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## UMC Reports 2010 First Quarter Results:

*UMC experiences robust customer demand while optimizing product mix to boost ROE*

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**First Quarter 2010 Overview<sup>1</sup>:**

- Revenue decreased 3.7% QoQ to NT\$26.72 billion (US\$842 million)
  - Gross margin of 24.6%, operating margin of 12.7%
  - Utilization rate was 88%
  - Net income of NT\$3.48 billion (US\$110 million)
  - Earnings per share of NT\$0.28, earnings per ADS of US\$0.044
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**Taipei, Taiwan, ROC – April 28, 2010 – 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 2010.

Revenue decreased 3.7% QoQ to NT\$26.72 billion, from NT\$27.75 billion in 4Q09, but increased 147% YoY, from NT\$10.84 billion in 1Q09. Gross margin was 24.6%, operating margin was 12.7%, net income was NT\$3.48 billion, and earnings per ordinary share were NT\$0.28.

Dr. Shih-Wei Sun, CEO of UMC, said, “Shipment volume for the first quarter of 2010 achieved a record high of 1,033 thousand 8-inch equivalent wafers, and capacity utilization rose to 88%. We continued to experience robust demand, with average selling price falling slightly compared to the previous quarter only because we focused more on supporting our customers’ short-term product mix to strengthen our long-term partnerships. At the same time, UMC continued to work with customers to migrate products and technologies in alignment with the high-end process capacity that is slated to become more readily available from the second quarter onwards. As UMC continues to optimize sales, capacity mix, and business composition, we anticipate revenues and profits to continue on an upward trajectory, with the share of revenue contributed by 65nm and below technologies to grow significantly. UMC optimistically anticipates continued

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<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 un-audited, unconsolidated, and represent comparisons among the three-month period ending March 31, 2010, the three-month period ending December 31, 2009, and the equivalent three-month period that ended March 31, 2009. For all 1Q10 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. Dollars at the March 31, 2010 exchange rate of NT\$31.74 per U.S. Dollar.

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growth momentum; meanwhile, we will closely monitor the strength of that momentum within the overall economic context, especially in the second half of the year, to ensure that we respond prudently.”

Dr. Sun continued, “UMC’s internally developed high-performance 40nm logic process has demonstrated steadily higher yields for customers’ products, and our 45nm low-power process has also smoothly ramped up to mass production. Many of our high-performance and low-power 40nm customers have achieved product verification with us, and we will continue to support more customers’ design tape-outs. Our development of 28nm gate-last high-k/metal-gate (HK/MG) technology has been progressing well, with plans to achieve IP pilot capabilities at the end of 2010. Since early this year, we also began to work with customers on planning and initial development of advanced 20nm technology.”

“As technologies advance, UMC will continue to invest CAPEX in augmenting high-end and specialty technology capacities each quarter to serve our customers. Our 65/55nm capacity at Fab12i in Singapore will increase substantially beginning in Q2. At Fab12A in the Tainan Science Park, we plan to pull in the timeframe of Phase 3 readiness, so that cleanroom related facilities and equipment installation will be completed by Q3, with production lines running in Q4. We have fully devoted our efforts to satisfying our customers’ needs and creating win-win scenarios while pursuing long-term ROE growth.”

Dr. Sun emphasized, “Soon to be celebrating our 30<sup>th</sup> anniversary, UMC has always committed itself to investing in Taiwan as its base in establishing a global presence. In preparation for future expansion, we began the Tainan Science Park project to not only invest aggressively in broadening our capacity offerings, but also to establish a new training center devoted to attracting and training the industry’s top talents, further demonstrating our company’s commitment to sustainable growth.”

## Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q10	4Q09	QoQ % change	1Q09	YoY % change
Revenue	26,715	27,746	(3.7)	10,838	146.5
Gross Profit (Loss)	6,559	7,179	(8.6)	(4,335)	-
Operating Expenses	(3,155)	(3,435)	(8.2)	(2,982)	5.8
Operating Income (Loss)	3,404	3,744	(9.1)	(7,317)	-
Non-Operating Income (Expenses)	197	700	(71.9)	(843)	-
Net Income (Loss)	3,482	4,396	(20.8)	(8,160)	-
EPS (NT\$ per share)	0.28	0.35	-	(0.64)	-
(US\$ per ADS)	0.044	0.055	-	(0.101)	-

Revenue decreased 3.7% QoQ to NT\$26.72 billion from NT\$27.75 billion in 4Q09, but increased 146.5% YoY from NT\$10.84 billion in 1Q09. Gross profit was NT\$6.56 billion, or 24.6% of revenue, compared to NT\$7.18 billion, or 25.9% of 4Q09 revenue. Operating income for the quarter was NT\$3.40 billion, or 12.7% of revenue, compared to NT\$3.74 billion, or 13.5% of 4Q09 revenue. The decrease in revenue was mainly due to a decrease in blended ASP and appreciation of the NT dollar. Net income in 1Q10 was NT\$3.48 billion, compared to NT\$4.40 billion in 4Q09.

Earnings per ordinary share for the quarter were NT\$0.28. Earnings per ADS<sup>2</sup> were US\$0.044. The basic weighted average number of outstanding shares in 1Q10 was 12,638,040,544, compared with 12,686,971,252 shares in 4Q09 and 12,767,114,132 shares in 1Q09. The diluted weighted average number of outstanding shares was 12,834,956,316 in 1Q10, compared with 12,802,575,731 shares in 4Q09 and 12,767,114,132 shares in 1Q09. The fully diluted share count on March 31, 2010 was approximately 13,772,950,000. During the first quarter, UMC purchased 300 million treasury shares. On March 31, 2010, UMC held 522 million treasury shares acquired from the 13<sup>th</sup> and 14<sup>th</sup> share buy-back programs.

<sup>2</sup> One ADS represents five Taiwan-listed ordinary shares.

## Detailed Financials Section

Depreciation within CoGS decreased to NT\$6.91 billion. Other manufacturing costs decreased to NT\$13.25 billion. Total operating expenses decreased 8.2% to NT\$3.16 billion. General and Administration expenses decreased to NT\$603 million due to a decrease in accrued bonus. Sales & marketing expenses decreased to NT\$545 million, owing to a decrease in IP royalty fees. R&D expenses decreased to NT\$2.01 billion mainly due to a decrease in accrued bonus as well. The total R&D expense was 7.5% of revenue in 1Q10.

<b>COGS &amp; Expenses</b>					
(Amount: NT\$ million)	1Q10	4Q09	QoQ % change	1Q09	YoY % change
Revenue	26,715	27,746	(3.7)	10,838	146.5
CoGS	(20,156)	(20,567)	(2.0)	(15,173)	32.8
Depreciation	(6,907)	(7,155)	(3.5)	(6,973)	(0.9)
Other Mfg. Costs	(13,249)	(13,412)	(1.2)	(8,200)	61.6
Gross Profit	6,559	7,179	(8.6)	(4,335)	-
Gross Margin (%)	24.6%	25.9%		(40.0%)	
Total Operating Exp.	(3,155)	(3,435)	(8.2)	(2,982)	5.8
G&A	(603)	(644)	(6.4)	(529)	14.0
Sales & Marketing	(545)	(654)	(16.7)	(632)	(13.8)
R&D	(2,007)	(2,137)	(6.1)	(1,821)	10.2
Operating Income	3,404	3,744	(9.1)	(7,317)	-

Net non-operating income during 1Q10 was NT\$197 million. The decrease of NT\$915 million in net investment income was mainly due to a decrease in investment gain from equity method investment.

<b>Non-Operating Income (Expenses)</b>			
(Amount: NT\$ million)	1Q10	4Q09	1Q09
Net Non-Operating Income (Exp.)	197	700	(843)
Net Interest Income (Exp.)	23	22	37
Net Investment Income (Loss)	8	923	(1,079)
Gain on Disposal of Investment	77	162	-
Exchange Gain (Loss)	(30)	(9)	255
Other	119	(398)	(56)

Net cash outflow was NT\$4.26 billion in 1Q10. Operating cash inflow was NT\$12.01 billion. The investing cash outflow primarily reflects the CAPEX in 1Q10 of NT\$10.00 billion. The NT\$4.73 billion of financing cash outflow was primarily from the purchase of treasury stock in the 14<sup>th</sup> share buy-back program. Free cash flow<sup>3</sup> for 1Q10 was NT\$2.01 billion. Over the next 12 months, UMC expects to repay NT\$7.50 billion in term loans.

<b>Cash Flow Summary</b>		
(Amount: NT\$ million)	For the 3-Month Period Ended Mar. 31, 2010	For the 3-Month Period Ended Dec. 31, 2009
Cash Flow from Operating	12,008	13,088
Net Income	3,482	4,396
Depreciation & Amortization	8,081	8,134
Changes in Working Capital	588	859
Other	(143)	(301)
Cash Flow from Investing	(11,555)	(12,076)
Capital Expenditures	(10,000)	(10,193)
Other	(1,555)	(1,883)
Cash Flow from Financing	(4,732)	7,145
Financial Liabilities at Fair Value through Profit or Loss	-	1,341
Long-Term Loans	100	5,279
Redemption of Long-Term Loans	-	(100)
Treasury Stock Sold to Employees	-	623
Treasury Stock Acquired	(4,844)	-
Other	12	2
Effect of Exchange Rate	23	(1)
Net Cash Flow	(4,256)	8,156

Cash and cash equivalents decreased to NT\$48.54 billion due to purchase of treasury shares in 1Q10. During 1Q10, days sales outstanding increased to 57 days due to a decrease in net sales. Inventories increased due to an increase in raw materials and work-in-process as a result of better business outlook.

<b>Current Assets</b>			
(Amount: NT\$ billion)	1Q10	4Q09	1Q09
Cash & Cash Equivalents	48.54	52.79	35.91
Notes & Accounts Receivable	16.95	17.06	6.08
Days Sales Outstanding	57	54	58
Inventories	9.48	8.78	7.05
Avg. Inventory Turnover	42	39	45
Total Current Assets	84.26	88.29	51.50

Current liabilities increased to NT\$34.66 billion, mainly due to an increase in unpaid employee bonus. Total liabilities increased to NT\$38.94 billion in 1Q10. UMC's debt to equity ratio increased to 19%.

<b>Liabilities</b>			
(Amount: NT\$ billion)	1Q10	4Q09	1Q09
Total Current Liabilities	34.66	34.03	10.95
Accounts Payable	5.26	5.05	2.58
Short-Term Credit / Bonds	12.89	12.80	0.00
Payable on Equipment	5.06	5.49	1.33
Other	11.45	10.69	7.04
Long-Term Liabilities	0.80	0.77	8.20
Total Liabilities	38.94	38.29	22.67
Debt to Equity	19%	18%	12%

<sup>3</sup> Free cash flow = Operating cash flow – Capital expenditures

## Analysis of Revenue<sup>4</sup>

The percentage of revenue from the Asia Pacific region increased to 42% due to stronger Driver IC demand, while the percentage of revenue from the Europe regions increased to 10% due to increasing demand for communication chips.

**Revenue Breakdown by Region**

Region	1Q10	4Q09	3Q09	2Q09	1Q09
North America	47%	51%	49%	47%	53%
Asia Pacific	42%	40%	41%	42%	37%
Europe	10%	8%	9%	10%	9%
Japan	1%	1%	1%	1%	1%

Revenue from 65nm and below business accounted for 18% of total revenue. The percentage of revenue from 0.13um business increased to 25%.

**Revenue Breakdown by Geometry**

Geometry	1Q10	4Q09	3Q09	2Q09	1Q09
65nm and below	18%	17%	14%	12%	11%
65nm<x<=90nm	22%	25%	26%	27%	27%
90nm<x<=0.13um	25%	23%	21%	19%	16%
0.13um<x<=0.18um	18%	19%	21%	21%	22%
0.18um<x<=0.35um	11%	11%	13%	16%	18%
0.5um and above	6%	5%	5%	5%	6%

The percentage of revenue from fabless customers increased again to 81% in 1Q10 from 80% in 4Q09.

**Revenue Breakdown by Customer Type**

Customer Type	1Q10	4Q09	3Q09	2Q09	1Q09
Fabless	81%	80%	79%	77%	80%
IDM	19%	20%	21%	23%	20%

Revenue from the computer segment increased to 13% of total revenue in 1Q10 due to rebounding demand for PC peripheral chips and driver ICs.

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

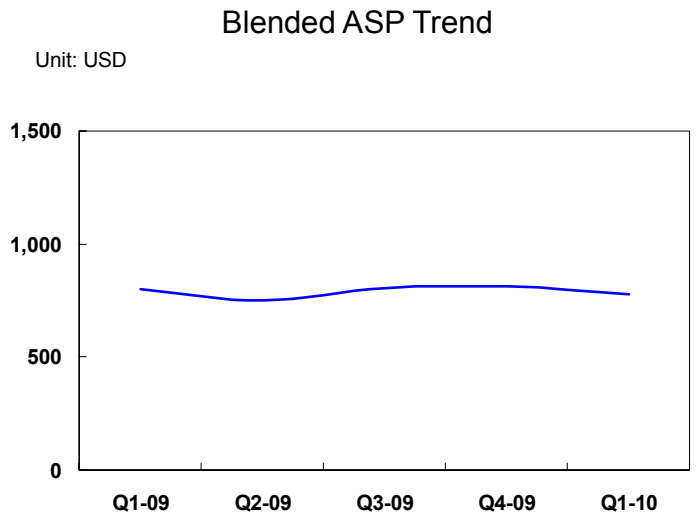
Application	1Q10	4Q09	3Q09	2Q09	1Q09
Computer	13%	11%	17%	15%	15%
Communication	59%	62%	59%	62%	57%
Consumer	26%	25%	23%	21%	25%
Memory	1%	0%	0%	1%	1%
Others	1%	2%	1%	1%	2%

<sup>(1)</sup> **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>4</sup> Revenue in this section represents wafer sales.

**Blended Average Selling Price Trend**

The blended average selling price (ASP) decreased in US dollar terms during 1Q10, mainly due to product mix shift to larger geometry.



**Shipment and Utilization Rate<sup>5</sup>**

Wafer shipments increased 4.3% sequentially to 1,033K in 1Q10, compared to 990K 8-inch equivalent wafers shipped in 4Q09. The overall utilization rate for the quarter was 88%.

**Wafer Shipments**

	1Q10	4Q09	3Q09	2Q09	1Q09
Wafer Shipments (8" K equivalents)	1,033	990	1,017	898	384

**Quarterly Capacity Utilization Rate**

	1Q10	4Q09	3Q09	2Q09	1Q09
Utilization Rate	88%	86%	89%	79%	30%
Total Capacity (8" K equivalents)	1,154	1,132	1,152	1,151	1,151

<sup>5</sup> Utilization Rate = Quarterly Wafer Out / Quarterly Capacity

## Capacity<sup>6</sup>

Capacity during the first quarter was 1,154K 8-inch equivalent wafers. The increase of total capacity is mainly due to expansion of 65nm and 40/45nm capacity in the 12-inch fabs. The estimated installed capacity in 2Q10 will increase to 1,181K 8-inch equivalent wafers due to the continuous expansion plan in Fab12i.

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

FAB	Geometry (um)	2009	2008	2007	2006
Fab6A	6"	328	328	328	328
Fab8A	8"	816	816	816	816
Fab8C	8"	405	417	400	400
Fab8D	8"	267	257	260	252
Fab8E	8"	408	408	408	406
Fab8F	8"	381	372	372	372
Fab8S <sup>(1)</sup>	8"	300	291	276	276
Fab12A	12"	866	876	847	754
Fab12i <sup>(2)</sup>	12"	815	742	601	413
<b>Total<sup>(3)</sup></b>		<b>4,586</b>	<b>4,507</b>	<b>4,308</b>	<b>4,017</b>
<b>YoY Growth Rate</b>		<b>2%</b>	<b>5%</b>	<b>7%</b>	<b>4%</b>

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

FAB	2Q10E	1Q10	4Q09	3Q09
Fab6A	82	82	82	82
Fab8A	204	204	204	204
Fab8C	90	96	99	99
Fab8D	78	71	68	68
Fab8E	102	102	102	102
Fab8F	96	96	96	96
Fab8S	75	75	75	75
Fab12A	209	209	200	222
Fab12i	245	219	206	204
<b>Total<sup>(3)</sup></b>	<b>1,181</b>	<b>1,154</b>	<b>1,132</b>	<b>1,152</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 since December 2004 that was merged into UMC in April 2005

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

## CAPEX

The capital expenditure budget for 2010 remains unchanged. By the end of the first quarter, UMC's year-to-date CAPEX totaled US\$315 million.

**UMC Capital Expenditure by Year** - in US\$ billion

Year	2009	2008	2007	2006	2005	2004
CAPEX	\$ 0.55	\$ 0.35	\$ 0.9	\$ 1.0	\$0.7 <sup>(1)</sup>	\$ 1.5

**2010 CAPEX Plan**

	8"	12"	Total
UMC	10%	90%	US\$1.2~1.5 billion

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

<sup>6</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.

**Recent Developments / Announcements**

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- Apr. 20, 2010 UMC Expands Climate Change Policy and Carbon Emission Reduction Goals
- Mar. 17, 2010 UMC Board of Directors Announces Proposals for its Annual Shareholders Meeting
- The 2009 Business Report and Financial Statements.
  - Shareholder cash dividend of NT\$6,233 million, estimated at NT\$0.50 per share. No stock dividend will be issued.
  - Employee cash bonus of NT\$965 million.
  - Amendments to the "Financial Derivatives Transaction Procedures" and "Acquisition or Disposal of Assets Procedure".
  - To release the Directors from non-competition restrictions
  - The 2010 Annual General Meeting will be held at 9:00 AM, on Tuesday, June 15, 2010 at the UMC Recreation Center in Hsinchu Science Park.
- Mar. 05, 2010 Announcement regarding the Impact on the Company's Financial and Business Status from the Earthquake occurring on March 4th, 2010
- Feb. 03, 2010 UMC 4Q2009 Financial Results
- Jan. 20, 2010 Xilinx Virtex-6 FPGA Family Achieves Full Production Qualification on UMC's High-Performance 40nm Process

*Please visit UMC's website  
for further details regarding the above announcements.*

## Second Quarter of 2010 Outlook & Guidance

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### Quarter-over-Quarter Guidance:

- Wafer shipment growth in the high-single-digit percentage range
- Wafer ASP increase offset by currency appreciation
- Capacity utilization rate in the high-90% range
- Gross margin in the high-20% range
- Growth momentum from all three segments, led by strong consumer sector
- Revenue contribution from 65nm and below in the mid-20% range
- 2010 CAPEX budget : US\$1.2~1.5 billion

### Conference Call / Webcast Announcement

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**Wednesday, April 28, 2010**

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

Dial-in numbers and Access Codes:

USA Toll Free: 1 866 519 4004

UK Toll Free: 0808 234 6646

Singapore and Other Areas: +65 6723 9381

Access Code: UMC

A live webcast and replay of the 1Q10 results announcement will be available at [www.umc.com](http://www.umc.com) under the "Investor Relations \ Investor Events" section.

### About UMC

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UMC (NYSE: UMC, TSE: 2303) is a leading global semiconductor foundry that provides advanced technology and manufacturing services for applications spanning every major sector of the IC industry. UMC's customer-driven foundry solutions allow chip designers to leverage the strength of the company's leading-edge processes, which include production proven 65nm, 45/40nm, mixed signal/RFCMOS, and a wide range of specialty technologies. Production is supported through 10 wafer manufacturing facilities that include two advanced 300mm fabs; Fab12A in Taiwan and Singapore-based Fab12i 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

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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 registration statements on Form F-1, F-3, F-6 and 20-F, in each case as amended. 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.

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.

This presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

**- FINANCIAL TABLES TO FOLLOW -**