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UMC Reports 2009 Second Quarter Results:

Revenue doubled in Q2; growth expected to continue into 3Q

Second Quarter 2009 Overview¹:

- Revenue increased 108.8% sequentially to NT\$22.63 billion (US\$690 million)
- Gross margin of 23.8%, operating margin of 11.9%
- Net Income of NT\$1.55 billion (US\$47 million)
- Earnings per share of NT\$0.12; Earnings per ADS of US\$0.018

Taipei, Taiwan, ROC – July 29, 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 second quarter of 2009. Revenue increased a substantial 108.8% QoQ to NT\$22.63 billion, from NT\$10.84 billion in 1Q09, and decreased 10.3% YoY, from NT\$25.24 billion in 2Q08. Gross profit margin was 23.8%, with net margin at 11.9%. Net income in 2Q09 was NT\$1.55 billion, with earnings per ordinary share of NT\$0.12.

Dr. Shih-Wei Sun, CEO of UMC said, “We experienced strong customer demand in 2Q09. Wafer shipments rose substantially to 898 thousand 8-inch equivalent wafers, while utilization rate for the quarter was up to 79%. Revenues for June have exceeded last year’s figures for the same month and have returned to the levels prior to the economic crisis. We expect increased revenues for Q3, and will keep a close eye on the industry situation during the upcoming quarters and proceed accordingly.”

Dr. Sun continued, “UMC has executed well on its Customer-Driven Foundry Solutions approach to provide ideal solutions that meet customers’ needs. The number of new products for 65/55nm has increased as anticipated, with revenue from this technology segment growing significantly from Q1 to Q2 by approximately 120%. This will help contribute to our future

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, 2009, the three-month period ending March 31, 2009, and the equivalent three-month period that ended June 30, 2008. For all 2Q09 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the June 30, 2009 exchange rate of NT\$32.80 per U.S. Dollar.

revenue and market share for advanced process nodes. Furthermore, numerous customers have already adopted UMC's independently developed 40nm high performance logic process. This volume production process incorporates many advanced technologies such as SiGe, Laser Anneal and Ultra Low-K. In addition, yield optimization for ICs designed using our 45/40nm Low Power process are progressing smoothly.

For more advanced 28nm HK/MG technology development, UMC will mainly adopt the Gate-Last technology, which meets our customers' needs for both high performance and low power technologies at advanced nodes. To help sustain this growth in advanced process demand, we have increased our CAPEX spending in 2009 to US\$500 million. This amount will mainly be used to expand 65/55nm, 45/40nm and 28nm production capacity and to acquire the most advanced R&D equipment."

"Throughout the past year, despite the challenges brought by the global economic crisis, UMC successfully persevered," said Dr. Sun. "UMC's management team and employees worked together through this period of economic adjustment, demonstrating commendable teamwork and execution to facilitate the company's smooth reorganization and human resource consolidation. This effort resulted in significant improvements to our operating efficiency and cost structure. Looking ahead, UMC will continue to improve our utilization rate and revenues while implementing cost-control measures at the same time. We will also exercise timely CAPEX spending, aggressively invest in advanced R&D and support customers' capacity needs in order to pursue stable, long-term growth, increase profitability, and maximize return on equity."

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	2Q09	1Q09	QoQ % change	2Q08	YoY % change
Revenue	22,628	10,838	108.8	25,238	(10.3)
Gross Profit (Loss)	5,381	(4,335)	-	5,817	(7.5)
Operating Expenses	(2,685)	(2,982)	(10.0)	(3,454)	(22.3)
Operating Income (Loss)	2,696	(7,317)	-	2,363	14.1
Non-op. Income (Expenses)	(901)	(843)	(6.9)	98	-
Net Income (Loss)	1,547	(8,160)	-	2,397	(35.5)
EPS (NT\$ per share)	0.12	(0.64)		0.19	
(US\$ per ADS)	0.018	(0.098)		0.029	

Revenue increased 108.8% QoQ to NT\$22.63 billion, from NT\$10.84 billion in 1Q09, and decreased 10.3% YoY, from NT\$25.24 billion in 2Q08. Gross profit was NT\$5.38 billion, or 23.8% of revenue, compared to a gross loss of NT\$4.34 billion, or 40% of 1Q09 revenue. Operating income for the quarter was NT\$2.70 billion, or 11.9% of revenue, compared to an operating loss of NT\$7.32 billion, or 67.5% of 1Q09 revenue. Higher wafer shipments, lower inventory cost associated with the adoption of ROC SFAS No. 10 in 1Q09 and activities on cost control were the main reasons for the increase in gross profit and operating income. Net income in 2Q09 was NT\$1.55 billion, compared to a net loss of NT\$8.16 billion in 1Q09.

Earnings per ordinary share for the quarter was NT\$0.12. Earnings per ADS was US\$0.018. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 2Q09 was 12,671,692,578, compared with 12,767,114,132 shares in 1Q09 and 13,171,692,578 shares in 2Q08. The diluted weighted average number of outstanding shares was 12,677,712,645 in 2Q09, compared with 12,767,114,132 shares in 1Q09 and 13,178,374,070 shares in 2Q08. The fully diluted share count on June 30, 2009 was 13,865,780 thousand. On June 30, 2009, UMC held 300,000 thousand treasury shares acquired from the 13th share buy-back program.

Detailed Financials Section

Depreciation within CoGS increased by 27.1% to NT\$8.86 billion due to higher shipments in 2Q09. Other mfg. costs increased with rising wafer production in 2Q09, but were offset by the adoption of ROC SFAS No. 10, which allocated more fixed costs in 1Q09. As a result, other mfg. costs only increased by 2.3%. General and administration expenses decreased to NT\$454 million, mainly due to the decrease in professional fees. Sales & marketing expenses dropped significantly to NT\$376 million, mainly due to the collection of estimated bad debts that were charged as expenses in previous quarters. Therefore, total operating expenses decreased 10% to NT\$2.69 billion. The total R&D expense was 8.2% of revenue in 2Q09.

COGS & Expenses					
(Amount: NT\$ million)	2Q09	1Q09	QoQ % change	2Q08	YoY % change
Revenue	22,628	10,838	108.8	25,238	(10.3)
CoGS	(17,247)	(15,173)	13.7	(19,421)	(11.2)
Depreciation	(8,861)	(6,973)	27.1	(7,510)	18.0
Other Mfg. Costs	(8,386)	(8,200)	2.3	(11,911)	(29.6)
Gross Profit	5,381	(4,335)	-	5,817	(7.5)
Gross Margin (%)	23.8%	(40.0%)		23.0%	
Total Operating Exp.	(2,685)	(2,982)	(10.0)	(3,454)	(22.3)
G&A	(454)	(529)	(14.2)	(744)	(39.0)
Sales & Marketing	(376)	(632)	(40.5)	(620)	(39.4)
R&D	(1,855)	(1,821)	1.9	(2,090)	(11.2)
Operating Income	2,696	(7,317)	-	2,363	14.1
Operating Margin (%)	11.9%	(67.5%)		9.4%	

Net non-operating losses during 2Q09 were NT\$901 million. Net investment losses were NT\$1.59 billion, mainly coming from other-than-temporary fixed asset impairment losses from UMCJ. Gain on disposal of investment of NT\$788 million was from disposal of Mediatek holdings during 2Q09. The exchange loss of NT\$141 million was partially offset by the valuation gain of forward contract. Therefore, the net exchange loss was NT\$3.7 million.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	2Q09	1Q09	2Q08
Net Non-operating Income (Exp.)	(901)	(843)	98
Net Interest Income	17	37	160
Net Investment Loss	(1,586)	(1,079)	(629)
Gain on Disposal of Investment	788	0	524
Exchange Gain (Loss)	(141)	255	36
Others	21	(56)	7

Net cash inflow was NT\$2 billion in 2Q09. Operating cash inflow was NT\$3.42 billion. The investing cash outflow primarily reflects the CAPEX in 2Q09 of NT\$1.26 billion. Free cash flow² for 2Q09 and 1H09 was NT\$2.16 billion and NT\$4.35 billion, respectively. Over the next 12 months, UMC expects to repay NT\$7.5 billion in term loans.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Jun. 30, 2009	For the 3-Month Period Ended Mar. 31, 2009
Cash Flow from Operations	3,420	3,746
Net Income (Loss)	1,547	(8,160)
Depreciation & Amortization	8,452	8,640
Changes in working capital	(6,620)	3,051
Others	41	215
Cash Flow from Investing	(1,326)	(1,696)
Capital Expenditures	(1,256)	(1,568)
Others	(70)	(128)
Cash Flow from Financing	103	(2,393)
Long term loan	100	-
Purchase of treasury stock	-	(2,393)
Others	3	-
Effect of exchange rate	(199)	125
Net Cash Flow	1,998	(218)

Cash and cash equivalents increased NT\$2 billion to NT\$37.9 billion. The increase in notes & accounts receivable reflected the upward trend of the business. The increase in inventory mainly came from the increase of work-in-process wafers and the increase in fair value of inventory. Average inventory turnover decreased to 42 days during 2Q09.

Current Assets			
(Amount: NT\$ billion)	2Q09	1Q09	2Q08
Cash & Cash Equivalents	37.90	35.91	25.42
Notes & Accounts Receivable	13.78	6.08	14.79
Days Sales Outstanding	40	58	50
Inventories	8.53	7.05	12.31
Avg. Inventory Turnover	42	45	56
Total Current Assets	63.90	51.50	58.37

Current liabilities increased to NT\$19.96 billion, mainly due to the acquisition of more raw materials and the reclassification of bonds payable, which will be due within one year from long-term liabilities to other current liabilities. Total liabilities increased to NT\$24.2 billion in 2Q09. UMC's Debt to Equity ratio slightly increased to 13%.

Liabilities			
(Amount: NT\$ billion)	2Q09	1Q09	2Q08
Total Current Liabilities	19.96	10.95	25.22
Accounts Payable	4.44	2.58	4.62
Short-term Credit / Bonds	0.00	0.00	0.46
Others	15.52	8.37	20.14
Long-term Liabilities	0.79	8.20	7.54
Total Liabilities	24.24	22.67	36.48
Debt to Equity	13%	12%	18%

² Free cash flow = Operating cash flow – Capital expenditures

Analysis of Revenue³

The percentage of revenue from the Asia Pacific region increased to 42%, mainly due to stronger demand from Asian fabless customers.

Revenue Breakdown by Region

Region	2Q09	1Q09	4Q08	3Q08	2Q08
North America	47%	53%	57%	60%	50%
Asia Pacific	42%	37%	31%	32%	35%
Europe	10%	9%	10%	6%	13%
Japan	1%	1%	2%	2%	2%

Revenue from 65nm business increased to 12% of total revenue, compared to 11% in 1Q09. The 2Q09 65nm revenue grew significantly by approximately 120% from 1Q09. This was due to the stronger demand for leading communication chips. The percentage of revenue from 90nm and below was 39% in 2Q09. Revenue from 0.13um business increased to 19%, driven by more demand from the communication segment.

Revenue Breakdown by Geometry

Geometry	2Q09	1Q09	4Q08	3Q08	2Q08
65nm	12%	11%	8%	7%	5%
90nm	27%	27%	27%	31%	31%
90nm<x<=0.13um	19%	16%	22%	20%	21%
0.13um<x<=0.18um	21%	22%	23%	21%	20%
0.18um<x<=0.35um	16%	18%	15%	16%	18%
0.5um and above	5%	6%	5%	5%	5%

The percentage of revenue from IDM customers increased to 23% in 2Q09.

Revenue Breakdown by Customer Type

Customer Type	2Q09	1Q09	4Q08	3Q08	2Q08
Fabless	77%	80%	80%	74%	71%
IDM	23%	20%	20%	26%	29%
System	0%	0%	0%	0%	0%

Revenue from all applications increased significantly in 2Q09. The communication segment made above-average improvements and generated 62% of total revenue in 2Q09, which was mainly due to stronger demand from the wireless communication segment.

Revenue Breakdown by Application ⁽¹⁾

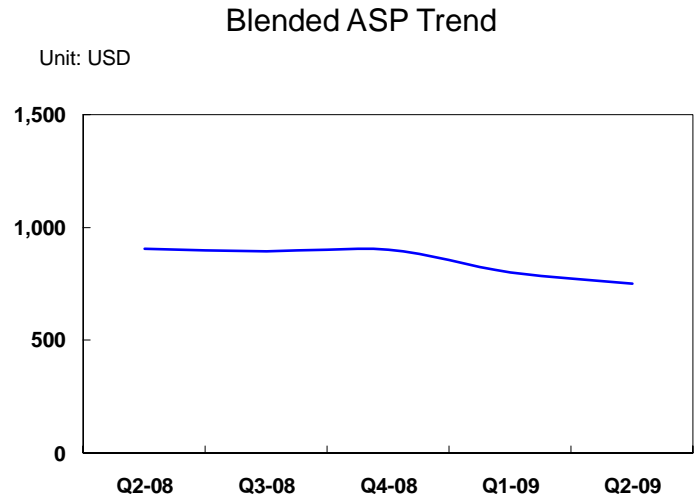
Application	2Q09	1Q09	4Q08	3Q08	2Q08
Computer	15%	15%	15%	16%	17%
Communication	62%	57%	61%	59%	58%
Consumer	21%	25%	22%	23%	22%
Memory	1%	1%	1%	1%	1%
Others	1%	2%	1%	1%	2%

⁽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 5% in US dollar terms during 2Q09, mainly because some Q2 shipments were under the incentive program offered to customers in 1Q.



Shipment and Utilization Rate⁴

Wafer shipments increased 134% sequentially to 898 thousand in 2Q09, compared to 384 thousand 8-inch equivalent wafers shipped in 1Q09. Overall utilization rate for the quarter was 79%.

Wafer Shipments

	2Q09	1Q09	4Q08	3Q08	2Q08
Wafer Shipments ('000 8-inch eq.)	898	384	567	883	875

Quarterly Capacity Utilization Rate

	2Q09	1Q09	4Q08	3Q08	2Q08
Utilization Rate	79%	30%	48%	79%	85%
Total Capacity ('000 8-inch eq.)	1,151	1,151	1,151	1,149	1,107

⁴ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁵

Capacity during the second quarter was 1,151 thousand 8-inch equivalent wafers, which was the same as from 1Q09, but encompassed more capacity for advanced nodes from new capacity installation as well as internal capacity conversion. The total estimated installed capacity in 3Q09 remains unchanged.

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	3Q09E	2Q09	1Q09	4Q08
Fab 6A	82	82	82	82
Fab 8A	204	204	204	204
Fab 8C	99	99	108	108
Fab 8D	68	68	63	63
Fab 8E	102	102	102	102
Fab 8F	96	96	93	93
Fab 8S	75	75	75	75
Fab 12A	222	222	222	220
Fab 12i	203	203	202	202
Total⁽³⁾	1,151	1,151	1,151	1,151

⁽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

The capital expenditure budget for 2009 increased to US\$500 million. 82% of the budget is for expansion of 45/40nm and 65/55nm production capacity and to acquire the most advanced R&D equipment. As UMC's 1H09 CAPEX totaled US\$86 million, most of the 2009 budget will be consumed in 2H09.

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

2009 CAPEX Plan

	8"	12"	Total
UMC	18%	82%	US\$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

- Jul. 06, 2009 UMC's 2008 Corporate Social Responsibility (CSR) Report Verified by DNV
- Jun. 15, 2009 UMC Announces Retirement of Mr. Tony Yu as President of UMC-USA Office
- Jun. 10, 2009 UMC Shareholders Approve the Acquisition of He Jian Technology (Suzhou) Co., Ltd. and Elect 11th term of Directors at Annual Shareholders Meeting
- Shareholders approved UMC's acquisition of the holding company of He Jian Technology (Suzhou) Co., Ltd. The completion of the acquisition is subject to approval from government authorities. The shareholders also approved the new share issuance for the merger with the holding companies of He Jian.
 - Four independent directors and one outside director were elected during the meeting for the Company's 11th term of Directors. Since the number of independent and outside directors will account for more than half of the 9 board seats, this action will significantly help to increase operating transparency as well as maintain the interaction and balance between the board and the management team.
- At the meeting, shareholders also approved:
- The 2008 Business Report and Financial Statements. The Company's revenue for 2008 was NT\$92.53 billion and net loss was NT\$22.32 billion.
 - An appropriation of NT\$26,748,416,346 to offset accumulated deficit at the end of 2008, which includes NT\$19,711,864,516 from legal reserve and NT\$7,036,551,830 from additional paid-in capital - Premium.
- May 08, 2009 UMC Files Form 20-F for 2008 with US Securities and Exchange Commission
- Apr. 29, 2009 UMC Board of Directors Important Announcement
- Board approved to propose the acquisition by UMC of the holding company of He Jian Technology (Suzhou) Co., Ltd. for resolution at the annual shareholders meeting.
- Apr. 29, 2009 UMC 1Q 2009 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 2009 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to increase by approximately 8-10%
- Wafer ASP in US\$: to rise by approximately 5%
- Capacity Utilization Rates: approximately 85%
- Profitability: modest increase from previous quarter
- The computer segment is expected to be the strongest, followed by the consumer and communication segments
- 2009 capex budget: US\$500 million

Conference Call / Webcast Announcement

Wednesday, July 29, 2009

Time: 8:00 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

Singapore and Other Areas: +65 6735 7955

Access Code: UMC

A live webcast and replay of the 2Q09 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 registration statements on Form F-1, F-3, F-6 and 20-F, in each case as amended. 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.

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.

This presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

- FINANCIAL TABLES TO FOLLOW -