

Contacts:

Chitung Liu / Bowen Huang
UMC, Investor Relations
+886-2-2700-6999 ext. 6957
chitung_liu@umc.com
bowen_huang@umc.com

Tip Fleming / Jane Liu
Christensen IR
+1-917-412-3333 / +852-2117-0861
tfleming@christensenir.com
jliu@christensenir.com

UMC Reports 2005 First Quarter Results:

Company Foresees a Gradual Recovery in Volume for 2Q05

First Quarter 2005 Overview¹:

- Revenue declined 28.1% sequentially to NT\$20.29 billion (US\$643 million)
 - Net income increased 14.0% sequentially to NT\$1.52 billion (US\$48 million)
 - Wafer shipments totaled 564 thousand 8-inch equivalent wafers
 - EPS of NT\$0.09; EPADS of US\$0.014
 - Wafer shipments expected to increase sequentially in the low single-digit percentage range in 2Q05
-

Taipei, Taiwan, ROC – April 27, 2005 - United Microelectronics Corporation (NYSE: UMC; TSE: 2303) (“UMC” or “the Company”), a leading global semiconductor foundry, today announced its unconsolidated operating results for the first quarter of 2005.

“The first quarter was a challenging period for UMC. Our results reflected the anticipated soft demand caused by the industry-wide inventory correction. UMC’s revenue totaled NT\$20.29 billion in 1Q05, a 28.1% quarter-over-quarter decrease from 4Q04. At the same time, the gross margin for the quarter decreased to 15.1% from 23.0% in 4Q04,” said UMC CEO Dr. Jackson Hu.

Dr. Hu continued, “Over the course of the first quarter, we believe some of our customers have streamlined their inventories, especially in the consumer sector. Heading into the second quarter, we foresee a mild recovery in shipment volumes, which is a very positive sign for our business and leads us to believe that we have hit the bottom of the cycle.”

“We are most excited about the progress we have made with our 90nm processes. More than a dozen customers have selected UMC for 90nm process technology and we currently have over 50 products taped-out. Of these, some have already moved into mass production. We also

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 unaudited, unconsolidated, and represent comparisons among the three-month period ending March 31, 2005, the three-month period ending December 31, 2004, and the equivalent three-month period that ended March 31, 2004. For all 1Q05 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$31.57 to one U.S. dollar.

believe that we are leading in the development of further generation technologies such as 80nm, 65nm and 45nm processes. Though we had some setbacks with the 0.13um generation that slowed our growth, our decision to develop 90nm technology in-house has already given us an excellent start, especially with the successful ramp-up of 90nm volume production for communication customers. In addition to this, we are aggressively increasing our exposure to the computer and consumer sectors for 90nm products. The design-wins that we have had so far in 2005 for 90nm and 0.13um processes have come from all major applications and will help UMC close the gap in market share that widened due to the challenges we encountered for 0.13um. In the short term, we expect our operating results to continue to be affected by the inventory correction and typical seasonality. However, we are confident that we will see noticeable improvements generated by our success with 90nm production and believe it will start to have a large impact on our profit in the next year or two.”

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q05	4Q04	QoQ % change	1Q04	YoY % change
Revenue	20,286	28,229	(28.1)	25,326	(19.9)
Gross Profit	3,057	6,488	(52.9)	7,612	(59.8)
Operating Expenses	(2,755)	(3,649)	(24.5)	(2,325)	18.5
Operating Income	302	2,839	(89.4)	5,287	(94.3)
Non-op. Income (Expenses)	1,217	(1,506)	(180.8)	1,639	(25.7)
Net Income	1,519	1,333	14.0	6,894	(78.0)
EPS (NT\$ per share)	0.09	0.07		0.41	
(US\$ per ADS)	0.014	0.011		0.065	

Revenue decreased 28.1% quarter-over-quarter to NT\$20.29 billion from NT\$28.23 billion in 4Q04, and decreased 19.9% year-over-year from NT\$25.33 billion in 1Q04. Gross profit for the quarter was NT\$3.06 billion, or 15.1% of revenue, compared to NT\$6.49 billion, or 23.0% of revenue in 4Q04. The decline in gross margin was mainly attributed to the decrease in revenue and the large amount of fixed costs associated with the lower capacity utilization rate in 1Q05. Operating income decreased 89.4% sequentially and 94.3% from 1Q04 to NT\$302 million. Net income in 1Q05 was NT\$1.52 billion, a sequential increase of 14.0% from 4Q04 and a 78.0% decrease over 1Q04.

Earnings per ordinary share (EPS) for the quarter were NT\$0.09. Earnings per ADS (EPADS) were US\$0.014. This compares with 4Q04 earnings per ordinary share of NT\$0.07 and earnings per ADS of US\$0.011. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 1Q05 was 16,602,337,157, compared to 16,960,076,025 shares in 4Q04 and 16,760,102,186 shares in 1Q04. The diluted weighted average number of outstanding shares was 16,678,163,409 in 1Q05, compared to 17,210,737,283 shares in 4Q04 and 17,228,955,112 shares in 1Q04. The decrease in basic and diluted weighted average outstanding shares in 1Q05 was due to the reclassification of SiS shares to treasury stock under the newly enacted SFAS No. 7.

Detailed Financials Section

Depreciation and amortization totaled NT\$10.71 billion in 1Q05, compared to NT\$10.54 billion in 4Q04. Depreciation within COGS increased 0.2% to NT\$9.39 billion, mainly due to the incremental depreciation from Fab12A. Total operating expenses decreased 24.5% to NT\$2.76 billion from the high 4Q04 operating expenses due to cost saving activities. Going forward, total operating expenses will settle at a higher base as the expenses from UMCi are recognized on UMC's Income Statement starting in the second quarter. The R&D expense was 8.8% of revenue in 1Q05.

Net non-operating income was NT\$1.22 billion, including NT\$2.92 billion of investment disposal gains and NT\$1.71 billion of net investment losses. The gain on the disposal of investments included the sale of MediaTek and Novatek shares for NT\$1,974 million and NT\$950 million, respectively. Net investment losses mainly consisted of NT\$1,206 million from UMCi and NT\$555 million from UMCJ in 1Q05.

The net cash inflow was NT\$5.35 billion in 1Q05. Operating cash inflow was NT\$10.21 billion, a NT\$8.65 billion sequential decrease. Changes in working capital in 1Q05 were mainly due to a drop in notes and accounts receivable. The decrease in investing cash outflow primarily reflects lower CAPEX in 1Q05. The NT\$2.59 billion of financing cash inflow was due to the increase in short-term loans and the exercise of employee stock options. Over the next 12 months, we expect to repay NT\$2.82 billion in bonds and make an early repayment of NT\$16.26 billion of UMCi's syndication loan.

COGS & Expenses					
(Amount: NT\$ million)	1Q05	4Q04	QoQ % change	1Q04	YoY % change
Revenue	20,286	28,229	(28.1)	25,326	(19.9)
COGS	(17,229)	(21,741)	(20.8)	(17,714)	(2.7)
Depreciation	(9,385)	(9,363)	0.2	(8,591)	9.2
Other Mfg. Costs	(7,844)	(12,378)	(36.6)	(9,123)	(14.0)
Gross Profit	3,057	6,488	(52.9)	7,612	(59.8)
Gross Margin (%)	15.1%	23.0%		30.1%	
Total Operating Exp.	(2,755)	(3,649)	(24.5)	(2,325)	18.5
G&A	(447)	(841)	(46.8)	(534)	(16.3)
Sales & Marketing	(521)	(658)	(20.8)	(478)	9.0
R&D	(1,787)	(2,150)	(16.9)	(1,313)	36.1
Operating Income	302	2,839	(89.4)	5,287	(94.3)
Operating Margin (%)	1.5%	10.1%		20.9%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	1Q05	4Q04	1Q04
Net Non-operating Income (Exp.)	1,217	(1,506)	1,639
Net Interest Income (Expense)	0	(4)	(77)
Net Investment Income (Loss)	(1,705)	(1,955)	(582)
Gain on Disposal of Investment	2,924	1,571	2,507
Exchange Gain (Loss)	(172)	(754)	(42)
Others	170	(364)	(167)

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Mar. 31, 2005	For the 3-Month Period Ended Dec. 31, 2004
Cash Flow from Operations	10,205	18,857
Net Income (Loss)	1,519	1,333
Depreciation & Amortization	10,705	10,541
Changes in working capital	(684)	6,360
Others	(1,335)	623
Cash Flow from Investing	(7,446)	(17,907)
Capital Expenditures	(3,564)	(16,257)
Others	(3,882)	(1,650)
Cash Flow from Financing	2,593	(2,872)
Net Cash Flow	5,352	(1,922)

Cash and cash equivalents increased by NT\$5.35 billion to NT\$88.70 billion mainly due to lower cash outflows from investing. The decline in notes and accounts receivable reflect the temporary downward trend of the business that occurred over the past several quarters. Days sales outstanding² remained flat at 45 days, and average inventory turnover increased to 41 days.

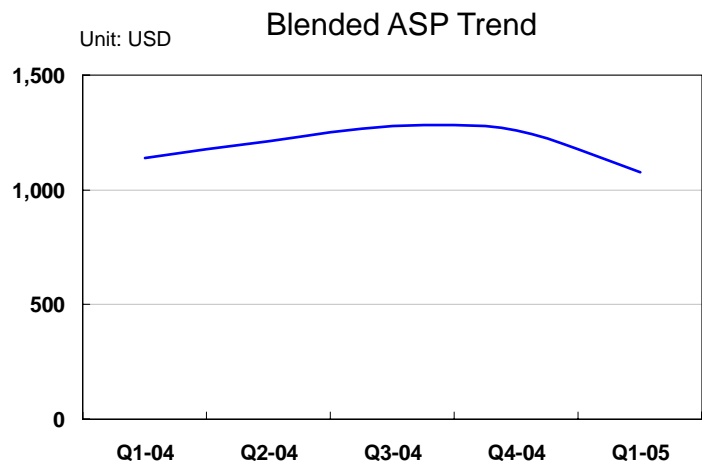
Current Assets			
(Amount: NT\$ billion)	1Q05	4Q04	1Q04
Cash & Cash Equivalents	88.70	83.35	87.03
Notes & Accounts Receivable	9.31	10.70	15.57
Days Sales Outstanding	45	45	54
Inventory	6.91	8.54	8.41
Avg. Inventory Turnover	41	38	42
Total Current Assets	117.15	110.37	119.98

Total liabilities decreased by NT\$6.7 billion, to NT\$56.48 billion in 1Q05. UMC's Debt to Equity ratio was down to 21% at the end of 1Q05.

Liabilities			
(Amount: NT\$ billion)	1Q05	4Q04	1Q04
Total Current Liabilities	19.88	23.28	26.20
Accounts Payable	3.81	4.44	4.65
Short-term Credit / Bonds	6.68	4.72	9.69
Others	9.39	14.12	11.86
Long-term Liabilities	33.60	33.61	44.58
Total Liabilities	56.48	63.18	77.44
Debt to Equity	21%	24%	32%

Blended Average Selling Price Trend

The blended average selling price (ASP) for the quarter was down 12% sequentially in US dollar terms compared to the previous quarter.



² Days Sales Outstanding = $365 / \left[\frac{\text{Operating revenues for the three-month period end } *4}{\left(\frac{\text{Beginning NR\&AR balance, net} + \text{Ending NR\&AR balance, net}}{2} \right)} \right]$

Average Inventory Turnover = $365 / \left[\frac{\text{COGS for the three-month period end } *4}{\left(\frac{\text{Beginning Inventory balance, net} + \text{Ending Inventory balance, net}}{2} \right)} \right]$

Analysis of Revenue³

The percentage of revenue from European customers decreased to 11% in 1Q05 due to soft demand, especially from the IDMs.

Revenue Breakdown by Region

Region	1Q05	4Q04	3Q04	2Q04	1Q04
North America	49%	49%	44%	44%	43%
Asia Pacific	38%	32%	33%	35%	37%
Europe	11%	16%	19%	17%	16%
Japan	2%	3%	4%	4%	4%

The percentage of revenue from leading-edge 90nm and 0.13um sales remained flat overall, but decreased in terms of revenue due to soft demand from communication customers. The percent of revenue from 0.35um increased to 20% mainly due to stronger demand from consumer customers. The percentage of revenue from 0.18um and below technologies decreased to 59% from 62%.

Revenue Breakdown by Geometry

Geometry	1Q05	4Q04	3Q04	2Q04	1Q04
90nm	7%	8%	2%	1%	0%
0.13um	20%	19%	18%	13%	12%
0.15um	12%	16%	15%	12%	9%
0.15um<x<=0.18um	20%	19%	25%	27%	29%
0.18um<x<=0.25um	10%	12%	14%	19%	19%
0.25um<x<=0.35um	20%	17%	17%	19%	21%
0.5um and above	11%	9%	9%	9%	10%

The contribution from IDM customers decreased to 31% in 1Q05 from 34% in 4Q04 due to inventory adjustments.

Revenue Breakdown by Customer Type

Customer Type	1Q05	4Q04	3Q04	2Q04	1Q04
Fabless	69%	66%	68%	70%	72%
IDM	31%	34%	32%	30%	28%
System	0%	0%	0%	0%	0%

Revenue from the communication market decreased to 45% of total revenue in 1Q05, primarily due to inventory digestion by some wireless communication customers. Revenue from the consumer segment increased as percent of total revenue to 26% in 1Q05 because demand from LCD panel driver ICs remained strong during the quarter.

Revenue Breakdown by Application ⁽¹⁾

Application	1Q05	4Q04	3Q04	2Q04	1Q04
Computer	24%	24%	20%	20%	24%
Communication	45%	49%	44%	44%	42%
Consumer	26%	23%	32%	32%	30%
Memory	2%	1%	2%	2%	3%
Others	3%	3%	2%	2%	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 net wafer sales. All revenue breakdown tables exclude JV's and subsidiaries.

Capacity⁴

Capacity for 1Q05, including UMCi, was 950 thousand 8-inch equivalent wafers. The incremental increase in capacity of 32 thousand 8-inch equivalent wafers during 1Q05 was mainly due to capacity expansion at Fab12A and UMCi. On April 1, 2005 we fully transferred all of UMCi's capacity to our Singapore branch and renamed UMCi's 12-inch fab as Fab 12i. UMC's estimated capacity in 2Q05 will increase to 970 thousand 8-inch equivalent wafers, primarily due to additional 300mm capacity from Fab 12A and Fab 12i.

**Annual Capacity in
thousands of 8-inch wafer equivalents**

FAB	Geometry (um)	2004	2003	2002	2001
Fab 6A	6"	346	352	349	345
Fab 8AB	8"	796	801	853	943
Fab 8C	8"	386	325	355	460
Fab 8D	8"	256	238	214	290
Fab 8E	8"	401	354	376	474
Fab 8F	8"	349	342	312	351
Fab 8S ⁽¹⁾	8"	131	0	0	0
Fab 12A	12"	392	234	119	22
Fab 12i ⁽²⁾	12"	101	0	0	0
Total⁽³⁾		3,158	2,646	2,578	2,885
YoY Growth Rate		19%	3%	-11%	24%

**Quarterly Capacity in
thousands of 8-inch wafer equivalents**

FAB	2Q05E	1Q05	4Q04	3Q04
Fab 6A	86	86	86	86
Fab 8AB	204	204	204	200
Fab 8C	100	101	101	99
Fab 8D	68	72	72	65
Fab 8E	101	101	102	102
Fab 8F	95	95	95	92
Fab 8S ⁽¹⁾	71	71	71	60
Fab 12A	160	139	127	113
Fab 12i ⁽²⁾	85	81	60	29
Total⁽³⁾	970	950	918	846

⁽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.

⁴ 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.

Shipment and Utilization Rate⁵

Wafer shipments declined by 14% sequentially to 564 thousand 8-inch equivalent wafers from 657 thousand wafers. The utilization rate for the quarter was 63%, after factoring in a 6% productivity loss due to scheduled annual maintenance.

Wafer Shipments

	1Q05	4Q04	3Q04	2Q04	1Q04
Wafer Shipments ('000 8-inch eq.)	564	657	791	710	647

Quarterly Capacity Utilization Rate

	1Q05	4Q04	3Q04	2Q04	1Q04
Utilization Rate	63% ⁽¹⁾	72%	94%	99%	100% ⁽²⁾
Total Capacity ('000 8-inch eq.)	950	918	846	714	680

⁽¹⁾ 1Q05 utilization rate was calculated based on 1Q05 available capacity, which is about 94% of total capacity after factoring in a 6% productivity loss due to annual scheduled maintenance.

⁽²⁾ 1Q04 utilization rate was calculated based on 1Q04 available capacity, which is about 95% of total capacity after factoring in a 5% productivity loss due to annual scheduled maintenance.

CAPEX

The amount of capital expenditure spent in 1Q05 was US\$113 million for UMC and US\$84 million for UMCi. UMC's 2005 CAPEX is still expected to be between US\$1 billion and US\$1.5 billion.

UMC Capital Expenditure by Year - in US\$ billion

Year	2004	2003	2002	2001	2000	1999
CAPEX	\$ 1.53	\$ 0.37	\$ 0.8	\$ 1.1	\$ 2.8	\$ 1.9

2005 CAPEX Plan

	8" fab	12" fab	12" R&D	Total
UMC	4%	78%	18%	US\$1~1.5 billion
UMCJ	100%	-	-	US\$34 million

⁵ Quarterly utilization rate = Quarterly wafer out / Estimated quarterly capacity

Long-term Investments⁶

Consolidated Long-term Investments as of March 31, 2005

(Amount: NT\$ million)	As of End of 1Q05				As of End of 4Q04			
	Book value	%	Fair value	%	Book value	%	Fair value	%
Foundry Industry	35,673	56	32,584	38	41,235	59	36,281	41
Strategic Semiconductor Investments	11,138	18	33,454	39	12,028	17	33,232	38
Other Investments	16,854	26	19,884	23	16,515	24	18,813	21
Total	63,665	100	85,922	100	69,778	100	88,326	100

As of March 31, 2005, the total book value of long-term investments held by UMC was NT\$63.67 billion, and the estimated fair value of long-term investments was NT\$85.92 billion. The decrease in book value of foundry industry investments was mainly due to the recognition of losses in the Company's investments in UMCi and UMCJ. The decrease in book value of strategic semiconductor investments is mainly due to the disposal of several investments. The increase in other investments is due to an increase in the share price of several investments. By the end of 2Q05, the book value of foundry industry investments will decrease significantly after we transferred all of UMCi's business, operations and assets, with a book value NT\$21.87 billion as of 1Q05, to UMC's Singapore branch in April 2005.

Recent Developments / Announcements

- Apr. 11, 2005 UMC Expands X Architecture Support -- First Pure-Play Foundry to Provide Qualified 90-nm Design Rules
- Apr. 1, 2005 UMC and UMCi Complete Merger
- Mar. 17, 2005 UMC Board of Directors Announces Proposals for its Annual Shareholders Meeting
- Mar. 7, 2005 UMC and Virage Logic Announce Qualification of Embedded Non-Volatile Memory Technology on UMC's 0.18um Logic Process
- Feb. 24, 2005 JMicon Develops Serial ATA II (3.0 Gbps) PHY Core on UMC's 0.13 Micron Process
- Feb. 16, 2005 UMC Under Investigation related to Hejian Technology Corporation in Mainland China. The investigation had no influence on the operation of the Company
- Feb. 2, 2005 UMC 4Q 2004 Financial Results
- Feb. 1, 2005 UMC and Ansoft Address RFCMOS Design Requirements with On-Chip Spiral Inductor Library

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

⁶ The long-term investment information disclosed is UMC Group consolidated data, which includes UMC, Hsun Chieh Investment Corp., Fortune Venture Capital Corp. and UMC Capital Corp. For publicly quoted investments, fair value is calculated by multiplying the average daily closing price of the last month of the accounting period (March of 2004) with the number of shares owned by the UMC Group as of March 31, 2005. Otherwise, book value or underlying equity net value of investments is taken as recorded on the balance sheet at the end of the accounting period (March 31, 2005) and is used as the fair value.

Second Quarter of 2005 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to increase by low single digit % points
- Wafer ASP in US\$: to decline by high single digit % points
- Capacity utilization rate: approximately 60%
- Profitability: approaching gross profit breakeven
- Percentage of 0.18um & below revenues: temporary contraction due to stronger demand for mature technology, though sales from 90nm is expected to exceed 10%
- The consumer segment is expected to be the strongest while the computer segment is expected to show a seasonal slowdown

Conference Call / Webcast Announcement

Wednesday, April 27, 2005

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

Dial-in numbers and Access Codes:

Asia/Europe: +1-617-847-8706

North America: 800-237-9752

Access Code: UMCCall

A live webcast and replay of the 1Q05 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 process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers cutting-edge foundry technologies that enable sophisticated system-on-chip (SoC) designs, including 90nm copper, 0.13um copper, and mixed signal/RFCMOS. UMC is also a leader in 300mm manufacturing; Fab 12A in Taiwan and Singapore-based Fab 12i are both in volume production for a variety of customer products. UMC employs approximately 10,500 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, such as SARS; 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 for the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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 U.S. GAAP, as described in note 31 to the financial statements on Form 20-F for the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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 -