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UMC Reports 2008 Third Quarter Results:

Weak Global Economic Conditions Impact Business Performance

Third Quarter 2008 Overview[1]:

- **Revenue decreased 1.9% sequentially to NT$24.75 billion (US$768 million)**
- **Gross profit margin of 17.6%, operating margin of 3.8%**
- **Net loss of NT$1.41 billion (US$44 million), included an impairment loss of NT$3.22 billion**
- **Revenue from 90nm technology and below was 38%**
- **Loss per ordinary share was NT$0.11; Loss per ADS was US$0.017**

Taipei, Taiwan, ROC – October 29, 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 third quarter of 2008.

Dr. Shih-Wei Sun, CEO of UMC, said, "UMC's Q3 results were in line with our previous guidance, with 883 thousand 8-inch equivalent wafers shipped and overall utilization rate for the quarter at 79%. Customer demand for advanced 90nm and 65nm technologies remained steady, with revenue from 90nm and below processes slightly rising to 38%. Looking ahead to Q4, we see that the environment is more challenging than we previously anticipated. Customers have adopted a cautious attitude with regard to their wafer demand forecasts due to uncertainty related to the current global economic situation."

Dr. Sun continued, "UMC's strengths in financial structure, capital position, independent technology development and manufacturing capabilities will enable us to overcome the challenges of the current global economic crisis. Our management has a wealth of experience dealing with the extremes of the business cycle, and UMC's strategy of delivering customer-driven foundry solutions is designed to maximize benefits and profits for UMC and its customers over the long-term. We will continue to invest in developing advanced process

[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 September 30, 2008, the three-month period ending June 30, 2008, and the equivalent three-month period that ended September 30, 2007. For all 3Q08 results, New Taiwan Dollar (NT$) amounts have been converted into U.S. Dollars at the September 30, 2008 exchange rate of NT$32.22 per U.S. Dollar.

technologies and expand our manufacturing capacity where necessary to increase our market share and penetration of business from our key foundry customers. Currently, 45/40nm is being prepared for pilot production this year, and development for the 28nm process is progressing smoothly in Fab 12A. At the same time, we continue to make significant achievements in enhancing productivity while successfully implementing cost control measures, and we anticipate further improvements going forward. We will continue to pursue our foundry strategy, and are optimistic about the prospects of future growth and profitability once the global economy stabilizes and consumer confidence grows."

Summary of Operating Results

Operating Results						
(Amount: NT$ million)	**3Q08**	**2Q08**	**QoQ % change**	**3Q07**	**YoY % change**
Revenue	24,748	25,238	(1.9)	31,028	(20.2)
Gross Profit	4,368	5,795	(24.6)	8,223	(46.9)
Operating Expenses	(3,421)	(3,454)	(1.0)	(3,988)	(14.2)
Operating Income	947	2,341	(59.5)	4,235	(77.6)
Non-op. Income (Expenses)	(2,105)	120	-	5,764	-
Net Income	(1,413)	2,397	-	9,233	-
EPS (NT$ per share)	(0.11)	0.18		0.55	
(US$ per ADS)	(0.017)	0.028		0.085	

Revenue decreased 1.9% quarter-over-quarter to NT$24.75 billion, from NT$25.24 billion in 2Q08. Gross profit was NT$4.37 billion, or 17.6% of revenue, compared to NT$5.8 billion, or 23% of 2Q08 revenue. Operating income decreased 59.5% sequentially to NT$947 million, or 3.8% of 3Q08 revenue. Weakening global semiconductor demand was the key reason for the decrease in revenue, gross profit and operating income during the third quarter. Net loss in 3Q08 was NT$1.41 billion, mainly due to an NT$3.22 billion impairment loss, compared to a net income of NT$2.4 billion in 2Q08.

Loss per ordinary share for the quarter was NT$0.11. Loss per ADS was US$0.017. This compares with 2Q08 EPS of NT$0.18 and EPADS of US$0.028. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 3Q08 was 13,129,987,534, compared with 13,171,551,610 shares in 2Q08 and 15,411,526,795 shares in 3Q07. The diluted weighted average number of outstanding shares was 13,129,987,534 in 3Q08, compared with 13,178,233,102 in 2Q08 and 15,887,984,244 shares in 3Q07. The decrease on weighted average share count is due to the retirement of 348,583 thousand treasury shares acquired from the 8th share buyback program. The fully diluted share count on September 30, 2008 was 14,305,634 thousand. On September 30, 2008, UMC held 542,834 thousand treasury shares acquired from the 9th, 11th, and 12th share buy-back programs. UMC completed the 12th share buy-back program on October 2, 2008.

Detailed Financials Section

Depreciation and amortization totaled NT$9.22 billion in 3Q08, compared with NT$9.4 billion in 2Q08. Depreciation within COGS of NT$8.09 billion went up by 7.7% from 2Q08 and other manufacturing costs within COGS increased to NT$12.29 billion sequentially, mainly due to the higher cost allocation in 3Q08 caused by lower loading in 3Q08. Total operating expenses decreased by 1% to NT$3.42 billion. General & Administrative expenses dropped to NT$639 million, partially due to the accounting adjustment on the reserves of employee bonus. Sales & Marketing expenses increased to NT$673 million, mainly due to increase in IP Royalty fees. R&D expenses increased to NT$2.11 billion due to the increase expenses on RD mask. The total R&D expenses were 8.52% of revenue in 3Q08.

COGS & Expenses

(Amount: NT$ million)	3Q08	2Q08	QoQ % change	3Q07	YoY % change
Revenue	24,748	25,238	(1.9)	31,028	(20.2)
CoGS	(20,380)	(19,443)	4.8	(22,805)	(10.6)
Depreciation	(8,086)	(7,510)	7.7	(8,445)	(4.3)
Other Mfg. Costs	(12,294)	(11,933)	3.0	(14,360)	(14.4)
Gross Profit	4,368	5,795	(24.6)	8,223	(46.9)
Gross Margin (%)	17.6%	23.0%		26.5%	
Total Operating Exp.	(3,421)	(3,454)	(1.0)	(3,988)	(14.2)
G&A	(639)	(744)	(14.1)	(753)	(15.1)
Sales & Marketing	(673)	(620)	8.6	(922)	(27.0)
R&D	(2,109)	(2,090)	0.9	(2,313)	(8.8)
Operating Income	947	2,341	(59.5)	4,235	(77.6)
Operating Margin (%)	3.8%	9.3%		13.6%	

Net non-operating losses during 3Q08 were NT$2.11 billion. Net investment losses were NT$2.86 billion, which included an other-than-temporary impairment loss of NT$3.22 billion and a NT$1.24 billion loss from valuation of ProMos shares, partially offset by NT$1.67 billion of cash dividend. Gains on the disposal of investments were NT$611 million, including a gain from the sale of MediaTek shares for NT$594 million. Net foreign exchange gains were NT$41 million, which include NT$735 million from foreign exchange gains and NT$694 million from hedging losses.

Non-operating Income (Expenses)

(Amount: NT$ million)	3Q08	2Q08	3Q07
Net Non-operating Income (Exp.)	(2,105)	120	5,764
Net Interest Income (Expense)	108	160	249
Net Investment Income (Loss)	(2,860)	(575)	1,676
Gain on Disposal of Investment	611	524	3,437
Exchange Gain (Loss)	735	36	63
Others	(699)	(25)	339

Net cash outflow was NT$224 million in 3Q08. Cash inflow from operations was NT$13.79 billion in 3Q08. The investing cash outflow primarily reflects the NT$1.78 billion of CAPEX in 3Q08. Free cash flow[2] for 3Q08 was NT$12.01 billion. The NT$12.23 billion of financing cash outflow is mainly for the cash dividend distribution of NT$9.38 billion and the 12th treasury buyback amounted to NT$2.09 billion.

Cash Flow Summary		
(Amount: NT$ million)	For the 3-Month Period Ended Sept. 30, 2008	For the 3-Month Period Ended Jun. 30, 2008
Cash Flow from Operating	13,792	8,799
Net Income (Loss)	(1,413)	2,397
Depreciation & Amortization	9,224	9,404
Changes in working capital	865	(3,403)
Others	5,116	401
Cash Flow from Investing	(2,143)	(2,489)
Capital Expenditures	(1,778)	(2,488)
Others	(365)	(1)
Cash Flow from Financing	(12,225)	(10,503)
Redemption of bonds	-	(10,500)
Cash Dividend	(9,383)	-
Purchase of treasury stock	(2,087)	-
Others	(755)	(3)
Effect of Exchange Rate	352	(24)
Net Cash Flow	(224)	(4,217)

Cash and cash equivalents decreased to NT$25.19 billion during 3Q08, which was mainly due to the cash outflow for capacity expansion, cash dividend distribution, and the 12th treasury buyback program. The decrease in notes and accounts receivable primarily reflected the downward trend of the business in 3Q08. The decrease in inventory came from the decrease of work-in-process wafers.

Current Assets			
(Amount: NT$ billion)	3Q08	2Q08	3Q07
Cash & Cash Equivalents	25.19	25.42	76.79
Notes & Accounts Receivable	14.12	14.79	17.20
Days Sales Outstanding	53	50	46
Inventory	11.76	12.31	10.89
Avg. Inventory Turnover	55	56	44
Total Current Assets	54.89	58.37	113.21

Total liabilities decreased to NT$25.85 billion in 3Q08. The decrease was primarily due to the NT$9.38 billion cash dividend distribution. UMC's Debt to Equity ratio was decreased to 13% at the end of 3Q08.

Liabilities			
(Amount: NT$ billion)	3Q08	2Q08	3Q07
Total Current Liabilities	14.64	25.22	93.73
Accounts Payable	3.84	4.62	5.32
Short-term Credit / Bonds	-	0.46	22.92
Others	10.80	20.14	65.49
Long-term Liabilities	7.50	7.54	7.65
Total Liabilities	25.85	36.48	105.05
Debt to Equity	13%	18%	43%

[2] Free cash flow = Operating cash flow – Capital expenditures

Analysis of Revenue[3]

The percentage of revenue from the North America region increased to 60%, mainly due to the higher wafer shipment in communication applications.

Revenue Breakdown by Region

Region	3Q08	2Q08	1Q08	4Q07	3Q07
North America	60%	50%	58%	51%	49%
Asia Pacific	32%	35%	29%	37%	40%
Europe	6%	13%	11%	10%	9%
Japan	2%	2%	2%	2%	2%

The percentage of revenue from advanced 65nm business increased to 7%, compared to 5% in 2Q08, mainly due to the stronger demand for leading communication and computer chips. The percentage of revenue from 90nm and below was 38% in 3Q08.

Revenue Breakdown by Geometry

Geometry	3Q08	2Q08	1Q08	4Q07	3Q07
65nm	7%	5%	7%	3%	1%
90nm	31%	31%	30%	23%	24%
90nm<x<=0.13um	20%	21%	21%	22%	23%
0.13um<x<=0.18um	21%	20%	22%	27%	26%
0.18um<x<=0.35um	16%	18%	14%	18%	20%
0.5um and above	5%	5%	6%	7%	6%

The percentage of revenue from fabless customers increased to 74% in 3Q08 mainly due to the increased demand from North America fabless companies.

Revenue Breakdown by Customer Type

Customer Type	3Q08	2Q08	1Q08	4Q07	3Q07
Fabless	74%	71%	70%	76%	73%
IDM	26%	29%	30%	24%	27%
System	0%	0%	0%	0%	0%

Revenue from the communication segment increased to 59% of total revenue in 3Q08 due to the higher revenue for both wireless and wired applications.

Revenue Breakdown by Application (1)

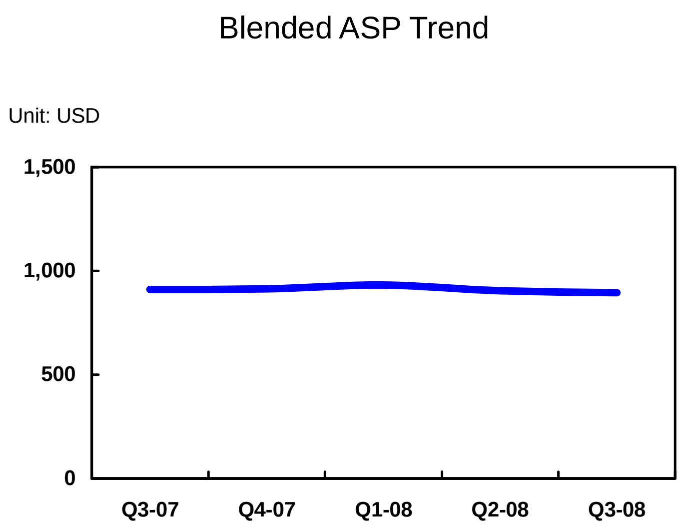
Application	3Q08	2Q08	1Q08	4Q07	3Q07
Computer	16%	17%	21%	19%	18%
Communication	59%	58%	56%	56%	57%
Consumer	23%	22%	21%	23%	23%
Memory	1%	1%	1%	1%	1%
Others	1%	2%	1%	1%	1%

(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 1% during 3Q08, due to product mix changes.



Shipment and Utilization Rate[4]

883 thousand 8-inch equivalent wafers were shipped in 3Q08, a 1% increase from 875 thousand 8-inch equivalents shipped in the previous quarter. Overall utilization rate for the quarter was 79%.

Wafer Shipments

	3Q08	2Q08	1Q08	4Q07	3Q07
Wafer Shipments ('000 8-inch eq.)	883	875	807	921	1,017

Quarterly Capacity Utilization Rate

	3Q08	2Q08	1Q08	4Q07	3Q07
Utilization Rate	79%	85%	73%	86%	93%
Total Capacity ('000 8-inch eq.)	1,149	1,107	1,100	1,100	1,095

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

Capacity[5]

Total capacity during the third quarter was 1,149 thousand 8-inch equivalent wafers. Compared to 2Q08, the increase of 42 thousand 8-inch equivalent wafers was due to capacity expansion at Fab 12A, Fab 12i and some 200mm fabs. Estimated installed capacity in the fourth quarter is 1,151 thousand 8-inch equivalent wafers. 2008 full-year capacity is estimated to be 5% up from that of 2007.

Annual Capacity in
thousands of 8-inch wafer equivalents

FAB		Geometry (um)	2008E	2007	2006	2005
Fab 6A	6"	3.5 – 0.45	328	328	328	344
Fab 8AB	8"	0.5 – 0.25	816	816	816	816
Fab 8C	8"	0.35 – 0.15	417	400	400	401
Fab 8D	8"	0.18 – 0.09	257	260	252	274
Fab 8E	8"	0.5 – 0.18	408	408	406	404
Fab 8F	8"	0.25 – 0.15	372	372	372	378
Fab 8S (1)	8"	0.25 – 0.15	291	276	276	278
Fab 12A	12"	0.18 – 0.065	876	847	754	597
Fab 12i (2)	12"	0.13 – 0.065	742	601	413	363
Total (3)			4,507	4,308	4,017	3,855
YoY Growth Rate			5%	7%	4%	22%

Quarterly Capacity in
thousands of 8-inch wafer equivalents

FAB	4Q08E	3Q08	2Q08	1Q08
Fab 6A	82	82	82	82
Fab 8AB	204	204	204	204
Fab 8C	108	108	101	100
Fab 8D	63	63	66	65
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	75	75	72	69
Fab 12A	222	220	218	216
Fab 12i	202	202	169	169
Total (3)	1,151	1,149	1,107	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 are revised down to US$400-500 million. By the end of the third quarter, UMC's year-to-date CAPEX totaled US$308 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	16%	52%	32%	US$400-500 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

Oct. 27, 2008	UMC Announces Foundry Industry's First 28nm SRAMs
Sep. 29, 2008	UMC Names Arthur Kuo as Senior Vice President of UMC-USA
Sep. 08, 2008	UMC Selected as a Global Index Component for Down Jones Sustainability Indexes
Aug. 27, 2008	UMC Announces Share Buy-Back Program
Aug. 04, 2008	UMC's Embedded DRAM, URAM™ Proven in 65nm Customer Silicon

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

Fourth Quarter of 2008 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer Shipments: to decrease by approximately 25% points
- Wafer ASP in NT$: to increase by approximately 5% points
- Capacity Utilization Rates: approximately 55%
- Profitability: gross profit margin to be approximately 10%
- Sales breakdown by three major applications remains unchanged
- 2008 Capex Budget: US$400-500 million

Conference Call / Webcast Announcement

Wednesday, October 29, 2008

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

Dial-in numbers and Access Codes:
USA Toll Free: 1866 549 1292
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Access Code: UMC

A live webcast and replay of the 3Q08 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 provides advanced technology and manufacturing services for applications spanning every major sector of the IC industry. UMC’s customer-driven foundry solution allow chip designers to leverage the strength of the company’s leading-edge processes, which include production proven 65nm, 45/40nm, 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 -