

**UNITED MICROELECTRONICS CORPORATION  
FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT AUDITORS  
FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2001**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **REPORT OF INDEPENDENT AUDITORS**

### English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Shareholders of  
United Microelectronics Corporation

We have audited the accompanying balance sheets of United Microelectronics Corporation as of December 31, 2002 and 2001, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. As described in Note 4(6) to the financial statements, certain long-term investments were accounted for under the equity method based on the 2002 and 2001 financial statements of the investees, which were audited by other auditors. Our opinion insofar as it relates to the investment loss amounting to NT\$146 million and NT\$1,331 million for the years ended December 31, 2002 and 2001, respectively, and the related long-term investment balances of NT\$5,514 million and NT\$7,208 million as of December 31, 2002 and 2001, respectively, is based solely on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of China and "Guidelines for Certified Public Accountants' Examination and Reports on Financial Statements", which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of United Microelectronics Corporation as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

As described in Note 3 to the financial statements, United Microelectronics Corporation has adopted Statement of Financial Accounting Standards of the Republic of China No. 30, "Accounting for Treasury Stock", to account for its stock held by subsidiaries as treasury stock since January 1, 2002.

January 16, 2003  
Taipei, Taiwan  
Republic of China

#### **Notice to Readers**

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese  
 UNITED MICROELECTRONICS CORPORATION  
 BALANCE SHEETS  
 December 31, 2002 and 2001  
 (Expressed in thousands of New Taiwan dollars)

Assets	Notes	2002	2001	Liabilities and Stockholders' Equity	Notes	2002	2001
<b>Current Assets</b>				<b>Current Liabilities</b>			
Cash and cash equivalents	2, 4(1)	\$ 62,479,019	\$ 58,517,186	Short-term loans	4(8)	\$ 100,000	\$ -
Marketable securities	2, 4(2)	2,501,748	1,086,434	Accounts payable		2,271,635	1,860,769
Notes receivable	4(3)	83,001	113,681	Accounts payable - related parties	5	389,906	490,775
Notes receivable - related parties	5	2,370	102,011	Income tax payable	2	63,281	63,281
Accounts receivable, net	2, 4(4)	3,214,909	2,848,724	Accrued expenses		3,483,171	5,399,887
Accounts receivable - related parties, net	2, 5	6,066,568	4,176,719	Other payables		7,015,908	9,893,511
Other receivables	2	990,336	674,902	Current portion of long-term debts	4(9), 4(10), 5	5,569,098	7,002,725
Inventories, net	2, 4(5)	7,692,278	5,190,134	Other current liabilities	7	2,056,419	2,225,458
Prepaid expenses		730,062	737,374	Subtotal		20,949,418	26,936,406
Deferred income tax assets	2, 4(16)	2,898,046	3,804,615				
Subtotal		86,658,337	77,251,780	<b>Long-term Liabilities</b>			
<b>Funds and Long-term Investments</b>				Bonds payable	2, 4(9)	45,505,662	38,450,511
Long-term investments	2, 3, 4(6)	56,246,744	77,051,045	Long-term loans	4(10), 5	9,560,762	14,011,926
Subtotal		56,246,744	77,051,045	Subtotal		55,066,424	52,462,437
<b>Property, Plant and Equipment</b>	2, 4(7), 5, 6, 7			<b>Other Liabilities</b>			
Land		1,618,731	1,692,677	Accrued pension liabilities	2, 4(11)	1,934,159	1,508,963
Buildings		12,180,376	11,750,573	Capacity deposits and other deposits	7	2,698	1,279,551
Machinery and equipment		233,423,940	199,390,426	Deferred credits	2	1,946,584	1,731,889
Transportation equipment		61,368	50,855	Subtotal		3,883,441	4,520,403
Furniture and fixtures		1,908,301	1,325,953	<b>Total Liabilities</b>		79,899,283	83,919,246
Leased assets		47,783	-	<b>Capital</b>			
Leasehold improvements		44,930	53,005	Common stock	4(12)	154,748,456	133,356,954
Total Cost		249,285,429	214,263,489	Capital reserve			
Less : Accumulated depreciation		(121,042,789)	(88,240,091)	Premiums		41,729,589	41,729,589
Plus : Construction in progress and prepayments		17,833,246	29,188,440	Gain on disposal of property, plant and equipment		-	170,473
Net		146,075,886	155,211,838	Change in equities of long-term investments		22,993,448	23,063,166
<b>Intangible Assets</b>				Excess from merger		17,152,454	17,152,454
Patents	2	18,880	30,805	Retained earnings	4(14)		
Subtotal		18,880	30,805	Legal reserve		10,686,225	10,686,225
<b>Other Assets</b>				Special reserve		631,982	2,242,284
Assets leased to others		170,032	149,734	Unappropriated earnings		8,685,847	21,223,870
Idle assets	2	22,361	29,976	Adjusting items in stockholders' equity			
Deposits out		821,340	525,017	Unrealized loss on long-term investments	2	(10,795,621)	(9,920,139)
Deferred charges	2	2,079,314	2,426,275	Cumulative translation adjustment	2, 4(6)	728,851	(160,470)
Deferred income tax assets	2, 4(16)	5,117,101	4,210,532	Treasury stock	2, 3, 4(13)	(29,127,868)	(6,078,707)
Others		122,651	497,943	<b>Total Stockholders' Equity</b>		217,433,363	233,465,699
Subtotal		8,332,799	7,839,477				
<b>Total Assets</b>		\$ 297,332,646	\$ 317,384,945	<b>Total Liabilities and Stockholders' Equity</b>		\$ 297,332,646	\$ 317,384,945

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese  
**UNITED MICROELECTRONICS CORPORATION**  
**STATEMENTS OF INCOME**  
For the years ended December 31, 2002 and 2001  
(Expressed in thousands of New Taiwan dollars, except for earnings per share )

Contents	Notes	2002	2001
Operating Revenues	2, 5		
Sales revenues		\$ 65,101,970	\$ 62,463,287
Less : Sales returns and allowances		(719,276)	(954,254)
Net Sales		64,382,694	61,509,033
Other operating revenues		3,043,051	2,984,374
Net Operating Revenues		67,425,745	64,493,407
Operating Costs			
Cost of goods sold	5	(53,652,787)	(53,642,740)
Other operating costs		(2,580,669)	(2,226,970)
Operating Costs		(56,233,456)	(55,869,710)
Gross Profit		11,192,289	8,623,697
Unrealized Intercompany Profit	2	(68,558)	(71,419)
Realized Intercompany Profit	2	71,419	578,717
Net		11,195,150	9,130,995
Operating Expenses			
Selling expenses		(831,432)	(1,705,073)
General and administrative expenses		(3,190,776)	(4,435,321)
Research and development expenses		(7,031,971)	(8,580,775)
Subtotal		(11,054,179)	(14,721,169)
Operating Income (Loss)		140,971	(5,590,174)
Non-operating Income			
Interest revenue		1,332,907	2,223,825
Gain on disposal of property, plant and equipment	2	65,077	59,401
Gain on disposal of investments		7,879,533	2,235,378
Exchange gain	2	117,896	438,105
Lease income		81,559	96,525
Written back of allowance for inventories	2	174,877	-
Other income		286,524	104,176
Subtotal		9,938,373	5,157,410
Non-operating Expenses			
Interest expense	4(7), 5	(1,418,142)	(2,488,239)
Investment loss	2, 4(6)	(256,193)	(1,730,447)
Loss on disposal of property, plant and equipment	2, 5	(29,539)	(101,119)
Inventory loss	2	(885,282)	(1,322,072)
Banking charges		(348,818)	(219,956)
Depreciation and loss on idle assets	2	(50,954)	(28,160)
Other losses		(6,322)	(29,990)
Subtotal		(2,995,250)	(5,919,983)
Income (Loss) Before Income Taxes		7,084,094	(6,352,747)
Income Tax (Expense) Benefit	2, 4(16)	(12,062)	3,195,445
Net Income (Loss)		<u>\$ 7,072,032</u>	<u>\$ (3,157,302)</u>
Earnings (Loss) Per Share-Basic (in New Taiwan dollars)	2, 4(15)		
Income (Loss) Before Income Taxes		\$ 0.48	\$ (0.41)
Net Income (Loss)		<u>\$ 0.48</u>	<u>\$ (0.20)</u>
Earnings (Loss) Per Share-Diluted (in New Taiwan dollars)	2, 4(15)		
Income (Loss) Before Income Taxes		\$ 0.48	\$ (0.41)
Net Income (Loss)		<u>\$ 0.48</u>	<u>\$ (0.20)</u>
Pro forma information on earnings as if subsidiaries' investment in the Company is not treated as treasury stock	2, 4(15)		
Net Income		\$ 7,072,032	
Earnings Per Share-Basic (in New Taiwan dollars)		<u>\$ 0.46</u>	
Earnings Per Share-Diluted (in New Taiwan dollars)		<u>\$ 0.46</u>	

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese  
 UNITED MICROELECTRONICS CORPORATION  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 For the years ended December 31, 2002 and 2001  
 (Expressed in thousands of New Taiwan dollars)

Contents	Common Stock	Capital Reserve	Retained Earnings			Treasury Stock	Unrealized Loss on Long-term Investments	Cumulative Translation Adjustment	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings				
Balance as of January 1, 2001	\$ 114,714,519	\$ 82,161,068	\$ 5,625,234	\$ -	\$ 50,759,921	\$ (1,479,064)	\$ (13,804,227)	\$ 24,202	\$ 238,001,653
Appropriation of 2000 retained earnings:									
Legal reserve	-	-	5,060,991	-	(5,060,991)	-	-	-	-
Special reserve	-	-	-	2,242,284	(2,242,284)	-	-	-	-
Stock dividends	17,151,040	-	-	-	(17,151,040)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(433,039)	-	-	-	(433,039)
Employees' bonus	1,491,395	-	-	-	(1,491,395)	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	(4,599,643)	-	-	(4,599,643)
Net loss for 2001	-	-	-	-	(3,157,302)	-	-	-	(3,157,302)
Adjustment of capital reserve accounted for under equity method	-	(192,472)	-	-	-	-	-	-	(192,472)
Issuance cost adjustment for American Depository Shares	-	147,086	-	-	-	-	-	-	147,086
Changes in unrealized loss on long-term investments	-	-	-	-	-	-	1,514,297	-	1,514,297
Changes in unrealized loss on long-term investments of investees	-	-	-	-	-	-	2,369,791	-	2,369,791
Changes in cumulative translation adjustment	-	-	-	-	-	-	-	(184,672)	(184,672)
Balance as of December 31, 2001	133,356,954	82,115,682	10,686,225	2,242,284	21,223,870	(6,078,707)	(9,920,139)	(160,470)	233,465,699
Appropriation of 2001 retained earnings:									
Special reserve	-	-	-	(1,610,302)	1,610,302	-	-	-	-
Stock dividends	19,680,182	-	-	-	(19,680,182)	-	-	-	-
Employees' bonus	1,711,320	-	-	-	(1,711,320)	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	(2,739,918)	-	-	(2,739,918)
Treasury stock held by subsidiaries	-	-	-	-	-	(20,309,243)	-	-	(20,309,243)
Net Income for 2002	-	-	-	-	7,072,032	-	-	-	7,072,032
Gain on disposal of assets adjusted from capital reserve	-	(170,473)	-	-	170,473	-	-	-	-
Investees' gain on disposal of assets adjusted from capital reserve	-	(672)	-	-	672	-	-	-	-
Adjustment of capital reserve accounted for under equity method	-	(69,046)	-	-	-	-	-	-	(69,046)
Changes in unrealized loss on long-term investments of investees	-	-	-	-	-	-	(875,482)	-	(875,482)
Changes in cumulative translation adjustment	-	-	-	-	-	-	-	889,321	889,321
Balance as of December 31, 2002	\$ 154,748,456	\$ 81,875,491	\$ 10,686,225	\$ 631,982	\$ 8,685,847	\$ (29,127,868)	\$ (10,795,621)	\$ 728,851	\$ 217,433,363

The accompanying notes are an integral part of the financial statements.

English Translation of Financial Statements Originally Issued in Chinese  
**UNITED MICROELECTRONICS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2002 and 2001  
(Expressed in thousands of New Taiwan dollars)

Contents	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$ 7,072,032	\$ (3,157,302)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	33,531,540	31,998,131
Amortization	2,193,472	2,292,771
Inventory loss	885,282	1,322,072
Written back of allowance for inventories	(174,877)	-
Cash dividends received under the equity method	146,064	221,376
Long-term investment (income) loss accounted for under the equity method	(490,347)	1,461,275
Impairment loss of long-term investments	976,232	420,242
Gain on disposal of investments	(7,879,533)	(2,235,378)
(Gain) loss on disposal of property, plant and equipment	(35,538)	41,718
Depreciation and loss on idle assets	50,954	28,160
Exchange (gain) loss on long-term loans	(145,671)	431,142
Reversal of bad debts expense	(62,695)	(97,609)
Changes in assets and liabilities:		
Notes receivable	217,922	261,920
Accounts receivable	(2,731,240)	8,539,389
Other receivables	(146,072)	616,854
Inventories	(3,212,549)	3,578,289
Prepaid expenses	7,312	(409,478)
Deferred income tax assets	-	(3,413,341)
Accounts payable	309,997	(3,143,822)
Income tax payable	-	(185,204)
Accrued expenses	(1,938,438)	1,138,459
Other current liabilities	(43,661)	(712,324)
Compensation interest payable	78,977	4,415
Capacity deposit	(984,835)	236,902
Accrued pension liabilities	425,196	470,799
Net cash provided by operating activities	<u>28,049,524</u>	<u>39,709,456</u>
Cash flows from investing activities:		
Increase in marketable securities, net	(1,381,478)	(1,060,106)
Acquisition of long-term investments	(3,546,762)	(7,353,051)
Proceeds from disposal of long-term investments	11,415,056	3,002,713
Acquisition of property, plant and equipment	(27,897,707)	(37,609,128)
Proceeds from disposal of property, plant and equipment	601,845	392,789
Increase in intangible assets	-	(35,773)
Decrease in restricted deposits	-	2,660,800
Increase in deferred charges	(1,580,610)	(2,373,213)
Increase in other assets	(296,323)	(285,145)
Net cash used in investing activities	<u>(22,685,979)</u>	<u>(42,660,114)</u>

English Translation of Financial Statements Originally Issued in Chinese  
**UNITED MICROELECTRONICS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2002 and 2001  
(Expressed in thousands of New Taiwan dollars)

Contents	2002	2001
(continued)		
Cash flows from financing activities:		
Increase (decrease) in short-term loans, net	\$ 100,000	\$ (3,489,325)
Repayment of long-term loans	(5,718,446)	(19,714,253)
Proceeds from bonds issued	8,095,500	35,596,096
Redemption of bonds	(1,140,000)	-
Increase in deposits-in, net	1,152	361
Purchase of treasury stock	(2,739,918)	(4,599,643)
Directors' and supervisors' remuneration paid	-	(433,039)
Net cash (used in) provided by financing activities	<u>(1,401,712)</u>	<u>7,360,197</u>
Net increase in cash and cash equivalents	3,961,833	4,409,539
Cash and cash equivalents at beginning of year	58,517,186	54,107,647
Cash and cash equivalents at end of year	<u>\$ 62,479,019</u>	<u>\$ 58,517,186</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest (excluding interest capitalized)	<u>\$ 1,394,829</u>	<u>\$ 2,111,416</u>
Cash paid for income tax	<u>\$ 101,240</u>	<u>\$ 482,815</u>
Investing activities partially paid by cash:		
Acquisition of property, plant and equipment	\$ 25,020,104	\$ 36,233,451
Add: Payable at beginning of year	9,893,511	11,269,188
Less: Payable at end of year	(7,015,908)	(9,893,511)
Cash paid for acquiring property, plant and equipment	<u>\$ 27,897,707</u>	<u>\$ 37,609,128</u>

The accompanying notes are an integral part of the financial statements.

UNITED MICROELECTRONICS CORPORATION  
NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

(Expressed in thousands of New Taiwan dollars unless otherwise stated)

1. HISTORY AND ORGANIZATION

United Microelectronics Corporation (“United Microelectronics” or “the Company”) was incorporated in May 1980 and commenced operations in April 1982. The Company’s major business activity is the dedicated full service semiconductor wafer foundry. The Company provides a variety of services to fit individual customer’s needs, including intellectual property, embedded IC design, design verification, mask tooling, wafer fabrication, testing, etc. The Company’s common shares were publicly listed on the Taiwan Stock Exchange in July 1985 and its American Depository Shares (“ADSs”) were listed on the New York Stock Exchange in September of 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks on changes in value resulting from changes in interest rates.

Translation of Foreign Currency Transactions

The accounts of United Microelectronics are maintained in New Taiwan dollars, the functional currency. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing on the transaction dates. Receivables, other monetary assets, and liabilities denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing at the balance sheet date. Exchange gains or losses are included in the current year’s results. The financial statements of foreign subsidiaries and investees are translated into New Taiwan dollars using the spot rates as of each financial statement date for asset and liability accounts, average exchange rates for profit and loss accounts and historical exchange rates for equity accounts. The cumulative translation effects for subsidiaries and investees using functional currencies other than the New Taiwan dollars are included in the cumulative translation adjustment in stockholders’ equity.

### Marketable Securities

Marketable securities are recorded at cost when acquired and are stated at the lower of aggregate cost or market value at the balance sheet date. The market value of listed equity securities, convertible bonds or closed-end funds is determined by the average closing price during the last month of the fiscal year. The market value for open-ended funds is determined by their equity per unit at the balance sheet date. The amount by which aggregate cost exceeds market value is reported as a loss in the current year. In subsequent periods, recoveries of market value are recognized as a gain to the extent that the market value does not exceed the original aggregate cost of the investment.

### Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on management's judgment and on the evaluation of collectibility and aging analysis of accounts and other receivables.

### Inventories

Inventories are recorded at cost when acquired and stated at the lower of aggregate cost, based on the weighted average method, or market value at the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost while the work in process and finished goods are determined by net realizable values. An allowance for loss on decline in market value and obsolescence is provided, when necessary.

### Long-term Investments

Long-term Investments are recorded at cost when acquired. Investments acquired by contribution of technological know-how are credited to deferred credits among affiliates, which will be amortized to income over a period of five years.

Investments in less than 20% owned listed companies where significant influence on operational decisions of the investees does not reside with the Company, are accounted for by the lower of aggregate cost or market value method. The unrealized loss resulting from the decline in market value of investments that are held for long-term investment purposes is deducted from the stockholders' equity. The Company's investments in less than 20% owned unlisted companies are accounted for under the cost method, unless an other than temporary impairment is evident, in which case they are written down to fair value as a new cost basis.

Investment income or loss from investments in both listed and unlisted companies is accounted for under the equity method provided that the Company owns at least 20% of the outstanding voting shares of the investees and has significant influence on operational decisions of the investees. The difference of the acquisition cost and the underlying equity in the investee's net assets is amortized over five years.

Unrealized intercompany gains and losses are eliminated under the equity method. Profit from sales of depreciable assets between the investee and the Company is amortized and recognized based on the assets' economic service lives. Profit from other types of intercompany transactions is recognized when realized. The increase in the Company's proportionate share in the net assets of its investee resulting from its subscription to additional shares of stock, issued by such investee, at the rate not proportionate to its existing equity ownership in such investee, is credited to a capital reserve account. Any decrease in the Company's proportionate share in the net assets of investee is debited against the existing balance of the similar capital reserve account, where the credit balance can only be offset to zero. If any excess amount exists, it will be debited against unappropriated retained earnings.

Consolidated financial statements include the accounts of the Company and certain majority owned (50% or more) subsidiaries are prepared at end of fiscal year. If the total assets and operating revenues of a subsidiary are less than 10% of the total non-consolidated assets and operating revenues of the Company, respectively, the subsidiary's financial statements may, at the option of the Company, not be consolidated. Irrespective of the above test, when the total combined assets or operating revenues of all such non-consolidated subsidiaries constitute up to 30% of the Company's total non-consolidated assets or operating revenues, then each individual subsidiary with total assets or operating revenues up to 3% of the Company's total non-consolidated assets or operating revenues has to be included in the consolidation. Such subsidiaries are included in the consolidated financial statements thereafter, unless the percentage of the combined total assets or operating revenues for all such subsidiaries becomes less than 20% of the Company's respective unconsolidated amount.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost. Interest incurred on loans used to finance the construction of property, plant and equipment is capitalized and depreciated accordingly.

Depreciation is provided on the straight-line basis using the economic service lives of the assets less any salvage value. When the economic service lives are completed, property, plant and equipment, which are still in use, are depreciated over the newly estimated remaining useful lives of the salvage value. The economic service lives of the property, plant and equipment are as follows: buildings - 20 to 55 years; leased assets and leasehold improvements - the lease period, or economic service lives, whichever is shorter; others - 5 years.

Maintenance and repairs are charged to expense as incurred. Significant renewals and improvements are treated as capital expenditures and are depreciated accordingly. When property, plant and equipment are disposed of, their original cost and accumulated depreciation are written off and the related gain or loss is included in the income statement. Idle assets are transferred to other assets according to the lower of net book and net realizable value, with the difference charged to earnings. The corresponding depreciation expenses provided for the year are classified as non-operating expenses.

### Intangible Assets

Patents are stated at cost and amortized over their economic service lives using straight-line method.

### Deferred Charges

Deferred charges are stated at cost and amortized on a straight-line basis as follows: intellectual property and technology license fee - the term of contract or economic lives of the related technology; software - 3 years; and bonds issuance costs - over the life of the bonds.

### Convertible and Exchangeable Bonds

The excess of the stated redemption price over the par value is accrued as compensation interest payable over the redemption period, using the effective interest method.

When convertible bondholders exercise their conversion rights, the book value of bonds is credited to common stock at an amount equal to the par value of the common stock and the excess is credited to capital reserve; no gain or loss is recognized on bond conversion.

When exchangeable bondholders exercise their rights to exchange for the reference shares, the book value of bonds is to be offset with the book value of the investment in reference shares and the related stockholder's equities accounts, with the difference recognized as gain or loss on disposal of investments.

### Revenue Recognition

Revenue is recognized when title and liability for risk of loss or damage to the products have been transferred to customers usually upon shipment. Sales return and allowances taken into consideration of customers' complaint and past experience are accrued in the same year of sales. The connected cost is to be deducted from the cost of goods sold.

### Income Tax

Provision for income tax includes deferred tax resulting from temporary differences and investment tax credits. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized.

Income taxes (10%) on unappropriated earnings generated from January 1, 1998 are recorded as expense in the year when the shareholders have resolved that the earnings shall be retained.

According to Statement of Financial Accounting Standards of the Republic of China (“ROC SFAS”) No. 12, the Company recognized the tax benefit from the tax credit incurred at the year equipment acquired, or the year the expenditure arises from research and development.

#### Pension Plan

The Company has a funded defined benefit pension plan covering all regular employees. The net pension cost is computed based on an actuarial valuation in accordance with the provision of ROC SFAS No.18, which requires consideration of pension cost components such as service cost, interest cost, expected return on plan assets and amortization of net obligation at transition. The unrecognized net asset or obligation at transition is amortized on a straight-line basis over 15 years. The pension fund is managed by an independently administered pension fund association.

#### Earnings Per Share

Earnings per share is calculated according to the ROC SFAS No.24. Basic earnings per share is computed by dividing net income (loss) by weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by taking basic earnings per share into consideration plus additional common shares that would have been outstanding if the dilutive share equivalents had been issued. The net income (loss) would also be adjusted for the interest derived from any underlying dilutive share equivalents. The weighted-average outstanding shares are restated for stock dividends and bonus share issues.

#### Treasury Stock

The Company adopted ROC SFAS No. 30, which requires that treasury stock held by the Company itself be accounted for under the cost method. Cost of treasury stock is shown as a deduction to stockholders’ equity, while gain or loss of selling treasury stock is treated as an adjustment to capital reserves.

The Company’s stock held by its subsidiaries is also treated as treasury stock in United Microelectronic’s account since January 1, 2002.

### 3. ACCOUNTING CHANGE

Since January 1, 2002, the Company has adopted ROC SFAS No. 30 to further include the Company’s stock held by its subsidiaries as treasury stock in the Company’s stand-alone account. This adoption has decreased the amount of long-term investment and stockholder’s equity in the Company’s balance sheet by NT\$11,722 million, respectively. The net impact caused by the accounting changes is considered insignificant.

#### 4. CONTENTS OF SIGNIFICANT ACCOUNTS

##### (1) CASH AND CASH EQUIVALENTS

	As of December 31,	
	2002	2001
Cash :		
Cash on hand	\$1,470	\$1,590
Checking and savings accounts	1,437,824	9,246,309
Certificates of deposit	52,348,316	39,407,278
Subtotal	53,787,610	48,655,177
Cash equivalents :		
Commercial paper	2,412,525	592,644
Repurchase obligations	6,278,884	9,269,365
Subtotal	8,691,409	9,862,009
Total	\$62,479,019	\$58,517,186

##### (2) MARKETABLE SECURITIES

	As of December 31,	
	2002	2001
Mutual funds	\$-	\$1,003,900
Listed equity securities	-	42,634
Convertible bonds	2,501,748	39,900
Total	\$2,501,748	\$1,086,434

##### (3) NOTES RECEIVABLE

	As of December 31,	
	2002	2001
Notes receivable	\$83,001	\$113,681

##### (4) ACCOUNTS RECEIVABLE, NET

	As of December 31,	
	2002	2001
Accounts receivable	\$3,345,509	\$3,052,997
Less : Allowance for sales returns and discounts	(89,301)	(157,205)
Less : Allowance for doubtful accounts	(41,299)	(47,068)
Net	\$3,214,909	\$2,848,724

(5) INVENTORIES, NET

	As of December 31,	
	2002	2001
Raw materials	\$260,382	\$209,479
Supplies and spare parts	1,312,516	1,136,274
Work in process	5,965,352	3,463,727
Finished goods	560,364	1,040,138
Subtotal	8,098,614	5,849,618
Less : Allowance for loss on decline in market value and obsolescence	(406,336)	(659,484)
Net	<u>\$7,692,278</u>	<u>\$5,190,134</u>

a. The insurance coverage for inventories was sufficient as of December 31, 2002 and 2001.

b. Inventories were not pledged.

(6) LONG-TERM INVESTMENTS

a. Details of long-term investments are as follows :

Invested Company	As of December 31,			
	2002		2001	
	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights	Amount
Investments accounted for under the equity method :				
UMC Group (USA)	100.00	\$473,297	100.00	\$593,171
United Foundry Service, Inc.	100.00	82,960	100.00	78,226
United Microelectronics (Europe) B.V.	100.00	217,493	-	-
UMC Capital Corporation	100.00	1,007,444	100.00	338,228
United Microelectronics Corp. (Samoa)	100.00	7,114	-	-
Fortune Venture Capital Corporation	99.99	3,115,317	99.99	3,413,388
Hsun Chieh Investment Co., Ltd.	99.97	30,598,156	99.97	31,062,635
United Microdisplay Optronics Corp.	85.00	702,501	-	-
Pacific Venture Capital Co., Ltd.	49.99	316,270	49.99	351,420
UMCi Pte. Ltd.	49.82	6,952,691	49.82	7,167,916
UMC Japan	47.06	7,610,901	47.10	7,149,137
DuPont Photomasks Taiwan Ltd.	45.51	1,145,403	46.32	1,093,113
Unitech Capital Inc.	42.00	731,255	-	-
Archtek Telecom Corporation	26.49	-	-	-
Novatek Microelectronics Corp.	25.83	1,193,740	26.82	1,019,532
Holtek Semiconductor Inc.	25.61	568,554	28.76	555,441
Integrated Technology Express Inc.	24.58	309,672	28.78	330,522
Unimicron Technology Corp.	23.81	3,004,762	24.20	2,850,322
Applied Component Technology Corporation	23.66	91,581	31.00	154,821
Faraday Technology Corp.	19.71	570,675	20.45	435,458
Integrated Telecom Express, Inc.	16.36	513,134	16.39	634,606
AMIC Technology (Taiwan), Inc.	13.62	53,225	13.62	37,120
Trecenti Technologies, Inc.	-	-	40.00	1,789,838
Broadmedia, Inc.	-	-	39.28	-
Subtotal		<u>59,266,145</u>		<u>59,054,894</u>

Invested Company	As of December 31,			
	2002		2001	
	Percentage of Ownership or Voting Rights	Amount	Percentage of Ownership or Voting Rights	Amount
Investments accounted for under the cost method or the lower of cost or market value method :				
Pacific United Technology, L.P.	25.00	34,600	25.00	34,600
PixTech, Inc.	17.63	-	17.63	561,080
MediaTek Incorporation	13.21	1,213,655	15.17	1,339,839
AU Optronics Corp. (Note A)	11.37	6,758,766	18.86	8,317,535
Sino-Aerospace Investment Corp.	11.11	-	11.11	25,748
Pacific Technology Partners, L.P.	9.85	208,256	9.85	104,755
Aptos Corp.	9.68	23,087	9.68	23,087
United Industrial Gases Co., Ltd.	8.44	146,250	8.52	146,250
TECO Nanotech Co., Ltd.	8.05	-	8.05	145,654
Subtron Technology Co., Ltd.	7.41	240,000	7.41	240,000
Industrial Bank of Taiwan Corp.	5.00	1,150,000	5.00	1,150,000
Silicon Integrated Systems Corp.	4.46	1,267,580	-	-
TECO Electric & Machinery Co., Ltd.	4.02	1,535,298	3.94	1,535,895
SAMPO Corporation	1.73	224,044	2.95	443,598
Mega Financial Holding Company	0.83	3,108,656	3.07	3,108,656
Premier Image Technology Corporation	0.64	27,964	0.70	27,964
Tonbu, Inc.	-	-	-	243,750
Vialta, Inc.	8.90	622,835	-	622,835
Stark Technology Inc.	-	-	0.19	1,824
National Venture Capital Corp.	-	-	11.09	60,000
Subtotal		16,560,991		18,133,070
Cumulative translation adjustment		728,851		(136,919)
Treasury stock held by subsidiaries		(20,309,243)		-
Total		\$56,246,744		\$77,051,045

Note A : Among the shares held by the Company in AU Optronics Corp., approximately 139,770 thousand shares with the book value of NT\$2,075 million was utilized as reference shares for the Company's zero couple exchangeable bonds issued in May 2002.

b. Investment income or loss accounted for under the equity method, which was based on the audited financial statements of the investees, were NT\$490 million and NT\$(1,446) million for the years ended December 31, 2002 and 2001, respectively. Among which, investment loss amounting to NT\$146 million and NT\$1,331 million for the years ended December 31, 2002 and 2001, respectively, and the related long-term investment balances of NT\$5,514 million and NT\$7,208 million as of December 31, 2002 and 2001, respectively, were determined based on the investees' financial statements audited by other auditors.

c. The long-term equity investments were not pledged.

(7) PROPERTY, PLANT AND EQUIPMENT

a. Total interest expense before capitalization amounted to NT\$1,969 million and NT\$2,651 million for the years ended December 31, 2002 and 2001, respectively.

b. Details of capitalized interest are as follows :

	For the year ended December 31,	
	2002	2001
Machinery and equipment	\$545,551	\$161,220
Other property, plant and equipment	5,162	1,150
Total interest capitalized	\$550,713	\$162,370
Interest rates applied	3.34%~3.89%	4.08% ~ 7.25%

c. The insurance coverage for property, plant and equipment was sufficient as of December 31, 2002 and 2001.

d. Please refer to Note 6 for property, plant and equipment pledged as collateral.

(8) SHORT-TERM LOANS

	As of December 31,	
	2002	2001
Unsecured bank loans	\$100,000	\$-
Interest rates	1.60%	-

The Company's unused short-term lines of credits amounted to NT\$16,667 million and NT\$20,097 million as of December 31, 2002 and 2001, respectively.

(9) BONDS PAYABLE

	As of December 31,	
	2002	2001
Secured domestic bonds payable	\$2,850,001	\$3,990,000
Unsecured domestic bonds payable	25,000,000	25,000,000
Euro convertible bonds payable	10,529,568	10,596,096
Exchangeable bonds payable	8,182,700	-
Compensation interest payable	83,392	4,415
Subtotal	46,645,661	39,590,511
Less: Current portion	(1,139,999)	(1,140,000)
Net	\$45,505,662	\$ 38,450,511

- a. On April 27, 2000, the Company issued five-year secured bond amounting to NT\$3,990 million with stated interest rate of 5.6%. The bonds are repayable in installments by every six months from April 27, 2002 to April 27, 2005.
- b. During the period from April 16 to April 27, 2001, the Company issued five-year and seven-year unsecured bonds totaling NT\$15,000 million, with face value of NT\$7,500 million, and stated interest rates of 5.1850% through 5.1195% and 5.2850% through 5.2170%, respectively. The five-year bonds and seven-year bonds are repayable starting from April 2004 to April 2006 and April 2006 to April 2008, respectively, both in three yearly installments at the rates of 30%, 30% and 40%.
- c. During the period from October 2 to October 15, 2001, the Company issued three-year and five-year unsecured bonds totaling NT\$10,000 million, each with face value of NT\$5,000 million, and with stated interest rates of 3.3912% through 3.420% and 3.4896% through 3.520%, respectively. The three-year bonds and five-year bonds are repayable in October 2004 and October 2006, respectively, upon the maturity of the bonds.
- d. On December 12, 2001, the Company issued zero coupon convertible bonds amounting to US\$302.4 million on the Luxembourg Stock Exchange (“LSE”). The terms and conditions of the bonds are as follows :
  - (a) Final Redemption

Unless previously redeemed, repurchased, cancelled or converted, the bonds will be redeemed at 101.675% of their principal amount on March 1, 2004.
  - (b) Redemption at the Option of the Company

The Company may redeem all, but not some only, of the bonds, subject to giving no less than 30 nor more than 60 days’ advance notice, at the early redemption amount, provided that:
    - i. On or at any time after June 13, 2003, the closing price of the ADSs on the New York Stock Exchange or other applicable securities exchange on which the ADSs are listed on any ADS trading day for 20 out of 30 consecutive ADS trading days ending at any time within the period of five ADS trading days prior to the date of the redemption notice shall have been at least 130% of the conversion price or last adjusted conversion price, as the case may be, on each such day, or
    - ii. At any time prior to maturity at least 90% in principal amount of the bonds have already been redeemed, repurchased, cancelled or converted.

(c) Conversion Period

- i. In respect of the Shares, on or after January 22, 2002 up to and including February 20, 2004 or
- ii. In respect of the ADSs, on or after the later of January 22, 2002 and the date on which the shelf registration statement covering resales of certain ADSs issuable upon conversion of the bonds has been declared effective by the US SEC, up to and including February 20, 2004.

(d) Conversion Price

The conversion price

- i. In respect of the Shares, will be NT\$69.60 per Share, and
- ii. In respect of the ADSs, will be US\$10.098 per ADS.

The applicable conversion price will be subject to adjustment for, among other things, subdivision or consolidation of Shares, including Shares represented by ADSs, bonus issues, right issues, distributions of cash and stock dividends and other dilutive events.

- e. On May 10, 2002, the Company issued a LSE listed zero coupon exchangeable bonds exchangeable for common shares or ADSs of AU Optronics Corp. ("AU") with an aggregate principal amount of US\$235 million. The terms and conditions of the bonds are as follows:

(a) Final Redemption

Unless previously redeemed, exchanged or purchased and cancelled, the bonds will be redeemed at their principal amounts in US dollars on May 10, 2007.

(b) Redemption at the Option of the Company

The Company may redeem the bonds, in whole or in part, in principal amount thereof, on or after August 10, 2002 and prior to May 10, 2007 at their principal amount, if the market price of the AU common shares, translated into US dollars at the prevailing exchange rate, for a period of 20 consecutive Trading Days, the last of which occurs not more than 10 days prior to the date upon which notice of such redemption is published, is at least 120% of the Exchange Price then in effect translated into US dollars at the rate of NT\$34.645=US\$1.00.

The Company may also redeem the bonds, in whole, but not in part, at their principal amount if at least 90% in principal amount of the bonds has already been exchanged, redeemed or purchased and cancelled.

(c) Redemption at the Option of Bondholders

The Company will, at the option of the holders, redeem such bonds on February 10, 2005 at its principal amount.

(d) Tax Redemption

The Company may redeem all, but not part, of the bonds, at any time at their principal amount in US dollars, in the event of certain changes in the ROC's tax rules which would require the Company to gross up for payments of principal, or to gross up for payments of interest or premium, if any, at a rate exceeding 20%.

(e) Exchange

Subject to prior permitted redemption and as otherwise provided in the offering, the bonds are exchangeable at any time on or after June 19, 2002 and prior to April 10, 2007, into AU shares or AU ADSs at an exchange price of NT\$58.25 per share, determined on the basis of a fixed exchange rate of NT\$34.645=US\$1.00; provided however, that if the exercise date falls within five business days from the beginning of, and during, any closed period, the right of the exchanging holder of the bonds to vote with respect to the shares it receives will be subject to certain restriction.

The Exchange Price will be subject to adjustment upon the occurrence of certain events including free distribution of AU common shares by AU; subdivision, consolidation or reclassification of AU common shares, distribution of stock dividends by AU, right issues and other dilutive events.

(10) LONG-TERM LOANS

	As of December 31,	
	2002	2001
Secured bank loans	\$13,989,861	\$19,874,651
Less : Current portion	(4,429,099)	(5,862,725)
Net	\$9,560,762	\$14,011,926
Interest rates	2.07%~3.35%	2.69%~5.34%

- The above long-term loans will be repaid by installments with the last payment on May 14, 2009.
- The Company's long-term loans denominated in foreign currency amounted to US\$100 million and US\$176 million as of December 31, 2002 and 2001, respectively.
- Please refer to Note 6 for assets pledged for long-term loans.

(11) PENSION FUND

a. All of the regular employees of the Company are covered by the pension plan. Under the plan, as prescribed by local labor standards law, the Company contributes an amount equal to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Central Trust of China. Pension benefits are generally based on service years. Retirement benefits are paid from fund previously provided.

b. The components of net periodic pension cost are as follows :

	For the year ended December 31,	
	2002	2001
Service cost	\$377,985	\$340,206
Interest cost	102,189	134,234
Expected return on plan assets	(28,094)	(30,232)
Recognition of transition assets	28,167	28,167
Recognition of actuarial loss	-	11,383
Net periodic cost	\$480,247	\$483,758

The actuarial assumptions underlying are as follows :

	For the year ended December 31,	
	2002	2001
Discount rate	4.00%	4.5%
Rate of compensation increase	5.50%	6.5%
Expected return on plan assets	3.25%	4.5%

c. The transition obligation is amortized equally over 15 years. The funding status of the pension plan is listed as follows :

	As of December 31,	
	2002	2001
Vested benefit obligation	\$(1,512)	\$(4,513)
Non-vested benefit obligation	(932,188)	(528,543)
Accumulated benefit obligation	(933,700)	(533,056)
Effect from projected salary increase	(1,896,036)	(1,737,804)
Projected benefit obligation	(2,829,736)	(2,270,860)
Market-related value of plan assets	737,911	624,302
Funded status	(2,091,825)	(1,646,558)
Unrecognized transition obligation	225,338	253,505
Unrecognized gain or loss	61,261	(26,150)
Accrued pension cost per actuarial report	(1,805,226)	(1,419,203)
Over accrual	(128,933)	(89,760)
Accrued pension liabilities	\$(1,934,159)	\$(1,508,963)

(12) CAPITAL STOCK

- a. As recommended by the board of directors and approved by the shareholders' meeting on May 30, 2001, the Company issued 1,864,243,516 new shares from the capitalization of retained earnings of NT\$17,151 million and employees' bonus of NT\$1,491 million with the effective date on July 21, 2001.
- b. As recommended by the board of directors and approved by the shareholders' meeting on June 3, 2002, the Company issued 2,139,150,230 new shares from the capitalization of retained earnings of NT\$19,680 million and employees' bonus of NT\$1,711 million. The effective date of the issuance was on August 11, 2002.
- c. As of December 31, 2002, 22,000,000,000 common shares were authorized to be issued and 15,474,845,646 common shares were issued, each at par of NT\$10.
- d. The Company has issued 173,693 thousand American Depositary Shares ("ADSs") as of December 31, 2002. The number of common shares represented by the ADSs is 868,467 thousand shares .
- e. On September 11, 2002, the Company was authorized by the relevant government authorities to issue Employee Stock Options. The total number of options to be granted under the plan is one billion units, with each unit entitling the optionee to subscribe for one share of the Company's common stock. Settlement upon the exercise of the stock options will be made through the issuance of new shares by the Company. The grant period for options is six years and an optionee may exercise his/her options in accordance with certain schedules as prescribed by the plan starting from two years after the grant. The total number of option units outstanding as of December 31, 2002 was 928,059 thousand units and the exercise price for the options is NT\$20 per share.

(13) TREASURY STOCK

The Company bought back its own shares from open market during the years ended December 31, 2002 and 2001. Details of the treasury stock transactions are as follows :

*(In thousand Shares)*

<u>Purpose</u>	<u>As of January 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>As of December 31, 2002</u>
For transfer to employees	37,425	49,114	-	86,539
For conversion of the convertible bonds into shares	129,035	20,693	-	149,728
Total shares	<u>166,460</u>	<u>69,807</u>	<u>-</u>	<u>236,267</u>

According to Stock Exchange Regulations of Taiwan, total shares of treasury stock shall not exceed 10% of the Company's stock issued. Total purchase amount shall not exceed sum of retained earnings and capital reserve-premiums and realized capital reserve. The Company's treasury stock possession did not, at any time during 2002, violate the regulation stated above. As of December 31, 2002, the Company held 236,267 thousand shares of treasury stock, which amounted to NT\$8,819 million.

Treasury stock shall not be pledged, nor does it possess voting rights or receive dividends, in compliance with Stock Exchange Regulations of Taiwan.

As of December 31, 2002, its subsidiaries, Hsun Chieh Investment Co., Ltd. and Fortune Venture Capital Corporation, held 484,045 thousand shares and 17,633 thousand shares of the Company's stocks, with a book value of NT\$23.87 and NT\$9.75 per share, respectively. As of December 31, 2002, the market value per share was NT\$23.87.

#### (14) RETAINED EARNINGS

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order :

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items a and b as a legal reserve;
- d. Set aside 0.1% of the remaining amount after deducting items a, b, and c as directors' and supervisors' remuneration; and
- e. After deducting items a, b and c above from the current year's earnings, any portion of the remaining amount together with the prior years' unappropriated earnings is to be allocated as follows: no less than 5% as employees' bonus which will be settled through issuance of new shares of the Company.
- f. The distribution of the remaining portion, if any, will be recommended by the board of directors and approved by the shareholders' meeting.

The Company's Articles of Incorporation further provides that at least 50% of the dividends to the Company's shareholders, if any, must be paid in the form of stock dividends. Accordingly, no more than 50% of the dividends can be paid in the form of cash.

The appropriation of 2002 retained earnings has not yet been recommended by the board of directors as of the date of the Report of Independent Auditors. Information on board of directors' recommendations and shareholders' approvals can be obtained from the "Market Observation Post System" on the website of Taiwan Stock Exchange Corporation.

Details of the settlement of 2001 employees' bonus and remuneration of directors and supervisors are as follows:

	For the year ended December 31, 2001		
	As approved by the shareholders' meeting	As recommended by the board of directors	Differences
1. Settlement of employees' bonus by issuance of new shares			
a. Number of shares (in thousands)	171,132	171,132	-
b. Amount	\$1,711,320	\$1,711,320	-
c. Percentage on total number of outstanding shares at end of year	1.30%	1.30%	-
2. Remuneration of directors and supervisors	-	-	-
3. Effect on earnings per share before retroactive adjustments			
a. Original basic and diluted loss per share	\$(0.24)	\$(0.24)	-
b. Revised basic and diluted loss per share taking into consideration of the employees' bonus	\$(0.37)	\$(0.37)	-

(15) EARNINGS (LOSS) PER SHARE

- a. The calculation of basic and diluted earnings (loss) per share, for the years ended December 31, 2002 and 2001, is disclosed as follows:

	For the year ended December 31,	
	2002	2001
Income (loss) before income taxes	\$7,084,094	\$(6,352,747)
Net income (loss)	7,072,032	(3,157,302)
Adjusted income (loss) before income taxes assuming dilution	7,163,071	(6,352,747)
Adjusted net income (loss) assuming dilution	7,131,265	(3,157,302)
Weighted average number of shares (in thousands)		
- basic	14,753,187	15,416,834
- diluted	14,944,510	15,416,834
Earnings (loss) per share-basic (in New Taiwan dollars)		
Income (loss) before income taxes	\$0.48	\$(0.41)
Net income (loss)	\$0.48	\$(0.20)
Earnings (loss) per share-diluted (in New Taiwan dollars)		
Income (loss) before income taxes	\$0.48	\$(0.41)
Net income (loss)	\$0.48	\$(0.20)

According to financial guidelines issued in 2000, the Company's stock held by its subsidiaries are to be considered as Treasury Stock effective from 2002. According to ROC SFAS No.30, "Accounting for Treasury Stock", the calculation of basic earnings per share for the year ended December 31, 2001 is not required to be adjusted retroactively the Company's stock held by subsidiaries.

- b. Pro forma information on earnings as if subsidiaries' investment in the Company is not treated as treasury stock is set out as follows:

<i>(shares expressed in thousands)</i>	2002	
	Basic	Diluted
Net income	\$7,072,032	\$7,131,265
Outstanding weighted average shares at beginning	13,169,235	13,169,235
Stock dividends and employees' bonus at 16.30%	2,146,586	2,146,586
Weighted average treasury stock	(55,284)	(55,284)
Weighted average employee stock options accounted for under treasury stock method	-	41,590
Weighted average shares assume converted from convertible bonds	-	149,733
Outstanding weighted average shares	15,260,537	15,451,860
Earnings per share		
Net income (in New Taiwan dollars)	\$0.46	\$0.46

(16) INCOME TAX

Reconciliation between the income tax expense (benefit) and the income tax calculated on pre-tax financial income based on the statutory tax rate is as follows :

	For the year ended December 31,	
	2002	2001
Tax on pre-tax income at statutory tax rate	\$1,771,024	\$(1,588,187)
Estimated temporary and permanent differences	(729,540)	(132,940)
Change in investment tax credit	(3,867,934)	(8,842,305)
Change in valuation allowance against deferred tax assets	2,826,450	6,459,593
Change in tax rate	-	(1,142,582)
10% income tax on unappropriated earnings	-	1,833,079
Adjustment of prior year's tax expense	-	196,209
Tax on interest revenue separately taxed	12,062	21,688
Income tax expense (benefit)	\$12,062	\$(3,195,445)

Deferred income tax assets and liabilities were as follows :

	As of December 31,	
	2002	2001
Deferred income tax assets - current	\$10,477,877	\$7,100,615
Deferred income tax liabilities - current	(324,542)	-
Valuation allowance for deferred tax assets	(7,255,289)	(3,296,000)
Net	<u>\$2,898,046</u>	<u>\$3,804,615</u>
Deferred income tax assets - noncurrent	\$16,516,059	\$15,685,290
Deferred income tax liabilities - noncurrent	(5,282,085)	(4,225,046)
Valuation allowance for deferred tax assets	(6,116,873)	(7,249,712)
Net	<u>\$5,117,101</u>	<u>\$4,210,532</u>

Significant components of deferred income tax assets and liabilities were as follows :

	As of December 31,			
	2002		2001	
	Amount	Tax effect	Amount	Tax effect
Current items :				
Temporary difference				
Allowance for sales returns and discounts	\$540,310	\$135,078	\$448,037	\$112,009
Unrealized exchange (gain) loss	(1,298,167)	(324,542)	242,565	60,641
Amortization of organization cost	550	137	120,975	30,244
Provision for loss on obsolescence of inventories	406,336	101,584	659,484	164,871
Others	167,158	41,789	71,419	17,855
Loss carryforward	11,776,000	2,944,000	13,666,452	3,416,613
Investment tax credits		7,255,289		3,298,382
Valuation allowance		(7,255,289)		(3,296,000)
Net		<u>\$2,898,046</u>		<u>\$3,804,615</u>
Non-current items :				
Temporary difference				
Depreciation	\$(21,128,340)	\$(5,282,085)	\$(16,793,892)	\$(4,198,473)
Recovery on loss of idle assets	-	-	(106,293)	(26,573)
Pension	1,822,417	455,604	1,397,221	349,305
Amortization of organization cost	-	-	550	138
Others	14,441	3,610	29,624	7,405
Loss carryforward	3,269,502	817,376	-	-
Investment tax credits		15,239,469		15,328,442
Valuation allowance		(6,116,873)		(7,249,712)
Net		<u>\$5,117,101</u>		<u>\$4,210,532</u>

The Company's income tax returns through the year 1999 have been assessed and approved by the Tax Authority except that of 1998.

Pursuant to the "Statute for the Establishment and Administration of Science-Based Industrial Park", the Company was granted several four-year income tax exemption periods with respect to income derived from expansion of operations located in Hsin Chu Science-Based Industrial Park. The starting date of the exemption period attributable to the expansion in 1999 was not yet been elected by the Company. The other exemption periods will expire in December of 2007.

An enterprise earns an investment tax credit for the amount invested in production equipment, research and development expenditure, employee training expenditure and other related costs. This credit may be applied over a period of five years.

As of December 31, 2002, the Company's unused investment tax credit is as follows:

<u>Expiration Year</u>	<u>Investment tax credits</u>
2002	\$3,280,896
2003	3,974,393
2004	5,899,913
2005	3,393,150
2006	5,946,406
	<u>\$22,494,758</u>

Under the rules of Income Tax Law, operating loss can be carried forward for 5 years. As of December 31, 2002, the unutilized accumulative loss brought forward was amounted to NT\$15,046 million, which will expire in 2006 and 2007.

The new Taiwan imputation tax system requires that any undistributed current earnings, on tax basis of a company derived on or after January 1, 1998 be subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional tax on undistributed earnings paid by the Company can be used as tax credit by shareholders, including foreign shareholders, against the withholding tax on dividends. In addition, the domestic shareholders can claim a proportionate share in the Company's corporate income tax as tax credit against its individual income tax liability effective 1998.

The ending balance of unappropriated earnings available for 2002 appropriation amounted to NT\$23,005 million, of which NT\$64 million was earned prior to January 1, 1998.

As of December 31, 2002, the balance of imputation credit account (“ICA”) was NT\$90 million. The actual creditable ratio for the appropriation of 2001 and 2000 retained earnings was 1.79% and 1.04%, respectively.

## 5. RELATED PARTY TRANSACTIONS

### (1) Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
UMC Group (USA) (UMC-USA)	Investee company
United Microelectronics (Europe) B.V.(UMC BV)	Investee company
United Microdisplay Optronics Corp.(UMO)	Investee company
DuPont Photomasks Taiwan Ltd. (DPT)	Investee company
Holtek Semiconductor Inc. (Holtek)	Investee company
Faraday Technology Corp. (Faraday)	Investee company
MediaTek Incorporation (MediaTek)	The Company is its supervisor
Industrial Bank of Taiwan Corp. (IBT)	The Company is its major shareholder
Chiao Tung Bank (Chiao Tung)	The Company is its parent company’s director and supervisor
Shin-Etsu Handotai Taiwan Co., Ltd. (Shin-Etsu)	The Company’s investee is its director

### (2) Significant Related Party Transactions

#### a. Operating revenues

	For the year ended December 31,			
	2002		2001	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$27,917,057	41	\$27,055,238	42
MediaTek	7,313,672	11	3,569,172	6
Others	10,567,630	16	11,287,896	17
Total	<u>\$45,798,359</u>	<u>68</u>	<u>\$41,912,306</u>	<u>65</u>

The sales to the above related parties were dealt with in the ordinary course of business with the sales price made in the way similar to the sales to third-party customers. The collection period for overseas sales was net 45~60 days for the related parties and third-party customers, while the terms for domestic sales were month-end 30~60 days for both the related parties as well as the third-party customers.

b. Purchases

	For the year ended December 31,			
	2002		2001	
	Amount	Percentage	Amount	Percentage
Shin-Etsu	\$2,273,128	15	\$1,805,200	17
Others	219,235	1	302,279	3
Total	\$2,492,363	16	\$2,107,479	20

The purchases from the above related parties were dealt with in the ordinary course of business similar to those from third-party suppliers. The payment terms for purchase from overseas were net 30~60 days for the related parties and third-party suppliers, respectively, while the terms for domestic purchase were month-end 30~60 days and month-end 30~90 days for the related parties and third-party suppliers, respectively.

c. Notes receivable

	As of December 31,			
	2002		2001	
	Amount	Percentage	Amount	Percentage
Holtek	\$-	-	\$77,843	36
Others	2,370	3	24,168	11
Total	\$2,370	3	\$102,011	47

d. Accounts receivable, net

	As of December 31,			
	2002		2001	
	Amount	Percentage	Amount	Percentage
UMC-USA	\$3,284,149	35	\$2,482,744	35
MediaTek	1,431,362	16	1,046,372	15
Others	1,872,559	20	1,033,975	14
Subtotal	6,588,070	71	4,563,091	64
Less : Allowance for sales returns and discounts	(451,009)	(5)	(290,832)	(4)
Less : Allowance for doubtful accounts	(70,493)	(1)	(95,540)	(1)
Net	\$6,066,568	65	\$4,176,719	59

e. Accounts payable

	As of December 31,			
	2002		2001	
	Amount	Percentage	Amount	Percentage
Shin-Etsu	\$375,116	14	\$455,749	19
Others	14,790	1	35,026	2
Total	\$389,906	15	\$490,775	21

f. Loans

For the year ended December 31, 2002					
	Maximum balance		Ending balance	Interest rate	Interest expense
	Amount	Month			
Chiao Tung	\$1,224,575	January	\$868,195	2.07%~4.00%	\$32,717
IBT	998,750	January	783,296	2.89%~3.94%	16,216
			<u>\$1,651,491</u>		<u>\$48,933</u>

For the year ended December 31, 2001					
	Maximum balance		Ending balance	Interest rate	Interest expense
	Amount	Month			
Chiao Tung	\$4,091,316	January	\$1,224,575	4.00%~7.00%	\$221,359
IBT	998,750	January	998,750	3.94%~6.42%	54,582
			<u>\$2,223,325</u>		<u>\$275,941</u>

g. Disposal of property, plant and equipment

For the year ended December 31, 2002			
	Item	Amount	Loss
UMO	Machinery and equipment	<u>\$276,645</u>	<u>\$6</u>

  

For the year ended December 31, 2001			
	Item	Amount	Gain
Holtek	Building and facilities	<u>\$173,250</u>	<u>\$31,468</u>

h. Other transactions

The Company has made several other transactions, including service charges, intellectual property development contract, processing expenditures and commissions etc., with related parties totaled to approximately NT\$370 million and NT\$396 million for the years ended December 31, 2002 and 2001, respectively.

Among the transactions, the Company has entered into intellectual property development contracts, amounting to approximately NT\$1,154 million, with Faraday. As of December 31, 2002, a total amount of NT\$313 million was paid. In addition, the Company has purchased approximately NT\$917 million and NT\$1,081 million of supplies from DPT during the years ended December 31, 2002 and 2001, respectively.

## 6. ASSETS PLEDGED AS COLLATERAL

	As of December 31,		Subject of collateral
	2002	2001	
Land	\$452,916	\$452,915	Long-term loans
Buildings	2,533,152	3,720,173	Long-term loans
Machinery and equipment	21,537,463	31,183,019	Long-term loans
Total	<u>\$24,523,531</u>	<u>\$35,356,107</u>	

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

- (1) The Company's unused letters of credit for imports of machinery were approximately NT\$ 76 million as of December 31, 2002.
- (2) The Company has entered into contracts, amounted to approximately NT\$15.6 billion, with third parties for rights to use patents registered by the third parties. The contract period was from 1995 to 2011. Royalty payables for the consecutive 5 years starting from 2003 through 2007 are approximately NT\$2.5 billion, NT\$1.3 billion, NT\$1.3 billion, NT\$1.2 billion, and NT\$1.3 billion, respectively.
- (3) The Company has signed several construction contracts for the expansion of its factory space. As of December 31, 2002, these construction contracts amounted to approximately NT\$1.05 billion and the unaccrued portion of the contracts was approximately NT\$0.27 billion.
- (4) On October 27, 1997, Oak Technology Inc. ("Oak") filed a complaint seeking a damage of US\$750 million in the Northern District of California alleging that the Company breached a Settlement Agreement entered on July 31, 1997 with respect to a settlement of a dispute between the Company and Oak concerning certain CD ROM controller products made by the Company and a patent owned by Oak. The Company denied Oak's allegations and on December 24, 1997, filed its answer and affirmative defenses refuting Oak's claims. Based on the allegations that it is Oak which has breached the Settlement, the Company simultaneously filed a counterclaim against Oak, seeking damages and a return of the millions paid to Oak under the Settlement. In addition, the Company further seeks a declaration that the Oak patent is invalid and/or unenforceable. Though Oak filed a complaint later with the International Trade Commission ("ITC") repeating the allegations made in the District Court, both the ITC and the Court of Appeals for the Federal Circuit issued a ruling affirming that there was no infringement and no violation.

Oak filed enforceable commitments that it would no longer seek recoveries in connection with the Oak patent and accordingly, the District Court concluded there was no longer dispute between Oak and United Microelectronics on the patent and the Company's claim for a declaration of invalidity and unenforceability will be dismissed. The Company intends to continue to defend these matters vigorously. Furthermore, the management does not believe the Oak complaints will have any material adverse impact on the Company's operations and/or financial performance.

- (5) The Company entered into several operating lease contracts for land. Future minimum lease payments under those leases with original maturities, which extend for more than one year as of December 31, 2002, are as follows:

For the year ended	Amount
December 31, 2003	\$115,309
December 31, 2004	115,309
December 31, 2005	115,309
December 31, 2006	115,309
December 31, 2007	102,113
January 1, 2008 and thereafter	812,461
Total	<u><u>\$1,375,810</u></u>

- (6) The Company entered into several wafer-processing contracts with its main clients. According to the contracts, the Company shall guarantee processing capacity, while the clients make deposits to the Company. In case the clients' orders do not meet the capacity guaranteed, the client needs to pay the Company penalties.
- (7) The Company entered into two three-year purchase agreements that committed the Company to purchase at least 75% of its 8-inch wafer consumption from two of its suppliers for the contract period.
- (8) As a condition precedent to the making of the loan contemplated by a US\$600 million Amortizing Term Loan Facility Agreement among UMCi Pte. Ltd. (UMCi), a subsidiary of the Company, and several financial institutions, the Company has provided a letter of undertaking to the financial institutions and Citicorp investment Bank (Singapore) Ltd, the facility agent, to undertake that
- a. The Company shall continue to own and control, directly or indirectly, a minimum of 40% of the total issued and outstanding shares of UMCi. The Company shall also provide technical support to UMCi and maintain management control with no less than half seats of the board of directors.

- b. The Company shall take necessary actions to ensure UMCi to have at least US\$600 million of issued and paid-in capital in cash by December 31, 2003, to make investments necessary to complete the 12-inch Fab Plant on time, and to meet all the obligations under the Facility Agreement.

#### 8. SIGNIFICANT DISASTER LOSS

None.

#### 9. SIGNIFICANT SUBSEQUENT EVENT

- (1) The Company has granted 61 million units of employee stock options on January 3, 2003 with an exercise price of NT\$22.5 per share.
- (2) After the special shareholder's meeting of Silicon Integrated Systems Corp. on January 14, 2003, the Company has held three seats of the board of directors. Silicon Integrated Systems Corp. is an investment of the Company accounted for under the cost method as of December 31, 2002.

#### 10. OTHERS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### 11. ADDITIONAL DISCLOSURES

- (1) The followings are the additional disclosures for United Microelectronics and its affiliates pursuant to SFC requirements:
  - a. Loans to others attributed to financial activities as of December 31, 2002 : Please see attachment-1.
  - b. The endorsements and guarantees provided to others as of December 31, 2002 : Please see attachment-2.
  - c. The ending balance of securities held as of December 31, 2002 : Please see attachment-3.
  - d. The cumulative buying or selling of one specific security exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year 2002 : Please see attachment-4.

- e. Acquisition of real estate with an amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year 2002 : Please see attachment-5.
- f. Disposal of real estate with an amount exceeding the lower of NT\$100 million or 20 percent of capital stock for the year 2002 : Please see attachment-6.
- g. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of capital stock for the year 2002 : Please see attachment-7.
- h. Receivables from related parties exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2002 : Please see attachment-8.
- i. Related information on invested companies as of December 31, 2002 : Please see attachment-9.
- j. Financial instruments

(a) Derivative Financial Instruments: None

(b) Non-derivative Financial Instruments:

	As of December 31,			
	2002		2001	
<u>Financial Assets</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$62,479,019	\$62,479,019	\$58,517,186	\$58,517,186
Marketable securities	2,501,748	2,517,624	1,086,434	1,099,430
Notes and accounts receivable	10,357,184	10,357,184	7,916,037	7,916,037
Long-term investments	56,246,744	76,582,200	77,051,045	144,285,722
<u>Financial Liabilities</u>				
Short-term loans	100,000	100,000	-	-
Payables	13,223,901	13,223,901	17,708,223	17,708,223
Bonds payable (current portion included)	46,645,661	47,201,827	39,590,511	41,805,353
Long-term loans (current portion included)	13,989,861	13,989,861	19,874,651	19,874,651

The methods and assumptions used to measure the fair value of non-derivative financial instruments are as follows :

- i. The carrying amounts of short-term financial assets and liabilities (excluding marketable securities) approximate fair values due to their short maturities.
- ii. The fair values of marketable securities and long-term investments are based on the market value of the securities or, if market value is unavailable, the net equities of the investee companies are used as fair value.
- iii. Fair value of bonds payable is determined by the market value.
- iv. The carrying value of long-term loans approximates the fair value as the loans bear floating rates.

(2) Investment in Mainland China

None.

12. SEGMENTAL INFORMATION

(1) Operations in different industries

The Company operates principally in one industry. The Company's major business activity is the dedicated full service semiconductor wafer foundry.

(2) Operations in different geographic areas

The Company has no significant foreign operations.

(3) Export sales

Area	For the year ended December 31,	
	2002	2001
North America	\$25,793,685	\$25,776,028
Europe	7,751,122	10,384,521
Asia, other than Taiwan	4,532,832	4,430,729
Other	2,653	1,010,601
Total	<u>\$38,080,292</u>	<u>\$41,601,879</u>

(4) Major customers

Customers	For the year ended December 31, 2002	
	Sales amount	Percentage
Customer A	\$27,917,057	41
Customer B	7,313,672	11
Total	\$35,230,729	52

Customers	For the year ended December 31, 2001	
	Sales amount	Percentage
Customer A	\$27,055,238	42
Customer B	3,569,172	6
Total	\$30,624,410	48

ATTACHMENT-1 (Loans to others attributed to financial activities as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

<u>No.</u>	<u>Name of the lending company</u>	<u>Name of the borrowers</u>	<u>Accounts name</u>	<u>The highest balance during 2002</u>	<u>The ending balance</u>	<u>Interest rate</u>	<u>Nature of financing</u>	<u>The yearly amount of sales to (purchase from) the borrower</u>	<u>The reason for lending</u>	<u>Bad debt allowance provided</u>	<u>Collateral</u>	<u>Value of collateral</u>	<u>The credit limit set up by the Company for its respective borrower</u>	<u>The ceiling of fund financing</u>
1	UMC Group (USA)	Employees	Receivable from employees' loans	USD 2,708,451	USD 861,333	7.00%	Note 2	None	Employee loan	-	Securities	Higher	N/A	N/A
2	UMCi Pte. Ltd.	Infineon Technologies, Asia Pacific Pte Ltd.	Other receivable	USD 55,000,000	USD 55,000,000	Note 1	Note 2	None	Company's loan	-	None	N/A	N/A	N/A

Note 1 : 1.87%, based on 3-month LIBOR

Note 2 : Need for short-term financing.

ATTACHMENT-2 (The endorsements and guarantees provided by the Company to others as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

No.	Guarantor	Guarantee	Relationship with the Company	The limit of guarantee for such party	The highest outstanding guarantee amount during 2002	The outstanding guarantee amount at December 31, 2002	The amount of guarantee with collateral placed	The ratio of accumulated guarantee amount to net value of the Company	The ceiling of the outstanding guarantee for the respective party
1	UMC Japan	Directors and employees	Directors and employees	N/A	¥112,896,000	-	¥1,000,000,000	-	¥1,000,000,000

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<b>United Microelectronics Corporation</b>								
Convertible bonds	China Development Financial Holding Corporation	None	Short-term investment	60,000	2,052,000	N/A	2,067,576	None
Convertible bonds	SpringSoft, Inc.	None	Short-term investment	12,000	418,800	N/A	416,640	None
Convertible bonds	Billionton Systems Inc.	None	Short-term investment	300	30,948	N/A	33,408	None
Stock	UMC Group (USA)	Investee company	Long-term investment	16,438	473,297	100.00	N/A	None
Stock	United Foundry Service, Inc.	Investee company	Long-term investment	2,005	82,960	100.00	N/A	None
Stock	UMC Capital Corporation	Investee company	Long-term investment	30,000	1,007,444	100.00	N/A	None
Stock	United Microelectronics Corp. (Samoa)	Investee company	Long-term investment	500	7,114	100.00	N/A	None
Stock	United Microelectronics (Europe) B.V.	Investee company	Long-term investment	9	217,493	100.00	N/A	None
Stock	Fortune Venture Capital Corporation	Investee company	Long-term investment	299,994	3,115,317	99.99	N/A	None
Stock	Hsun Chieh Investment Co., Ltd.	Investee company	Long-term investment	1,417,294	30,598,156	99.97	N/A	None
Stock	United Microdisplay Optronics Corp.	Investee company	Long-term investment	76,499	702,501	85.00	N/A	None
Stock	Pacific Venture Capital Co., Ltd.	Investee company	Long-term investment	30,000	316,270	49.99	N/A	None
Stock	UMCi Pte. Ltd.	Investee company	Long-term investment	212,250	6,952,691	49.82	N/A	None
Stock	UMC Japan	Investee company	Long-term investment	479	7,610,901	47.06	12,305,812	None
Stock	DuPont Photomasks Taiwan Ltd.	Investee company	Long-term investment	99,748	1,145,403	45.51	N/A	None
Stock	Unitech Capital Inc.	Investee company	Long-term investment	21,000	731,255	42.00	N/A	None
Stock	Archtek Telecom Corporation	Investee company	Long-term investment	14,200	-	26.49	N/A	None
Stock	Novatek Microelectronics Corp.	Investee company	Long-term investment	74,611	1,193,740	25.83	5,173,574	None
Stock	Holtek Semiconductor Inc.	Investee company	Long-term investment	44,854	568,554	25.61	1,159,697	None
Fund	Pacific United Technology, L.P.	None	Long-term investment	-	34,600	25.00	N/A	None
Stock	Integrated Technology Express Inc.	Investee company	Long-term investment	24,111	309,672	24.58	615,173	None
Stock	Unimicron Technology Corp.	Investee company	Long-term investment	168,930	3,004,762	23.81	3,613,576	None
Stock	Applied Component Technology Corporation	Investee company	Long-term investment	12,068	91,581	23.66	144,234	None
Stock	Faraday Technology Corp.	Investee company	Long-term investment	33,710	570,675	19.71	2,748,909	None
Stock	PixTech, Inc.	None	Long-term investment	9,883	-	17.63	2,848	None
Stock	Integrated Telecom Express, Inc.	Investee company	Long-term investment	7,000	513,134	16.36	383,833	None
Stock	AMIC Technology (Taiwan), Inc.	Investee company	Long-term investment	16,200	53,225	13.62	N/A	None
Stock	MediaTek Incorporation	The Company is its supervisor	Long-term investment	60,806	1,213,655	13.21	17,788,807	None
Stock	AU Optronics Corp.	The Company is its director and supervisor	Long-term investment	455,276	6,758,766	11.37	9,883,592	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>United Microelectronics Corporation</u>								
Stock	Sino-Aerospace Investment Corp.	None	Long-term investment	28,500	-	11.11	N/A	None
Fund	Pacific Technology Partners, L.P.	None	Long-term investment	-	208,256	9.85	N/A	None
Stock	Aptos Corp.	None	Long-term investment	1,772	23,087	9.68	N/A	None
Stock	United Industrial Gases Co., Ltd.	None	Long-term investment	13,185	146,250	8.44	N/A	None
Stock	TECO Nanotech Co., Ltd.	None	Long-term investment	19,417	-	8.05	N/A	None
Stock	Subtron Technology Co., Ltd.	None	Long-term investment	16,000	240,000	7.41	N/A	None
Stock	Industrial Bank of Taiwan Corp.	The Company is its major shareholder	Long-term investment	119,425	1,150,000	5.00	N/A	None
Stock	Silicon Integrated Systems Corp.	None	Long-term investment	48,483	1,267,580	4.46	1,198,403	None
Stock	TECO Electric & Machinery Co., Ltd.	The Company is its director and supervisor	Long-term investment	77,079	1,535,298	4.02	848,718	None
Stock	SAMPO Corporation	None	Long-term investment	17,773	224,044	1.73	221,915	None
Stock	Mega Financial Holding Company	The Company is its director and supervisor	Long-term investment	91,901	3,108,656	0.83	1,505,519	None
Stock	Premier Image Technology Corporation	None	Long-term investment	2,940	27,964	0.64	165,548	None
Stock	Tonbu, Inc.	None	Long-term investment	938	-	-	N/A	None
Stock	Vialta, Inc.	None	Long-term investment	8,360	622,835	8.90	105,103	None
<u>Hsun Chieh Investment Co., Ltd.</u>								
Stock	Shanghai Fudan Microelectronics Co., Ltd	None	Short-term investment	7,280	24,617	1.17	24,617	None
Stock	Afa Technologies, Inc.	Investee company	Long-term investment	2,365	23,650	47.30	N/A	None
Stock	Star Semiconductor Corp.	Investee company	Long-term investment	2,203	22,030	46.82	N/A	None
Stock	VistaPoint, Inc.	Investee company	Long-term investment	2,852	34,224	35.65	N/A	None
Stock	UC Fund II	Investee company	Long-term investment	5,000	174,264	35.45	N/A	None
Stock	Accelerated Communications, Inc.	Investee company	Long-term investment	10,000	100,000	33.33	N/A	None
Stock	RiRa Electronics, Inc.	Investee company	Long-term investment	6,499	59,232	32.50	N/A	None
Stock	United Radiotek Incorporation	Investee company	Long-term investment	2,937	29,185	29.37	N/A	None
Stock	High Bandwidth Access, Inc	Investee company	Long-term investment	7,246	82,934	20.13	N/A	None
Stock	Harvatek Corp.	Investee company	Long-term investment	16,329	277,203	21.99	1,111,513	None
Stock	Elite Flash Storage Technology, Inc.	The Company is its director and supervisor	Long-term investment	1,950	19,500	19.50	N/A	None
Stock	Giga Solution Technology Co., Ltd.	The Company is its director	Long-term investment	8,750	105,000	19.44	N/A	None
Stock	Everglory Resource Technology Co., Ltd.	None	Long-term investment	3,700	74,000	15.14	N/A	None
Stock	Ayuttha Technology Corp.	The Company is its director and supervisor	Long-term investment	1,100	16,500	11.00	N/A	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>Hsun Chieh Investment Co., Ltd.</u>								
Stock	Patentop, Ltd.	Investee company	Long-term investment	720	16,543	18.00	N/A	None
Stock	Kits On Line Technology Corp.	The Company is its director	Long-term investment	3,200	38,656	16.41	N/A	None
Stock	Aptos Corp.	None	Long-term investment	3,000	81,774	16.39	N/A	None
Stock	InComm Technologies Co., Ltd.	The Company is its director	Long-term investment	3,200	44,480	16.00	N/A	None
Stock	Advance Materials Corporation	Investee company	Long-term investment	14,994	169,836	15.78	N/A	None
Stock	Enovation Group Inc.	None	Long-term investment	1,148	11,809	14.34	N/A	None
Stock	Unimicron Technology Corp.	Investee company to UMC	Long-term investment	88,440	1,537,397	12.47	1,891,820	None
Stock	SerComm Corporation	Investee company	Long-term investment	8,367	159,465	11.48	270,750	None
Stock	Integrated Photonics, Inc.	None	Long-term investment	300	-	11.46	N/A	None
Stock	Golden Technology Venture Capital Investment Corp.	The Company is its director	Long-term investment	8,000	80,000	10.67	N/A	None
Stock	NCTU Spring I Technology Venture Capital Investment Corp.	None	Long-term investment	4,284	43,482	10.06	N/A	None
Stock	Ascend Semiconductor Corp.	The Company is its director and supervisor	Long-term investment	1,440	14,400	9.00	N/A	None
Stock	Union Technology Corp.	None	Long-term investment	1,800	18,000	9.00	N/A	None
Stock	Fortune Semiconductor Corporation	The Company is its director	Long-term investment	1,700	71,500	8.72	N/A	None
Stock	ProSys Technology Integration, Inc.	None	Long-term investment	1,200	4,258	6.70	N/A	None
Stock	NCTU Spring Venture Capital Co., Ltd.	The Company is its director	Long-term investment	2,000	20,000	6.28	N/A	None
Stock	Faraday Technology Corp.	Investee company to UMC	Long-term investment	10,085	1,205,714	5.90	822,394	None
Stock	Advanced Microelectronic Products, Inc.	None	Long-term investment	7,420	126,000	5.50	N/A	None
Stock	Cosmos Technology Venture Capital Investment Corp.	The Company is its director	Long-term investment	4,000	40,000	5.03	N/A	None
Stock	Parawin Venture Capital Corp.	The Company is its director	Long-term investment	5,000	50,000	5.00	N/A	None
Stock	Coretronic Corp.	The Company is its director and supervisor	Long-term investment	14,865	276,192	4.59	506,301	None
Stock	RF Integration Corporation	The Company is its director	Long-term investment	3,900	98,610	9.76	N/A	None
Stock	UMC Japan	Investee company to UMC	Long-term investment	45	780,932	4.41	1,145,742	None
Fund	Taiwan Asia Pacific Venture Fund	None	Long-term investment	115	29,295	4.15	N/A	None
Stock	Prokia Technology Co., Ltd.	None	Long-term investment	4,000	48,000	3.13	N/A	None
Stock	IBT Venture Co.	The Company is its director	Long-term investment	9,000	90,000	3.81	N/A	None
Stock	Subtron Technology Co., Ltd.	The Company is its director and supervisor	Long-term investment	7,800	99,000	3.61	N/A	None
Stock	United Microelectronics Corporation	Investor company	Long-term investment	484,045	29,592,654	3.13	11,553,197	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>Hsun Chieh Investment Co., Ltd.</u>								
Stock	Hantek Technology Co., Ltd.	None	Long-term investment	1,623	42,330	2.70	N/A	None
Stock	Integrated Telecom Express, Inc.	Investee company to UMC	Long-term investment	1,113	139,613	2.61	61,029	None
Stock	Sheng-Hua Venture Capital Corp.	None	Long-term investment	5,000	50,000	2.50	N/A	None
Stock	Pixart Imaging Inc.	None	Long-term investment	780	10,140	1.95	N/A	None
Stock	Largan Optoelectronics, Co., Ltd.	The Company is its director	Long-term investment	1,235	79,989	1.45	260,147	None
Stock	TECO Nanotech Co., Ltd.	None	Long-term investment	2,926	-	1.21	N/A	None
Stock	Ingenus Corp.	None	Long-term investment	240	29,812	0.62	21	None
Stock	Mega Financial Holding Company	None	Long-term investment	57,249	1,882,974	0.52	937,859	None
Stock	King Yuan Electronics Co., Ltd.	None	Long-term investment	1,600	70,000	0.35	26,800	None
Stock	Averlogic Corporation	None	Long-term investment	46	1,600	0.22	2,207	None
Stock	Amkor Technology, Inc.	None	Long-term investment	218	101,696	0.13	38,773	None
Stock	Vialta, Inc.	None	Long-term investment	8,360	625,622	8.90	105,103	None
Stock	Broadcom Communications	None	Long-term investment	3	7,092	-	1,676	None
Stock	Chip Express Corporation	None	Long-term investment	2,667	68,198	-	N/A	None
Stock	AEM Technology Inc.	None	Long-term investment	1,760	-	-	N/A	None
Stock	Alpha and Omega Semiconductor, Inc.	None	Long-term investment	1,500	46,883	-	N/A	None
Stock	Aurora System, Inc.	None	Long-term investment	550	72,226	-	N/A	None
Stock	ChinaYES InfoMedia (Cayman), Inc.	None	Long-term investment	10,000	63,146	-	N/A	None
Stock	Epogy Communications, Inc.	None	Long-term investment	3,200	-	-	N/A	None
Stock	Formerica International Holding, Inc.	None	Long-term investment	2,000	30,898	-	N/A	None
Stock	ForteMedia, Inc.	None	Long-term investment	4,000	65,000	-	N/A	None
Stock	LightCross, Inc.	None	Long-term investment	3,896	206,880	-	N/A	None
Stock	Linden Technologies, Inc.	None	Long-term investment	300	92,385	-	N/A	None
Stock	NetEmpower Software Technologies, Inc.	None	Long-term investment	1,500	-	-	N/A	None
Stock	Netlogic Microsystems, Inc.	None	Long-term investment	100	3,195	-	N/A	None
Stock	Lattice Semiconductor Corporation	None	Long-term investment	492	65,740	0.44	153,140	None
Stock	Primarion, Inc.	None	Long-term investment	500	38,816	-	N/A	None
Stock	SandCraft, Inc.	None	Long-term investment	450	43,063	-	N/A	None
Stock	The Supply, Inc.	None	Long-term investment	588	-	-	N/A	None
Stock	Tonbu, Inc.	None	Long-term investment	2,000	-	-	N/A	None
Stock	Triscend Corp.	None	Long-term investment	360	17,409	-	N/A	None
Stock	Smart Idea Holding Limited	None	Long-term investment	6,000	205,069	11.88	N/A	None
Stock	VenGlobal Capital Fund III, L.P.	None	Long-term investment	-	33,195	-	N/A	None
Membership Card	Golf Club Membership Card	None	Long-term investment	-	60,000	-	N/A	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>UMC Capital Corporation</u>								
Stock	UMC Capital (USA)	Investee company	Long-term investment	200	USD 226,491	100.00	N/A	None
Stock	Corrent Corp.	None	Long-term investment	1,732	USD 1,472,815	-	N/A	None
Stock	LightCross, Inc.	None	Long-term investment	649	USD 1,000,000	-	N/A	None
Stock	MaXXan Systems, Inc.	None	Long-term investment	1,655	USD 1,000,021	-	N/A	None
Stock	Lead Systems, Inc.	None	Long-term investment	1,600	USD 2,506,000	-	N/A	None
Stock	Virtual Silicon Technology, Inc.	None	Long-term investment	619	USD 1,000,000	-	N/A	None
Stock	Programmable Silicon Solutions	None	Long-term investment	216	USD 540,000	-	N/A	None
Stock	Integrated Optics Comm. Corp.	None	Long-term investment	2,000	USD 2,000,000	-	N/A	None
Stock	Aicent Technology, Inc.	None	Long-term investment	2,000	USD 1,000,000	-	N/A	None
<u>Fortune Venture Capital Corporation</u>								
Stock	Aptos (Taiwan) Corp.	Investee company	Long-term investment	43,705	436,346	26.49	N/A	None
Stock	Davicom Semiconductor, Inc.	Investee company	Long-term investment	12,200	114,108	22.96	N/A	None
Stock	Pixart Imaging Inc.	The Company is its director	Long-term investment	6,530	105,409	16.32	N/A	None
Stock	Thin Film Module, Inc.	The Company is its director and supervisor	Long-term investment	5,287	52,870	13.91	N/A	None
Stock	Advance Materials Corporation	Investee company	Long-term investment	12,800	145,196	13.47	N/A	None
Stock	AMIC Technology (Taiwan), Inc.	Investee company to UMC	Long-term investment	15,259	146,958	12.83	N/A	None
Stock	Urex Precision, Inc.	None	Long-term investment	2,537	-	12.68	N/A	None
Stock	High Bandwidth Access, Inc	Investee company	Long-term investment	4,308	56,869	11.97	N/A	None
Stock	Epitech Corp.	The Company is its director and supervisor	Long-term investment	6,137	73,916	11.16	N/A	None
Stock	Integrated Telecom Express, Inc.	Investee company to UMC	Long-term investment	4,000	337,955	9.38	219,333	None
Stock	Shin-Etsu Handotai Taiwan Co., Ltd.	The Company is its director	Long-term investment	10,500	105,000	7.00	N/A	None
Stock	Trident Technologies, Inc.	The Company is its director and supervisor	Long-term investment	1,350	-	6.75	N/A	None
Stock	ProSys Technology Integration, Inc	None	Long-term investment	1,200	4,258	6.70	N/A	None
Stock	Averlogic Corporation	The Company is its director and supervisor	Long-term investment	1,148	24,820	5.58	55,063	None
Fund	Iglobe Partners Fund, L.P.	None	Long-term investment	-	80,603	6.30	N/A	None
Stock	Programmable Microelectronics (Taiwan) Corp.	None	Long-term investment	3,392	33,920	6.17	N/A	None
Stock	CTS Computer Technology System Corp.	None	Long-term investment	1,717	-	2.04	N/A	None
Stock	Vialta, Inc.	None	Long-term investment	4,180	313,205	4.45	52,551	None

ATTACHMENT-3 (The ending balance of securities held by the Company as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Types of marketable securities	Name of marketable securities	The relationship of the issuers with the Company	General ledger accounts	December 31, 2002				Shares as collateral (thousand)
				Number of shares (thousand)	Book value	Percentage	Market value	
<u>Fortune Venture Capital Corporation</u>								
Fund	Crystal Internet Venture Fund II	None	Long-term investment	-	41,757	0.99	N/A	None
Stock	Monterey Design Systems Inc.	None	Long-term investment	394	34,201	1.23	N/A	None
Stock	SpringSoft, Inc.	None	Long-term investment	88	1,621	0.23	7,324	None
Stock	Orchid BioSciences, Inc.	None	Long-term investment	56	13,310	0.14	956	None
Stock	United Microelectronics Corporation	Investor company	Long-term investment	17,633	171,857	0.11	420,872	None
Stock	Cadence Design Systems, Inc.	None	Long-term investment	66	7,342	0.03	28,286	None
Stock	Triscend Corporation	None	Long-term investment	3,500	469,902	-	N/A	None
Stock	Aurora Systems, Inc.	None	Long-term investment	4,167	308,957	-	N/A	None
Stock	Systematic Designs International, Inc.	None	Long-term investment	1,300	-	-	N/A	None
Stock	SiRF Technology Holdings, Inc.	None	Long-term investment	875	119,436	-	N/A	None
Stock	Alpha and Omega Semiconductor, Inc.	None	Long-term investment	1,500	46,313	-	N/A	None
Stock	Velio Communications, Inc.	None	Long-term investment	110	30,817	-	N/A	None
Stock	Arcadia Design Systems, Inc.	None	Long-term investment	162	26,204	-	N/A	None
Stock	EPIC Technologies, Inc.	None	Long-term investment	23	-	-	N/A	None
Stock	Rise Technology, Inc.	None	Long-term investment	500	-	-	N/A	None
Stock	The 3CX U.S.A.	None	Long-term investment	513	-	-	N/A	None
<u>UMC Japan</u>								
Bond	Morgan Stanley Repackage Bond	None	Long-term investment	-	¥3,000,000,000	-	N/A	None

ATTACHMENT-4 (The cumulative buying or selling of one specific security exceeding the lower of NTD100 million or 20 percent of the capital stock for the year 2002) (Amount in thousand NTD unless otherwise stated)

Name of the securities	Beginning balance		Addition		Disposal			Gain (Loss) from disposal	Ending balance	
	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Number of shares (thousand)	Amount	Cost		Number of shares (thousand)	Amount
<u>United Microelectronics Corporation</u>										
China Development Financial Holding Corporation- Convertible bond	-	-	60,000	2,052,000	-	-	-	-	60,000	2,052,000
SpringSoft Inc.- Convertible bond	-	-	12,000	418,800	-	-	-	-	12,000	418,800
MediaTek Incorporation	47,949	1,339,839	-	-	4,750	3,030,043	126,184	2,903,859	60,806	1,213,655
Trecenti Technologies, Inc.	240	1,789,838	-	-	240	2,806,610	1,409,614	1,396,996	-	-
AU Optronics Corp.	560,276	8,317,535	-	-	105,000	4,792,995	1,558,769	3,234,226	455,276	6,758,766
SAMPO Corporation	35,190	443,599	-	-	17,417	228,246	219,555	8,691	17,773	224,044
United Microdisplay Optronics Corporation	-	-	76,499	764,990	-	-	-	-	76,499	702,501
UMC Capital Corporation	10,000	338,228	20,000	681,000	-	-	-	-	30,000	1,007,444
Unitech Capital Inc.	-	-	21,000	730,380	-	-	-	-	21,000	731,255
Silicon Integrated Systems Corp.	-	-	48,483	1,267,580	-	-	-	-	48,483	1,267,580
<u>Hsun Chieh Investment Co., Ltd.</u>										
High Bandwidth Access, Inc	2,861	19,191	5,741	114,825	1,356	26,944	18,296	8,648	7,246	82,934
Accelerated Communications, Inc.	-	-	10,000	100,000	-	-	-	-	10,000	100,000
Harvatek Corp.	14,033	179,295	2,618	99,484	2,563	107,901	37,203	70,698	16,239	277,203
Plato Electronics (Cayman) Limited	14,193	657,858	-	-	14,193	753,946	656,108	97,838	-	-
Smart Idea Holding Limited	-	-	6,000	205,069	-	-	-	-	6,000	205,069
AU Optronics Corp.- Convertible bond	2,000	200,000	-	-	2,000	577,350	200,000	377,350	-	-
<u>Fortune Venture Capital Corporation</u>										
Triscend Corporation	1,750	188,957	1,750	280,945	-	-	-	-	3,500	469,902
<u>UMC Japan</u>										
Morgan Stanley Repackage Bond	-	-	-	¥3,000,000,000	-	-	-	-	-	¥3,000,000,000

Note1: The ending balance also includes other additions or deductions not shown on the above schedule, including long-term equity investment income or loss, cumulative translation adjustment, changes in long-term investment due to unproportionate changes in ownership, and unrealized loss in long-term investment, etc.

ATTACHMENT-5 (Acquisition of real estate with an amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year 2002) (Amount in thousand NTD unless otherwise stated)

<u>Name of the properties</u>	<u>Date of transaction</u>	<u>Transaction amount</u>	<u>Status of payment</u>	<u>Counter party</u>	<u>The relationship with the Company</u>	<u>Original owner who sold the property to the counter party</u>	<u>The relationship of the original owner with the Company</u>	<u>Date of the original transaction</u>	<u>Amount</u>	<u>The bases or reference used in deciding the price</u>	<u>Other commitments</u>
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United Microelectronics Corporation

None

ATTACHMENT-6 (Disposal of real estate with an amount exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year 2002) (Amount in thousand NTD unless otherwise stated)

<u>Names of the properties</u>	<u>Date of transaction</u>	<u>Acquisition date of the properties</u>	<u>Book value</u>	<u>Transaction amount</u>	<u>Status of payment receiving</u>	<u>Gain/ Loss on disposal</u>	<u>Counter party</u>	<u>The relationship with the Company</u>	<u>Reason for disposal</u>	<u>The bases or reference used in deciding the price</u>	<u>Other commitments</u>
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United Microelectronics Corporation

None

ATTACHMENT-7( Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year 2002) (Amount in thousand NTD unless otherwise stated)

Name of related parties transactions	Relationship with the Company	Transactions				Notes & accounts receivable (payable)	
		Purchase (Sales)	Amount	Percentage of purchase (sales)	Term	Balance	Percentage of account
<u>United Microelectronics Corporation</u>							
UMC Group (USA)	Investee company	Sales	27,917,057	41.40	60days	3,284,149	32.78
United Microelectronics (Europe) B.V.	Investee company	Sales	3,822,123	5.67	60days	542,296	5.41
Integrated Technology Express Inc.	Investee company	Sales	617,191	0.92	45days	120,180	1.20
Holtek Semiconductor Inc.	Investee company	Sales	834,088	1.24	60days	191,755	1.91
Novatek Microelectronics Corp.	Investee company	Sales	2,810,606	4.17	45days	446,927	4.46
Faraday Technology Corp.	Investee company	Sales	1,176,094	1.74	45days	202,151	2.02
AMIC Technology (Taiwan) Inc.	Investee company	Sales	623,759	0.93	45days	131,625	1.31
MediaTek Incorporation	The Company is its supervisor	Sales	7,313,672	10.85	45days	1,431,362	14.29
Davicom Semiconductor, Inc.	The investee of Fortune Venture Capital Corporation	Sales	126,934	0.19	45days	7,142	0.07
Averlogic Corporation	The Company's investee is its director and supervisor	Sales	113,191	0.17	45days	5,859	0.06
Fortune Semiconductor Corp.	The Company is its director	Sales	120,589	0.18	45days	37,565	0.37
Pixart Imaging Inc.	The Company is its director	Sales	146,159	0.22	45days	46,377	0.46
Applied Component Technology Corp.	Investee company	Purchase	219,235	1.42	30days	14,790	0.55
Shin - Etsu Handotai Taiwan Co., Ltd.	The Company is its director	Purchase	2,273,128	14.76	60days	375,116	14.10
<u>UMC Group (USA)</u>							
United Microelectronics Corporation	Investor company	Purchase	USD811,693,816	100.00	Net55 Days	USD94,569,549	100.00

ATTACHMENT-8 (Receivable from related parties exceeding the lower of NT\$100 million or 20 percent of capital stock as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Name of the counter party	Relationship with the counter party	Balance of receivable from related party				Turnover rate (times)	Overdue receivable		Subsequent received amount	Bad debt allowance provided
		Notes receivable	Accounts receivable	Other receivables	Amount		Amount	Collection		
<u>United Microelectronics Corporation</u>										
UMC Group (USA)	Investee company	-	3,284,149	-	3,284,149	9.68	-	Credit Collecting	307,641	32,841
United Microelectronics (Europe) B.V.	Investee company	-	542,296	-	542,296	11.60	31,457	Credit Collecting	20	5,738
Novatek Microelectronics Corp.	Investee company	-	446,927	-	446,927	7.93	688	Credit Collecting	-	4,476
Holtek Semiconductor Inc.	Investee company	-	191,755	-	191,755	5.32	89,558	Credit Collecting	-	2,813
Integrated Technology Express Inc.	Investee company	-	120,180	-	120,180	6.47	-	Credit Collecting	-	1,202
Faraday Technology Corp.	Investee company	-	202,151	-	202,151	6.49	4,186	Credit Collecting	-	2,063
AMIC Technology (Taiwan) Inc.	Investee company	-	131,625	-	131,625	3.07	252	Credit Collecting	252	1,319
MediaTek Incorporation	The Company is its supervisor	-	1,431,362	-	1,431,362	5.90	-	Credit Collecting	-	14,314

ATTACHMENT-9 (Related information on invested companies as of December 31, 2002) (Amount in thousand NTD unless otherwise stated)

Invested company	Address	Main business scopes	Initial Investment		Shares held by the Company			The net income (loss) of the invested company	The gain (loss) recognized	Note
			Ending balance	Beginning balance	Number of shares (thousand)	Percentage	Book value			
<u>United Microelectronics Corporation</u>										
UMC Group (USA)	Sunnyvale, California, USA	IC Sales	USD16,438,000	USD16,438,000	16,438	100.00	473,297	USD(3,099,000)	(119,874)	
United Foundry Service, Inc.	Sunnyvale, California, USA	Supervising and monitoring group project	USD2,005,000	USD2,005,000	2,005	100.00	82,960	USD137,000	4,734	
UMC Capital Corporation	Cayman, Cayman Islands	Investment	USD30,000,000	USD10,000,000	30,000	100.00	1,007,444	USD(341,000)	(11,784)	
United Microelectronics Corp. (Samoa)	Apia, Samoa	Investment	USD500,000	-	500	100.00	7,114	USD(308,000)	(10,636)	
United Microelectronics (Europe) B.V.	Holland	IC Sales	USD5,421,000	-	9	100.00	217,493	USD151,000	29,941	
Fortune Venture Capital Corporation	Taipei, Taiwan	Consulting and planning for investment in new business	2,999,940	2,999,940	299,994	99.99	3,115,317	(136,125)	(136,112)	
Hsun Chieh Investment Co., Ltd.	Taipei, Taiwan	Investment	14,172,940	14,172,940	1,417,294	99.97	30,598,156	165,720	165,721	
United Microdisplay Optonics Corporation	Science-Based Industrial Park, Hsin-Chu	Sales and manufacturing of LCOS	764,990	-	76,499	85.00	702,501	(73,517)	(62,489)	
Pacific Venture Capital Co., Ltd.	Taipei, Taiwan	Venture capital consultation	300,000	300,000	30,000	49.99	316,270	8,901	4,450	
UMCi Pte. Ltd.	Singapore	Sales and manufacturing of integrated circuit fabrication	USD212,250,000	USD212,250,000	212,250	49.82	6,952,691	USD(11,615,000)	(215,225)	
UMC Japan	Chiba, Japan	Sales and manufacturing of integrated circuit fabrication	¥ 20,126,316,000	¥ 20,126,316,000	479	47.06	7,610,901	¥ (393,133,000)	506,878	
DuPont Photomasks Taiwan Ltd.	Science-Based Industrial Park, Hsin-Chu	Manufacturing of photomasks	773,795	777,016	99,748	45.51	1,145,403	156,480	71,722	
Unitech Capital Inc.	British Virgin Islands	Investment	USD21,000,000	-	21,000	42.00	731,255	USD(60,000)	875	
Archtek Telecom Corp.	Taipei, Taiwan	Sales and manufacturing of broadband access product	-	-	14,200	26.49	-	-	-	
Novatek Microelectronics Corp.	Science-Based Industrial Park, Hsin-Chu	Sales and manufacturing of integrated circuit fabrication	138,030	140,010	74,611	25.83	1,193,740	1,083,274	277,441	
Holtek Semiconductor Inc.	Science-Based Industrial Park, Hsin-Chu	IC design production and sales	357,628	392,176	44,854	25.61	568,554	350,737	94,071	
Integrated Technology Express, Inc.	Science-Based Industrial Park, Hsin-Chu	Sales and manufacturing of integrated circuit fabrication	205,025	239,770	24,111	24.58	309,672	147,004	43,526	
Unimicron Technology Corp.	Taoyuan, Taiwan	PCB production	2,592,013	2,592,013	168,930	23.81	3,004,762	1,020,032	190,292	
Applied Component Technology Corp.	Taipei, Taiwan	IC production sales	49,284	64,557	12,068	23.66	91,581	(9,682)	(1,925)	
Faraday Technology Corp.	Science-Based industrial Park, Hsin-Chu	ASIC design and production	81,032	62,455	33,710	19.71	570,675	691,252	136,970	
Integrated Telecom Express, Inc.	Santa Clara, California, USA	Sales and manufacturing of integrated circuit fabrication	USD2,000,000	USD2,000,000	7,000	16.36	513,134	USD(23,258,000)	(113,954)	
AMIC Technology (Taiwan) Inc.	Science-Based Industrial Park, Hsin-Chu	IC design, production and sales	135,000	135,000	16,200	13.62	53,225	62,038	16,105	