Contacts:

Bowen Huang / Dylan Lee
UMC, Investor Relations
+886-2-2700-6999 ext. 6957
bowen_huang@umc.com
dylan_lee@umc.com

UMC Reports 2007 Second Quarter Results:

Recovery Expected to Continue into 3Q07

Second Quarter 2007 Overview[1]:

- **Revenue increased 9% sequentially to NT$25.10 billion (US$764 million)**
- **Operating profit margin improved to 4.9% from 0.1% in 1Q07**
- **Net income was NT$4.91 billion (US$149 million)**
- **EPS of NT$0.28; EPADS of US$0.043**

Taipei, Taiwan, ROC – August 1, 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 second quarter of 2007.

"We noticed signs of recovery from our customers in the second quarter, leading to a 9.8% increase in wafer shipments," said Dr. Jackson Hu, CEO at UMC. "This increase contributed to a 9% growth in quarter-over-quarter revenue and a meaningful increase in operating income."

Dr. Hu continued, "Starting from June, we have seen a continuous reduction of our customers' inventory levels. In fact, quite a few of them are currently experiencing inventory levels that are lower than normal. This situation leads us to foresee strong demand across the board for all applications in Q3. Due to much improved product and customer mixes, we are taking full advantage of this seasonally strong demand. In Q3, total wafer shipment is expected to increase by 20%, while average utilization rate will be greater than 90%. ASP will stay flat. 12-inch fab utilization rates will be slightly stronger than the average loading for our 8-inch fabs, while our 6" fab will be fully loaded. In terms of revenue contribution, sales from 90nm and 65nm technologies will increase to 25%. Our CAPEX remains unchanged at US$1.0 billion to US$1.2 billion for 2007."

"On the advanced technology front, we continue to work with several customers on multiple

[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 June 30, 2007, the three-month period ending March 31, 2007, and the equivalent three-month period that ended June 30, 2006. For all 2Q07 results, New Taiwan Dollar (NT$) amounts have been converted into U.S. Dollars at the June 30, 2007 exchange rate of NT$32.86 per U.S. Dollar.

products. The production yields for 65nm products have been very satisfactory. However, we have noticed that customer demand for 65nm product is still in the early stage of development, and a meaningful percentage of revenue from 65nm may not be seen until early 2008. For 45nm, we will have product tape-out in Q3. We believe that applications will make good use of the increasing chip density offered by Moore's Law, which will enable the integration of more and more features on a single chip. The future of the semiconductor industry will be defined by the proliferation of these SoCs. Electronic product companies will utilize these chips to roll out a continuous stream of innovative products that feature increased functionality, lower power consumption and higher performance, and current innovative products such as the game console Wii and the iPhone can be manufactured more cost effectively."

Summary of Operating Results

Operating Results

(Amount: NT$ million)	2Q07	1Q07	QoQ % change	2Q06	YoY % change
Revenue	25,097	23,025	9.0	25,751	(2.5)
Gross Profit	4,958	3,676	34.9	5,171	(4.1)
Operating Expenses	(3,732)	(3,658)	2.0	(3,541)	5.4
Operating Income	1,226	18	6711.1	1,630	(24.8)
Non-op. Income (Expenses)	4,182	1,719	143.3	5,076	(17.6)
Net Income	4,911	1,459	236.6	6,052	(18.9)
EPS (NT$ per share)	0.28	0.08		0.34	
(US$ per ADS)	0.043	0.012		0.052	

Revenue increased 9.0% quarter-over-quarter to NT$25.10 billion, from NT$23.03 billion in 1Q07. Gross profit was NT$4.96 billion, or 19.8% of revenue, compared to NT$3.68 billion, or 16.0% of 1Q07 revenue. Operating income of NT$1.23 billion increased 6711.1% sequentially. Better capacity utilization and activities on cost control were the key reasons for the increase in revenue, gross profit and operating income during the second quarter. Net income in 2Q07 was NT$4.91 billion, an increase of 236.6% compared with NT$1.46 billion in 1Q07.

Earnings per ordinary share (EPS) for the quarter were NT$0.28. Earnings per ADS (EPADS) were US$0.043. This compares with 1Q07 EPS of NT$0.08 and EPADS of US$0.012. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 2Q07 was 17,780,114,848, compared with 17,775,610,526 shares in 1Q07 and 17,468,679,418 shares in 2Q06. The diluted weighted average number of outstanding shares was 18,413,194,360 in 2Q07, compared with 17,904,075,495 shares in 1Q07 and 18,138,816,706 shares in 2Q06. The fully diluted share count on June 30, 2007 was 18,416,674 thousand. On June 30, 2007, UMC held 1,342,067 thousands treasury shares acquired from the 7th, 8th, 9th, and 11th share buy-back programs. The 192,067 thousand treasury shares from the 7th buy-back program were expired in May/07 and will be retired in July/07.

Detailed Financials Section

Depreciation and amortization totaled NT$9.21 billion in 2Q07, compared with NT$9.19 billion in 1Q07. Depreciation within COGS of NT$7.90 billion went up by 3.3% from 1Q07. Other manufacturing costs within COGS increased to NT$12.24 billion sequentially due to increased wafer shipments. Total operating expenses increased by 2% to NT$3.73 billion. R&D expenses of NT$2.31 billion remained virtually flat from 1Q07. The total R&D expenses were 9.2% of revenue in 2Q07.

COGS & Expenses

(Amount: NT$ million)	2Q07	1Q07	QoQ % change	2Q06	YoY % change
Revenue	25,097	23,025	9.0	25,751	(2.5)
COGS	(20,139)	(19,349)	4.1	(20,580)	(2.1)
Depreciation	(7,899)	(7,649)	3.3	(9,965)	(20.7)
Other Mfg. Costs	(12,240)	(11,700)	4.6	(10,615)	15.3
Gross Profit	4,958	3,676	34.9	5,171	(4.1)
Gross Margin (%)	19.8%	16.0%		20.1%	
Total Operating Exp.	(3,732)	(3,658)	2.0	(3,541)	5.4
G&A	(691)	(678)	1.9	(676)	2.2
Sales & Marketing	(732)	(650)	12.6	(761)	(3.8)
R&D	(2,309)	(2,330)	(0.9)	(2,104)	9.7
Operating Income	1,226	18	6711.1	1,630	(24.8)
Operating Margin (%)	4.9%	0.1%		6.3%	

Net non-operating income during 2Q07 was NT$4.18 billion. Gains on the disposal of investments were NT$2.63 billion, primarily from the EB1 conversion of AU Optronics shares. Net investment income was NT$760 million, which consisted of NT$434 million of investment income accounted for under the equity method, and NT$517 million of income on valuation of financial assets in 2Q07.

Non-operating Income (Expenses)

(Amount: NT$ million)	2Q07	1Q07	2Q06
Net Non-operating Income (Exp.)	4,182	1,719	5,076
Net Interest Income (Expense)	349	260	176
Net Investment Income (Loss)	760	109	442
Gain on Disposal of Investment	2,634	1,624	4,456
Exchange Gain (Loss)	(46)	17	49
Others	485	(291)	(47)

Cash inflow from operations was NT$7.58 billion in 2Q07. Compared to 1Q07, the lower operating cash flow figure mainly reflects the increase on notes and accounts receivable under higher operating income. The investing cash outflow primarily reflects the NT$8.97 billion of CAPEX in 2Q07. The NT$2.26 billion of financing cash outflow is primarily from NT$2.25 billion of corporate bonds repayment. 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 Jun. 30, 2007	For the 3-Month Period Ended Mar. 31, 2007
Cash Flow from Operations	7,583	9,732
Net Income (Loss)	4,911	1,459
Depreciation & Amortization	9,212	9,192
Changes in working capital	(2,766)	(192)
Others	(3,774)	(727)
Cash Flow from Investing	(9,224)	(12,235)
Capital Expenditures	(8,974)	(12,521)
Others	(250)	286
Cash Flow from Financing	(2,262)	188
Effect of Exchange Rate	(28)	(91)
Net Cash Flow	(3,931)	(2,406)

Cash and cash equivalents decreased by NT$3.93 billion to NT$77.06 billion due to cash outflow for capacity expansion and bonds repayment. Days sales outstanding[2] decreased to 49 days, and average inventory turnover remained at 48 days.

Current Assets

(Amount: NT$ billion)	2Q07	1Q07	2Q06
Cash & Cash Equivalents	77.06	80.99	90.05
Notes & Accounts Receivable	14.15	12.85	12.56
Days Sales Outstanding	49	50	43
Inventory	10.91	9.96	10.38
Avg. Inventory Turnover	48	48	45
Total Current Assets	113.73	115.43	119.57

Total liabilities increased by NT$2.6 billion to NT$66.01 billion in 2Q07. The increase was primarily due to the NT$12.46 billion of dividends payable. The company's debt to equity ratio remained at 23%.

Liabilities

(Amount: NT$ billion)	2Q07	1Q07	2Q06
Total Current Liabilities	54.92	41.81	36.97
Accounts Payable	4.96	4.65	4.73
Short-term Credit / Bonds	23.02	17.83	10.31
Others	26.94	19.33	21.93
Long-term Liabilities	7.49	17.99	30.28
Total Liabilities	66.01	63.41	70.87
Debt to Equity	23%	22%	26%

[2] Days Sales Outstanding = 365/〔(Operating revenues for three-month period end *4)/〔(Beginning NR&AR balance, net + Ending NR&AR balance, net)/2〕〕
Average Inventory Turnover = 365/〔(COGS for three-month period end *4)/〔(Beginning Inventory balance, net + Ending Inventory balance, net)/2〕〕

Analysis of Revenue[3]

The percentage of revenue contributed from Europe grew to 8% due to increasing demand on consumer and wireless communication products in 2Q07. The percentage of revenue contributed from North America and Asia Pacific remained at 47% and 43%, respectively.

Revenue Breakdown by Region

Region	2Q07	1Q07	4Q06	3Q06	2Q06
North America	47%	47%	53%	60%	51%
Asia Pacific	43%	43%	37%	27%	35%
Europe	8%	7%	7%	10%	11%
Japan	2%	3%	3%	3%	3%

The percentage of revenue from 90nm and below decreased to 17% in 2Q07 due to soft orders from computer and programmable logic customers in 1Q07. The percentage of revenue from 0.13um grew to 25% in 2Q07 due to increased orders from some consumer customers. The percentage of revenue from 0.13um and below technologies in 2Q07 increased to 42%, compared with 37% in 1Q07.

Revenue Breakdown by Geometry

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

The contribution from IDM customers slightly increased to 25% in 2Q07 from 24% in 1Q07 due to inventory replenishment.

Revenue Breakdown by Customer Type

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

Revenue from the consumer market segment increased and accounted for 26% of total revenue in 2Q07. Most of the increase was due to the relatively better demand for DTV and set-top-box. Revenue from the computer market decreased to 17% of total revenue in 2Q07, primarily due to inventory correction by some PC chipset and optical storage customers.

Revenue Breakdown by Application (1)

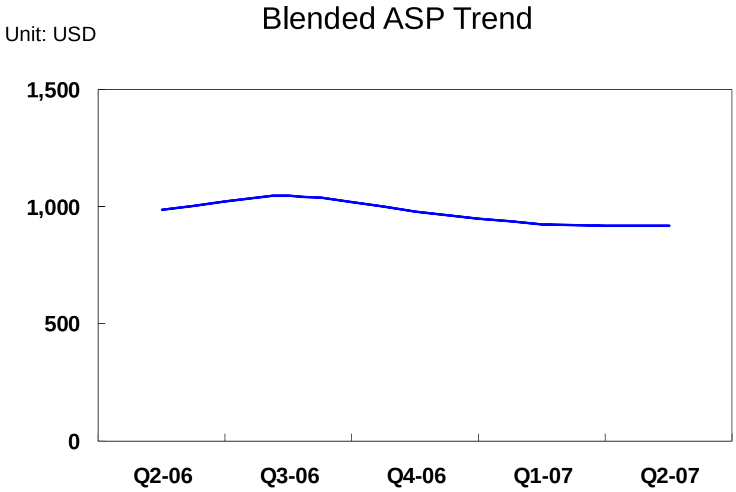
Application	2Q07	1Q07	4Q06	3Q06	2Q06
Computer	17%	18%	15%	15%	14%
Communication	55%	56%	61%	55%	56%
Consumer	26%	24%	22%	28%	28%
Memory	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	1%

(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) was flat quarter-over-quarter.



Shipment and Utilization Rate[4]

804 thousand 8-inch equivalent wafers were shipped in 2Q07, a 9.8% increase from 732 thousand 8-inch equivalents shipped in the previous quarter. Overall utilization rate for the quarter was 76%.

Wafer Shipments

	2Q07	1Q07	4Q06	3Q06	2Q06
Wafer Shipments ('000 8-inch eq.)	804	732	783	799	786

Quarterly Capacity Utilization Rate

	2Q07	1Q07	4Q06	3Q06	2Q06
Utilization Rate	76%	74%(1)	76%	82%	80%
Total Capacity ('000 8-inch eq.)	1,070	1,043	1,020	1,010	1,002

(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

Capacity[5]

Total capacity during the second quarter was 1,070 thousand 8-inch equivalent wafers. Compared to 1Q07, the increase of 27 thousand 8-inch equivalent wafers was mainly due to capacity expansion at Fab 12A and Fab 12i. Estimated installed capacity in the third quarter is 1,095 thousand 8-inch equivalent wafers. The increase in estimated capacity during the third quarter is primarily due to the additional 12-inch capacity expansion for 300mm fabs.

Annual Capacity in
thousands of 8-inch wafer equivalents

FAB		Geometry (um)	2006	2005	2004	2003
Fab 6A	6"	3.5 – 0.45	328	344	346	352
Fab 8AB	8"	0.5 – 0.25	816	816	796	801
Fab 8C	8"	0.35 – 0.15	400	401	386	325
Fab 8D	8"	0.18 – 0.09	252	274	256	238
Fab 8E	8"	0.5 – 0.18	406	404	401	354
Fab 8F	8"	0.25 – 0.15	372	378	349	342
Fab 8S (1)	8"	0.25 – 0.15	276	278	131	0
Fab 12A	12"	0.18 – 0.065	754	597	392	234
Fab 12i (2)	12"	0.13 – 0.065	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	3Q07E	2Q07	1Q07	4Q06
Fab 6A	82	82	82	82
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	65	65	65	63
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	69	69	69	69
Fab 12A	220	215	200	193
Fab 12i	160	140	128	114
Total (3)	1,095	1,070	1,043	1,020

(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($6^2/8^2$) 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25($12^2/8^2$) 8-inch equivalent wafers.

CAPEX

Capital expenditure for UMC during 2Q07 was US$276 million. Accumulated CAPEX in 1H07 was US$654 million. UMC's 2007 full year CAPEX plans remain unchanged at US$1~1.2 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%	80%	18%	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

Jul. 12, 2007	ATDF and UMC to Collaborate in Evaluating and Commercializing New Technologies
Jul. 10, 2007	MaxLinear Aligns with UMC for Production of World's Smallest Silicon Tuner Device
Jul. 5, 2007	Melexis Collaborates with UMC to Deliver Chips for Automobile Applications
Jun. 11, 2007	UMC Shareholders Approve NT$0.7 Dividend for Fiscal Year 2006 at Annual Shareholders Meeting At the meeting, shareholders approved: - Cash dividend of NT$12.46 billion (estimated NT$0.7 per share). - Employee cash bonus of NT$2.32 billion. - Capital reduction of NT$57.39 billion. The capital reduction is subject to approval from Financial Supervisory Commission. Related procedures and timetables will be announced after the approval from the FSC.
Jun. 04, 2007	UMC and ARM Partner to Deliver Comprehensive SOI Solutions for 65nm Technology
May 23, 2007	Mentor Graphics and UMC Deliver Analog Mixed Signal Reference Flow
May 22, 2007	UMC Holds Grand Opening Ceremony for its New R&D Headquarters
May 09, 2007	UMC Files Form 20-F for 2006 with US Securities and Exchange Commission
May 02, 2007	UMC 1Q 2007 Financial Results

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

Third Quarter of 2007 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to increase by approximately 20% points
- Wafer ASP in US$: flat from the previous quarter
- Capacity utilization rate: approximately 90%
- Profitability: gross profit margin to improve by approximately 5% points
- Percentage of 90nm & below revenue: approximately 25%
- The communication segment is expected to be the strongest followed by the computer and consumer segments
- 2007 capex budget: US$1.0-1.2 billion

Conference Call / Webcast Announcement

Wednesday, August 1, 2007

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

Dial-in numbers and Access Codes:
Asia/Europe: +1-617-213-8058
North America: 866-578-5801
Access Code: UMCCall

A live webcast and replay of the 2Q07 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 -