

UMC

2006 Q1 *Financial Review*

April 26, 2006

NOTE CONCERNING FORWARD-LOOKING 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 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.

Operating Results Summary

Unit: NT M

	2006	2005	2005
	Q1 / Mar	Q4 / Dec	Q1 / Mar
Net Operating Revenues	24,384	27,468	20,286
Net Income	12,286	3,044	1,519
EPS (NTD)	0.67	0.16	0.08
Cash and Cash Equivalents	96,372	96,597	88,699
Total Assets	361,199	326,221	323,465
Total Liabilities	68,866	67,938	56,576
Stockholders' Equity	292,333	258,283	266,889
Wafer Shipment (in thousands- 8" wafer eq.)	754	810	564
Utilization (%)	79%	86%	63%

Income Statement - QoQ

Unit: NT M

	Q1-06	%	Q4-05	%	Change %
Net Operating Revenues	24,384	100.0	27,468	100.0	(11.2)
Gross Profit	3,255	13.3	4,973	18.1	(34.5)
Operating Expenses	(3,170)	(13.0)	(4,045)	(14.7)	(21.6)
Operating Income (Loss)	85	0.3	928	3.4	(90.8)
Net Non-operating Income (Expense)	12,901	52.9	2,116	7.7	509.7
Income Tax Expense	(700)	(2.9)	(0)	(0.0)	397,782.4
Net Income	12,286	50.4	3,044	11.1	303.6
EPS (NTD)	0.67		0.16		
EPADS (USD)	0.103		0.025		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.44 was used to translate NTD to USD.
3. 18,455 million and 18,257 million shares were used in EPS calculation for Q1-06 and Q4-05, respectively.

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Income Statement - YoY: 3 Months

Unit: NT M

	Q1-06	%	Q1-05	%	Change %
Net Operating Revenues	24,384	100.0	20,286	100.0	20.2
Gross Profit	3,255	13.3	3,057	15.1	6.5
Operating Expenses	(3,170)	(13.0)	(2,755)	(13.6)	15.1
Operating Income (Loss)	85	0.3	302	1.5	(71.9)
Net Non-operating Income (Expense)	12,901	52.9	1,217	6.0	960.1
Income Tax Expense	(700)	(2.9)	(0)	(0.0)	721,830.9
Net Income	12,286	50.4	1,519	7.5	708.9
EPS (NTD)	0.67		0.08		
EPADS (USD)	0.103		0.012		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.44 was used to translate NTD to USD.
3. 18,455 million and 18,503 million shares were used in EPS calculation for Q1-06 and Q1-05, respectively.

Investment Income

Unit: NT M

	Q1-06	Q4-05
Investment income accounted for under the equity method	(2)	84
<i>UMCJ</i>	(286)	(425)
<i>UMO</i>	(45)	(44)
<i>Unimicron</i>	234	271
<i>Others</i>	95	282
Impairment loss of long-term investments	-	(100)
Loss on valuation of financial assets	(435)	-
Cumulative effect on accounting change	137	-
Cash dividends	-	158
Total	(300)	142

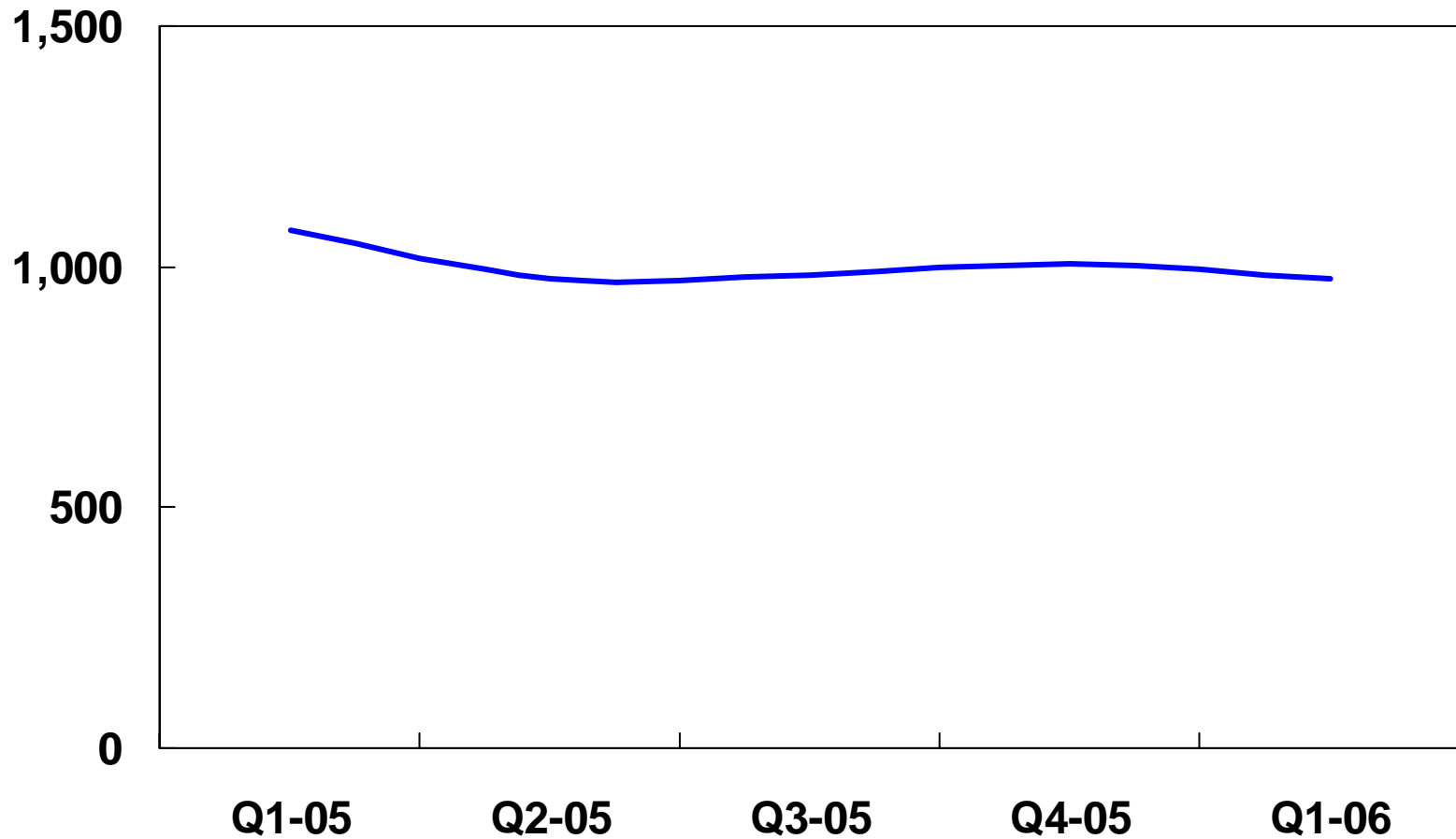
Balance Sheet Highlight - Mar. 31, 2006

Unit: NT M

Cash and Cash Equivalents	96,372
Long-term Investments	81,404
Fixed Assets	142,927
Total Assets	361,199
Current Liabilities	29,556
Long-term Debts	35,676
Stockholders' Equity	292,333
<i>Depreciation Expense (YTD)</i>	<i>11,671</i>

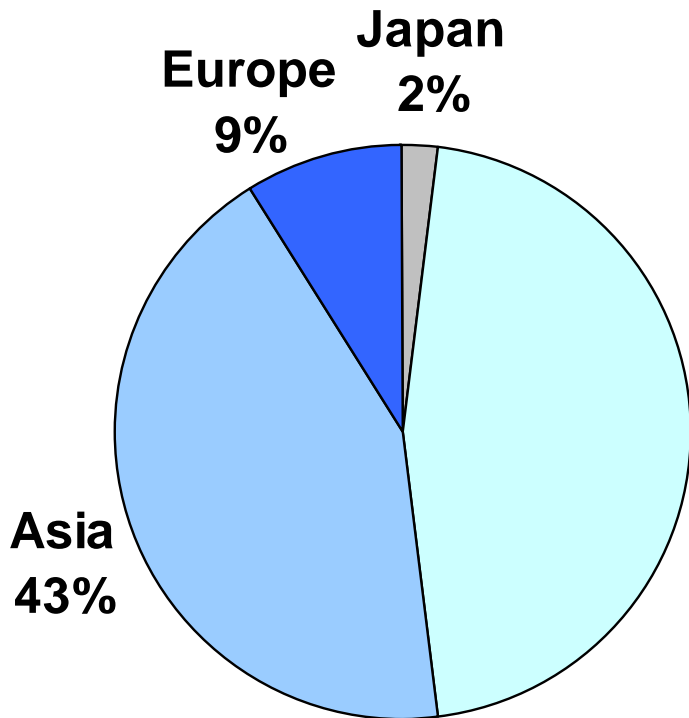
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

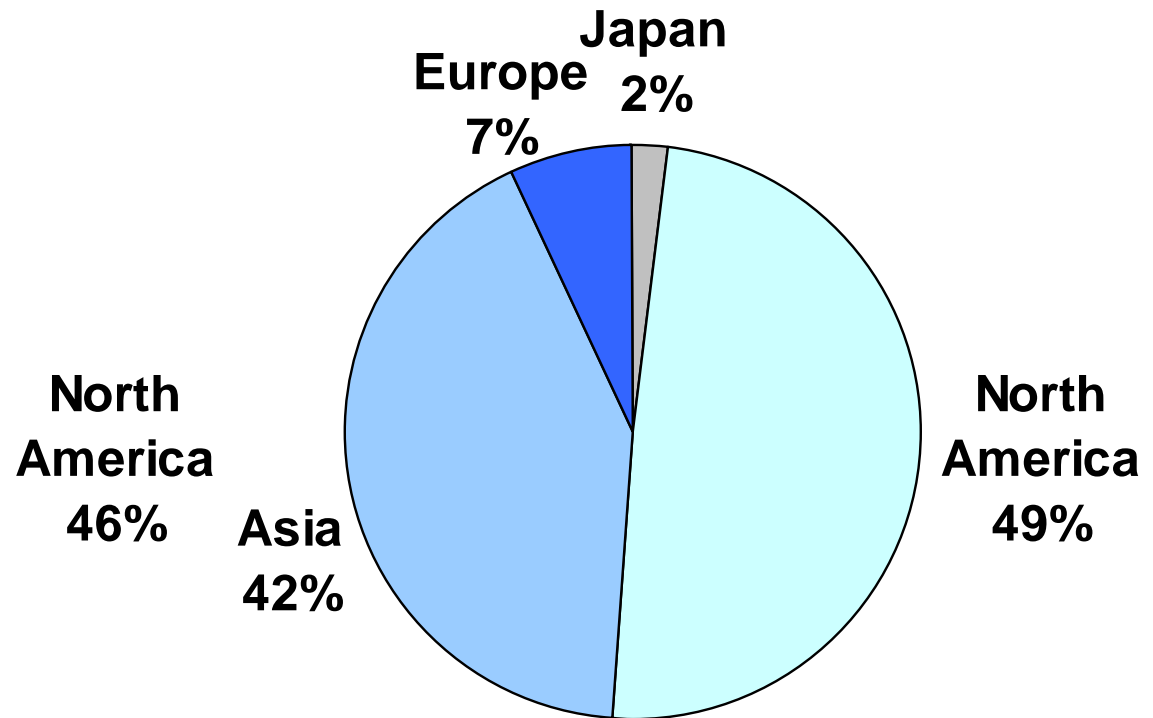


Sales Breakdown by Geography

2006 Q1

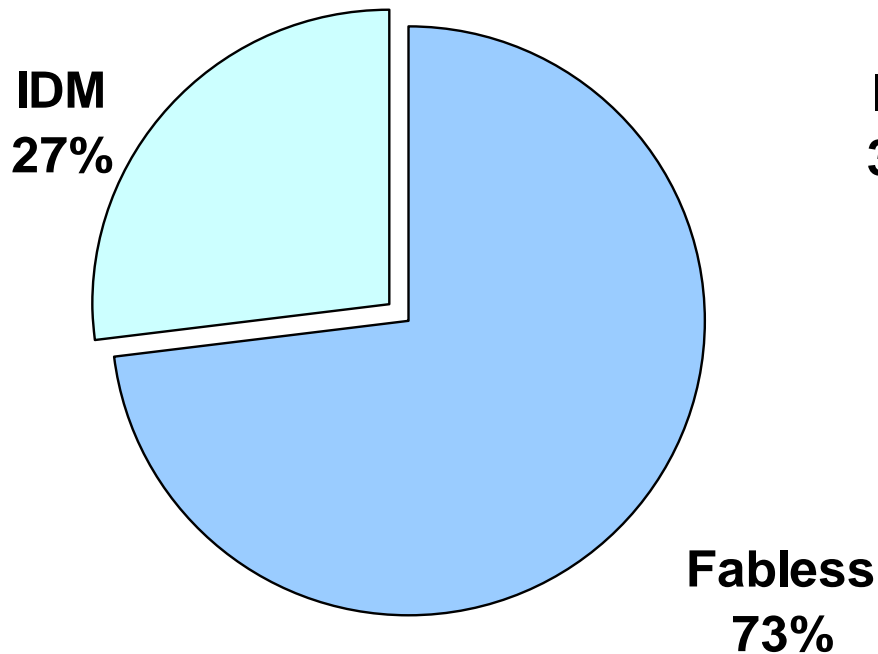


2005 Q4

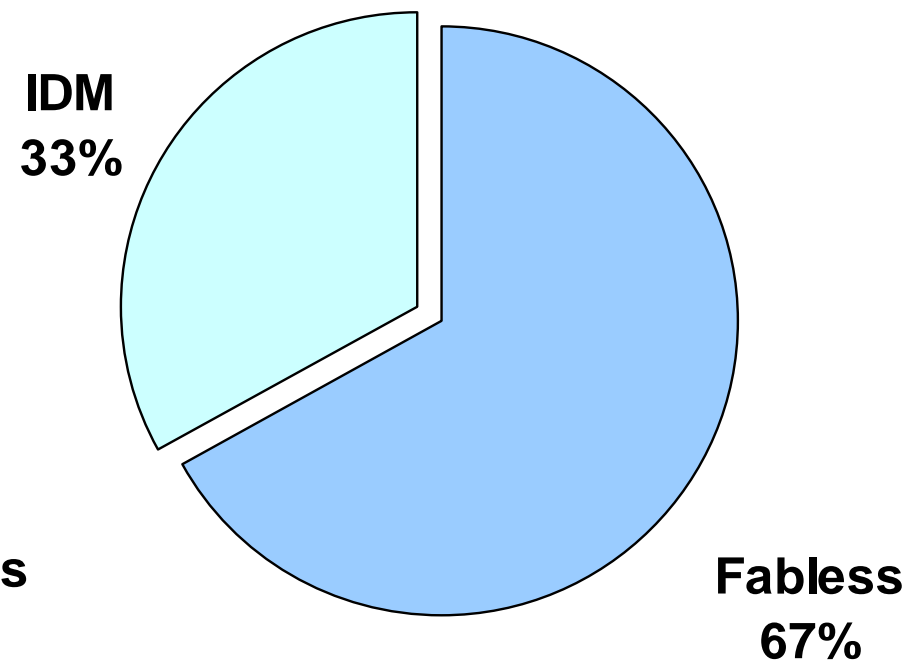


Sales Breakdown by Customer

2006 Q1

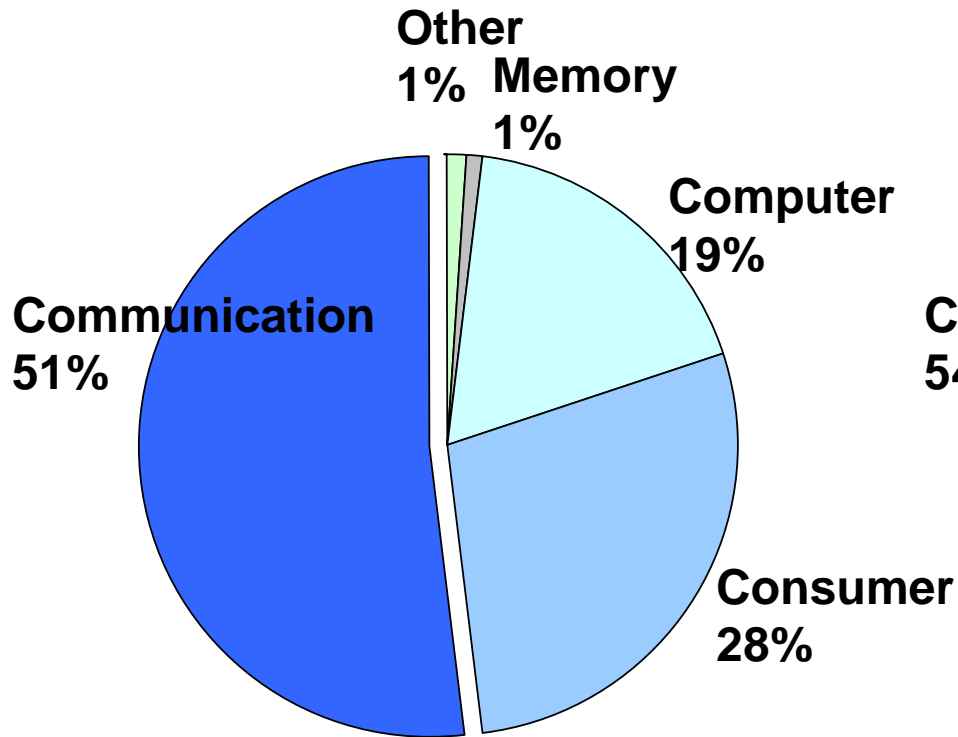


2005 Q4

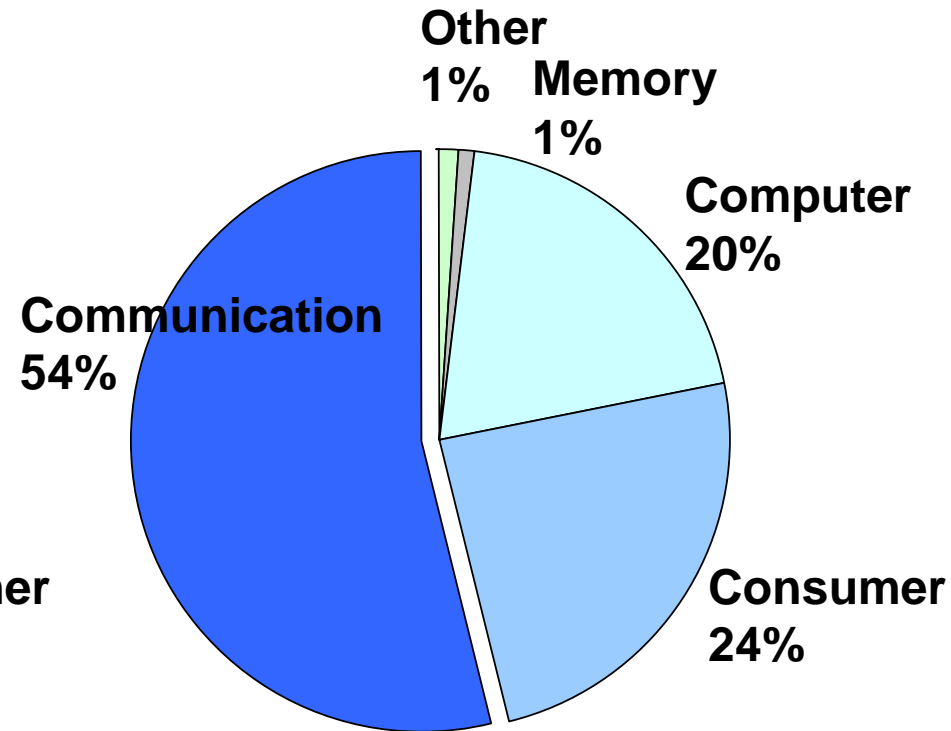


Sales Breakdown by Application

2006 Q1

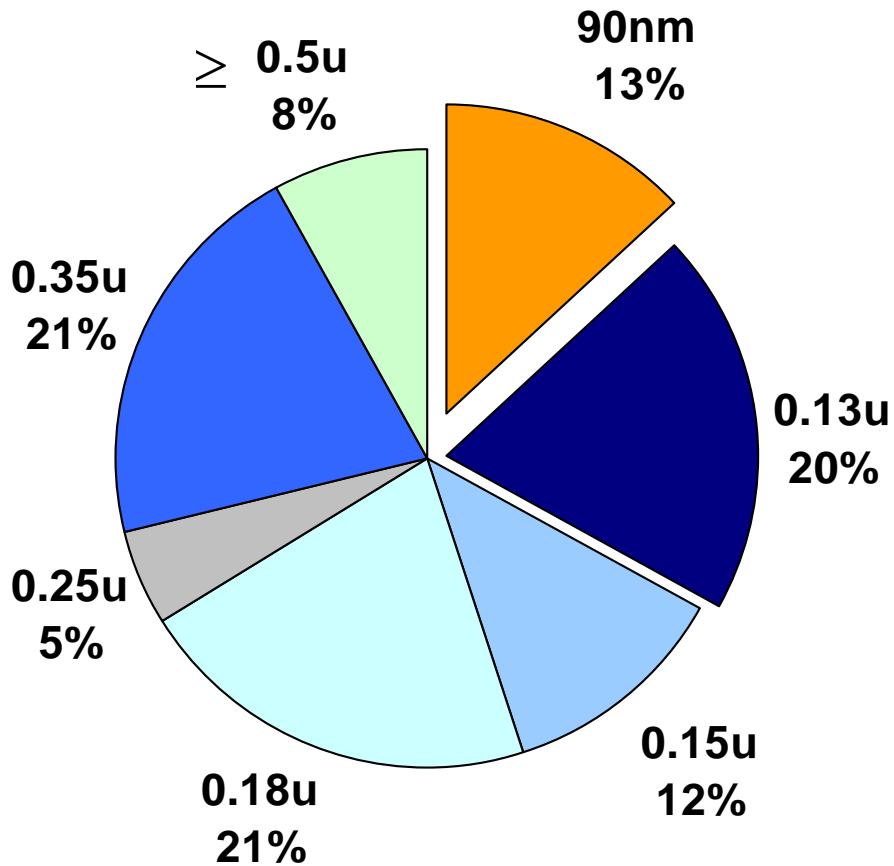


2005 Q4

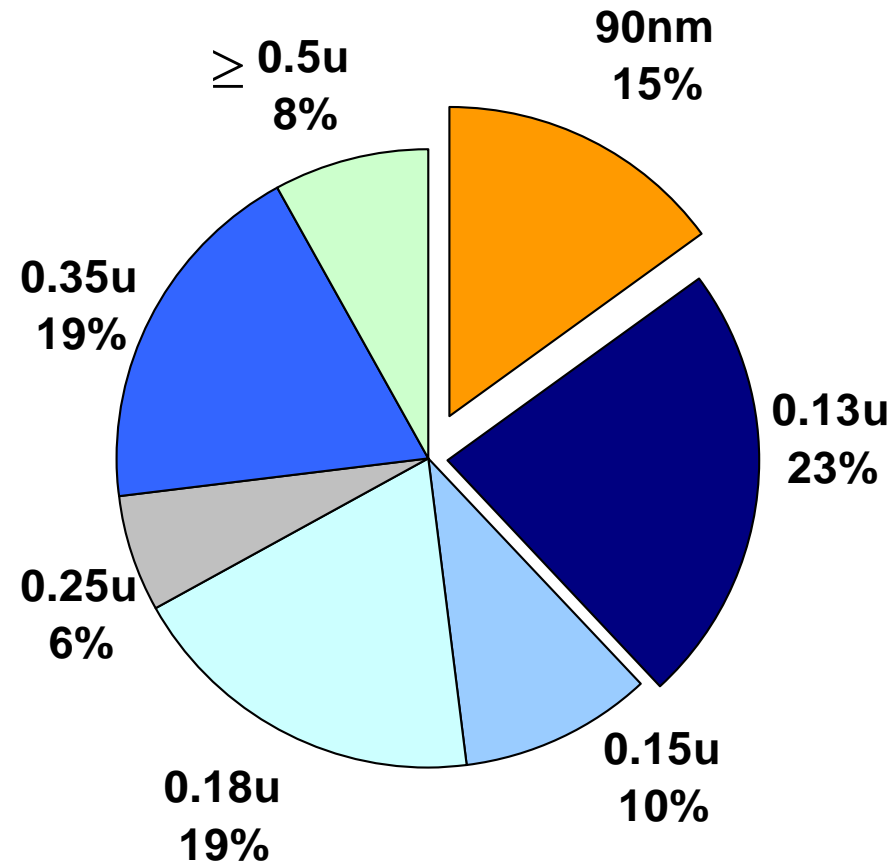


Sales Breakdown by Technology

2006 Q1



2005 Q4



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	3Q05	4Q05	1Q06	2Q06E
Fab 6A	86	86	82	82
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	68	66	63	63
Fab 8E	101	101	101	101
Fab 8F	95	93	93	93
Fab 8S	69	69	69	69
Fab 12A	153	160	178	191
Fab 12i	94	94	95	99
Total	970	973	985	1002

2006 Capital Expenditure Plan

	8" Fab	12" Fab	12" R&D	Total
UMC	3%	83%	14%	1 billion USD

For more information regarding UMC

www.umc.com

For all inquiries, suggestions, and comments

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