

# ***UMC*** ***2008 Q4 Financial Review***

***Feb 10, 2009***

**UMC**

Customer-Driven Foundry Solutions

# **NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This release contains forward-looking statements. These statements constitute “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by use of words such as “strategy,” “expects,” “continues,” “plans,” “anticipates,” “believes,” “will,” “estimates,” “intends,” “projects,” “goals,” “targets” and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

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, but not limited to: (i) our dependence upon the frequent introduction of new services and technologies based on the latest developments in our industry; (ii) the intensely competitive semiconductor, communications, consumer electronics and computer industries and markets; (iii) the risks associated with international global business activities; (iv) our dependence upon key personnel; (v) general economic and political conditions; (vi) possible disruptions in commercial activities caused by natural and human-induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases; (vii) reduced end-user purchases relative to expectations and orders; and (viii) fluctuations in foreign currency exchange rates. Further information regarding these and other risks is included in UMC’s filings with the U.S. Securities and Exchange Commission, including its annual report on Form 20-F.

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.

The forward-looking statements in this release reflect the current belief of UMC as of the date of this release, and UMC does not undertake any obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under applicable law.

# Operating Results Summary

Unit: NT M

	2008	2008	2007
	Q4 / Dec	Q3 / Sep	Q4 / Dec
<b>Net Operating Revenues</b>	<b>18,541</b>	<b>24,748</b>	<b>27,621</b>
<b>Net Income (Loss)</b>	<b>(23,510)</b>	<b>(1,413)</b>	<b>1,359</b>
<b>EPS (NTD)</b>	<b>(1.81)</b>	<b>(0.11)</b>	<b>0.14</b>
<b>Cash and Cash Equivalents</b>	<b>36,124</b>	<b>25,194</b>	<b>37,453</b>
<b>Total Assets</b>	<b>207,988</b>	<b>224,523</b>	<b>290,763</b>
<b>Total Liabilities</b>	<b>23,312</b>	<b>25,853</b>	<b>54,296</b>
<b>Stockholders' Equity</b>	<b>184,676</b>	<b>198,670</b>	<b>236,467</b>
<b>Wafer Shipment</b> (in thousands- 8" wafer eq. )	<b>567</b>	<b>883</b>	<b>921</b>
<b>Utilization (%)</b>	<b>48%</b>	<b>79%</b>	<b>86%</b>

# Income Statement - QoQ

Unit: NT M

	Q4-08	%	Q3-08	%	Change %
<b>Net Operating Revenues</b>	<b>18,541</b>	<b>100.0</b>	<b>24,748</b>	<b>100.0</b>	<b>(25.1)</b>
<b>Gross Profit</b>	<b>1,899</b>	<b>10.2</b>	<b>4,368</b>	<b>17.6</b>	<b>(56.5)</b>
<b>Operating Expenses</b>	<b>(3,073)</b>	<b>(16.5)</b>	<b>(3,421)</b>	<b>(13.8)</b>	<b>(10.2)</b>
<b>Operating Income (Loss)</b>	<b>(1,174)</b>	<b>(6.3)</b>	<b>947</b>	<b>3.8</b>	<b>-</b>
<b>Net Non-operating Income (Expense)</b>	<b>(21,784)</b>	<b>(117.5)</b>	<b>(2,105)</b>	<b>(8.5)</b>	<b>934.9</b>
<b>Income Tax Expense</b>	<b>(552)</b>	<b>(3.0)</b>	<b>(255)</b>	<b>(1.0)</b>	<b>116.5</b>
<b>Net Income (Loss)</b>	<b>(23,510)</b>	<b>(126.8)</b>	<b>(1,413)</b>	<b>(5.7)</b>	<b>1,563.8</b>
<b>EPS (NTD)</b>	<b>(1.81)</b>		<b>(0.11)</b>		
<b>EPADS (USD)</b>	<b>(0.276)</b>		<b>(0.017)</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.77 was used to translate NTD to USD.
3. 12,972 million and 13,130 million shares were used in EPS calculation for Q4-08 and Q3-08, respectively.

# Income Statement - YoY: 12 Months

Unit: NT M

	2008	%	2007	%	Change
	Jan~Dec		Jan~Dec		%
<b>Net Operating Revenues</b>	<b>92,530</b>	100.0	<b>106,771</b>	100.0	(13.3)
<b>Gross Profit</b>	<b>15,638</b>	16.9	<b>22,506</b>	21.1	(30.5)
<b>Operating Expenses</b>	<b>(13,334)</b>	(14.4)	<b>(15,701)</b>	(14.7)	(15.1)
<b>Operating Income</b>	<b>2,304</b>	2.5	<b>6,805</b>	6.4	(66.1)
<b>Net Non-operating Income (Expense)</b>	<b>(23,698)</b>	(25.6)	<b>12,762</b>	11.9	-
<b>Income Tax Expense</b>	<b>(926)</b>	(1.0)	<b>(2,605)</b>	(2.4)	(64.5)
<b>Net Income (Loss)</b>	<b>(22,320)</b>	(24.1)	<b>16,962</b>	15.9	-
<b>EPS (NTD)</b>	<b>(1.70)</b>		<b>1.03</b>		
<b>EPADS (USD)</b>	<b>(0.259)</b>		<b>0.157</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 32.77 was used to translate NTD to USD.
3. 13,111 million and 16,464 million shares were used in EPS calculation for 2008 and 2007, respectively.

# Investment Income

Unit: NT M

	Q4-08	Q3-08
Investment gain (loss) accounted for under the equity method	(12,324)	37
Impairment loss	(2,819)	(3,222)
Loss on valuation of financial assets	(334)	(1,348)
Cash dividends	12	1,673
Total	(15,465)	(2,860)

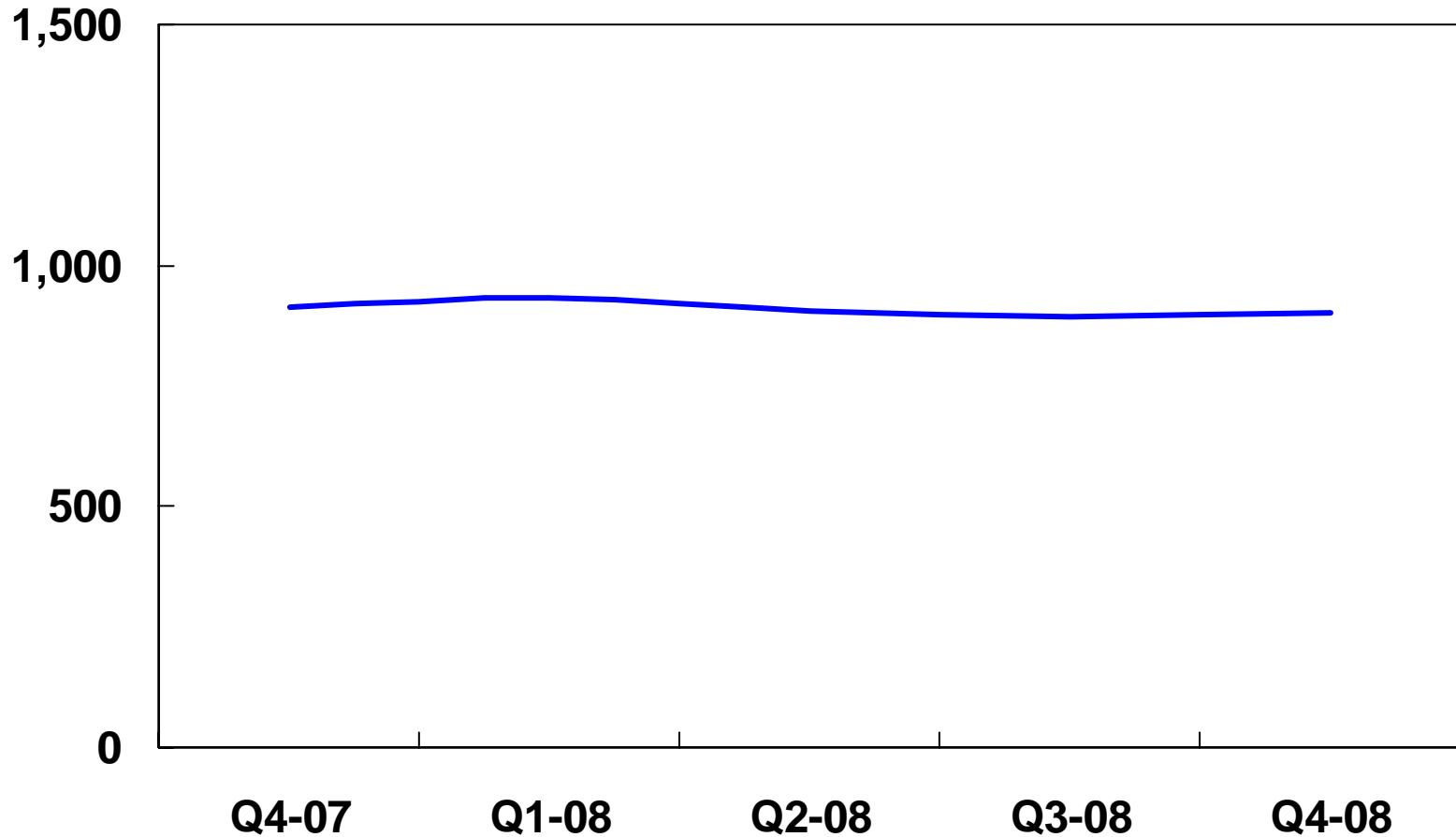
# ***Balance Sheet Highlight - Dec. 31, 2008***

**Unit: NT M**

<b>Cash and Cash Equivalents</b>	<b>36,124</b>
<b>Funds and Investments</b>	<b>46,657</b>
<b>Fixed Assets</b>	<b>100,443</b>
<b>Total Assets</b>	<b>207,988</b>
<b>Current Liabilities</b>	<b>11,429</b>
<b>Bonds Payable</b>	<b>7,497</b>
<b>Stockholders' Equity</b>	<b>184,676</b>
<i>Depreciation Expense (YTD)</i>	<i>36,092</i>

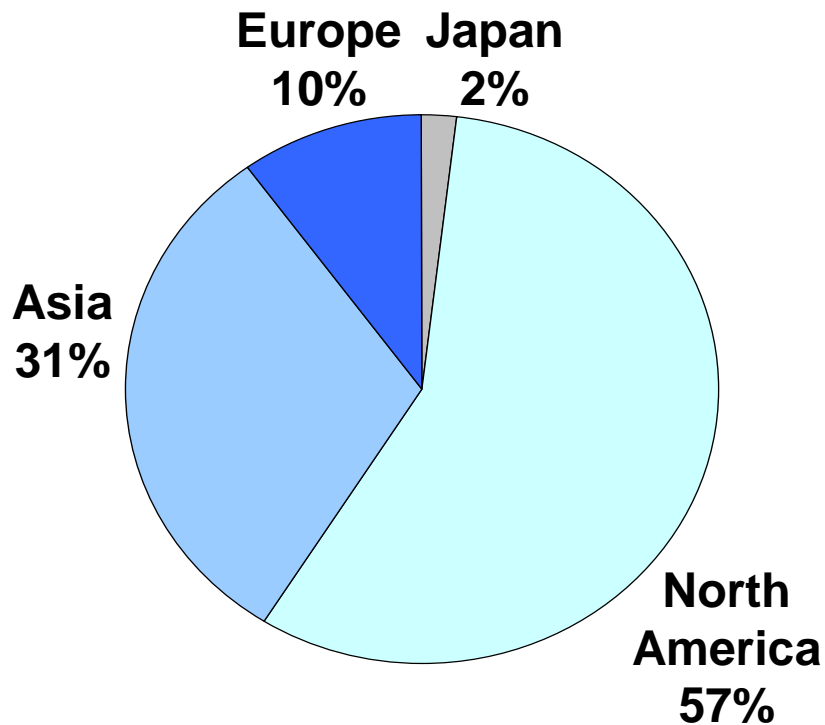
# Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

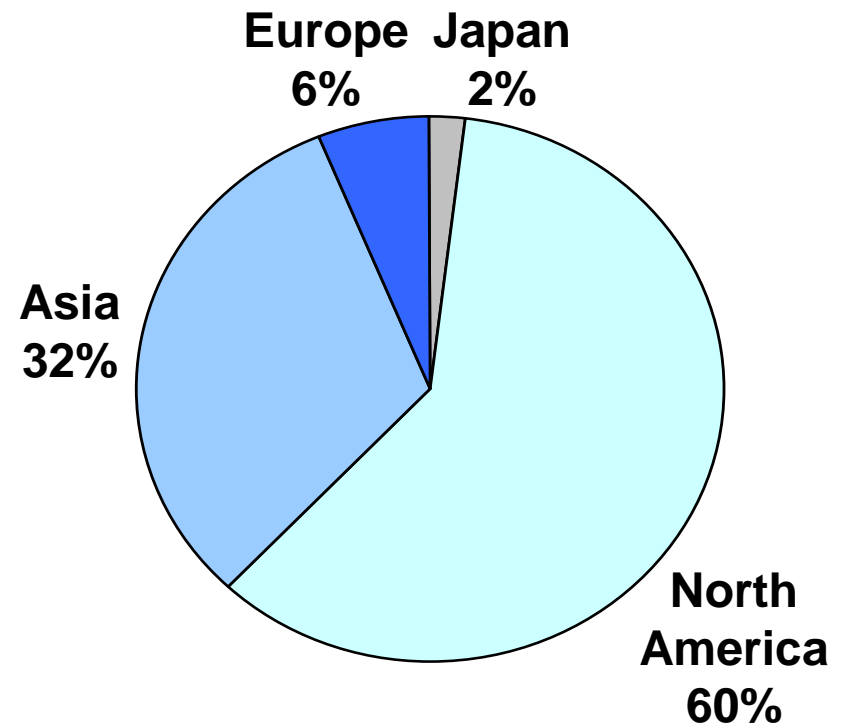


# Sales Breakdown by Geography

## 2008 Q4

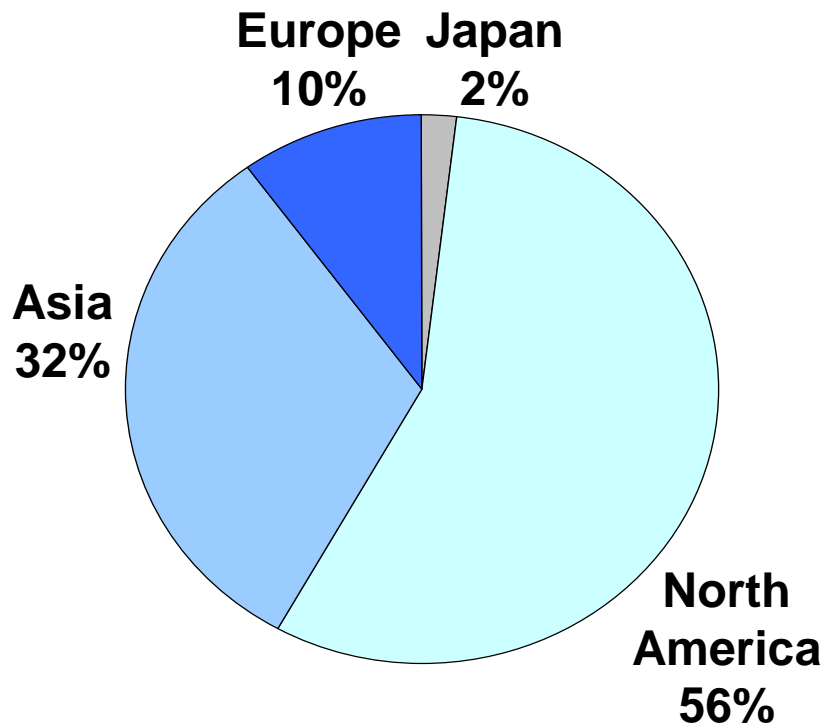


## 2008 Q3

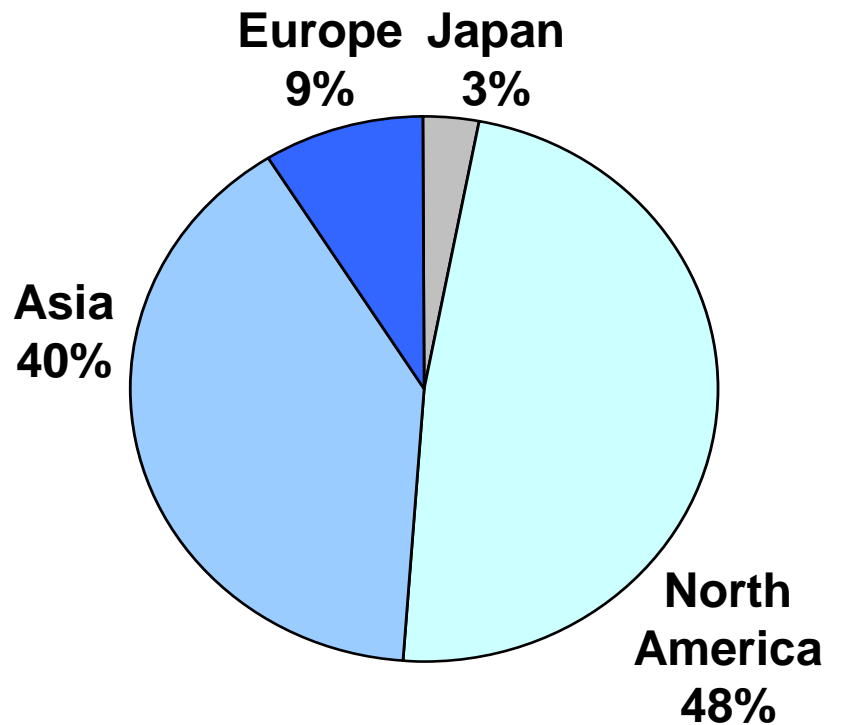


# Sales Breakdown by Geography

**2008**

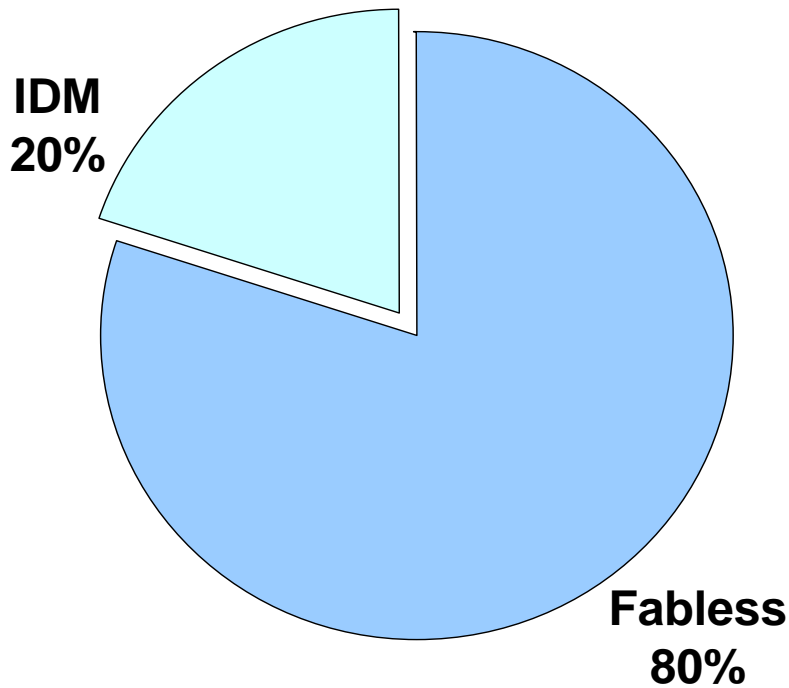


**2007**

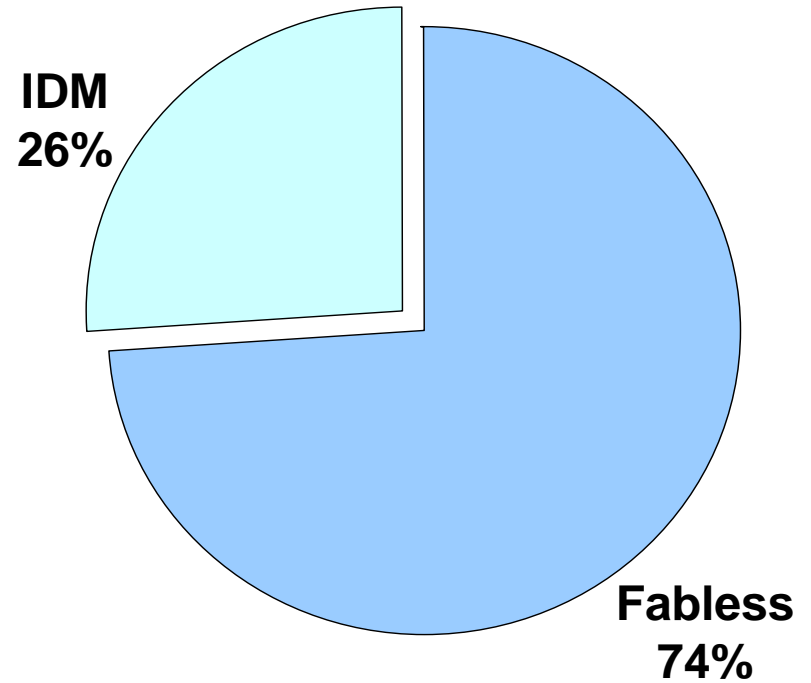


# Sales Breakdown by Customer

2008 Q4

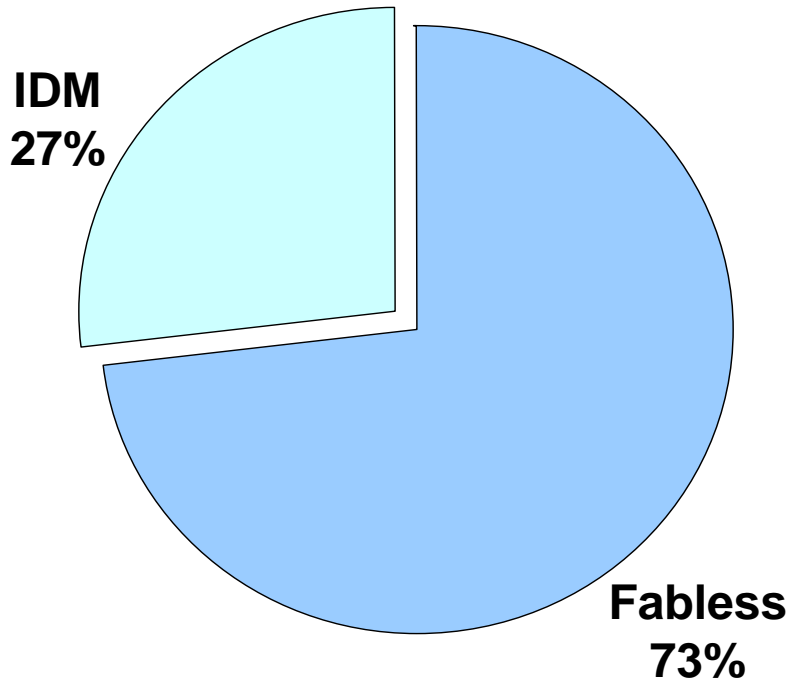


2008 Q3

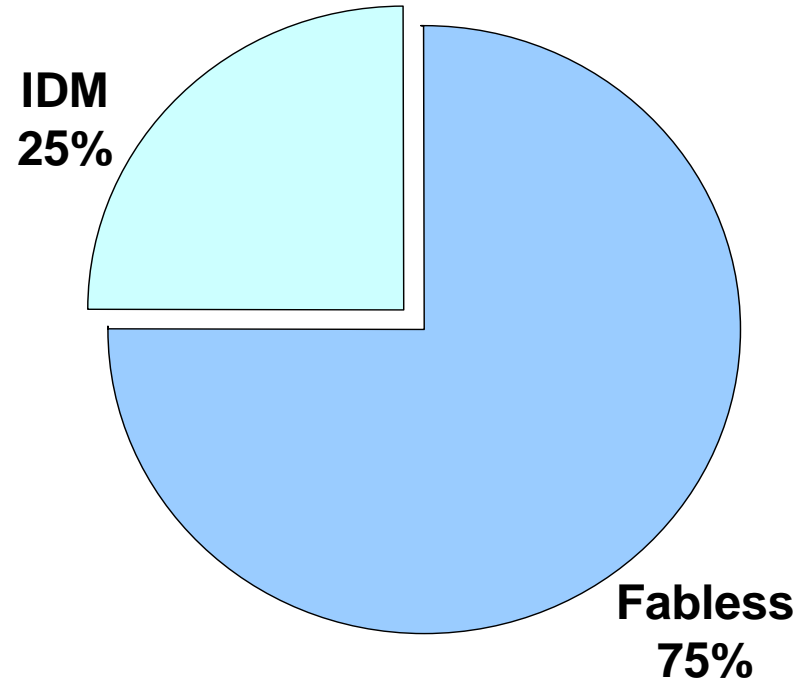


# Sales Breakdown by Customer

**2008**

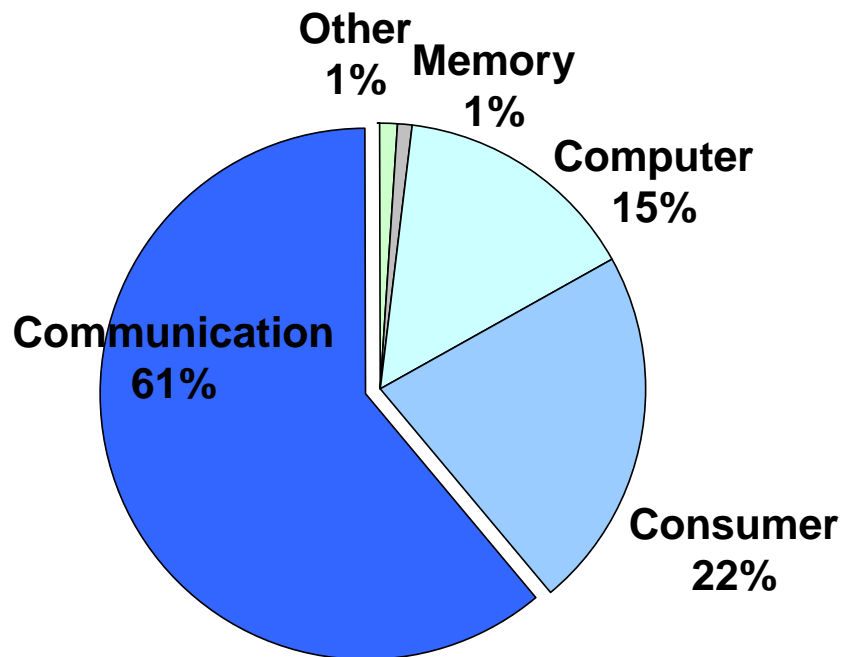


**2007**

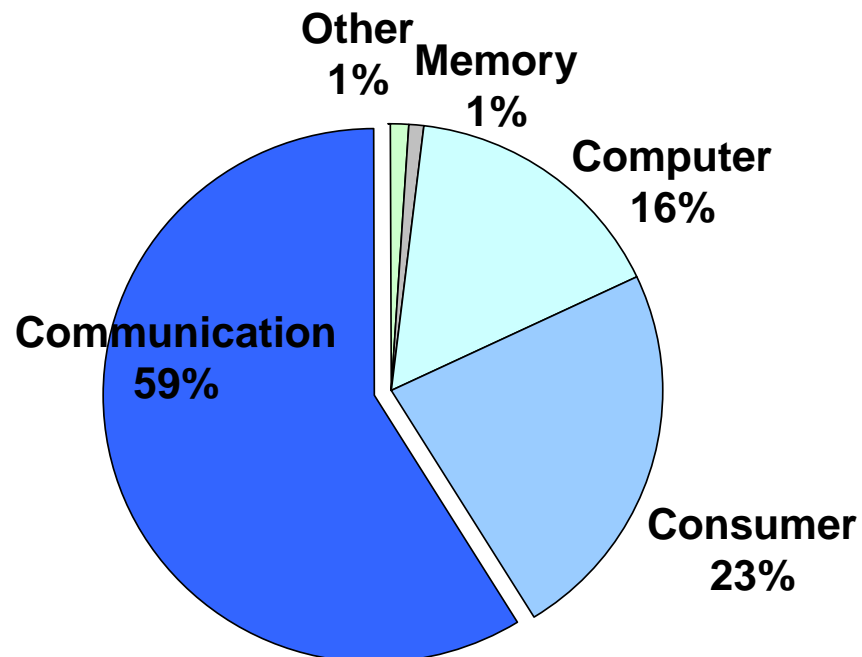


# Sales Breakdown by Application

## 2008 Q4

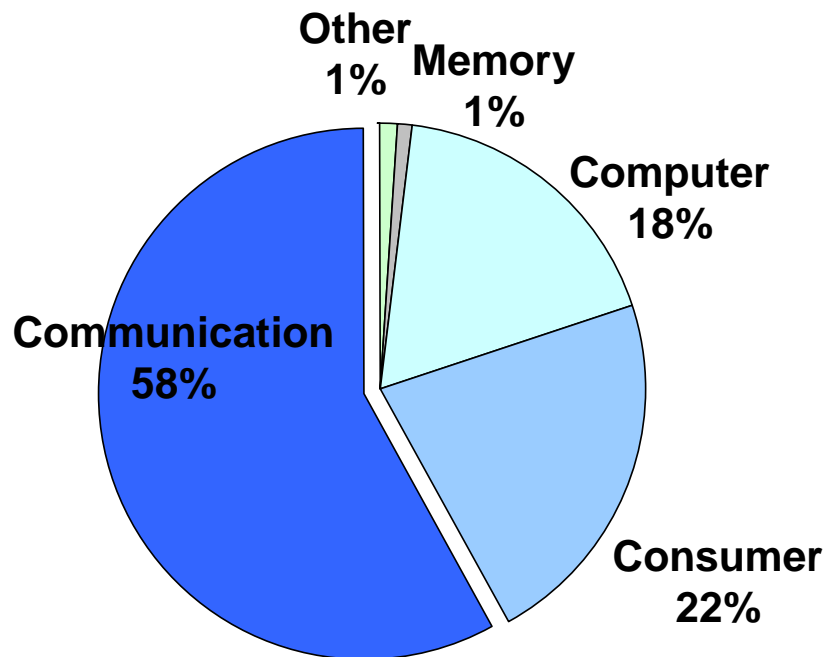


## 2008 Q3

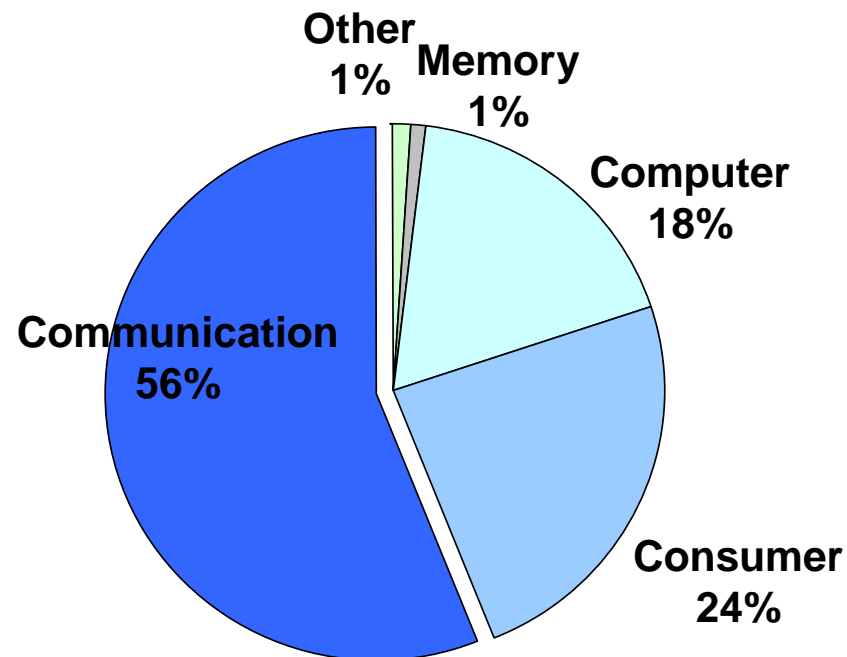


# Sales Breakdown by Application

**2008**

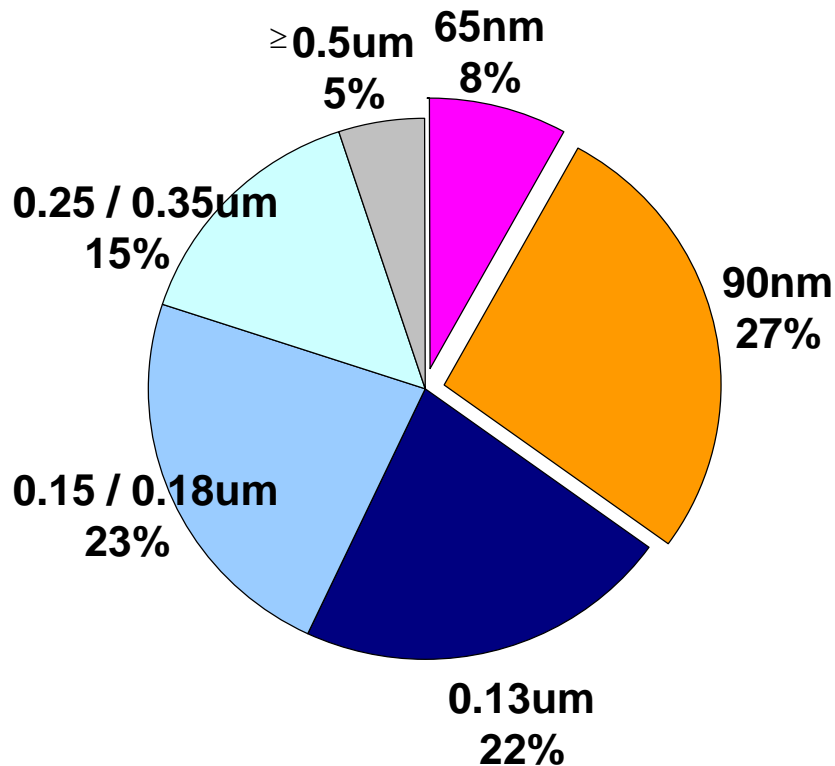


**2007**

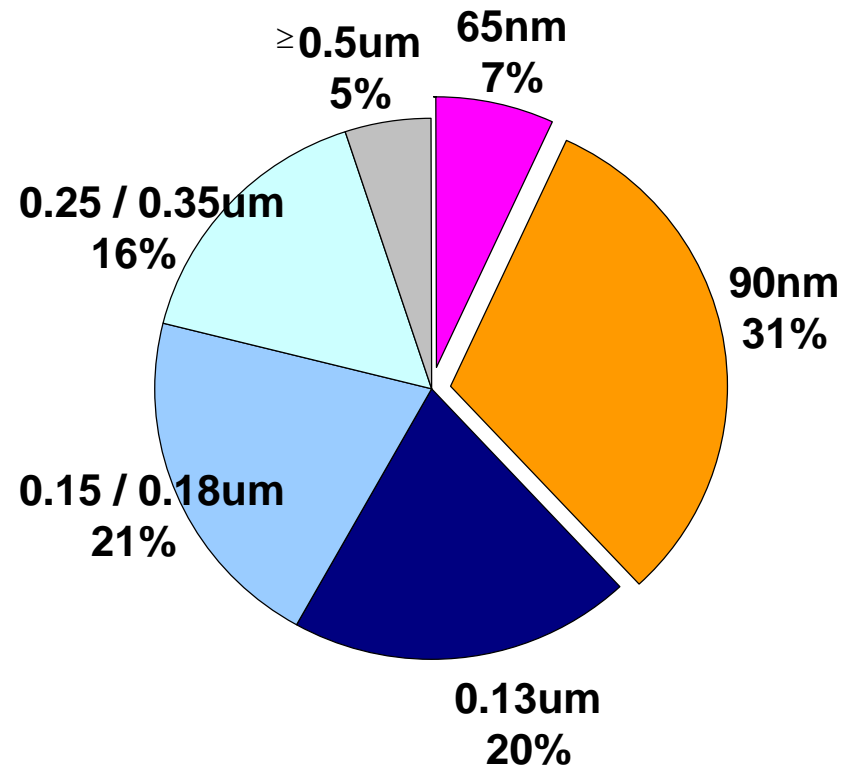


# Sales Breakdown by Technology

## 2008 Q4

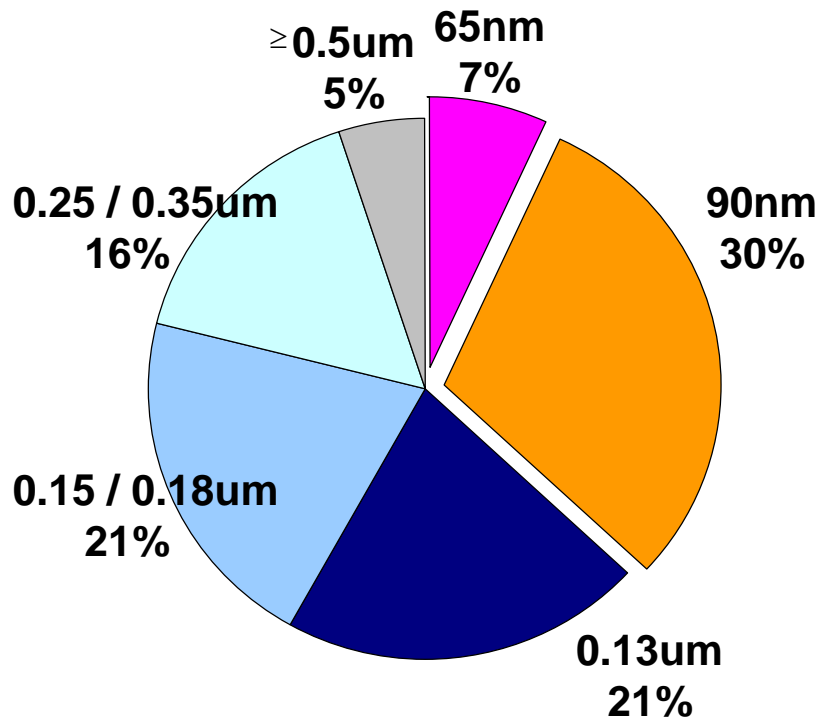


## 2008 Q3

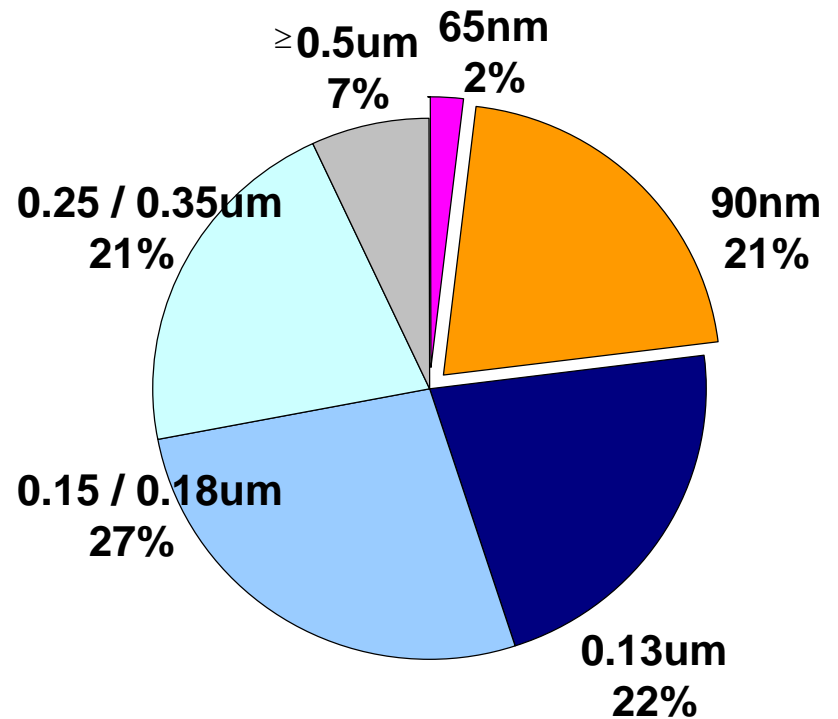


# Sales Breakdown by Technology

**2008**



**2007**



# Quarterly Capacity

unit : in thousands (8" wafer eq.)

<b>FAB</b>	<b>2Q08</b>	<b>3Q08</b>	<b>4Q08</b>	<b>1Q09E</b>
<b>Fab 6A</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>82</b>
<b>Fab 8A</b>	<b>204</b>	<b>204</b>	<b>204</b>	<b>204</b>
<b>Fab 8C</b>	<b>101</b>	<b>108</b>	<b>108</b>	<b>105</b>
<b>Fab 8D</b>	<b>66</b>	<b>63</b>	<b>63</b>	<b>66</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>72</b>	<b>75</b>	<b>75</b>	<b>75</b>
<b>Fab 12A</b>	<b>218</b>	<b>220</b>	<b>222</b>	<b>222</b>
<b>Fab 12i</b>	<b>169</b>	<b>202</b>	<b>202</b>	<b>202</b>
<b>Total</b>	<b>1,107</b>	<b>1,149</b>	<b>1,151</b>	<b>1,151</b>

# *2008 Capital Expenditure*

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	<b>8" Fab</b>	<b>12" Fab</b>	<b>Total</b>
<b>UMC</b>	<b>17%</b>	<b>83%</b>	<b>349 million USD</b>

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# *2009 Capital Expenditure Plan*

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	<b>8" Fab</b>	<b>12" Fab</b>	<b>Total</b>
<b>UMC</b>	<b>7%</b>	<b>93%</b>	<b>Not to exceed 400 million USD</b>

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For more information regarding UMC  
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For all inquiries, suggestions, and comments  
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