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UMC Reports Third Quarter 2009 Results:

Revenue exceeds expectation with profit increasing substantially

Third Quarter 2009 Overview¹:

- Revenue increased 21.1% sequentially to NT\$27.41 billion (US\$853 million)
- Gross margin of 27.9%, operating margin of 15.4%
- Utilization rate rose to 89%
- Net income of NT\$6.09 billion (US\$190 million)
- Earnings per share of NT\$0.48, earnings per ADS of US\$0.075

Taipei, Taiwan, ROC – October 28, 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 third quarter of 2009. Revenue increased 21.1% QoQ to NT\$27.41 billion, from NT\$22.63 billion in 2Q09, and increased 10.7% YoY, from NT\$24.75 billion in 3Q08. Gross profit margin was 27.9%, with operating margin of 15.4%. Net income in 3Q09 was NT\$6.09 billion, with earnings per ordinary share of NT\$0.48.

Dr. Shih-Wei Sun, CEO of UMC said, “The positive momentum we experienced in Q2 carried over into Q3. Shipments surpassed 1 million wafers, rising to 1,017,000 8-inch equivalent wafers, the second highest number in UMC’s history. Utilization rate grew to 89% for the third quarter. Revenue for Q3 was the highest it’s been for the past seven quarters, while gross profit margin increased to the highest level in five years. UMC is optimistic about the fourth quarter and expects ASP to rise as our product mix continues to improve. However, factors such as seasonal adjustment and appreciation of the NTD may slightly impact our revenue in Q4. As a whole, UMC expects continued profitability from our foundry business and will be overall profitable for the year. Moreover, UMC intends to distribute dividends and employee bonuses next year.

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, 2009, the three-month period ending June 30, 2009, and the equivalent three-month period that ended September 30, 2008. For all 3Q09 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the September 30, 2009 exchange rate of NT\$32.14 per U.S. Dollar.

Dr. Sun continued, "Demands for advanced process nodes continued to rise in the third quarter. Revenue from 65nm and below technologies grew by more than 40% in Q3 over Q2, with further growth anticipated for Q4. Continuing with our "Customer-Driven Foundry Solutions" commitment, UMC is expanding 65/55nm capacity at our 300mm Fab12i and enabling the fab for 45/40nm production capabilities. This project will increase Fab12i's capacity by over 30% to better serve customers' demands for leading edge technology. It will also allow them to mitigate geographic risk through diversification of manufacturing locations. In addition, UMC plans to substantially increase 2010 CAPEX for 45/40nm production capacity and for continued 28nm R&D equipment procurement at Fab12A. Furthermore, construction of Fab12A's phase 3 and 4 fab complex has been completed, and we are currently implementing clean-room related support facilities. These 300mm efforts will further expand our capacity and market share in advanced nodes so that we may pursue stable, long-term growth, while increasing profitability and shareholders' return on equity."

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	3Q09	2Q09	QoQ % change	3Q08	YoY % change
Revenue	27,406	22,628	21.1	24,748	10.7
Gross Profit (Loss)	7,655	5,381	42.3	4,160	84.0
Operating Expenses	(3,446)	(2,685)	28.3	(3,421)	0.7
Operating Income (Loss)	4,209	2,696	56.1	739	469.6
Non-op. Income (Expenses)	2,180	(901)	-	(1,897)	-
Net Income (Loss)	6,091	1,547	293.7	(1,413)	-
EPS (NT\$ per share)	0.48	0.12		(0.11)	
(US\$ per ADS)	0.075	0.019		(0.017)	

Revenue increased 21.1% QoQ to NT\$27.41 billion, from NT\$22.63 billion in 2Q09 and increased 10.7% YoY, from NT\$24.75 billion in 3Q08. Gross profit was NT\$7.66 billion, or 27.9% of revenue, compared to NT\$5.38 billion, or 23.8% of 2Q09 revenue. Operating income for the quarter was NT\$4.21 billion, or 15.4% of revenue, compared to NT\$2.70 billion, or 11.9% of 2Q09 revenue. Higher wafer shipments and improved blended ASP were the main reasons for the increase in revenue. The increase in gross profit is attributed to better capacity utilization rate and cost control activities. Net income in 3Q09 was NT\$6.09 billion, compared to NT\$1.55 billion in 2Q09.

Earnings per ordinary share for the quarter was NT\$0.48. Earnings per ADS was US\$0.075. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 3Q09 was 12,671,692,578, compared with 12,671,692,578 shares in 2Q09 and 13,129,987,534 shares in 3Q08. The diluted weighted average number of outstanding shares was 12,794,357,470 in 3Q09, compared with 12,677,712,645 shares in 2Q09 and 13,129,987,534 shares in 3Q08. The fully diluted share count on September 30, 2009 was approximately 13,842,163,000. On September 30, 2009, UMC held 300 million treasury shares acquired from the 13th share buy-back program.

Detailed Financials Section

The decrease in depreciation within CoGS is mainly coming from full depreciation of some equipment acquired during the peak year of CAPEX. Other mfg. costs increased 45.7% to NT\$12.22 billion due to rising wafer production in 3Q09. Total operating expenses increased 28.3% sequentially. The 28.3% increase is attributed to two main factors: (1) 2Q09 operating expenses is lower than normal because of reversal of bad debts (2) started to accrue employee bonuses since 3Q09. Sales & marketing expenses increased to NT\$629 million mainly due to the increase of IP royalty fees. R&D expenses increased to NT\$2.22 billion due to the increased R&D wafers of advanced nodes. The total R&D expense was 8.1% of revenue in 3Q09.

COGS & Expenses					
(Amount: NT\$ million)	3Q09	2Q09	QoQ % change	3Q08	YoY % change
Revenue	27,406	22,628	21.1	24,748	10.7
CoGS	(19,751)	(17,247)	14.5	(20,588)	(4.1)
Depreciation	(7,529)	(8,861)	(15.0)	(8,086)	(6.9)
Other Mfg. Costs	(12,222)	(8,386)	45.7	(12,502)	(2.2)
Gross Profit	7,655	5,381	42.3	4,160	84.0
Gross Margin (%)	27.9%	23.8%		16.8%	
Total Operating Exp.	(3,446)	(2,685)	28.3	(3,421)	0.7
G&A	(593)	(454)	30.6	(639)	(7.2)
Sales & Marketing	(629)	(376)	67.3	(673)	(6.5)
R&D	(2,224)	(1,855)	19.9	(2,109)	5.5
Operating Income	4,209	2,696	56.1	739	469.6

Net non-operating income during 3Q09 was NT\$2.18 billion. Net investment income was NT\$1.74 billion, mainly coming from investment income from equity method investees, dividend revenue and valuation gain on trading securities. Gain on disposal of investment of NT\$307 million was from disposal of Unimicron holdings during 3Q09. The exchange loss of NT\$227 million was partially offset by the valuation gain of forward contract. Therefore, the net exchange loss was NT\$55 million.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	3Q09	2Q09	3Q08
Net Non-operating Income (Exp.)	2,180	(901)	(1,897)
Net Interest Income (Exp.)	(4)	17	108
Net Investment Income (Loss)	1,736	(1,586)	(2,860)
Gain on Disposal of Investment	307	788	611
Exchange Gain (Loss)	(227)	(141)	735
Others	368	21	(491)

Net cash inflow was NT\$6.73 billion in 3Q09. Operating cash inflow was NT\$12.25 billion. The investing cash outflow primarily reflects the CAPEX in 3Q09 of NT\$4.59 billion. Free cash flow² for 3Q09 was NT\$7.65 billion. 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 Sep. 30, 2009	For the 3-Month Period Ended Jun. 30, 2009
Cash Flow from Operations	12,247	3,420
Net Income (Loss)	6,091	1,547
Depreciation & Amortization	8,292	8,452
Changes in working capital	(499)	(6,620)
Others	(1,637)	41
Cash Flow from Investing	(5,508)	(1,326)
Capital Expenditures	(4,593)	(1,256)
Others	(915)	(70)
Cash Flow from Financing	101	103
Long term loan	100	100
Others	1	3
Effect of exchange rate	(108)	(199)
Net Cash Flow	6,732	1,998

Cash and cash equivalents increased NT\$6.7 billion to NT\$44.6 billion. The increase in notes & accounts receivable reflected the upward trend of the business. During 3Q09, days sales outstanding returned to the normal level of 50 days.

Current Assets			
(Amount: NT\$ billion)	3Q09	2Q09	3Q08
Cash & Cash Equivalents	44.60	37.90	25.19
Notes & Accounts Receivable	16.23	13.78	14.12
Days Sales Outstanding	50	40	53
Inventories	8.42	8.53	11.76
Avg. Inventory Turnover	40	42	54
Total Current Assets	73.51	63.90	54.89

Current liabilities increased to NT\$22.97 billion, mainly due to the increase in payable on equipment acquisition and the accrued employee bonuses. Total liabilities increased to NT\$27.37 billion in 3Q09. UMC's debt to equity ratio remains unchanged at 13%.

Liabilities			
(Amount: NT\$ billion)	3Q09	2Q09	3Q08
Total Current Liabilities	22.97	19.96	14.83
Accounts Payable	4.42	4.44	3.84
Short-term Credit / Bonds	7.52	7.51	0.00
Payable on equipment	3.44	1.80	1.53
Others	7.59	6.21	9.46
Long-term Liabilities	0.88	0.79	7.50
Total Liabilities	27.37	24.24	25.85
Debt to Equity	13%	13%	13%

² Free cash flow = Operating cash flow – Capital expenditures

Analysis of Revenue³

The percentage of revenue from the North America region increased to 49%, mainly due to improving demand from advanced technology node products.

Revenue Breakdown by Region

Region	3Q09	2Q09	1Q09	4Q08	3Q08
North America	49%	47%	53%	57%	60%
Asia Pacific	41%	42%	37%	31%	32%
Europe	9%	10%	9%	10%	6%
Japan	1%	1%	1%	2%	2%

Revenue from 65nm and below business increased to 14% of total revenue, compared to 12% in 2Q09. Revenue in 3Q09 for 65nm and below grew more than 40% from 2Q09. This was due to the stronger demand for leading communication and computing chips. The percentage of revenue from 90nm and below increased to 40% in 3Q09.

Revenue Breakdown by Geometry

Geometry	3Q09	2Q09	1Q09	4Q08	3Q08
65nm and below	14%	12%	11%	8%	7%
65nm<x<=90nm	26%	27%	27%	27%	31%
90nm<x<=0.13um	21%	19%	16%	22%	20%
0.13um<x<=0.18um	21%	21%	22%	23%	21%
0.18um<x<=0.35um	13%	16%	18%	15%	16%
0.5um and above	5%	5%	6%	5%	5%

The percentage of revenue from fabless customers increased to 79% in 3Q09.

Revenue Breakdown by Customer Type

Customer Type	3Q09	2Q09	1Q09	4Q08	3Q08
Fabless	79%	77%	80%	80%	74%
IDM	21%	23%	20%	20%	26%
System	0%	0%	0%	0%	0%

All three major applications continued to grow in 3Q09. The computer and consumer segments outpaced communication segment growth since the latter had already experienced an earlier rebound in growth in 2Q09.

Revenue Breakdown by Application ⁽¹⁾

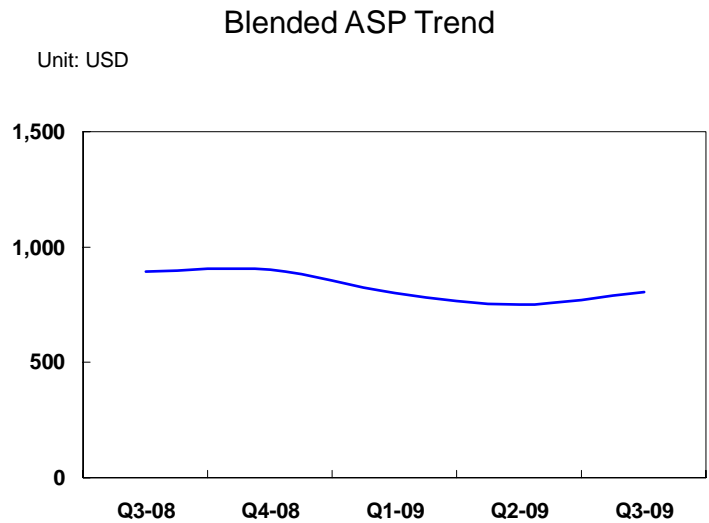
Application	3Q09	2Q09	1Q09	4Q08	3Q08
Computer	17%	15%	15%	15%	16%
Communication	59%	62%	57%	61%	59%
Consumer	23%	21%	25%	22%	23%
Memory	0%	1%	1%	1%	1%
Others	1%	1%	2%	1%	1%

⁽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 5% in US dollar terms during 3Q09, mainly due to the favorable technology mix change.



Shipment and Utilization Rate⁴

Wafer shipments increased 13.3% sequentially to 1,017 thousand in 3Q09, compared to 898 thousand 8-inch equivalent wafers shipped in 2Q09. Overall utilization rate for the quarter was 89%.

Wafer Shipments

	3Q09	2Q09	1Q09	4Q08	3Q08
Wafer Shipments ('000 8-inch eq.)	1,017	898	384	567	883

Quarterly Capacity Utilization Rate

	3Q09	2Q09	1Q09	4Q08	3Q08
Utilization Rate	89%	79%	30%	48%	79%
Total Capacity ('000 8-inch eq.)	1,152	1,151	1,151	1,151	1,149

⁴ Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

Capacity⁵

Capacity during the third quarter was 1,152 thousand 8-inch equivalent wafers. The incremental increase in capacity was due to the expansion at Fab12i in Singapore. The estimated installed capacity in 4Q09 will increase again to 1,154 thousand 8-inch equivalent wafers due to the scheduled expansion plan in Fab12i.

Annual Capacity in thousands of 8-inch wafer equivalents

FAB	Geometry (um)	2009E	2008	2007	2006
Fab6A	6" 3.5 – 0.45	328	328	328	328
Fab8A	8" 0.5 – 0.25	816	816	816	816
Fab8C	8" 0.35 – 0.15	405	417	400	400
Fab8D	8" 0.18 – 0.09	267	257	260	252
Fab8E	8" 0.5 – 0.18	408	408	408	406
Fab8F	8" 0.25 – 0.15	381	372	372	372
Fab8S ⁽¹⁾	8" 0.25 – 0.15	300	291	276	276
Fab12A	12" 0.18 – 0.045	888	876	847	754
Fab12i ⁽²⁾	12" 0.13 – 0.065	815	742	601	413
Total⁽³⁾		4,608	4,507	4,308	4,017
YoY Growth Rate		2%	5%	7%	4%

Quarterly Capacity in thousands of 8-inch wafer equivalents

FAB	4Q09E	3Q09	2Q09	1Q09
Fab6A	82	82	82	82
Fab8A	204	204	204	204
Fab8C	99	99	99	108
Fab8D	68	68	68	63
Fab8E	102	102	102	102
Fab8F	96	96	96	93
Fab8S	75	75	75	75
Fab12A	222	222	222	220
Fab12i	206	204	203	202
Total⁽³⁾		1,154	1,152	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(6²/8²) 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25(12²/8²) 8-inch equivalent wafers.

CAPEX

The capital expenditure budget for 2009 remains unchanged. 82% of the budget is for expansion of 45/40nm and 65/55nm production capacity and to acquire the most advanced R&D equipment. By the end of the third quarter, UMC's year-to-date CAPEX totaled US\$231 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

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

- Oct. 19, 2009 UMC Completes Environmental Production Declaration for Its Integrated Circuit Wafers
- Oct. 08, 2009 UMC Fab12i Migrates to 45/40nm Manufacturing
- Sep. 16, 2009 UMC First to Announce Carbon Footprint Verification on Integrated Circuit Wafers
- Sep. 08, 2009 UMC Selected as a Global Component for Dow Jones Sustainability Index for Two Consecutive Years
- Aug. 24, 2009 UMC Announces the Establishment of New Business Development Center
- Jul. 31, 2009 UMC SG Opens Europe Sales Office in Singapore
- Jul. 29, 2009 UMC 2Q 2009 Financial Results

*Please visit UMC's website
for further details regarding the above announcements.*

Fourth Quarter of 2009 Outlook & Guidance

Quarter-over-Quarter Guidance:

- Wafer shipments: to decrease by approximately 0-3%
- Wafer ASP in US\$: to rise by approximately 0-3%
- NTD appreciation may adversely affect revenue and profit
- Capacity Utilization Rate: mid-80%
- Profitability: Gross margin in mid-20%
- The consumer segment is expected to grow modestly while the computer segment is expected to show some weakness
- 2009 CAPEX budget: US\$500 million

Conference Call / Webcast Announcement

Wednesday, October 28, 2009

Time: 8:00 PM (Taipei) / 8:00 AM (New York) / 12:00 Noon (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 3Q09 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; Fab12A in Taiwan and Singapore-based Fab12i 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 -