

# ***UMC***

# ***2008 Q2 Financial Review***

***July 30, 2008***

# ***NOTE CONCERNING FORWARD-LOOKING 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, 2007 filed with the U.S. Securities and Exchange Commission on May 2, 2008.

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 35 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.

# Operating Results Summary

Unit: NT M

	2008	2008	2007
	Q2 / Jun	Q1 / Mar	Q2 / Jun
<b>Net Operating Revenues</b>	<b>25,238</b>	<b>24,003</b>	<b>25,097</b>
<b>Net Income</b>	<b>2,397</b>	<b>206</b>	<b>4,911</b>
<b>EPS (NTD)</b>	<b>0.19</b>	<b>0.02</b>	<b>0.28</b>
<b>Cash and Cash Equivalents</b>	<b>25,418</b>	<b>29,635</b>	<b>77,058</b>
<b>Total Assets</b>	<b>243,218</b>	<b>262,179</b>	<b>355,554</b>
<b>Total Liabilities</b>	<b>36,480</b>	<b>38,018</b>	<b>66,009</b>
<b>Stockholders' Equity</b>	<b>206,738</b>	<b>224,161</b>	<b>289,545</b>
<b>Wafer Shipment</b> (in thousands- 8" wafer eq.)	<b>875</b>	<b>807</b>	<b>804</b>
<b>Utilization (%)</b>	<b>85%</b>	<b>73%</b>	<b>76%</b>

# Income Statement - QoQ

Unit: NT M

	Q2-08	%	Q1-08	%	Change %
<b>Net Operating Revenues</b>	<b>25,238</b>	<b>100.0</b>	<b>24,003</b>	<b>100.0</b>	<b>5.1</b>
<b>Gross Profit</b>	<b>5,795</b>	<b>23.0</b>	<b>3,576</b>	<b>14.9</b>	<b>62.1</b>
<b>Operating Expenses</b>	<b>(3,454)</b>	<b>(13.7)</b>	<b>(3,386)</b>	<b>(14.1)</b>	<b>2.0</b>
<b>Operating Income (Loss)</b>	<b>2,341</b>	<b>9.3</b>	<b>190</b>	<b>0.8</b>	<b>1,132.1</b>
<b>Net Non-operating Income (Expense)</b>	<b>120</b>	<b>0.5</b>	<b>71</b>	<b>0.3</b>	<b>69.0</b>
<b>Income Tax Expense</b>	<b>(64)</b>	<b>(0.3)</b>	<b>(55)</b>	<b>(0.2)</b>	<b>16.4</b>
<b>Net Income</b>	<b>2,397</b>	<b>9.5</b>	<b>206</b>	<b>0.9</b>	<b>1,063.6</b>
<b>EPS (NTD)</b>	<b>0.19</b>		<b>0.02</b>		
<b>EPADS (USD)</b>	<b>0.032</b>		<b>0.003</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 30.33 was used to translate NTD to USD.
3. 12,495 million and 12,495 million shares were used in EPS calculation for Q2-08 and Q1-08 , respectively.

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# Income Statement - YoY: 6 Months

Unit: NT M

	H1-08	%	H1-07	%	Change %
<b>Net Operating Revenues</b>	<b>49,241</b>	<b>100.0</b>	<b>48,122</b>	<b>100.0</b>	<b>2.3</b>
<b>Gross Profit</b>	<b>9,371</b>	<b>19.0</b>	<b>8,634</b>	<b>17.9</b>	<b>8.5</b>
<b>Operating Expenses</b>	<b>(6,840)</b>	<b>(13.9)</b>	<b>(7,390)</b>	<b>(15.3)</b>	<b>(7.4)</b>
<b>Operating Income (Loss)</b>	<b>2,531</b>	<b>5.1</b>	<b>1,244</b>	<b>2.6</b>	<b>103.5</b>
<b>Net Non-operating Income (Expense)</b>	<b>191</b>	<b>0.4</b>	<b>5,901</b>	<b>12.2</b>	<b>(96.8)</b>
<b>Income Tax Expense</b>	<b>(119)</b>	<b>(0.2)</b>	<b>(775)</b>	<b>(1.6)</b>	<b>(84.6)</b>
<b>Net Income</b>	<b>2,603</b>	<b>5.3</b>	<b>6,370</b>	<b>13.2</b>	<b>(59.1)</b>
<b>EPS (NTD)</b>	<b>0.21</b>		<b>0.36</b>		
<b>EPADS (USD)</b>	<b>0.035</b>		<b>0.059</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 30.33 was used to translate NTD to USD.
3. 12,495 million and 17,778 million shares were used in EPS calculation for H1-08 and H1-07, respectively.

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# Investment Income

Unit: NT M

	Q2-08	Q1-08
Investment gain ( loss) accounted for under the equity method	232	(319)
Impairment loss	(76)	(10)
Gain (Loss) on valuation of financial assets	(771)	51
Cash dividends	40	-
<b>Total</b>	<b>(575)</b>	<b>(278)</b>

# ***Balance Sheet Highlight - Jun. 30, 2008***

**Unit: NT M**

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<b>Cash and Cash Equivalents</b>	<b>25,418</b>
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<b>Funds and Investments</b>	<b>61,903</b>
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<b>Fixed Assets</b>	<b>112,430</b>
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<b>Total Assets</b>	<b>243,218</b>
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<b>Current Liabilities</b>	<b>25,222</b>
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<b>Bonds Payable</b>	<b>7,496</b>
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<b>Stockholders' Equity</b>	<b>206,738</b>
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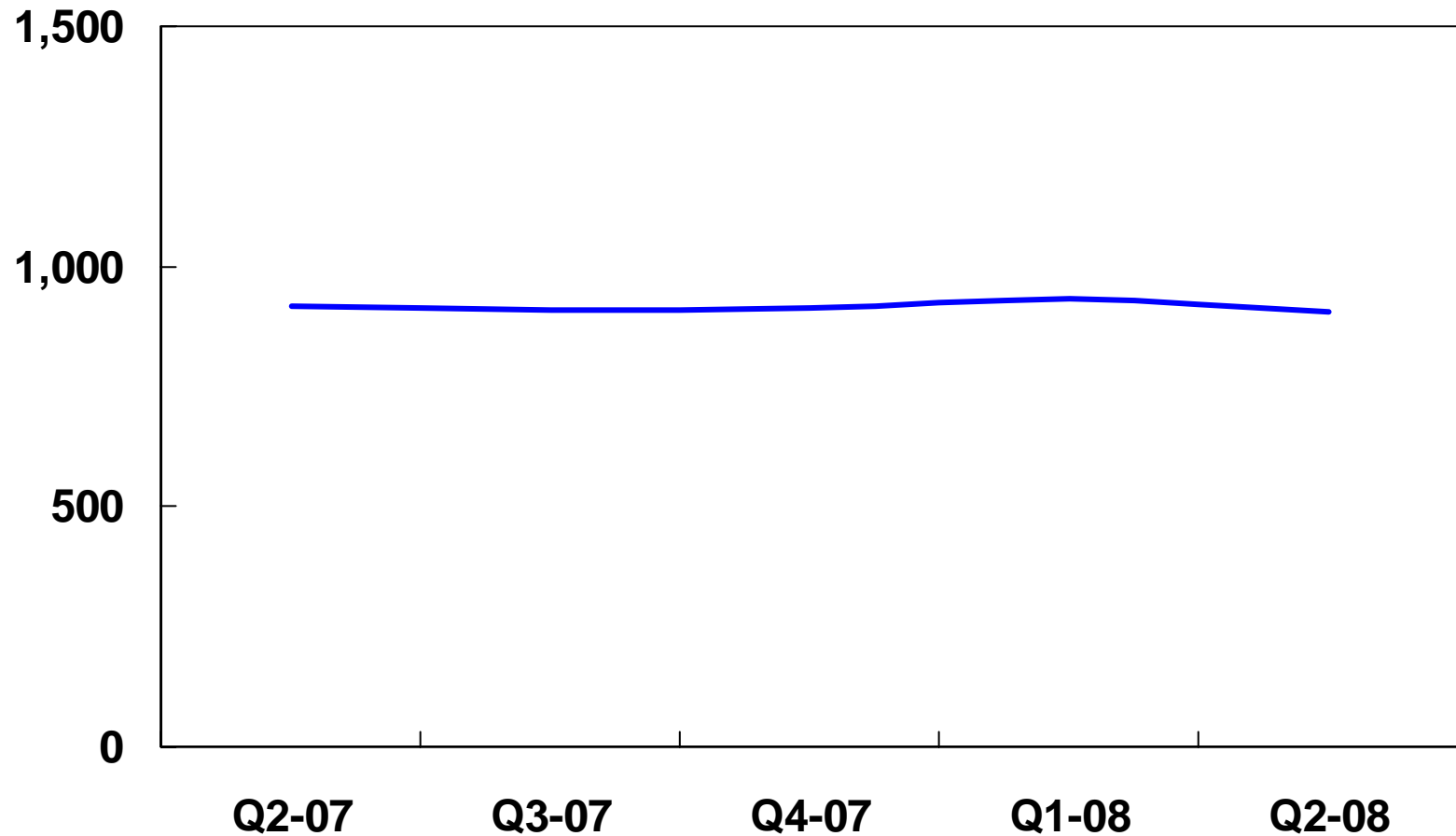
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<i>Depreciation Expense (YTD)</i>	<i>18,356</i>
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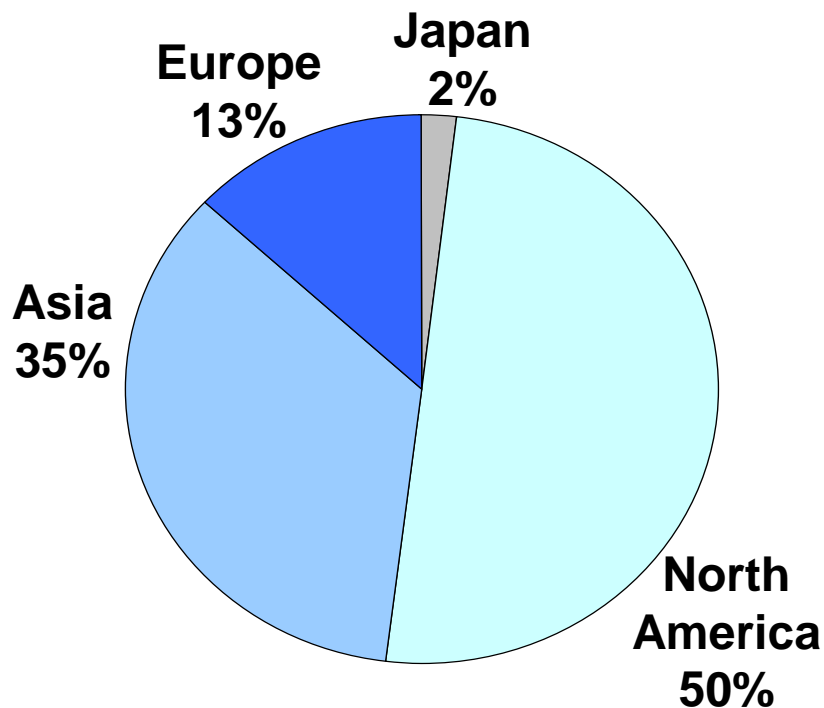
# Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

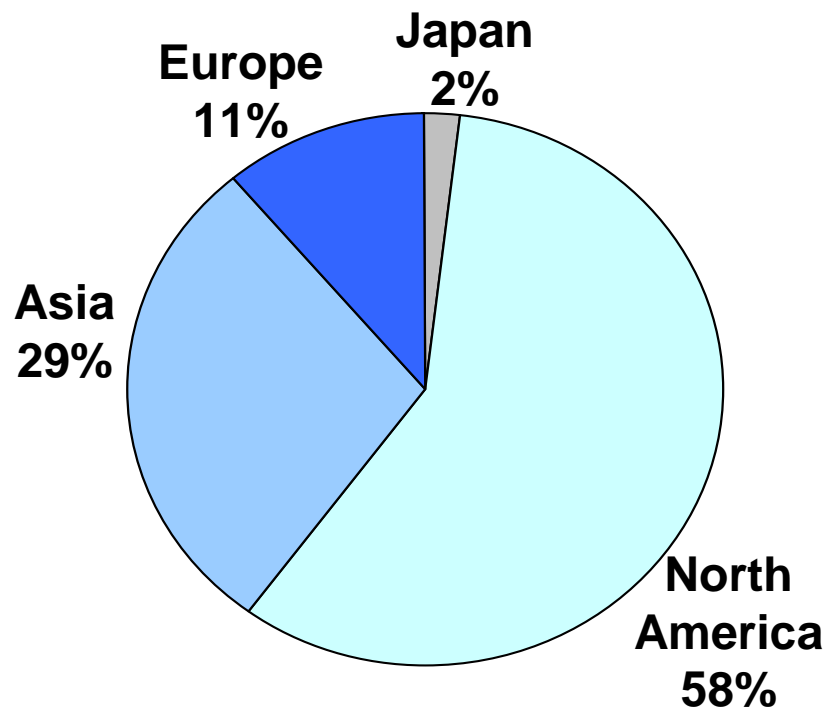


# Sales Breakdown by Geography

## 2008 Q2

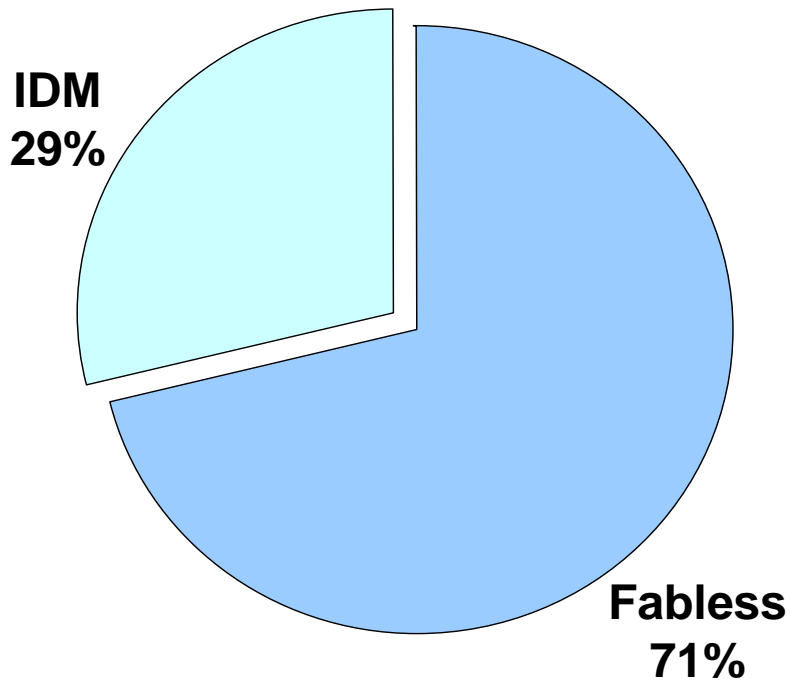


## 2008 Q1

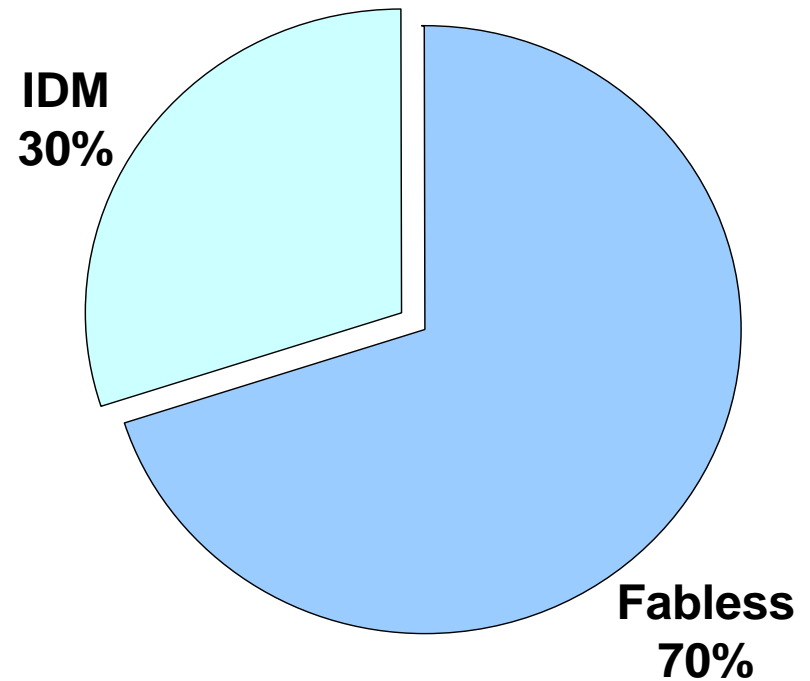


# Sales Breakdown by Customer

2008 Q2

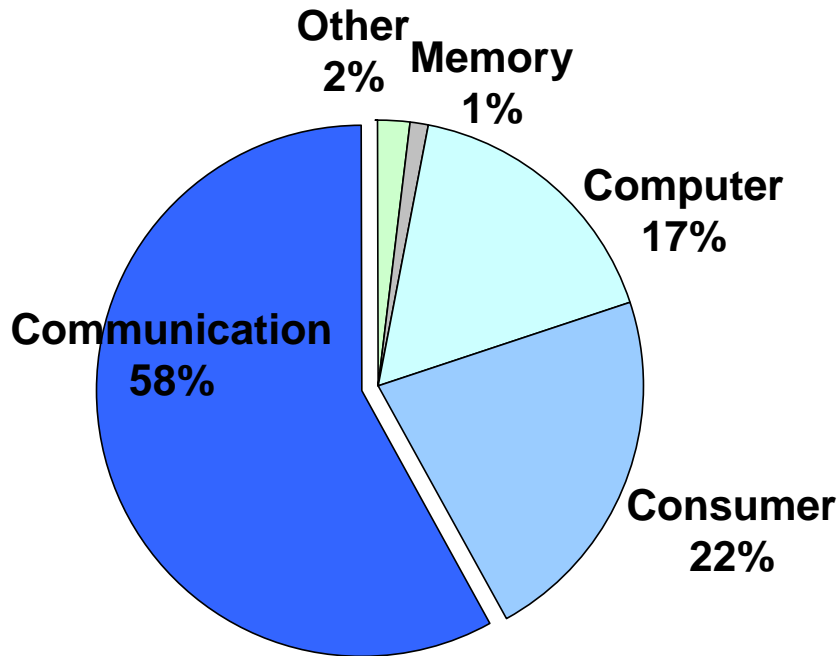


2008 Q1

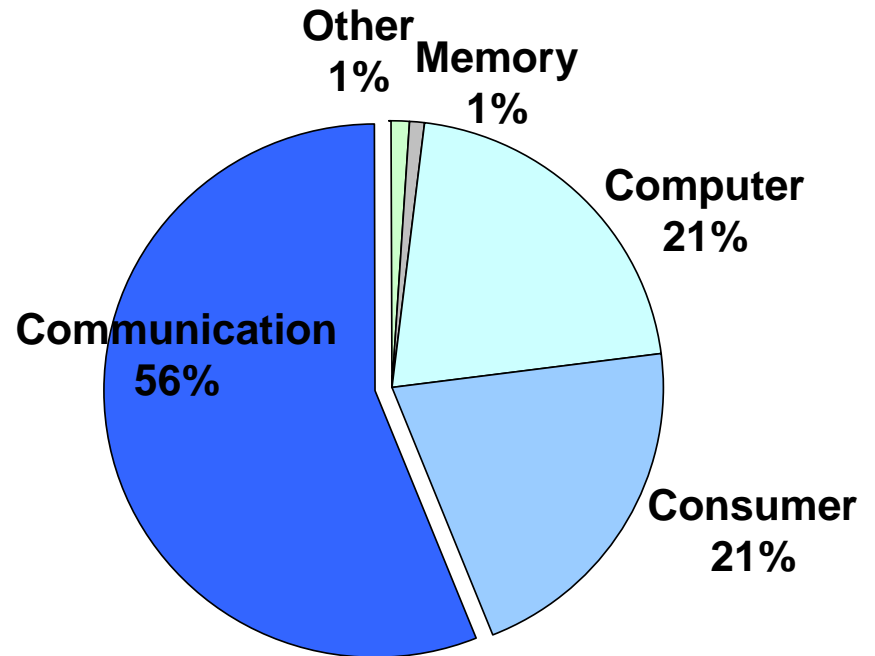


# Sales Breakdown by Application

2008 Q2

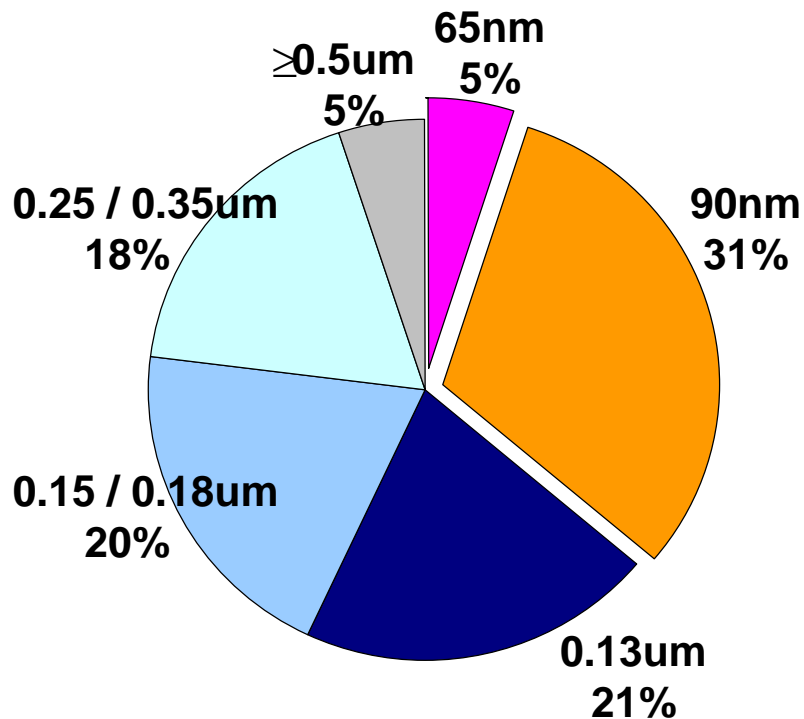


2008 Q1

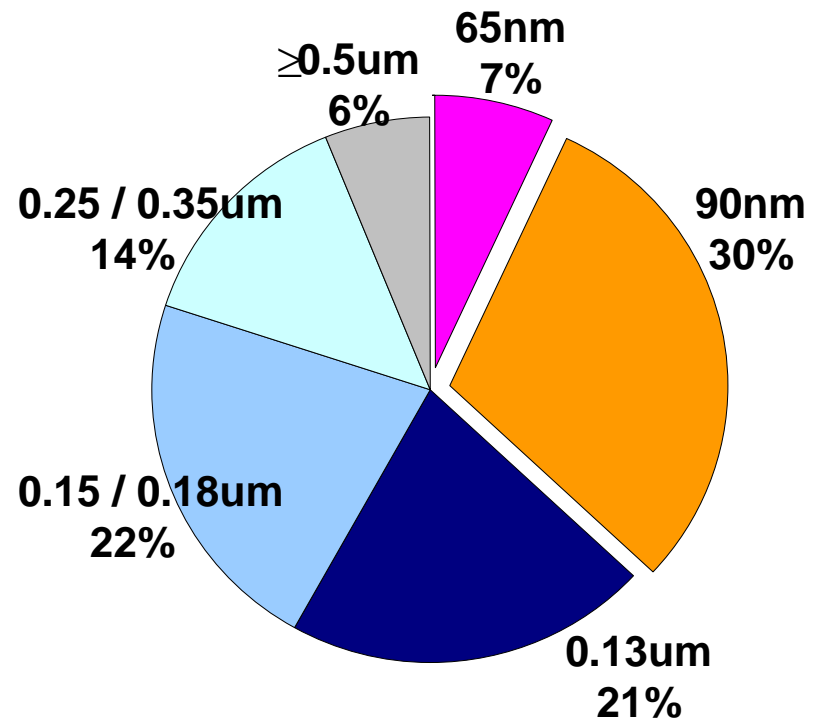


# Sales Breakdown by Technology

## 2008 Q2



## 2008 Q1



# Quarterly Capacity

unit: in thousands (8" wafer eq.)

<b>FAB</b>	<b>4Q07</b>	<b>1Q08</b>	<b>2Q08</b>	<b>3Q08E</b>
<b>Fab 6A</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Fab 8AB</b>	<b>204</b>	<b>204</b>	<b>204</b>	<b>204</b>
<b>Fab 8C</b>	<b>100</b>	<b>100</b>	<b>101</b>	<b>101</b>
<b>Fab 8D</b>	<b>65</b>	<b>65</b>	<b>66</b>	<b>66</b>
<b>Fab 8E</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>
<b>Fab 8F</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>
<b>Fab 8S</b>	<b>69</b>	<b>69</b>	<b>72</b>	<b>72</b>
<b>Fab 12A</b>	<b>216</b>	<b>216</b>	<b>218</b>	<b>218</b>
<b>Fab 12i</b>	<b>169</b>	<b>169</b>	<b>169</b>	<b>202</b>
<b>Total</b>	<b>1,100</b>	<b>1,100</b>	<b>1,107</b>	<b>1,140</b>

# *2008 Capital Expenditure Plan*

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	<b>8" Fab</b>	<b>12" Fab</b>	<b>12" R&amp;D</b>		<b>Total</b>
<b>UMC</b>	<b>15%</b>	<b>52%</b>	<b>33%</b>	<b>500-700</b>	<b>million USD</b>

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For more information regarding UMC  
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For all inquiries, suggestions, and comments  
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