

# **UMC**

# **2008 Q3 *Financial Review***

**Oct 29, 2008**

**UMC**

Customer-Driven Foundry Solutions

# ***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; possible disruptions in commercial activities caused by natural and human-induced events and disasters, including terrorist activity, armed conflict 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 Annual Report on Form 20-F ("20-F") for the year ended December 31, 2007 filed with the U.S. Securities and Exchange Commission on May 2, 2008.

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, as described in note 35 to the financial statements on 20-F.

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

	2008	2008	2007
	Q3 / Sep	Q2 / Jun	Q3 / Sep
Net Operating Revenues	24,748	25,238	31,028
Net Income (Loss)	(1,413)	2,397	9,233
EPS (NTD)	(0.11)	0.18	0.55
Cash and Cash Equivalents	25,194	25,418	76,787
Total Assets	224,523	243,218	351,696
Total Liabilities	25,853	36,480	105,047
Stockholders' Equity	198,670	206,738	246,649
Wafer Shipment (in thousands- 8" wafer eq. )	883	875	1,017
Utilization (%)	79%	85%	93%

# Income Statement - QoQ

Unit: NT M

	Q3-08	%	Q2-08	%	Change %
<b>Net Operating Revenues</b>	<b>24,748</b>	<b>100.0</b>	<b>25,238</b>	<b>100.0</b>	<b>(1.9)</b>
<b>Gross Profit</b>	<b>4,368</b>	<b>17.6</b>	<b>5,795</b>	<b>23.0</b>	<b>(24.6)</b>
<b>Operating Expenses</b>	<b>(3,421)</b>	<b>(13.8)</b>	<b>(3,454)</b>	<b>(13.7)</b>	<b>(1.0)</b>
<b>Operating Income</b>	<b>947</b>	<b>3.8</b>	<b>2,341</b>	<b>9.3</b>	<b>(59.5)</b>
<b>Net Non-operating Income (Expense)</b>	<b>(2,105)</b>	<b>(8.5)</b>	<b>120</b>	<b>0.5</b>	<b>-</b>
<b>Income Tax Expense</b>	<b>(255)</b>	<b>(1.0)</b>	<b>(64)</b>	<b>(0.3)</b>	<b>298.4</b>
<b>Net Income (Loss)</b>	<b>(1,413)</b>	<b>(5.7)</b>	<b>2,397</b>	<b>9.5</b>	<b>-</b>
<b>EPS (NTD)</b>	<b>(0.11)</b>		<b>0.18</b>		
<b>EPADS (USD)</b>	<b>(0.017)</b>		<b>0.028</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.22 was used to translate NTD to USD.
3. 13,130 million and 13,172 million shares were used in EPS calculation for Q3-08 and Q2-08 , respectively.

# Income Statement - YoY: 9 Months

Unit: NT M

	2008 Jan~Sep	%	2007 Jan~Sep	%	Change %
<b>Net Operating Revenues</b>	<b>73,989</b>	100.0	<b>79,150</b>	100.0	(6.5)
<b>Gross Profit</b>	<b>13,739</b>	18.6	<b>16,857</b>	21.3	(18.5)
<b>Operating Expenses</b>	<b>(10,261)</b>	(13.9)	<b>(11,378)</b>	(14.4)	(9.8)
<b>Operating Income</b>	<b>3,478</b>	4.7	<b>5,479</b>	6.9	(36.5)
<b>Net Non-operating Income (Expense)</b>	<b>(1,914)</b>	(2.6)	<b>11,665</b>	14.7	-
<b>Income Tax Expense</b>	<b>(374)</b>	(0.5)	<b>(1,541)</b>	(1.9)	(75.7)
<b>Net Income</b>	<b>1,190</b>	1.6	<b>15,603</b>	19.7	(92.4)
<b>EPS (NTD)</b>	<b>0.09</b>		<b>0.89</b>		
<b>EPADS (USD)</b>	<b>0.014</b>		<b>0.138</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.22 was used to translate NTD to USD.
3. 13,158 million and 17,619 million shares were used in EPS calculation for 9 months ended September 30, 2008 and for 9 months ended September 30, 2007, respectively.

# Investment Income

Unit: NT M

	Q3-08	Q2-08
Investment gain accounted for under the equity method	37	232
Impairment loss	(3,222)	(76)
Loss on valuation of financial assets	(1,348)	(771)
Cash dividends	1,673	40
Total	(2,860)	(575)

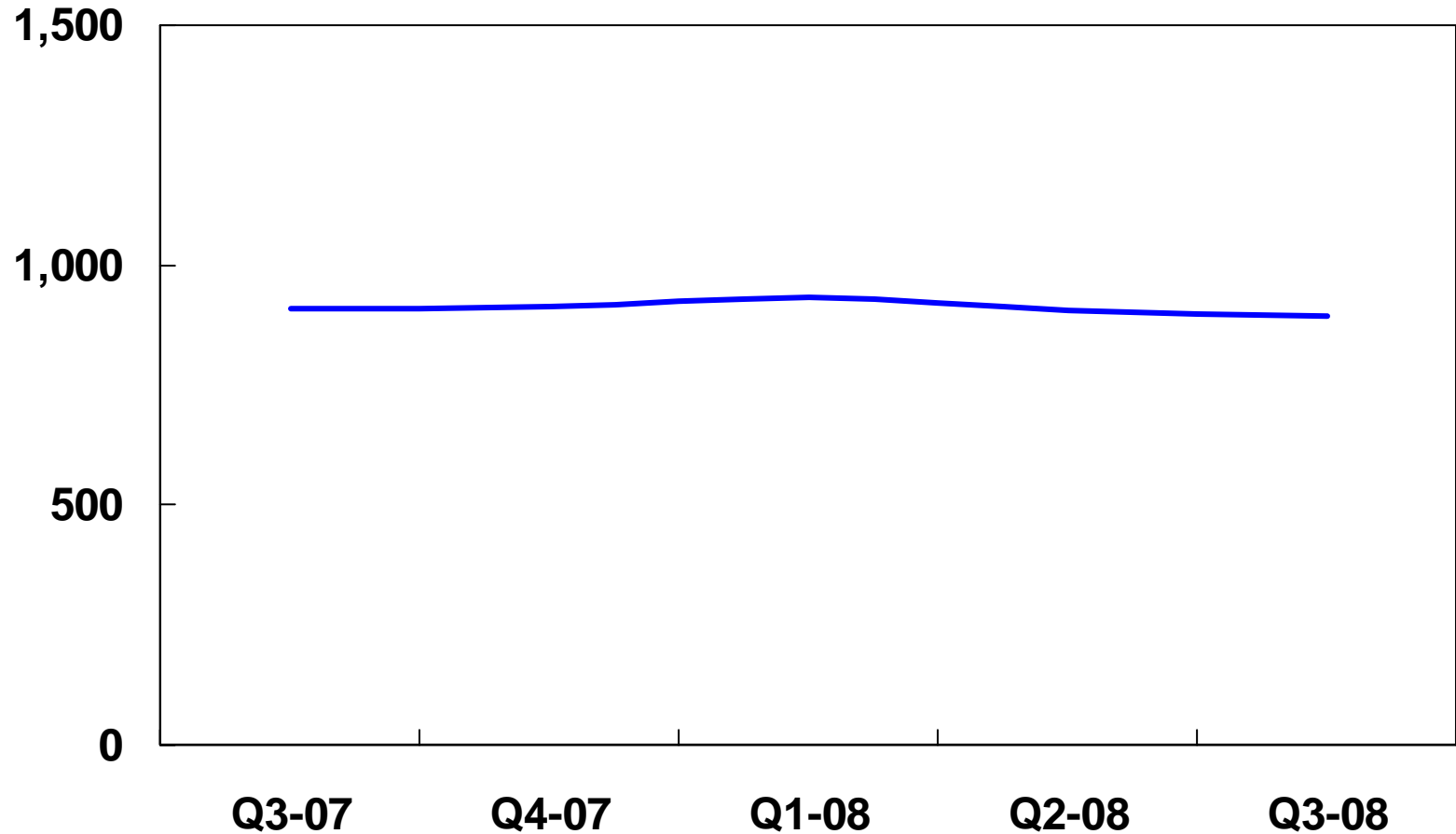
## ***Balance Sheet Highlight - Sep. 30, 2008***

**Unit: NT M**

<b>Cash and Cash Equivalents</b>	<b>25,194</b>
<b>Funds and Investments</b>	<b>52,061</b>
<b>Fixed Assets</b>	<b>107,171</b>
<b>Total Assets</b>	<b>224,523</b>
<b>Current Liabilities</b>	<b>14,636</b>
<b>Bonds Payable</b>	<b>7,496</b>
<b>Stockholders' Equity</b>	<b>198,670</b>
<b><i>Depreciation Expense (YTD)</i></b>	<b><i>27,326</i></b>

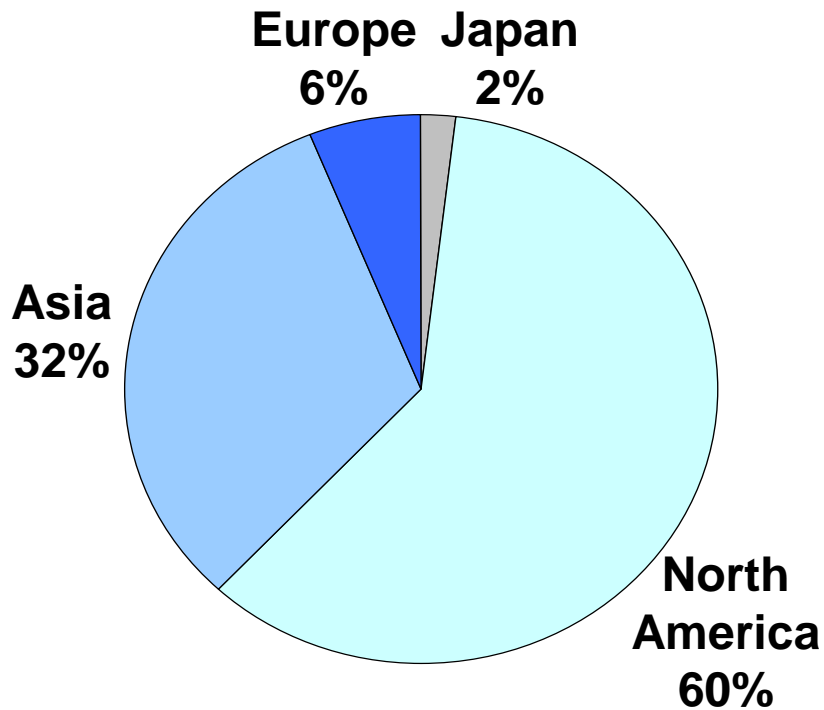
# Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

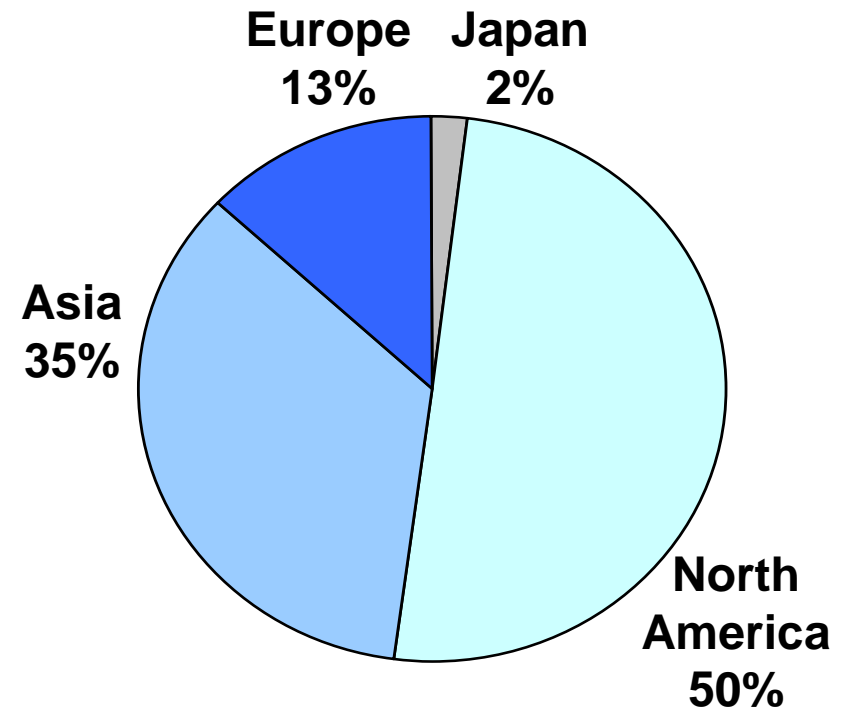


# Sales Breakdown by Geography

## 2008 Q3

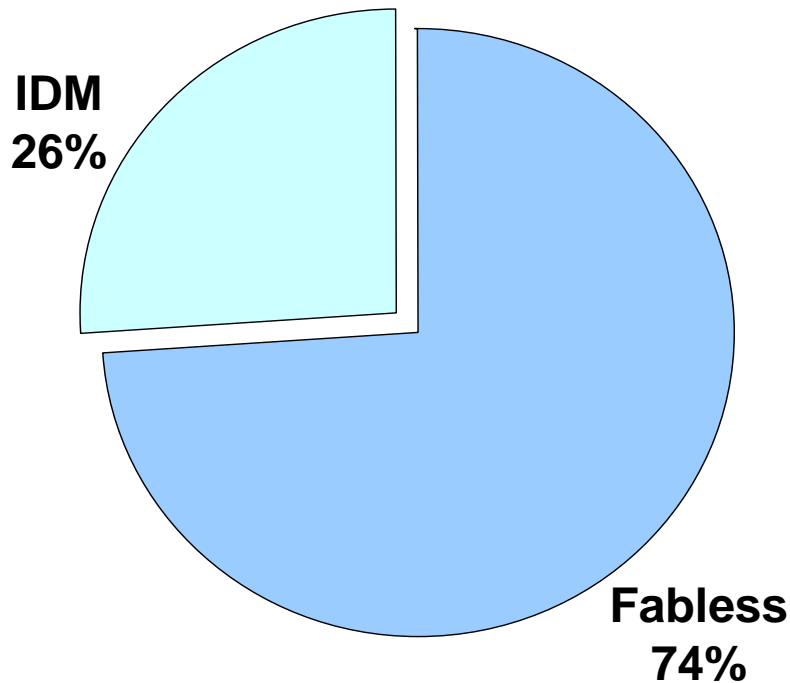


## 2008 Q2

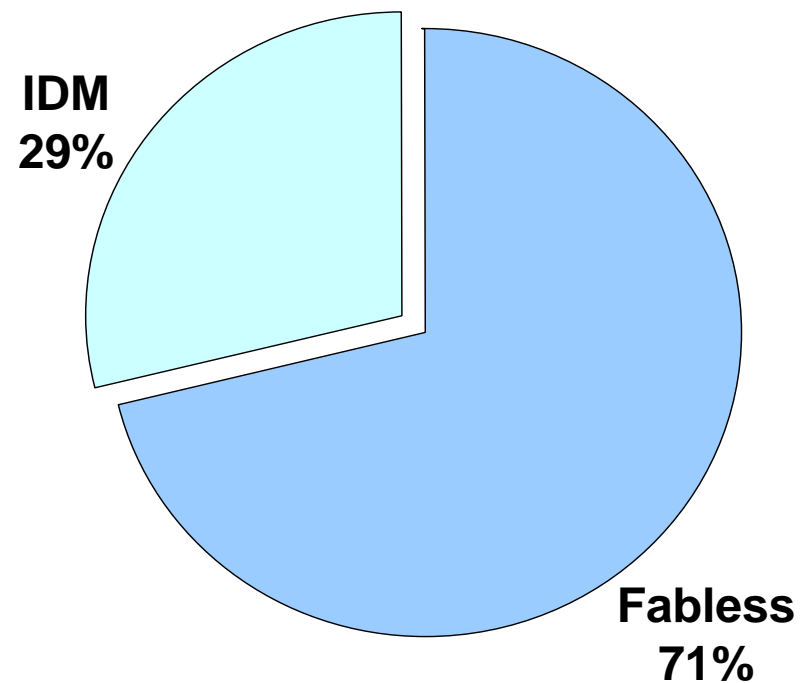


# Sales Breakdown by Customer

2008 Q3

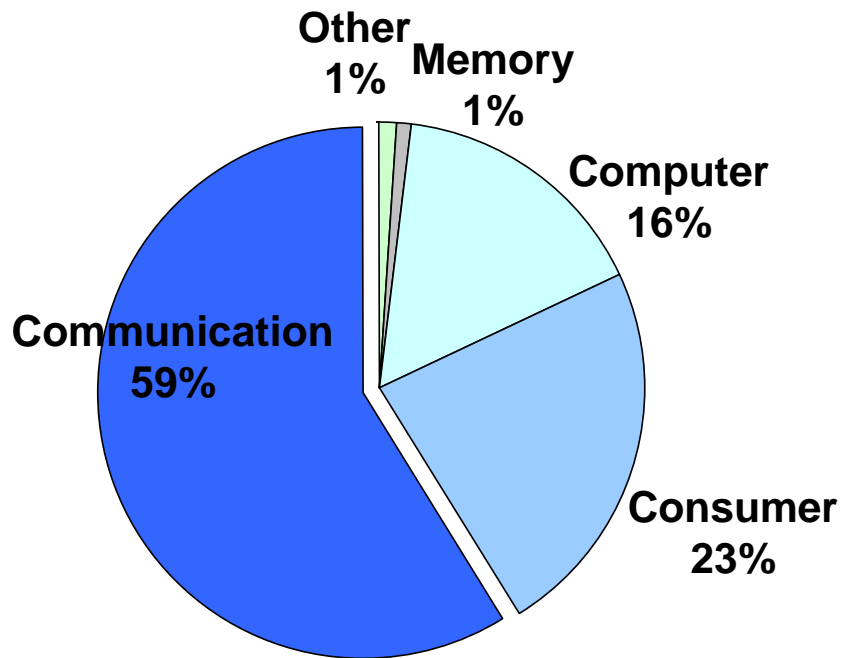


2008 Q2

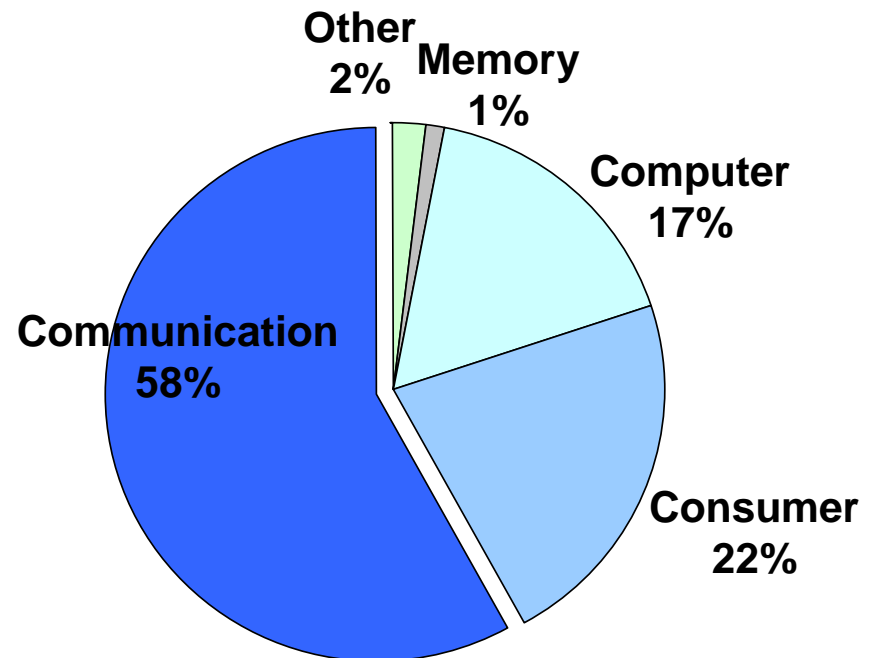


# Sales Breakdown by Application

2008 Q3

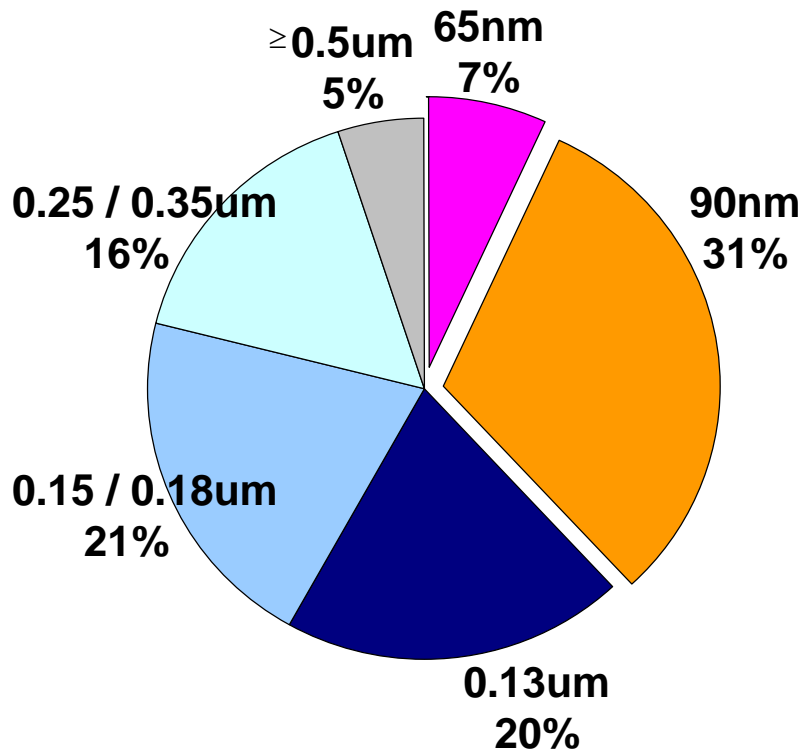


2008 Q2

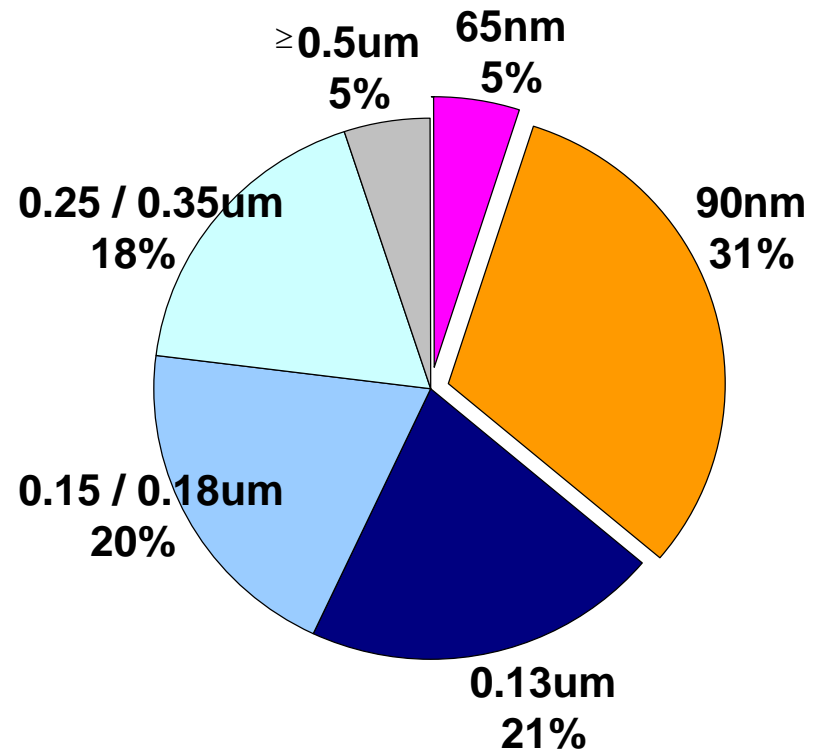


# Sales Breakdown by Technology

## 2008 Q3



## 2008 Q2



# Quarterly Capacity

unit: in thousands (8" wafer eq.)

<b>FAB</b>	<b>1Q08</b>	<b>2Q08</b>	<b>3Q08</b>	<b>4Q08E</b>
<b>Fab 6A</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Fab 8AB</b>	<b>204</b>	<b>204</b>	<b>204</b>	<b>204</b>
<b>Fab 8C</b>	<b>100</b>	<b>101</b>	<b>108</b>	<b>108</b>
<b>Fab 8D</b>	<b>65</b>	<b>66</b>	<b>63</b>	<b>63</b>
<b>Fab 8E</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>
<b>Fab 8F</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>
<b>Fab 8S</b>	<b>69</b>	<b>72</b>	<b>75</b>	<b>75</b>
<b>Fab 12A</b>	<b>216</b>	<b>218</b>	<b>220</b>	<b>222</b>
<b>Fab 12i</b>	<b>169</b>	<b>169</b>	<b>202</b>	<b>202</b>
<b>Total</b>	<b>1,100</b>	<b>1,107</b>	<b>1,149</b>	<b>1,151</b>

# ***2008 Capital Expenditure Plan***

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	<b>8" Fab</b>	<b>12" Fab</b>	<b>12" R&amp;D</b>		<b>Total</b>
<b>UMC</b>	<b>16%</b>	<b>52%</b>	<b>32%</b>	<b>400-500</b>	<b>million USD</b>

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For more information regarding UMC  
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