

UMC

2005 Q2 Financial Review

July 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 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 Annual Report on Form 20-F for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission on June 29, 2005.

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 for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission on June 29, 2005.

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	2005	2004
	Q2 / Jun	Q1 / Mar	Q2 / Jun
Net Operating Revenues	19,443	20,286	29,177
Net Income	299	1,519	12,702
EPS (NTD)	0.02	0.09	0.76
Cash and Cash Equivalents	68,065	88,699	82,488
Total Assets	311,984	323,371	316,614
Total Liabilities	53,924	56,482	70,485
Stockholders' Equity	258,060	266,889	246,129
Wafer Shipment (in thousands- 8" wafer eq.)	630	564	710
Utilization (%)	65%	63%	99%

Income Statement - QoQ

Unit: NT M

	Q2-05	%	Q1-05	%	Change %
Net Operating Revenues	19,443	100.0	20,286	100.0	(4.2)
Gross Profit	212	1.1	3,057	15.1	(93.1)
Operating Expenses	(3,551)	(18.3)	(2,755)	(13.6)	28.9
Operating Income (Loss)	(3,339)	(17.2)	302	1.5	-
Net Non-operating Income (Expense)	3,638	18.7	1,217	6.0	198.9
Income Tax Expense	(0)	(0.0)	(0)	(0.0)	209.3
Net Income	299	1.5	1,519	7.5	(80.3)
EPS (NTD)	0.02		0.09		
EPADS (USD)	0.003		0.014		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.59 was used to translate NTD to USD.
3. 16,557 million and 16,602 million shares were used in EPS calculation for Q2-05 and Q1-05, respectively.

Income Statement - YoY: 6 Months

Unit: NT M

	1H-05	%	1H-04	%	Change %
Net Operating Revenues	39,729	100.0	54,503	100.0	(27.1)
Gross Profit	3,269	8.2	17,670	32.4	(81.5)
Operating Expenses	(6,306)	(15.8)	(4,791)	(8.8)	31.6
Operating Income (Loss)	(3,037)	(7.6)	12,879	23.6	-
Net Non-operating Income	4,855	12.2	6,750	12.4	(28.1)
Income Tax Expense	(0)	(0.0)	(33)	(0.0)	(98.8)
Net Income	1,818	4.6	19,596	36.0	(90.7)
EPS (NTD)	0.11		1.17		
EPADS (USD)	0.017		0.185		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.59 was used to translate NTD to USD.
3. 16,580 million and 16,705 million shares were used in EPS calculation for 1H-05 and 1H-04, respectively.

P. 5

Investment Income

Unit: NT M

	Q2-05	Q1-05
Investment income accounted for under the equity meth	(439)	(1,705)
<i>UMCJ</i>	(407)	(555)
<i>UMCi</i>	0	(1,206)
<i>Faraday</i>	63	51
<i>Novatek</i>	138	177
<i>SiS</i>	(65)	(131)
<i>UMO</i>	(49)	(43)
<i>Unimicron</i>	68	107
<i>Others</i>	(187)	(105)
Cash dividends	37	0
Total	(402)	(1,705)

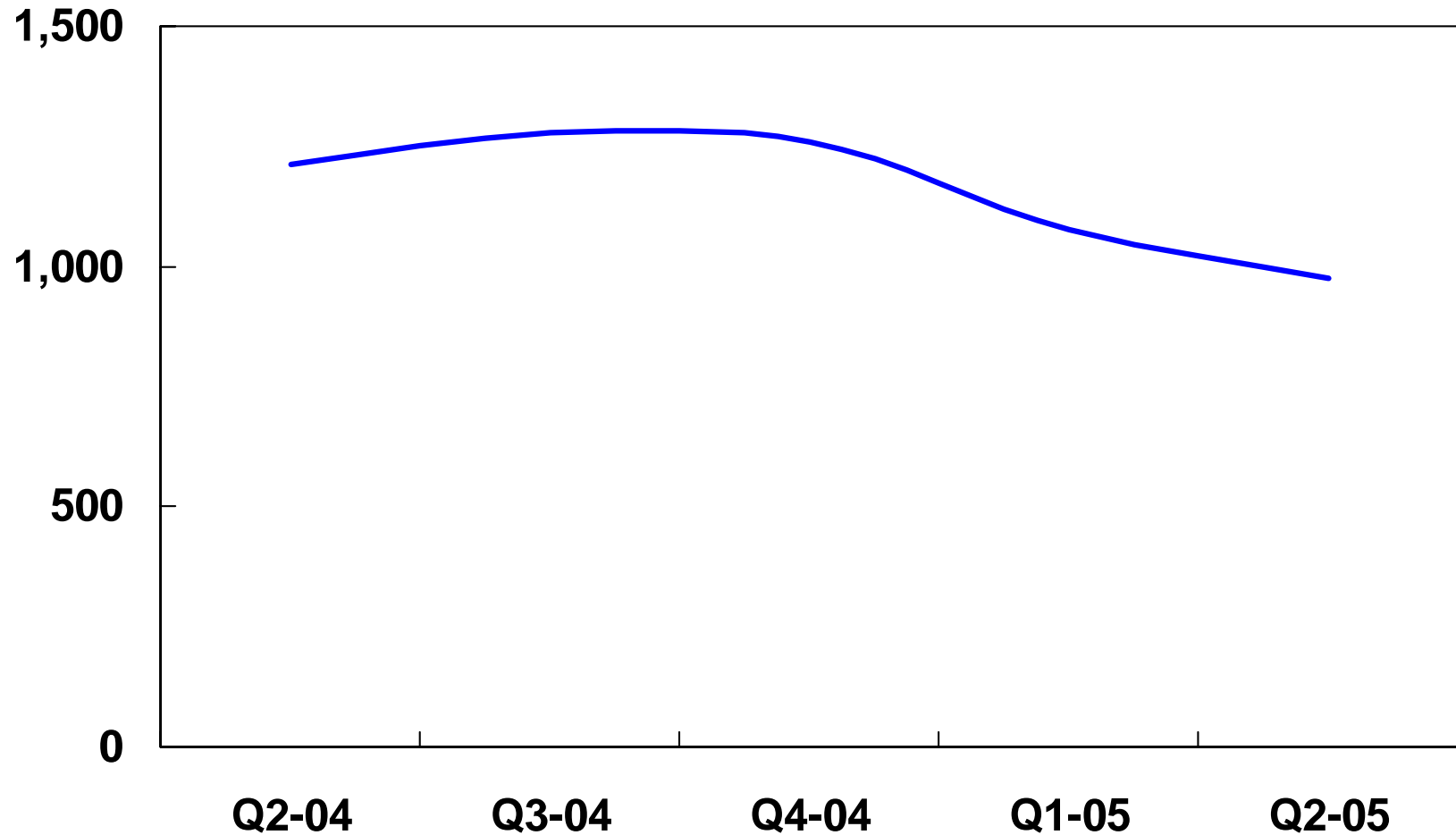
Balance Sheet Highlight - Jun. 30, 2005

Unit: NT M

Cash and Cash Equivalents	68,065
Long-term Investments	45,021
Fixed Assets	159,871
Total Assets	311,984
Current Liabilities	22,073
Long-term Debts	28,347
Stockholders' Equity	258,060
<i>Depreciation Expense (YTD)</i>	<i>22,080</i>

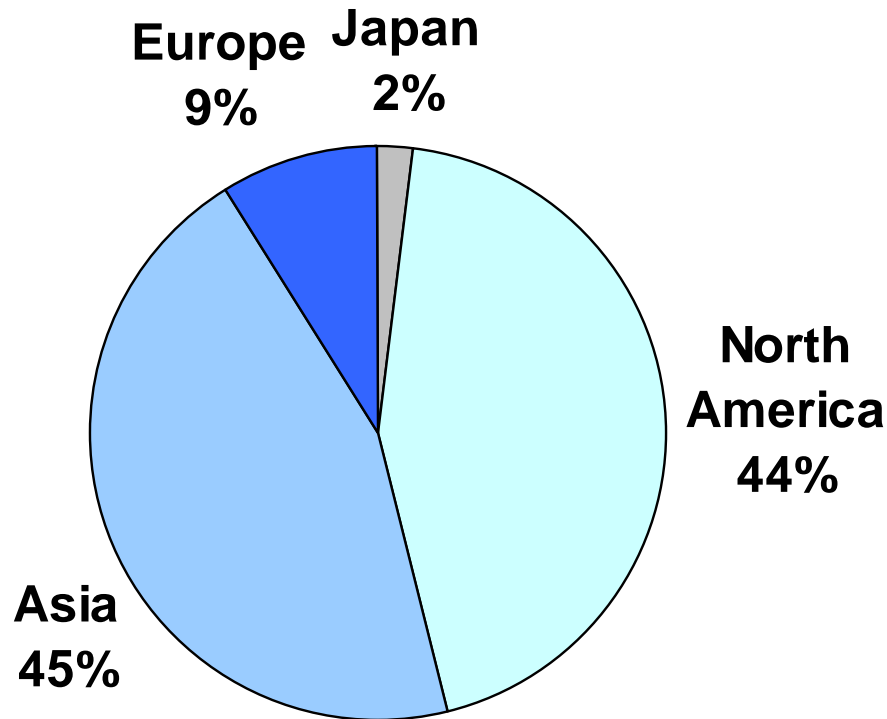
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

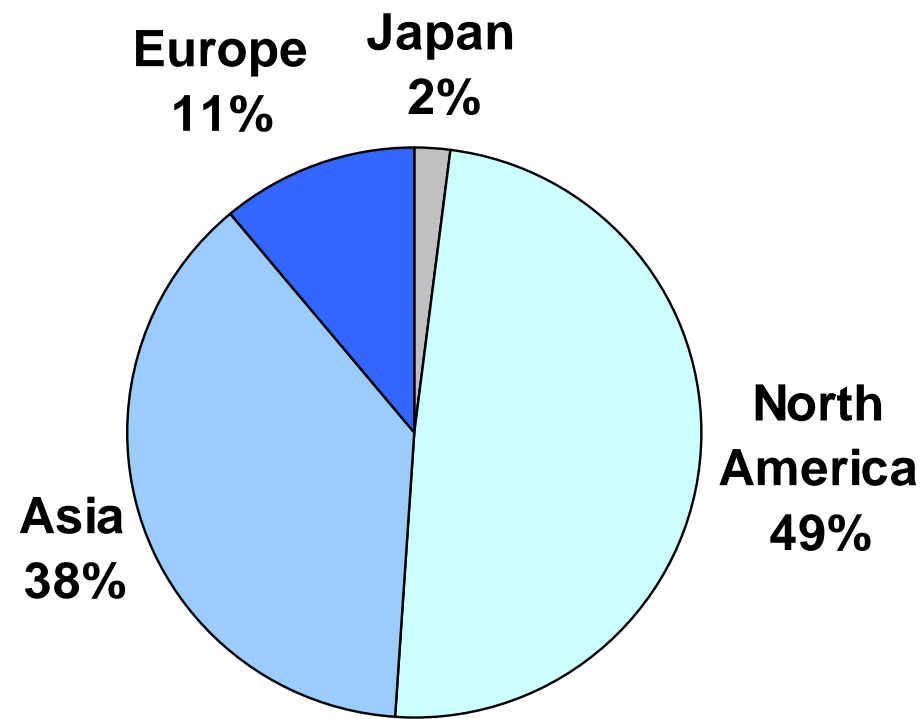


Sales Breakdown by Geography

2005 Q2



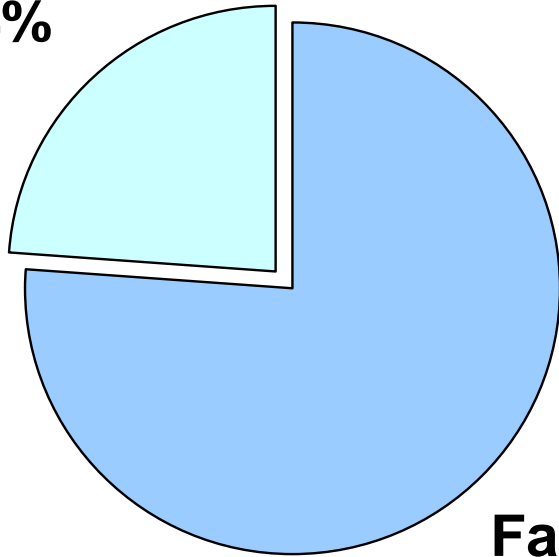
2005 Q1



Sales Breakdown by Customer

2005 Q2

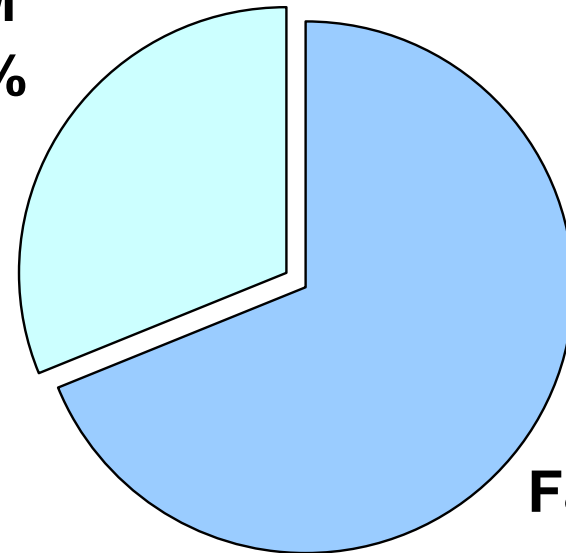
**IDM
24%**



**Fabless
76%**

2005 Q1

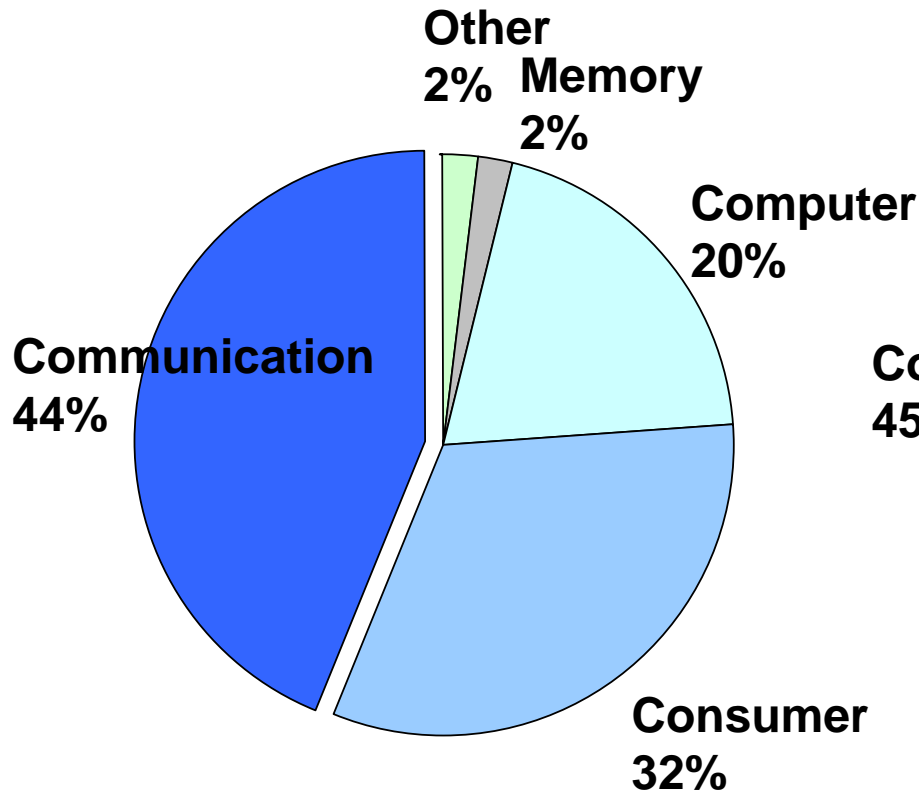
**IDM
31%**



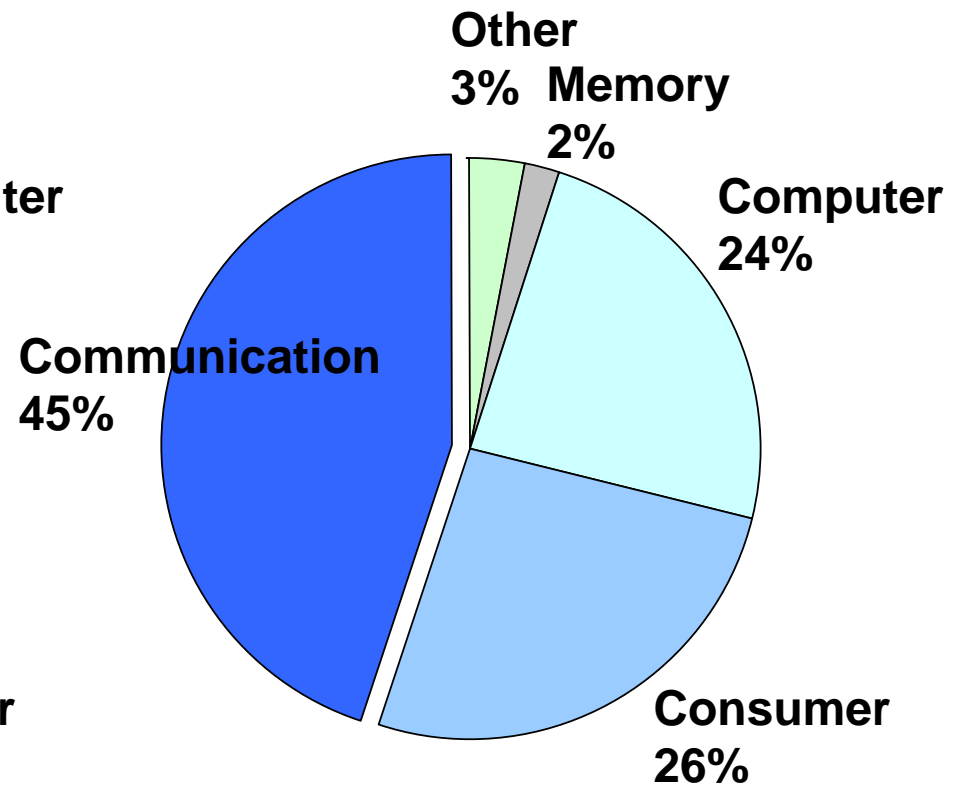
**Fabless
69%**

Sales Breakdown by Application

2005 Q2

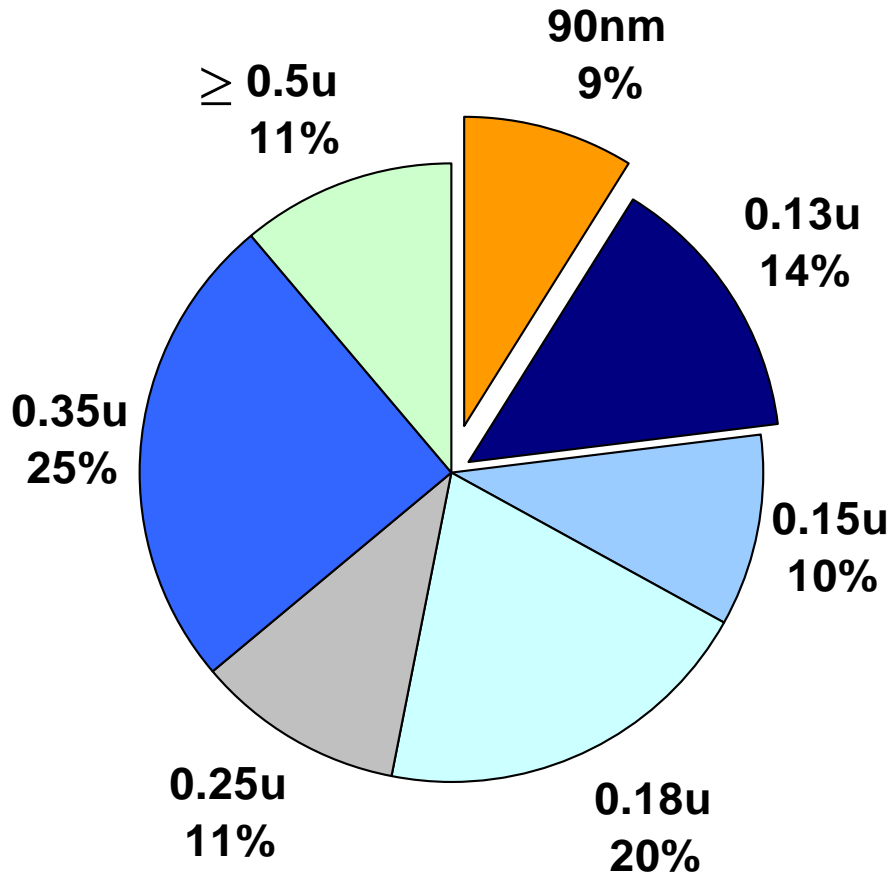


2005 Q1

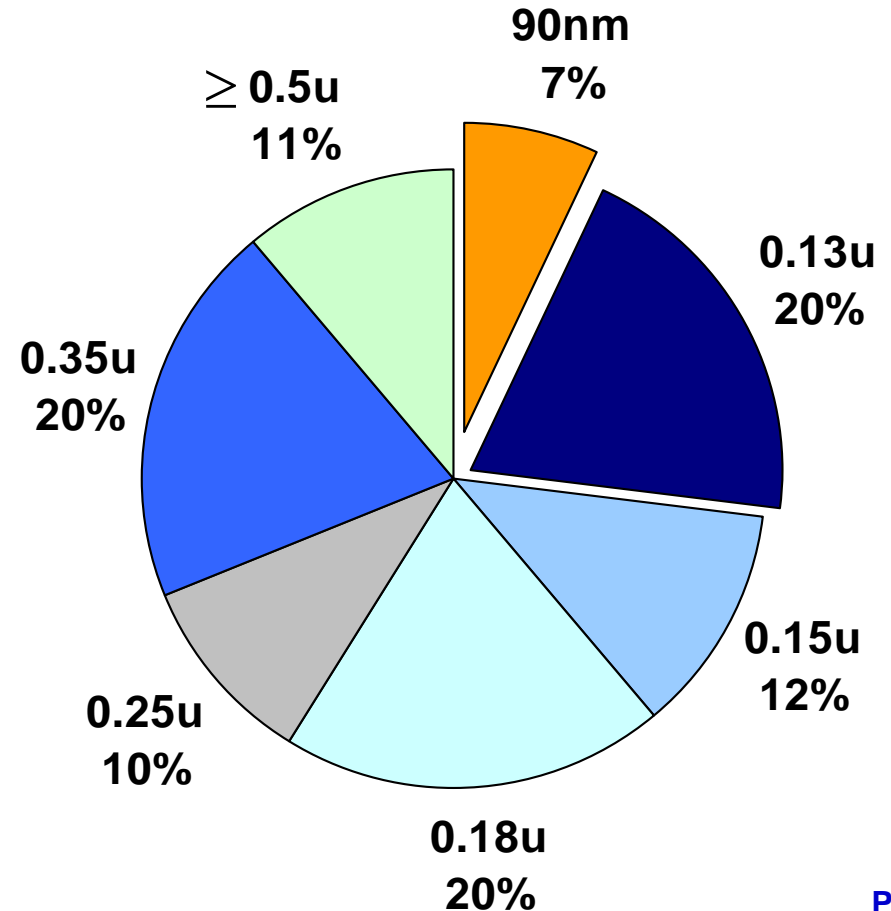


Sales Breakdown by Technology

2005 Q2



2005 Q1



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	4Q04	1Q05	2Q05	3Q05E	4Q05E
Fab 6A	86	86	86	86	86
Fab 8AB	204	204	204	204	204
Fab 8C	101	101	100	100	100
Fab 8D	72	72	68	68	68
Fab 8E	102	101	101	101	101
Fab 8F	95	95	95	95	95
Fab 8S	71	71	69	69	69
Fab 12A	127	139	145	153	153
Fab 12i	60	81	94	94	94
Total	918	950	962	970	970

2005 Capital Expenditure Plan

	8" Fab	12" Fab	12" R&D	Total
UMC	5%	83%	12%	1 billion USD
UMCJ	100%	-	-	34 million USD

For more information regarding UMC
www.umc.com

For all inquiries, suggestions, and comments
ir@umc.com