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UMC Reports 2008 Second Quarter Results:

Muted Third Quarter due to Global Economic Uncertainty

Second Quarter 2008 Overview[1]:

- **Revenue increased 5.1% sequentially to NT$25.24 billion (US$833 million)**
- **Gross profit margin of 23%, operating margin of 9.3%**
- **Net income increased to NT$2.4 billion (US$79 million)**
- **Revenue from 90nm technology and below was 36%**
- **EPS was NT$0.19; EPADS was US$0.032**

Taipei, Taiwan, ROC – July 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 second quarter of 2008.

"As the newly appointed CEO of UMC, I am happy to report that in Q2 2008 UMC saw improvements in revenue, gross margin, and operating margin compared to Q1," said UMC CEO, Dr. Shih-Wei Sun.

"These results were in line with our previously released guidance. Customer demand for advanced 90nm and 65nm technologies remained steady, with combined revenue from these process nodes totaling 36%. Looking forward to Q3, we see that the environment is more challenging than we previously expected. In general, customers have adopted a cautious attitude due to the rising uncertainty in the global economy. We will continue to monitor the situation closely and adjust our operations accordingly."

"Going forward as CEO, my top priority is to ensure that UMC's foundry solutions deliver the greatest benefits to our global customer base. This will enable us to increase our market share among our key foundry customers and maximize profitability. UMC will also continue to focus on

[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 un-audited, unconsolidated, and represent comparisons among the three-month period ending June 30, 2008, the three-month period ending March 31, 2007, and the equivalent three-month period that ended June 30, 2007. For all 2Q08 results, New Taiwan Dollar (NT$) amounts have been converted into U.S. Dollars at the June 30, 2008 exchange rate of NT$30.33 per U.S. Dollar.

operational efficiency and cost control activities through an emphasis on teamwork and execution. At the same time, we will continue to invest in the development of advanced technologies that are critical to our future growth and profitability. UMC is well positioned to weather the headwinds that face the overall economy due to our strengths in R&D and manufacturing, as well as our sound financial structure and our excellent team that has a wealth of experience dealing with the cyclical nature of the semiconductor industry."

Summary of Operating Results

Operating Results					
(Amount: NT$ million)	2Q08	1Q08	QoQ % change	2Q07	YoY % change
Revenue	25,238	24,003	5.1	25,097	0.6
Gross Profit	5,795	3,576	62.1	4,958	16.9
Operating Expenses	(3,454)	(3,386)	2.0	(3,732)	(7.4)
Operating Income	2,341	190	1,132.1	1226	90.9
Non-op. Income (Expenses)	120	71	69.0	4,182	(97.1)
Net Income	2,397	206	1,063.6	4,911	(51.2)
EPS (NT$ per share)	0.19	0.02		0.28	
(US$ per ADS)	0.032	0.003		0.046	

Revenue increased 5.1% quarter-over-quarter to NT$25.24 billion, from NT$24 billion in 1Q08. Gross profit was NT$5.8 billion, or 23% of revenue, compared to NT$3.58 billion, or 14.9% of 1Q08 revenue. Operating income increased 1,132% sequentially to NT$2.34 billion, or 9.3% of 2Q08 revenue. 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 2Q08 was NT$2.4 billion, an increase of 1,064% compared to NT$206 million in 1Q08.

Earnings per ordinary share (EPS) for the quarter were NT$0.19. Earnings per ADS (EPADS) were US$0.032. This compares with 1Q08 EPS of NT$0.02 and EPADS of US$0.003. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 2Q08 was 12,494,809,580, compared with 12,494,809,580 shares in 1Q08 and 17,780,114,848 shares in 2Q07. The diluted weighted average number of outstanding shares was 12,507,200,403 in 2Q08, compared with 12,726,354,496 in 1Q08 and 18,413,194,360 shares in 2Q07. The fully diluted share count on June 30, 2008 was 13,856,573 thousand. On June 30, 2008, UMC held 704,299 thousand treasury shares acquired from the 8th, 9th, and 11th share buy-back programs. UMC will retire 348,583 thousand treasury shares acquired from the 8th share buy-back program in 3Q08.

Detailed Financials Section

Depreciation and amortization totaled NT$9.4 billion in 2Q08, compared with NT$9.61 billion in 1Q08. Depreciation within COGS of NT$7.51 billion went down by 7.3% from 1Q08. Other manufacturing costs within COGS decreased to NT$11.93 billion sequentially, which reflected the results of cost reduction activities. Total operating expenses increased by 2% to NT$3.45 billion. Higher General & Administrative expenses reflected consulting fees for goodwill valuation and additional lawyer fees associated with the LSI lawsuit issue. Sales & Marketing expenses decreased to NT$620 million, mainly due to reduced IP amortization and maintenance fees. The total R&D expenses were 8.28% of revenue in 2Q08.

COGS & Expenses

(Amount: NT$ million)	2Q08	1Q08	QoQ % change	2Q07	YoY % change
Revenue	25,238	24,003	5.1	25,097	0.6
CoGS	(19,443)	(20,427)	(4.8)	(20,139)	(3.5)
Depreciation	(7,510)	(8,098)	(7.3)	(7,899)	(4.9)
Other Mfg. Costs	(11,933)	(12,329)	(3.2)	(12,240)	(2.5)
Gross Profit	5,795	3,576	62.1	4,958	16.9
Gross Margin (%)	23.0%	14.9%		19.8%	
Total Operating Exp.	(3,454)	(3,386)	2.0	(3,732)	(7.4)
G&A	(744)	(636)	17.0	(691)	7.7
Sales & Marketing	(620)	(716)	(13.4)	(732)	(15.3)
R&D	(2,090)	(2,034)	2.8	(2,309)	(9.5)
Operating Income	2,341	190	1,132.1	1,226	90.9
Operating Margin (%)	9.3%	0.8%		4.9%	

Net non-operating income during 2Q08 was NT$120 million. Gains on the disposal of investments were NT$524 million, including a gain from the sale of MediaTek shares for NT$414 million. Net investment losses were NT$575 million, which included a NT$731 million loss from valuation of ProMos shares. Net foreign exchange gains were NT$103 million, which include NT$36 from foreign exchange gains and NT$67 million from hedging gains.

Non-operating Income (Expenses)

(Amount: NT$ million)	2Q08	1Q08	2Q07
Net Non-operating Income (Exp.)	120	71	4,182
Net Interest Income (Expense)	160	116	349
Net Investment Income (Loss)	(575)	(278)	760
Gain on Disposal of Investment	524	652	2,634
Exchange Gain (Loss)	36	(718)	(46)
Others	(25)	299	485

Net cash outflow was NT$4.22 billion in 2Q08. Cash inflow from operations was NT$8.8 billion in 2Q08. The investing cash outflow primarily reflects the NT$2.49 billion of CAPEX in 2Q08. Free cash flow[2] for 2Q08 was NT$6.31 billion. The NT$10.5 billion of financing cash outflow is mainly for the repayment of unsecured corporate bonds. Over the next 12 months, we expect to repay US$15 million in short-term loans.

Cash Flow Summary

(Amount: NT$ million)	For the 3-Month Period Ended Jun. 30, 2008	For the 3-Month Period Ended Mar. 31, 2008
Cash Flow from Operations	8,799	9,455
Net Income (Loss)	2,397	206
Depreciation & Amortization	9,404	9,605
Changes in working capital	(3,403)	314
Others	401	(670)
Cash Flow from Investing	(2,489)	(5,362)
Capital Expenditures	(2,488)	(5,685)
Others	(1)	323
Cash Flow from Financing	(10,503)	(11,763)
Redemption of bonds	(10,500)	(12,217)
Others	(3)	454
Effect of Exchange Rate	(24)	(148)
Net Cash Flow	(4,217)	(7,818)

Cash and cash equivalents decreased to NT$25.42 billion during 2Q08, which was mainly due to the cash outflow for capacity expansion and repayment of corporate bonds. The increase in notes and accounts receivable primarily reflected the upward trend of the business in 2Q08. The increase in inventory came from the increase of work-in-process wafers and finished goods.

Current Assets

(Amount: NT$ billion)	2Q08	1Q08	2Q07
Cash & Cash Equivalents	25.42	29.63	77.06
Notes & Accounts Receivable	14.79	12.78	14.15
Days Sales Outstanding	50	50	49
Inventory	12.31	11.09	10.91
Avg. Inventory Turnover	56	51	48
Total Current Assets	58.37	60.06	113.73

Total liabilities decreased to NT$36.48 billion in 2Q08. The decrease was primarily due to the NT$10.5 billion bonds repayment but offset by NT$9.38 billion of dividends payable. UMC's Debt to Equity ratio was 18% at the end of 2Q08.

Liabilities

(Amount: NT$ billion)	2Q08	1Q08	2Q07
Total Current Liabilities	25.22	26.92	54.92
Accounts Payable	4.62	4.50	4.96
Short-term Credit / Bonds	0.46	10.96	23.02
Others	20.14	11.46	26.94
Long-term Liabilities	7.54	7.50	7.49
Total Liabilities	36.48	38.02	66.01
Debt to Equity	18%	17%	23%

2 Free cash flow = Operating cash flow – Capital expenditures

Analysis of Revenue[3]

The percentage of revenue from the Asia Pacific and Europe regions increased to 35% and 13%, respectively. This was mainly due to the stronger demand for communication chips.

Revenue Breakdown by Region

Region	2Q08	1Q08	4Q07	3Q07	2Q07
North America	50%	58%	51%	49%	47%
Asia Pacific	35%	29%	37%	40%	43%
Europe	13%	11%	10%	9%	8%
Japan	2%	2%	2%	2%	2%

The percentage of revenue from advanced 90nm business increased to 31%, compared to 30% in 1Q08, mainly due to stronger demand for wireless communication chips. The percentage of revenue from 90nm and below was 36% in 2Q08.

Revenue Breakdown by Geometry

Geometry	2Q08	1Q08	4Q07	3Q07	2Q07
65nm	5%	7%	3%	1%	-
90nm	31%	30%	23%	24%	17%
90nm<x<=0.13um	21%	21%	22%	23%	25%
0.13um<x<=0.18um	20%	22%	27%	26%	29%
0.18um<x<=0.35um	18%	14%	18%	20%	22%
0.5um and above	5%	6%	7%	6%	7%

The percentage of revenue from fabless customers increased to 71% in 2Q08 from 70% in 1Q08.

Revenue Breakdown by Customer Type

Customer Type	2Q08	1Q08	4Q07	3Q07	2Q07
Fabless	71%	70%	76%	73%	75%
IDM	29%	30%	24%	27%	25%
System	0%	0%	0%	0%	0%

Revenue from the computer segment decreased to 17% of total revenue in 2Q08 due to weaker demand for PC chipsets, graphics and DVD-ROM.

Revenue Breakdown by Application (1)

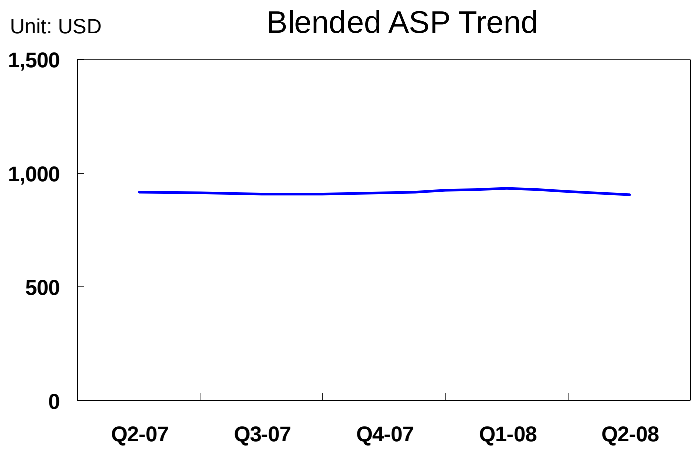
Application	2Q08	1Q08	4Q07	3Q07	2Q07
Computer	17%	21%	19%	18%	17%
Communication	58%	56%	56%	57%	55%
Consumer	22%	21%	23%	23%	26%
Memory	1%	1%	1%	1%	1%
Others	2%	1%	1%	1%	1%

(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) decreased by 2% during 2Q08.



Shipment and Utilization Rate[4]

875 thousand 8-inch equivalent wafers were shipped in 2Q08, a 8.4% increase from 807 thousand 8-inch equivalents shipped in the previous quarter. Overall utilization rate for the quarter was 85%.

Wafer Shipments

	2Q08	1Q08	4Q07	3Q07	2Q07
Wafer Shipments ('000 8-inch eq.)	875	807	921	1,017	804

Quarterly Capacity Utilization Rate

	2Q08	1Q08	4Q07	3Q07	2Q07
Utilization Rate	85%	73%	86%	93%	76%
Total Capacity ('000 8-inch eq.)	1,107	1,100	1,100	1,095	1,070

[4] Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity[5]

Total capacity during the second quarter was 1,107 thousand 8-inch equivalent wafers. Compared to 1Q08, the increase of 7 thousand 8-inch equivalent wafers was due to capacity expansion at Fab 12A and some 200mm fabs. Estimated installed capacity in the third quarter is 1,140 thousand 8-inch equivalent wafers. The increase in estimated capacity during the third quarter is due to additional 12-inch capacity expansion for Fab 12i.

Annual Capacity in
thousands of 8-inch wafer equivalents

FAB		Geometry (um)	2007	2006	2005	2004
Fab 6A	6"	3.5 – 0.45	328	328	344	346
Fab 8AB	8"	0.5 – 0.25	816	816	816	796
Fab 8C	8"	0.35 – 0.15	400	400	401	386
Fab 8D	8"	0.18 – 0.09	260	252	274	256
Fab 8E	8"	0.5 – 0.18	408	406	404	401
Fab 8F	8"	0.25 – 0.15	372	372	378	349
Fab 8S (1)	8"	0.25 – 0.15	276	276	278	131
Fab 12A	12"	0.18 – 0.065	847	754	597	392
Fab 12i (2)	12"	0.13 – 0.065	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	3Q08E	2Q08	1Q08	4Q07
Fab 6A	82	82	82	82
Fab 8AB	204	204	204	204
Fab 8C	101	101	100	100
Fab 8D	66	66	65	65
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	72	72	69	69
Fab 12A	218	218	216	216
Fab 12i	202	169	169	169
Total (3)	1,140	1,107	1,100	1,100

(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

CAPEX plans for 2008 were maintained at the original guidance range. Capital expenditure for UMC during 2Q08 was US$82 million. Accumulated CAPEX in 1H08 was US$269 million.

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

2008 CAPEX Plan

	8" fab	12" fab	12" R&D	Total
UMC	15%	52%	33%	US$500-700 million

(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. 29, 2008 UMC Joins SEMATECH Research Consortium

Jul. 16, 2008 UMC Announces Restructuring of Executive Team

Jun. 13, 2008 UMC Shareholders Approve NT$1.2 Dividend for Fiscal Year 2007 at Annual Shareholders Meeting

At the meeting, shareholders approved:

- The 2007 Business Report and Financial Statements. The Company's revenue for 2007 was NT$106.77 billion and net income after tax was NT$16.96 billion, with earnings per share of NT$1.09.
- A capitalization of NT$6,775,753,830, which includes NT$2,146,981,340 from un-appropriated earnings for and prior to the year 2007 and NT$4,628,772,490 from capital reserve.
- Shareholder cash dividend of NT$9,382,646,949 and stock dividend of NT$1,000,815,670. The total issued to shareholders is estimated at NT$1.20 per share, including cash dividend of estimated NT$0.75 per share, stock dividend of estimated NT$0.08 per share, and an estimated NT$0.37 per share from capital reserve in stock.
- A total of NT$1,433 million for employee bonus (cash bonus of NT$286,541,418 and stock bonus of NT$1,146,165,670), which is 8.45% of net income after tax.

Jun. 10, 2008 Magma and UMC Announce UPF-Compliant Low-Power Reference Flow

Jun. 10, 2008 Extreme DA and UMC Collaborate to Provide Sub 65-nm Variation-Aware IC Design Flows

Jun. 09, 2008 Synopsys and UMC Release 65-Nanometer Low Power Design Flow Enabled by the Unified Power Format

Jun. 09, 2008 Cadence Collaborates with UMC to Deliver 65nm CPF-Based Low-Power Reference Design Flow

May 13, 2008 UMC and Mentor Graphics Introduce Foundry Design Kits (FDK) for Mixed-Mode and RF Technologies

May 02, 2008 UMC Files Form 20-F for 2007 with US Securities and Exchange Commission

Apr. 30, 2008 UMC 1Q 2008 Financial Result

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

Third Quarter of 2008 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer Shipments: to be flat from previous quarter
- Wafer ASP in US$: to decrease by approximately 0-2% points
- Impact from Currency Fluctuation: 0% to -2% on revenue
- Capacity Utilization Rates: approximately 80%
- Profitability: gross profit margin to be in high teen % points
- The consumer segment is expected to be the strongest followed by the communication and computer segments
- 2008 Capex Budget: US$500-700 million

Conference Call / Webcast Announcement

Wednesday, July 30, 2008

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

Dial-in numbers and Access Codes:

USA Toll Free:	1866 549 1292
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A live webcast and replay of the 2Q08 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 system-on-chip (SoC) designs for applications spanning every major sector of the IC industry. UMC's SoC Solution Foundry strategy is based on the strength of the company's advanced technologies, which include production proven 90nm, 65nm, mixed signal/RFCMOS, and a wide range of specialty technologies. Production is supported through 10 wafer manufacturing facilities that 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, 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.

- FINANCIAL TABLES TO FOLLOW -