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UMC Reports 2006 First Quarter Results:

*Results top forecast;
Growth expected to further accelerate throughout the year*

First Quarter 2006 Overview¹:

- Revenue increased 20.2% YoY from 1Q05 to NT\$24.38 billion (US\$752 million)
 - Operating profit was NT\$85 million (US\$3 million)
 - Net income increased 303.6% sequentially to NT\$12.29 billion (US\$379 million)
 - EPS was NT\$0.67; EPADS was US\$0.103
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Taipei, Taiwan, ROC – April 26, 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 first quarter of 2006.

"Demand in Q1 was very close to our original expectations," said UMC Chairman and CEO, Dr. Jackson Hu. "In fact, it was even slightly better. Our performance in the quarter was at the upper range of our guidance, with revenue reaching NT\$24.4 billion and profitability beating our earlier projections."

Dr. Hu continued, "For Q2, as a whole, we believe that demand will be in line with seasonal norms. Computer sector demand will be relatively weak due to seasonal inventory adjustments. At the same time, we have seen handset demand start to accelerate, which is about one to two months earlier than typical seasonal trends. Our understanding is that demand for entry-level handsets in developing markets such as India, Africa, Indonesia and China will see very high growth this year. Therefore, handset related components should be in strong demand. In particular, our production of 90nm and 0.13um wafers for existing customers as well as new customers that have recently entered volume production will increase significantly. In addition, it is worth noting that we will start volume production for a graphic chip customer during the quarter.

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, 2006, the three-month period ending December 31, 2005, and the equivalent three-month period that ended March 31, 2005. For all 1Q06 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$32.44 to one U.S. dollar.

Therefore, our visibility looking beyond to the 3rd quarter is good, and we are expecting double-digit revenue growth and a large improvement in profitability."

"We are also seeing strong demand for 65nm technologies, and are progressing smoothly in the roll-out of this process. UMC led all foundries with the delivery of its first 65nm customer product back into June 2005. We are currently producing these 65nm chips at Fab 12A in small volume quantities. Furthermore, we are engaging with eight customers and we expect to receive eleven product tape-outs by the end of this summer. We believe UMC's success at 65nm will lead the Company to continued growth in the coming years."

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q06	4Q05	QoQ % change	1Q05	YoY % change
Revenue	24,384	27,468	(11.2)	20,286	20.2
Gross Profit	3,255	4,973	(34.5)	3,057	6.5
Operating Expenses	(3,170)	(4,045)	(21.6)	(2,755)	15.1
Operating Income (Loss)	85	928	(90.8)	302	(71.9)
Non-op. Income (Expenses)	14,090	2,116	565.9	1,217	1057.8
Net Income	12,286	3,044	303.6	1,519	708.8
EPS (NT\$ per share)	0.67	0.16		0.08	
(US\$ per ADS)	0.103	0.025		0.012	

Revenue decreased 11.2% QoQ to NT\$24.38 billion, from NT\$27.47 billion in 4Q05, and increased 20.2% YoY, from NT\$20.29 billion in 1Q05. Gross profit was NT\$3.26 billion, or 13.3% of revenue, compared to NT\$4.97 billion, or 18.1% of 4Q05 revenue. Operating profit for the quarter was NT\$85 million, or 0.3% of revenue, compared to NT\$928 million, or 3.4% of 4Q05 revenue. Lower wafer shipments due to a seasonal order adjustment by several customers was the primary reason for the decrease in profits, and gross and operating margins during the first quarter. Non-operating income was NT\$14.09 billion and net income was NT\$12.29 billion in 1Q06. Both were significantly higher than those of 4Q05, mainly due to the investment disposal gain of Hsun Chieh Investments Corp. in January 2006.

Earnings per ordinary share (EPS) for the quarter were NT\$0.67. Earnings per ADS (EPADS) were US\$0.103. This compares with 4Q05 earnings per ordinary share of NT\$0.16 and earnings per ADS of US\$0.025. One ADS represents five Taiwan listed ordinary shares. The basic weighted average outstanding shares in 1Q06 were 18,454,530,476 shares, compared with 18,257,183,074 shares in 4Q05 and 18,502,837,168 shares in 1Q05. The diluted weighted average outstanding shares were 19,053,224,988 shares in 1Q06, compared with 18,545,963,971 shares in 4Q05 and 18,587,343,391 shares in 1Q05. The increase in the number of basic and diluted weighted average outstanding shares was mainly due to the reclassification of UMC shares held by Hsun Chieh Investments Corp, which were reclassified from treasury stock to outstanding stock after UMC sold 63.5% of Hsun Chieh Investments Corp. on Jan. 27, 2006.

Detailed Financials Section

Depreciation and amortization expenses totaled NT\$12.09 billion in 1Q06, compared to NT\$12.73 billion in 4Q05. Depreciation within COGS was down by 3.7% to NT\$10.57 billion, due to lower depreciation of 8" fabs. Other manufacturing costs within COGS declined to NT\$10.56 billion, which reflected lower costs associated with a decrease in wafer shipments. Total operating expenses decreased by 21.6% to NT\$3.17 billion. G&A expenses decreased to NT\$532 million, largely because of the adoption of revised SFAS No. 25 starting on Jan. 1, 2006. Under the revised rule, goodwill is not amortized. Instead, it has to be tested for impairment at least annually under SFAS No. 35. The total R&D expense was 8.3% of revenue in 1Q06.

Net non-operating income during 1Q06 was NT\$14.09 billion, which did not include the one-off NT\$1.19 billion of cumulative effect on adoption of SFAS No. 34. Gains on the disposal of investments were NT\$14.24 billion. This included gains from the sale of Hsun Chieh Investments Corp. and MediaTek shares amounting to NT\$13.15 billion and NT\$565 million respectively. Net investment losses were NT\$437 million, which included losses on valuation of financial assets under newly enacted SFAS No.34 and a NT\$286 million loss from UMCJ in 1Q06.

COGS & Expenses					
(Amount: NT\$ million)	1Q06	4Q05	QoQ % change	1Q05	YoY % change
Revenue	24,384	27,468	(11.2)	20,286	20.2
COGS	(21,129)	(22,495)	(6.1)	(17,229)	22.6
Depreciation	(10,566)	(10,969)	(3.7)	(9,385)	12.6
Other Mfg. Costs	(10,563)	(11,526)	(8.4)	(7,844)	34.7
Gross Profit	3,255	4,973	(34.5)	3,057	6.5
Gross Margin (%)	13.3%	18.1%		15.1%	
Total Operating Exp.	(3,170)	(4,045)	(21.6)	(2,755)	15.1
G&A	(532)	(1,050)	(49.3)	(447)	19.0
Sales & Marketing	(612)	(612)	0.0	(521)	17.5
R&D	(2,026)	(2,383)	(15.0)	(1,787)	13.4
Operating Income(Loss)	85	928	(90.8)	302	(71.9)
Operating Margin (%)	0.3%	3.4%		1.5%	

Non-operating Income (Expenses)			
(Amount: NT\$ million)	1Q06	4Q05	1Q05
Net Non-operating Income (Exp.)	14,090	2,116	1,217
Net Interest Income (Expense)	137	38	0
Net Investment Income (Loss)	(437)	142	(1,705)
Gain on Disposal of Investment	14,244	1,523	2,924
Exchange Gain (Loss)	42	40	(172)
Others	104	373	170

The net cash outflow was NT\$225 million in 1Q06. The decrease in operating cash flow mainly reflects lower revenue during the quarter. The financing cash outflow included NT\$14.78 billion in cash outflow for share repurchases. Over the next 12 months, the company expects to repay NT\$10.25 billion in corporate bonds.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Mar. 31, 2006	For the 3-Month Period Ended Dec. 31, 2005
Cash Flow from Operations	12,330	15,507
Net Income	12,286	3,044
Depreciation & Amortization	12,088	12,731
Changes in working capital	717	1,678
Others	(12,761)	(1,946)
Cash Flow from Investing	1,469	1,939
Capital Expenditures	(6,142)	(7,207)
Others	7,611	9,146
Cash Flow from Financing	(14,031)	7,354
Effect of Exchange Rate	7	5
Net Cash Flow	(225)	24,805

Cash and cash equivalents decreased NT\$225 million to NT\$96.37 billion. The decrease in inventory came from the decrease of work-in-process wafers and finished goods. Days sales outstanding² increased slightly to 45 days, and average inventory turnover increased to 43 days.

Current Assets			
(Amount: NT\$ billion)	1Q06	4Q05	1Q05
Cash & Cash Equivalents	96.37	96.60	88.70
Notes & Accounts Receivable	11.80	12.36	9.31
Days Sales Outstanding	45	43	45
Inventory	9.61	9.96	6.91
Avg. Inventory Turnover	43	40	41
Total Current Assets	126.29	128.27	116.47

Total liabilities increased slightly by NT\$0.93 billion to NT\$68.87 billion in 1Q06. UMC's Debt to Equity ratio was 24% at the end of 1Q06.

Liabilities			
(Amount: NT\$ billion)	1Q06	4Q05	1Q05
Total Current Liabilities	29.56	28.30	19.98
Accounts Payable	4.19	4.10	3.77
Short-term Credit / Bonds	10.25	10.25	6.68
Others	15.12	13.95	9.53
Long-term Liabilities	35.68	36.01	33.60
Total Liabilities	68.87	67.94	56.58
Debt to Equity	24%	26%	21%

² 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 Revenue³

Revenue from the North American region accounted for 46% of total revenue in 1Q06, down from 49% in 4Q05, mainly due to seasonally soft demand, particularly from the communication segment.

Revenue Breakdown by Region

Region	1Q06	4Q05	3Q05	2Q05	1Q05
North America	46%	49%	48%	44%	49%
Asia Pacific	43%	42%	43%	45%	38%
Europe	9%	7%	7%	9%	11%
Japan	2%	2%	2%	2%	2%

The percentage of revenue from 90nm and 0.13um business decreased to 33% QoQ from 38% in 4Q05, mainly due to soft demand for communication chips. The percentage of revenue from 0.18um and below was 66% in 1Q06, which was slightly better than the 65% level that was predicted in our original guidance.

Revenue Breakdown by Geometry

Geometry	1Q06	4Q05	3Q05	2Q05	1Q05
90nm	13%	15%	14%	9%	7%
0.13um	20%	23%	18%	14%	20%
0.15um	12%	10%	10%	10%	12%
0.15um<x<=0.18um	21%	19%	19%	20%	20%
0.18um<x<=0.25um	5%	6%	8%	11%	10%
0.25um<x<=0.35um	21%	19%	22%	25%	20%
0.5um and above	8%	8%	9%	11%	11%

The percentage of revenue from Fabless customers increased to 73% in 1Q06 from 67% in 4Q05.

Revenue Breakdown by Customer Type

Customer Type	1Q06	4Q05	3Q05	2Q05	1Q05
Fabless	73%	67%	71%	76%	69%
IDM	27%	33%	29%	24%	31%
System	0%	0%	0%	0%	0%

Revenue from the communication segment decreased to 51% of total revenue in 1Q06 due to a slowdown of orders from both wired and wireless communication customers in 4Q05. The percentage of revenue from the computer segment decreased to 19% due to softness in seasonal demand for PC chipsets and peripheral components.

Revenue Breakdown by Application⁽¹⁾

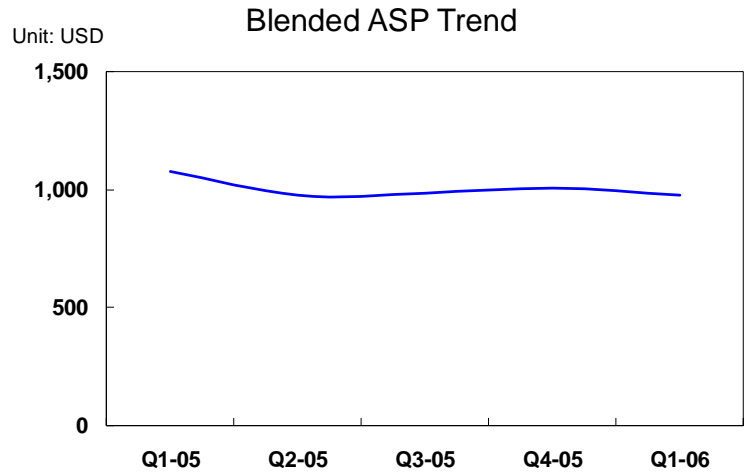
Application	1Q06	4Q05	3Q05	2Q05	1Q05
Computer	19%	20%	19%	20%	24%
Communication	51%	54%	47%	44%	45%
Consumer	28%	24%	32%	32%	26%
Memory	1%	1%	1%	2%	2%
Others	1%	1%	1%	2%	3%

⁽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.

³ Revenue in this section represents net wafer sales.

Blended Average Selling Price Trend

The blended average selling price (ASP) decreased by 2% during 1Q06 due to lower demand for leading-edge process technologies.



Shipment and Utilization Rate⁴

754 thousand 8-inch equivalent wafers were shipped in 1Q06, which was a 6.9% decrease from the 810 thousand 8-inch equivalent wafers that were shipped in the previous quarter, but a 33.7% increase over 1Q05. Overall utilization rate for the quarter was 79%. This utilization rate includes a 5% loss in productivity due to scheduled annual maintenance.

Wafer Shipments

	1Q06	4Q05	3Q05	2Q05	1Q05
Wafer Shipments ('000 8-inch eq.)	754	810	741	630	564

Quarterly Capacity Utilization Rate

	1Q06	4Q05	3Q05	2Q05	1Q05
Utilization Rate	79% ⁽¹⁾	86%	78%	65%	63% ⁽²⁾
Total Capacity ('000 8-inch eq.)	985	973	970	962	950

⁽¹⁾ 1Q06 utilization rate was calculated based on 1Q06 available capacity, which is about 95% of total capacity after factoring in a 5% productivity loss due to annual scheduled maintenance.

⁽²⁾ 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.

⁴ Quarterly utilization rate = Quarterly wafer out / Estimated quarterly capacity

Capacity⁵

Total capacity during 1Q06 was 985 thousand 8-inch equivalent wafers, which was an increase of 12 thousand 8-inch equivalent wafers compared to 4Q05. The increase was mainly due to capacity expansion at Fab 12A. The installed capacity in 2Q06 is expected to be 1,002 thousand 8-inch equivalent wafers. The increase in estimated capacity during 2Q06 is expected to come from additional 12-inch capacity expansion at Fab 12A and Fab 12i.

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

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

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

FAB	2Q06E	1Q06	4Q05	3Q05
Fab 6A	82	82	86	86
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	63	63	66	68
Fab 8E	101	101	101	101
Fab 8F	93	93	93	95
Fab 8S	69	69	69	69
Fab 12A	191	178	160	153
Fab 12i	99	95	94	94
Total⁽³⁾	1,002	985	973	970

⁽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

CAPEX plans for 2006 remain unchanged at US\$1 billion. Approximately 97% of the spending is likely to be for expansion and R&D at our 300mm facilities. Total capital expenditure during 1Q06 was US\$189 million.

UMC Capital Expenditure by Year

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

2006 CAPEX Plan

	8" fab	12" fab	12" R&D	Total
UMC	3%	83%	14%	US\$1 billion

⁽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

- Apr. 25, 2006 Sidense to Deliver OTP Cores in UMC's 90nm and 65nm Process Nodes
- Apr. 19, 2006 UMC Delivers New SONOS Memory to Solid State System Co.
- Apr. 13, 2006 SOCLE's New ARM926EJ-Based SoC Platform Validated on UMC's 90nm Process
- Apr. 11, 2006 Silicon Image to Port HDMI™ Receiver IP Core to UMC's 90nm Process Technology
- Mar. 17, 2006 UMC Board of Directors Announces Proposals for its 2006 Annual General Meeting
 On March 17, 2006, UMC held a meeting of the Board of Directors and Supervisors, at which the Board submitted proposals to be resolved at the Annual General Meeting and approved the 2005 Business Report and Financial Statements. The 2006 AGM will be held on June 12, 2006 at the UMC Recreation Center in Hsinchu Science Park. A brief summary of the proposals is as follows:
- Stock dividend of NT\$895,158,360 (estimated NT\$0.05 per share at par value)
 - Cash dividend of NT\$7,161,266,830 (estimated NT\$0.4 per share)
 - Share issuance from capitalization of capital reserve of NT\$895,158,360 (estimated NT\$0.05 per share at par value)
 - Issuance of employee bonus of 45,845,444 shares and NT\$305,636,290 cash (estimated stock dilution effect of the employee stock bonus issuance is approximately 0.2%.)
- Mar. 01, 2006 UMC's Integrated DFM Solutions Target Today's 90nm SoC Designers
- Feb. 27, 2006 Impinj and UMC Align to Deliver Logic NVM Cores on 0.18um and 0.13um Process Technologies
- Feb. 21, 2006 UMC Fabricates World's Highest Frequency Silicon Circuit Using CMOS - 192-GHz Voltage-Controlled Oscillator
- Feb. 15, 2006 UMC Announces its 10th Share Buy-Back Program
 On Feb. 15, 2006, UMC announced its 10th share buy-back program: to repurchase 1 billion shares, or 5.05% of the total issued shares, from open market and write them off. On Apr. 11, 2006, UMC completed the 1 billion share buy-back program with average buy-back price of NT\$19.65 per share. Those 1 billion shares are in the process of cancellation.
- Feb. 14, 2006 UMC 4Q 2005 Financial Results

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

Second Quarter of 2006 Outlook & Guidance

Quarter-over-quarter Guidance:

- Wafer shipments: to increase by 5-6 % points
- Wafer ASP in US\$: to increase by 2 % points
- Capacity utilization rate: approximately 80%
- Profitability: gross profit margins to be in the high teen % points
- Percentage of 0.18um & below revenues: to be two thirds of the revenue while 90nm is expected to be in the mid-teen %
- The communication segment is expected to be the strongest followed by consumer segment and computer segment
- 2006 CAPEX budget: US\$1 billion

Conference Call / Webcast Announcement

Wednesday, April 26, 2006

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

Dial-in numbers and Access Codes:

Asia/Europe: +1-617-213-8891

North America: 866-270-6057

Access Code: UMCCall

A live webcast and replay of the 1Q06 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 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 -