

UMC

2005 Q3 *Financial Review*

October 26, 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, 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
	Q3 / Sep	Q2 / Jun	Q3 / Sep
Net Operating Revenues	23,579	19,443	34,580
Net Income	2,165	299	10,914
EPS (NTD)	0.12	0.02	0.58
Cash and Cash Equivalents	71,792	68,065	85,270
Total Assets	314,326	311,984	338,672
Total Liabilities	54,074	53,924	72,267
Stockholders' Equity	260,252	258,060	266,405
Wafer Shipment (in thousands- 8" wafer eq.)	741	630	791
Utilization (%)	78%	65%	94%

Income Statement - QoQ

Unit: NT M

	Q3-05	%	Q2-05	%	Change %
Net Operating Revenues	23,579	100.0	19,443	100.0	21.3
Gross Profit	2,954	12.5	212	1.1	1,293.4
Operating Expenses	(3,514)	(14.9)	(3,551)	(18.3)	(1.0)
Operating Income (Loss)	(560)	(2.4)	(3,339)	(17.2)	(83.2)
Net Non-operating Income (Expense)	2,725	11.6	3,638	18.7	(25.1)
Income Tax Expense	(0)	(0.0)	(0)	(0.0)	(11.7)
Net Income	2,165	9.2	299	1.5	624.1
EPS (NTD)	0.12		0.02		
EPADS (USD)	0.018		0.003		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.16 was used to translate NTD to USD.
3. 18,434 million and 18,452 million shares were used in EPS calculation for Q3-05 and Q2-05, respectively.

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Income Statement - YoY: 9 Months

Unit: NT M

	2005 Jan~Sep	%	2004 Jan~Sep	%	Change %
Net Operating Revenues	63,307	100.0	89,083	100.0	(28.9)
Gross Profit	6,223	9.8	29,333	32.9	(78.8)
Operating Expenses	(9,819)	(15.5)	(7,717)	(8.6)	27.2
Operating Income (Loss)	(3,596)	(5.7)	21,616	24.3	-
Net Non-operating Income (Expense)	7,580	12.0	8,928	10.0	(15.1)
Income Tax Expense	(1)	(0.0)	(34)	(0.0)	(98.1)
Net Income	3,983	6.3	30,510	34.3	(86.9)
EPS (NTD)	0.22		1.63		
EPADS (USD)	0.033		0.246		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.16 was used to translate NTD to USD.
3. 18,463 million and 18,705 million shares were used in EPS calculation for 9 months ended September 30, 2005 and for 9 months ended September 30, 2004, respectively.

Investment Income

Unit: NT M

	Q3-05	Q2-05
Investment income accounted for under the equity method	(617)	(439)
<i>UMCJ</i>	(381)	(407)
<i>Faraday</i>	74	63
<i>Novatek</i>	201	138
<i>SiS</i>	(103)	(65)
<i>UMO</i>	(22)	(49)
<i>Unimicron</i>	180	68
<i>Others</i>	(566)	(187)
Cash dividends	728	37
Total	111	(402)

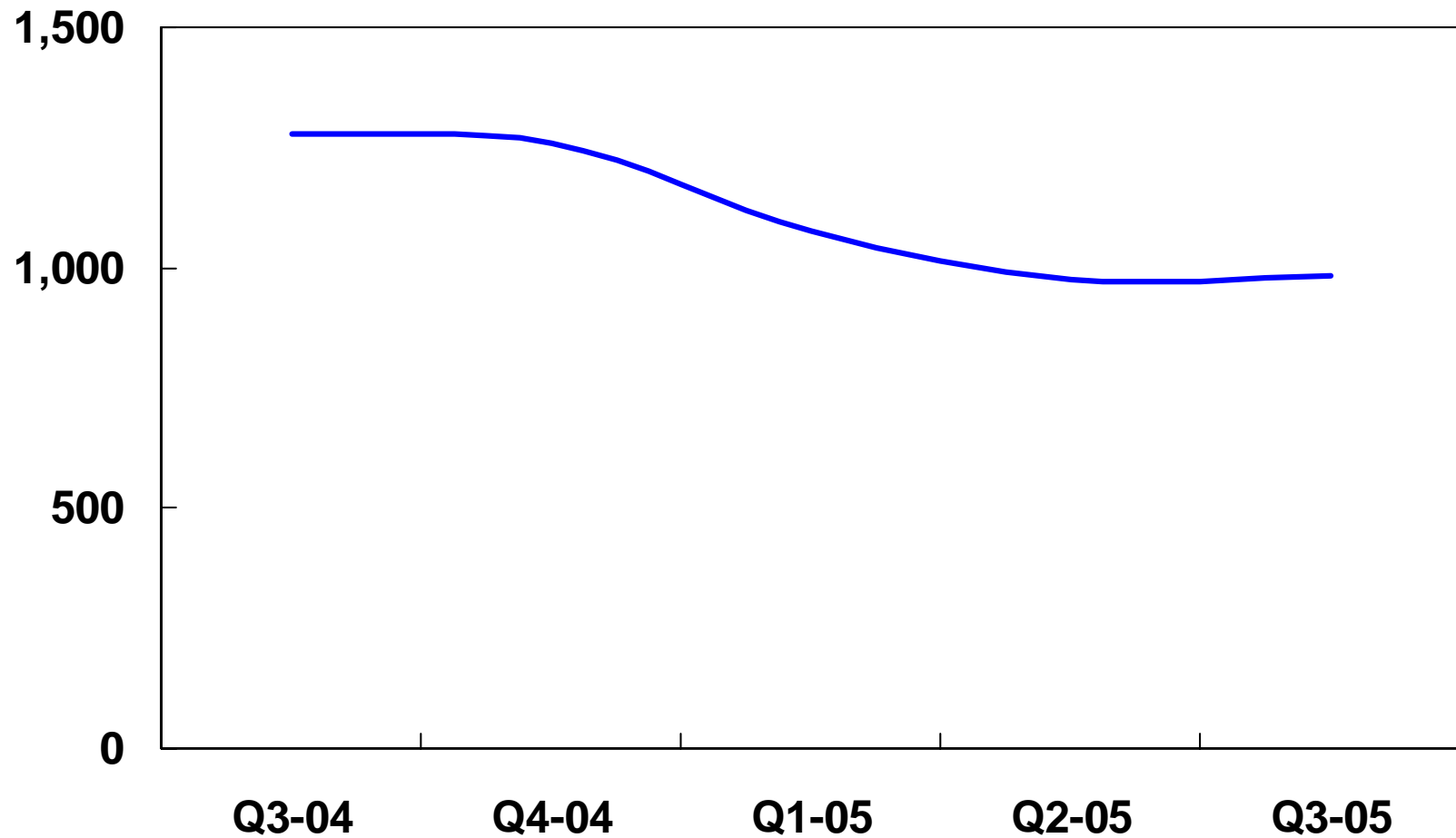
Balance Sheet Highlight - Sep. 30, 2005

Unit: NT M

Cash and Cash Equivalents	71,792
Long-term Investments	45,046
Fixed Assets	153,598
Total Assets	314,326
Current Liabilities	21,814
Long-term Debts	28,501
Stockholders' Equity	260,252
<i>Depreciation Expense (YTD)</i>	<i>34,065</i>

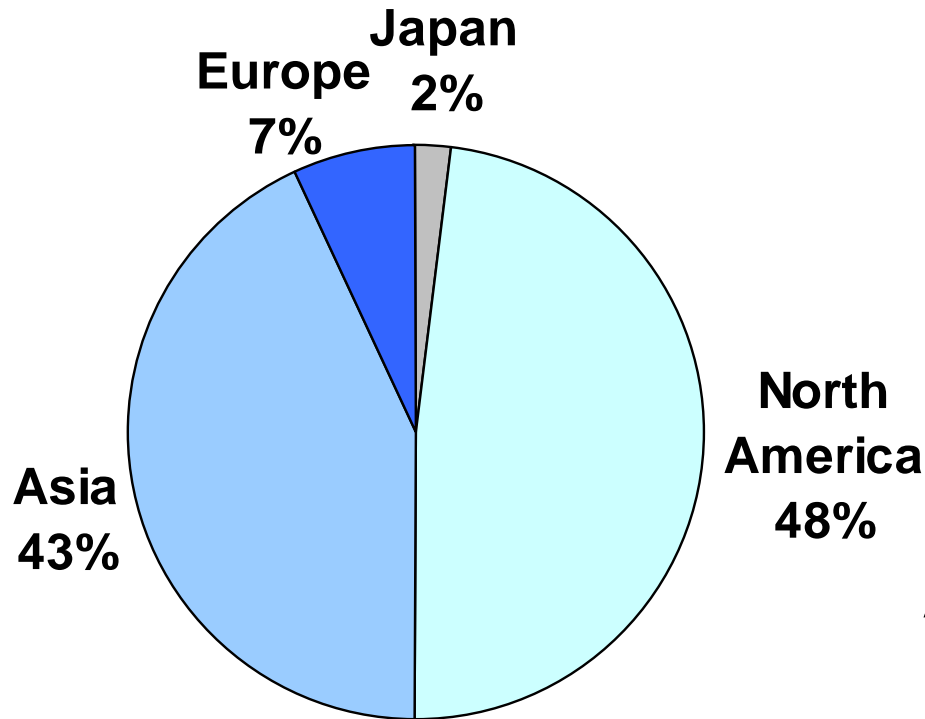
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

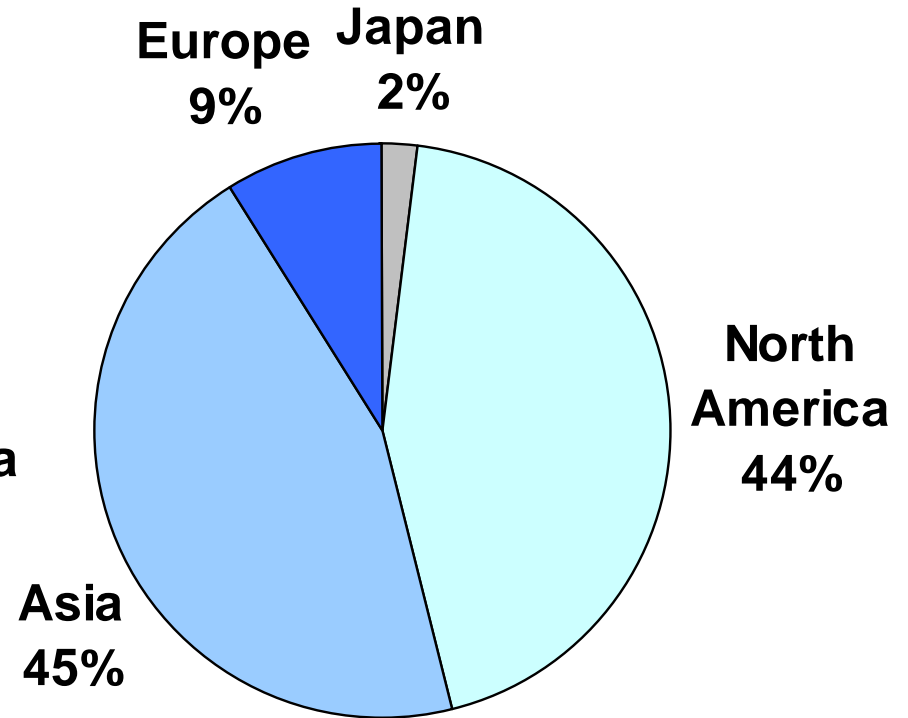


Sales Breakdown by Geography

2005 Q3



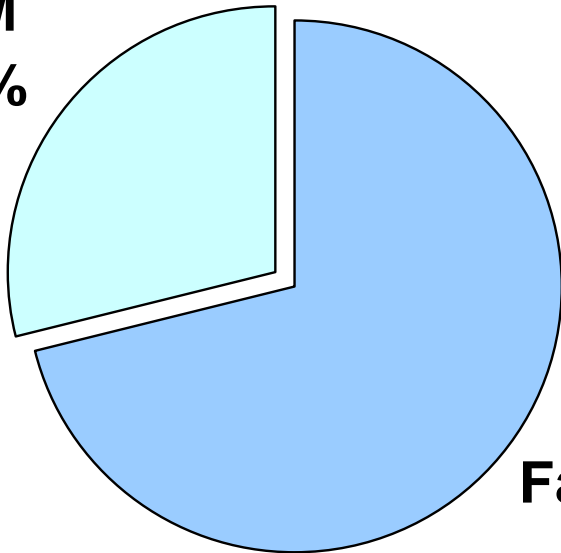
2005 Q2



Sales Breakdown by Customer

2005 Q3

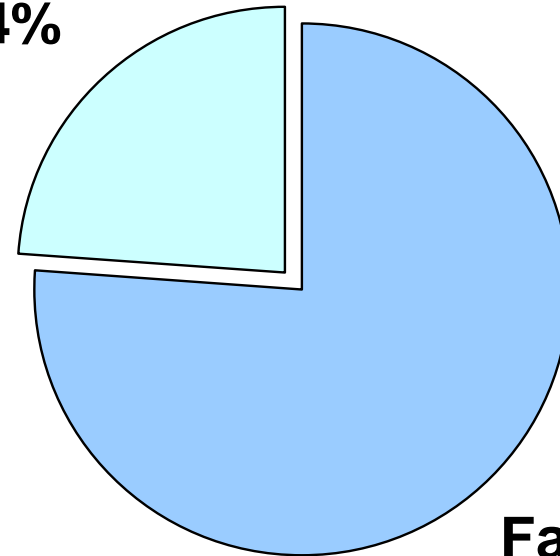
**IDM
29%**



**Fabless
71%**

2005 Q2

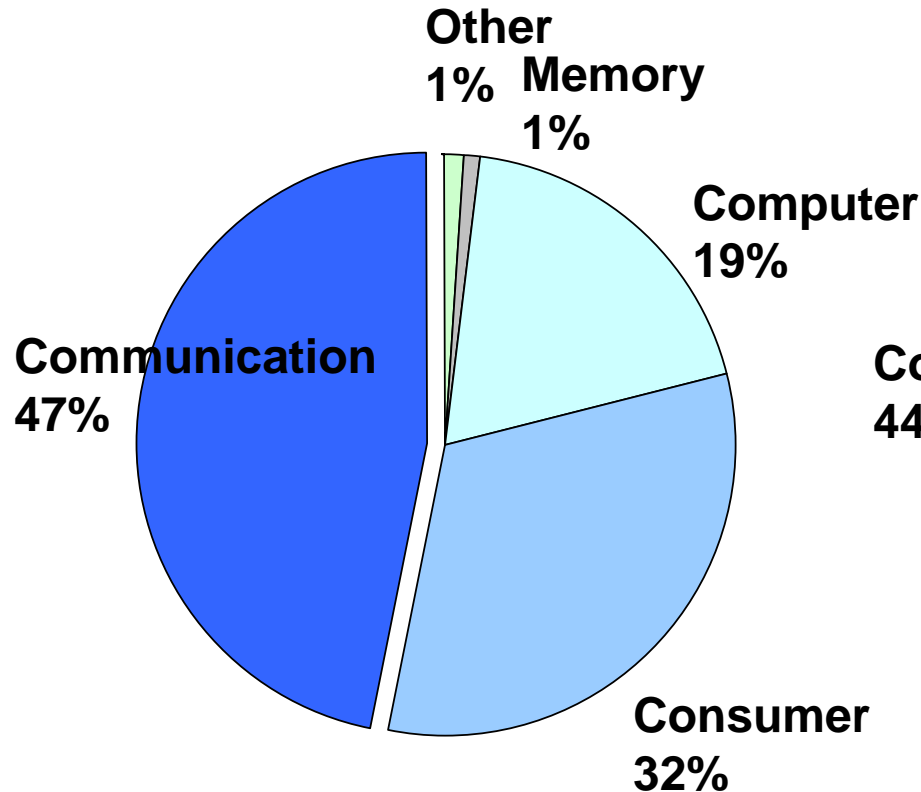
**IDM
24%**



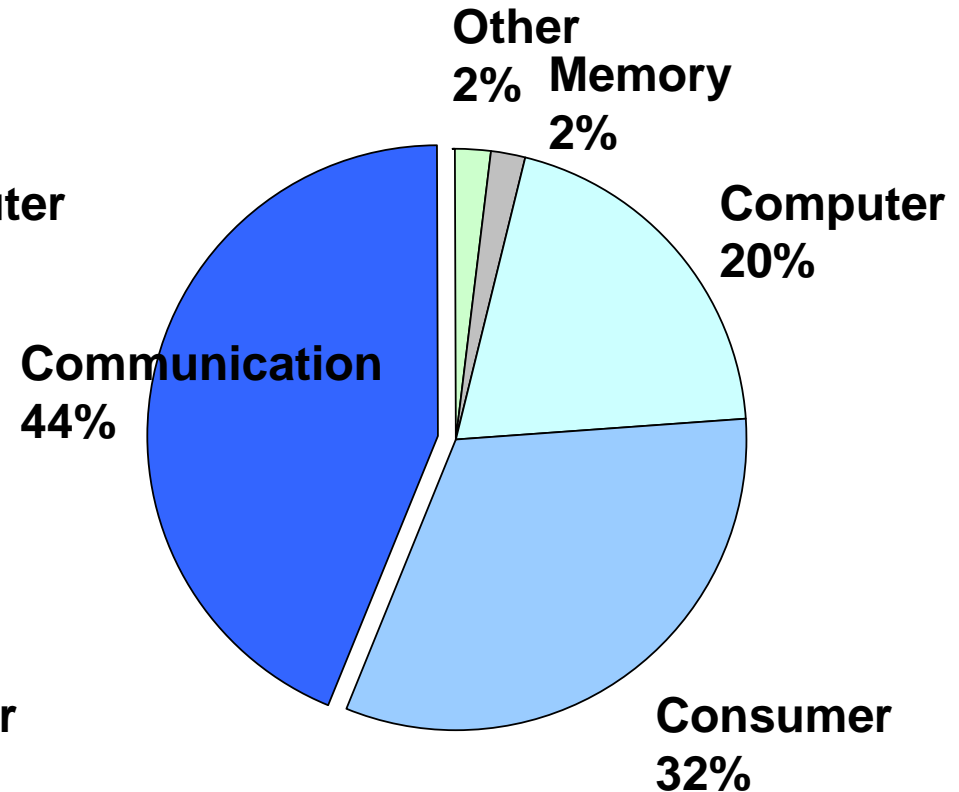
**Fabless
76%**

Sales Breakdown by Application

2005 Q3

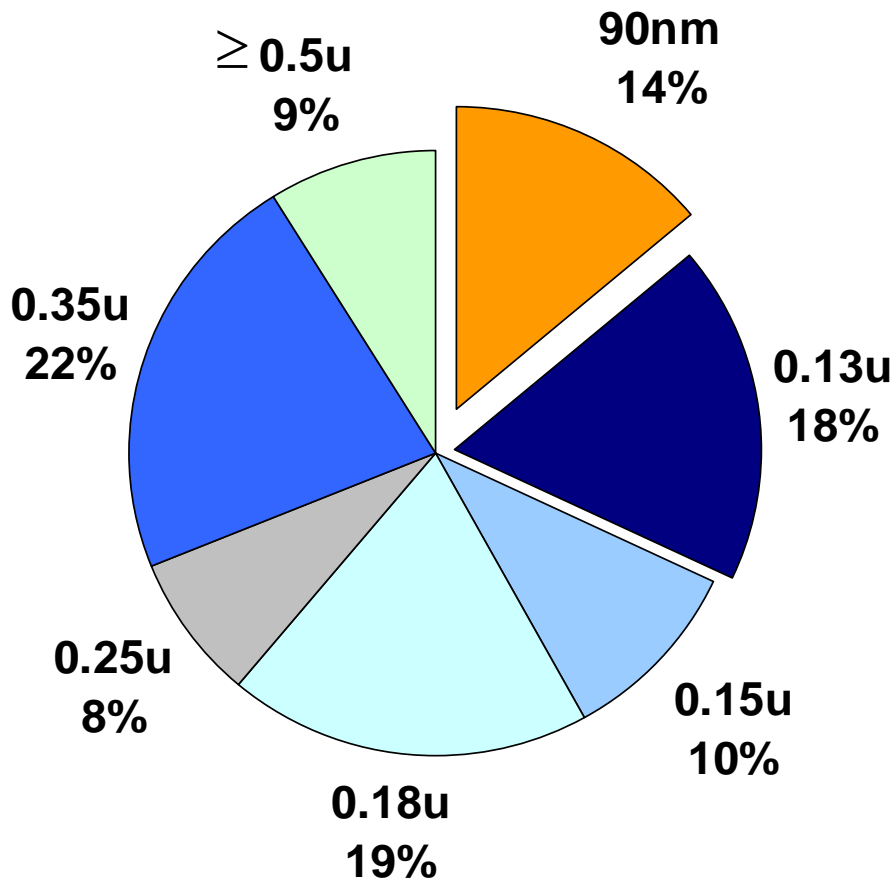


2005 Q2

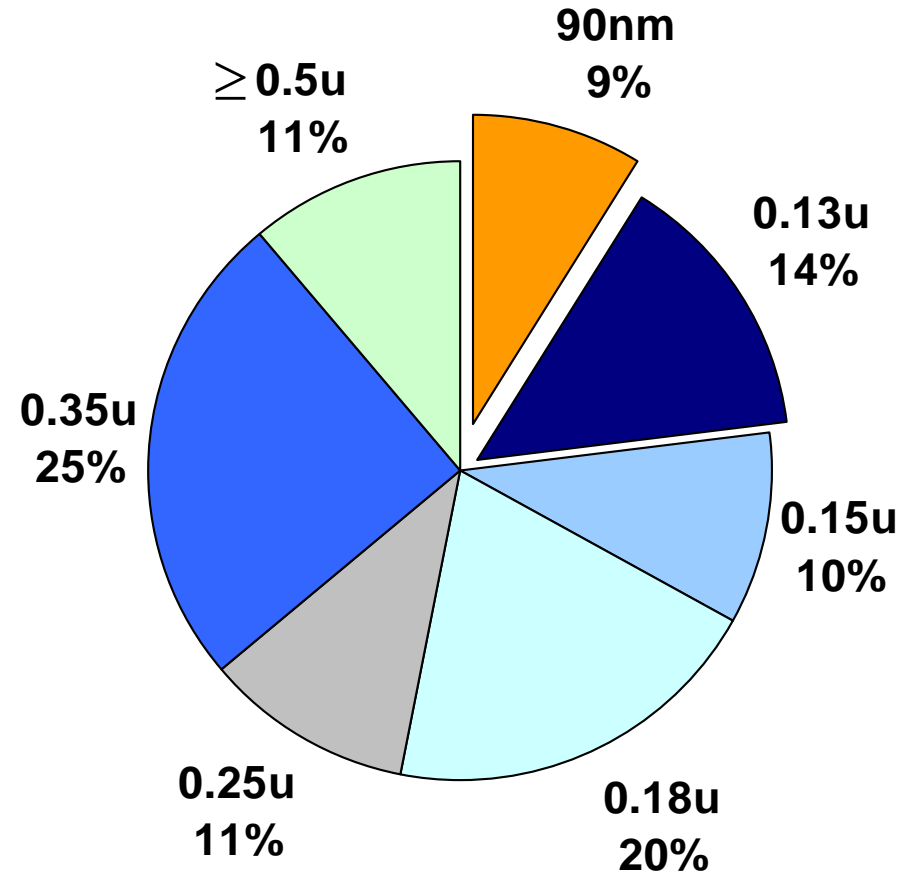


Sales Breakdown by Technology

2005 Q3



2005 Q2



Quarterly Capacity

unit: in thousands (8" wafer eq.)

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

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