stockholders upon the exercise of outstanding warrants;

3,333,333 are shares of outstanding common stock;

2,100,000 are shares of common stock which may in the future be issued to the selling stockholders upon satisfaction of certain conditions set forth in the underlying subscription agreement; and

a presently indeterminate number of additional shares that may be issuable upon stock splits, stock dividends, recapitalizations or other similar transactions, in accordance with Rule 416 under the Securities Act of 1933.

Those numbers of shares as to which this prospectus relates is based on the outstanding shares of common stock and the exercise of warrants at the current applicable conversion or exercise rate; however, the shares issuable upon exercise of the warrants are subject to adjustment and could be more or less than the estimated amount listed in this prospectus, depending on factors which cannot be predicted at this time. We will not receive any of the proceeds from the sale of the shares by the selling stockholders, but we may receive the proceeds from the exercise of the warrants by the selling stockholders.

Our common stock is listed on the Nasdaq SmallCap Market under the symbol PCOM . On January 6, 2003, the last sale price of the common stock was $.23 per share.

An investment in the shares offered by this prospectus entails a high degree of risk. See Risk Factors beginning on page 5 for information that should be considered by prospective investors.

Neither the Securities and Exchange Commission nor or any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2003.

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The terms we , our , and us refer to P-Com, Inc., unless the context suggests otherwise.

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P-COM, INC.
PROSPECTUS SUMMARY

This summary highlights some information from this prospectus, and it may not contain all of the information that is important to you. It is qualified in its entirety by the more detailed information and consolidated financial statements, including the notes to the consolidated financial statements, incorporated by reference in this prospectus. You should read the full text of, and consider carefully the more specific details contained in or incorporated by reference into this prospectus.

Our Business

We develop, manufacture and market point-to-multipoint, point-to-point and spread spectrum radio systems for the worldwide telecommunications market. Cellular and personal communications services, or PCS, providers employ our point-to-point systems for backhaul between remote tower sites and switching centers in their growing global markets. Network service providers and Internet service providers are able, through the deployment of our equipment and systems, to respond to the increasing global demands for high-speed wireless access services, such as Internet access associated with business-to-business and e-commerce business processes. Through deployment of our systems, network providers can quickly and efficiently establish integrated Internet, data, voice, and video services for their customers, and expand and grow those services as demand increases. Our market is a subset of the global telecom, cellular, PCS, wireless Internet access, and private network markets.

Our wholly-owned subsidiary, P-Com Network Services, Inc., or PCNS, provides engineering, installation support, program management and maintenance support services to the telecommunications industry in the United States. Network service providers, including wireless and traditional wireline, outsource these tasks to approved service suppliers on a project-by-project basis. Microwave service projects are typically short in duration, lasting one to two weeks, and primarily involve logistical installation or maintenance of millimeter wave radio systems. Central office services projects involve ordering materials and substantial man-hour commitments and can last up to three months.

Our executive offices are located at 3175 S. Winchester Boulevard, Campbell, California 95008, and our telephone number is (408) 866-3666.

The Offering

On December 23, 2002, we entered into a subscription agreement with Alpha Capital Aktiengesellschaft and Stonestreet Limited Partnership, whereby we agreed to issue 3,333,333 shares of our common stock, par value $.0001 per share, and warrants to purchase a total of 750,000 shares of our common stock for the aggregate consideration of $500,000 in a private placement which closed on December 30, 2002. The exercise price of the common stock underlying the warrants is $0.30 and the warrants are immediately exercisable upon payment of the exercise price. The closing sale price of our common stock on December 30, 2002 was $0.20. Under the terms of the subscription agreement, we may in the future issue to the selling stockholders 2,100,000 additional shares of common stock for an aggregate consideration of $378,000 and upon satisfaction of certain conditions. We agreed to register for resale all the shares of common stock that were issued and may be issued under the subscription agreement and the shares of common stock issuable upon the exercise of the warrants. This prospectus relates to the resale of up to 6,183,333 shares of our common stock issuable in the private placement. The prices at which the selling stockholders may sell the shares will be determined by the prevailing market for the shares or in negotiated transactions. See Selling Stockholders.

Names of Selling Stockholders	Number of Shares of Stock Issued	Number of Shares of Stock That May Be Issued	Number of Shares of Common Stock Underlying Warrants	Total
Alpha Capital Aktiengesellschaft	2,000,000	1,261,111	450,000	3,711,111
Stonestreet Limited Partnership	1,333,333	838,889	300,000	2,472,222

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Use of Proceeds

The selling stockholders will receive all of the proceeds from the sale of the common stock pursuant to this prospectus. We will not receive any of the proceeds from sales by the selling stockholders of the offered shares of common stock but we may receive the proceeds from the exercise of the warrants by the selling stockholders.

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RISK FACTORS

An investment in our common stock is subject to many risks. You should carefully consider the risks described below, together with all of the other information included or incorporated by reference into this prospectus, including the financial statements and the related notes, before you decide whether to purchase shares of our common stock. Our business, operating results and financial condition could be harmed by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you could lose all or part of your investment.

Continuing weakness in the telecommunications equipment and services sector would adversely affect the growth and stability of our business.

A severe worldwide slowdown in the telecommunications equipment and services sector is affecting us. Our customers, particularly systems operators and integrated system providers, are canceling orders, deferring capital spending and orders to suppliers such as our Company, and in general are not building out any significant additional infrastructure at this time. In addition, our accounts receivable, inventory turnover, and operating stability can be jeopardized if our customers experience financial distress. Our largest customer in our services group, P-Com Network Services, began a slowdown and deferral of previously committed work orders as of the end of the second quarter of 2001, and this has persisted in 2002. We do not believe that our products and services sales levels can recover while an industry-wide slowdown in demand persists.

Global economic conditions have had a depressing effect on sales levels in past years, including a significant slowdown for P-Com in 1998 and 2001-2002. The soft economy and slowdown in capital spending encountered in 2001-2002 in the United States, the United Kingdom and other geographical markets have had a significant depressing effect on the sales levels of telecommunications products and services such as ours. These factors may continue to adversely affect our business, financial condition and results of operations. We cannot sustain ourselves at the currently depressed sales levels.

Our business and financial positions have deteriorated significantly.

Our business and financial positions have deteriorated significantly. From inception to September 30, 2002, our aggregate net loss is approximately $327 million. Our September 30, 2002 cash, working capital, accounts receivable, inventory, total assets, employee headcount, backlog and total stockholders equity were all substantially below levels of one year ago.

Our independent accountants opinion on our 2001 consolidated financial statements includes an explanatory paragraph indicating substantial doubt about our ability to continue as a going concern. To continue long-term as a going concern, we will have to increase our sales, and possibly induce other creditors to forebear or to convert to equity, raise additional equity financing, and/or raise new debt financing. We cannot guarantee that we will be able to accomplish these tasks.

If the closing of our proposed merger with Telaxis Communications Corporation is delayed, or does not happen at all, we would be unable to realize the anticipated benefits of the transaction, which may negatively affect our business.

We signed an Agreement and Plan of Merger with Telaxis Communications Corporation, dated September 9, 2002. The Agreement was terminated by mutual agreement on January 7, 2003. Although discussions between the parties are continuing, there cannot be any assurance that a new transaction will be entered into or consummated.

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We expended a significant portion of our present liquid resources in the merger process and, as a result of the termination, we will not receive the anticipated benefits including an expanded product range, a stronger combined balance sheet and more liquidity. It is possible that we have diminished our ability to find alternative merger partners in a period of tight financial markets and global customer market downturn, and with our own liquidity position further deteriorated. Our stock price could also fluctuate widely as a result of the termination, particularly to the extent that our current stock price reflects a market assumption that the merger would be completed as originally planned.

Our failure to comply with Nasdaq s listing standards could result in our delisting by Nasdaq from the Nasdaq SmallCap Market and severely limit the ability to sell any of our common stock.

To maintain the listing of our common stock on the Nasdaq National Market, we are required to meet certain listing requirements, including a minimum bid price of $1.00 per share. Because we did not meet this requirement, Nasdaq moved our stock listing from the Nasdaq National Market to the Nasdaq SmallCap Market

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effective August 27, 2002. Additionally Nasdaq notified us that, subject to maintaining compliance with the various rules necessary for continued listing on the Nasdaq SmallCap Market, the Company s stock could be delisted from the market unless it reaches and maintains the minimum $1 bid price for a period of 10 consecutive days by February 10, 2003. Should our common stock be delisted from the Nasdaq SmallCap Market, it would likely be traded on the so-called pink sheets or on the Electronic Bulletin Board of the National Association of Securities Dealers, Inc. However, this alternative could result in a less liquid market available for existing and potential shareholders to trade shares of our stock and could ultimately further depress the trading price of our common stock.

We do not have the customer base or other resources of more established companies, which makes it more difficult for us to address the liquidity, and other challenges we face.

We do not have the customer base or other resources of more established companies, which makes it more difficult for us to address the liquidity and other challenges we face. Although we have installed and have in operation over 150,000 radio units globally, we have not developed a large installed base of our equipment or the kind of close relationships with a broad base of customers of a type enjoyed by larger, more developed companies, which would provide a base of financial performance from which to launch strategic initiatives and withstand business reversals. In addition, we have not built up the level of capital often enjoyed by more established companies, so from time to time we may face serious challenges in financing our continued operation. We may not be able to successfully address these risks.

Our prospects for obtaining additional financing, if required, are uncertain and failure to obtain needed financing could affect our ability to pursue future growth and harm our business operations.

Even if we resolve our short term going concern difficulties, our future capital requirements will depend upon many factors, including a re-energized telecommunications market, development costs of new products and related software tools, potential acquisition opportunities, maintenance of adequate manufacturing facilities and contract manufacturing agreements, progress of research and development efforts, expansion of marketing and sales efforts, and status of competitive products. Additional financing may not be available in the future on acceptable terms or at all. The continued existence of a substantial amount of debt could also severely limit our ability to raise additional financing. In addition, given the recent price for our common stock, if we raise additional funds by issuing equity securities, significant dilution to our stockholders could result.

If adequate funds are not available, we may be required to close business or product lines, further restructure or refinance our debt or delay, further scale back or eliminate our research and development program, or manufacturing operations. We may also need to obtain funds through arrangements with partners or others that may require us to relinquish our rights to certain technologies or potential products or other assets. Our inability to obtain capital, or our ability to obtain additional capital only upon onerous terms, could very seriously damage our business, operating results and financial condition.

Market acceptance of our products might suffer if we are unable to keep pace with rapid technological changes and industry standards.

Rapid technological change, frequency of new product introductions and enhancements, product obsolescence, changes in end-user requirements and period-to-period demand, and evolving industry standards characterize the communications market. Our ability to compete in this market will depend upon successful development, introduction and sale of new systems and enhancements and related software tools, on a timely and cost-effective basis, in response to changing customer requirements. Any success in developing new and enhanced systems and related software tools will depend upon a variety of factors. Such factors include:

- new product development to respond to market demand;

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integration of various elements of complex technology;

timely and efficient implementation of manufacturing and assembly processes at turnkey suppliers and design and manufacturing cost reduction programs for existing product lines;

development and completion of related software tools, system performance, quality and reliability of systems; and timely and cost effective system design process.

We may not be successful in selecting, developing, manufacturing and marketing new systems or enhancements or related software tools. For example, to date, revenue generated through the sales of Point-to-Multipoint systems has not met original expectations, and sales were down sharply in all product categories in the second half of 2001 and the first nine months of 2002. Also, errors could be found in our systems after commencement of commercial quantity shipments. Such errors could result in the loss of or delay in market acceptance, as well as expenses associated with re-work of previously delivered equipment.

We rely on a limited number of customers for a material portion of our sales and the loss of sales to any of those customers could harm our business, financial conditions, and results of operation.

In the first nine months of 2002, sales to two customers accounted for 27% of sales. Our ability to maintain or increase our sales in the future will depend, in part upon our ability to obtain orders from new customers as well as the financial condition and success of our customers, the telecommunications industry and the global economy. Our customer concentration also results in concentration of credit risk. As of September 30, 2002, two customers accounted for 43% of our total accounts receivable balances. Many of our significant recurring customers are located outside United States, primarily in the Asia-Pacific Rim, United Kingdom and continental Europe. Some of these customers are implementing new networks and are themselves in the various stages of development. They may require additional capital to fully implement their planned networks, which may be unavailable to them on an as-needed basis, and which we cannot supply in terms of long-term financing.

If our customers cannot finance their purchases of our products or services, this may materially adversely affect our business, operations and financial condition. Financial difficulties of existing or potential customers may also limit the overall demand for our products and services. Current customers in the telecommunications industry have, from time to time, undergone financial difficulties and may therefore limit their future orders or find it difficult to pay for products sold to them. Any cancellation, reduction or delay in orders or shipments, for example, as a result of manufacturing or supply difficulties or a customer s inability to finance its purchases of our products or services, may materially adversely affect our business. Difficulties of this nature have occurred in the past and we believe they can occur in the future. For instance, we recently announced a multiple year $100 million supply agreement with an Original Equipment Manufacturer in China. Even with financial assurances in place, there is a possibility that the customer will change the timing and the product mix requested. Enforcement of the specific terms of the agreement could be difficult and expensive within China, and we may not ultimately realize the total benefits currently expected in the contract period.

Finally, acquisitions in the telecommunications industry are common, which tends to further concentrate the potential customer base and in some cases may cause orders to be delayed or cancelled.

We expect our quarterly revenue and operating results to fluctuate, and it is difficult to predict our future revenue and results of operations.

We have experienced and will continue to experience significant fluctuations in sales, gross margins and operating results. The procurement process for most of our current and potential customers is complex and lengthy. As a result, the timing and amount of sales is often difficult to predict reliably. The sale and implementation of our products and services generally involves a significant commitment of senior management, as well as our sales force and other resources.

The sales cycles for our products and services typically involve technical evaluation and commitment of our cash and other resources for significant periods prior to realization of substantive sales and delays often occur. Delays have been associated with, among other things:

- customers seasonal purchasing and budgetary cycles, as well as their own build-out schedules;
- compliance with customers internal procedures for approving large expenditures and evaluating and accepting new technologies;
- compliance with governmental or other regulatory standards;
- difficulties associated with customers ability to secure financing; negotiation of purchase and service terms for each sale;
- price negotiations required to secure purchase orders; and education of customers as to the potential applications of our products and services, as well as related product-life cost savings.

Failure to maintain satisfactory shipping and delivery schedules could increase our costs, disrupt our supply chain, and result in our inability to deliver our products, which would adversely affect our results of operations.

Due to logistics of production and inventory, a delay in a shipment near the end of a particular quarter for any reason may cause sales in a particular quarter to fall significantly below our expectations and the stock market analysts expectations. A single customer s order scheduled for shipment in a quarter can represent a large portion of our potential sales for the quarter. Such delays have occurred in the past due to unanticipated shipment rescheduling, cancellations or deferrals by customers, competitive and economic factors, unexpected manufacturing or other difficulties, delays in deliveries of components, subassemblies or services by suppliers and failure to receive anticipated orders. We cannot determine whether similar or other delays might occur in the future, but expect that some or all of such problems might recur.

Our operating results could be adversely affected by a continued decline in capital spending in the telecommunications market.

Although much of the anticipated growth in the telecommunications infrastructure is expected to result from the entrance of new service providers, many new providers do not have the financial resources of existing service providers. For example, in the U.S., most CLECs are experiencing financial distress, and/or have declared bankruptcy. If these new service providers are unable to adequately finance their operations, they may cancel or delay orders. Moreover, purchase orders are often received and accepted far in advance of shipment and, as a result, we typically permit orders to be modified or canceled with limited or no penalties. Any failure to reduce actual costs to the extent anticipated when an order is received substantially in advance of shipment or an increase in anticipated costs before shipment could materially adversely affect our gross margin in such situations. Ordering materials and building inventory based on customer forecasts or non-binding orders can also result in large inventory write-offs, as occurred in 2000 and 2001. Global economic conditions have had a depressing effect on sales levels in past years. The soft economy and slowdown in capital spending in 2001 and to date in 2002 in the U.S. and U.K. telecommunications markets again had a significant depressing effect on the sales levels of products and services in both years.

Failure to maintain adequate levels of inventory could result in a reduction or delay in sales and harm our results of operations.

In a competitive industry such as broadband wireless, the ability to effect quick turnaround and delivery on customer orders can make the difference in maintaining an ongoing relationship with our customers. This competitive market condition requires us to keep inventory on hand to meet such market demands. Given the

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variability of customer requirements and purchasing power, it is difficult to closely predict the amount of inventory needed to satisfy demand. If we over or under-estimate inventory requirements to fulfill customer needs, our results of operations could continue to be adversely affected. If market conditions change swiftly, such as was the case in 2001, it may not be possible to terminate purchasing contracts in a timely fashion to prevent periodic inventory increases, thus causing additional reserves to be recorded against realization of such inventory s carrying value. In particular, increases in inventory could materially adversely affect operations if such inventory is ultimately not used or becomes obsolete. This risk was realized in the large inventory write-downs in 1999, 2000 and 2001.

Difficulties in reducing our operating expenses could harm our results of operations.

A material portion of our manufacturing related operating expenses is fixed. If we experience a reduction or delay in sales, we may find it difficult to reduce our manufacturing related operating expenses on a timely basis. Difficulties of this nature would adversely affect our financial condition and harm our operating results.

Our limited manufacturing capacity and sources of supply may affect our ability to meet customer demand, which would harm our sales and damage our reputation.

Our internal manufacturing capacity, by design, is very limited. Under certain market conditions, as for example when there is high capital spending and rapid system deployment, our internal manufacturing capacity will not be sufficient to fulfill customers orders. We would therefore rely on contract manufacturers to produce our systems, components and subassemblies. Our failure to manufacture, assemble and ship systems and meet customer demands on a timely and cost-effective basis could damage relationships with customers and have a material adverse effect on our business, financial condition and results of operations.

In addition, certain components, subassemblies and services necessary for the manufacture of our systems are obtained from a sole supplier or a limited group of suppliers. Many of these suppliers are in difficult financial positions as a result of the significant slowdown that we too have experienced. Our reliance on contract manufacturers and on sole suppliers or a limited group of suppliers involves risks. We have from time to time experienced an inability to obtain, or to receive in a timely manner, an adequate supply of finished products and required components and subassemblies. As a result, our control over the price, timely delivery, reliability and quality of finished products, components and subassemblies is reduced.

If we fail to effectively manage our growth, our infrastructure, management, and resources could be strained, our ability to effectively manage our business could be diminished, and our results, of operation could suffer.

To maintain a competitive market position, we are required to continue to invest resources for growth. We continue to devote resources to the development of new products and technologies and are continuously conducting evaluations of these products. We will continue to invest additional resources in plant and equipment, inventory, personnel and other items, to begin production of these products and to provide any necessary marketing and administration to service and support bringing these products to commercial production stage. Accordingly, our gross profit margin and inventory management may be adversely impacted in the future by start-up costs associated with the initial production and installation of these new products. Start-up costs may include additional manufacturing overhead, additional allowance for doubtful accounts, inventory and warranty reserve requirements and the creation of service and support organizations.

Additional inventory on hand for new product development and customer service requirements also increases the risk of further inventory write-downs if such products do not gain reasonable market acceptance at normal gross profit margin. Although through monitoring our operating expense levels relative to business plan revenue levels, we try to maintain a given level of operating results, there are many market condition changes which have challenged and may continue to challenge our ability to maintain given levels of operating expenses to revenue ratios. Expansion of our operations and acquisitions in prior periods have caused a significant strain on our management, financial, manufacturing and other resources and has from time to time disrupted our normal business operations.

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Our ability to manage any possible future growth may again depend upon significant expansion of our executive, manufacturing, accounting and other internal management systems and the implementation of a variety of systems, procedures and controls, including improvements or replacements to inventory and management systems designed to help control and monitor inventory levels and other operating decision criteria. In particular, we must successfully manage and control overhead expenses and inventories relative to sales levels we may attain. Additionally we must successfully meet the challenge of development, introduction, marketing and sales of new products, the management and training of our employee base, the integration and coordination of a geographically and ethnically diverse group of employees and the monitoring of third party manufacturers and suppliers. We cannot be certain that attempts to manage or again expand our marketing, sales, manufacturing and customer support efforts will be successful or result in future additional sales or profitability. Any failure to coordinate and improve systems, procedures and controls, including improvements relating to inventory control and coordination with subsidiaries, at a pace consistent with our business, could cause inefficiencies, additional operational expenses and inherent risks, greater risk of billing delays, inventory write-downs and financial reporting difficulties.

A significant ramp-up of production of products and services could require us to make substantial capital investments in equipment and inventory, in recruitment and training of additional personnel and possibly in investment in additional manufacturing facilities. If undertaken, we anticipate these expenditures would be made in advance of increased sales. In such event, operating results would be adversely affected from time-to-time due to short-term inefficiencies associated with the addition of equipment and inventory, personnel or facilities, and such cost categories may periodically increase as a percentage of revenues.

A decline in the selling price of our products would adversely affect our financial condition and results of operations.

We believe that average selling prices and gross margins for our systems and services will tend to decline in both the near and the long term relative from the point at which a product is initially marketed and priced. Reasons for such decline may include the maturation of such systems, the effect of volume price discounts in existing and future contracts and the intensification of competition.

If we cannot develop new products in a timely manner or fail to achieve increased sales of new products at a higher average selling price, then we would be unable to offset declining average selling prices. If we are unable to offset declining average selling prices, or achieve corresponding decrease in manufacturing operating expenses, our gross margins will decline.

Difficulties in receiving payment from customers could adversely affect our financial conditions and results of operations.

We are subject to credit risk in the form of trade accounts receivable. We could be unable to enforce a policy of receiving payment within a limited number of days of issuing bills, especially for customers in the early phases of business development. Our current credit policy typically allows payment terms between 30 and 90 days depending upon the customer and the economic norms of the region, as well as the requirement for certain foreign customers to place irrevocable letters of credit to insure payment under terms. We could have difficulties in receiving payment in accordance with our policies, particularly from customers awaiting financing to fund their expansion and from customers outside of the United States.

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Our business depends on the acceptance of our products and services, and it is uncertain whether the market will accept and demand our products and services at levels necessary for success.

Our future operating results depend upon the continued growth and increased availability and acceptance of microcellular, personal communications networks/personal communications services, or, and wireless local loop access telecommunications services in the United States and internationally. The volume and variety of wireless telecommunications services or the markets for and acceptance of such services may not continue to grow as expected. The growth of such services may also fail to create anticipated demand for our systems. Predicting which segments of these markets will develop and at what rate these markets will grow is difficult.

Certain sectors of the telecommunications market will require the development and deployment of an extensive and expensive telecommunications infrastructure. In particular, the establishment of PCN/PCS networks requires very large capital expenditure levels. Communications providers may not make the necessary investment in such infrastructure, and the creation of this infrastructure may not occur in a timely manner. Moreover, one potential application of our technology, the use of our systems in conjunction with the provision of alternative wireless access in competition with the existing wireline local exchange providers, depends on the pricing of wireless telecommunications services at rates competitive with those charged by wireline operators. Rates for wireless access must become competitive with rates charged by wireline companies for this approach to be successful. Absent that, consumer demand for wireless access will be materially adversely affected. If we allocate resources to any market segment that does not grow, we may be unable to reallocate capital and other resources to other market segments in a timely manner, ultimately curtailing or eliminating our ability to enter such other segments.

Certain current and prospective customers are delivering services and features that use competing transmission media such as fiber optic and copper cable, particularly in the local loop access market. To successfully compete with existing products and technologies, we must offer systems with superior price/performance characteristics and extensive customer service and support. Additionally, we must supply such systems on a timely and cost-effective basis, in sufficient volume to satisfy such prospective customers requirements, in order to induce the customers to transition to our technologies. Any delay in the adoption of our systems and technologies may result in prospective customers using alternative technologies in their next generation of systems and networks.

Prospective customers may design their systems or networks in a manner which excludes or omits our products and technology. Existing customers may not continue to include our systems in their products, systems or networks in the future. Our technology may not replace existing technologies and achieve widespread acceptance in the wireless telecommunications market. Failure to achieve or sustain commercial acceptance of our currently available radio systems or to develop other commercially acceptable radio systems would materially adversely affect us.

We face substantial competition and may not be able to compete effectively.

We are experiencing intense competition worldwide from a number of leading telecommunications equipment and technology suppliers. Such companies offer a variety of competitive products and services and some offer broader telecommunications product lines, and include Alcatel Network Systems, Alvarion, Stratex Networks, Cerragon, Ericsson Limited, Harris Corporation-Farinon Division, Netro, NEC, NERA, Nokia Telecommunications, SIAE, Siemens, and Proxim/Western Multiplex Corporation. Many of these companies have greater installed bases, financial resources and production, marketing, manufacturing, engineering and other capabilities than we do. We face actual and potential competition not only from these established companies, but also from start-up companies that are developing and marketing new commercial products and services. Some of our current and prospective customers and partners have developed, are currently developing or could manufacture products competitive with our products. Nokia and Ericsson have developed competitive radio systems, and new technology featuring free space optical systems that are now in the marketplace.

The principal elements of competition in our market and the basis upon which customers may select our systems include price, performance, software functionality, perceived ability to continue to be able to meet delivery requirements, and customer service and support. Recently, certain competitors have announced the introduction of new competitive products, including related software tools and services, and the acquisition of other competitors and competitive technologies. We expect competitors to continue to improve the performance and lower the price of their current products and services and to introduce new products and services or new technologies that provide added functionality and other features. New product and service offerings and enhancements by our competitors could cause a decline in sales or loss of market acceptance of our systems. New offerings could also make our systems, services or technologies obsolete or non-competitive. In addition, we are experiencing significant price competition and expect such competition to intensify.

International sales and operation risks could adversely affect our results of operations.

As a result of our current heavy dependence on international markets, we face economic, political and foreign currency fluctuations that are often more volatile than those commonly experienced in the United States. The majority of our sales to date have been made to customers located outside of the United States. Historically, our international sales have been denominated in British pounds sterling, Euros or United States dollars. A decrease in the value of foreign currencies relative to the United States dollar could result in decreased margins from those transactions if such decreases are not hedged. For international sales that are United States dollar-denominated, such a decrease in the value of foreign currencies could make our systems less price-competitive if competitors choose to price in other currencies and could have a material adverse effect upon our financial condition.

We fund our Italian subsidiary s operating expenses which are denominated in Euros. An increase in the value of Euro currency if not hedged relative to the United States dollar could result in more costly funding for our Italian operations, and as a result higher cost of production to us as a whole. Conversely a decrease in the value of Euro currency will result in cost savings for us.

Additional risks are inherent in our international business activities. Such risks include:

- changes in regulatory requirements;
- costs and risks of localizing systems (homologation) in foreign countries;
- delays in receiving and processing components and materials;
- availability of suitable export financing;
- timing and availability of export licenses, tariffs and other trade barriers;
- difficulties in staffing and managing foreign operations, branches and subsidiaries;
- difficulties in managing distributors; potentially adverse tax consequences;
- the burden of complying with a wide variety of complex foreign laws and treaties;
- difficulty in accounts receivable collections, if applicable;
- and political and economic instability.

In addition, many of our customer purchase and other agreements are governed by foreign laws, which may differ significantly from U.S. laws. Therefore, we may be limited in our ability to enforce our rights under such agreements and to collect damages, if awarded.

In many cases, local regulatory authorities own or strictly regulate international telephone companies. Established relationships between government-owned or government-controlled telephone companies and their traditional indigenous suppliers of telecommunications often limit access to such markets. The successful expansion of our international operations in certain markets will depend on our ability to locate, form and maintain strong relationships with established companies providing communication services and equipment in designated regions.

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The failure to establish regional or local relationships or to successfully market or sell our products in international markets could limit our ability to expand operations.

Some of our potential markets include developing countries that may deploy wireless communications networks as an alternative to the construction of a limited wireline infrastructure. These countries may decline to construct wireless telecommunications systems or construction of such systems may be delayed for a variety of reasons. Also, in developing markets, economic, political and foreign currency fluctuations may be even more volatile than conditions in developed areas. Countries in the Asia/Pacific, African, and Latin American regions have recently experienced weaknesses in their currency, banking and equity markets. These weaknesses have adversely affected and could continue to adversely affect demand for our products.

Governmental regulations affecting markets in which we compete could adversely affect our business and results of operations.

Radio communications are extensively regulated by the United States and foreign governments as well as by international treaties. Our systems must conform to a variety of domestic and international requirements established to, among other things, avoid interference among users of radio frequencies and to permit interconnection of equipment.

Historically, in many developed countries, the limited availability of radio frequency spectrum has inhibited the growth of wireless telecommunications networks. Each country s regulatory process differs. To operate in a jurisdiction, we must obtain regulatory approval for its systems and comply with differing regulations.

Regulatory bodies worldwide continue to adopt new standards for wireless communications products. The delays inherent in this governmental approval process may cause the cancellation, postponement or rescheduling of the installation of communications systems by us and our customers. The failure to comply with current or future regulations or changes in the interpretation of existing regulations could result in the suspension or cessation of operations. Such regulations or such changes in interpretation could require us to modify our products and services and incur substantial costs to comply with such regulations and changes.

In addition, we are also affected by domestic and international authorities regulation of the allocation and auction of the radio frequency spectrum. Equipment to support new systems and services can be marketed only if permitted by governmental regulations and if suitable frequency allocations are auctioned to service providers. Establishing new regulations and obtaining frequency allocation at auction is a complex and lengthy process. If PCS operators and others are delayed in deploying new systems and services, we could experience delays in orders. Similarly, failure by regulatory authorities to allocate suitable frequency spectrum could have a material adverse effect on our results. In addition, delays in the radio frequency spectrum auction process in the United States could delay our ability to develop and market equipment to support new services.

We operate in a regulatory environment subject to significant change. Regulatory changes, which are affected by political, economic and technical factors, could significantly impact our operations by restricting our development efforts and those of its customers, making current systems obsolete or increasing competition. Any such regulatory changes, including changes in the allocation of available spectrum, could have a material adverse effect on our business, financial condition and results of operations. We may also find it necessary or advisable to modify our systems and services to operate in compliance with such regulations. Such modifications could be expensive and time-consuming.

Our inability to protect our intellectual property could impair our competitive advantage, reduce our revenue and increase our costs.

We rely on a combination of patents, trademarks, trade secrets, copyrights and other measures to protect our intellectual property rights. We generally enter into confidentiality and nondisclosure agreements with service providers, customers and others to limit access to and distribution of proprietary rights. We also enter into software

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license agreements with customers and others. However, such measures may not provide adequate protection for our trade secrets or other proprietary information for a number of reasons. Any of our patents could be invalidated, circumvented or challenged, or the rights granted there under may not provide competitive advantages to us. Any of our pending or future patent applications might not be issued within the scope of the claims sought, if at all.

Furthermore, others may develop similar products or software or duplicate our products or software. Similarly, others might design around the patents owned by us, or third parties may assert intellectual property infringement claims against us.

In addition, foreign intellectual property laws may not adequately protect our intellectual property rights abroad. A failure or inability to protect proprietary rights could have a material adverse effect on our business, financial condition and results of operations. Even if our intellectual property rights are adequately protected, litigation may be necessary to enforce patents, copyrights and other intellectual property rights, to protect our trade secrets, to determine the validity of and scope of proprietary rights of others or to defend against claims of infringement or invalidity. Litigation, even if wholly without merit, could result in substantial costs and diversion of resources, regardless of the outcome. If any claims or actions are asserted against us, we may choose to seek a license under a third party s intellectual property rights. However, such a license may not be available under reasonable terms or at all.

We depend on key personnel who would be difficult to replace and our business will likely be harmed if we lost their services or cannot hire additional qualified personnel.

Our future operating results depend in significant part upon the continued contributions of key technical and senior management personnel, many of who would be difficult to replace. Future operating results also depend upon the ability to attract and retain qualified management and technical personnel. Competition for such personnel is intense, and we may not be successful in attracting or retaining such personnel. Only a limited number of persons with the requisite skills to serve in these positions may exist and it may be increasingly difficult for us to hire such personnel. If the Telaxis merger is consummated, the current chief executive officer of Telaxis, John Youngblood, will become our chief executive officer. He will lead a mixed executive team, some coming from our side and some from the Telaxis side. Potential integration and retention problems could arise.

We have experienced and may continue to experience employee turnover due to several factors, including the 2002 and 2001 layoffs at our U.S. and United Kingdom locations. Such turnover and layoffs could adversely impact our business.

Our stock price has been volatile and has experienced significant decline, and may continue to be volatile and decline.

In recent years, the stock market in general, and the market for shares of small capitalization, technology stocks in particular, have experienced extreme price fluctuations. Such fluctuations have often been unrelated to the operating performance of individual affected companies. Companies with liquidity problems also often experienced downward stock price volatility. We believe that factors such as announcements of developments related to our business (including any financings or any resolution of liabilities), announcements of technological innovations or new products or enhancements by us or our competitors, developments in the emerging countries economies, sales by competitors, sales of our common stock into the public market, developments in our relationships with customers, partners, lenders, distributors and suppliers, shortfalls or changes in revenues, gross margins, earnings or losses or other financial results that differ from analysts expectations, regulatory developments, fluctuations in results of operations and general conditions in our market, or the economy, could cause the price of our common stock to fluctuate widely. The market price of our common stock may continue to decline, or otherwise continue to experience significant fluctuations in the future, including fluctuations that are unrelated to our performance.

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We have never declared or paid cash dividends on our common stock nor do we anticipate doing so in the future.

We have never declared or paid cash dividends on our common stock, and we anticipate that any future earnings will be retained for investment in the business. Any payment of cash dividends in the future will be at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, extent of indebtedness and contractual restrictions with respect to the payment of dividends.

We have adopted anti-take over defenses that could delay or prevent an acquisition of the company.

Our stockholder rights plan, certificate of incorporation, equity incentive plans, bylaws and Delaware law may have a significant effect in delaying, deferring or preventing a change in control and may adversely affect the voting and other rights of other holders of common stock.

The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of any other preferred stock that may be issued in the future, including the Series A junior participating preferred stock that may be issued pursuant to the stockholder rights plan, upon the occurrence of certain triggering events. In general, the stockholder rights plan provides a mechanism by which the share position of anyone that acquires 15% or more, or 20% or more in the case of the State of Wisconsin Investment Board and Firsthand Capital Management), of our common stock will be substantially diluted. Future issuance of stock or any additional preferred stock could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock.

Future sales or our securities in the public market could lower our stock price and impair our ability in new stock offerings to raise funds to continue operations.

Future sales of our common stock, including shares issued upon the exercise of our outstanding options and warrants or other derivative transitions with respect to our stock, could have a significant negative effect on the market price of our common stock. These sales might also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we would deem appropriate.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. In some cases you can identify these statements by forward-looking words such as anticipate, believe, could, estimate, expect, intend, may, should, will, and would You should read statements that contain these words carefully because they may discuss our future expectations, contain projections of our future results of operations or of our financial position or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control. The factors listed above in the section captioned Risk Factors, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from any expectations we describe. Actual results or outcomes may differ materially from those predicted in our forward-looking statements due to the risks and uncertainties inherent in our business, including risks and uncertainties in:

market acceptance of and continuing demand for our products;

our ability to protect our intellectual property;

the impact of competitive products, pricing and customer service and support;

our ability to obtain additional financing to support our operations;

obtaining and maintaining regulatory approval where required; and

the closing of our proposed merger with Telaxis Communications Corporation; and

changing market conditions and other risks detailed in this prospectus.

You should also consider carefully the statements under Risk Factors beginning on page 5 and other sections of this prospectus and in the other documents filed with the SEC, which address factors that could cause our actual results to differ from those set forth in the forward-looking statements. You should not place undue reliance on any forward-looking statements, which reflect our management s view only as of the date of this prospectus. We will not update any forward-looking statements to reflect events or circumstances that occur after the date on which such statement is made.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common stock by the selling stockholders. All proceeds will be received by the selling stockholders. We may receive the proceeds form the exercise of the warrants by the selling stockholders.

SELLING STOCKHOLDERS

The following table sets forth the name of the selling stockholders and the number of shares being registered for sale as of the date of this prospectus and sets forth the number of shares of common stock known by us to be beneficially owned by the selling stockholders. The following table assumes that each selling stockholder will sell all of the shares being offered by this prospectus for its account. However, we are unable to determine the exact number of shares that actually will be sold. The selling stockholders have not had a material relationship with us within the past three years other than as a result of its ownership of our securities. The shares offered by this prospectus may be offered from time to time by the selling stockholders. This information is based upon information provided by the selling stockholders, and is not necessarily indicative of beneficial ownership for any other purpose. The number of shares of common stock beneficially owned by the selling stockholders is determined in accordance with the rules of the SEC. The term selling stockholder includes the stockholders listed below and its transferees, assignees, pledgees, donees or other successors. The percent of beneficial ownership for each selling stockholder is based on 34,437,644 shares of common stock outstanding as of December 30, 2002.

Names of Selling Stockholders	Number of Shares of Common Stock Beneficially Owned Prior to Offering(1)	Percent of Outstanding Shares Beneficially Owned Prior to Offering(1)	Number of Shares to be Offered Pursuant to this Prospectus	Number of Shares Beneficially Owned After the Offering(2)	Percent of Outstanding Shares Beneficially Owned After the Offering(2)
Alpha Capital Aktiengesellschaft	3,711,111(3)	10.266%	3,711,111	0	*
Stonestreet Limited Partnership	2,472,222(4)	6.949%	2,472,222	0	*

* Represents less than 1% of the outstanding shares.

(1) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities and Exchange Act of 1934, as amended, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under Rule 13d-3, beneficial ownership includes any shares as to which a person has sole or shared voting power or investment power and also any shares which a person has the right to acquire within 60 days of the date of this prospectus through the exercise of any stock option or other right. Under Section 9.5 of the Subscription Agreement and Section 10 of the warrants, each selling stockholder may not be issued shares of common stock in a second closing and each may not exercise the warrants if the issuance of shares in the second closing or upon exercise of the warrants would result in beneficial ownership by such selling stockholder and its affiliates of more than 9.99% of the outstanding shares of common stock of P-Com.

(2) Assumes that all shares being offered by each selling stockholder under this prospectus are sold, and that such selling stockholder acquires no additional shares of common stock before the completion of this offering.

(3) Includes 1,261,111 shares issuable in a second closing and 450,000 shares issuable upon exercise of warrants.

(4) Includes 838,889 shares issuable in a second closing and 300,000 shares issuable upon exercise of warrants.

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PLAN OF DISTRIBUTION

We are registering all 6,183,333 shares on behalf of the selling stockholders. We issued all of the shares to the selling stockholders in a private placement transaction. The selling stockholders named in the table above or pledgees, donees, transferees or other successors-in-interest selling shares received from the selling stockholders as a gift, partnership distribution or other non-sale related transfer after the date of this prospectus may sell the shares from time to time. The selling stockholders will act independently of us in making decisions regarding the timing, manner and size of each sale. The sales may be made on the Nasdaq SmallCap Market, in the over-the-counter market, through put or call option transactions relating to the shares, in negotiated transactions, or a combination of such methods of sale or otherwise, at prices and on terms then prevailing or at prices related to the then current market price. The selling stockholders may effect these transactions by selling the shares to or through broker-dealers, or not. The shares may be sold by one or more of, or a combination of, the following:

- a block trade in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by such broker-dealer for its account under this prospectus;
- an exchange distribution in accordance with the rules of the respective exchange;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers; and
- in privately negotiated transactions.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. In effecting sales, broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in the resales.

The selling stockholders may enter into hedging transactions with broker-dealers in connection with distributions of the shares or otherwise. In these transactions, broker-dealers may engage in short sales of the shares in the coursIGN="bottom"> 687,457

Non-operating income

Interest revenue

378,066 767,355

Investment gain accounted for under the equity method, net

2, 4(9) 530,417

Dividend income

42,747 59,796

Gain on disposal of property, plant and equipment

2 54,446 119,545

Gain on disposal of investments

2 2,087,458 5,271,930

Other income

609,219 306,587

Subtotal

3,171,936 7,055,630

Non-operating expenses

Interest expense

2, 4(10) (44,580) (90,327)

Investment loss accounted for under the equity method, net

2, 4(9) (659,526)

Loss on disposal of property, plant and equipment

2 (9,470) (84,214)

Exchange loss, net

2 (692,748) (19,433)

Loss on decline in market value and obsolescense of inventories

2 (178,901) (38,891)

Financial expenses

(63,586) (88,687)

Impairment loss

2, 4(12) (194,693) (248,555)

Loss on valuation of financial assets

2 (718,836) (88,169)

Loss on valuation of financial liabilities

2, 4(14) (55,341) (44,586)

Other losses

(73,883) (113,054)

Subtotal

(2,691,564) (815,916)

Income from continuing operations before income tax

2,607,698 6,927,171

Income tax expense

2, 4(22) (242,818) (792,999)

Net income

$2,364,880 $6,134,172

Attributable to:

Shareholders of the parent

$2,603,210 $6,369,668

Minority interests

(238,330) (235,496)

Net income

$2,364,880 $6,134,172

		Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	2, 4(23)				
Net income attributable to shareholders of the parent		$ 0.23	$ 0.21	$ 0.40	$ 0.36
Earnings per share-diluted (NTD)	2, 4(23)				
Net income attributable to shareholders of the parent		$ 0.21	$ 0.20	$ 0.39	$ 0.35

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 six-month periods ended June 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	Notes	Common Stock	Capital Stock Dividends for Distribution	Collected in Advance	Additional Paid-in Capital	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Unrealized Gain/Loss on Financial Instruments	Cumulative Translation Adjustment	Treasury Stock	Minority Interests
	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
f												
	4(20)											
						1,777,434		(1,777,434)				
							502,772	(502,772)				
								(12,461,529)				
o												
								(15,494)				
s -												
								(2,324,120)				
ne												
7								6,369,668				(235,496)
n												
d												
	2				1,713							
	2				(5,515)							
e												
	2, 4(7)								5,273,095			
	2								1,108,204			
	2, 4(17), 4(18)	119,185			68,308							
		11,405		(11,405)								
	2									246,892		
ts												(144,502)

	4(17)	$ 191,442,517	$	$	$ 67,771,793	$ 18,476,942	$ 824,922	$ 7,062,654	$ 33,939,144	$ (578,030)	$ (29,394,664)	$ 5,858,020
	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
f	4(17), 4(20)											
						1,234,923		(1,234,923)				
							(824,922)	824,922				
								(9,382,647)				
			1,000,816					(1,000,816)				
o								(11,939)				
s -								(286,541)				
s -			1,146,166					(1,146,166)				
-	4(17)		4,628,772		(4,628,772)							
ne 7								2,603,210				(238,330)
n d	2				12,212							
	2				9,427							
e	2, 4(7)								(13,608,153)			
	2								(4,882,668)			
	2									(4,181,541)		
ts												(43,841)
	4(17)	$ 132,144,949	$ 6,775,754	$	$ 61,519,673	$ 19,711,865	$	$ 2,714,327	$ 3,923,031	$ (5,048,103)	$ (15,003,247)	$ 6,248,639

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 six-month periods ended June 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	For the six-month period ended June 30, 2008	2007
Cash flows from operating activities:		
Net income attributable to shareholders of the parent	$ 2,603,210	$ 6,369,668
Net loss attributable to minority interests	(238,330)	(235,496)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	18,906,807	18,559,324
Amortization	664,664	648,598
Bad debt expenses (reversal)	3,159	(1,409)
Loss on decline in market value and obsolescence of inventories	178,901	38,891
Cash dividends received under the equity method	134,924	353,592
Investment loss (gain) accounted for under the equity method	659,526	(530,417)
Loss on valuation of financial assets and liabilities	774,177	132,755
Impairment loss	194,693	248,555
Gain on disposal of investments	(2,087,458)	(5,271,930)
Gain on disposal of property, plant and equipment	(44,976)	(35,331)
Gain on reacquisition of bonds		(6,112)
Amortization of bond discounts	6,747	34,725
Exchange loss (gain) on financial assets and liabilities	(34,023)	12,554
Exchange loss (gain) on long-term liabilities	(178,877)	283,791
Amortization of deferred income	(79,263)	(71,874)
Changes in assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	508,204	475,612
Notes and accounts receivable	(969,652)	(1,427,707)
Other receivables	168,368	246,744
Inventories	(1,234,033)	(654,002)
Prepaid expenses	(245,676)	(428,482)
Deferred income tax assets	(267,007)	476,033
Other current assets		(9,807)
Accounts payable	126,750	(23,056)
Income tax payable	(64,079)	(10,465)
Accrued expenses	(732,725)	(680,904)
Other current liabilities	95,342	(65,813)
Accrued pension liabilities	29,906	30,149
Capacity deposits	(4,446)	(714,685)
Other liabilities - others	119,233	(11,655)
Net cash provided by operating activities	18,994,066	17,731,846
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(683,740)	(3,233,873)
Proceeds from disposal of available-for-sale financial assets	2,534,105	2,996,582
Acquisition of financial assets measured at cost	(470,262)	(496,143)
Proceeds from disposal of financial assets measured at cost	108,139	139,338
Acquisition of long-term investments accounted for under the equity method	(88,562)	(438,042)
Proceeds from disposal of long-term investments accounted for under the equity method	825	676,095
Proceeds from maturities of held-to-maturity financial assets		908,200

Prepayment for long-term investments	(270,000)	(247,712)
Proceeds from capital reduction and liquidation of long-term investments	69,027	60,800
Acquisition of property, plant and equipment	(8,238,821)	(21,590,411)
Proceeds from disposal of property, plant and equipment	100,981	350,872
Deferred charges	(496,859)	(618,191)
Other assets-others	11,401	(5,091)
Net cash used in investing activities	(7,423,766)	(21,497,576)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	For the six-month period ended June 30, 2008	2007
(continued)		
Cash flows from financing activities:		
Increase in short-term loans	$ 350,013	$ 20,000
Redemption of bonds	(22,716,624)	(3,701,837)
Reacquisition of bonds		(753,384)
Decrease in deposits-in	(2,460)	(1,269)
Exercise of employee stock options		187,493
Increase in minority shareholders		2,202
Net cash used in financing activities	(22,369,071)	(4,246,795)
Effect of exchange rate changes on cash and cash equivalents	(383,213)	(232,243)
Decrease in cash and cash equivalents	(11,181,984)	(8,244,768)
Cash and cash equivalents at beginning of period	47,678,147	93,853,208
Cash and cash equivalents at end of period	$ 36,496,163	$ 85,608,440
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 393,137	$ 512,535
Cash paid for income tax	$ 935,186	$ 2,018,344
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	$ 4,332,807	$ 15,737,107
Add: Payable at beginning of period	6,036,274	10,130,367
Less: Payable at end of period	(2,130,260)	(4,277,063)
Cash paid for acquiring property, plant and equipment	$ 8,238,821	$ 21,590,411
Investing and financing activities not affecting cash flows:		
Principal amount of exchangeable bonds exchanged by bondholders	$	$ 3,285,254
Book value of available-for-sale financial assets delivered for exchange		(895,055)
Elimination of related balance sheet accounts		392,118
Recognition of gain on disposal of available-for-sale financial assets	$	$ 2,782,317

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

UNITED MICROELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008 and 2007

(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 June 30, 2008 and 2007 were 14,461 and 14,495, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Summary of significant accounting policies is as follows:

General Descriptions of Reporting Entities

(1) Principles of Consolidation

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

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

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(2) The consolidated entities are as follows:
As of June 30, 2008

Investor	Subsidiary	Business nature	Percentage of ownership (%)
UMC	UMC GROUP (USA)(UMC-USA)	IC Sales	100.00
UMC	UNITED MICROELECTRONICS (EUROPE) B.V (UME BV)	IC Sales	100.00
UMC	UMC CAPITAL CORP.	Investment holding	100.00
UMC	UNITED MICROELECTRONICS CORP. (SAMOA)	Investment holding	100.00
UMC	TLC CAPITAL CO., LTD. (TLC)	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)	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
TLC	SOARING CAPITAL CORP.	Investment holding	100.00

As of June 30, 2007

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	Sales and manufacturing of LCOS	85.24
UMC	UMCJ	Sales and manufacturing of integrated circuits	50.09
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

Use of Estimates

The preparation of the Company s consolidated 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 consolidated statements of income. Translation gains or losses from investments in foreign entities are recognized as a cumulative translation adjustment in stockholders equity.

Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value with changes in fair value charged to the 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 a cumulative adjustment items translation adjustment into consolidated 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 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 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 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 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 at the end of the period until realized through transactions with third parties. Intercompany gains and losses arising from transactions between the Company and majority-owned (above 50%) subsidiaries are eliminated entirely until realized through transactions with third parties.

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

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

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

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

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, the 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	3 ~ 55 years
Machinery and equipment	5 ~ 6 years
Transportation equipment	4 ~ 5 years
Furniture and fixtures	2 ~ 20 years
Leased assets and leasehold improvements	The lease period or estimated economic life, whichever is shorter

Intangible Assets

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

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.

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

Convertible and Exchangeable Bonds

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

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

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

In accordance with ROC SFAS No. 34, Financial Instruments: Recognition and Measurement, effective as of January 1, 2006, since the economic and risk characteristics of the embedded derivative instrument and the host contract are not clearly and closely related, derivative financial instruments embedded in exchangeable bonds 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 eligible to 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 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 between January 1, 2004 and December 31, 2007, in accordance with Accounting Research and Development Foundation interpretation Nos. 92-070~072. For stock options granted on or after January 1, 2008, the Company recognizes compensation cost using the fair value method in accordance with ROC SFAS No. 39 Accounting for Share-Based Payment.

Share-Based Employee Bonuses and Remunerations Paid to Directors and Supervisors

In accordance with Accounting Research and Development Foundation interpretation No. 96-052 effective January 1, 2008, share-based employee bonuses and remunerations paid to directors and supervisors are charged to expense at fair value and are no longer accounted for as a reduction of retained earnings.

Treasury Stock

In accordance with ROC SFAS No. 30, Accounting for Treasury Stock , treasury stock held by the Company is accounted for under the cost method. The cost of treasury stock is shown as a deduction to consolidated stockholders equity, while any gain or loss from selling treasury stock is treated as an adjustment to additional paid-in capital. Prior to December 31, 2007, treasury stock transferred to employees was accounted as treasury stock transaction and no compensation expense is recorded. The Company s stock held by its subsidiaries is also treated as treasury stock. Cash dividends received by subsidiaries from the Company are recorded as additional paid-in capital - treasury stock transactions.

Revenue Recognition

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

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

Research and Development Expenditures

Research and development expenditures are charged to expenses as incurred.

Capital Expenditures Versus Operating Expenditures

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

Income Tax

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

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

Income tax (10%) on unappropriated earnings is recorded as expense in the year 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 if any indication that the impairment loss no longer exists or may have diminished. If there is any such indication, the Company recalculates the recoverable amount of the asset, and if the recoverable amount has increased as a result of the increase in the estimated service potential of the assets, the Company reverses the impairment loss so that the resulting carrying amount of the asset does not exceed the amount (net of amortization or depreciation) that would otherwise result had no impairment loss been recognized for the assets in prior years.

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

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

3. ACCOUNTING CHANGES

Employee Stock Options

Effective from January 1, 2008, the Company adopted ROC SFAS No. 39, Accounting for Share-Based Payment to account for share-based payments. This change in accounting principles had no effect on consolidated net income or consolidated earnings per share for the six-month period ended June 30, 2008.

Share-Based Employee Bonuses and Remunerations Paid to Directors and Supervisors

Effective from January 1, 2008, the Company adopted Accounting Research and Development Foundation interpretation No. 96-052 to account for share-based employee bonuses and remunerations paid to directors and supervisors. The adoption resulted in an unfavorable effect on consolidated net income in the amount of NT$171 million, thereby reducing consolidated earnings per share by NT$0.01 for the six-month period ended June 30, 2008.

4. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	As of June 30, 2008	As of June 30, 2007
Cash:		
Cash on hand	$ 2,810	$ 2,880
Checking and savings accounts	6,780,322	5,879,774
Time deposits	23,134,423	60,197,601
Subtotal	29,917,555	66,080,255
Cash equivalents:	6,578,608	19,528,185
Total	$ 36,496,163	$ 85,608,440

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

	As of June 30,	
Held for trading	**2008**	**2007**
Listed stocks	$ 3,279,771	$ 7,686,348
Convertible bonds		111,010
Forward contracts	29,243	
Open-end fund	3,655	4,900
Total	$ 3,312,669	$ 7,802,258

During the six-month periods ended June 30, 2008 and 2007, net loss of financial assets at fair value through profit or loss, current, were net losses of NT$707 million and NT$69 million, respectively.

(3) HELD-TO-MATURITY FINANCIAL ASSETS

	As of June 30,	
	2008	**2007**
Credit-linked deposits and repackage bonds	$	$ 200,000

(4) ACCOUNTS RECEIVABLE, NET

	As of June 30,	
	2008	**2007**
Accounts receivable	$ 15,928,932	$ 16,016,908
Less: Allowance for sales returns and discounts	(662,454)	(456,667)
Less: Allowance for doubtful accounts	(2,005)	(2,479)
Net	$ 15,264,473	$ 15,557,762

(5) INVENTORIES, NET

	As of June 30,	
	2008	**2007**
Raw materials	$ 1,035,507	$ 899,609
Supplies and spare parts	2,328,484	2,065,283
Work in process	8,958,658	8,454,566
Finished goods	1,363,249	885,390
Total	13,685,898	12,304,848
Less : Allowance for loss on decline in market value and obsolescence	(964,307)	(819,877)
Net	$ 12,721,591	$ 11,484,971

Inventories were not pledged.

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

	As of June 30, 2008	2007
Convertible bonds	$ 6,790	$

During the six-month periods ended June 30, 2008 and 2007, net gain (loss) of financial assets at fair value through profit or loss, noncurrent, were a net gain of NT$2 million and a net loss of NT$17 million, respectively.

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

	As of June 30, 2008	2007
Common stock	$ 32,995,736	$ 60,571,122
Depositary receipts	264,031	
Funds	90,537	
Total	$ 33,350,304	$ 60,571,122

During the six-month periods ended June 30, 2008 and 2007, the total unrealized gain (loss) adjustments to consolidated stockholders equity due to changes in fair value of available-for-sale assets were a loss of NT$15,206 million and a gain of NT$10,042 million, respectively. The Company recognized gains of NT$1,910 million and NT$4,273 million due to the disposal of available-for-sale assets during the six-month periods ended June 30, 2008 and 2007, respectively. Among the available-for-sale assets, five million shares of EPITECH TECHNOLOGY CORP. (EPITECH) were acquired on March 1, 2007 through the exchange of HIGHLINK TECHNOLOGY CORP. (HIGHLINK) shares, which were previously obtained by the Company through private placement since February 2006. On March 1, 2007, HIGHLINK was merged into EPISTAR CORP. The Company s holding of EPISTAR CORP. is classified as available-for-sale. Additionally, the Company acquired 5.5 million shares of Simplo Technology Co., LTD were acquired through private placement in July 2006. The exchanges of these shares listed above 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 June 30,	
	2008	**2007**
Common stock	$ 5,285,245	$ 4,976,467
Preferred stock	2,516,578	2,457,709
Convertible bond	15,322	
Funds	673,321	448,474
Total	$ 8,490,466	$ 7,882,650

The Company acquired 0.074 million shares of Ralink Technology Corp. through private placement in July 2007, 4 million shares of INPAQ Technology Co., LTD through private placement in November 2007, and 4.6 million shares of First International Telecom Corp. through private placement in March 2008. The exchanges of these shares listed above are restricted by the provision 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:

	As of June 30,			
	2008		**2007**	
Investee Company	**Amount**	**Percentage of Ownership or Voting Rights**	**Amount**	**Percentage of Ownership or Voting Rights**
Listed companies				
HOLTEK SEMICONDUCTOR INC. (HOLTEK) (Note A)	$		$ 903,961	23.12
ITE TECH. INC. (ITE) (Note B)			380,738	21.62
Subtotal			1,284,699	
Unlisted companies				
PACIFIC VENTURE CAPITAL CO., LTD. (PACIFIC) (Note C)	127,379	49.99	127,379	49.99
MTIC HOLDING PTE LTD.	80,111	49.94	78,805	49.94
UWAVE TECHNOLOGY CORP.(UWAVE) (Note D)		48.64		48.64
AEVOE INTERNATIONAL LTD.	28,368	45.31	9,256	44.33
YUNG LI INVESTMENTS, INC.	270,588	45.16	202,724	37.04
MEGA MISSION LIMITED PARTNERSHIP	1,654,006	45.00	2,551,817	45.00
SMEDIA TECHNOLOGY CORP.	153,493	44.86	130,963	47.72
ACHIEVE MADE INTERNATIONAL LTD.	20,364	43.29	25,610	43.29
UNITECH CAPITAL INC.	624,819	42.00	1,122,669	42.00
ANOTO TAIWAN CORP.	19,982	39.20	27,169	49.00

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	As of June 30,			
	2008		2007	
Investee Company	Amount	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights
HSUN CHIEH INVESTMENT CO., LTD.	3,042,954	36.49	4,943,314	36.49
UC FUND II	124,319	35.45	252,127	35.45
WALTOP INTERNATIONAL CORP.	159,089	34.79	117,669	40.00
NEXPOWER TECHNOLOGY CORP.	749,227	34.55	295,176	36.66
UNIMICRON HOLDING LIMITED	568,699	33.78		
CRYSTAL MEDIA INC.	42,212	32.87	51,300	34.03
CTC CAPITAL PARTNERS I, L.P.	136,867	32.11		
XGI TECHNOLOGY INC.	60,944	29.28	72,600	31.56
ALLIANCE OPTOTEK CORP.	66,816	27.76	36,664	29.09
AMIC TECHNOLOGY CORP.	62,486	25.87	140,832	28.88
HIGH POWER LIGHTING CORP.	44,548	23.00	53,051	23.00
MOBILE DEVICES INC.	47,996	21.31	24,791	21.16
TRANSLINK CAPITAL PARTNERS I L.P. (TRANSLINK) (Note E)	72,364	15.77		
Y.S. FINANCIAL ADVISORY CO., LTD			70,000	48.95
UCA TECHNOLOGY INC.			35,179	48.33
PARADE TECHNOLOGIES, LTD.			47,871	23.30
AFA TECHNOLOGY, INC.			80,589	22.32
Subtotal	8,157,631		10,497,555	
Total	$ 8,157,631		$ 11,782,254	

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 June 30, 2008.

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 June 30, 2008.

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

b. Total gains (loss) arising from investments accounted for under the equity method, based on the audited financial statements of the investees, were a loss of NT$660 million and a gain of NT$530 million for the six-month periods ended June 30, 2008 and 2007, respectively. Investment income (loss) amounting to a loss of NT$25 million and a gain of NT$463 million for the six-month periods ended June 30, 2008 and 2007, respectively, and the related long-term investment balances of NT$4,616 million and NT$7,219 million as of June 30, 2008 and 2007, respectively, were determined based on the investees financial statements audited by other auditors.

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

(10) PROPERTY, PLANT AND EQUIPMENT

	As of June 30, 2008		
	Cost	Accumulated Depreciation	Book Value
Land	$ 2,029,131	$	$ 2,029,131
Buildings	22,333,936	(8,385,529)	13,948,407
Machinery and equipment	448,390,261	(351,727,821)	96,662,440
Transportation equipment	83,795	(68,233)	15,562
Furniture and fixtures	3,447,158	(2,676,866)	770,292
Leasehold improvement	40,008	(38,592)	1,416
Construction in progress and prepayments	5,877,829		5,877,829
Total	$ 482,202,118	$ (362,897,041)	$ 119,305,077

	As of June 30, 2007		
	Cost	Accumulated Depreciation	Book Value
Land	$ 1,857,774	$	$ 1,857,774
Buildings	21,639,715	(7,188,345)	14,451,370
Machinery and equipment	431,657,331	(319,394,572)	112,262,759
Transportation equipment	85,883	(60,896)	24,987
Furniture and fixtures	3,067,345	(2,406,341)	661,004
Leasehold improvement	43,351	(40,905)	2,446
Construction in progress and prepayments	19,660,008		19,660,008
Total	$ 478,011,407	$ (329,091,059)	$ 148,920,348

a. Total interest expense before capitalization amounted to NT$62 million and NT$153 million for the six-month periods ended June 30, 2008 and 2007, respectively.

Details of capitalized interest are as follows:

	For the six-month period ended June 30, 2008	2007
Machinery and equipment	$ 12,830	$ 54,965
Other property, plant and equipment	4,858	7,680
Total interest capitalized	$ 17,688	$ 62,645
Interest rates applied	0.11%~0.91%	0.67%~0.92%

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

(11) OTHER ASSETS - OTHERS

	As of June 30, 2008	2007
Leased assets	$ 1,180,110	$ 1,224,825
Deposits-out	744,601	752,062
Others	200,755	252,793
Total	$ 2,125,466	$ 2,229,680

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

(12) IMPAIRMENT

	For the six-month period ended June 30, 2008	2007
Available for sale financial assets, noncurrent	$ 135,586	$ 162,481
Financial assets measured at cost, noncurrent	49,117	86,074
Fixed assets	9,990	
Total	$ 194,693	$ 248,555

(13) SHORT-TERM LOANS

	As of June 30, 2008	2007
Unsecured bank loans	$ 686,517	$ 364,329

For the six-month period ended June 30,

	2008	2007
Interest rates	2.96%~3.67%	3.28%~5.835%

The Company s unused short-term lines of credits amounted to NT$13,279 million and NT$12,145 million as of June 30, 2008 and 2007, respectively.

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

	As of June 30,	
	2008	**2007**
Interest rate swaps	$ 75,795	$ 423,226
Less: Current portion	(33,189)	(224,775)
Total	$ 42,606	$ 198,451

During the six-month periods ended June 30, 2008 and 2007, net gain (loss) arising from financial liabilities at fair value through profit or loss were a net loss of NT$55 million and a net gain of NT$341 million, respectively.

(15) BONDS PAYABLE

	As of June 30,	
	2008	**2007**
Unsecured domestic bonds payable	$ 7,500,000	$ 18,000,000
Convertible bonds payable		13,956,129
Less: discounts on bonds payable	(3,973)	(34,456)
Total	7,496,027	31,921,673
Less: Current portion		(24,426,911)
Net	$ 7,496,027	$ 7,494,762

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

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

(a) Issue Amount: US$235 million

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

(c) Redemption

i. UMC may have redeemed 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 have redeemed 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 have redeemed 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 UMC to gross up for payments of principal, or to gross up for payments of interest or premium.

iv. UMC could have, at the option of the bondholders, redeemed such bonds on February 10, 2005 at its principal amount.

(d) Terms of Exchange

i. Underlying Securities: ADSs or common shares of AUO.

ii. Exchange Period: The bonds were exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AUO common shares or AUO ADSs; provided, however, that if the exercise date falls within 5 business days from the beginning of, and during, any closed period, the right of the exchanging holder of the bonds to vote with respect to the shares it received were subject to certain restrictions.

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

(e) Exchange of the Bonds

As of June 30, 2007, certain bondholders exercised their rights to exchange their bonds with the total principal amount of US$235 million into AUO shares. Gains arising from the exercise of exchange rights during the six-month period ended June 30, 2007 amounted to NT$2,782 million, and was recognized as gain on disposal of investments.

(f) Redemption at maturity date

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

C. During the period from May 21 to June 24, 2003, 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. On June 24, 2008, the five-year bonds were fully repaid.

D. 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 have redeemed 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, UMC may have redeemed all, but not in part, 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 NYSE or the TSE, as the case may be, each bondholder would have had 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 have redeemed 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 would not have been entitled to receive payments of such additional amounts.

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v. If a significant change of control occurs with respect to UMC, each bondholder would have had 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 paid 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 have been 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 was US$4.253 per ADS. The applicable conversion price was subject to adjustments upon the occurrence of certain events set out in the indenture.

(e) Redemption at maturity date
At the maturity date of February 15, 2008, UMC had redeemed the bonds at the principal amount.

E. 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 were 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 have redeemed 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 was 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 have redeemed all, but not part, of the bonds on or prior to the effective date of the transaction, provided that UMCJ was 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 controls of had UMCJ occurred, bondholders would have been able to require UMCJ to redeem their bonds on the date that was 85 days after the change of control occurs.

(c) Conversion Period

At any time on or after May 3, 2002, up to and including March 19, 2007, the bonds may have been 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 June 30, 2007, UMCJ reacquired and cancelled a total amount of JPY11,630 million of the bonds from the open market. There was no reacquisition during the six-month period ended June 30, 2007.

(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.

F. 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 were 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 have redeemed 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 had 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 have redeemed 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 controls of UMCJ had occurred, bondholders would have been able to require UMCJ to redeem their bonds on the date that was 70 days after the change of control occurs.

iv. UMCJ would have, at the option of the bondholders, redeemed such bonds on November 26, 2007 at its principal amount.

(c) Conversion Period
The conversion period was any time on or after January 5, 2004 and on or prior to November 11, 2013. The bonds may have been 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 June 30, 2007, UMCJ reacquired and cancelled JPY162,700 million and JPY8,430 million, respectively, of the bonds from the open market. The gain on the reacquisition amounting to JPY22 million was recognized as other income for the six-month period ended June 30, 2007. As of June 30, 2008, UMCJ redeemed bonds in the principal amount of JPY5,230 million upon request from the bondholders.

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

Bonds repayable in	**Amount**
2010	$ 7,500,000

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(16) PENSION PLAN

a. The Labor Pension Act of the R.O.C.(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 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$203 million and NT$196 million were contributed by the Company for the six-month periods ended June 30, 2008 and 2007, respectively. Pension benefits for employees of the Branch and subsidiaries overseas are provided in accordance with the local regulations, and during the six-month periods ended June 30, 2008 and 2007, the Company made contributions of NT$67 million and NT$63 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. Pension costs amounting to NT$110 million and NT$111 million were recognized for the six-month periods ended June 30, 2008 and 2007, respectively. The corresponding liability balances of the pension fund were NT$1,361 million and NT$1,253 million as of June 30, 2008 and 2007, respectively.

(17) CAPITAL STOCK

a. UMC had 26,000 million common shares authorized to be issued, and 19,144 million shares were issued as of June 30, 2007, each at a par value of NT$10.

b. UMC has issued a total of 315 million ADSs, which were traded on the NYSE as of June 30, 2007. The total number of common shares of UMC represented by all issued ADSs was 1,576 million shares as of June 30, 2007. One ADS represents five common shares.

c. Among the employee stock options issued by UMC on October 7, 2002, January 3, 2003 and October 13, 2004, 12 million shares were exercised during the six-month period ended June 30, 2007. The issuance process through the authority had been completed.

d. 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 approximately 30% of its outstanding shares, for the purpose of increasing shareholders return on equity and reducing idle funds. The capital reduction is comprised of NT$53,911 million of cash distribution, and the proportionate cancellation of 348 million shares of treasury stock. The effective date of capital reduction was August 7, 2007 and the transaction was submitted and approved by the competent authority.

e. On July 17, 2007, 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.

f. UMC sold 32 million and 65 million shares of treasury stock, which were repurchased during the periods from September 30 to November 29, 2005 and May 23 to July 13, 2006, respectively, to employees in December 2007. An additional 97 million shares were added to the total amount of shares outstanding.

g. As recommended by the board of directors, and approved by the shareholders at the meeting held on June 13, 2008, UMC issued 678 million new shares from capitalization of retained earnings and additional paid-in capital that amounted to NT$6,776 million, of which NT$1,001 million was stock dividend, NT$1,146 million was employee bonus, and NT$4,629 million was additional paid-in capital. The effective date of capital increase is August 16, 2008, the decision made by the chairman who is authorized by the board of directors.

h. UMC had 26,000 million common shares authorized to be issued, and 13,214 million shares were issued as of June 30, 2008, each at a par value of NT$10.

i. UMC had issued a total of 1,098 million ADSs, which were traded on the NYSE as of June 30, 2008. The total number of common shares of UMC represented by all issued ADSs was 220 million shares as of June 30, 2008. One ADS represents five common shares.

(18) EMPLOYEE STOCK OPTIONS

On September 11, 2002, October 8, 2003, September 30, 2004, December 22, 2005, and October 9, 2007, UMC 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 UMC s common stock. Settlement upon the exercise of the options will be made through the issuance of new shares by UMC. The exercise price of the options was set at the closing price of UMC 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 (in thousands) (Note)	Exercise price (NTD) (Note)
October 7, 2002	939,000	397,997	277,470	$ 22.52
January 3, 2003	61,000	41,191	28,717	$ 25.39
November 26, 2003	57,330	42,257	29,460	$ 35.43
March 23, 2004	33,330	19,120	13,330	$ 32.85
July 1, 2004	56,590	40,273	28,077	$ 29.69
October 13, 2004	20,200	9,821	6,846	$ 25.53
April 29, 2005	23,460	12,573	8,766	$ 23.52
August 16, 2005	54,350	34,844	24,292	$ 30.98
September 29, 2005	51,990	41,716	29,083	$ 28.27
January 4, 2006	39,290	21,971	15,318	$ 24.36
May 22, 2006	42,058	30,220	21,068	$ 26.48
August 24, 2006	28,140	20,540	14,320	$ 25.32
December 13, 2007	500,000	481,523	481,523	$ 18.95
Total	1,906,738	1,194,046	978,270	

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 UMC 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 UMC s common stock.

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a. A summary of the equity-settled share-based payment transaction, and related information for the six-month periods ended June 30, 2008 and 2007, are as follows:

	For the six-month period ended June 30,					
	2008			2007		
	Option (in thousands)	Shares available to option holders (in thousands)	Weighted-average Exercise Price per shares (NTD)	Option (in thousands)	Shares available to option holders (in thousands)	Weighted-average Exercise Price per shares (NTD)
Outstanding at beginning of period	1,287,407	1,048,832	$ 22.14	913,958	637,180	$ 24.95
Granted			$			$
Exercised			$	(11,918)	(8,309)	$ 22.56
Forfeited	(93,361)	(70,562)	$ 22.04	(14,557)	(10,148)	$ 27.80
Expired			$			$
Outstanding at end of period	1,194,046	978,270	$ 22.15	887,483	618,723	$ 24.94
Exercisable at end of period	608,874	424,486	$ 24.90	662,435	461,828	$ 23.91
Weighted-average fair value of options granted during the period	$			$		

b. The information on UMC s outstanding stock options as of June 30, 2008, is as follows:

		Outstanding Stock Options				Exercisable Stock Options		
Authorization Date	Range of Exercise Price	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	439,188	306,187	0.29	$ 22.79	438,966	306,032	$ 22.79
2003.10.08	$29.69~$35.43	101,650	70,867	1.70	$ 32.67	91,512	63,799	$ 32.98
2004.09.30	$23.52~$30.98	98,954	68,987	3.05	$ 28.35	53,464	37,273	$ 28.06
2005.12.22	$24.36~$26.48	72,731	50,706	3.85	$ 25.51	24,932	17,382	$ 25.63
2007.10.09	$18.95	481,523	481,523	5.45	$ 18.95			$
		1,194,046	978,270	2.94	$ 22.15	608,874	424,486	$ 24.90

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c. UMC used the intrinsic value method to recognize compensation costs for its employee stock options issued between January 1, 2004 and December 31,2007. Compensation costs for the six-month periods ended June 30, 2008 and 2007 are NT$0. UMC granted options prior to adopting ROC SFAS No. 39 Accounting for Share-Based Payment. Pro forma information on net income and earnings per share using the fair value method is as follows:

	For the six-month period ended June 30, 2008	
	Basic earnings per share	Diluted earnings per share
Net Income	$ 2,603,210	$ 2,473,300
Earnings per share (NTD)	$ 0.21	$ 0.20
Pro forma net income	$ 2,131,444	$ 2,001,534
Pro forma earnings per share (NTD)	$ 0.17	$ 0.16

	For the six-month period ended June 30, 2007	
	Basic earnings per share	Diluted earnings per share
Net Income	$ 6,369,668	$ 6,497,263
Earnings per share (NTD)	$ 0.36	$ 0.35
Pro forma net income	$ 6,166,802	$ 6,294,397
Pro forma earnings per share (NTD)	$ 0.35	$ 0.34

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 six-month periods ended June 30, 2008 and 2007:

	For the six-month period ended June 30,	
	2008	2007
Expected dividend yields	1.37%~1.71%	1.37%~1.64%
Volatility factors of the expected market price	36.29%~49.10%	36.90%~49.10%
Risk-free interest rate	1.85%~2.85%	1.85%~2.85%
Weighted-average expected remaining years	4~5	4~5

(19) TREASURY STOCK

a. Changes in treasury stock during the six-month periods ended June 30, 2008 and 2007 are as follows:

For the six-month period ended June 30, 2008

(In thousands of shares)

Purpose	As of January 1, 2008	Increase	Decrease	As of June 30, 2008
For transfer to employees	355,716			355,716
For conversion of the convertible bonds into shares	348,583			348,583
Total shares	704,299			704,299

For the six-month period ended June 30, 2007

(In thousands of shares)

Purpose	As of January 1, 2007	Increase	Decrease	As of June 30, 2007
For transfer to employees	842,067			842,067
For conversion of the convertible bonds into shares	500,000			500,000
Total shares	1,342,067			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 June 30, 2008 and 2007, was 1,321 million shares and 1,914 million shares, while the ceiling amount was NT$76,108 million and NT$86,687 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 June 30, 2008, UMC s subsidiary, FORTUNE VENTURE CAPITAL CORP., held 15 million shares of UMC s stock, with a book value of NT$16.10 per share. The closing price on June 30, 2008 was NT$16.10.

As of June 30, 2007, UMC s subsidiary, FORTUNE VENTURE CAPITAL CORP., held 22 million shares of UMC s stock, with a book value of NT$19.85 per share. The closing price on June 30, 2007 was NT$19.85.

(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.

During the six-month period ended June 30, 2008, the amounts of the employee bonuses and remunerations to directors and supervisors were estimated at NT$182 million and NT$1 million, respectively. The board of directors estimated the amount by taking consideration of the Company s Articles of Incorporation, government regulations and industrial average. Estimated amount of employee bonuses and remunerations directors and supervisors were charged to current income. If the board

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modified the estimates significantly in the subsequent periods during the year, the company will recognize the change as an adjustment to current income. Moreover, if the amounts were modified by the shareholders meeting of the following year, the adjustment will be regarded as a change of accounting estimate and will be reflected in the consolidated statement of income in the following year.

Details of the 2007 employee bonus settlement and directors and supervisors remuneration are as follows:

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

Pursuant to Article 41 of the Securities and Exchange Law of the R.O.C., a special reserve is set aside from the current net income and prior unappropriated earnings with an amount equal to the amount of items that are accounted for as deductions to stockholders equity such as unrealized loss on long-term investments and cumulative translation adjustments. When the deductions to stockholders equity are reversed, the set-aside special reserve can be distributed.

(21) <u>OPERATING COSTS AND EXPENSES</u>

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

	For the six-month period ended June 30,					
	2008			2007		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	$ 4,896,300	$ 2,004,018	$ 6,900,318	$ 4,951,304	$ 1,907,137	$ 6,858,441
Labor and health insurance	270,141	103,256	373,397	276,267	102,040	378,307
Pension	282,091	97,936	380,027	277,286	92,722	370,008
Other personnel expenses	118,464	60,420	178,884	52,804	35,903	88,707
Depreciation	17,725,751	1,132,665	18,858,416	17,511,805	1,019,972	18,531,777
Amortization	25,676	638,988	664,664	39,973	608,625	648,598

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(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 six-month period ended June 30,	
	2008	2007
Income tax on pre-tax income at statutory tax rate	$ 700,354	$ 1,769,175
Permanent and temporary differences	(448,522)	(1,735,846)
Change in investment tax credit	(379,167)	2,456,272
Change in loss carry-forward	(295,674)	83,766
Change in valuation allowance	723,943	(2,081,677)
Income basic Tax	47,519	313,163
Estimated 10% income tax on unappropriated earnings	34	9
Adjustment of prior year s tax expense	(9,734)	(26,165)
Others	(95,935)	14,302
Income tax expense	$ 242,818	$ 792,999

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

	As of June 30,			
	2008		2007	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets				
Investment tax credit		$ 13,528,347		$ 12,536,459
Depreciation	$ 24,876	9,770	$ 24,612	9,664
Loss carry-forward	7,095,800	2,610,627	9,977,827	3,254,694
Pension	3,204,038	799,815	3,144,611	787,587
Allowance on sales returns and discounts	603,113	151,453	376,246	94,929
Allowance for loss on obsolescence of inventories	895,702	233,956	739,808	192,060
Others	3,145,351	831,991	1,827,514	492,290
Total deferred income tax assets		18,165,959		17,367,683
Valuation allowance		(12,074,135)		(9,795,583)
Net deferred income tax assets		6,091,824		7,572,100
Deferred income tax liabilities				
Unrealized exchange gain	(355)	(89)	(613)	(153)
Depreciation	(4,392,450)	(1,098,113)	(5,732,562)	(1,433,140)
Others	(739,542)	(164,484)	(2,303,760)	(559,710)
Total deferred income tax liabilities		(1,262,686)		(1,993,003)
Total net deferred income tax assets		$ 4,829,138		$ 5,579,097

	As of June 30,			
	2008		2007	
	Amount	Tax effect	Amount	Tax effect
Deferred income tax assets - current		$ 7,870,006		$ 5,163,000
Deferred income tax liabilities - current		(150,845)		(205,650)
Valuation allowance		(6,579,858)		(2,796,396)
Net		1,139,303		2,160,954
Deferred income tax assets - noncurrent		10,295,953		12,204,683
Deferred income tax liabilities - noncurrent		(1,111,841)		(1,787,353)
Valuation allowance		(5,494,277)		(6,999,187)
Net		3,689,835		3,418,143
Total net deferred income tax assets		$ 4,829,138		$ 5,579,097

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 expansion in 2003 had not yet been decided. The income tax exemption for other periods will expire on December 31, 2014.

e. The Company earns investment tax credits for the amount invested in production equipment, research and development, employee training.

As of June 30, 2008, the Company s unused investment tax credit was as follows:

Expiration Year	Investment tax credits earned	Balance of unused investment tax credits
2008	$ 6,384,432	$ 5,997,980
2009	2,517,486	2,517,486
2010	2,221,024	2,221,024
2011	1,825,227	1,825,227
2012	966,630	966,630
Total	$ 13,914,799	$ 13,528,347

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f. As of June 30, 2008, the unutilized accumulated losses for the Company were as follows:

Expiration Year	Accumulated loss	Unutilized accumulated loss
2008	$ 188,312	$ 188,312
2009	518,628	518,628
2010	392,049	392,049
2011	183,801	183,801
2012	3,800,596	3,800,596
2013	1,389,828	1,389,828
2014	152,502	152,502
2015	470,084	470,084
Total	$ 7,095,800	$ 7,095,800

g. The balance of UMC s imputation credit accounts as of June 30, 2008 and 2007 were NT$1,167 million and NT$2,112 million, respectively. The expected creditable ratio for 2007 and the actual creditable ratio for 2006 were 6.17% 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 June 30, 2008. Therefore, in consideration of such complex structure, the calculated basic and diluted earnings per share for the six-month periods ended June 30, 2008 and 2007, are disclosed as follows:

	For the six-month period ended June 30, 2008				
	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 available to common stock shareholders	$ 2,862,806	$ 2,603,210	12,494,810	$ 0.23	$ 0.21
Effect of dilutive equivalent shares					
Employee stock options	$	$	12,391		
Convertible bonds payable	$ (173,214)	$ (129,910)	113,329		

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	For the six-month period ended June 30, 2008				
	Amount			Earnings per share (NTD)	
	Income before income tax	Net income	Shares expressed in thousands	Income before income tax	Net income
Earning per share-diluted:					
Income available to common stock shareholders	$ 2,689,592	$ 2,473,300	12,620,530	$ 0.21	$ 0.20

The employee stock options were not dilutive when calculating the diluted earning per share for the six-month period ended June 30, 2008; therefore, they were not included in the diluted earning per share calculation.

	For the six-month period ended June 30, 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 available to common stock shareholders	$ 7,182,782	$ 6,369,668	17,777,875	$ 0.40	$ 0.36
Effect of dilution					
Employee stock options	$	$	122,417		
Convertible bonds payable	$ 133,258	$ 127,595	516,382		
Earning per share-diluted:					
Income available to common stock shareholders	$ 7,316,040	$ 6,497,263	18,416,674	$ 0.39	$ 0.35

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b. Pro forma information on retroactively adjusted earnings per share, as if 2008 earnings and capital reserve transferred to common stock are distributed:

	For the six-month period ended June 30, 2008	
	Basic	Diluted
Net income	$ 2,603,210	$ 2,473,300
Weighted-average number of shares outstanding (increase in capital through 2008 retained earnings and capital reserve at proportion of 5.4%)	13,171,552	13,304,081
Earnings per share (NTD)	$ 0.20	$ 0.19

	For the six-month period ended June 30, 2007 (retroactively adjusted)	
	Basic	Diluted
Net income	$ 6,369,668	$ 6,497,263
Weighted-average number of shares outstanding (increase in capital through 2008 retained earnings and capital reserve at proportion of 5.4%)	18,740,758	19,414,155
Earnings per share (NTD)	$ 0.34	$ 0.33

5. <u>RELATED PARTY TRANSACTIONS</u>

(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
UNIMICRON HOLDING LIMITED	Equity Investee
HSUN CHIEH INVESTMENT CO., LTD.	Equity Investee
AMIC TECHNOLOGY CORP.	Equity Investee
PACIFIC VENTURE CAPITAL CO., LTD.	Equity Investee
XGI TECHNOLOGY INC.	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
SMEDIA TECHNOLOGY CORP.	Subsidiary s equity investee
CRYSTAL MEDIA INC.	Subsidiary s equity investee
MOBILE DEVICES INC.	Subsidiary s equity investee

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(2) Significant Related Party Transactions

a. Operating revenues

	For the six-month period ended June 30, 2008		2007	
	Amount	Percentage	Amount	Percentage
SIS	$ 708,339	1	$ 426,549	1
Others	375,421	1	255,457	0
Total	$ 1,083,760	2	$ 682,006	1

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 June 30, 2008		2007	
	Amount	Percentage	Amount	Percentage
AMIC	$ 172,710	1	$ 149,643	1
Others	200,147	1	75,910	0
Total	372,857	2	225,553	1
Less : Allowance for sales returns and discounts	(4,467)		(3,931)	
Net	$ 368,390		$ 221,622	

6. ASSETS PLEDGED AS COLLATERAL

As of June 30, 2008

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out (Time deposit)	$ 620,213	Customs	Customs duty guarantee

As of June 30, 2007

	Amount	Party to which asset(s) was pledged	Purpose of pledge
Deposit-out	$ 621,597	Customs	Customs duty

(Time deposit)	guarantee

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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$8.2 billion. Royalties and development fees payable in future years are NT$3.4 billion as of June 30, 2008.

(2) The Company signed several construction contracts for the expansion of its factory space. As of June 30, 2008, these construction contracts have amounted to approximately NT$2.8 billion and the unpaid portion of the contracts, which was not accrued, was approximately NT$0.7 billion.

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

For the year ended December 31,	Amount
2008 (3rd quarter and thereafter)	$ 145,528
2009	273,071
2010	258,886
2011	250,995
2012	241,376
2013 and thereafter	1,935,288
Total	$ 3,105,144

(4) On February 15, 2005, the Hsinchu District Prosecutors Office conducted a search of UMC s facilities. On February 18, 2005, UMC s former Chairman Mr. Robert H.C. Tsao, released a public statement, explaining that its assistance to Hejian Technology Corp. (Hejian) did not involve any investment or technology transfer.

Furthermore, from the very beginning there was a verbal indication that, at the proper time, UMC would be compensated appropriately for its assistance, and circumstances permitting, at some time in the future, it will push through the merger between two companies. However, no promise was made by UMC and no written agreement was made and executed. Upon UMC s request to materialize the said verbal indication by compensating in the form of either cash or equity, the Chairman of the holding company of Hejian offered 15% of the approximately 700 million outstanding shares of the holding company of Hejian in return for UMC s past assistance and for continued assistance in the future.

Immediately after UMC had received such offer, it filed an application with the Investment Commission of the Ministry of Economic Affairs on March 18, 2005 (Ref. No. 94-Lian-Tung-Tzu-0222), for their executive guidance for the successful transfer of said shares to UMC. The shareholders meeting dated June 13, 2005 resolved that to the extent permitted by law

UMC shall try to get the 15% of the outstanding shares offered by the holding company of Hejian as an asset of UMC. The holding company of Hejian offered 106 million shares of its outstanding common shares in return for UMC s assistance. The holding company of Hejian has put all such shares in escrow. UMC was informed of such escrow on August 4, 2006. The subscription price per share of the holding company of Hejian in the last offering was US$1.1. Therefore, the total market value of the said shares is worth more than US$110 million. However, UMC may not acquire the ownership of nor exercise the rights of the said shares with any potential stock dividend or cash dividend distributed in the future until the ROC laws and regulations allow UMC to acquire and exercise. In the event that any stock dividend or cash dividend is distributed, UMC s stake in the holding company of Hejian will accumulate accordingly.

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

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, short-term loans, and bonds payable. The main purpose of these financial instruments is to manage financing for UMC s operations. UMC also holds various other financial assets and liabilities such as accounts receivable and accounts 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, short-term loans and bonds.

(3) Information of financial instruments

a. Fair value of financial instruments

	As of June 30,			
	2008		2007	
Financial Assets	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Non-derivative				
Cash and cash equivalents	$ 36,496,163	$ 36,496,163	$ 85,608,440	$ 85,608,440
Financial assets at fair value through profit or loss, current	3,283,426	3,283,426	7,802,258	7,802,258
Held-to-maturity financial assets, current			200,000	200,000
Notes and accounts receivable	16,504,045	16,504,045	16,428,075	16,428,075
Financial assets at fair value through profit or loss, noncurrent	6,790	6,790		
Available-for-sale financial assets, noncurrent	33,350,304	33,350,304	60,571,122	60,571,122
Financial assets measured at cost, noncurrent	8,490,466		7,882,650	
Long-term investments accounted for under the equity method	8,157,631	7,866,696	11,782,254	15,528,300
Prepayment for long-term investments	270,000		247,712	
Deposits-out	744,601	744,601	752,062	752,062
Derivative				
Forward contract	29,243	29,243		

	As of June 30,			
	2008		2007	
Financial Liabilities	**Book Value**	**Fair Value**	**Book Value**	**Fair Value**
Non-derivative				
Short-term loans	$ 686,517	$ 686,517	$ 364,329	$ 364,329
Payables	25,600,280	25,600,280	32,201,264	32,201,264
Capacity deposits (current portion)			174,020	174,020
Bonds payable (current portion included)	7,496,027	7,143,323	31,921,673	31,974,788
Derivative				
Interest rate swaps	75,795	75,795	423,226	423,226

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

i. The book values of short-term financial instruments approximate their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, notes and accounts receivable, short-term loans, payables, and current portion of capacity deposits.

ii. The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets are based on the quoted market prices. If there are restrictions on the sale or transfer of an available-for-sale financial asset, the fair value of the asset will be determined based on similar but unrestricted financial assets quoted market price with appropriate discounts for the restrictions.

iii. The fair value of held-to-maturity financial assets and long-term investments accounted for under the equity method are based on the quoted market prices. If market prices are unavailable, the Company estimates the fair value based on the book values.

iv. The fair value of financial assets measured at cost and prepayment for long-term investments are unable to be estimated since there is no active market in trading those unlisted investments.

v. The fair value of deposits-out is based on their book value since the deposit periods are principally within one year and renewed upon maturity.

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

vii. The fair value of derivative financial instruments is based on the amount the Company expects to receive (positive) or to pay (negative) assuming that the contracts are settled in advance at the balance sheet date.

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:

	Active Market Quotation		Valuation Technique	
Non-derivative Financial Instruments	**2008.06.30**	**2007.06.30**	**2008.06.30**	**2007.06.30**
Financial assets				
Financial assets at fair value through profit or loss, current	$ 3,283,426	$ 7,802,258	$	$
Financial assets at fair value through profit or loss, noncurrent	6,790			
Available-for-sale financial assets, noncurrent	32,285,969	60,571,122	1,064,335	
Long-term investments accounted for under the equity method			7,866,696	15,528,300
Financial liabilities				
Short-term loans			$ 686,517	$ 364,329
Bonds payable (current portion included)	7,143,323	31,974,788		
Derivative Financial Instruments				
Financial assets				
Forward contract			29,243	
Financial liabilities				
Interest rate swaps			75,795	423,226

d. For the six-month periods ended June 30, 2008 and 2007, the total changes in fair value estimated by using a valuation technique and recognized in the consolidated statement of income during periods was NT$684 million and NT$341 million, respectively.

e. The Company s financial liabilities with cash flow interest rate risk exposure were NT$76 million and NT$423 million as of June 30, 2008 and 2007, respectively.

f. During the six-month periods ended June 30, 2008 and 2007, total interest revenue for financial assets or liabilities that are not at fair value through profit or loss were NT$378 million and NT$767 million, respectively, while interest expense for the six-month periods ended June 30, 2008 and 2007 were NT$62 million and NT$153 million, respectively.

(4) During the six-month periods ended June 30, 2008 and 2007, 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 June 30, 2008

The Company did not hold any credit-linked deposits or repackage bonds as of June 30, 2008.

As of June 30, 2007

UMC

Credit-linked deposits and repackage bonds referenced to		Amount	Due Date
ADVANCED SEMICONDUCTOR ENGINEERING INC. European Convertible Bonds and Loans	NTD	200 million	2007.09.25

b. Credit risk

The counterparties of the above investments were major international financial institutions. The repayment in full of these investments was subject to the non-occurrence of one or more credit events, which were 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 have received less than the full amount of these investments or nothing. The Company and its subsidiary, UMCJ, 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.

(5) The Company entered into interest rate swap 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 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 June 30, 2008 and 2007, the Company had the following interest rate swap agreements outstanding:

As of June 30, 2008

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

As of June 30, 2007

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 June 30, 2008

UMC

Type	Notional Amount	Contract Period
Forward contracts	Sell USD 343 million	May 12, 2008 to August 12, 2008

As of June 30, 2007

The Company did not hold any forward contracts as of June 30, 2007.

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.

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(c) Market risk

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

d. The presentation of derivative financial instruments in the consolidated financial statements

UMC

As of June 30, 2008 and 2007, the interest rate swap agreements that were classified as financial liabilities at fair value through profit or loss amounted to NT$76 million and NT$423 million, respectively.

A related valuation gain of NT$18 million and loss of NT$22 million was recorded under non-operating revenue and loss for the six-month periods ended June 30,2008 and 2007, respectively.

As of June 30, 2008, the forward contracts were classified as current assets amounting to NT$29 million and the related valuation gain of NT$666 million was recorded under non-operating revenue for the six-month period ended June 30, 2008.

(6) Significant intercompany transactions among consolidated entities for the six-month periods ended June 30, 2008 and 2007 are disclosed in Attachment 1.

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

As of June 30, 2008

Subsidiary	No. of Shares (in thousands)	Amount	Purpose
FORTUNE VENTURE CAPITAL CORP.	15,386	$ 247,720	Long-term investment

As of June 30, 2007

Subsidiary	No. of Shares (in thousands)	Amount	Purpose
FORTUNE VENTURE CAPITAL CORP.	22,070	$ 438,090	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 six-month period ended June 30, 2008: Please refer to Attachment 2.

b. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2008: Please refer to Attachment 3.

c. Securities held as of June 30, 2008: 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 six-month period ended June 30, 2008: 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 six-month period ended June 30, 2008: 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 six-month period ended June 30, 2008: 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 six-month period ended June 30, 2008: 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 June 30, 2008: Please refer to Attachment 9.

i. Names, locations and related information of investees as of June 30, 2008: Please refer to Attachment 10.

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

(2) Investment in Mainland China

a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 11.

b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: None.

ATTACHMENT 1 (Significant intercompany transactions between consolidated entities)

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

For the six-month period ended June 30, 2008

No. (Note1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Amount	Terms (Note 3)	Percentage of consolidated operating revenues or consolidated total assets (Note 4)
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	$ 26,794,854	Net 60 days	51.82%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	6,211,148		2.47%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	5,974,877	Net 60 days	11.56%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	2,546,083		1.01%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	856,285	Net 60 days	1.66%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	271,254		0.11%

For the six-month period ended June 30, 2007

No. (Note1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transactions: Account	Amount	Terms (Note 3)	Percentage of consolidated operating revenues or consolidated total assets (Note 4)
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Sales	$ 22,337,422	Net 60 days	43.50%
0	UNITED MICROELECTRONICS CORPORATION	UMC GROUP (USA)	1	Accounts receivable	5,113,267		1.40%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Sales	3,561,729	Net 60 days	6.94%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICROELECTRONICS (EUROPE) B.V.	1	Accounts receivable	1,401,612		0.38%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Sales	1,302,912	Net 60 days	2.54%
0	UNITED MICROELECTRONICS CORPORATION	UMC JAPAN	1	Accounts receivable	379,108		0.10%
0	UNITED MICROELECTRONICS CORPORATION	UNITED MICRODISPLAY OPTRONICS CORP.	1	Long -term investments accounted	197,798		0.05%

	for under the equity method

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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 six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

										Collateral			
er	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	Item	Value	Limit of financing amount for individual counter-party	Li finan

ATTACHMENT 3 (Endorsement/Guarantee provided to others for the six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

	Receiving party							
uarantor	Company name	Releationship	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	gua

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

				June 30, 2008				
Type of securities	**Name of securities**	**Relationship**	**Financial statement account**	**Units (thousand)/ bonds/ shares (thousand)**	**Book value**	**Percentage of ownership (%)**	**Market value/ Net assets value**	**Shares as collateral (thousand)**
Stock	PROMOS TECHNOLOGIES INC.		Financial assets at fair value through profit or loss, current	471,400	$ 2,771,832	7.03	$ 2,771,832	None
Stock	ACTION ELECTRONICS CO., LTD.		Financial assets at fair value through profit or loss, current	16,270	150,333	4.59	150,333	None
Stock	MICRONAS SEMICONDUCTOR HOLDING AG		Financial assets at fair value through profit or loss, current	280	59,936	0.94	59,936	None
Stock	CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		Financial assets at fair value through profit or loss, current	18,944	232,068	0.17	232,068	None
Stock	YANG MING MARINE TRANSPORT CORP.		Financial assets at fair value through profit or loss, current	3,280	65,602	0.14	65,602	None
Stock	UMC GROUP (USA)	Investee company	Long-term investments accounted for under the equity method	16,438	1,288,279	100.00	1,288,279	None
Stock	UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Long-term investments accounted for under the equity method	9	305,737	100.00	298,123	None
Stock	UMC CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	124,000	3,540,287	100.00	3,540,287	None
Stock	UNITED MICROELECTRONICS CORP. (SAMOA)	Investee company	Long-term investments accounted for under the equity method	680	8,470	100.00	8,470	None
Stock	UMCI LTD.	Investee company	Long-term investments accounted for under the equity method	880,006	167	100.00	167	None
Stock	TLC CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	628,800	6,515,204	100.00	6,515,204	None
Stock	FORTUNE VENTURE CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	499,994	8,854,009	99.99	8,891,593	None
Stock	UNITED MICRODISPLAY OPTRONICS CORP.	Investee company	Long-term investments accounted for under the equity method	84,093	67,004	85.24	67,004	None
Stock	UMC JAPAN	Investee company	Long-term investments accounted for under the equity method	496	6,003,704	50.09	1,442,877	None
Stock	PACIFIC VENTURE CAPITAL CO., LTD.	Investee company	Long-term investments accounted for under the equity method	30,000	127,379	49.99	133,469	None
Stock	MTIC HOLDINGS PTE LTD.	Investee company	Long-term investments accounted for under the	4,000	80,111	49.94	80,111	None

			equity method					
Fund	MEGA MISSION LIMITED PARTNERSHIP	Investee company	Long-term investments accounted for under the equity method		1,654,006	45.00	1,654,006	None
Stock	UNITECH CAPITAL INC.	Investee company	Long-term investments accounted for under the equity method	21,000	624,819	42.00	624,819	None
Stock	HSUN CHIEH INVESTMENT CO., LTD.	Investee company	Long-term investments accounted for under the equity method	33,624	3,042,954	36.49	2,900,941	None
Stock	NEXPOWER TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	44,912	749,227	34.55	753,149	None

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

				June 30, 2008				
ype of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares a collatera (thousan
Stock	UNIMICRON HOLDING LIMITED	Investee company	Long-term investments accounted for under the equity method	20,000	$ 568,699	33.78	$ 571,083	Nor
Stock	XGI TECHNOLOGY INC.	Investee company	Long-term investments accounted for under the equity method	3,307	33,462	15.27	33,462	Nor
Stock	AMIC TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	15,550	20,467	11.18	45,123	Nor
Stock	ITE TECH. INC.		Available-for-sale financial assets, noncurrent	22,279	1,519,453	19.50	1,519,453	Nor
Stock	UNIMICRON TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	206,414	7,121,279	19.53	7,121,279	Nor
Stock	HOLTEK SEMICONDUCTOR INC.		Available-for-sale financial assets, noncurrent	36,986	1,209,450	16.91	1,209,450	Nor
Stock	UNITED FU SHEN CHEN TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	18,460	113,899	16.60	113,899	Nor
Stock	FARADAY TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	56,714	2,552,148	16.38	2,552,148	Nor
Stock	SILICON INTEGRATED SYSTEMS CORP.	The Company s director	Available-for-sale financial assets, noncurrent	228,956	1,964,441	16.24	1,964,441	Nor
Stock	NOVATEK MICROELECTRONICS CORP.		Available-for-sale financial assets, noncurrent	61,274	5,404,355	10.76	5,404,355	Nor
Stock	C-COM CORP.		Available-for-sale financial assets, noncurrent	996	14,144	2.37	14,144	Nor
Stock	SPRINGSOFT, INC.		Available-for-sale financial assets, noncurrent	8,572	278,596	4.16	278,596	Nor
Stock	CHIPBOND TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	12,584	314,591	4.03	314,591	Nor
Stock	EPISTAR CORP.		Available-for-sale financial assets, noncurrent	21,005	1,144,945	3.39	1,144,945	Nor
Stock	KING YUAN ELECTRONICS CO., LTD.		Available-for-sale financial assets, noncurrent	38,505	508,269	3.17	508,269	Nor
Stock				2,048	9,604	2.34	9,604	Nor

	BILLIONTON SYSTEMS INC.	Available-for-sale financial assets, noncurrent					
Stock	TOPOINT TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	929	36,844	0.97	36,844	Nor
Stock	MEGA FINANCIAL HOLDING COMPANY	Available-for-sale financial assets, noncurrent	95,577	2,293,844	0.86	2,293,844	Nor
Stock	MEDIATEK INC.	Available-for-sale financial assets, noncurrent	3,774	1,320,908	0.36	1,320,908	Nor
Stock	HON HAI PRECISION INDUSTRY CO., LTD.	Available-for-sale financial assets, noncurrent	1,268	189,589	0.02	189,589	Nor

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

Type of securities	Name of securities	Relationship	Financial statement account	June 30, 2008 Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Fund	VIETNAM INFRASTRUCTURE LTD.		Available-for-sale financial assets, noncurrent	5,000	$ 90,537		$ 90,537	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	1,166	119,911		N/A	None

FORTUNE VENTURE CAPITAL CORP.

Type of securities	Name of securities	Relationship	Financial statement account	June 30, 2008 Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock		Investee company		80,000	$ 1,236,327	100.00	$ 1,236,327	None

	UNITRUTH INVESTMENT CORP.		Long-term investments accounted for under the equity method					
Stock-Preferred stock	AEVOE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	4,155	28,368	45.31	28,368	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

				June 30, 2008				
of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shar collat (thous
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	10,186	$	44.29	$	[illegible]
Stock	ANOTO TAIWAN CORP.	Investee company	Long-term investments accounted for under the equity method	3,920	19,982	39.20	19,982	[illegible]
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	6,000	119,317	26.09	68,305	[illegible]
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	4,493	31,194	24.29	31,194	[illegible]
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	5,789	48,720	20.24	41,284	[illegible]
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	9,045	32,888	18.99	31,323	[illegible]
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	4,525	35,057	18.10	25,825	[illegible]
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	6,853	39,178	17.07	35,544	[illegible]
Stock	AMIC TECHNOLOGY CORP.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	20,478	59,264	14.69	59,264	[illegible]
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Fortune	Long-term investments accounted for under the equity method	2,072	17,723	9.56	20,966	[illegible]
Stock	DAVICOM SEMICONDUCTOR, INC.		Available-for-sale financial assets, noncurrent	11,872	416,708	14.94	416,708	[illegible]
Stock	PIXART IMAGING INC.		Available-for-sale financial assets, noncurrent	14,188	2,844,772	12.10	2,844,772	[illegible]
Stock	TOPOINT TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	1,691	67,050	1.77	67,050	[illegible]
Stock	EPISTAR CORP.		Available-for-sale financial assets, noncurrent	4,731	259,259	0.76	259,259	[illegible]
Stock	POWERTECH INDUSTRIAL CO., LTD.		Available-for-sale financial assets, noncurrent	595	22,592	0.56	22,592	[illegible]
Stock				495	102,496	0.45	102,496	[illegible]

	RALINK TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent				
Stock	C SUN MFG LTD.		Available-for-sale financial assets, noncurrent	238	3,946	0.18	3,946
Stock	UNITED MICROELECTRONICS CORP.	Investor company	Available-for-sale financial assets, noncurrent	15,386	247,720	0.12	247,720
Stock	ASROCK INC.		Available-for-sale financial assets, noncurrent	49	6,370	0.05	6,370
Stock	CLIENTRON CORP. (formerly BCOM ELECTRONICS INC.)		Financial assets measured at cost, noncurrent	17,675	176,797	19.64	Note

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	STAR SEMICONDUCTOR CORP.		Financial assets measured at cost, noncurrent	3,837	$ 35,174	18.43	Note	None
Stock	KUN YUAN TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	9,409	94,095	15.68	Note	None
Stock	USBEST TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	7,347	95,303	15.57	Note	None
Stock	AWISE FIBER TECH.CO.,LTD.		Financial assets measured at cost, noncurrent	1,200	15,192	11.42	Note	None
Stock	CION TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	2,268	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	3,599	34,866	10.67	Note	None
Stock	EXOJET TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	2,300	23,000	10.57	Note	None
Stock	EVERGLORY RESOURCE TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	2,500	21,875	10.23	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	3,140	22,886	10.10	Note	None
Stock	NCTU SPRING I TECHNOLOGY VENTURE CAPITAL INVESTMENT CORP.		Financial assets measured at cost, noncurrent	3,856	22,876	10.06	Note	None
Stock	ADVANCE MATERIALS CORP.		Financial assets measured at cost, noncurrent	11,452	109,898	9.94	Note	None
Stock	YAYATECH CO., LTD.		Financial assets measured at cost, noncurrent	1,396	42,180	9.77	Note	None
Stock	OCULON OPTOELECTRONICS INC.		Financial assets measured at cost, noncurrent	1,100	17,600	9.49	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	2,153	54,325	9.43	Note	None
Stock	COTECH, INC.		Financial assets measured at cost, noncurrent	750	30,289	9.38	Note	None
Stock				1,571	20,102	9.32	Note	None

	ALLEN PRECISION INDUSTRIES CO., LTD.	Financial assets measured at cost, noncurrent					
Stock	LIGHTUNING TECH. INC.	Financial assets measured at cost, noncurrent	2,660	16,663	9.16	Note	None
Stock	EXCELLENCE OPTOELECTRONICS INC.	Financial assets measured at cost, noncurrent	8,529	85,291	9.09	Note	None

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

				June 30, 2008				
Type of securities	**Name of securities**	**Relationship**	**Financial statement account**	**Units (thousand)/ bonds/ shares (thousand)**	**Book value**	**Percentage of ownership (%)**	**Market value/ Net assets value**	**Shares as collateral (thousand)**
Stock	BCOM ELECTRONICS INC.		Financial assets measured at cost, noncurrent	3,600	$ 43,200	9.00	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	1,060	10,421	8.15	Note	None
Stock	HITOP COMMUNICATIONS CORP.		Financial assets measured at cost, noncurrent	752	15,673	8.08	Note	None
Stock	ANDES TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	5,000	62,500	7.94	Note	None
Stock	CHINGIS TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	4,198	37,156	7.80	Note	None
Stock	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	PRIMESENSOR TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	750	7,500	5.00	Note	None
Stock	EUTECH MICROELECTRONICS INC.		Financial assets measured at cost, noncurrent	1,700	59,500	4.95	Note	None
Stock	LUMITEK CORP.		Financial assets measured at cost, noncurrent	1,750	32,000	4.86	Note	None
Stock	EE SOLUTIONS, INC.		Financial assets measured at cost, noncurrent	1,391	22,178	4.80	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	1,220	14,736	4.08	Note	None
Stock	IBT VENTURE CORP.		Financial assets measured at cost, noncurrent	3,426	34,264	3.81	Note	None
Stock	SIMPAL ELECTRONICS CO., LTD.		Financial assets measured at cost, noncurrent	6,009	70,179	3.62	Note	None

Stock	BEYOND INNOVATION TECHNOLOGY CO., LTD.	Financial assets measured at cost, noncurrent	1,183	14,165	3.50	Note	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

				June 30, 2008				
Type of securities	**Name of securities**	**Relationship**	**Financial statement account**	**Units (thousand)/ bonds/ shares (thousand)**	**Book value**	**Percentage of ownership (%)**	**Market value/ Net assets value**	**Shares as collateral (thousand)**
Stock	SUBTRON TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	11,143	$ 131,806	3.47	Note	None
Stock	JMICRON TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	1,337	21,878	3.37	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	3.02	Note	None
Stock	SHENG-HUA VENTURE CAPITAL CORP.		Financial assets measured at cost, noncurrent	750	4,950	2.50	Note	None
Stock	UNIDISPLAY INC.		Financial assets measured at cost, noncurrent	3,000	30,000	2.31	Note	None
Stock	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	1.66	Note	None
Stock	INPAQ TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	1,500	72,975	1.58	Note	None
Fund	CRYSTAL INTERNET VENTURE FUND II(BVI), L.P.		Financial assets measured at cost, noncurrent		9,124	1.09	N/A	None
Stock	FIRST INTERNATIONAL TELECOM CORP.		Financial assets measured at cost, noncurrent	4,610	41,490	1.02	Note	None
Stock	ADVANCED CHIP ENGINEERING TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	2,290	24,419	1.02	Note	None
Stock	PRINTECH INTERNATIONAL INC.		Financial assets measured at cost, noncurrent	162	737	0.91	Note	None
Stock	ASIA PACIFIC MICROSYSTEMS, INC.		Financial assets measured at cost, noncurrent	1,162	9,739	0.66	Note	None
Stock	WAVEPLUS TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	4		0.40	Note	None
Fund	IGLOBE PARTNERS FUND, L.P.		Financial assets measured at cost, noncurrent		37,351		N/A	None
Stock-Preferred				5,133	59,317		N/A	None

stock	AURORA SYSTEMS, INC.	Financial assets measured at cost, noncurrent				
Stock-Preferred stock	ALPHA & OMEGA SEMICONDUCTOR LTD.	Financial assets measured at cost, noncurrent	1,500	46,313	N/A	None
Stock	NEXPOWER TECHNOLOGY CORP.	Prepayment for long-term investments	2,700	81,000		None

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

TLC CAPITAL CO., LTD.

				June 30, 2008				
Type of securities	**Name of securities**	**Relationship**	**Financial statement account**	**Units (thousand)/ bonds/ shares (thousand)**	**Book value**	**Percentage of ownership (%)**	**Market value/ Net assets value**	**Shares as collateral (thousand)**
Fund	FGIT GLOBAL REALTY & INFRASTRUCTURE FUND		Financial assets at fair value through profit or loss, current	500	$ 3,655		$ 3,655	None
Convertible bonds	CAREER TECHNOLOGY (MFG.) CO., LTD.		Financial assets at fair value through profit or loss, noncurrent	70	6,790		6,790	None
Stock	SOARING CAPITAL CORP.	Investee company	Long-term investments accounted for under the equity method	900	27,163	100.00	27,163	None
Stock	YUNG LI INVESTMENTS, INC.	Investee company	Long-term investments accounted for under the equity method	0.28	270,588	45.16	270,588	None
Fund	CTC CAPITAL PARTNERS I, L.P.	Investee company	Long-term investments accounted for under the equity method		136,867	32.11	136,867	None
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	7,084	95,588	14.87	24,533	None
Stock	RECHI PRECISION CO., LTD.		Available-for-sale financial assets, noncurrent	20,768	217,029	5.70	217,029	None
Stock	TOPOINT TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	4,632	183,666	4.85	183,666	None
Stock	SERCOMM CORP.		Available-for-sale financial assets, noncurrent	6,423	150,929	4.08	150,929	None
Stock	SIMPLO TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	5,500	786,500	2.96	786,500	None
Stock	POWERTECH INDUSTRIAL CO., LTD.		Available-for-sale financial assets, noncurrent	1,843	69,945	1.75	69,945	None
Stock	EPISTAR CORP.		Available-for-sale financial assets, noncurrent	10,256	561,980	1.65	561,980	None
Stock	MITAC TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	6,000	119,400	1.12	119,400	None
Stock	DARFON ELECTRONICS CORP.		Available-for-sale financial assets, noncurrent	2,900	189,950	1.05	189,950	None
Stock	AVERMEDIA TECHNOLOGIES, INC.		Available-for-sale financial assets, noncurrent	1,950	92,332	0.97	92,332	None

Stock	CORETRONIC CORP.	Available-for-sale financial assets, noncurrent	6,127	196,686	0.88	196,686	None
Stock	KING YUAN ELECTRONICS CO., LTD.	Available-for-sale financial assets, noncurrent	9,000	118,800	0.74	118,800	None
Stock	INPAQ TECHNOLOGY CO., LTD.	Available-for-sale financial assets, noncurrent	529	19,875	0.56	19,875	None
Stock	ITE TECH. INC.	Available-for-sale financial assets, noncurrent	500	34,100	0.44	34,100	None
Stock	CYNTEC CO., LTD.	Available-for-sale financial assets, noncurrent	783	34,374	0.43	34,374	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

TLC CAPITAL CO., LTD.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ASROCK INC.		Available-for-sale financial assets, noncurrent	202	$ 26,260	0.20	$ 26,260	None
Stock	TATUNG CO.		Available-for-sale financial assets, noncurrent	1,597	19,563	0.04	19,563	None
Stock	CHUNGHWA TELECOM CO., LTD.		Available-for-sale financial assets, noncurrent	3,410	267,685	0.04	267,685	None
Stock	CATHAY FINANCIAL HOLDING CO., LTD.		Available-for-sale financial assets, noncurrent	750	49,500	0.01	49,500	None
Stock	UNIDISPLAY INC.		Financial assets measured at cost, noncurrent	10,000	100,000	7.69	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.		Financial assets measured at cost, noncurrent	11,502	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	2.63	Note	None
Stock	CANDO CORP.		Financial assets measured at cost, noncurrent	3,000	30,000	0.43	Note	None
Stock	RALINK TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	74	7,980	0.07	Note	None
Stock-Preferred stock	TOUCH MEDIA INTERNATIONAL HOLDINGS		Financial assets measured at cost, noncurrent	4,126	160,355		Note	None
Stock-Preferred stock	KU6 HOLDING LTD.		Financial assets measured at cost, noncurrent	26,248	151,696		Note	None
Stock	NEXPOWER TECHNOLOGY CORP.		Prepayment for long-term investments	5,400	162,000			None

UNITRUTH INVESTMENT CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares	Book value	Percentage of ownership	Market value/ Net assets value	Shares as collateral

				(thousand)		**(%)**		**(thousand)**
Stock	SMEDIA TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	5,241	$ 25,017	11.00	$ 18,149	None
Stock	WALTOP INTERNATIONAL CORP.	Investee company	Long-term investments accounted for under the equity method	2,000	39,772	8.70	22,768	None

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ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITRUTH INVESTMENT CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	CRYSTAL MEDIA INC.	Investee company	Long-term investments accounted for under the equity method	1,587	$ 11,018	8.58	$ 11,018	None
Stock	ALLIANCE OPTOTEK CORP.	Investee company	Long-term investments accounted for under the equity method	2,150	18,096	7.52	15,334	None
Stock	HIGH POWER LIGHTING CORP.	Investee company	Long-term investments accounted for under the equity method	1,225	9,491	4.90	6,991	None
Stock	XGI TECHNOLOGY INC.	Investee of UMC and Unitruth	Long-term investments accounted for under the equity method	964	9,759	4.45	9,759	None
Stock	UWAVE TECHNOLOGY CORP.	Investee company	Long-term investments accounted for under the equity method	1,000		4.35		None
Stock	MOBILE DEVICES INC.	Investee company	Long-term investments accounted for under the equity method	1,700	8,818	4.24	8,818	None
Stock	TOPOINT TECHNOLOGY CO., LTD.		Available-for-sale financial assets, noncurrent	929	36,844	0.97	36,844	None
Stock	POWERTECH INDUSTRIAL CO., LTD.		Available-for-sale financial assets, noncurrent	695	26,357	0.66	26,357	None
Stock	RALINK TECHNOLOGY CORP.		Available-for-sale financial assets, noncurrent	369	76,383	0.33	76,383	None
Stock	ASROCK INC.		Available-for-sale financial assets, noncurrent	49	6,370	0.05	6,370	None
Stock	COTECH, INC.		Financial assets measured at cost, noncurrent	738	29,804	9.23	Note	None
Stock	AWISE FIBER TECH.CO.,LTD.		Financial assets measured at cost, noncurrent	860	10,888	8.18	Note	None
Stock	UWIZ TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	3,410	39,593	8.12	Note	None
Stock	OCULON OPTOELECTRONICS INC.		Financial assets measured at cost, noncurrent	900	14,400	7.77	Note	None
Stock	AMOD TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	930	7,920	7.15	Note	None
Stock	YAYATECH CO., LTD.		Financial assets measured at cost, noncurrent	988	40,415	6.92	Note	None
Stock	EXCELLENCE OPTOELECTRONICS		Financial assets measured at cost, noncurrent	6,374	63,739	6.80	Note	None

	INC.						
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	5.18	Note	None
Stock	ADVANCE MATERIALS CORP.	Financial assets measured at cost, noncurrent	5,806	62,427	5.04	Note	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITRUTH INVESTMENT CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	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	4.68	Note	None
Stock	CHIP ADVANCED TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	1,386	3,059	4.46	Note	None
Stock	EXOJET TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	850	8,500	3.91	Note	None
Stock	TRENDCHIP TECHNOLOGIES CORP.		Financial assets measured at cost, noncurrent	1,138	13,747	3.80	Note	None
Stock	BCOM ELECTRONICS INC.		Financial assets measured at cost, noncurrent	1,495	17,941	3.74	Note	None
Stock	ACTI CORP.		Financial assets measured at cost, noncurrent	740	11,100	2.98	Note	None
Stock	LUMITEK CORP.		Financial assets measured at cost, noncurrent	750	13,714	2.08	Note	None
Stock	MEMOCOM CORP.		Financial assets measured at cost, noncurrent	695	4,650	1.72	Note	None
Stock	UNIDISPLAY INC.		Financial assets measured at cost, noncurrent	2,000	20,000	1.54	Note	None
Stock	USBEST TECHNOLOGY INC.		Financial assets measured at cost, noncurrent	660	7,145	1.40	Note	None
Stock	CHANG-YU TECHNOLOGY CO., LTD.		Financial assets measured at cost, noncurrent	315	7,950	1.38	Note	None
Stock	GIGA SOLUTION TECH. CO., LTD.		Financial assets measured at cost, noncurrent	1,222	7,698	1.31	Note	None
Stock	STAR SEMICONDUCTOR CORP.		Financial assets measured at cost, noncurrent	260	2,193	1.25	Note	None
Stock	SUPERALLOY INDUSTRIAL CO., LTD.		Financial assets measured at cost, noncurrent	1,728	72,000	0.98	Note	None
Stock	JMICRON TECHNOLOGY CORP.		Financial assets measured at cost, noncurrent	385	2,310	0.97	Note	None
Stock	PRINTECH INTERNATIONAL INC.		Financial assets measured at cost, noncurrent	162	737	0.91	Note	None
Stock	HIGH POWER OPTOELECTRONICS, INC.		Financial assets measured at cost, noncurrent	500	5,000	0.60	Note	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UNITRUTH INVESTMENT CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	ASIA PACIFIC MICROSYSTEMS, INC.		Financial assets measured at cost, noncurrent	604	$ 5,064	0.34	Note	None
Stock-Preferred stock	ALLEN PRECISION INDUSTRIES CO., LTD.		Financial assets measured at cost, noncurrent	1,047	10,470		N/A	None
Stock	NEXPOWER TECHNOLOGY CORP.		Prepayment for long-term investments	900	27,000			None

UNITED MICRODISPLAY OPTRONICS CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMO (HK) LIMITED	Investee company	Long-term investments accounted for under the equity method	15,600	$ 3,078	100.00	$ 3,078	None

UMC CAPITAL CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock	UMC CAPITAL (USA)	Investee company	Long-term investments accounted for under the equity method	200	USD 375	100.00	USD 375	None
Stock	ECP VITA LTD.	Investee company	Long-term investments accounted for under the equity method	1,000	USD 2,491	100.00	USD 2,491	None
Stock-Preferred stock	ACHIEVE MADE INTERNATIONAL LTD.	Investee company	Long-term investments accounted for under the equity method	508	USD 672	43.29	USD 139	None

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UMC CAPITAL CORP.

				June 30, 2008				
Type of securities	**Name of securities**	**Relationship**	**Financial statement account**	**Units (thousand)/ bonds/ shares (thousand)**	**Book value**	**Percentage of ownership (%)**	**Market value/ Net assets value**	**Shares as collateral (thousand)**
Fund	UC FUND II	Investee company	Long-term investments accounted for under the equity method	5,000	USD 4,106	35.45	USD 4,106	None
Fund	TRANSLINK CAPITAL PARTNERS I L.P.	Investee company	Long-term investments accounted for under the equity method		USD 2,390	15.77	USD 2,390	None
Stock	INTELLON CORP.		Available-for-sale financial assets, noncurrent	1,150	USD 3,796	3.84	USD 3,796	None
American Depositary Receipts	CHUNGHWA TELECOM CO., LTD.		Available-for-sale financial assets, noncurrent	344	USD 8,720	0.04	USD 8,720	None
Stock	PATENTOP, LTD.		Financial assets measured at cost, noncurrent	720		18.00	Note	None
Stock	CIPHERMAX, INC.		Financial assets measured at cost, noncurrent	95	USD 1,281		Note	None
Stock-Preferred stock	AICENT, INC.		Financial assets measured at cost, noncurrent	2,000	USD 1,000		N/A	None
Stock-Preferred stock	GCT SEMICONDUCTOR, INC.		Financial assets measured at cost, noncurrent	1,571	USD 1,000		N/A	None
Stock-Preferred stock	FORTEMEDIA, INC.		Financial assets measured at cost, noncurrent	10,233	USD 4,322		N/A	None
Stock	MAGNACHIP SEMICONDUCTOR LLC		Financial assets measured at cost, noncurrent	31	USD 1,094		Note	None
Stock-Preferred stock	MAXLINEAR, INC.		Financial assets measured at cost, noncurrent	2,070	USD 4,052		N/A	None
Stock-Preferred stock	SMART VANGUARD LTD.		Financial assets measured at cost, noncurrent	5,750	USD 6,500		N/A	None
Stock-Preferred stock	WISAIR, INC.		Financial assets measured at cost, noncurrent	153	USD 1,596		N/A	None
Stock-Preferred stock	AMALFI SEMICONDUCTOR, INC.		Financial assets measured at cost, noncurrent	1,471	USD 1,500		N/A	None
Stock-Preferred stock	DIBCOM, INC.		Financial assets measured at cost, noncurrent	10	USD 1,186		N/A	None

stock							
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

ATTACHMENT 4 (Securities held as of June 30, 2008)

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

UMC CAPITAL CORP.

				June 30, 2008				
Type of securities	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Book value	Percentage of ownership (%)	Market value/ Net assets value	Shares as collateral (thousand)
Stock-Preferred stock	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	CHIPX,INC.		Financial assets measured at cost, noncurrent	63	USD 117		N/A	None
Stock-Preferred stock	SIFOTONICS TECHNOLOGIES CO., LTD.		Financial assets measured at cost, noncurrent	1,000	USD 500		N/A	None
Stock	KOTURA, INC.		Financial assets measured at cost, noncurrent	0.59			Note	None
Stock-Preferred stock	ZYLOGIC SEMICONDUCTOR CORP.		Financial assets measured at cost, noncurrent	750			N/A	None

Note : The net assets values for unlisted investees classified as Financial assets measured at cost, noncurrent were not available as of June 30, 2008.

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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 six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

				Beginning balance		Addition		Disposal				En
ame of the ecurities	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	Uni (thous bon shar (thous
ATEK INC.	Available-for-sale financial assets, noncurrent	Open market		6,552	$ 2,758,402		$	2,778	$ 1,059,582	$ 27,366	$ 1,030,448 (Note 3)	
EK CONDUCTOR	Available-for-sale financial assets, noncurrent	Open market		42,326	2,093,033			5,340	220,053	80,610	132,071 (Note 4)	3

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: The gain on disposal includes additional paid-in capital adjustments of NT$(1,768) thousand dollars.

Note 4: The gain on disposal includes additional paid-in capital adjustments of NT$(7,687) thousand and cumulative translation adjustments of NT$315 thousand.

FORTUNE VENTURE CAPITAL CORP.

				Beginning balance		Addition		Disposal				Endi
ame 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	Units (thousan bonds/ shares (thousan
ALINK CHNOLOGY ORP.	Available-for-sale financial assets, noncurrent	Open market		1,389	$ 14,828		$	894	$ 226,587	$ 9,543	$ 217,044	4

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

Note 2: The disposal cost represents historical cost .

TLC CAPITAL CO., LTD.

				Beginning balance		Addition		Disposal				End
me 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	Uni (thous bon shar (thous

TUNG CO.	Available-for-sale financial assets, noncurrent	Open market	26,152	$ 411,894	$	24,555	$ 427,852	$ 302,218	$ 125,634

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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 six-month period ended June 30, 2008)

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

TLC CAPITAL CO., LTD.

				Beginning balance		Addition		Disposal				
lame 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	(
IZON URITIES CO.,	Available-for-sale financial assets, noncurrent	Open market		8,858	$ 113,383		$	8,858	$ 139,659	$ 55,481	$ 84,178	
G SHENG STRUCTION LTD.	Available-for-sale financial assets, noncurrent	Open market		3,300	79,695			3,300	105,296	88,460	16,836	
RMEDIA HNOLOGIES,	Available-for-sale financial assets, noncurrent	Open market				1,950	108,152					
NGHWA ECOM CO.,	Available-for-sale financial assets, noncurrent	Open market				3,410	262,493					
CH MEDIA RNATIONAL DINGS	Financial assets measured at cost, noncurrent	TOUCH MEDIA INTERNATIONAL HOLDINGS				4,126	160,355					
POWER HNOLOGY P.	Prepayment for long-term investments	NEXPOWER TECHNOLOGY CORP.				5,400	162,000					

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

Note 2: The disposal cost represents historical cost .

UNITRUTH INVESTMENT CORP.

				Beginning balance		Addition		Disposal				Endi
ame 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	Unit (thousa bond share (thousa
ALINK CHNOLOGY ORP.	Available-for-sale financial assets, noncurrent	Open market		1,365	$ 14,570		$	996	$ 231,570	$ 10,631	$ 220,939	

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

Note 2: The disposal cost represents historical cost .

UMC CAPITAL CORP.

				Beginning balance	Addition	Disposal
of the securities	Financial statement account	Counter-party	Relationship		Amount	Amount

			Units (thousand)/ bonds/ shares (thousand)	Amount (Note1)	Units (thousand)/ bonds/ shares (thousand)		Units (thousand)/ bonds/ shares (thousand)		Cost (Note 2)	Gain (Loss) from disposal	U (tho b sl (the
ON NOLOGY, INC.	Available-for-sale financial assets, noncurrent	Open market	275	USD 6,531		$	275	USD 5,841	USD 3,850	USD 1,991	
DTRUM UNICATIONS,	Available-for-sale financial assets, noncurrent	Open market	550	USD 6,737			550	USD 4,340	USD 1,435	USD 2,905	
GHWA OM CO., LTD.	Available-for-sale financial assets, noncurrent	Open market			344	USD 8,752					

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

Note 2: The disposal cost represents historical cost .

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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 six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

					Where counter-party is a related party, details of prior transactions					
ction date	Transaction amount	Payment status	Counter-party	Relationship	Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount	Price reference	Date of acquisi and status o utilization

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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 six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

s of rties	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	Oth commit

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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 six-month period ended June 30, 2008)

(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)**	**Amount**	**Percentage of total purchases (sales) (%)**	**Term**	**Unit price**	**Term**	**Balance**	**Percentage of total receivables (%)**	**Note**
UMC GROUP (USA)	Investee company	Sales	$ 26,794,854	55%	Net 60 Days	N/A	N/A	$ 6,211,148	40%	
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company	Sales	5,974,877	12%	Net 60 Days	N/A	N/A	2,546,083	17%	
UMC JAPAN	Investee company	Sales	856,285	2%	Net 60 Days	N/A	N/A	271,254	2%	
SILICON INTEGRATED SYSTEMS CORP.	The Company s director	Sales	708,339	1%	Month-end 45 Days	N/A	N/A	171,828	1%	

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**
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 192,811	100 %	Net 60 Days	N/A	N/A	USD 84,081	100 %	

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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 six-month period ended June 30, 2008)

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

UMC GROUP (USA)

		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**
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	USD 862,888	100 %	Net 60 Days	N/A	N/A	USD 205,149	100 %	

UMC JAPAN

		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**
UNITED MICROELECTRONICS CORPORATION	Investor company	Purchases	JPY 2,848,908	62%	Net 60 Days	N/A	N/A	JPY 953,343	32%	
AMIC TECHNOLOGY CORP.	Investee of UMC	Sales	JPY 969,655	11%	Month-end 45 Days	N/A	N/A	JPY 569,985	14%	

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ATTACHMENT 9 (Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

		Ending balance					Overdue receivables			
Related party	**Relationship**	**Notes receivable**	**Accounts receivable**	**Other receivables**	**Total**	**Turnover rate (times)**	**Amount**	**Collection status**	**Amount received in subsequent period**	**Allowance for doubtful accounts**
UMC GROUP (USA)	Investee company	$	$ 6,211,148	$ 753	$ 6,211,901	8.98	$		$ 2,498,279	$
UNITED MICROELECTRONICS (EUROPE) B.V.	Investee company		2,546,083		2,546,083	5.50	319,472	Credit Collecting	689,693	3,406
UMC JAPAN	Investee company		271,254	93	271,347	5.47	2,437	Credit Collecting	6,283	1,758
SILICON INTEGRATED SYSTEMS CORP.	The Company s director		171,828	370	172,198	5.02	10,835	Credit Collecting	323	

UMC JAPAN

		Ending balance					Overdue receivables			
Related party	**Relationship**	**Notes receivable**	**Accounts receivable**	**Other receivables**	**Total**	**Turnover rate (times)**	**Amount**	**Collection status**	**Amount received in subsequent period**	**Allowance for doubtful accounts**
AMIC TECHNOLOGY CORP.	Investee of UMC	$	JPY 569,985	$	JPY 569,985	4.81	JPY 296,627	Credit Collecting	JPY 118,455	$

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ATTACHMENT 10 (Endorsement/Guarantee provided to others for the six-month period ended June 30, 2008)

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

UNITED MICROELECTRONICS CORPORATION

ompany	Address	Main businesses and products	Initial Investment (Note 1) Ending balance	Initial Investment (Note 1) Beginning balance	Investment as of June 30, 2008 Number of shares (thousand)	Investment as of June 30, 2008 Percentage of ownership (%)	Investment as of June 30, 2008 Book value	Net income (loss) of investee company	Investment income (loss) recognized
ROUP (USA)	Sunnyvale, California, USA	IC Sales	USD 16,438	USD 16,438	16,438	100.00	$ 1,288,279	$ 186,938	$ 186,938
ELECTRONICS E) B.V.	The Netherlands	IC Sales	USD 5,421	USD 5,421	9	100.00	305,737	27,732	27,732
APITAL CORP.	Grand Cayman, Cayman Islands	Investment holding	USD 124,000	USD 124,000	124,000	100.00	3,540,287	147,271	147,271
ELECTRONICS SAMOA)	Apia, Samoa	Investment holding	USD 1,400	USD 1,000	680	100.00	8,470	(5,294)	(5,294
TD.	Singapore	Sales and manufacturing of integrated circuits	USD 839,880	USD 839,880	880,006	100.00	167	(419)	(419
PITAL CO.,	Taipei, Taiwan	Consulting and planning for investment in new business	6,000,000	6,000,000	628,800	100.00	6,515,204	83,147	82,547
NE VENTURE L CORP.	Taipei, Taiwan	Consulting and planning for investment in new business	4,999,940	4,999,940	499,994	99.99	8,854,009	382,193	382,186
DISPLAY NICS CORP.	Hsinchu Science Park, Taiwan	Sales and manufacturing of LCOS	1,205,876	1,205,876	84,093	85.24	67,004	(97,975)	(90,067
PAN	Chiba, Japan	Sales and manufacturing of integrated circuits	JPY 20,994,400	JPY 20,994,400	496	50.09	6,003,704	(461,674)	(231,247
C VENTURE L CO., LTD.	Taipei, Taiwan	Consulting and planning for investment in new business	150,000	150,000	30,000	49.99	127,379	2,325	
OLDINGS PTE	Singapore	Investment holding	SGD 4,000	SGD 4,000	4,000	49.94	80,111	(2,339)	(1,169
H CAPITAL	British Virgin Islands	Investment holding	USD 21,000	USD 21,000	21,000	42.00	624,819	96,821	40,664
HIEH MENT CO.,	Taipei, Taiwan	Investment holding	336,241	336,241	33,624	36.49	3,042,954	51,118	19,056
WER OLOGY CORP.	Taichung, Taiwan	Sales and manufacturing of solar power batteries	760,745	760,745	44,912	34.55	749,227	(108,482)	(37,478
RON NG LIMITED	Apia, Samoa	Investment holding	USD 20,000	USD 20,000	20,000	33.78	568,699	(224,608)	(75,881
CHNOLOGY	Hsinchu, Taiwan	Cartography chip design and production	262,736	248,795	3,307	15.27	33,462	(28,535)	(4,691
ECHNOLOGY	Hsinchu Science Park, Taiwan	IC design, production and sales	133,009	133,104	15,550	11.18	20,467	(146,011)	(14,482
MISSION D	Grand Cayman,	Investment holding	USD 67,500	USD 67,500		45.00	1,654,006	(1,139,970)	(512,986

ERSHIP	Cayman Islands

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

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

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

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

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ATTACHMENT 10 (Endorsement/Guarantee provided to others for the six-month period ended June 30, 2008)

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

FORTUNE VENTURE CAPITAL CORP.

			Initial Investment (Note 1)		Investment as of June 30, 2008					
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	$ 1,236,327	$ 180,679	$ 180,677	
AEVOE INTERNATIONAL LTD.	Samoa	Design of VOIP Telephone	USD 2,213	USD 1,213	4,155	45.31	28,368	(3,742)	(1,747)	
UWAVE TECHNOLOGY CORP.	Hsinchu, Taiwan	RF IC Design	85,471	85,471	10,186	44.29				Note 2
ANOTO TAIWAN CORP.	Taoyuan County, Taiwan	Tablet transmission systems and chip-set	39,200	39,200	3,920	39.20	19,982	(11,870)	(4,653)	
WALTOP INTERNATIONAL CORP.	Hsinchu, Taiwan	Tablet PC module, Pen LCD Monitor/module	90,000	90,000	6,000	26.09	119,317	4,273	1,127	
CRYSTAL MEDIA INC.	Hsinchu, Taiwan	Design of VOIP network phones	50,629	50,629	4,493	24.29	31,194	(12,862)	(3,125)	
ALLIANCE OPTOTEK CORP.	Hsinchu County, Taiwan	Design and manufacturing of LED	74,235	74,235	5,789	20.24	48,720	(34,902)	(7,065)	
SMEDIA TECHNOLOGY CORP.	Hsinchu, Taiwan	Multimedia co-processor	93,478	93,478	9,045	18.99	32,888	(47,005)	(8,927)	
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	35,057	(6,616)	(1,197)	
MOBILE DEVICES INC.	Hsinchu County, Taiwan	PHS &GSM/PHS dual mode B/B Chip	89,414	89,414	6,853	17.07	39,178	2,664	464	
AMIC TECHNOLOGY CORP.	Hsinchu Science Park, Taiwan	IC design, production and sales	214,745	215,542	20,478	14.69	59,264	(146,011)	(21,467)	
XGI TECHNOLOGY INC.	Hsinchu, Taiwan	Cartography chip design and production	277,483	270,483	2,072	9.56	17,723	(28,535)	(2,268)	

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

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

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ATTACHMENT 10 (Endorsement/Guarantee provided to others for the six-month period ended June 30, 2008)

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

TLC CAPITAL CO., LTD.

Investee company	Address	Main businesses and products	Initial Investment (Note 1)		Investment as of June 30, 2008
			Ending balance	Beginning balance	