

# **UMC**

# **2005 Q1 Financial Review**

**April 27, 2005**

# ***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 Annual Report on Form 20-F for the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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 31 to the financial statements on Form 20-F for the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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

	2005	2004	2004
	Q1 / Mar	Q4 / Dec	Q1 / Mar
<b>Net Operating Revenues</b>	<b>20,286</b>	<b>28,229</b>	<b>25,326</b>
<b>Net Income</b>	<b>1,519</b>	<b>1,333</b>	<b>6,894</b>
<b>EPS (NTD)</b>	<b>0.09</b>	<b>0.07</b>	<b>0.41</b>
<b>Cash and Cash Equivalents</b>	<b>88,699</b>	<b>83,347</b>	<b>87,030</b>
<b>Total Assets</b>	<b>323,371</b>	<b>329,563</b>	<b>316,331</b>
<b>Total Liabilities</b>	<b>56,482</b>	<b>63,180</b>	<b>77,442</b>
<b>Stockholders' Equity</b>	<b>266,889</b>	<b>266,383</b>	<b>238,889</b>
<b>Wafer Shipment</b> (in thousands- 8" wafer eq. )	<b>564</b>	<b>657</b>	<b>647</b>
<b>Utilization (%)</b>	<b>63%</b>	<b>72%</b>	<b>100%</b>

# Income Statement - QoQ

Unit: NT M

	Q1-05	%	Q4-04	%	Change %
<b>Net Operating Revenues</b>	<b>20,286</b>	<b>100.0</b>	<b>28,229</b>	<b>100.0</b>	<b>(28.1)</b>
<b>Gross Profit</b>	<b>3,057</b>	<b>15.1</b>	<b>6,488</b>	<b>23.0</b>	<b>(52.9)</b>
<b>Operating Expenses</b>	<b>(2,755)</b>	<b>(13.6)</b>	<b>(3,649)</b>	<b>(12.9)</b>	<b>(24.5)</b>
<b>Operating Income</b>	<b>302</b>	<b>1.5</b>	<b>2,839</b>	<b>10.1</b>	<b>(89.4)</b>
<b>Net Non-operating Income (Expense)</b>	<b>1,217</b>	<b>6.0</b>	<b>(1,506)</b>	<b>(5.4)</b>	<b>-</b>
<b>Income Tax Expense</b>	<b>(0)</b>	<b>(0.0)</b>	<b>(0)</b>	<b>(0.0)</b>	<b>(16.4)</b>
<b>Net Income</b>	<b>1,519</b>	<b>7.5</b>	<b>1,333</b>	<b>4.7</b>	<b>14.0</b>
<b>EPS (NTD)</b>	<b>0.09</b>		<b>0.07</b>		
<b>EPADS (USD)</b>	<b>0.014</b>		<b>0.011</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.57 was used to translate NTD to USD.
3. 16,602 million and 16,960 million shares were used in EPS calculation for Q1-05 and Q4-04, respectively.

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# Income Statement - YoY: 3 Months

Unit: NT M

	Q1-05	%	Q1-04	%	Change %
<b>Net Operating Revenues</b>	<b>20,286</b>	<b>100.0</b>	<b>25,326</b>	<b>100.0</b>	<b>(19.9)</b>
<b>Gross Profit</b>	<b>3,057</b>	<b>15.1</b>	<b>7,612</b>	<b>30.1</b>	<b>(59.8)</b>
<b>Operating Expenses</b>	<b>(2,755)</b>	<b>(13.6)</b>	<b>(2,325)</b>	<b>(9.2)</b>	<b>18.5</b>
<b>Operating Income</b>	<b>302</b>	<b>1.5</b>	<b>5,287</b>	<b>20.9</b>	<b>(94.3)</b>
<b>Net Non-operating Income</b>	<b>1,217</b>	<b>6.0</b>	<b>1,639</b>	<b>6.4</b>	<b>(25.7)</b>
<b>Income Tax Expense</b>	<b>(0)</b>	<b>(0.0)</b>	<b>(32)</b>	<b>(0.1)</b>	<b>(99.7)</b>
<b>Net Income</b>	<b>1,519</b>	<b>7.5</b>	<b>6,894</b>	<b>27.2</b>	<b>(78.0)</b>
<b>EPS (NTD)</b>	<b>0.09</b>		<b>0.41</b>		
<b>EPADS (USD)</b>	<b>0.014</b>		<b>0.065</b>		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.57 was used to translate NTD to USD.
3. 16,602 million and 16,760 million shares were used in EPS calculation for Q1-05 and Q1-04, respectively.

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# Investment Income

Unit: NT M

	Q1-05	Q4-04
<b>Investment income accounted for under the equity method</b>	<b>(1,705)</b>	<b>(1,965)</b>
<i>UMCJ</i>	<i>(555)</i>	<i>(487)</i>
<i>UMCi</i>	<i>(1,206)</i>	<i>(1,544)</i>
<i>Faraday</i>	<i>51</i>	<i>56</i>
<i>Novatek</i>	<i>177</i>	<i>139</i>
<i>SiS</i>	<i>(131)</i>	<i>(133)</i>
<i>UMO</i>	<i>(43)</i>	<i>(57)</i>
<i>Unimicron</i>	<i>107</i>	<i>129</i>
<i>Others</i>	<i>(105)</i>	<i>(68)</i>
<b>Cash dividends</b>	<b>0</b>	<b>10</b>
<b>Total</b>	<b>(1,705)</b>	<b>(1,955)</b>

# ***Balance Sheet Highlight - Mar. 31, 2005***

**Unit: NT M**

<b>Cash and Cash Equivalents</b>	<b>88,699</b>
<b>Long-term Investments</b>	<b>66,365</b>
<b>Fixed Assets</b>	<b>128,884</b>
<b>Total Assets</b>	<b>323,371</b>
<b>Current Liabilities</b>	<b>19,882</b>
<b>Long-term Debts</b>	<b>33,595</b>
<b>Stockholders' Equity</b>	<b>266,889</b>
<b><i>Depreciation Expense (YTD)</i></b>	<b><i>10,291</i></b>

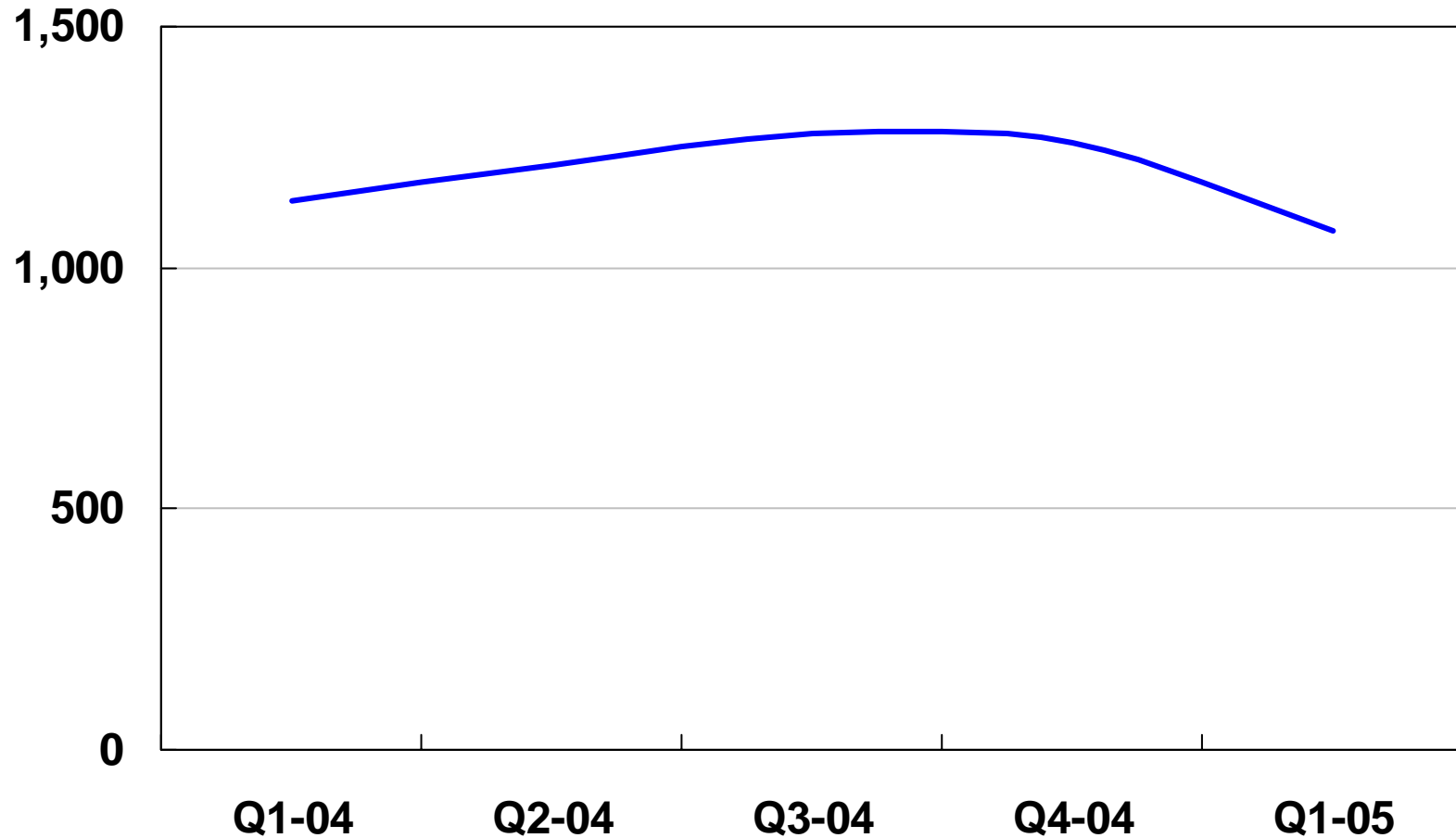
# UMC Proforma Balance Sheet – UMCi Effect

Unit: NT Billion

	Prior merge (3/31)		Adjustment	After merge (4/1)	
	Amount	%		Amount	%
Cash	89	27	1	90	26
Long-term Investment	66	21	(22)	44	13
Fixed Assets	129	40	40	169	49
Total Assets	323	100	19	342	100
Total Liabilities	56	17	19	75	22
Stockholders' Equity	267	83	0	267	78

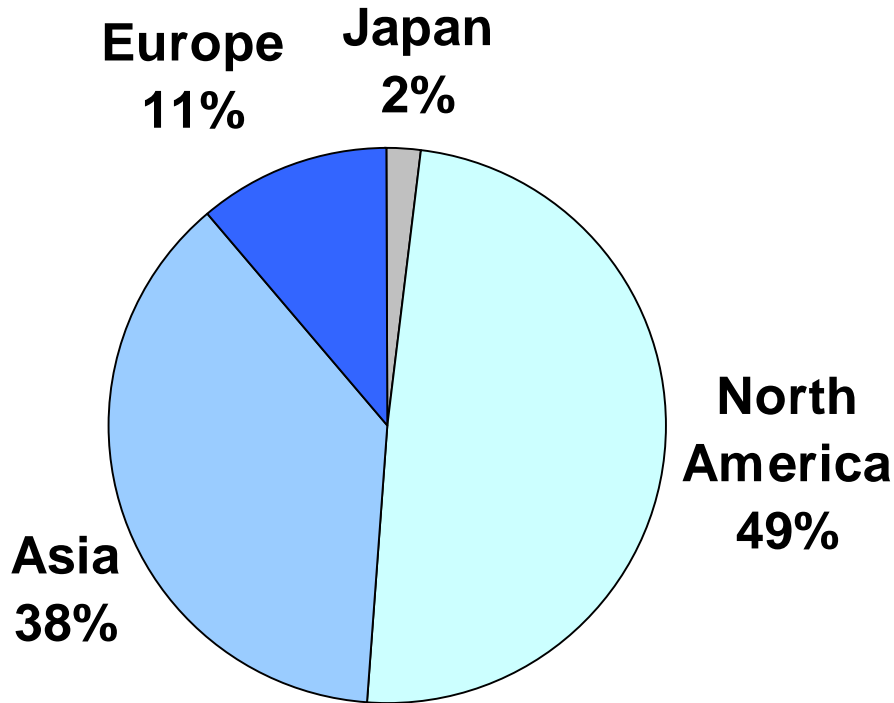
# Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

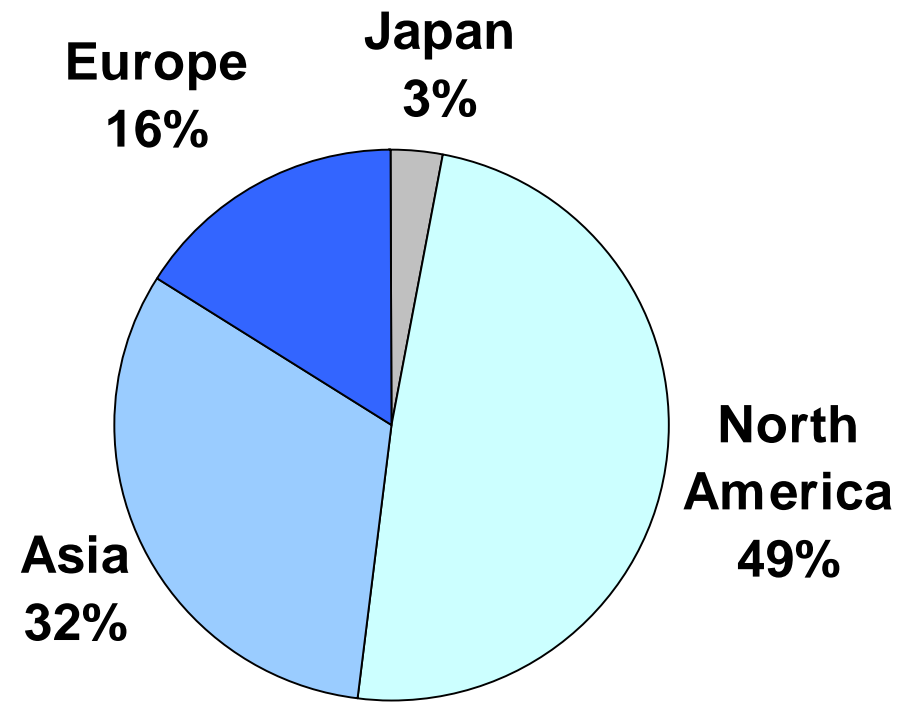


# Sales Breakdown by Geography

## 2005 Q1



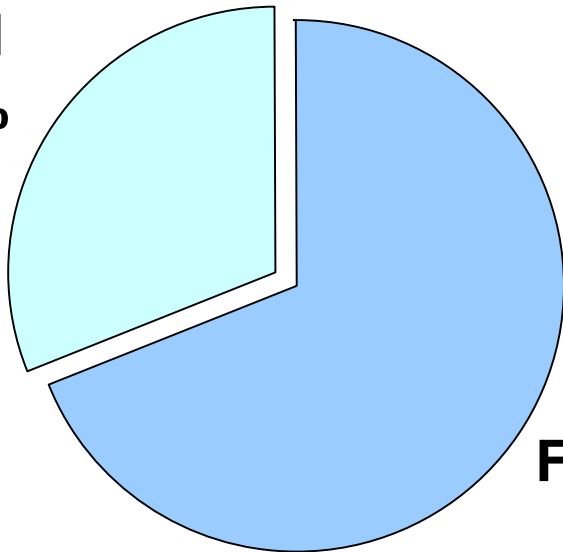
## 2004 Q4



# Sales Breakdown by Customer

**2005 Q1**

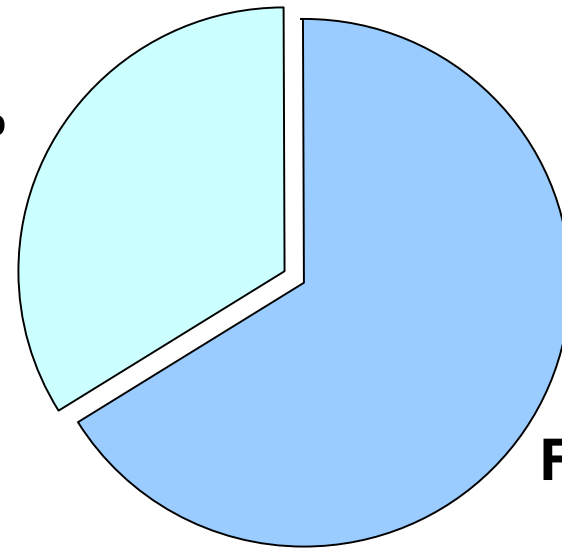
**IDM  
31%**



**Fabless  
69%**

**2004 Q4**

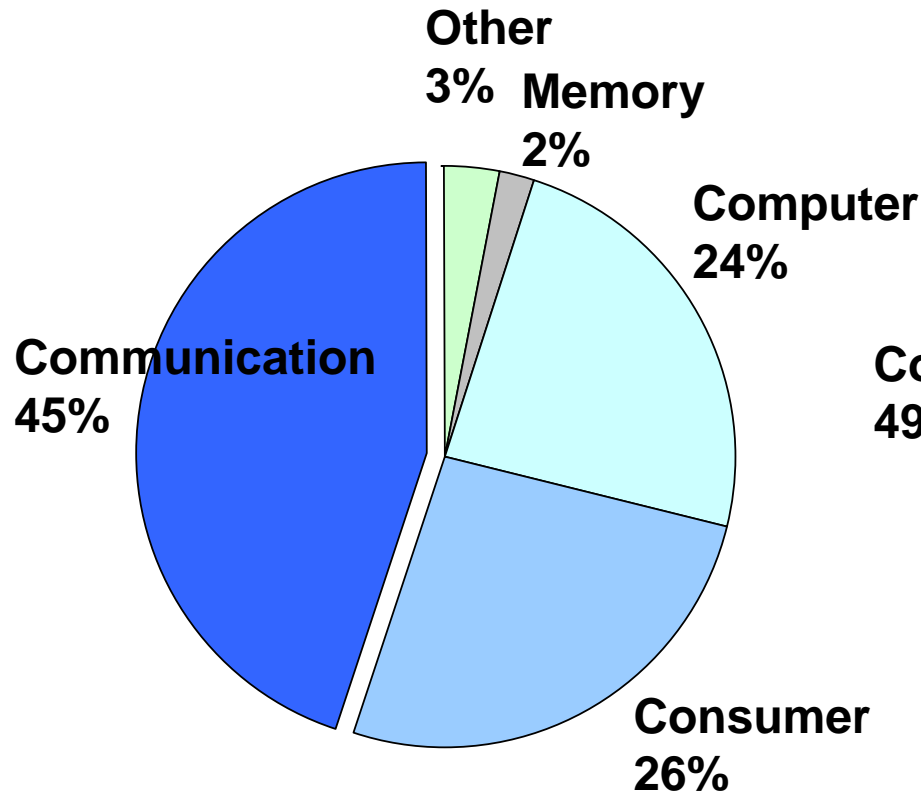
**IDM  
34%**



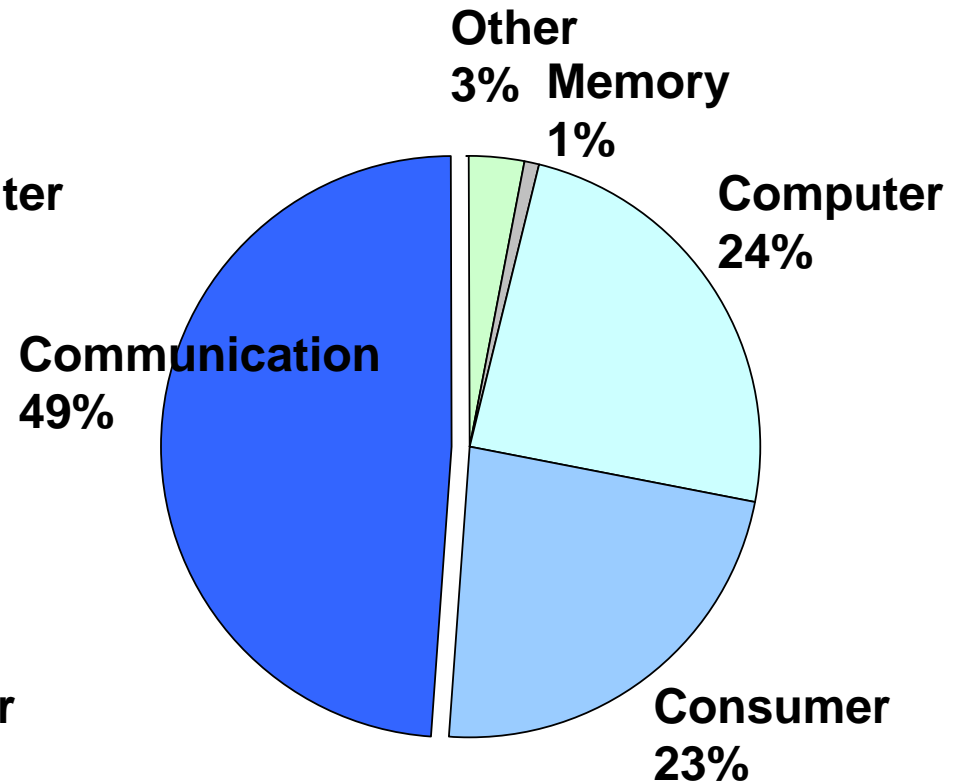
**Fabless  
66%**

# Sales Breakdown by Application

**2005 Q1**

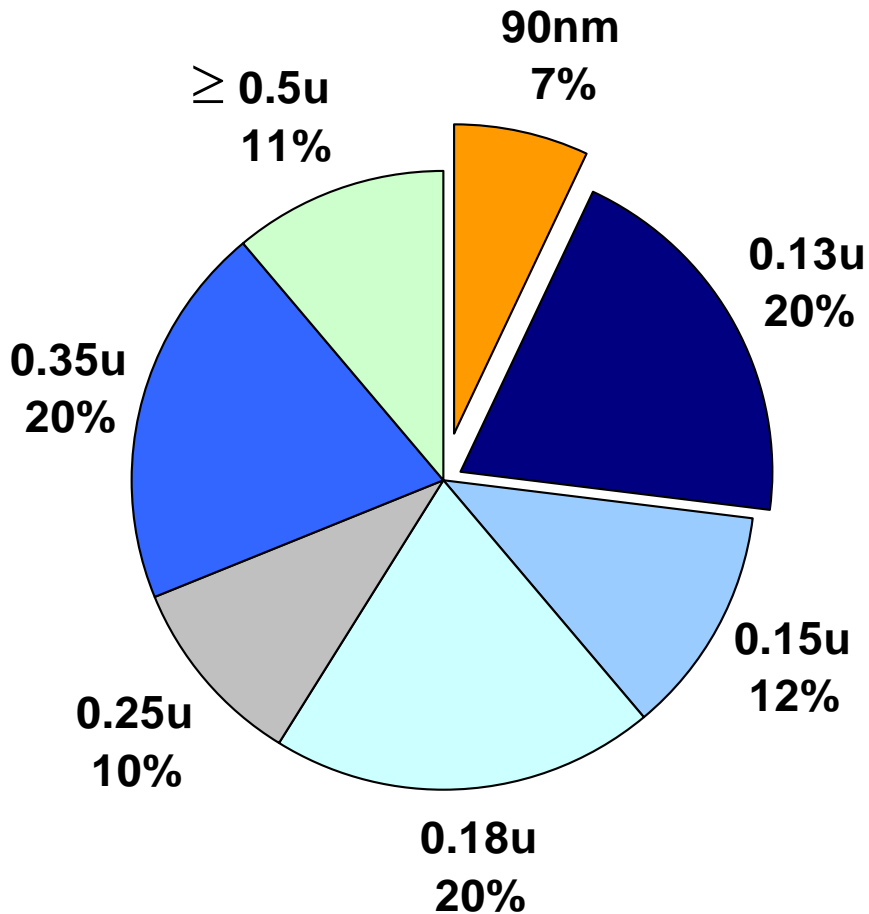


**2004 Q4**

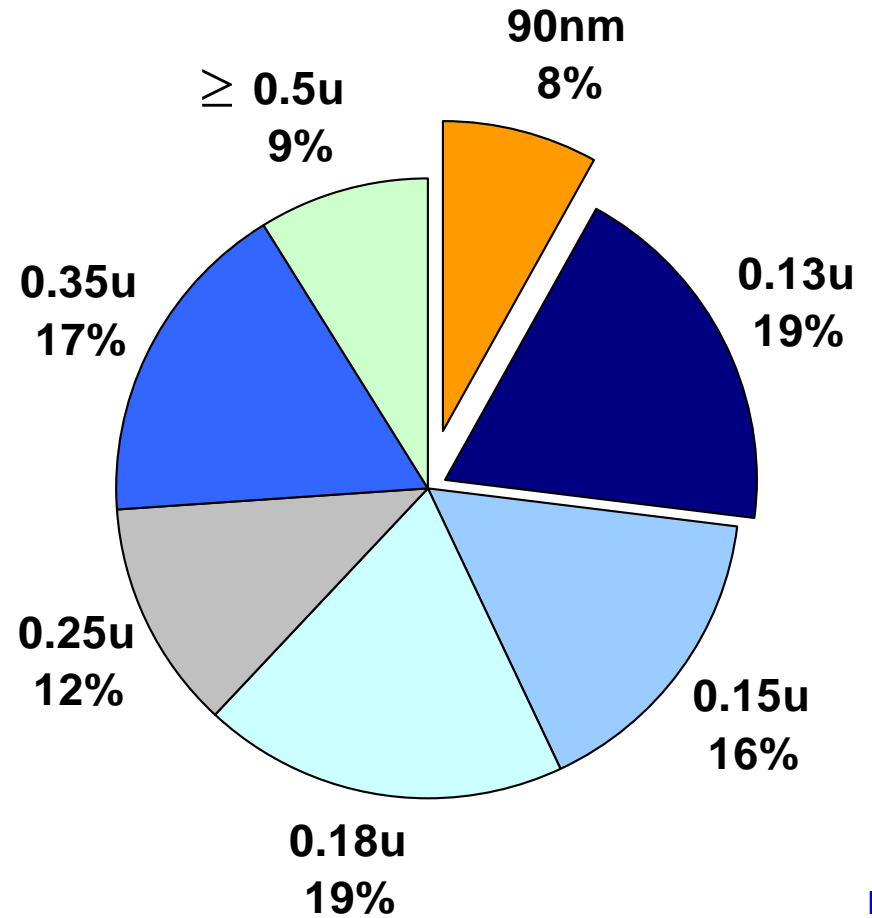


# Sales Breakdown by Technology

## 2005 Q1



## 2004 Q4



# Quarterly Capacity

unit: in thousands (8" wafer eq.)

<b>FAB</b>	<b>3Q04</b>	<b>4Q04</b>	<b>1Q05</b>	<b>2Q05E</b>
<b>Fab 6A</b>	<b>86</b>	<b>86</b>	<b>86</b>	<b>86</b>
<b>Fab 8AB</b>	<b>200</b>	<b>204</b>	<b>204</b>	<b>204</b>
<b>Fab 8C</b>	<b>99</b>	<b>101</b>	<b>101</b>	<b>100</b>
<b>Fab 8D</b>	<b>65</b>	<b>72</b>	<b>72</b>	<b>68</b>
<b>Fab 8E</b>	<b>102</b>	<b>102</b>	<b>101</b>	<b>101</b>
<b>Fab 8F</b>	<b>92</b>	<b>95</b>	<b>95</b>	<b>95</b>
<b>Fab 8S</b>	<b>60</b>	<b>71</b>	<b>71</b>	<b>71</b>
<b>Fab 12A</b>	<b>113</b>	<b>127</b>	<b>139</b>	<b>160</b>
<b>Fab 12i</b>	<b>29</b>	<b>60</b>	<b>81</b>	<b>85</b>
<b>Total</b>	<b>846</b>	<b>918</b>	<b>950</b>	<b>970</b>

# *2005 Capital Expenditure Plan*

	<b>8" Fab</b>	<b>12" Fab</b>	<b>12" R&amp;D</b>	<b>Total</b>
<b>UMC</b>	<b>4%</b>	<b>78%</b>	<b>18%</b>	<b>1~1.5 billion USD</b>
<b>UMCJ</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>34 million USD</b>

For more information regarding UMC  
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