

**Contacts:**

Chitung Liu / Bowen Huang  
**UMC, Investor Relations**  
+886-2-2700-6999 ext. 6957  
[chitung\\_liu@umc.com](mailto:chitung_liu@umc.com)  
[bowen\\_huang@umc.com](mailto:bowen_huang@umc.com)

Tip Fleming / Jane Liu  
**Christensen IR**  
+1-917-412-3333 / +852-2117-0861  
[tfleming@christensenir.com](mailto:tfleming@christensenir.com)  
[jliu@christensenir.com](mailto:jliu@christensenir.com)

## **UMC Reports 2005 Fourth Quarter Results:**

***Fourth Quarter Revenue Increased 16.5% QoQ to NT\$27.47 billion,  
EPS of NT\$0.16***

---

**Fourth Quarter 2005 Overview<sup>1</sup>:**

- Revenue increased 16.5% sequentially to NT\$27.47 billion (US\$837 million)
  - Net income increased 40.6% sequentially to NT\$3,044 million (US\$93 million)
  - Wafer shipments increased 9.3% sequentially to 810 thousand 8-inch equivalent wafers
  - EPS was NT\$0.16; EPADS was US\$0.024
  - Revenue from 90nm technology increased to 15% of total revenue
- 

Taipei, Taiwan, ROC – February 14, 2006 - **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 2005.

“We are pleased to report another quarter of sequential growth,” said UMC Chairman and CEO, Dr. Jackson Hu. “Increased demand for wireless communication products, PC chipsets and LCD drivers in the computer segment was the key driver for the growth. Higher shipments of leading-edge technologies were also a primary reason for the 2% sequential increase in blended ASP. As a result, our Q4 revenue grew 16.5% and gross profit increased 68.3% sequentially.”

Dr. Hu continued, “Many of you may already know that the UMC Board of Directors elected me to the position of Chairman at their last meeting following the resignation of former UMC Chairman Bob Tsao and former vice Chairman John Hsuan on January 9. I would like to take this opportunity to comment on my vision of UMC's direction going forward.”

“In order to best leverage Taiwan's unique environment and business culture, UMC will reinvent itself in the spirit of a start-up company. The attributes of a start-up company include solid

---

<sup>1</sup> 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 December 31, 2005, the three-month period ending September 30, 2005, and the equivalent three-month period that ended December 31, 2004. For all 4Q05 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.83 to one U.S. dollar.

---

execution, a low profile attitude, a strong focus on customer satisfaction, and the ability to quickly deliver the technologies and services that customers require. We are fully prepared to use the considerable financial strength that we have accumulated over the years to fund aggressive research and development programs, expand production capacity, and retain and hire the best people in the industry.”

“We will focus on our core operations, making a complete effort to maintain and further strengthen our technological leadership, and continue to improve our foundry service model. UMC has an excellent team, and over the last two years we have seen great improvement in many areas including the development of advanced process technologies, the enhancement of production efficiency, the expansion of our customer base, and the development of intellectual property. I am extremely proud of the accomplishments of UMC's world-class team, and you can expect to see a positive impact on our operating results in the near future.”

## Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	4Q05	3Q05	QoQ % change	4Q04	YoY % change
Revenue	27,468	23,579	16.5	28,229	(2.7)
Gross Profit	4,973	2,954	68.3	6,488	(23.4)
Operating Expenses	(4,045)	(3,514)	15.1	(3,649)	10.9
Operating Income (Loss)	928	(560)	-	2,839	(67.3)
Non-op. Income (Expenses)	2,116	2,725	(22.3)	(1,506)	-
Net Income	3,044	2,165	40.6	1,333	128.4
EPS (NT\$ per share)	0.16	0.12		0.07	
(US\$ per ADS)	0.024	0.018		0.011	

Revenue increased 16.5% QoQ to NT\$27.47 billion, from NT\$23.58 billion in 3Q05, and decreased 2.7% YoY, from NT\$28.23 billion in 4Q04. Gross profit was NT\$4.97 billion, or 18.1% of revenue, compared to NT\$2.95 billion, or 12.5% of 3Q05 revenue. Operating profit for the quarter was NT\$928 million, or 3.4% of revenue, an improvement from our operating loss of NT\$560 million in 3Q05. Revenue growth was the key driver for the higher profits and margins during the fourth quarter. Net income in 4Q05 was NT\$3.04 billion, an increase of 40.6% compared to NT\$2.17 billion in 3Q05.

Earnings per ordinary share (EPS) for the quarter were NT\$0.16. Earnings per ADS (EPADS) were US\$0.024. This compares with 3Q05 earnings per ordinary share of NT\$0.12 and earnings per ADS of US\$0.018. One ADS represents five Taiwan-listed ordinary shares. The basic weighted average number of outstanding shares in 4Q05 was 18,257,183,074, compared to 18,433,685,226 shares in 3Q05 and 18,901,527,061 shares in 4Q04. The diluted weighted average number of outstanding shares was 18,545,963,971 in 4Q05, compared to 18,610,270,285 shares in 3Q05 and 19,152,188,319 shares in 4Q04. The decrease in basic and diluted weighted average outstanding shares in 4Q05 was mainly due to the execution of the Company's 9<sup>th</sup> treasury share repurchase program in October and early November.

## Detailed Financials Section

Depreciation and amortization expenses totaled NT\$12.73 billion in 4Q05, compared to NT\$12.59 billion in 3Q05. Depreciation within COGS increased by 2.4% to NT\$10.97 billion. Other manufacturing costs within COGS increased to NT\$11.53 billion, which reflected higher costs associated with an increase in wafer shipments. Total operating expenses increased by 15.1% to NT\$4.05 billion. G&A expenses increased by 19.7% to NT\$1.05 billion, largely because of employee bonus payments. R&D expenses increased by 18% to NT\$2.38 billion, mainly due to greater expenses associated with 65nm technology development. As a result, the total R&D expense was 8.7% of revenue in 4Q05.

Net non-operating income during 4Q05 was NT\$2.12 billion. Total gains on the disposal of investments were NT\$1.52 billion, including a gain from the sale of MediaTek shares of NT\$1.29 billion. Net investment income was NT\$142 million, which included NT\$271 million in income from Unimicron, NT\$193 million in income from Novatek, and a NT\$425 million loss from UMCJ in 4Q05.

<b>COGS &amp; Expenses</b>					
(Amount: NT\$ million)	4Q05	3Q05	QoQ % change	4Q04	YoY % change
Revenue	27,468	23,579	16.5	28,229	(2.7)
COGS	(22,495)	(20,625)	9.1	(21,741)	3.5
Depreciation	(10,969)	(10,712)	2.4	(9,363)	17.2
Other Mfg. Costs	(11,526)	(9,913)	16.3	(12,378)	(6.9)
Gross Profit	4,973	2,954	68.3	6,488	(23.4)
Gross Margin (%)	18.1%	12.5%		23.0%	
Total Operating Exp.	(4,045)	(3,514)	15.1	(3,649)	10.9
G&A	(1,050)	(877)	19.7	(841)	24.9
Sales & Marketing	(612)	(618)	(1.0)	(658)	(7.0)
R&D	(2,383)	(2,019)	18.0	(2,150)	10.8
Operating Income(Loss)	928	(560)	-	2,839	(67.3)
Operating Margin (%)	3.4%	-2.4%		10.1%	

<b>Non-operating Income (Expenses)</b>			
(Amount: NT\$ million)	4Q05	3Q05	4Q04
Net Non-operating Income (Exp.)	2,116	2,725	(1,506)
Net Interest Income (Expense)	38	0	(4)
Net Investment Income (Loss)	142	111	(1,955)
Gain on Disposal of Investment	1,523	2,133	1,571
Exchange Gain (Loss)	40	171	(754)
Others	373	310	(364)

Net cash inflow was NT\$24.81 billion in 4Q05. The increase in operating cash flow mainly reflects higher profitability during the quarter. The NT\$7.35 billion of financing cash inflow included NT\$12.48 billion cash inflow from the Euro Convertible Bond (ECB) issuance and NT\$4.8 billion cash outflow for share repurchases. Over the next 12 months, the company expects to repay NT\$10.25 billion in corporate bonds.

<b>Cash Flow Summary</b>		
(Amount: NT\$ million)	For the 3-Month Period Ended Dec. 31, 2005	For the 3-Month Period Ended Sep. 30, 2005
Cash Flow from Operations	15,507	11,298
Net Income	3,044	2,165
Depreciation & Amortization	12,731	12,594
Changes in working capital	1,678	(2,533)
Others	(1,946)	(928)
Cash Flow from Investing	1,939	(2,444)
Capital Expenditures	(7,207)	(3,568)
Others	9,146	1,124
Cash Flow from Financing	7,354	(5,113)
Effect of Exchange Rate	5	(14)
Net Cash Flow	24,805	3,727

Cash and cash equivalents increased NT\$24.81 billion to NT\$96.60 billion, which was mainly due to higher cash inflows from operations and financing. The increase in inventory primarily came from the increase of finished goods. Days sales outstanding<sup>2</sup> decreased slightly to 43 days, and average inventory turnover increased to 40 days.

<b>Current Assets</b>			
(Amount: NT\$ billion)	4Q05	3Q05	4Q04
Cash & Cash Equivalents	96.60	71.79	83.35
Notes & Accounts Receivable	12.36	13.73	10.70
Days Sales Outstanding	43	45	45
Inventory	9.96	9.38	8.54
Avg. Inventory Turnover	40	39	38
Total Current Assets	128.27	102.51	110.37

Total liabilities increased by NT\$13.87 billion to NT\$67.94 billion in 4Q05. The increase in long-term liabilities is attributable to the new ECB issuance in 4Q05. UMC's Debt to Equity ratio was 26% at the end of 4Q05.

<b>Liabilities</b>			
(Amount: NT\$ billion)	4Q05	3Q05	4Q04
Total Current Liabilities	28.30	21.81	23.28
Accounts Payable	4.10	4.51	4.44
Short-term Credit / Bonds	10.25	6.08	4.72
Others	13.95	11.22	14.12
Long-term Liabilities	36.01	28.50	33.61
Total Liabilities	67.94	54.07	63.18
Debt to Equity	26%	21%	24%

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

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

## Analysis of Revenue<sup>3</sup>

The percentage of revenue contributed from North America grew to 49% in 4Q05. The percentage of revenue contributed from Europe and Japan remained unchanged.

### Revenue Breakdown by Region

Region	4Q05	3Q05	2Q05	1Q05	4Q04
North America	49%	48%	44%	49%	49%
Asia Pacific	42%	43%	45%	38%	32%
Europe	7%	7%	9%	11%	16%
Japan	2%	2%	2%	2%	3%

The percentage of revenue from advanced 90nm business increased to 15% from 14% in 3Q05, mainly due to stronger demand for 90nm communication chips. The percentage of revenue from 0.13um technology increased to 23% due to stronger demand for consumer and communication chips. The percentage of revenue from 0.18um and below increased to 67% in 4Q05 from 61% in 3Q05.

### Revenue Breakdown by Geometry

Geometry	4Q05	3Q05	2Q05	1Q05	4Q04
90nm	15%	14%	9%	7%	8%
0.13um	23%	18%	14%	20%	19%
0.15um	10%	10%	10%	12%	16%
0.15um<x<=0.18um	19%	19%	20%	20%	19%
0.18um<x<=0.25um	6%	8%	11%	10%	12%
0.25um<x<=0.35um	19%	22%	25%	20%	17%
0.5um and above	8%	9%	11%	11%	9%

The percentage of revenue from IDM customers increased to 33% in 4Q05 from 29% in 3Q05.

### Revenue Breakdown by Customer Type

Customer Type	4Q05	3Q05	2Q05	1Q05	4Q04
Fabless	67%	71%	76%	69%	66%
IDM	33%	29%	24%	31%	34%
System	0%	0%	0%	0%	0%

Revenue from the communication segment increased to 54% of total revenue in 4Q05 because of strong demand for handset components. The percentage of revenue from the computer segment increased slightly to 20% due to strong demand for PC components.

### Revenue Breakdown by Application <sup>(1)</sup>

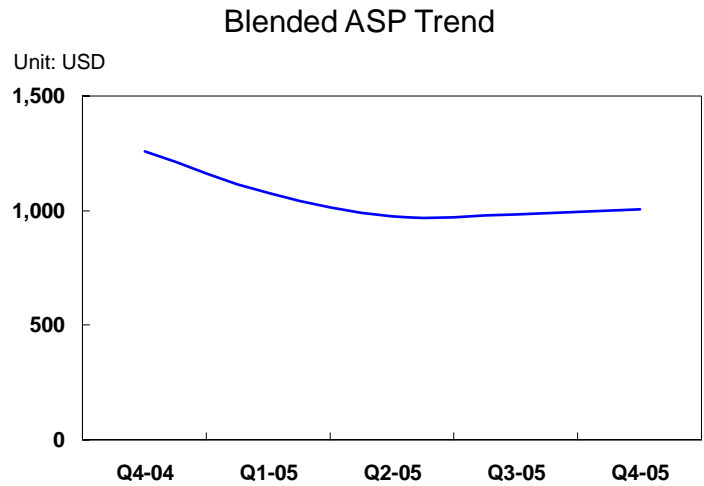
Application	4Q05	3Q05	2Q05	1Q05	4Q04
Computer	20%	19%	20%	24%	24%
Communication	54%	47%	44%	45%	49%
Consumer	24%	32%	32%	26%	23%
Memory	1%	1%	2%	2%	1%
Others	1%	1%	2%	3%	3%

(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.

<sup>3</sup> Revenue in this section represents net wafer sales. All revenue breakdown tables exclude JV's and subsidiaries.

## Blended Average Selling Price Trend

The blended average selling price (ASP) rose 2% in US dollar terms during 4Q05 due to increasing demand for advanced process technologies. This was in line with the ASP guidance previously provided by UMC.



## Shipment and Utilization Rate<sup>4</sup>

Wafer shipments rose 9.3% sequentially to 810 thousand, an increase from 741 thousand 8-inch equivalent wafers in the previous quarter. While ASP was up by 2%, the weaker-than-expected NT\$ also contributed to the growth of revenues in local currency. Overall utilization rate for the quarter improved to 86%, compared to 78% for the previous quarter.

### Wafer Shipments

	4Q05	3Q05	2Q05	1Q05	4Q04
Wafer Shipments ('000 8-inch eq.)	810	741	630	564	657

### Quarterly Capacity Utilization Rate

	4Q05	3Q05	2Q05	1Q05	4Q04
Utilization Rate	86%	78%	65%	63% <sup>(1)</sup>	72%
Total Capacity ('000 8-inch eq.)	973	970	962	950	918

<sup>(1)</sup> 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.

<sup>4</sup> Quarterly utilization rate = Quarterly wafer out / Estimated quarterly capacity

## Capacity<sup>5</sup>

Capacity for 4Q05 was 973 thousand 8-inch equivalent wafers. The incremental increase in capacity was due to the expansion at Fab 12A. On the other hand, capacities at Fab 8D and Fab 8F decreased due to a change in production mix. The estimated installed capacity in 1Q06 is 982 thousand 8-inch equivalent wafers. However, estimated available capacity in 1Q06 is approximately 5% to 8% lower than estimated installed capacity due to scheduled annual maintenance.

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

FAB	Geometry (um)	2005	2004	2003	2002
Fab 6A	6" 3.5 – 0.45	344	346	352	349
Fab 8AB	8" 0.5 – 0.25	816	796	801	853
Fab 8C	8" 0.35 – 0.15	401	386	325	355
Fab 8D	8" 0.18 – 0.09	274	256	238	214
Fab 8E	8" 0.5 – 0.18	404	401	354	376
Fab 8F	8" 0.25 – 0.15	378	349	342	312
Fab 8S <sup>(1)</sup>	8" 0.25 – 0.15	278	131	0	0
Fab 12A	12" 0.18 – 0.065	597	392	234	119
Fab 12i <sup>(2)</sup>	12" 0.13 – 0.065	363	101	0	0
<b>Total<sup>(3)</sup></b>		<b>3,855</b>	<b>3,158</b>	<b>2,646</b>	<b>2,578</b>
<b>YoY Growth Rate</b>		<b>22%</b>	<b>19%</b>	<b>3%</b>	<b>-11%</b>

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

FAB	1Q06E	4Q05	3Q05	2Q05
Fab 6A	82	86	86	86
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	63	66	68	68
Fab 8E	101	101	101	101
Fab 8F	93	93	95	95
Fab 8S	69	69	69	69
Fab 12A	175	160	153	145
Fab 12i	95	94	94	94
<b>Total<sup>(3)</sup></b>		<b>982</b>	<b>973</b>	<b>970</b>

<sup>(1)</sup> Former fab of SiSMC, which was acquired from Silicon Integrated Systems in July 2004.

<sup>(2)</sup> Former fab of UMCi, a UMC wholly owned subsidiary in December 2004 that was merged into UMC in April 2005

<sup>(3)</sup> One 6-inch wafer is converted into 0.5625(6<sup>2</sup>/8<sup>2</sup>) 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25(12<sup>2</sup>/8<sup>2</sup>) 8-inch equivalent wafers.

<sup>5</sup> 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.

## CAPEX

The total capital expenditure for 2005 was US\$0.7 billion, 96% of which accounted for capacity expansion and R&D at our 300mm facilities. The capital expenditure budget for 2006 is expected to be US\$1 billion. 98% of the spending is likely to be for expansion and R&D at our 300mm facilities.

### UMC Capital Expenditure by Year

(US\$ billion)	2005	2004	2003	2002	2001	2000
CAPEX	\$0.7 <sup>(1)</sup>	\$ 1.53	\$ 0.37	\$ 0.8	\$ 1.1	\$ 2.8

### 2005 CAPEX

	8" fab	12" fab	12" R&D	Total
UMC	4%	83%	13%	US\$0.7 billion <sup>(1)</sup>
UMCJ	100%	-	-	US\$22 million

### 2006 CAPEX Plan

	8" fab	12" fab	12" R&D	Total
UMC	2%	83%	15%	US\$1 billion

<sup>(1)</sup> 2005 CAPEX contained UMC 2005 full year CAPEX and UMCi CAPEX during 1Q05.

## Long-term Investments<sup>6</sup>

### Consolidated Long-term Investments as of December 31, 2005

(Amount: NT\$ million)	As of End of 4Q05				As of End of 3Q05			
	Book value	%	Fair value	%	Book value	%	Fair value	%
Foundry Industry	10,745	28	11,988	16	11,470	30	12,795	18
Strategic Semiconductor Investments	12,274	33	44,198	57	12,524	32	38,645	56
Other Investments	14,795	39	20,790	27	14,678	38	18,267	26
<b>Total</b>	<b>37,814</b>	<b>100</b>	<b>76,976</b>	<b>100</b>	<b>38,672</b>	<b>100</b>	<b>69,707</b>	<b>100</b>

As of December 31, 2005, the total book value of long-term investments was NT\$37.81 billion, and the estimated fair value of long-term investments was NT\$76.98 billion. The decrease in book value of foundry industry investments was mainly due to the investment loss of UMCJ. The increase in fair value of strategic semiconductor investments and other investments was due to an increase in the share prices of several investments. Due to the adoption of SFAS No.34, UMC will mark long-term investments to market value beginning Jan 1, 2006. This section, therefore, will be discontinued when we report 1Q06 results.

<sup>6</sup> The long-term investment information disclosed is UMC Group consolidated data, which includes UMC, Hsun Chieh Investment Corp., Fortune Venture Capital Corp., TLC Capital Corp., UMC Capital Corp., and Unitrust Investment Corp.. For publicly quoted investments, fair value is calculated by multiplying the average daily closing price of the last month of the accounting period (December of 2005) with the number of shares owned by the UMC Group as of December 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 (December 31, 2005) and is used as the fair value.

## Brief Summary of Full Year 2005 Results

- Revenue decreased 22.6% YoY to NT\$90.78 billion, from NT\$117.31 billion in 2004
- Gross profit decreased 68.7% YoY to NT\$11.20 billion, from NT\$35.82 billion in 2004
- Net income decreased 77.9% YoY to NT\$7.03 billion, from NT\$31.84 billion in 2004
- EPS was NT\$0.38; EPADS was US\$0.058. This compares with EPS of NT\$1.70 or EPADS of US\$0.259 for 2004
- Revenue from 90nm increased significantly and accounted for 11% of total wafer sales in 2005, compared to 3% in 2004. Revenue from 0.18um and below accounted for 60% of total revenue, up from 55% in 2004

Operating Results			
(Amount: NT\$ million)	2005	2004	YoY % change
Revenue	90,776	117,312	(22.6)
Gross Profit	11,196	35,821	(68.7)
Operating Expenses	(13,864)	(11,366)	22.0
Operating Income (Loss)	(2,668)	24,455	-
Non-op. Income	9,696	7,422	30.6
Net Income	7,027	31,843	(77.9)
EPS (NT\$ per share)	0.38	1.70	
(US\$ per ADS)	0.058	0.259	

## Annual Sales Breakdown in Revenue

Region	2005	2004
North America	48%	45%
Asia Pacific	42%	34%
Europe	8%	17%
Japan	2%	4%

Application	2005	2004
Computer	21%	22%
Communication	48%	45%
Consumer	28%	29%
Memory	1%	2%
Others	2%	2%

Technology	2005	2004
90nm	11%	3%
0.13um	19%	15%
0.15um	11%	13%
0.15um<x<=0.18um	19%	24%
0.18um<x<=0.25um	9%	16%
0.25um<x<=0.35um	21%	19%
0.5um and above	10%	10%

Customer Type	2005	2004
Fabless	70%	69%
IDM	30%	31%
System	0%	0%

## Recent Developments / Announcements

---

- Jan. 16, 2006 Europractice and UMC Offer 90nm Multi-Project Wafer Prototyping and Production Service
- Jan. 09, 2006 UMC Board Approves Resignation of UMC Chairman Bob Tsao; CEO Jackson Hu Elected to Position as Chairman
- Dec. 07, 2005 UMC Develops Ultimate Spacer Process to Enhance MOSFET Device Performance for 65nm and Beyond
- Dec. 06, 2005 XILINX AND UMC EXTEND LONG TIME MANUFACTURING RELATIONSHIP TO 65NM & BELOW
- Nov. 21, 2005 SYNOPSYS AND UMC PARTNER ON LOW POWER 90NM REFERENCE DESIGN FLOW TO DELIVER FASTER TIME TO SOC SUCCESS
- Nov. 09, 2005 UMC Brings Comprehensive Reference Design Flow to 90nm SoC Designers
- Oct. 26, 2005 UMC 3Q 2005 Financial Results

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

## First Quarter of 2006 Outlook & Guidance

---

### Quarter-over-quarter Guidance:

- Wafer shipments: to decrease by 7% to 8% points
- Wafer ASP in US\$: to decrease by 1% to 2% points
- NT\$ appreciation to impact revenue by 5% points
- Capacity utilization rate: approximately 75%
- Profitability: approximately breakeven at the operating level
- Percentage of 0.18um & below revenues: to be 65% of the revenue while 90nm is expected to be in the mid-teen %
- The consumer segment is expected to be the strongest followed by computer segment and communication segment
- 2006 CAPEX budget: US\$1 billion

## Conference Call / Webcast Announcement

---

**Tuesday, February 14, 2006**

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

Dial-in numbers and Access Codes:

Asia/Europe: +1-617-614-4910

North America: 800-591-6944

Access Code: UMCCall

A live webcast and replay of the 4Q05 results announcement will be available at [www.umc.com](http://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 volume production 90nm, industry-leading 65nm, and mixed signal/RFCMOS. UMC's 10 wafer manufacturing facilities 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

---

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 activities, armed conflicts 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 amended Annual Report on Form 20-F/A for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission on February 13, 2006.

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 33 to the financial statements on Form 20-F/A for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission on February 13, 2006.

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 -**