

Contacts:

Bowen Huang / I Cheng Lu
UMC, Investor Relations
+886-2-2700-6999 ext. 6957
bowen_huang@umc.com
i_cheng_lu@umc.com

UMC Reports 2007 Fourth Quarter Results:

Results Inline with Guidance, Seasonal Situation Expected to Continue

Fourth Quarter 2007 Overview¹:

- Revenue decreased 11% sequentially to NT\$27.62 billion (US\$851 million)
- Net income decreased to NT\$1.36 billion (US\$42 million)
- Revenue from 90nm technology and below was 26%
- EPS was NT\$0.16; EPADS was US\$0.025

Taipei, Taiwan, ROC – January 30, 2008 - United Microelectronics Corporation (NYSE: UMC; TSE: 2303) (“UMC” or “the Company”), a leading global semiconductor foundry, today announced its unconsolidated operating results for the fourth quarter of 2007.

“We experienced normal seasonal demand softness for Q4 2007, which led to a 11% decline in our operating revenues over the previous quarter. With regard to the first quarter, most of our customers’ inventories are at normal levels, and for the most part they are cautiously optimistic about future growth with many estimating single digit growth. Of course, we continue to closely monitor end demand due to the ongoing sup-prime mortgage crisis in the United States.” said UMC Chairman and CEO, Dr. Jackson Hu.

“Due to normal seasonality in the first quarter, we see shipments dropping between 14% and 15% from Q4. On the other hand, ASPs are expected to rise by about 0-1% due to an increase in 65nm shipments. Overall capacity utilization is expected to be about 70%, with contribution from 90nm and 65nm products accounting for more than 35% of total revenue. As far as applications are concerned, we are seeing the largest seasonal corrections in the communications segment, followed by consumer products. PC related products are seeing the smallest correction.”

“Capital expenditures will be between 500 and 700 million dollars in 2008. The major focus of this year’s spending will be to improve capacity mix for our 8 and 12-inch production lines by increasing the percentage of advanced technology capacity and improving ASPs. Effective use of

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 unaudited, unconsolidated, and represent comparisons among the three-month period ending December 31, 2007, the three-month period ending September 30, 2007, and the equivalent three-month period that ended December 31, 2006. For all 4Q07 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the December 31, 2007 exchange rate of NT\$32.45 per U.S. Dollar.

our capacity will give us the potential to well support customers' demand upside in 2008. ”

“As far as technology development is concerned, our 45nm program is moving along smoothly with several customer prototypes. We expect to see a small amount of 45nm production in the second half of the year. Our 32nm development program is also on schedule. In addition to joint development programs with our IDM and fabless customers, we continue to cooperate with many of the industry's leading research organizations, including ATDF, IME, and potentially IMEC. Going forward, we do not rule out further technology development alliances, such as our current activities with Elpida. ”

“With regard to employee bonuses, we will follow the prevailing industry practice in Taiwan, and reserve 15% of profits for employee bonus compensation. Further details of this plan will be finalized in the March Board of Directors Meeting. ”

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	4Q07	3Q07	QoQ % change	4Q06	YoY % change
Revenue	27,621	31,028	(11.0)	26,112	5.8
Gross Profit	5,649	8,223	(31.3)	5,453	3.6
Operating Expenses	(4,323)	(3,988)	8.4	(4,081)	5.9
Operating Income	1,326	4,235	(68.7)	1,372	(3.4)
Non-op. Income (Expenses)	1,097	5,764	(81.0)	5,288	(79.3)
Net Income	1,359	9,233	(85.3)	5,689	(76.1)
EPS (NT\$ per share)	0.16	0.57		0.33	
(US\$ per ADS)	0.025	0.088		0.051	

Revenue decreased 11% QoQ to NT\$27.62 billion, from NT\$31.03 billion in 3Q07, and increased 5.8% YoY, from NT\$26.11 billion in 4Q06. While the QoQ revenue decrease was attributed to a 9.4% decline in wafer shipment, a weak US\$ also contributed to the decrease in revenues in local currency terms. Gross profit was NT\$5.65 billion, or 20.5 % of revenue, compared to NT\$8.22 billion, or 26.5% of 3Q07 revenue. Operating profit for the quarter was NT\$1.33 billion, or 4.8% of revenue, compared to NT\$4.24 billion, or 13.6% of 3Q07 revenue. Net income in 4Q07 was NT\$1.36 billion, compared to NT\$9.23 billion in 3Q07.

Earnings per ordinary share (EPS) for the quarter were NT\$0.16. Earnings per ADS (EPADS) were US\$0.025. This compares with 3Q07 EPS of NT\$0.57 and EPADS of US\$0.088. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 4Q07 was 12,427,436,516, compared with 16,198,320,253 shares in 3Q07 and 17,730,038,769 shares in 4Q06. The diluted weighted average number of outstanding shares was 12,881,340,388 in 4Q07, compared with 16,354,611,616 shares in 3Q07 and 18,360,116,119 shares in 4Q06. The fully diluted share count on December 31, 2007 was 14,263,327 thousand. During 4Q07, UMC transferred 97,442 thousands treasury shares to employees and issued 1,668 thousand shares for the exercise of employee stock options. On December 31, 2007, UMC held 704,299 thousand treasury shares acquired from the 8th, 9th, and 11th share buy-back programs.

Detailed Financials Section

Depreciation and amortization expenses totaled NT\$9.67 billion in 4Q07, compared to NT\$9.68 billion in 3Q07. Depreciation within COGS decreased by 5.4% to NT\$7.99 billion. G&A expenses increased to NT\$906 million, largely because of new contracts for selected employees. R&D expenses increased by 9.6% to NT\$2.54 billion, mainly due to greater expenses associated with 65nm technology development. The total R&D expense was 9.2% of revenue in 4Q07. Due to the employee bonus expense that will go into effect on January 1, 2008, UMC expects to see a gradual increase on CoGS and operating expenses starting from 1Q08' to reflect total employee compensation.

COGS & Expenses					
(Amount: NT\$ million)	4Q07	3Q07	QoQ % change	4Q06	YoY % change
Revenue	27,621	31,028	(11.0)	26,112	5.8
CoGS	(21,972)	(22,805)	(3.7)	(20,659)	6.4
Depreciation	(7,985)	(8,445)	(5.4)	(8,569)	(6.8)
Other Mfg. Costs	(13,987)	(14,360)	(2.6)	(12,090)	15.7
Gross Profit	5,649	8,223	(31.3)	5,453	3.6
Gross Margin (%)	20.5%	26.5%		20.9%	
Total Operating Exp.	(4,323)	(3,988)	8.4	(4,081)	5.9
G&A	(906)	(753)	20.3	(840)	7.9
Sales & Marketing	(882)	(922)	(4.3)	(546)	61.5
R&D	(2,535)	(2,313)	9.6	(2,695)	(5.9)
Operating Income	1,326	4,235	(68.7)	1,372	(3.4)
Operating Margin (%)	4.8%	13.6%		5.3%	

Net non-operating income during 4Q07 was NT\$1.1 billion. Total gains on the disposal of investments were NT\$2.03 billion, including a gain from the sale of MediaTek shares of NT\$1.85 billion. Net investment income included NT\$213 million of investment losses accounted for under the equity method and NT\$752 million of losses on valuation of financial assets. Losses on valuation of financial assets mainly came from a NT\$613 million loss from valuation of ProMos shares.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q07	3Q07	4Q06
Net Non-operating Income (Exp.)	1,097	5,764	5,288
Net Interest Income (Expense)	143	249	264
Net Investment Income (Loss)	(1,124)	1,676	560
Gain on Disposal of Investment	2,025	3,437	4,772
Exchange Gain (Loss)	108	63	114
Others	(55)	339	(422)

Net cash outflow was NT\$39.34 billion in 4Q07. The NT\$52 billion of financing cash outflow included NT\$53.91 billion cash outflow from cash returned for capital reduction, and NT\$1.87 billion cash inflow for the treasury shares re-issuance to employees. Free cash flow for entire 2007 was NT\$18.67 billion. Over the next 12 months, we expect to repay NT\$10.5 billion in unsecured corporate bonds and US\$381.4 million from the redemption of Euro Convertible Bond (ECB) at maturity.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Dec. 31, 2007	For the 3-Month Period Ended Sep. 30, 2007
Cash Flow from Operations	14,549	14,920
Net Income (Loss)	1,359	9,233
Depreciation & Amortization	9,674	9,677
Changes in working capital	4,399	(1,017)
Others	(883)	(2,973)
Cash Flow from Investing	(1,873)	(367)
Capital Expenditures	(2,740)	(3,877)
Others	867	3,510
Cash Flow from Financing	(52,004)	(14,801)
Capital Reduction	(53,911)	-
Others	1,907	(14,801)
Effect of Exchange Rate	(7)	(23)
Net Cash Flow	(39,335)	(271)

Cash and cash equivalents decreased NT\$39.34 billion to NT\$37.45 billion, which was mainly due to cash returned to shareholders for the capital reduction. The decrease in notes and accounts receivable primarily reflected the downward trend of the business. Average inventory turnover slightly increased to 47 days.

Current Assets			
(Amount: NT\$ billion)	4Q07	3Q07	4Q06
Cash & Cash Equivalents	37.45	76.79	83.40
Notes & Accounts Receivable	13.62	17.20	12.37
Days Sales Outstanding	51	46	47
Inventory	11.33	10.89	10.12
Avg. Inventory Turnover	47	44	47
Total Current Assets	68.25	113.37	118.43

Total liabilities decreased by NT\$50.91 billion to NT\$54.30 billion in 4Q07. This was primarily due to the decrease of NT\$53.91 billion in cash payable for the capital reduction. Therefore, UMC's Debt to Equity ratio decreased to 23% at the end of 4Q07.

Liabilities			
(Amount: NT\$ billion)	4Q07	3Q07	4Q06
Total Current Liabilities	43.15	94.05	30.06
Accounts Payable	4.80	5.32	4.02
Short-term Credit / Bonds	22.89	22.92	5.36
Others	15.46	65.81	20.68
Long-term Liabilities	7.50	7.50	30.38
Total Liabilities	54.30	105.21	64.06
Debt to Equity	23%	43%	22%

Analysis of Revenue³

The percentage of revenue from the Asia Pacific region decreased to 37% due to decreasing driver IC demand on consumer and computer segments, and soft wireless communication demand in 4Q07.

The percentage of revenue from advanced 65nm business increased to 3%, compared to 1% in 3Q07, mainly due to stronger demand for leading communication and computer chips. Revenue from 90nm and 0.13um technology decreased by 1% point, due to weaker demand for wireless communication chips. The percentage of revenue from 0.13um and below remained unchanged at 48% in 4Q07.

The percentage of revenue from Fabless customers increased to 76% in 4Q07 from 73% in 3Q07.

Revenue from the communication segment decreased to 56% of total revenue in 4Q07 because of weak demand for handset components. The percentage of revenue from the computer segment increased slightly to 19% due to stronger demand for PC graphics.

Revenue Breakdown by Region

Region	4Q07	3Q07	2Q07	1Q07	4Q06
North America	51%	49%	47%	47%	53%
Asia Pacific	37%	40%	43%	43%	37%
Europe	10%	9%	8%	7%	7%
Japan	2%	2%	2%	3%	3%

Revenue Breakdown by Geometry

Geometry	4Q07	3Q07	2Q07	1Q07	4Q06
65nm	3%	1%	-	-	-
90um	23%	24%	17%	21%	21%
90nm<x<=0.13um	22%	23%	25%	16%	20%
0.13um<x<=0.18um	27%	26%	29%	30%	27%
0.18um<x<=0.35um	18%	20%	22%	25%	23%
0.5um and above	7%	6%	7%	8%	9%

Revenue Breakdown by Customer Type

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

Revenue Breakdown by Application ⁽¹⁾

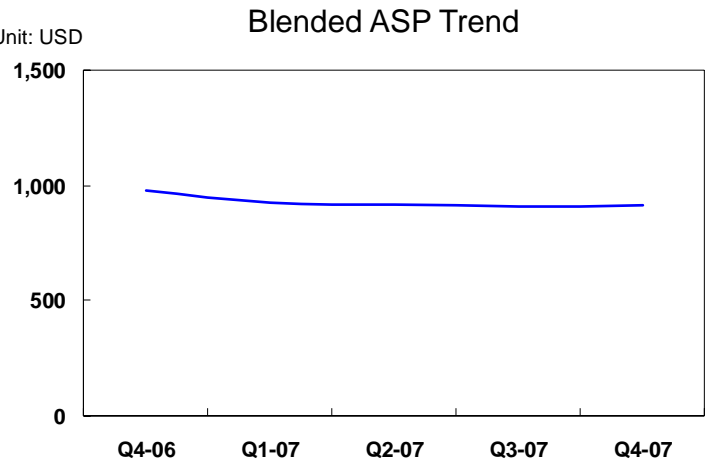
Application	4Q07	3Q07	2Q07	1Q07	4Q06
Computer	19%	18%	17%	18%	15%
Communication	56%	57%	55%	56%	61%
Consumer	23%	23%	26%	24%	22%
Memory	1%	1%	1%	1%	1%
Others	1%	1%	1%	1%	1%

(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) Unit: USD was flat in US dollar terms during 4Q07.



Shipment and Utilization Rate³

Wafer shipments dropped 9.4% sequentially to 921 thousand, a decrease from 1,017 thousand 8-inch equivalent wafers in the previous quarter. Overall utilization rate for the quarter was 86%, compared to 93% for the previous quarter.

Wafer Shipments

	4Q07	3Q07	2Q07	1Q07	4Q06
Wafer Shipments ('000 8-inch eq.)	921	1,017	804	732	783

Quarterly Capacity Utilization Rate

	4Q07	3Q07	2Q07	1Q07	4Q06
Utilization Rate	86%	93%	76%	74% ⁽¹⁾	76%
Total Capacity ('000 8-inch eq.)	1,100	1,095	1,070	1,043	1,020

⁽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.

³ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁴

Capacity for 4Q07 was 1,100 thousand 8-inch equivalent wafers. The incremental increase in capacity was due to the expansion at Fab 12i. The estimated installed capacity in 1Q08 remains unchanged at 1,100 thousand 8-inch equivalent wafers. As usual, estimated available capacity in 1Q08 is approximately 5% lower than estimated installed capacity due to scheduled annual maintenance.

Annual Capacity in thousands of 8-inch wafer equivalents

FAB	Geometry (um)	2007	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	1Q08E	4Q07	3Q07	2Q07
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	216	215
Fab 12i	169	169	164	140
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

The total capital expenditure for 2007 was US\$0.9 billion, 98% of which accounted for capacity expansion and R&D at our 300mm facilities. The capital expenditure budget for 2008 is expected to be in the range of US\$500 to 700 million. Compared to the 2007 breakdown, the company will increase the percentage of capex on R&D and 8" de-bottleneck expansion but lower the percentage for 12" capacity expansion.

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

UMC Capital Expenditure by Year - in US\$ billion

Year	2007	2006	2005	2004	2003	2002
CAPEX	\$ 0.9	\$ 1.0	\$0.7 ⁽¹⁾	\$ 1.5	\$ 0.4	\$ 0.8

2007 CAPEX

	8" fab	12" fab	12" R&D	Total
UMC	2%	80%	18%	US\$0.9 billion

2008 CAPEX Plan

	8" fab	12" fab	12" R&D	Total
UMC	10%	64%	26%	US\$500-700 million

⁴ 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.

Brief Summary of Full Year 2007 Results

- Revenue increased 2.6% YoY to NT\$106.77 billion, from NT\$104.10 billion in 2006
- Gross profit margin was 21.1%, compared to 19.9% in 2006
- Operating profit margin was 6.4%, compared to 5.9% in 2006
- Net income decreased to NT\$16.96 billion, from NT\$32.62 billion in 2006
- EPS was NT\$1.09 or EPADS was US\$0.168 for 2007. This compared to EPS of NT\$1.81 or EPADS of 0.279 for 2006
- The percentage of revenue from 65nm sales was 2% in 2007; the percentage of revenue from 90nm and below sales increased to 23%, from 18% in 2006

Operating Results			
(Amount: NT\$ million)	2007	2006	YoY % change
Revenue	106,771	104,099	2.6
Gross Profit	22,506	20,693	8.8
Operating Expenses	(15,701)	(14,569)	7.8
Operating Income	6,805	6,124	11.1
Non-op. Income (Expenses)	12,762	29,703	(57.0)
Income Tax Expense	(2,605)	(3,208)	(18.8)
Net Income	16,962	32,619	(48.0)
EPS (NT\$ per share)	1.09	1.81	
(US\$ per ADS)	0.168	0.279	

Annual Sales Breakdown in Revenue

Region	2007	2006
North America	48%	53%
Asia Pacific	40%	35%
Europe	9%	9%
Japan	3%	3%

Application	2007	2006
Computer	18%	16%
Communication	56%	56%
Consumer	24%	26%
Memory	1%	1%
Others	1%	1%

Technology	2007	2006
65nm	2%	1%
90nm	21%	17%
90nm<x<=0.13um	22%	22%
0.13um<x<=0.18um	27%	28%
0.18um<x<=0.35um	21%	23%
0.5um and above	7%	9%

Customer Type	2007	2006
Fabless	75%	63%
IDM	25%	37%
System	0%	0%

Recent Developments / Announcements

- Dec. 17, 2007 "Clean & Green Watch 2007" Report Ranks UMC as the Top Semiconductor Company in Taiwan
- Dec. 11, 2007 UMC Releases 65nm DFM Design Enablement Kit
- Dec. 10, 2007 UMC's 90nm URAM Used in Mobile TV Applications
- Dec. 03, 2007 UMC Foundry Design Kit for New Cadence Virtuoso Platform Speeds Production of 65nm Designs
- Oct. 31, 2007 UMC 3Q 2007 Financial Results

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

First Quarter of 2008 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to decrease by approximately 14-15%
- Wafer ASP in US\$: to increase by approximately 0-1%
- Capacity utilization rate: approximately 70%
- Profitability: gross profit margin of approximately 12-13%
- Percentage of 90nm & below revenues: more than 35%
- The communication segment is expected to be the weakest, followed by the consumer and computer segment
- 2008 capex budget: US\$500-700 million

Conference Call / Webcast Announcement

Wednesday, January 30, 2008

Time: 9:00 PM (Taipei) / 8:00 AM (New York) / 1:00 PM (London)

Dial-in numbers and Access Codes:

USA Toll Free: 1866 549 1292
UK Toll Free: 0808 234 6305
Singapore Toll Free: 800 852 3576
Hong Kong and Other Areas: +852 3005 2050

Access Code: UMCCALL

A live webcast and replay of the 4Q07 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 -