

UMC

2006 Q3 *Financial Review*

October 25, 2006

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; 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 ("20-F") for the year ended December 31, 2005 filed with the U.S. Securities and Exchange Commission on June 26, 2006.

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 34 to the financial statements on 20-F.

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

	2006	2006	2005
	Q3 / Sep	Q2 / Jun	Q3 / Sep
Net Operating Revenues	27,852	25,751	23,579
Net Income	8,592	6,052	2,165
EPS (NTD)	0.48	0.34	0.11
Cash and Cash Equivalents	83,004	90,050	71,792
Total Assets	346,678	341,831	314,326
Total Liabilities	68,620	70,871	54,074
Stockholders' Equity	278,058	270,960	260,252
Wafer Shipment (in thousands- 8" wafer eq.)	799	786	741
Utilization (%)	82%	80%	78%

Income Statement - QoQ

Unit: NT M

	Q3-06	%	Q2-06	%	Change %
Net Operating Revenues	27,852	100.0	25,751	100.0	8.2
Gross Profit	6,814	24.5	5,171	20.1	31.8
Operating Expenses	(3,777)	(13.6)	(3,541)	(13.8)	6.7
Operating Income (Loss)	3,037	10.9	1,630	6.3	86.3
Net Non-operating Income (Expense)	6,438	23.1	5,076	19.7	26.8
Income Tax Expense	(883)	(3.2)	(654)	(2.5)	35.0
Net Income	8,592	30.8	6,052	23.5	42.0
EPS (NTD)	0.48		0.34		
EPADS (USD)	0.073		0.051		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.08 was used to translate NTD to USD.
3. 17,542 million and 17,469 million shares were used in EPS calculation for Q3-06 and Q2-06, respectively.

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Income Statement - YoY: 9 Months

Unit: NT M

	2006 Jan~Sep	%	2005 Jan~Sep	%	Change %
Net Operating Revenues	77,987	100.0	63,307	100.0	23.2
Gross Profit	15,240	19.5	6,223	9.8	144.9
Operating Expenses	(10,488)	(13.4)	(9,819)	(15.5)	6.8
Operating Income (Loss)	4,752	6.1	(3,596)	(5.7)	-
Net Non-operating Income (Expense)	24,415	31.3	7,580	12.0	222.1
Income Tax Expense	(2,237)	(2.9)	(1)	(0.0)	-
Net Income	26,930	34.5	3,983	6.3	576.1
EPS (NTD)	1.48		0.21		
EPADS (USD)	0.224		0.032		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.08 was used to translate NTD to USD.
3. 18,159 million and 18,700 million shares were used in EPS calculation for 9 months ended September 30, 2006 and for 9 months ended September 30, 2005, respectively.

Investment Income

Unit: NT M

	Q3-06	Q2-06
Investment income accounted for under the equity method	821	584
Impairment loss of long-term investments	-	(22)
Gain (Loss) on valuation of financial assets	10	(155)
Cash dividends	816	26
Total	1,647	433

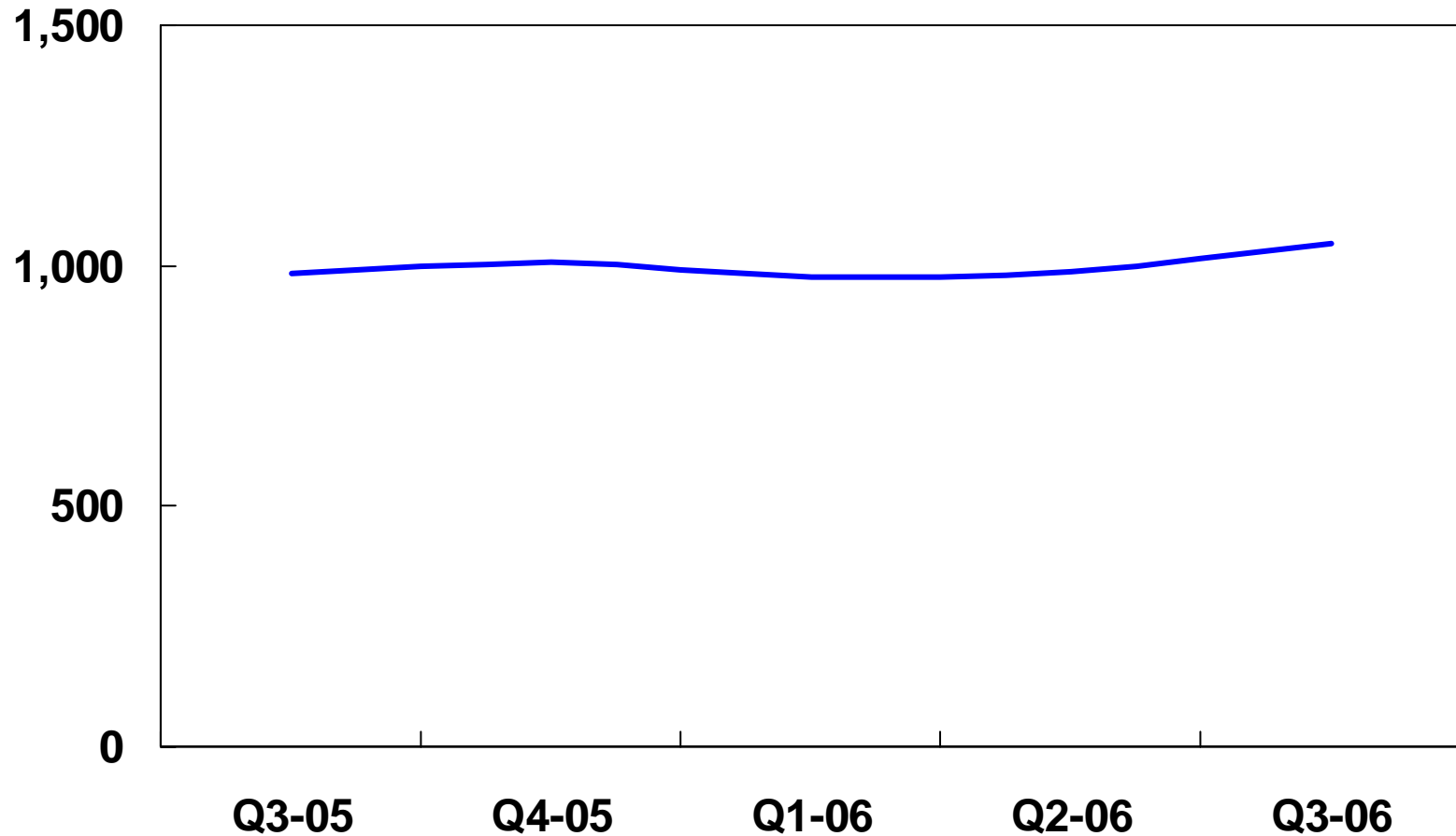
Balance Sheet Highlight - Sep. 30, 2006

Unit: NT M

Cash and Cash Equivalents	83,004
Long-term Investments	74,001
Fixed Assets	139,316
Total Assets	346,678
Current Liabilities	34,408
Long-term Debts	30,566
Stockholders' Equity	278,058
<i>Depreciation Expense (YTD)</i>	<i>32,955</i>

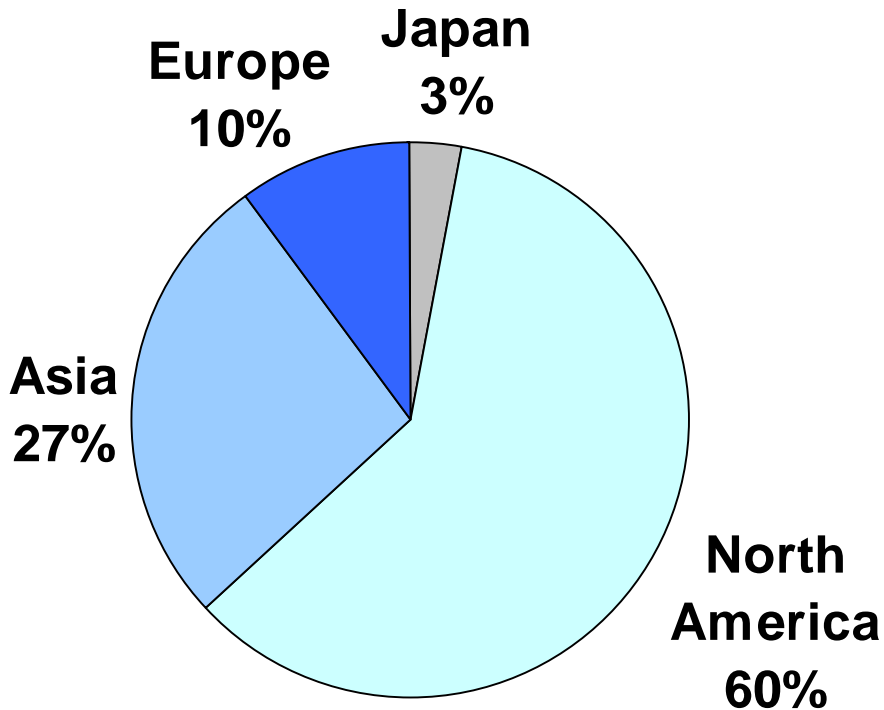
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

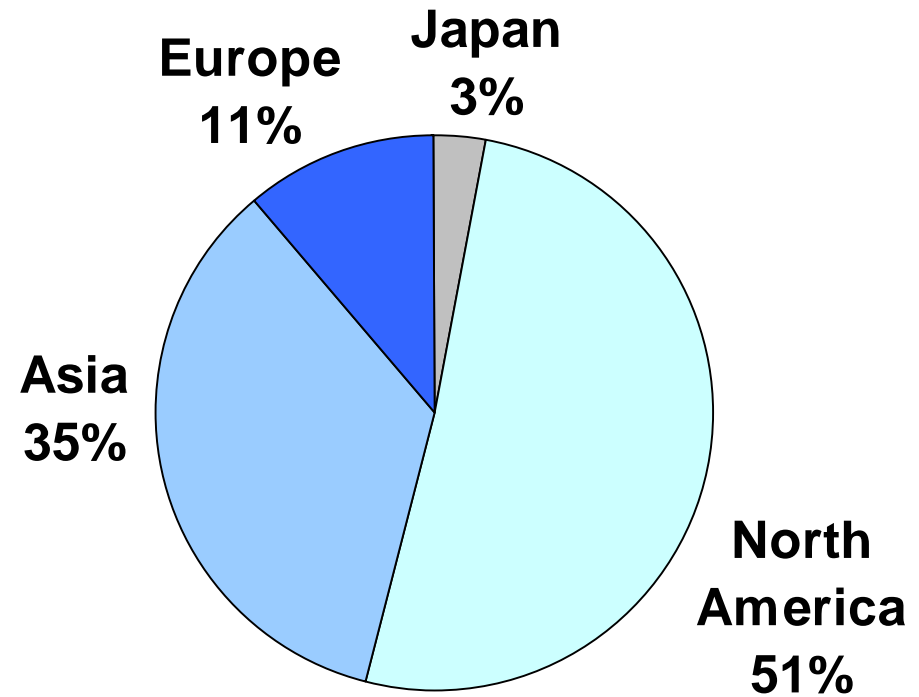


Sales Breakdown by Geography

2006 Q3

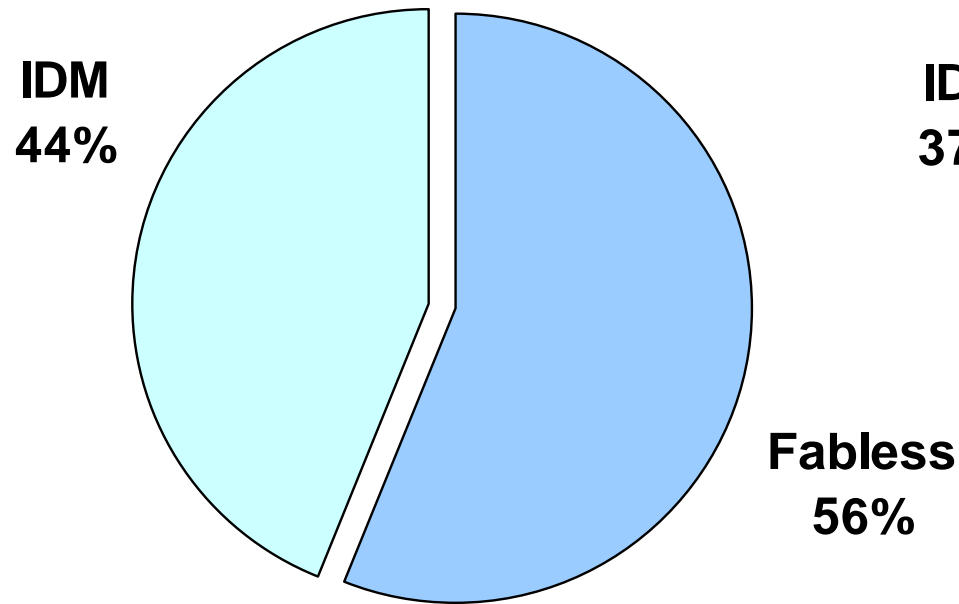


2006 Q2

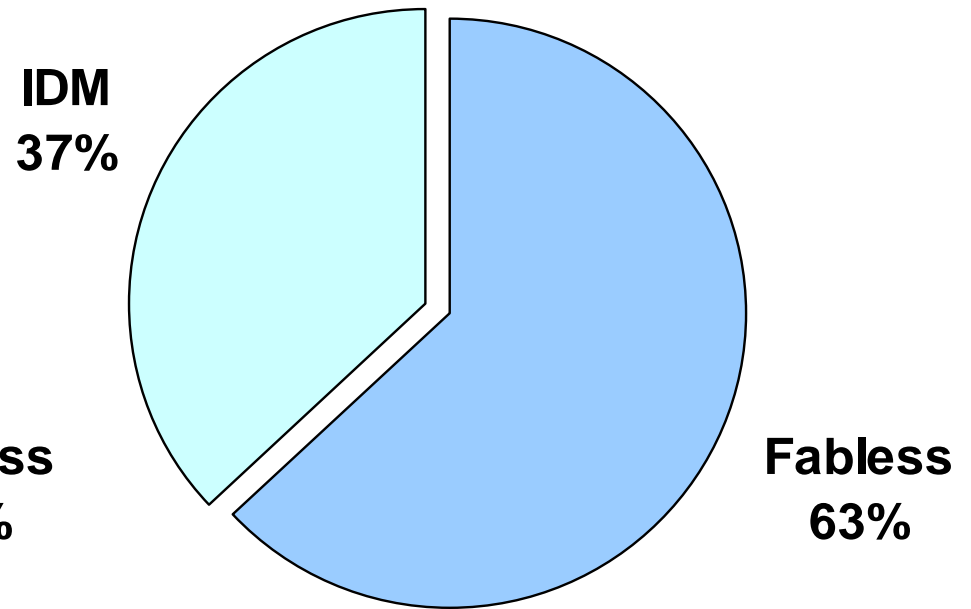


Sales Breakdown by Customer

2006 Q3

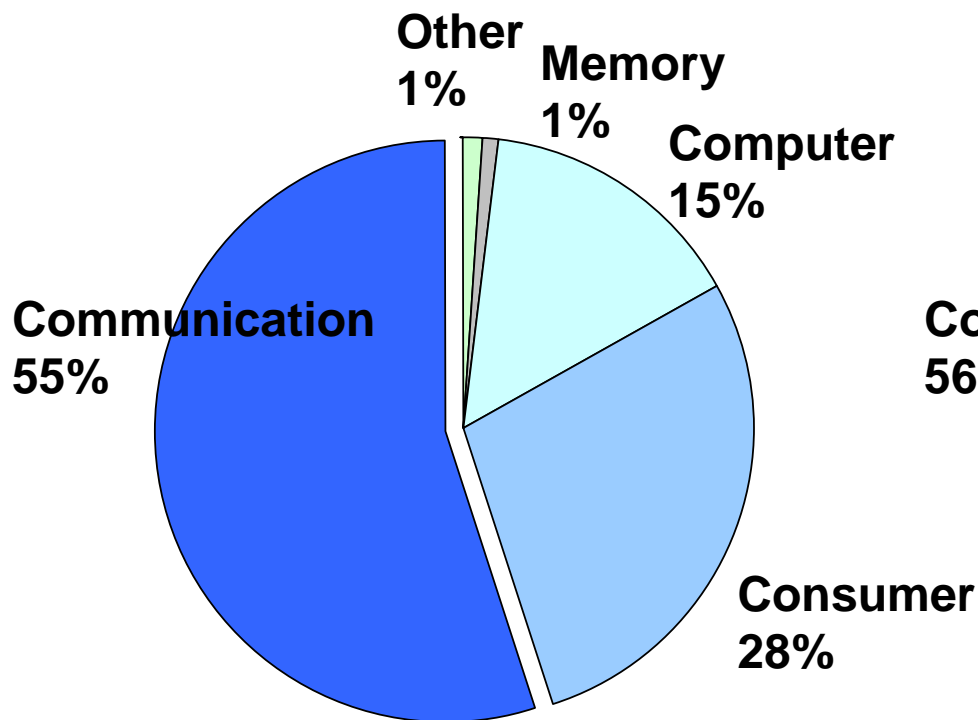


2006 Q2

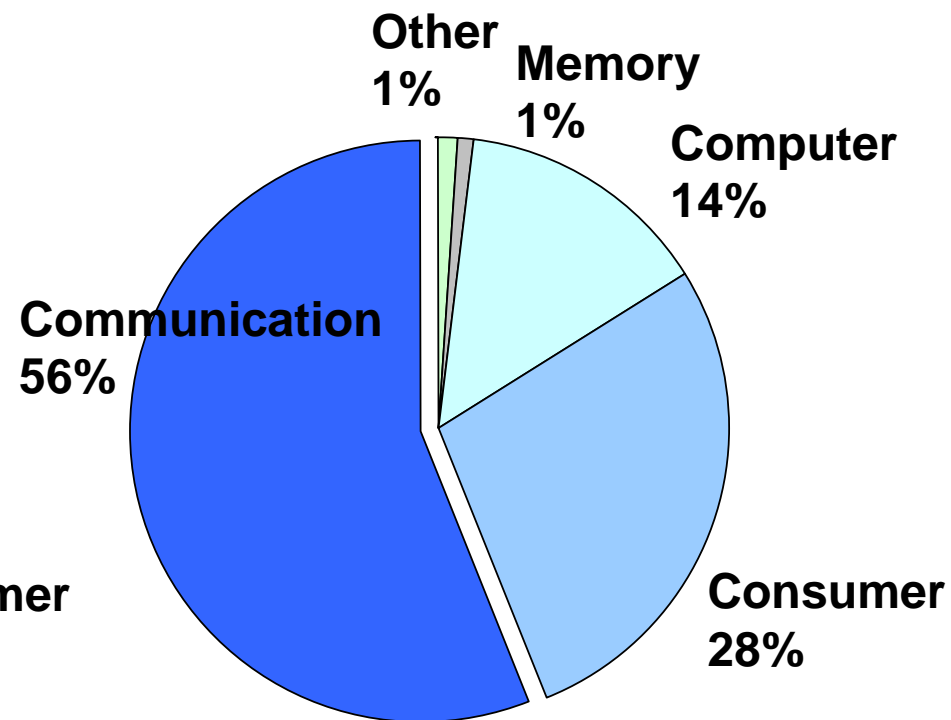


Sales Breakdown by Application

2006 Q3



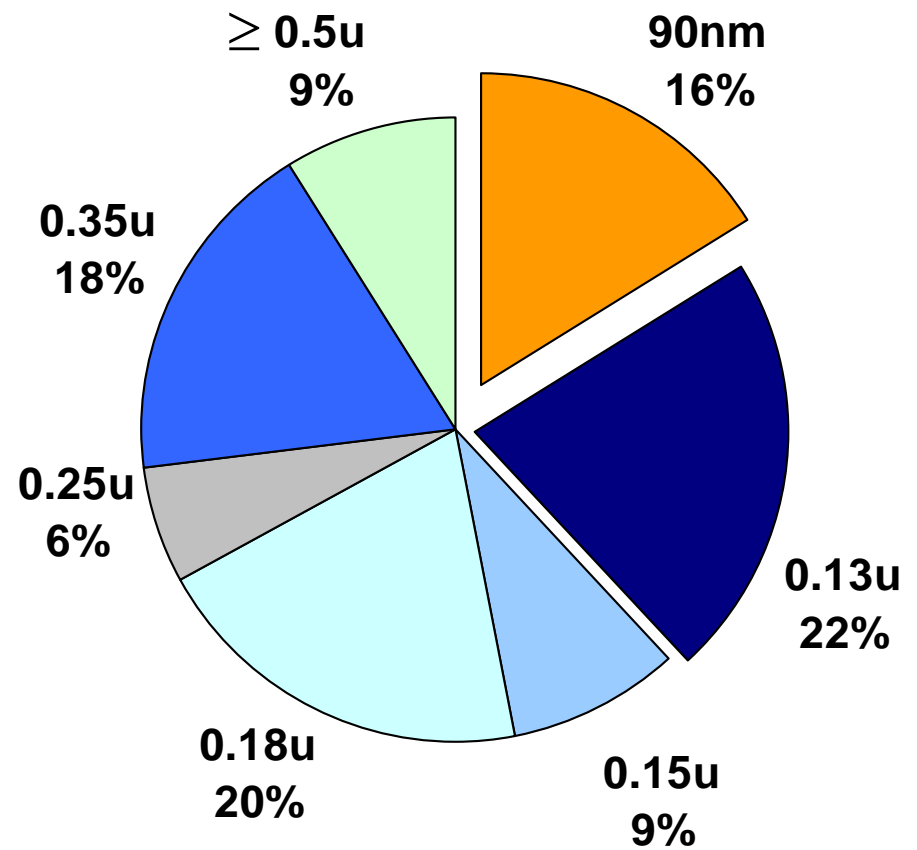
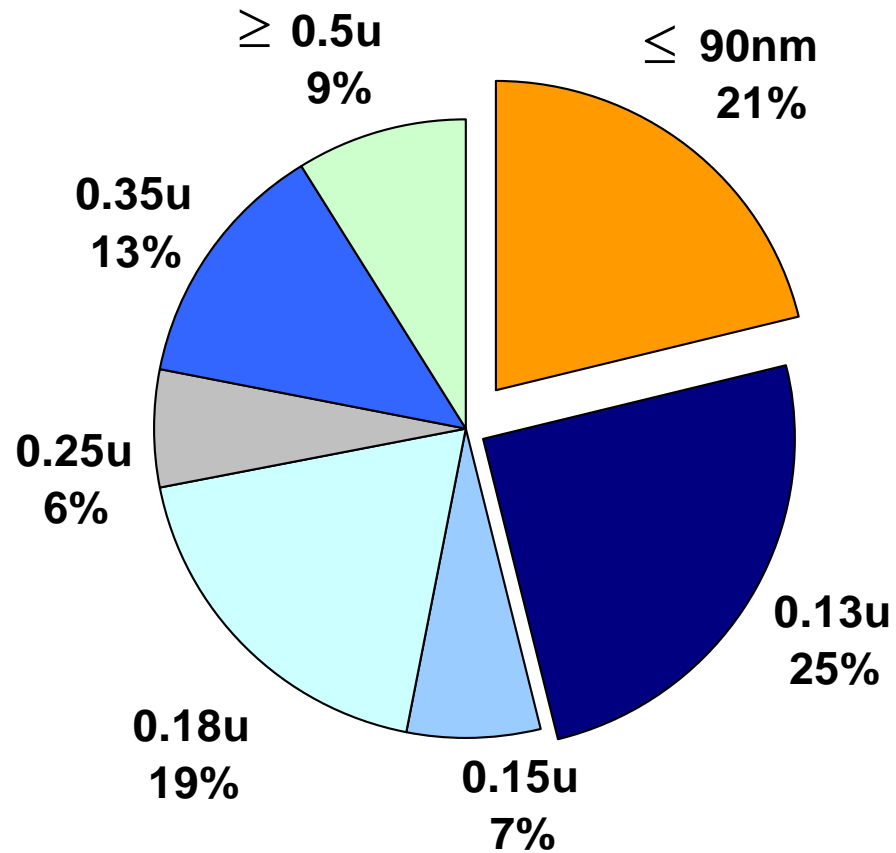
2006 Q2



Sales Breakdown by Technology

2006 Q3

2006 Q2



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	1Q06	2Q06	3Q06	4Q06E
Fab 6A	82	82	82	80
Fab 8AB	204	204	204	204
Fab 8C	100	100	100	100
Fab 8D	63	63	63	63
Fab 8E	101	101	102	102
Fab 8F	93	93	93	93
Fab 8S	69	69	69	69
Fab 12A	178	191	192	193
Fab 12i	95	99	105	114
Total	985	1,002	1,010	1,018

2006 Capital Expenditure Plan

	8" Fab	12" Fab	12" R&D	Total
UMC	3%	87%	10%	1 billion USD

For more information regarding UMC

www.umc.com

For all inquiries, suggestions, and comments

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