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UMC Reports 2007 First Quarter Results:

Anticipates a Gradual Recovery in 2Q07

First Quarter 2007 Overview¹:

- Revenue declined 11.8% sequentially to NT\$23.03 billion (US\$696 million)
- Net income was NT\$1.46 billion (US\$44 million)
- Revenue from 90nm technology and below was 21% of total revenue
- EPS of NT\$0.08; EPADS of US\$0.012

Taipei, Taiwan, ROC – May 2, 2007 - **United Microelectronics Corporation (NYSE: UMC; TSE: 2303)** (“UMC” or “the Company”), a leading global semiconductor foundry, today announced its unconsolidated operating results for the first quarter of 2007.

“1Q07 was a challenging quarter for UMC. Our results reflected the anticipated soft demand caused by the industry-wide inventory correction,” said UMC Chairman and CEO, Dr. Jackson Hu.

Dr. Hu continued, “For Q2, we have noticed that customers' inventory levels have been continuously going down. Starting from June, demand for communications applications such as cell phone and consumer applications including DTV and panel driver ICs has picked up strongly. Demand for the computer segment is also starting to recover, although it is not as strong as the other two segments yet. If the demand continues to remain as strong as we are seeing now, Q3 revenue will be very strong, which will significantly improve the overall bottom line.”

“As far as new technology development is concerned, multiple 65nm programs are moving forward smoothly. Yield improvement is extremely encouraging. Besides the existing 65nm products that have been in production, additional business contributions from this technology node will start to come in later this year. Furthermore, we are working with multiple customers to prepare IP for 45nm technologies. We expect to have multiple product tape-outs in Q3 this year and to have working prototypes in Q4, 2007.”

¹ Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States. They are reviewed, unconsolidated, and represent comparisons among the three-month period ending March 31, 2007, the three-month period ending December 31, 2006, and the equivalent three-month period that ended March 31, 2006. For all 1Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the March 31, 2007 exchange rate of NT\$33.09 per U.S. Dollar.

“Particularly noteworthy is the fact that more and more IDMs are becoming fab-lite or fabless. This trend will help expand business for the foundries. Specifically, It will help UMC diversify into other product areas, such as CPU and memory. Currently, we are working with many customers to explore mutual beneficial opportunities in these areas. This trend will allow us to collaborate with our IDM customers more closely in developing future technologies such as 45nm and 32nm. As usual, our industry is full of challenges and opportunities. We are optimistic about the foundry industry's future as well as UMC's own business outlook.”

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q07	4Q06	QoQ % change	1Q06	YoY % change
Revenue	23,025	26,112	(11.8)	24,384	(5.6)
Gross Profit	3,676	5,453	(32.6)	3,255	12.9
Operating Expenses	(3,658)	(4,081)	(10.4)	(3,170)	15.4
Operating Income	18	1,372	(98.7)	85	(78.8)
Non-op. Income (Expenses)	1,719	5,288	(67.5)	14,090	(87.8)
Net Income	1,459	5,689	(74.4)	12,286	(88.1)
EPS (NT\$ per share)	0.08	0.33		0.66	
(US\$ per ADS)	0.012	0.050		0.100	

UMC's revenue totaled NT\$23.03 billion in 1Q07, a 11.8% quarter-over-quarter decrease from NT\$26.11 billion in 4Q06, and a 5.6% decrease year-over-year from NT\$24.38 billion in 1Q06. Gross profit for the quarter was NT\$3.68 billion, or 16.0% of revenue, compared to NT\$5.45 billion, or 20.9% of revenue in 4Q06. The decline in gross margin was mainly attributed to the decrease in revenue and lower capacity utilization rate in 1Q07. Operating income decreased 98.7% sequentially and 78.8% from 1Q06 to NT\$18 million. Net income in 1Q07 was NT\$1.46 billion, a sequential decrease of 74.4% from 4Q06 and an 88.1% decrease over 1Q06.

Earnings per ordinary share (EPS) for the quarter were NT\$0.08. Earnings per ADS (EPADS) were US\$0.012. This compares with 4Q06 EPS of NT\$0.33 and EPADS of US\$0.050. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 1Q07 was 17,775,610,526, compared with 17,730,038,769 shares in 4Q06 and 18,691,630,516 shares in 1Q06. The diluted weighted average number of outstanding shares was 17,904,075,495 in 1Q07, compared with 18,355,281,822 shares in 4Q06 and 19,312,316,024 shares in 1Q06. The fully diluted share count on March 31, 2007 was 19,212,513 thousand. On March 31, 2007, UMC still held 1,342,067 thousands treasury shares, which were acquired from previous buy-back programs. The increase in basic weighted average outstanding shares in 1Q07 was due to new share issuance for the exercise of employee stock options.

Detailed Financials Section

Depreciation and amortization totaled NT\$9.19 billion in 1Q07, compared to NT\$10 billion in 4Q06. Depreciation within COGS decreased 10.7% to NT\$7.65 billion, mainly due to the decreasing depreciation from 8" fabs. Total operating expenses decreased 10.4% to NT\$3.66 billion. This was primarily due to less R&D spending on 90nm technology and audit fees for US GAAP and SOX 404 compliance. The R&D expense was 10.1% of revenue in 1Q07.

COGS & Expenses					
(Amount: NT\$ million)	1Q07	4Q06	QoQ % change	1Q06	YoY % change
Revenue	23,025	26,112	(11.8)	24,384	(5.6)
COGS	(19,349)	(20,659)	(6.3)	(21,129)	(8.4)
Depreciation	(7,649)	(8,569)	(10.7)	(10,566)	(27.6)
Other Mfg. Costs	(11,700)	(12,090)	(3.2)	(10,563)	10.8
Gross Profit	3,676	5,453	(32.6)	3,255	12.9
Gross Margin (%)	16.0%	20.9%		13.3%	
Total Operating Exp.	(3,658)	(4,081)	(10.4)	(3,170)	15.4
G&A	(678)	(840)	(19.3)	(532)	27.4
Sales & Marketing	(650)	(546)	19.0	(612)	6.2
R&D	(2,330)	(2,695)	(13.5)	(2,026)	15.0
Operating Income	18	1,372	(98.7)	85	(78.8)
Operating Margin (%)	0.1%	5.3%		0.3%	

Net non-operating income was NT\$1.72 billion. The investment disposal gains were NT\$1.62 billion, including a NT\$937 million gain from the 3-in-1 merger of Epistar/Epitech/Highlink. Net investment income was NT\$109 million, which consisted of NT\$697 million of investment income accounted for under the equity method, and NT\$588 million of loss on valuation of financial assets in 1Q07.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	1Q07	4Q06	1Q06
Net Non-operating Income (Exp.)	1,719	5,288	14,090
Net Interest Income (Expense)	260	264	137
Net Investment Income (Loss)	109	560	(108)
Gain on Disposal of Investment	1,624	4,772	13,915
Exchange Gain (Loss)	17	114	42
Others	(291)	(422)	104

The net cash outflow was NT\$2.41 billion in 1Q07. Operating cash inflow was NT\$9.73 billion, a NT\$4.59 billion sequential decrease, which reflected our soft business in 1Q07. The investing cash outflow primarily reflects the NT\$12.52 billion of CAPEX in 1Q07. The NT\$188 million of financing cash inflow was due to the exercise of employee stock options. Over the next 12 months, the company expects to repay NT\$2.25 billion in corporate bonds.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Mar. 31, 2007	For the 3-Month Period Ended Dec. 31, 2006
Cash Flow from Operations	9,732	14,324
Net Income (Loss)	1,459	5,689
Depreciation & Amortization	9,192	10,003
Changes in working capital	(192)	3,843
Others	(727)	(5,211)
Cash Flow from Investing	(12,235)	(9,594)
Capital Expenditures	(12,521)	(12,485)
Others	286	2,891
Cash Flow from Financing	188	(4,276)
Effect of Exchange Rate	(91)	(63)
Net Cash Flow	(2,406)	391

Cash and cash equivalents decreased by NT\$2.41 billion to NT\$80.99 billion, mainly due to flat CAPEX spending but less operating cash inflow in 1Q07. The increase in notes and accounts receivable reflect a one-time payment rule change for certain customers. Days sales outstanding² increased to 50 days, and average inventory turnover increased to 48 days.

Current Assets			
(Amount: NT\$ billion)	1Q07	4Q06	1Q06
Cash & Cash Equivalents	80.99	83.40	96.37
Notes & Accounts Receivable	12.85	12.37	11.80
Days Sales Outstanding	50	47	45
Inventory	9.96	10.12	9.61
Avg. Inventory Turnover	48	47	43
Total Current Assets	115.43	118.43	126.27

Total liabilities slightly decreased to NT\$63.41 billion in 1Q07, mainly because AUO EB bondholders' exercise of the conversion that reduced NT\$0.19 billion of outstanding balance. UMC's Debt to Equity ratio was 22% at the end of 1Q07.

Liabilities			
(Amount: NT\$ billion)	1Q07	4Q06	1Q06
Total Current Liabilities	41.81	30.06	29.54
Accounts Payable	4.65	4.02	4.19
Short-term Credit / Bonds	17.83	5.36	10.25
Others	19.33	20.68	15.10
Long-term Liabilities	17.99	30.38	35.68
Total Liabilities	63.41	64.06	68.85
Debt to Equity	22%	22%	24%

² Days Sales Outstanding = $365 / \left[\frac{\text{Operating revenues for three-month period end } *4}{\text{Beginning NR\&AR balance, net} + \text{Ending NR\&AR balance, net}} \right] \times 2$]]

Average Inventory Turnover = $365 / \left[\frac{\text{COGS for three-month period end } *4}{\text{Beginning Inventory balance, net} + \text{Ending Inventory balance, net}} \right] \times 2$]]

Analysis of Revenue³

The percentage of revenue from the Asia Pacific region grew to 43% in 1Q07 as their demand was relatively stronger than that of North American customers. The percentage of revenue from Europe and Japan remained flat over the quarter.

Revenue Breakdown by Region

Region	1Q07	4Q06	3Q06	2Q06	1Q06
North America	47%	53%	60%	51%	46%
Asia Pacific	43%	37%	27%	35%	43%
Europe	7%	7%	10%	11%	9%
Japan	3%	3%	3%	3%	2%

The percentage of revenue from leading-edge 65nm and 90nm sales remained flat overall. The percentage of revenue from 0.13um decreased to 16% mainly due to soft demand from communication customers.

Revenue Breakdown by Geometry

Geometry	1Q07	4Q06	3Q06	2Q06	1Q06
<=90nm	21%	21%	21%	16%	13%
0.13um	16%	20%	25%	22%	20%
0.15um	11%	9%	7%	9%	12%
0.15um<x<=0.18um	19%	18%	19%	20%	21%
0.18um<x<=0.25um	6%	6%	6%	6%	5%
0.25um<x<=0.35um	19%	17%	13%	18%	21%
0.5um and above	8%	9%	9%	9%	8%

The contribution from IDM customers decreased to 24% in 1Q07 from 37% in 4Q06 due to inventory adjustments.

Revenue Breakdown by Customer Type

Customer Type	1Q07	4Q06	3Q06	2Q06	1Q06
Fabless	76%	63%	56%	63%	73%
IDM	24%	37%	44%	37%	27%
System	0%	0%	0%	0%	0%

Revenue from the communication market decreased to 56% of total revenue in 1Q07, primarily due to inventory digestion by some communication customers. Revenue from the computer segment increased to 18% of total revenue in 1Q07 because of relatively better demand from PC chipset customers.

Revenue Breakdown by Application⁽¹⁾

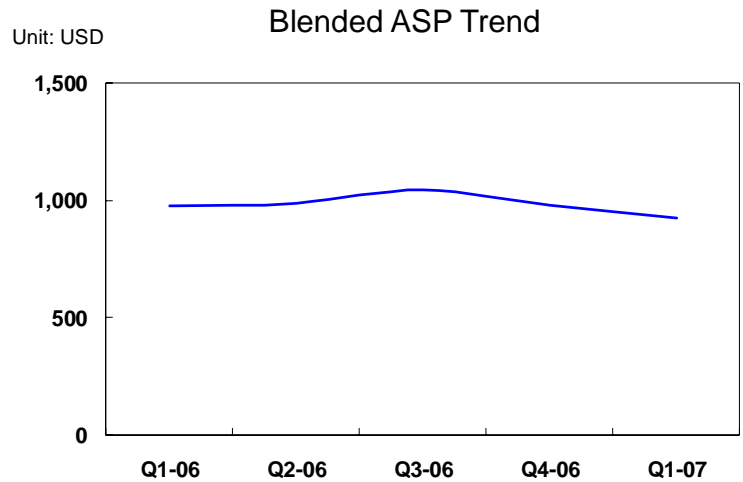
Application	1Q07	4Q06	3Q06	2Q06	1Q06
Computer	18%	15%	15%	14%	19%
Communication	56%	61%	55%	56%	51%
Consumer	24%	22%	28%	28%	28%
Memory	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	1%

(1) **Computer** consists of ICs such as HDD controllers, DVD-ROM/CD-ROM drives ICs, LCD drivers, graphic processors, and PDAs. **Communication** consists of xDSL, DSP, WLAN, LAN controllers, handset components, caller ID devices, etc. **Consumer** consists of ICs used for DVD players, game consoles, digital cameras, smart cards, toys, etc. **Memory** consists of DRAM, SRAM, Flash, EPROM, ROM, and EEPROM.

³ Revenue in this section represents wafer sales.

Blended Average Selling Price Trend

The blended average selling price (ASP) for the quarter was down by 5% in US dollar terms compared with the previous quarter. This was mainly due to a wafer shipment mix issue: fewer 0.13um shipments but more shipments on matured technology nodes.



Shipment and Utilization Rate⁴

Wafer shipments declined by 6.5% sequentially to 732 thousand 8-inch equivalent wafers from 783 thousand wafers. The utilization rate for the quarter was 74%, after factoring in a 5% productivity loss due to scheduled annual maintenance.

Wafer Shipments

	1Q07	4Q06	3Q06	2Q06	1Q06
Wafer Shipments ('000 8-inch eq.)	732	783	799	786	754

Quarterly Capacity Utilization Rate

	1Q07	4Q06	3Q06	2Q06	1Q06
Utilization Rate	74% ⁽¹⁾	76%	82%	80%	79% ⁽²⁾
Total Capacity ('000 8-inch eq.)	1,043	1,020	1,010	1,002	985

⁽¹⁾ 1Q07 utilization rate was calculated based on 1Q07 available capacity, which is about 95% of total capacity after factoring in a 5% productivity loss due to annual scheduled maintenance.

⁽²⁾ 1Q06 utilization rate was calculated based on 1Q06 available capacity, which is about 95% of total capacity after factoring in a 5% productivity loss due to annual scheduled maintenance.

⁴ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁵

Capacity for 1Q07 was 1,043 thousand 8-inch equivalent wafers. The incremental increase in capacity of 23 thousand 8-inch equivalent wafers during 1Q07 was due to capacity expansion at Fab 12A and Fab 12i. UMC's estimated capacity in 2Q07 will increase to 1,065 thousand 8-inch equivalent wafers, primarily due to additional 300mm capacity from Fab 12A and Fab 12i.

Annual Capacity in thousands of 8-inch wafer equivalents

FAB	Geometry (um)	2006	2005	2004	2003
Fab 6A	6"	328	344	346	352
Fab 8AB	8"	816	816	796	801
Fab 8C	8"	400	401	386	325
Fab 8D	8"	252	274	256	238
Fab 8E	8"	406	404	401	354
Fab 8F	8"	372	378	349	342
Fab 8S ⁽¹⁾	8"	276	278	131	0
Fab 12A	12"	754	597	392	234
Fab 12i ⁽²⁾	12"	413	363	101	0
Total⁽³⁾		4,017	3,855	3,158	2,646
YoY Growth Rate		4%	22%	19%	3%

Quarterly Capacity in thousands of 8-inch wafer equivalents

FAB	2Q07E	1Q07	4Q06	3Q06
Fab 6A	82	82	82	82
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	65	65	63	63
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	69	69	69	69
Fab 12A	210	200	193	192
Fab 12i	140	128	114	105
Total⁽³⁾	1,065	1,043	1,020	1,010

⁽¹⁾ Former fab of SiSMC, which was acquired from Silicon Integrated Systems in July 2004.

⁽²⁾ Former fab of UMCi, a UMC wholly owned subsidiary in December 2004 that was merged into UMC in April 2005

⁽³⁾ One 6-inch wafer is converted into 0.5625(6²/8²) 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25(12²/8²) 8-inch equivalent wafers.

CAPEX

The amount of capital expenditure spent in 1Q07 was US\$378 million. UMC's 2007 CAPEX is still expected to be between US\$1 billion and US\$1.2 billion.

UMC Capital Expenditure by Year - in US\$ billion

Year	2006	2005	2004	2003	2002	2001
CAPEX	\$ 1.0	\$0.7 ⁽¹⁾	\$ 1.5	\$ 0.4	\$ 0.8	\$ 1.1

2007 CAPEX

	8" fab	12" fab	12" R&D	Total
UMC	2%	83%	15%	US\$1~1.2billion

⁽¹⁾ 2005 CAPEX contained UMC 2005 full year CAPEX and UMCi CAPEX during 1Q05.

⁵ Estimated capacity numbers are based on *calculated maximum output* rather than *designed capacity*. The actual capacity numbers may differ depending upon equipment delivery schedules, pace of migration to more advanced process technologies, and other factors affecting production ramp up.

Recent Developments / Announcements

- Mar. 15, 2007 UMC Expands Global Customer Service Network with India Office
- Mar. 15, 2007 UMC Board of Directors Announces Proposals for its Annual Shareholders Meeting
- A brief summary of the proposals is as follows:
- Cash dividend of NT\$12,461,529,283, estimated at NT\$0.7 per share
 - Employee cash bonus of NT\$2,324,119,405, 7.1% of net income after tax
 - Proposal for the Company's capital reduction: a capital reduction of NT\$57,394 million with the cancellation of 5,739 million of its outstanding shares. Shareholders will receive approximately NT\$3 for each of their shares held. Related procedures and timetable will be further announced after the approval from the 2007 AGM and then the Financial Supervisory Commission.
 - The 2007 AGM will be held on June 11, 2007 at the UMC Recreation Center in Hsinchu Science Park, Taiwan.
- Feb. 07, 2007 UMC 4Q 2006 Financial Results

Please visit UMC's website <http://www.umc.com/english/news/index.asp> for further details regarding the above announcements.

Second Quarter of 2007 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to increase by 6-8% points
- Wafer ASP in US\$: flat from the previous quarter
- Capacity utilization rates: approximately 75%
- Profitability: slight improvement from the previous quarter
- Percentage of 90nm & below revenues: approximately 20%
- The communication segment is expected to be the strongest, followed by the consumer and computer segments
- 2007 capex budget: US\$1.0-1.2 billion

Conference Call / Webcast Announcement

Wednesday, May 2, 2007

Time: 8:00 PM (Taipei) / 8:00 AM (New York) / 1:00 PM (London)

Dial-in numbers and Access Codes:

Asia/Europe: +1-617-213-8052

North America: 866-314-5232

Access Code: UMCCall

A live webcast and replay of the 1Q07 results announcement will be available at www.umc.com under the "Investor Relations \ Investor Events" section.

About UMC

UMC (NYSE: UMC, TSE: 2303) is a leading global semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers cutting-edge foundry technologies that enable sophisticated system-on-chip (SoC) designs, including volume production 90nm, industry-leading 65nm, and mixed signal/RFCMOS. UMC's 10 wafer manufacturing facilities include two advanced 300mm fabs; Fab 12A in Taiwan and Singapore-based Fab 12i are both in volume production for a variety of customer products. The company employs approximately 12,000 people worldwide and has offices in Taiwan, Japan, Singapore, Europe, and the United States. UMC can be found on the web at <http://www.umc.com>.

Safe Harbor Statements

Except for statements in respect of historical matters, the statements in this release contain "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual performance, financial condition or results of operations of UMC to be materially different from what is stated or may be implied in such forward-looking statements. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors, including, among other things: our dependence upon the frequent introduction of new services and technologies based on the latest developments in our industry; the intensely competitive semiconductor, communications, consumer electronics and computer industries and markets; the risks associated with international global business activities; our dependence upon key personnel; general economic and political conditions, including those related to the semiconductor, communications, consumer electronics and computer industries; possible disruptions in commercial activities caused by natural and human-induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases; reduced end-user purchases relative to expectations and orders; fluctuations in foreign currency exchange rates; and those risks identified in the section entitled "Risk Factors" in UMC's Annual Report on Form 20-F ("20-F") for the year ended December 31, 2005 filed with the U.S. Securities and Exchange Commission on June 26, 2006.

The financial statements included in this release are reviewed and unconsolidated, and prepared and published in accordance with ROC GAAP. Investors are cautioned that there are many differences between ROC GAAP and U.S. GAAP, as described in note 34 to the financial statements on 20-F.

The forward-looking statements in this release reflect the current belief of UMC as of the date of this release and UMC undertakes no obligation to update these forward-looking statements for events or circumstances that occur after such date or to reflect the occurrence of unanticipated events.

- FINANCIAL TABLES TO FOLLOW -