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UMC Reports 2007 Third Quarter Results:

Results Top Guidance, Seasonal 4Q07 Expected

Third Quarter 2007 Overview¹:

- Revenue from 90nm technology and below increased from 17% to 25%
- Revenue increased 23.6% sequentially to NT\$31.03 billion (US\$952 million)
- Net income increased to NT\$9.23 billion (US\$283 million)
- EPS was NT\$0.57; EPADS was US\$0.088

Taipei, Taiwan, ROC – October 31, 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 third quarter of 2007.

“We had an excellent quarter for Q3, 2007. Our overall performance exceeded our guidance, including revenue, gross margin, operating margin, wafer shipment, loading, and other key indicators,” said UMC Chairman and CEO, Dr. Jackson Hu.

“Certainly the strong seasonal demand in Q3 was a main contributor. In the meantime, we must also point out that although revenue was impressive, it did not reach historical highs due to pricing pressure in both matured 8" and advanced 12" processes. This is a clear indication that there is too much competition within our industry. On the other hand, UMC continues to reconstruct its balance sheet to improve capital utilization and ROE. In Q3, we completed Taiwan's largest ever capital reduction plan by canceling 30% of UMC's outstanding shares, while returning NT\$57.4 billion to shareholders. Our cash position after the capital reduction remains very healthy.”

“In Q3, we signed a technology cross license and joint development agreement with Elpida. This is a significant development that gives us access to their DRAM technology, which we can offer as part of our SOC solutions for memory intensive applications. Furthermore, we will jointly

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 September 30, 2007, the three-month period ending June 30, 2007, and the equivalent three-month period that ended September 30, 2006. For all 3Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the September 30, 2007 exchange rate of NT\$32.57 per U.S. Dollar.

develop with Elpida an emerging PRAM technology for future SOC designs. As process scaling continues, multiple systems can be integrated. The ability to integrate various system memories will become very important in the future.”

“CAPEX for 2008 will be significantly reduced relative to 2007 for the following reasons: (1) We have found ways of enhancing productivity for certain critical and capital intensive equipment, (2) Our capacity expansion is mainly focused on converting capacity from older generations to more advanced processes. From now on, increasing profitability will be UMC's number one business objective. However, this goal will not happen overnight. A solid beginning will be the implementation of a disciplined CAPEX strategy.”

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	3Q07	2Q07	QoQ % change	3Q06	YoY % change
Revenue	31,028	25,097	23.6	27,852	11.4
Gross Profit	8,223	4,958	65.9	6,814	20.7
Operating Expenses	(3,988)	(3,732)	6.9	(3,777)	5.6
Operating Income	4,235	1,226	245.4	3,037	39.4
Non-op. Income (Expenses)	5,764	4,182	37.8	6,438	(10.5)
Net Income	9,233	4,911	88.0	8,592	7.5
EPS (NT\$ per share)	0.57	0.28		0.48	
(US\$ per ADS)	0.088	0.043		0.074	

Revenue in 3Q07 was NT\$31.03 billion, representing a 23.6% QoQ increase from NT\$25.10 billion in 2Q07, and a 11.4% YoY increase from NT\$27.85 billion in 3Q06. Gross profit for the quarter was NT\$8.22 billion, or 26.5% of revenue, compared to NT\$4.96 billion, or 19.8% of revenue in 2Q07. Operating income in 3Q07 was NT\$4.24 billion, or 13.6% of revenue, compared to NT\$1.23 billion, or 4.9% of revenue in 2Q07. High capacity utilization and an increase in wafer shipments were the key reasons for the increase in revenue, gross profit and operating income during the third quarter. Net income for 3Q07 was NT\$9.23 billion, an increase of 88%, compared with NT\$4.91 billion in 2Q07.

Earnings per ordinary share (EPS) for the quarter were NT\$0.57. Earnings per ADS (EPADS) were US\$0.088. This compares with 2Q07 EPS of NT\$0.28 and EPADS of US\$0.043. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 3Q07 was 16,198,320,253, compared with 17,780,114,848 shares in 2Q07 and 17,542,040,175 shares in 3Q06. The diluted weighted average number of outstanding shares was 16,354,611,616 in 3Q07, compared with 18,413,194,360 shares in 2Q07 and 18,150,279,315 shares in 3Q06. The fully diluted share count on September 30, 2007 was 13,825,567 thousand. On September 30, 2007, UMC held 801,741 thousands treasury shares acquired from the 8th, 9th, and 11th share buy-back programs. UMC retired 192.1 million treasury shares acquired from the 7th buy-back program in July and 5.74 billion shares from the capital reduction in August.

Detailed Financials Section

Depreciation and amortization expenses were NT\$9.68 billion in 3Q07, compared to NT\$9.21 billion in 2Q07. Depreciation within COGS increased 6.9% to NT\$8.45 billion. The 17.3% QoQ increase on Other Manufacturing Costs reflected the higher cost associated with the improvement in shipments in 3Q07. Sales & Marketing expenses increased 26% to NT\$922 million, mainly due to the increase in IP amortization and maintenance. The R&D expense was 7.5% of revenue in 3Q07. Due to the employee bonus expense that will go into effect on January 1, 2008, we expect to see an increase on CoGS and operating expenses starting from 1Q08' to reflect total employee compensation.

COGS & Expenses					
(Amount: NT\$ million)	3Q07	2Q07	QoQ % change	3Q06	YoY % change
Revenue	31,028	25,097	23.6	27,852	11.4
COGS	(22,805)	(20,139)	13.2	(21,038)	8.4
Depreciation	(8,445)	(7,899)	6.9	(9,422)	(10.4)
Other Mfg. Costs	(14,360)	(12,240)	17.3	(11,616)	23.6
Gross Profit	8,223	4,958	65.9	6,814	20.7
Gross Margin (%)	26.5%	19.8%		24.5%	
Total Operating Exp.	(3,988)	(3,732)	6.9	(3,777)	5.6
G&A	(753)	(691)	9.0	(682)	10.4
Sales & Marketing	(922)	(732)	26.0	(683)	35.0
R&D	(2,313)	(2,309)	0.2	(2,412)	(4.1)
Operating Income	4,235	1,226	245.4	3,037	39.4
Operating Margin (%)	13.6%	4.9%		10.9%	

Net non-operating income was NT\$5.76 billion. Gains on the disposal of investments included the sale of MediaTek and Holtek shares for NT\$2.78 billion and NT\$430 million, respectively. Net investment income included NT\$2.03 billion of cash dividend, NT\$1.59 billion of investment income accounted for under the equity method and NT\$1.95 billion of losses on valuation of financial assets. Losses on valuation of financial assets mainly came from a NT\$1.79 billion loss from valuation of ProMos shares.

Non-operating Income (Expenses)			
(Amount: NT\$ billion)	3Q07	2Q07	3Q06
Net Non-operating Income (Exp.)	5,764	4,182	6,438
Net Interest Income (Expense)	249	349	245
Net Investment Income (Loss)	1,676	760	1,653
Gain on Disposal of Investment	3,437	2,634	4,359
Exchange Gain (Loss)	63	(46)	91
Others	339	485	90

Net cash outflow was NT\$271 million in 3Q07. The increase in cash from operations in 3Q07 mainly reflected higher wafer sales during the quarter. The NT\$14.80 billion of financing cash outflow was mainly due to the NT\$12.46 billion from the issuance of the cash dividend. Free cash flow for the first three quarters of 2007 was NT\$6.86 billion. Over the next 12 months, we expect to repay NT\$10.5 billion in unsecured corporate bonds.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Sep. 30, 2007	For the 3-Month Period Ended Jun. 30, 2007
Cash Flow from Operations	14,920	7,583
Net Income (Loss)	9,233	4,911
Depreciation & Amortization	9,677	9,212
Changes in working capital	(1,017)	(2,766)
Others	(2,973)	(3,774)
Cash Flow from Investing	(367)	(9,224)
Capital Expenditures	(3,877)	(8,974)
Others	3,510	(250)
Cash Flow from Financing	(14,801)	(2,262)
Effect of Exchange Rate	(23)	(28)
Net Cash Flow	(271)	(3,931)

Cash and cash equivalents decreased slightly by NT\$0.27 billion to NT\$76.79 billion. The increase in notes and accounts receivable primarily came from the increase of wafer shipments and reflected the upward trend of the business. Days sales outstanding² decreased to 46 days, and average inventory turnover decreased to 44 days.

Current Assets			
(Amount: NT\$ billion)	3Q07	2Q07	3Q06
Cash & Cash Equivalents	76.79	77.06	83.00
Notes & Accounts Receivable	17.20	14.15	14.47
Days Sales Outstanding	46	49	44
Inventory	10.89	10.91	10.79
Avg. Inventory Turnover	44	48	48
Total Current Assets	113.37	113.73	121.11

Total liabilities increased by NT\$39.20 billion to NT\$105.21 billion in 3Q07. The increase was primarily due to the NT\$53.91 billion of cash payable for the capital reduction. Therefore, UMC's Debt to Equity ratio increased to 43% at the end of 3Q07.

Liabilities			
(Amount: NT\$ billion)	3Q07	2Q07	3Q06
Total Current Liabilities	94.05	54.92	34.41
Accounts Payable	5.32	4.96	4.39
Short-term Credit / Bonds	22.92	23.02	10.39
Others	65.81	26.94	19.63
Long-term Liabilities	7.50	7.49	30.57
Total Liabilities	105.21	66.01	68.62
Debt to Equity	43%	23%	25%

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

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

Analysis of Revenue³

The percentage of revenue contributed from North America grew to 49% in 3Q07. The percentage of revenue contributed from Europe grew to 9% due to increasing demand on consumer and wireless communication products in 3Q07.

The percentage of revenue from advanced 90nm and below business increased to 25%, compared to 17% in 2Q07, mainly due to stronger demand for communication and computing graphic chips. Revenue from 0.13um technology increased by 15%, due to stronger demand for communication chips and PC chipsets. The percentage of revenue from 0.13um and below increased to 48% in 3Q07 from 42% in 2Q07.

The percentage of revenue from IDM customers increased to 27% in 3Q07 from 25% in 2Q07 due to stronger demand from North American and European IDM customers during the third quarter.

Revenue from the communication segment increased to 57% of total revenue in 3Q07 because of strong demand for handset components. Revenue from the computer segment increased to 18% of total revenue in 3Q07, primarily due to strong demand for PC chipsets and graphics.

Revenue Breakdown by Region

Region	3Q07	2Q07	1Q07	4Q06	3Q06
North America	49%	47%	47%	53%	60%
Asia Pacific	40%	43%	43%	37%	27%
Europe	9%	8%	7%	7%	10%
Japan	2%	2%	3%	3%	3%

Revenue Breakdown by Geometry

Geometry	3Q07	2Q07	1Q07	4Q06	3Q06
<=90nm	25%	17%	21%	21%	21%
0.13um	23%	25%	16%	20%	25%
0.15um	9%	9%	11%	9%	7%
0.15um<x<=0.18um	17%	20%	19%	18%	19%
0.18um<x<=0.25um	3%	4%	6%	6%	6%
0.25um<x<=0.35um	17%	18%	19%	17%	13%
0.5um and above	6%	7%	8%	9%	9%

Revenue Breakdown by Customer Type

Customer Type	3Q07	2Q07	1Q07	4Q06	3Q06
Fabless	73%	75%	76%	63%	56%
IDM	27%	25%	24%	37%	44%
System	0%	0%	0%	0%	0%

Revenue Breakdown by Application ⁽¹⁾

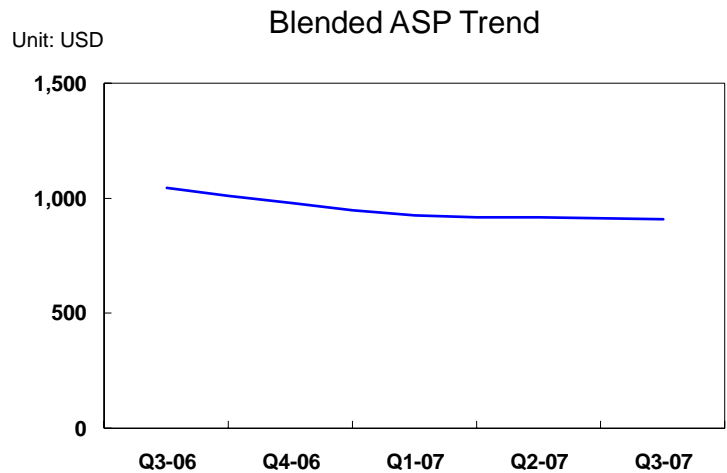
Application	3Q07	2Q07	1Q07	4Q06	3Q06
Computer	18%	17%	18%	15%	15%
Communication	57%	55%	56%	61%	55%
Consumer	23%	26%	24%	22%	28%
Memory	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	1%

(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) was down by 0.8% in US dollar terms during 3Q07.



Shipment and Utilization Rate⁴

Wafer shipments increased by 26.5% sequentially to 1,017 thousand 8-inch equivalent wafers in 3Q07 from 804 thousand wafers in 2Q07. The utilization rate for the quarter was 93%, which was higher than the approximately 90% level that we expected in our previous guidance.

Wafer Shipments

	3Q07	2Q07	1Q07	4Q06	3Q06
Wafer Shipments ('000 8-inch eq.)	1,017	804	732	783	799

Quarterly Capacity Utilization Rate

	3Q07	2Q07	1Q07	4Q06	3Q06
Utilization Rate	93%	76%	74% ⁽¹⁾	76%	82%
Total Capacity ('000 8-inch eq.)	1,095	1,070	1,043	1,020	1,010

⁽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.

⁴ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁵

Capacity for 3Q07 was 1,095 thousand 8-inch equivalent wafers. The incremental increase in capacity of 25 thousand 8-inch equivalent wafers during 3Q07 was due to capacity expansion at Fab 12A and Fab 12i. UMC's estimated capacity in 4Q07 will be around at 1,100 thousand 8-inch equivalent wafers.

Annual Capacity in thousands of 8-inch wafer equivalents

FAB	Geometry (um)	2007E	2006	2005	2004
Fab 6A	6"	328	328	344	346
Fab 8AB	8"	816	816	816	796
Fab 8C	8"	400	400	401	386
Fab 8D	8"	260	252	274	256
Fab 8E	8"	408	406	404	401
Fab 8F	8"	372	372	378	349
Fab 8S ⁽¹⁾	8"	276	276	278	131
Fab 12A	12"	847	754	597	392
Fab 12i ⁽²⁾	12"	601	413	363	101
Total⁽³⁾		4,308	4,017	3,855	3,158
YoY Growth Rate		7%	4%	22%	19%

Quarterly Capacity in thousands of 8-inch wafer equivalents

FAB	4Q07E	3Q07	2Q07	1Q07
Fab 6A	82	82	82	82
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	65	65	65	65
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	69	69	69	69
Fab 12A	216	216	215	200
Fab 12i	169	164	140	128
Total⁽³⁾		1,100	1,095	1,070

⁽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

UMC's cash-based 2007 CAPEX plan maintained at US\$1 billion. By the end of the third quarter, UMC's year-to-date CAPEX totaled US\$779 million.

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%	80%	18%	US\$1billion

⁽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

- Oct. 22, 2007 ELPIDA and UMC Announce Joint Development Program: Copper Low-k DRAM and PRAM Technologies
- Oct. 11, 2007 UMC Announces 65nm RFCMOS Process Readiness
- Oct. 09, 2007 Tax Treatment On The Cash Returned From Capital Reduction Of UMC
- Sep. 20, 2007 Magma and UMC Deliver Robust Physical Verification and DFM Solution for 65nm
- Aug. 23, 2007 UMC Share Conversion Operations Plan for Capital Reduction
- Aug. 17, 2007 UMC Announces a Reorganization of Management Structure
- Aug. 01, 2007 UMC 2Q 2007 Financial Results

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

Fourth Quarter of 2007 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to decrease by approximately 9% points
- Wafer ASP in US\$: to decrease by approximately 1% points
- Capacity utilization rate: approximately 85%
- Profitability: gross profit margin of approximately 20%
- Percentage of 90nm & below revenues: approximately 25%
- The consumer segment is expected to be the strongest followed by the communication and computer segments
- 2007 capex budget: US\$1 billion

Conference Call / Webcast Announcement

Wednesday, October 31, 2007

Time: 8:00 PM (Taipei) / 8:00 AM (New York) / 12:00 Noon (London)

Dial-in numbers and Access Codes:

Asia/Europe: +1-617-614-4925

North America: 800-322-2803

Access Code: UMCCall

A live webcast and replay of the 3Q07 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 13,000 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, 2006 filed with the U.S. Securities and Exchange Commission on May 9, 2007.

The financial statements included in this release are unaudited and unconsolidated, and prepared and published in accordance with ROC GAAP. Investors are cautioned that there are many differences between ROC GAAP and US GAAP, as described in note 39 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 -