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UMC Reports 2008 Fourth Quarter Results:

*Customer demand stabilized,
while UMC will continue with R&D efforts to maintain long-term competitiveness*

Fourth Quarter 2008 Overview¹:

- Revenue decreased 25.1% sequentially to NT\$18.54 billion (US\$566 million)
 - Gross profit margin of 10.2%, operating margin of -6.3%
 - Net loss of NT\$23.51 billion (US\$717 million)
 - Net cash inflow of NT\$10.93 billion, with cash & cash eq. of NT\$36.12 billion at Q4 end
 - Loss per share of NT\$1.81; Loss per ADS of US\$0.276
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Taipei, Taiwan, ROC – February 10, 2009 - 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 2008.

Dr. Shih-Wei Sun, CEO of UMC said, “The global economic recession in 4Q08 also impacted UMC, characterized by a sharp drop in customer demand during the quarter. For the quarter, wafer shipments dropped to 567 thousand 8-inch equivalent wafers. Customers still remain conservative about end market demand and are strictly controlling their purchase orders and inventory levels. However, UMC’s internal indicators have shown signs that the demand drop may have bottomed out, and we are closely watching for signs of recovery. Although it is difficult to predict upcoming industry conditions, UMC R&D for advanced technologies remains on schedule as originally planned. Many customers are adopting our 40/45nm technologies with customer products currently in pilot production using low-power and high-performance logic processes. In addition, we have already proven high-k/metal-gate (HK/MG) technology with yielding 45nm SRAM test products. This is an important milestone for UMC’s HK/MG technology. We are also an industry leader in 28nm, having independently developed the foundry industry’s first fully functional 28nm SRAM chip. These technology breakthroughs will further enhance our

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 December 31, 2008, the three-month period ending September 30, 2008, and the equivalent three-month period that ended December 31, 2007. For all 4Q08 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the December 31, 2008 exchange rate of NT\$32.77 per U.S. Dollar.

long-term competitiveness.”

Mr. Chitung Liu, CFO of UMC said, “UMC always follows financial accounting standards strictly, and we hope that our financial report can timely reflect the company’s overall financial status. UMC had net non-operating losses of NT\$21.78 billion in 4Q08, separated into three main parts: (1) under the impact of the global financial crisis, we recognized investment losses of NT\$12.32 billion and other-than-temporary losses on financial assets of NT\$2.82 billion pursuant to ROC GAAP SFAS No. 5 and SFAS No. 34, respectively; (2) the impairment losses for goodwill and idle assets totaling NT\$4.07 billion were recognized pursuant to SFAS No. 35; (3) the loss on decline in market value of inventories, NT\$2.68 billion, was recognized pursuant to SFAS No. 10. However, UMC had net cash inflow of NT\$10.93 billion during 4Q, since all of the aforementioned non-operating losses were non-cash charges.”

Dr. Sun continued, “In the second half of 2008, UMC took solid steps towards enhancing UMC operations, including improving production efficiency, implementing cost rationalization policies, and streamlining human resource allocation. Through cost-control measures, we have lowered our operating breakeven point to approximately 60% utilization rate. Going forward, we will continue to enhance execution and monitor results to look for areas that can be further improved upon. UMC has independent R&D and solid manufacturing capabilities backed by a healthy financial structure, and supported through sufficient operating capital. We will continue to strengthen the development of our advanced technologies, and follow our Customer-Driven Foundry Solution strategy to provide customized solutions to our global foundry customers.”

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	4Q08	3Q08	QoQ % change	4Q07	YoY % change
Revenue	18,541	24,748	(25.1)	27,621	(32.9)
Gross Profit	1,899	4,368	(56.5)	5,649	(66.4)
Operating Expenses	(3,073)	(3,421)	(10.2)	(4,323)	(28.9)
Operating Income (Loss)	(1,174)	947	-	1,326	-
Non-op. Income (Expenses)	(21,784)	(2,105)	934.9	1,097	-
Net Income (Loss)	(23,510)	(1,413)	1563.8	1,359	-
EPS (NT\$ per share)	(1.81)	(0.11)		0.14	
(US\$ per ADS)	(0.276)	(0.017)		0.021	

Revenue decreased 25.1% QoQ to NT\$18.54 billion, from NT\$24.75 billion in 3Q08, and decreased 32.9% YoY, from NT\$27.62 billion in 4Q07. Weaker-than-expected wafer shipments were a key factor to the significant decrease in revenues. Gross profit was NT\$1.9 billion, or 10.2% of revenue, compared to NT\$4.37 billion, or 17.6% of 3Q08 revenue. Operating loss for the quarter was NT\$1.17 billion, or 6.3% of revenue, compared to an operating profit of 947 million, or 3.8% of 3Q08 revenue. Net loss in 4Q08 was NT\$23.51 billion, mainly due to a net non-operating loss of NT\$21.78 billion.

Loss per ordinary share for the quarter was NT\$1.81. Loss per ADS was US\$0.276. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 4Q08 was 12,971,740,926, compared with 13,129,987,534 shares in 3Q08 and 13,100,167,505 shares in 4Q07. The diluted weighted average number of outstanding shares was 12,971,740,926 in 4Q08, compared with 13,129,987,534 shares in 3Q08 and 13,578,655,652 shares in 4Q07. The fully diluted share count on December 31, 2008 was 13,614,857 thousand. During 4Q08, UMC retired 555,715,736 treasury shares, or 4.1% of total issued shares, acquired from the 9th, 11th, and 12th share buy-back program. UMC announced its 13th share buy-back program on December 16, 2008, with a plan to repurchase a maximum of 300,000,000 shares within the 2008/12/17~2009/02/16 period.

Detailed Financials Section

Depreciation and amortization expenses totaled NT\$9.15 billion in 4Q08, compared to NT\$9.22 billion in 3Q08. Depreciation within COGS decreased by 5% to NT\$7.68 billion. General & administration and R&D expenses decreased largely because of expense control activities in 4Q08. The increase on sales & marketing expenses was mainly due to increase in IP amortization. As a result, total operating expenses decreased 10.2% to NT\$3.07 billion. The total R&D expense was 10.6% of revenue in 4Q08.

COGS & Expenses					
(Amount: NT\$ million)	4Q08	3Q08	QoQ % change	4Q07	YoY % change
Revenue	18,541	24,748	(25.1)	27,621	(32.9)
CoGS	(16,642)	(20,380)	(18.3)	(21,972)	(24.3)
Depreciation	(7,682)	(8,086)	(5.0)	(7,985)	(3.8)
Other Mfg. Costs	(8,960)	(12,294)	(27.1)	(13,987)	(35.9)
Gross Profit	1,899	4,368	(56.5)	5,649	(66.4)
Gross Margin (%)	10.2%	17.6%		20.5%	
Total Operating Exp.	(3,073)	(3,421)	(10.2)	(4,323)	(28.9)
G&A	(428)	(639)	(33.0)	(906)	(52.8)
Sales & Marketing	(679)	(673)	1.0	(882)	(23.0)
R&D	(1,966)	(2,109)	(6.8)	(2,535)	(22.4)
Operating Income	(1,174)	947	-	1,326	-
Operating Margin (%)	(6.3%)	3.8%		4.8%	

Net non-operating losses during 4Q08 were NT\$21.78 billion. Net investment losses were NT\$15.47 billion, including NT\$12.32 billion of investment losses accounted for under the equity method, NT\$2.82 billion of other-than-temporary impairment losses on financial assets pursuant to ROC GAAP SFAS No.34, and a NT\$387 million loss from valuation of ProMos shares. Gains on the disposal of investments were NT\$52 million, mainly coming from the sale of ITE shares. Other losses included NT\$4.07 billion impairment loss on goodwill and idle assets pursuant to SFAS No.35, and NT\$2.68 billion loss from decline in market value of inventories pursuant to SFAS No.10.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q08	3Q08	4Q07
Net Non-operating Income (Exp.)	(21,784)	(2,105)	1,097
Net Interest Income (Expense)	115	108	143
Net Investment Income (Loss)	(15,465)	(2,860)	(1,124)
Gain on Disposal of Investment	52	611	2,025
Exchange Gain (Loss)	345	735	108
Others	(6,831)	(699)	(55)

Net cash inflow was NT\$10.93 billion in 4Q08. Operating cash inflow was NT\$12.73 billion. Most of the non-operating losses during 4Q08 were non-cash charges; they did not have any impact on the cash flow. Free cash flow² for 4Q08 was NT\$11.26 billion. Free cash flow for entire 2008 was NT\$33.35 billion. Over the next 12 months, UMC expects to repay NT\$66.7 million in term loans.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Dec. 31, 2008	For the 3-Month Period Ended Sep. 30, 2008
Cash Flow from Operations	12,729	13,792
Net Income (Loss)	(23,510)	(1,413)
Depreciation & Amortization	9,154	9,224
Changes in working capital	4,601	865
Others	22,484	5,116
Cash Flow from Investing	(2,330)	(2,143)
Capital Expenditures	(1,471)	(1,778)
Others	(859)	(365)
Cash Flow from Financing	508	(12,225)
Long term loan	700	-
Cash Dividend	-	(9,383)
Purchase of treasury stock	(191)	(2,087)
Others	(1)	(755)
Effect of exchange rate	23	352
Net Cash Flow	10,930	(224)

Cash and cash equivalents increased NT\$10.93 billion to NT\$36.12 billion. The decrease in notes & accounts receivable and inventory primarily reflected the downward trend of the business. Average inventory turnover remained at 55 days at the end of 4Q08.

Current Assets			
(Amount: NT\$ billion)	4Q08	3Q08	4Q07
Cash & Cash Equivalents	36.12	25.19	37.45
Notes & Accounts Receivable	7.80	14.12	13.62
Days Sales Outstanding	54	53	51
Inventory	7.77	11.76	11.33
Avg. Inventory Turnover	55	55	47
Total Current Assets	54.61	54.89	68.25

Total liabilities decreased by NT\$2.54 billion to NT\$23.31 billion in 4Q08. UMC's Debt to Equity ratio remained unchanged at 13%.

Liabilities			
(Amount: NT\$ billion)	4Q08	3Q08	4Q07
Total Current Liabilities	11.43	14.64	43.06
Accounts Payable	2.05	3.84	4.80
Short-term Credit / Bonds	0.07	0.00	22.89
Others	9.31	10.80	15.37
Long-term Liabilities	8.13	7.50	7.60
Total Liabilities	23.31	25.85	54.30
Debt to Equity	13%	13%	23%

² Free cash flow = Operating cash flow – Capital expenditures

Analysis of Revenue³

The percentage of revenue from the North America and Asia Pacific regions decreased to 57% and 31% in 4Q08.

Revenue Breakdown by Region

Region	4Q08	3Q08	2Q08	1Q08	4Q07
North America	57%	60%	50%	58%	51%
Asia Pacific	31%	32%	35%	29%	37%
Europe	10%	6%	13%	11%	10%
Japan	2%	2%	2%	2%	2%

The percentage of revenue from advanced 65nm business increased to 8%. The percentage of revenue from 90nm and below was 35% in 4Q08.

Revenue Breakdown by Geometry

Geometry	4Q08	3Q08	2Q08	1Q08	4Q07
65nm	8%	7%	5%	7%	3%
90nm	27%	31%	31%	30%	23%
90nm<x<=0.13um	22%	20%	21%	21%	22%
0.13um<x<=0.18um	23%	21%	20%	22%	27%
0.18um<x<=0.35um	15%	16%	18%	14%	18%
0.5um and above	5%	5%	5%	6%	7%

The percentage of revenue from Fabless customers increased to 80% in 4Q08 from 74% in 3Q08.

Revenue Breakdown by Customer Type

Customer Type	4Q08	3Q08	2Q08	1Q08	4Q07
Fabless	80%	74%	71%	70%	76%
IDM	20%	26%	29%	30%	24%
System	0%	0%	0%	0%	0%

Revenue from the communication segment increased to 61% of total revenue in 4Q08. The percentage of revenue from the computer segment decreased to 15% due to weak demand for PC related components.

Revenue Breakdown by Application ⁽¹⁾

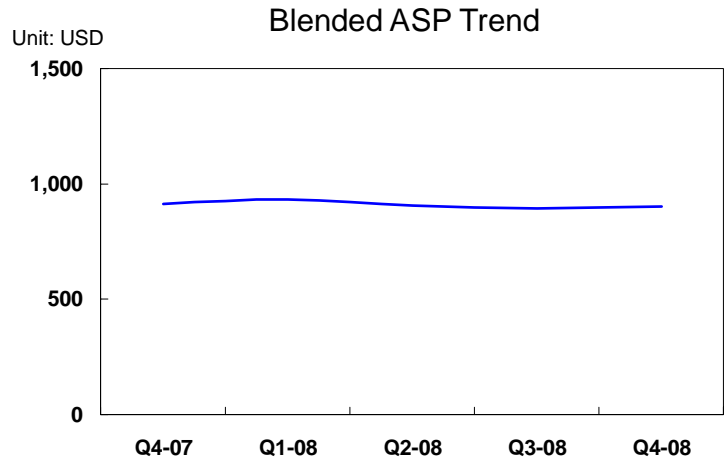
Application	4Q08	3Q08	2Q08	1Q08	4Q07
Computer	15%	16%	17%	21%	19%
Communication	61%	59%	58%	56%	56%
Consumer	22%	23%	22%	21%	23%
Memory	1%	1%	1%	1%	1%
Others	1%	1%	2%	1%	1%

(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) increased by 1% in US dollar terms during 4Q08, due to changes in the process technology mix.



Shipment and Utilization Rate⁴

Wafer shipments dropped 35.8% sequentially to 567 thousand, a decrease from 883 thousand 8-inch equivalent wafers in the previous quarter. Overall utilization rate for the quarter was 48%.

Wafer Shipments

	4Q08	3Q08	2Q08	1Q08	4Q07
Wafer Shipments ('000 8-inch eq.)	567	883	875	807	921

Quarterly Capacity Utilization Rate

	4Q08	3Q08	2Q08	1Q08	4Q07
Utilization Rate	48%	79%	85%	73%	86%
Total Capacity ('000 8-inch eq.)	1,151	1,149	1,107	1,100	1,100

⁴ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁵

Capacity for 4Q08 was 1,151 thousand 8-inch equivalent wafers. The incremental increase in capacity was due to the expansion at Fab 12A. The estimated installed capacity in 1Q09 remains unchanged at 1,151 thousand 8-inch equivalent wafers, although additional 65nm capacity will be converted from existing 90nm and 0.13um capacity.

Annual Capacity in thousands of 8-inch wafer equivalents

FAB	Geometry (um)	2008	2007	2006	2005
Fab 6A	6"	328	328	328	344
Fab 8A	8"	816	816	816	816
Fab 8C	8"	417	400	400	401
Fab 8D	8"	257	260	252	274
Fab 8E	8"	408	408	406	404
Fab 8F	8"	372	372	372	378
Fab 8S ⁽¹⁾	8"	291	276	276	278
Fab 12A	12"	876	847	754	597
Fab 12i ⁽²⁾	12"	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	1Q09E	4Q08	3Q08	2Q08
Fab 6A	82	82	82	82
Fab 8A	204	204	204	204
Fab 8C	105	108	108	101
Fab 8D	66	63	63	66
Fab 8E	102	102	102	102
Fab 8F	93	93	93	93
Fab 8S	75	75	75	72
Fab 12A	222	222	220	218
Fab 12i	202	202	202	169
Total⁽³⁾	1,151	1,151	1,149	1,107

⁽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 2008 was US\$349 million, which is lower than the original capex plan of US\$400-500 million. Diminished chip demand was the primary reason for the 2008 CAPEX cut. The capital expenditure budget for 2009 is not expected to exceed US\$400 million.

UMC Capital Expenditure by Year - in US\$ billion

Year	2008	2007	2006	2005	2004	2003
CAPEX	\$ 0.35	\$ 0.9	\$ 1.0	\$0.7 ⁽¹⁾	\$ 1.5	\$ 0.4

2008 CAPEX

	8" fab	12" fab	Total
UMC	17%	83%	US\$349 million

2009 CAPEX Plan

	8" fab	12" fab	Total
UMC	7%	93%	Not to exceed US\$400 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.

Brief Summary of Full Year 2008 Results

- Revenue decreased 13.3% YoY to NT\$92.53 billion, from NT\$106.77 billion in 2007
- Gross profit margin was 16.9%, compared to 21.1% in 2007
- Operating profit margin was 2.5%, compared to 6.4% in 2007
- Net loss was NT\$22.32 billion for 2008
- Net loss per share was NT\$1.70, or net loss per ADS was US\$0.259 for 2008. This compared to EPS of NT\$1.03 or EPADS of US\$0.157 for 2007
- The percentage of revenue from 65nm sales was 7% in 2008; the percentage of revenue from 90nm and below sales increased to 37%, from 23% in 2007

Operating Results			
(Amount: NT\$ million)	2008	2007	YoY % change
Revenue	92,530	106,771	(13.3)
Gross Profit	15,638	22,506	(30.5)
Operating Expenses	(13,334)	(15,701)	(15.1)
Operating Income	2,304	6,805	(66.1)
Non-op. Income (Expenses)	(23,698)	12,762	-
Income Tax Expense	(926)	(2,605)	(64.5)
Net Income(Loss)	(22,320)	16,962	-
EPS (NT\$ per share)	(1.70)	1.03	
(US\$ per ADS)	(0.259)	0.157	

Annual Sales Breakdown in Revenue

Region	2008	2007
North America	56%	48%
Asia Pacific	32%	40%
Europe	10%	9%
Japan	2%	3%

Application	2008	2007
Computer	18%	18%
Communication	58%	56%
Consumer	22%	24%
Memory	1%	1%
Others	1%	1%

Technology	2008	2007
65nm	7%	2%
90nm	30%	21%
90nm<x<=0.13um	21%	22%
0.13um<x<=0.18um	21%	27%
0.18um<x<=0.35um	16%	21%
0.5um and above	5%	7%

Customer Type	2008	2007
Fabless	73%	75%
IDM	27%	25%
System	0%	0%

Recent Developments / Announcements

- Dec. 30, 2008 UMC's CSR Report Wins Taiwan Corporate Sustainability Report Honors
- Dec. 09, 2008 UMC Revised 4Q08 Guidance and Reports Sales for November 2008
- Nov. 25, 2008 UMC Advances its High-k/Metal-Gate Process Solution
- Nov. 18, 2008 Actel Leverages UMC Foundry Solutions for 65nm eFlash FPGAs
- Feb. 9, 2009 UMC 12i Wins MediaTek's 2008 Best Fab Award

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

First Quarter of 2009 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to decrease by approximately 40-42% points
- Wafer ASP in NT\$: to decrease by approximately 3-5% points
- Sustain positive cash flow generation
- Weakness across the three major applications
- 2009 capex budget: will not exceed US\$400 million

Conference Call / Webcast Announcement

Tuesday, February 10, 2009

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

Dial-in numbers and Access Codes:

USA Toll Free: 1866 519 4004

UK Toll Free: 0808 234 6646

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Access Code: UMC

A live webcast and replay of the 4Q08 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 solutions 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 12,000 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

This release contains forward-looking statements. These statements constitute “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

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, but not limited to: (i) our dependence upon the frequent introduction of new services and technologies based on the latest developments in our industry; (ii) the intensely competitive semiconductor, communications, consumer electronics and computer industries and markets; (iii) the risks associated with international global business activities; (iv) our dependence upon key personnel; (v) general economic and political conditions; (vi) possible disruptions in commercial activities caused by natural and human-induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases; (vii) reduced end-user purchases relative to expectations and orders; and (viii) fluctuations in foreign currency exchange rates. Further information regarding these and other risks is included in UMC’s filings with the U.S. Securities and Exchange Commission, including its annual report on Form 20-F.

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.

The forward-looking statements in this release reflect the current belief of UMC as of the date of this release, and UMC does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

- FINANCIAL TABLES TO FOLLOW -