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Corporate Profile

UMC is a world-leading semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. The company's cutting-edge foundry technologies enable the creation of faster and more powerful chips to meet today's demanding applications. UMC's technology includes a wide range of advanced materials and processes, including copper interconnects, low-k dielectrics, embedded DRAM, and Mixed Signal/RF CMOS. As an industry pioneer, UMC was the first foundry to manufacture wafers using copper materials, produce chips using 0.13-micron process technology, produce chips on 300mm wafers, and deliver functional 90-nanometer ICs to its customers.

UMC led the development of the commercial semiconductor industry in Taiwan. It was the first local company to offer foundry services, as well as the first semiconductor company to list on the Taiwan Stock Exchange (1985). UMC is responsible for many local industry innovations, including the introduction of the employee share bonus system, often credited as a primary factor in the development of a prominent electronics industry in Taiwan. UMC employs over 9,000 people worldwide. With sales and customer service offices in Taiwan, Japan, Singapore, Mainland China, Europe, and the United States, UMC has an extensive service network to meet the needs of its global clientele. In the future, UMC will continue to offer advanced production processes and excellent customer service to strengthen its competitive advantages in a rapidly changing industry.

Date of Incorporation May 22, 1980

Major Milestones

1980 May
UMC established

1985 July
Becomes the first IC company to list on the Taiwan Stock Exchange

1995 July
Begins transformation into a pure-play foundry

1995 July - September
Three joint venture foundry companies established

1995 September
200mm fab begins production

1996 January
0.35-micron mass production

1997 October
0.25-micron mass production

1998 April
Acquires Holtek Semiconductor

1998 December
Acquires Nippon Steel Semiconductor Corp. (Renamed as UMCJ in 2001)

1999 March
0.18-micron mass production

1999 November
Begins construction of a 300mm fab in Taiwan's Tainan Science Park

2000 January
UMC completes consolidation of five companies: UMC, USC, UTEK, USI and UICC

2000 March
UMC ships first foundry chips using copper process

2000 May
UMC produces foundry industry's first 0.13-micron integrated circuits

2000 September
UMC makes its debut on the New York Stock Exchange

2000 December
UMC announces plan to establish advanced 300mm foundry in Singapore (UMCi)

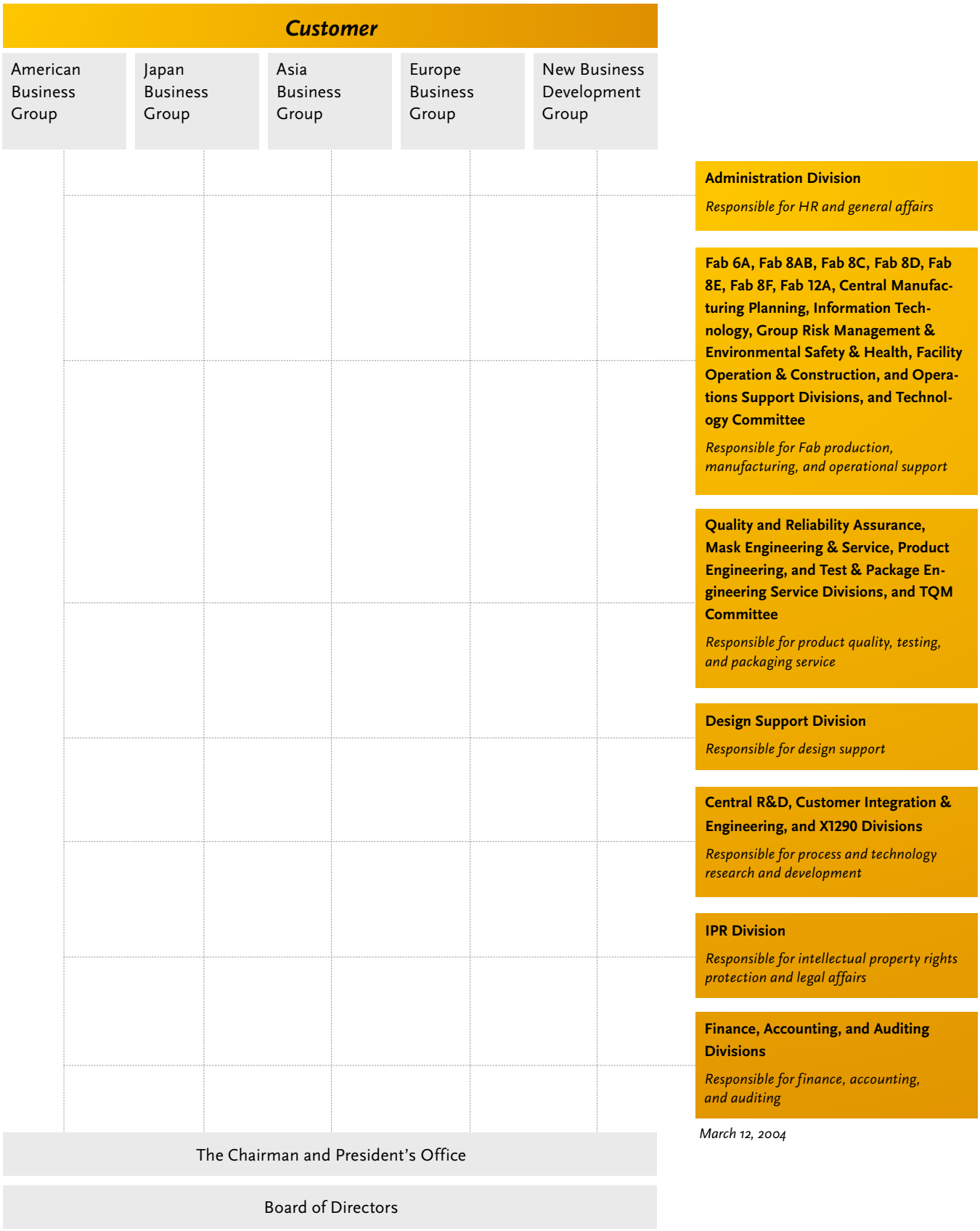
2003 January
UMCi announces equipment move-in at 300mm fab

2003 March
UMC delivers foundry's first customer ICs built on 90-nanometer

2004 February
Acquires SiS Microelectronics Corp.

2004 March
UMCi moves to full scale 300mm production

Corporate Organization



Directors' and Supervisors' Information

Name Title		Date Elected [Date Assumed] (Date First Elected)	Term (Yrs.)	Shareholding when Elected		Present Shareholding		Spouse & Minor Shareholding	
				Common Shares	%	Common Shares	%	Common Shares	%
Robert H.C. Tsao Director, Chairman		2001.5.30 [2001.6.6] (1986.5.8)	3	60,266,853	0.53	82,898,998	0.51	4,253,634	0.03
John Hsuan Director		2001.5.30 (1986.5.8)	3	56,275,121	0.49	79,764,069	0.49	5,006,245	0.03
Hsun Chieh Investment Co., Ltd.		2001.5.30 (1995.6.21)	3	366,007,905	3.19	503,455,675	3.12	–	–
Representatives	Peter Chang Director	2001.5.30 (2001.5.30)	3	11,176,649	0.10	17,729,666	0.11	641,248	0.00
	Tsing-Yuan Hwang Director	2001.5.30 (1995.6.21)	3	–	–	–	–	641,314	0.00
Chuin Li Investment Corporation		2001.5.30 (1998.5.5)	3	23,142,600	0.20	31,833,392	0.20	–	–
Representatives	Jackson Hu Director	2004.2.4 (2004.2.4)	3	365,000	0.00	365,000	0.00	–	–
	Chris Chi Director	2001.5.30 (2001.5.30)	3	1,385,844	0.01	2,271,464	0.01	–	–
Chuin Tsie Investment Corporation		2001.5.30 (1998.5.5)	3	55,542,240	0.48	76,400,141	0.47	–	–
Representatives	Hong-Jen Wu Director	2001.5.30 (1998.5.5)	3	22,176,503	0.19	32,142,872	0.20	–	–
	Ching-Chang Wen Director	2001.5.30 (2001.5.30)	3	6,236,229	0.05	10,650,919	0.07	26,645	0.00
Shieh Li Investment Corporation		2001.5.30 (1998.5.5)	3	35,838,584	0.31	49,297,126	0.31	–	–
Representatives	Fu-Tai Liou Director	2001.5.30 (2001.5.30)	3	3,095,805	0.03	5,299,735	0.03	–	–
	Stan Hung Director	2001.5.30 (2001.5.30)	3	6,055,361	0.05	13,001,472	0.08	1,692,536	0.01
Hsun Chieh Investment Co., Ltd.		2001.5.30 (1995.6.21)	3	366,007,905	3.19	503,455,675	3.12	–	–
Representatives	Tzyy-Jang Tseng Supervisor	2002.3.14 (2002.3.14)	3	14,057,315	0.11	17,022,185	0.11	230,544	0.00
Mao-Chung Lin Supervisor		2001.5.30 (2001.5.30)	3	10,864,632	0.09	14,944,649	0.09	747,560	0.00
Jack K.C. Wang Supervisor		2001.5.30 (2001.5.30)	3	16,102,632	0.14	22,149,687	0.14	196	0.00

Notes (1) *Present shareholding figures are actual number of shares held on December 31, 2003.* ***(2)*** *Directors' and Supervisors' election date is the same date they assumed their positions.* ***(3)*** *Directors and Supervisors are not spouses or siblings of other managers, directors, and supervisors.* ***(4)*** *Directors and Supervisors did not hold shares*

Experience Education	*Also Serves Concurrently as*	*Compensation (In thousand NTD)*
Chairman, UMC Group Master of Management Science, National Chiao Tung University	Director, Mega Financial Holding Company; Director, Unimicron Technology Corp.; Chairman, Faraday Technology Corp.; Chairman, UMC Japan; Chairman, UMCi Ltd.; Chairman, Fortune Venture Capital Corporation; Chairman, Hsun Chieh Investment Co., Ltd.; Director, United Microdisplay Optronics Corporation	435
Chairman, UMC Bachelor of Electronics Engineering, National Chiao Tung University	Director, Unimicron Technology Corp.; Director, Faraday Technology Corp.; Chairman, Silicon Integrated Systems Corp.; Director, UMC Japan; Director, Fortune Venture Capital Corporation; Director, Hsun Chieh Investment Co.,Ltd.; Chairman, United Microdisplay Optronics Corporation	435
–	–	869
Director, UMC Master of Electrical Engineering, University of Texas at Austin	Director, UMC Japan; Director, UMCi Ltd.	–
Executive Officer, Daiwa Securities SMBC Co., Ltd. Master of Business Administration, Nihon University	Executive Officer, Daiwa Securities SMBC Co., Ltd.; Director, President Chain Store Corp.; Director, Hon Hai Precision Industry Co., Ltd.	–
–	–	869
CEO, UMC Ph.D. of Computer Science, University of Illinois at Urbana-Champaign	Director, Silicon Integrated Systems Corp.; Director, UMCi Ltd.; Director, Arcadia Design System; Director, Compal Communications, Inc.	–
Director, UMC Master of Material Engineering, University of California at Los Angeles	Director and President, UMCi Ltd.; Director, UMC Japan	–
–	–	869
Director, UMC Master of Chemical Engineering, National Taiwan University	Chairman, DuPont Photomasks Taiwan Ltd.; Director, AU Optronics Corp.; Director and President, UMC Japan	–
Director, UMC Ph.D. of Electrical Engineering, University of Pennsylvania	Director, DuPont Photomasks Taiwan Ltd.	–
–	–	869
Director, UMC Ph.D. of Material Science & Engineering, State University of New York at Stony Brook	None	–
CFO, UMC Bachelor of Accounting, Tamkang University	Director, UMC Japan; Supervisor, Novatek Microelectronics Corp.; Supervisor, SpringSoft Co., Ltd.; Director, Harvatek Corp.; Director, Mega Financial Holding Company; Director, Fortune Venture Capital Corporation; Director, Hsun Chieh Investment Co., Ltd.; Director, United Microdisplay Optronics Corporation	–
–	–	435
Chairman, Unimicron Technology Corp. Master of Physics, National Tsing Hua University	Chairman, Unimicron Technology Corp.; Director, Premier Image Technology Corporation; Chairman, Harvatek Corp.; Supervisor, Fortune Venture Capital Corporation	–
President, Sunrox International Inc. Bachelor of Business Administration, National Taiwan University	President, Sunrox International Inc.	435
Chairman, Sen Dah Investment Co., Ltd. Bachelor of Chinese Literature, Culture University	Chairman, Sen Dah Investment Co., Ltd.	435

through other parties. ***(5)*** *List of major shareholders of UMC's juridical person shareholders is presented in the next page.*

Directors' and Supervisors' Information (cont.)

List of Major Shareholders of UMC's Juridical Person Shareholders

Directors and Supervisors that are Representatives of Juridical Person Shareholders	***Juridical Person Shareholders***	***Top Ten Shareholders of Juridical Person Shareholders, or Shareholders Owning more than 10% of Juridical Person Shareholders***
Director, Peter Chang Director, Tsing-Yuan Hwang Supervisor, Tzyy-Jang Tseng	Hsun Chieh Investment Co., Ltd.	United Microelectronics Corporation
Director, Jackson Hu Director, Chris Chi	Chuin Li Investment Corporation	Robert H.C. Tsao, John Hsuan
Director, Hong-Jen Wu Director, Ching-Chang Wen	Chuin Tsie Investment Corporation	Robert H.C. Tsao, John Hsuan
Director, Fu-Tai Liou Director, Stan Hung	Shieh Li Investment Corporation	Robert H.C. Tsao, John Hsuan

Directors' and Supervisors' Professional Knowledge and Independence Information

Name	*Five or more Years Experience in Business, Law, Finance, or Corporate Business Related Fields*	*Independence Status (Note)*							*Remarks*
		1	*2*	*3*	*4*	*5*	*6*	*7*	
Robert H.C. Tsao	Yes	–	✔	✔	–	–	✔	✔	–
John Hsuan	Yes	–	✔	✔	–	–	✔	✔	–
Peter Chang	Yes	–	✔	✔	✔	–	✔	–	Represents Hsun Chieh Investment Co., Ltd.
Tsing-Yuan Hwang	Yes	–	✔	✔	✔	✔	✔	–	Represents Hsun Chieh Investment Co., Ltd.
Jackson Hu	Yes	–	✔	✔	✔	–	✔	–	Represents Chuin Li Investment Corporation
Chris Chi	Yes	–	✔	✔	✔	–	✔	–	Represents Chuin Li Investment Corporation
Hong-Jen Wu	Yes	–	✔	✔	✔	–	✔	–	Represents Chuin Tsie Investment Corporation
Ching-Chang Wen	Yes	–	✔	✔	✔	–	✔	–	Represents Chuin Tsie Investment Corporation
Fu-Tai Liou	Yes	–	✔	✔	✔	✔	✔	–	Represents Shieh Li Investment Corporation
Stan Hung	Yes	–	✔	✔	–	–	✔	–	Represents Shieh Li Investment Corporation
Tzyy-Jang Tseng	Yes	–	✔	✔	✔	–	✔	–	Represents Hsun Chieh Investment Co., Ltd.
Mao-Chung Lin	Yes	✔	✔	✔	✔	✔	✔	✔	–
Jack K.C. Wang	Yes	✔	✔	✔	✔	✔	✔	✔	–

Notes *For those directors and supervisors who match the condition listed below, "✔" is marked in the appropriate space.* ***(1)*** *Is not an employee of the Company; nor a director, supervisor, or employee of its affiliated enterprises. Does not include the independent directors or supervisors in the parent companies and subsidiaries.* ***(2)*** *Does not directly or indirectly own more than 1% of the Company's outstanding shares; nor is one of the top ten non-institutional shareholders of the Company.* ***(3)*** *Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any person specified in the preceding two columns.* ***(4)*** *Is not a director, supervisor, or employee of a legal entity which directly owns more than 5% of the Company's issued shares; nor a director, supervisor or employee of the top five legal entities which are owners of the Company's issued shares.* ***(5)*** *Is not a director, supervisor, or manager of a company which has a business relationship with the Company; nor a shareholder who owns more than 5% of such a company.* ***(6)*** *Is not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Company and its affiliates with financial, business consulting, or legal services in 2003.* ***(7)*** *Is not a legal entity owner or its representative pursuant to Article 27 of the R.O.C. Company Law.*

Officers' Information

Name	Title	Date Elected (Date Assumed)	Present Shareholding		Spouse & Minor Shareholding	
			Common Shares	%	Common Shares	%
John Hsuan	Vice Chairman	2002.4.1	79,764,069	0.49	5,006,245	0.03
Peter Chang	Vice Chairman	2000.1.3	17,729,666	0.11	641,248	0.00
Jackson Hu	CEO	2003.7.15	365,000	0.00	–	–
Hong-Jen Wu	Business Group President	1997.12.1	32,142,872	0.20	–	–
Ching-Chang Wen	Business Group President	2000.1.3	10,650,919	0.07	26,645	0.00
Chris Chi	President	2003.2.13	2,271,464	0.01	–	–
Fu-Tai Liou	Business Group President	2002.12.17	5,299,735	0.03	–	–
Shih-Wei Sun	Senior Vice President	2003.7.29	10,951,892	0.07	763,543	0.00
Stan Hung	CFO	2000.1.3	13,001,472	0.08	1,692,536	0.01

Notes (1) *Shareholding figures are actual number of shares held on December 31,2003.* ***(2)*** *Officers did not hold shares through other parties.* ***(3)*** *Officers are not spouses or siblings of other managers.* ***(4)*** *The remuneration amount of NTD 13,737 thousand is the sum of remunerations paid to John Hsuan, Peter Chang and Jackson Hu.* ***(5)*** *The remuneration amount of NTD 5,041 thousand is the sum of remunerations paid to Hong-Jen Wu, Ching-Chang Wen, Chris Chi and Fu-Tai Liou.* ***(6)*** *The remu-*

Experience Education	*Also Serves Concurrently as*	*2003 Remuneration*	*Other Compensation (In thousand NTD)*		*Units of Stock Options Granted in 2003*
			Home Rental	*Automobile (Book Value)*	
Chairman, UMC Bachelor of Electronics Engineering, National Chiao Tung University	Director, Unimicron Technology Corp.; Director, Faraday Technology Corp.; Chairman, Silicon Integrated Systems Corp.; Director, UMC Japan; Director, Fortune Venture Capital Corporation; Director, Hsun Chieh Investment Co., Ltd.; Chairman, United Microdisplay Optronics Corporation	Note 4	657	4,207	–
Director, UMC Master of Electrical Engineering, University of Texas at Austin	Director, UMC Japan; Director, UMCi Ltd.	Note 4	467	1,650	–
CEO, UMC Ph.D. of Computer Science, University of Illinois at Urbana-Champaign	Director, Silicon Integrated Systems Corp.; Director, UMCi Ltd.; Director, Arcadia Design System; Director, Compal Communications, Inc.	Note 4	941	4,019	20,000,000
Director, UMC Master of Chemical Engineering, National Taiwan University	Chairman, DuPont Photomasks Taiwan Ltd.; Director, AU Optronics Corp.; Director and President, UMC Japan	Note 5	–	–	–
Director, UMC Ph.D. of Electrical Engineering, University of Pennsylvania	Director, DuPont Photomasks Taiwan Ltd.	Note 5	392	–	–
Director, UMC Master of Material Engineering, University of California at Los Angeles	Director and President, UMCi Ltd.; Director, UMC Japan	Note 5	279	–	–
Director, UMC Ph.D. of Material Science & Engineering, State University of New York at Stony Brook	None	Note 5	247	112	–
Senior Vice President, UMC Ph.D. of Electronic Materials, Northwestern University	None	Note 6	58	2,867	–
CFO, UMC Bachelor of Accounting, Tamkang University	Director, UMC Japan; Supervisor, Novatek Microelectronics Corp.; Supervisor, SpringSoft Co., Ltd.; Director, Harvatek Corp.; Director, Mega Financial Holding Company; Director, Fortune Venture Capital Corporation; Director, Hsun Chieh Investment Co., Ltd.; Director, United Microdisplay Optronics Corporation	Note 6	–	2,867	–

neration amount of NTD 4,240 thousand is the sum of remunerations paid to Shih-Wei Sun and Stan Hung. ***(7)*** *Officers' election date is the same date they assumed their positions.*

Change in Shareholding of Directors, Supervisors, Officers and Major Shareholders

Unit: shares

Name	*Title*	*2003*		*2004*	
		Holding Increase (Decrease)	*Pledged Holding Increase (Decrease)*	*Holding Increase (Decrease)*	*Pledged Holding Increase (Decrease)*
Robert H.C. Tsao	Director, Chairman	**3,196,086**	–	–	–
John Hsuan	Director, Vice Chairman	**3,075,222**	–	–	–
Hsun Chieh Investment Co., Ltd.	Director, Supervisor	**19,410,222**	–	–	–
Chuin Li Investment Corporation	Director	**1,227,304**	–	–	–
Chuin Tsie Investment Corporation	Director	**2,945,529**	–	–	–
Shieh Li Investment Corporation	Director	**1,900,600**	–	–	–
Mao-Chung Lin	Supervisor	**576,175**	–	–	–
Jack K.C. Wang	Supervisor	**853,958**	–	–	–
Peter Chang	Vice Chairman	**683,549**	–	–	–
Jackson Hu	CEO	**365,000**	–	–	–
Hong-Jen Wu	Business Group President	**931,573**	–	(200,000)	–
Ching-Chang Wen	Business Group President	**410,635**	–	(72,000)	–
Chris Chi	President	**(1,258,176)**	**75,000**	(315,000)	–
Fu-Tai Liou	Business Group President	**(392,566)**	**1,200,000**	(200,000)	–
Shih-Wei Sun	Senior Vice President	**8,015,767**	**8,531,000**	(44,000)	–
Stan Hung	CFO	**501,258**	–	–	–

Notes (1) *No shareholders own 10% or more of UMC shares.* ***(2)*** *The data represented for 2004 was gathered until March 12, 2004.* ***(3)*** *Counterparts of the shareholding transferred or pledged are not related parties.* ***(4)*** *Jackson Hu and Shih-Wei Sun's 2003 shareholdings are calculated from April, 2003.*

Total Percentage of Ownership of Investees

Investees	*UMC Investments*		*Investments from Directors, Supervisors, Officers, and Directly or Indirectly Controlled Businesses*		*Total Investments*	
	Shares	%	*Shares*	%	*Shares*	%
Applied Component Technology Corp.	10,921,800	21.42	–	–	10,921,800	21.42
Unimicron Technology Corp.	176,705,587	21.93	115,241,187	14.30	291,946,774	36.23
Faraday Technology Corp.	42,137,911	19.10	12,731,445	5.77	54,869,356	24.87
Fortune Venture Capital Corporation	299,994,000	99.99	2,000	0.00	299,995,000	99.99
Hsun Chieh Investment Co., Ltd.	1,417,294,000	99.97	209,500	0.01	1,417,400,000	99.98
Pacific Venture Capital Co., Ltd.	30,000,000	49.99	–	–	30,000,000	49.99
Novatek Microelectronics Corp.	69,147,190	20.44	1,738,860	0.51	70,886,050	20.95
Integrated Technology Express Inc.	26,579,364	24.38	4,387,854	4.02	30,967,218	28.40
DuPont Photomasks Taiwan Ltd.	106,620,718	45.35	–	–	106,620,718	45.35
Holtek Semiconductor Inc.	46,648,014	25.44	5,780,145	3.15	52,428,159	28.59
AMIC Technology Corporation	16,200,000	11.83	7,300,110	5.33	23,500,110	17.16
United Microdisplay Optronics Corp.	104,345,300	83.48	–	–	104,345,300	83.48
Silicon Integrated Systems Corp.	216,435,200	16.18	47,406,277	3.54	263,841,477	19.72
UMC Group (USA)	16,437,500	100.00	–	–	16,437,500	100.00
United Foundry Service, Inc.	2,005,000	100.00	–	–	2,005,000	100.00
UMC Japan	484,363	47.48	45,710	4.48	530,073	51.96
UMCi Ltd.	657,437,950	75.05	7,912,010	0.90	665,349,960	75.95
UMC Capital Corporation	40,000,000	100.00	–	–	40,000,000	100.00
United Microelectronics Corp. (Samoa)	700,000	100.00	–	–	700,000	100.00
United Microelectronics (Europe) B.V.	9,000	100.00	–	–	9,000	100.00
Unitech Capital Inc.	21,000,000	42.00	–	–	21,000,000	42.00
MediaTek Incorporation	71,386,154	11.13	–	–	71,386,154	11.13
AU Optronics Corp.	423,700,153	9.74	3,557,971	0.08	427,258,124	9.82
C-Com Corporation	10,142,857	8.81	7,095,856	6.16	17,238,713	14.97
Sino-Aerospace Investment Corp.	28,500,000	11.11	–	–	28,500,000	11.11
TECO Nanotech Co., Ltd.	19,416,757	8.05	2,925,876	1.21	22,342,633	9.26
United Industrial Gases Co., Ltd.	13,185,529	8.27	–	–	13,185,529	8.27
Mega Financial Holding Company	95,576,810	0.84	61,407,570	0.54	156,984,380	1.38
Premier Image Technology Corporation	3,233,466	0.62	1,564,270	0.30	4,797,736	0.92
Industrial Bank of Taiwan Corp.	119,424,849	5.00	–	–	119,424,849	5.00
Subtron Technology Co., Ltd.	11,520,000	5.47	6,536,000	3.10	18,056,000	8.57
Taiwan High Speed Rail Corporation	30,000,000	–	–	–	30,000,000	–
Billionton Systems Inc.	1,739,014	3.05	–	–	1,739,014	3.05
Aptos Corp.	1,771,979	9.68	3,014,766	16.47	4,786,745	26.15
PixTech, Inc.	9,883,470	17.63	–	–	9,883,470	17.63
Vialta, Inc.	8,360,000	8.90	8,360,000	8.90	16,720,000	17.80
Pacific Technology Partners, L.P.	–	–	–	–	–	–
Tonbu, Inc.	937,500	–	2,000,000	–	2,937,500	–
Pacific United Technology, L.P.	–	–	–	–	–	–

Notes (1) *The companies listed above are UMC's long-term investments.* ***(2)*** *Shareholding figures are actual number of shares held on December 31, 2003.*

Capital and Shares

Source of Capital

Date	Issue Price	Authorized Shares		Issued Shares		Remarks		
		Shares (In thousands)	Total (In thousand NTD)	Shares (In thousands)	Total (In thousand NTD)	Source of Capital	Assets other than Cash Used for Capital	Other
June, 2003	NTD 10 per share	22,000,000	220,000,000	16,140,743.5	161,407,435	Note	–	–

Note *On June 26, 2003, the R.O.C. SFC approved the issuance of NTD 6,658,978,170 from the capitalization of retained earnings. The Company's paid-in capital was increased to NTD 161,407,434,630.*

Unit: share

Share Type	Authorized Shares			Allotment for Convertible Bonds	Allotment for Stock Option Certificates (Units)
	Issued Shares	Un-issued Shares	Total		
Common stock	16,140,743,463	5,859,256,537	22,000,000,000	1,500,000,000	2,000,000,000

Status of Shareholders

Stock: common share

Item	Government Agencies	Financial Institutions	Other Legal Entities	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of shareholders	18	50	1,333	878,272	1,083	880,756
Shareholding (shares)	398,388,469	532,894,956	2,503,682,496	8,282,833,668	4,422,943,874	16,140,743,463
Percentage (%)	2.47	3.30	15.51	51.32	27.40	100.00

Note *The data shown above was recorded on July 21, 2003, which was the record date for the distribution of 2002 stock dividends.*

Distribution of Common Shares

Class of Shareholding (Unit: share)	Number of Shareholders	Shareholding (Shares)	%
1 ~ 999	188,672	73,252,164	0.45
1,000 ~ 5,000	413,913	985,473,946	6.11
5,001 ~ 10,000	126,702	878,276,013	5.44
10,001 ~ 15,000	57,727	687,520,514	4.26
15,001 ~ 20,000	24,658	421,994,085	2.61
20,001 ~ 30,000	27,877	666,400,235	4.13
30,001 ~ 50,000	19,096	720,553,472	4.46
50,001 ~ 100,000	12,593	845,338,835	5.24
100,001 ~ 200,000	5,288	701,028,694	4.34
200,001 ~ 400,000	2,239	604,752,266	3.75
400,001 ~ 600,000	658	319,432,418	1.98
600,001 ~ 800,000	290	199,180,610	1.23
800,001 ~ 1,000,000	166	148,680,821	0.92
Over 1,000,001	877	8,888,859,390	55.08
Total	880,756	16,140,743,463	100.00

Note *The data shown above was recorded on July 21, 2003, which was the record date for the distribution of 2002 stock dividends.*

List of Major Shareholders

Shareholder's Name	*Shareholding*	
	Common Shares	%
Citicorp Financial Service Ltd., as representative of holders of the ADRs and as nominee for Citibank, N.A., as Depositary, pursuant to a Deposit Agreement, dated as of September 21, 2000 among United Microelectronics Corporation, the Depositary and holders and beneficial owners from time to time of the ADRs issued thereunder	903,292,771	5.6
Hsun Chieh Investment Co., Ltd.	503,455,675	3.1
Xilinx Holding Three Ltd.	320,581,121	1.9
Chunghwa Post Co., Ltd.	264,406,044	1.6
Chiao Tung Bank	243,591,741	1.5
TECO Electric & Machinery Co., Ltd.	184,600,013	1.1
Ministry of Economic Affairs, R.O.C.	184,155,907	1.1
SanDisk Corporation	183,404,297	1.1
Administrative Committee, Yao Hua Glass Co., Ltd.	168,676,602	1.0
Alliance Semiconductor (S.A.) (PTY) Ltd.	150,839,055	0.9

Note *The data shown above was recorded on July 21, 2003, which was the record date for the distribution of 2002 stock dividends.*

Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NTD

Item			*2004 (Note 6)*	*2003*	*2002*
Market price per share	*Highest market price*		34.10	**32.20**	57.00
	Lowest market price		29.70	**19.20**	20.00
	Average market price		31.54	**24.89**	37.66
Net worth per share	*Before distribution*		–	**14.96**	14.75
	After distribution		–	*	14.12
Earnings per share	*Weighted average shares*		–	**15,313,314,722**	14,753,187,484
	Earnings per share (Note 1)		–	**0.92**	0.48
	Earnings per share (Note 2)		–	*	0.46
Dividends per share	*Cash dividends*		–	*	–
	Stock dividends	*Dividends from retained earnings*	–	*	0.40
		Dividends from capital reserve	–	*	–
	Accumulated unappropriated dividends		–	–	–
Return on investment	*Price / Earning ratio (Note 3)*		–	**27.05**	78.46
	Price / Dividends ratio (Note 4)		–	*	–
	Cash dividends yield rate (Note 5)		–	*	–

** Subject to change following 2004 shareholders' meeting resolution.*

Notes (1) *The calculation of EPS was based on weighted average shares outstanding for the year.* ***(2)*** *The calculation of EPS was based on retroactive adjustment for capitalization of unappropriated earnings and bonus to employees.* ***(3)*** *Price / Earning ratio = Average market price / Earnings per share.* ***(4)*** *Price / Dividends ratio = Average market price / Cash dividends per share.* ***(5)*** *Cash dividends yield rate = Cash dividends per share / Average market price.* ***(6)*** *The data represented for 2004 was gathered until March 12, 2004.*

Dividend Policy and Status

Dividend Policy in the Company's Articles of Incorporation
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, no less than 5% of the remaining amount together with the prior years' unappropriated earnings is to be allocated as employees' bonus which will be settled through issuance of new Company shares. Employees of the Company's subsidiaries, meeting certain requirements determined by the board of directors, are also eligible for the employees' bonus.
(f) The distribution of the remaining portion, if any, will be recommended by the board of directors and approved through the shareholders' meeting.

The Company is in its growth stage; the policy for dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the benefit of shareholders, share bonus equilibrium, and long-term financial planning. The board of directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that at least 50% of the dividends to 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.

Proposed Distribution of Dividend
The Company's proposal for dividend distribution in 2003 was passed on the 35th board meeting of the 8th term. This proposal, a stock dividend of 75 common shares for every 1,000 shares held, will be discussed at the annual shareholders' meeting.

Impact of Stock Dividends on Operation Results and EPS

Not Applicable

Employee Bonus and Directors' & Supervisors' Remuneration

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the manner described on page 23.

Information on the earnings per share and amount of employee bonus and remuneration to directors and supervisors passed by the board of directors:
The Company's resolution on earning distribution was passed on the 35th board meeting of the 8th term.

Details regarding earning distribution are as follows:
(a) Stock distribution for employees is NTD 1,111,273,540 and remuneration paid to directors and supervisors is NTD 12,618,231.
(b) Stock bonus for employees is 111,127,354 shares, accounting for 8.33% of the 2003 stock dividend.
(c) In consideration of employee bonuses and remuneration to directors and supervisors, pro forma diluted EPS is NTD 0.84.

Details of the 2002 employee bonus settlement and directors' and supervisors' remuneration are as follows:

For the year ended December 31, 2002

Details		*As Approved by the Shareholders' Meeting*	*As Recommended by the Board of Directors*	*Differences*	*Reasons for Differences*
Settlement of employees' bonus by issuance of new shares	*Number of shares (In thousands)*	57,973	57,973	–	–
	Amount (In thousand NTD)	579,727	579,727	–	–
	Percentage on total number of outstanding shares at year end	0.38%	0.38%	–	–
Remuneration paid to directors and supervisors (In thousand NTD)		5,650	5,650	–	–
Effect on earnings per share before retroactive adjustments	*Basic and diluted earnings per share (NTD)*	0.48	0.48	–	–
	Pro forma basic and diluted earnings per share taking into consideration employees' bonus and directors' and supervisors' remuneration (NTD)	0.44	0.44	–	–

Share Buy-back History

Instance	*6 th Round*
Purpose	To transfer to employees
Buy-back period	2003.3.5 ~ 2003.5.4
Price range (NTD)	13.8 ~ 31
Classification and volume (Shares)	99,195,000
Amount (NTD)	2,056,063,848
Cancellation and transfer volume (Shares)	99,195,000
Cumulative cancellation and transfer volume (Shares)	136,620,000
Cumulative holding (Shares)	198,842,000
Cumulated holding as a percentage of total issued shares	1.23%

Notes (1) *The data shown above includes transactions from January 1, 2003 to March 12, 2004.* ***(2)*** *Shares purchased are common shares.*

Corporate Bonds

Type	*Secured Corporate Bonds*	*Unsecured Corporate Bonds*	*Unsecured Corporate Bonds*
Issue date	2000.4.27	2001.4.16 ~ 2001.4.27	2001.10.2 ~ 2001.10.15
Face amount	NTD 1,000,000	NTD 1,000,000	NTD 1,000,000
Listing exchange	R.O.C. OTC Securities Exchange	R.O.C. OTC Securities Exchange	R.O.C. OTC Securities Exchange
Issue amount	NTD 1,000,000	NTD 1,000,000	NTD 1,000,000
Issue size	NTD 3.99 billion	NTD 15 billion	NTD 10 billion
Coupon rate	5.60%	1A01 ~ 1A10:5.1850% 1A11 ~ 1A19:5.1195% 1B01 ~ 1B10:5.2850% 1B11 ~ 1B19:5.2170%	2A01 ~ 2A09:3.420% 2A10 ~ 2A17:3.3912% 2B01 ~ 2B09:3.520% 2B10 ~ 2B18:3.4896%
Maturity	5 years; 2005.4.27	1A – 5 years; 2006.4.16 ~ 2006.4.27 1B – 7 years; 2008.4.16 ~ 2008.4.27	2A – 3 years; 2004.10.2 ~ 2004.10.15 2B – 5 years; 2006.10.2 ~ 2006.10.15
Guarantor	ICBC and twenty other banks	–	–
Trustee	Trust Dept., Chiao Tung Bank	Trust Dept., Chiao Tung Bank	Trust Dept., Chiao Tung Bank
Address of trustee	2F, 550, Sec. 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.	2F, 550, Sec. 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.	2F, 550, Sec. 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.
Underwriter	Daiwa Global Securities Co., Ltd.	–	–
Registrar, principal paying, conversion and transfer agent	–	–	–
Address of agent	–	–	–
Legal counsel	Chen & Lin Attorneys-at-Law	Chen & Lin Attorneys-at-Law	Chen & Lin Attorneys-at-Law
Auditor	PricewaterhouseCoopers	Diwan, Ernst & Young	Diwan, Ernst & Young
Redemption	Principal will be paid semi-annually after two years, in seven installments. Interest will be paid semi-annually.	1A is a 5-year term, and total size is NTD 7.5 billion. Principal will be paid after 3, 4, and 5 years at 30%, 30%, and 40% respectively. 1B is a 7-year term, and total size is NTD 7.5 billion. Principal will be paid after 5, 6, and 7 years at 30%, 30%, and 40% respectively. Interest will be paid annually.	2A is a 3-year term, and total size is NTD 5 billion. Principal will be paid in full after 3 years. 2B is a 5-year term, and total size is NTD 5 billion. Principal will be paid in full after 5 years. Interest will be paid annually.
Principal payable	NTD 1.71 billion	NTD 15 billion	NTD 10 billion
Redemption	–	–	–
Covenant	–	–	–
Name of rating company, date and result of rating	–	Taiwan Ratings Corporation, 2001.3.8, twAA	Taiwan Ratings Corporation, 2001. 8.28, twAA
Other obligation	–	–	–
Effect due to dilution	–	–	–
Name of custodian	–	–	–

Corporate Bonds (cont.)

Type		***Zero Coupon Exchangeable Bonds Due 2007***
Issue date		2002.5.10
Face amount		USD 10,000
Listing exchange		Luxembourg Stock Exchange
Issue amount		USD 10,000
Issue size		USD 235,000,000
Coupon rate		0%
Maturity		5 years; 2007.5.10
Guarantor		–
Trustee		Citibank, N.A.
Address of trustee		Cottons Centre, Hays Lane, London SE1 2QT, United Kingdom
Underwriter		Lehman Brothers Inc.
Registrar, principal paying, exchange and transfer agent		Citibank, N.A.
Address of agent		5 Carmelite Street, London EC4Y 0PA, United Kingdom
Legal counsel		Simpson Thacher & Bartlett
Auditor		Diwan, Ernst & Young
Redemption		On the maturity date, the issuer will redeem the bonds at their principal amount plus accrued interest, if any, unless, prior to such date: (a) The issuer shall have redeemed the bonds at the option of the issuer, or the bonds shall have been redeemed at the option of the bondholders. (b) The bondholders shall have exercised the conversion right before maturity; or (c) The bonds shall have been purchased by the issuer and cancelled.
Principal payable		USD 234,990,000
Redemption or early redemption		(a) The issuer has the option to call all or any portion of the bonds on or at any time after 3 months after the issue date and prior to the maturity date based on the price to be agreed upon, if the closing price of the common shares on the Taiwan Stock Exchange in US dollars, calculated at the prevailing exchange rate, for each of the 20 consecutive trading days, the last of which occurring not more than 10 days prior to the date of the notice of such redemption, is at least 120% of the exchange price in effect on each such trading day translated into US dollars at the rate of exchange established on the pricing date. (b) The Company may redeem the outstanding bonds in whole, but not in part, at their principal amount in the event that 90% of the bonds have been previously exchanged, redeemed or purchased and cancelled. (c) The issuer may redeem all, but not part, of the bonds, at their principal amount in the event of changes in R.O.C. taxation resulting in additional costs to the issuer.
Covenant		–
Name of rating company, date and result of rating		–
Other obligation	*Balance of converting (exchangeable or warrant) shares, ADSs, or other type of securities as of printing date*	–
	Policy of issuing or converting (exchangeable or warrant)	(a) Bondholders have the right hereunder to exchange the bonds into common shares or ADSs of AU Optronics Corp. ("AUO"). (b) The bondholders may, from forty days after the last issue date to the thirty days prior to the maturity date, exchange the bonds into the common shares or ADSs of AUO as a substitute for the issuer's cash redemption. The detailed exchanging procedures and the rights and obligations of bondholders who exchange five business days prior to and during the closed period will be subject to the indenture and the paying, exchange and registrar agency agreement.
Effect on the current shareholders due to dilution		The bonds are eligible to be exchanged into common shares or ADSs of AUO. This will not result in any dilution effect to UMC shareholders.
Name of custodian		Citibank, N.A.

Corporate Bonds (cont.)

Type	***Unsecured Corporate Bonds***
Issue date	2003.5.21 ~ 2003.6.24
Face amount	NTD 5,000,000
Listing exchange	R.O.C. OTC Securities Exchange
Issue amount	NTD 5,000,000
Issue size	NTD 15 billion
Coupon rate	3A: The annual coupon rate is 4.0% minus the floating rate, but no less than 0%. The rate is adjusted annually based on the "floating rate" of the second London business date prior to the issued date of each "interest accrued period". The interest is calculated per annum. 3B: The annual coupon rate is 4.3% minus the floating rate, but no less than 0%. The rate is adjusted annually based on the "floating rate" of the second London business date prior to the issued date of each "interest accrued period". The interest is calculated per annum. "Interest accrued period" is the period starting from a year prior to the interest payout date to one day prior the interest payout date. "Interest accrued method" is defined as the coupon rate times the number of days in the interest period divided by actual days of the year. The rate is calculated to five figures after the decimal point. "Business date" is referred to the London financial business date, otherwise is referred to the Taiwan, Taipei and Kaoshiung financial business date. "Floating rate" is referred to the USD 12-Month LIBOR rate shown on London time 11am, Moneyline Telerate pg. 3750. The initial interest pricing date is set as the second London business date prior to the bond issuance date.
Maturity	3A - 5 years; 2008.5.21 ~ 2008.6.24 3B - 7 years; 2010.5.21 ~ 2010.6.24
Guarantor	–
Trustee	Trust Department, Chiao Tung Bank
Address of trustee	2F, 550, Sec 4, Chung Hsiao E. Road, Taipei, Taiwan R.O.C.
Underwriter	–
Registrar, principal paying, conversion and transfer agent	–
Address of agent	–
Legal counsel	Chen & Lin Attorneys-at-Law
Auditor	Diwan, Ernst & Young
Redemption	3A is a 5-year term, and total size is NTD 7.5 billion. Principal will be paid in full at maturity. 3B is a 7-year term, and total size is NTD 7.5 billion. Principal will be paid in full at maturity. Interest will be paid annually.
Principal payable	NTD 15 billion
Redemption or early redemption	–
Covenant	–
Name of rating company, date and result of rating	Taiwan Ratings Corporation, 2003.4.24, twAA-
Other obligation	–
	–
Effect on the current shareholders due to dilution	–
Name of custodian	–

Corporate Bonds (cont.)

Type		***Zero Coupon Exchangeable Bonds Due 2008***
Issue date		2003.7.15
Face amount		USD 10,000
Listing exchange		Luxembourg Stock Exchange
Issue amount		USD 10,300
Issue size		USD 205,820,000
Coupon rate		0%
Maturity		5 years; 2008.7.15
Guarantor		–
Trustee		Citibank, N.A.
Address of trustee		Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
Underwriter		Lehman Brothers Inc., Morgan Stanley
Registrar, principal paying, exchange and transfer agent		Citibank, N.A.
Address of agent		5 Carmelite Street, London EC4Y 0PA, United Kingdom
Legal counsel		Simpson Thacher & Bartlett
Auditor		Diwan, Ernst & Young
Redemption		On the maturity date, the issuer will redeem the bonds at their principal amount plus accrued interest, if any, unless, prior to such date: (a) The issuer shall have redeemed the bonds at the option of the issuer, or the bonds shall have been redeemed at the option of the bondholders. (b) The bondholders shall have exercised the conversion right before maturity; or (c) The bonds shall have been purchased by the issuer and cancelled.
Principal payable		USD 129,270,000
Redemption or early redemption		(a) The issuer has the option to call all or any portion of the bonds on or at any time after 6 months after the issue date and prior to the maturity date based on the price to be agreed upon, if the closing price of the common shares on the Taiwan Stock Exchange in US dollars, calculated at the prevailing exchange rate, for each of the 20 consecutive trading days, the last of which occurs not more than 10 days prior to the date of the notice of such redemption, is at least 125% of the exchange price in effect on each such trading day translated into US dollars at the rate of exchange established on the pricing date. (b) The Company may redeem the outstanding bonds in whole, but not in part, at their principal amount in the event that 90% of the bonds have been previously exchanged, redeemed or purchased and cancelled. (c) The issuer may redeem all, but not part, of the bonds, at their principal amount in the event of changes in R.O.C. taxation resulting in additional costs to the issuer.
Covenant		–
Name of rating company, date and result of rating		–
Other obligation	*Balance of converting (exchangeable or warrant) shares, ADSs, or other type of securities as of printing date*	–
	Policy of issuing or converting (exchangeable or warrant)	(a) Bondholders have the right hereunder to exchange the bonds into common shares of AU Optronics Corp.("AUO"). (b) The bondholders may, from thirty days after the last issue date to the fifteen days prior to the maturity date, exchange the bonds into the common shares of AUO as a substitute for the issuer's cash redemption. The detailed exchanging procedures and the rights and obligations of bondholders who exchange five business days prior to and during the closed period will be subject to the indenture and the paying, exchange and registrar agency agreement.
Effect on the current shareholders due to dilution		The bonds are eligible to be exchanged into common shares of AUO. This will not result in any dilution effect to UMC shareholders.
Name of custodian		Citibank, N.A.

Corporate Bonds (cont.)

Exchangeable Bonds Information

Zero Coupon Exchangeable Bonds Due 2007		***2004***	***2003***	***2002***	***2002.5.10 (Closing Date)***
The quantity of holding exchanged securities (shares)		148,264,953	**148,271,262**	139,769,528	137,202,140
Exchangeable price		NTD 54.91	**NTD 54.91**	NTD 58.25	NTD 59.34
Market price	*High*	120.38	**109.56**	100.00	–
	Low	105.75	**94.50**	92.65	–
	Average	110.96	**99.59**	95.18	–
Reference shares		Common Shares or ADSs of AU Optronics Corp.			

Note *The data represented for 2004 was gathered until March 12, 2004.*

Zero Coupon Exchangeable Bonds Due 2008		***2004***	***2003***	***2003.7.15 (Closing Date)***
The quantity of holding exchanged securities (shares)		122,175,398	**189,184,229**	194,524,138
Exchangeable price		NTD 36.39	**NTD 36.39**	NTD 36.39
Market price	*High*	167.63	**138.28**	–
	Low	118.11	**103.17**	–
	Average	139.09	**120.68**	–
Reference shares		Common Shares of AU Optronics Corp.		

Note *The data represented for 2004 was gathered until March 12, 2004.*

Warrant Bonds Information

None.

Preferred Stock

None.

American Depositary Receipts

Issue Date	*2004.1.2*	*2003.12.23*	*2003.8.15*	*2002.9.9*	*2002.3.19*	*2001.8.17*	*2000.9.19*
Listing exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange	New York Stock Exchange
Issue amount	USD 13.8 million	USD 24.4 million	Stock dividend	Stock dividend	USD 439.7 million	Stock dividend	USD 1,291.5 million
Listing price / unit	USD 4.92	USD 4.75	–	–	USD 9.25	–	USD 14.35
Issue shares	2,804,000	5,146,000	6,965,107	22,655,667	47,537,780	13,500,000	90,000,000
Underlying representing shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares	UMC common shares
Number of equivalent local shares per ADS	5 shares	5 shares	5 shares	5 shares	5 shares	5 shares	5 shares
Rights and obligations of ADS holder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder	Same as the common shareholder
Trustee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Depositary bank	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.	Citibank, N.A.
Custodian bank	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch	Citibank, N.A. Taipei Branch
Outstanding balance	2,804,000	5,146,000	6,965,107	22,655,667	47,537,780	13,500,000	90,000,000
Issuing expenses and maintenance fees	During the term of the ADR, the issuing expenses will be borne by the issuer, and maintenance fees will be borne by the Company.						
Important terms and conditions of depositary agreement and custodian agreement	–	–	–	–	–	–	–

Note *The data shown above was gathered until March 12, 2004.*

American Depositary Receipt Trading Data

Closing Price per Share (USD)	*2004*			*2003*		
	High	*Low*	*Average*	*High*	*Low*	*Average*
	5.91	5.09	5.38	**5.65**	**2.96**	**4.15**

Note *The data represented for 2004 was gathered until March 12, 2004.*

Employee Stock Option Certificates

Status of Stock Option Plan and Impact on Stockholders' Equity

Type	*Employee Stock Option Certificates (1st Issued, 1st Round 2002)*	*Employee Stock Option Certificates (2nd Issued, 1st Round 2002)*	*Employee Stock Option Certificates (1st Round 2003)*
Date of approval	2002.9.11	2002.9.11	2003.10.8
Issue date	2002.10.7	2003.1.3	2003.11.26
Units issued	939,000,000	61,000,000	57,330,000
Ratio of issue shares to outstanding shares (%)	5.82	0.38	0.36
Vesting period	2002.10.7 ~ 2008.10.6	2003.1.3 ~ 2009.1.2	2003.11.26 ~ 2009.11.25
Method for performance of contract	The issue of new shares	The issue of new shares	The issue of new shares
Vesting schedule	The vesting period for employee options is 6 years. Employees may exercise up to 50% of the options after two years, up to 75% after three years and up to 100% after 4 years.		
Exercised shares	0	0	0
Exercised amount	0	0	0
Un-exercised shares	939,000,000	61,000,000	57,330,000
Exercise price	NTD 20.0 (Original) NTD 19.2 (After Dividend)	NTD 22.5 (Original) NTD 21.6 (After Dividend)	NTD 30.2
Ratio of un-exercised shares to outstanding shares (%)	5.82	0.38	0.36
Effect on current shareholders due to dilution	The strike price for the shares is the market price at the time of issue and the vesting period for employee options is 6 years. The dilution effect to current shareholders is insignificant.		

Notes (1) *The data shown above was gathered until March 12, 2004.* ***(2)*** *The date of approval refers to the date when the R.O.C. SFC approved the Stock Option Plan.* ***(3)*** *Each unit of the stock option entitles the recipient to subscribe to one share of the Company's common shares.*

List of Officers and Top 10 Employees Participating in Employee Stock Option Plan

Title	*Name*	*Units Granted*	*Units Granted/ Total Outstanding Shares (%)*	*Un-exercised Units*	*Exercise Price (NTD)*	*Un-exercised Amount (In thousand NTD)*	*Units Un-exercised/ Total Outstanding Shares (%)*
Chairman	Robert H.C. Tsao	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Vice Chairman	John Hsuan	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Vice Chairman	Peter Chang	10,000,000	0.06	10,000,000	19.2	192,000	0.06
CEO	Jackson Hu	5,000,000	0.12	5,000,000	21.6	561,000	0.12
		15,000,000		15,000,000	30.2		
Business Group President	Hong-Jen Wu	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Business Group President	Ching-Chang Wen	10,000,000	0.06	10,000,000	19.2	192,000	0.06
President	Chris Chi	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Business Group President	Fu-Tai Liou	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Senior Vice President	Shih-Wei Sun	8,000,000	0.05	8,000,000	19.2	153,600	0.05
CFO	Stan Hung	10,000,000	0.06	10,000,000	19.2	192,000	0.06
Senior Vice President	Henry Liu	8,000,000	0.05	8,000,000	19.2	153,600	0.05
Vice President	Wen-Yang Chen	8,000,000	0.05	8,000,000	19.2	153,600	0.05

Notes (1) *The data shown above was gathered until March 12, 2004.* ***(2)*** *Employees listed in this table are the top 10 holders of stock options and each subscription amount exceeds NTD 30 million.* ***(3)*** *The Employee options may not be exercised until 2 years after the issue date. Up until the printing date, there has been no information about exercised options.*

Mergers and Acquisitions or the Issue of New Shares to Acquire Another Company's Shares

On February 26, 2004, UMC and SiS Microelectronics Corp. (SMC) announced that in the respective meetings of the Boards of Directors of both companies, a plan to merge the companies was approved and a merger agreement signed. The agreement will result in one surviving company, UMC. UMC predicts that this merger will give it even more space to grow revenues and earnings as the semiconductor industry continues its recovery.

SMC, originally a part of Silicon Integrated Systems Corp. (SiS), is a foundry company that operates one 200mm wafer fab. SMC was spun-off from SiS, an IC design and product company, to form a dedicated wafer foundry company at the end of 2003 after the approval of its Board of Directors and shareholders at their respective meetings.

Improved economic conditions are the major driving force behind this merger. The current recovery in the semiconductor industry began to accelerate in the second half of 2003, and has caused capacity utilization rate at UMC to rise dramatically. By the end of 2003, capacity utilization reached 100%, making it impossible for UMC to meet all of the requirements of its global customer base. In view of the long-lead time it takes to build a new fab, well in excess of one year, and costs that would likely exceed one billion US dollars, UMC concluded that a merger with SMC is the most effective method to quickly meet customer demand, relieve production bottlenecks, and maximize growth in response to the strong recovery in industry conditions. The merger allows UMC to accelerate capacity expansion and achieve improved economies of scale, as well as avoid the massive capital outlay that construction of a new fab would require. With this merger, UMC will obtain a 200mm wafer fab that has a capacity of 24,000 wafers per month, thus increasing the ability and flexibility to acquire future orders. At the same time, UMC will recognize revenues and profits from the operations of SMC's fab, thereby achieving greater financial transparency.

SMC also sees a strong rationale in this merger with UMC. Since spinning off from SiS to become an independent foundry company, it has had to deal with the intense competitive forces that characterize the IC manufacturing industry. This merger is the most effective way for it to widen its customer base and gain access to UMC's advanced production technologies. The company expects to greatly strengthen its competitiveness and profitability through this merger. SiS, a pure fabless company, can also more sharply focus its energies on IC design, as it becomes a major customer of one of the world's leading foundries, UMC.

UMC will issue 357 million new shares to accommodate the acquisition that is valued at NTD 10.7 billion. The shares exchange ratio is 1:2.24 for UMC to SMC. The value of the merger was set based on many factors, including the profitability, net asset values, current operating conditions, technology capabilities and future growth prospects of the two companies. After the merger, UMC can quickly integrate the acquired production resources to lower operational costs, increase operational scale, and raise profitability. All of these factors will help UMC to raise its international competitiveness in an industry characterized by fast development and the growing trend towards concentration of capital and technology. The merger is expected to result in a strong long-term positive contribution to the equity of shareholders of UMC, SMC and SiS.

The Information of the Acquired Company	
Company name	SiS Microelectronics Corp.
Address	4F, 16 Creation 1st Rd., Hsinchu Science Park, Hsinchu, Taiwan 300, R.O.C.
Chairman	John Hsuan
Major business scope	IC Manufacturing
Major product line	Wafers
Financial information in 2003 (Expressed in thousand NTD unless otherwise stated)	
Total assets	15,311,617
Total liabilities	5,723,070
Capital	8,000,000
Total stockholders' equity	9,588,547
Operating revenues	149,950
Gross loss	(54,060)
Operating loss	(70,537)
Net loss	(99,236)
Earnings per share (NTD)	(0.12)

OPERATIONS OVERVIEW

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Business Scope

Major Business
Full Service Semiconductor Wafer Foundry.

Current Products and Services
UMC provides a variety of services to fit individual customer's needs, including intellectual property, embedded IC design, design verification, mask tooling, wafer fabrication, and testing. Wafer fabrication accounts for 96% of 2003 revenues.

Future Products and Services
Advanced 65-nanometer and 45-nanometer processes
UMC has reached world-class manufacturing levels and leads most of the major semiconductor companies in the introduction of advanced deep sub-micron processes. In 2003, UMC was the first foundry to deliver working customer products using advanced 90-nanometer copper technology. UMC is also actively developing 65-nanometer and 45-nanometer process technologies to significantly increase the competitive advantages of our customers.

300mm Manufacturing Technologies
UMC is a leader in 300mm manufacturing. UMC's 300mm facility in Taiwan's Tainan Science Park, Fab 12A, began volume production in 2002. UMC's Singapore based UMCi Ltd. began equipment move-in in the first quarter of 2003, followed shortly by product qualification in the second quarter. UMCi started volume production in the first quarter of 2004.

SoC Process Technologies
In response to the growing trend towards System-on-chip (SoC) products, UMC continues to develop resources for SoC designers including embedded memory macros, Mixed-Signal/RF CMOS processes, and other system integration technologies used for SoC designs.

Industry Scope

Current Industry Products & Development
The many functions of electronic products grow and evolve on a daily basis. This has led to an enormous increase in design and process complexity for today's semiconductors. Wafer sizes have also migrated to the next generation of larger wafers, which has affected the economics of manufacturing. The combination of both advancing technologies and larger wafers has somewhat slowed overall development, while investment has increased to bring these new technologies to maturity.

This trend has increased the challenges involved in semiconductor design, production, packaging, and testing. For the most part, semiconductor companies find it difficult to manage all aspects of the IC supply chain, which has added to the attractiveness of pursuing the vertically disintegrated business model.

The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services
The semiconductor industry has continuously evolved in order to support down-stream (end-user) electronic products. Therefore, IC manufacturers must develop new process technologies early to enable up-stream chip developers' sophisticated designs for more powerful ICs. This in turn allows down-stream companies to innovate new applications and products that can take advantage of the better performing semiconductors.

Development Trends
Advanced technologies have enabled electronic products, especially those in the Computer, Communication, and Consumer sectors, to merge their functions in ways previously unseen. Networking capabilities have allowed electronic products such as computers, cell phones, televisions, PDAs, CD-ROMs, and digital cameras to communicate with each other to exchange information. More powerful chips are required to drive multimedia functions (processing visual data, etc.) and to resolve network bandwidth issues. At the same time, the trend towards more personalized electronic devices means that products are becoming smaller and consuming less power. Process technology must also shrink aggressively to accommodate this trend to reduce die size and lower IC power consumption. Dedicated semiconductor foundries will need to achieve this process improvement, and at the same time develop multiple process technologies to satisfy the varying needs of Computer, Communication, and Consumer applications.

A Competitive Market
High profit potential has attracted more and more competitors to the foundry arena, including Silterra, 1st Silicon of Malaysia, SMIC & GSMC of China, and Dongbu-Anam of Korea. The success of these companies will be determined by their ability to overcome challenges in terms of economic scale, the development of proprietary technology, and attracting world-class talent.

Research & Development Achievements and Plans

UMC's research and development group is committed to pushing the forefront of technology and providing the latest market-driven, customer-focused and cost effective integrated circuit manufacturing solutions. Aggressive R&D spending year after year is a testament to our commitment to technology leadership. In the past six years, the ratio of R&D expenses to revenues has reached an average of more than 9%. Our R&D efforts were positively reflected in 2003, as 65% of UMC's revenue came from products built using 0.25-micron and below technologies, including 0.21-micron, 0.18-micron, 0.15-micron, 0.13-micron, and 90-nanometer processes. In addition to our standard advanced logic processes, we also continue to drive embedded memory and Mixed Signal/RF CMOS development. This cutting-edge technology portfolio powers today's sophisticated System-on-chip (SoC) designs.

With our R&D team's efforts, UMC's 0.13-micron logic technology is being offered for mass production. In addition, our available 0.13-micron Fusion process allows customers to meet their product's high-speed requirements while also exhibiting the lowest possible off-current leakage. It provides multiple options to accommodate a wide variety of designs and applications including computer, communication, and consumer products. Moreover, our development team, working in conjunction with UMC's production facilities, has further improved its 0.13-micron yield enhancement to realize world leading low defect densities.

In 2003, UMC became the first foundry to deliver 90-nanometer working customer products, and these strategic customers engaging with UMC at this technology node now find themselves at the forefront of the semiconductor industry. This technology features 70-nanometer physical transistor gate lengths, 9 copper interconnect layers, and low-k inter-metal dielectric material. In addition, we are cooperating with several Integrated Device Manufacturers (IDMs) in the process development stage to jointly develop tailored technologies. This will help shorten product development and manufacturing cycle times.

UMC provides the foundry industry's most complete embedded memory platform. We have successfully developed high yield 0.13-micron Deep-Trench embedded DRAM, 1T-SRAM, 6T-SRAM, and embedded flash memories. With this portfolio, UMC is the only foundry company that can provide low, medium, and high-density embedded memory solutions for leading-edge SoC designs.

UMC provides a logic-based technology platform with Mixed Signal/RF CMOS devices to deliver a high performance and low cost solution. Besides providing a common technology platform, UMC also provides a complete Mixed Signal/RF CMOS design environment to help our customers meet their time to market needs. For example, UMC announced the Electromagnetic Design Methodology (EMDM) for RF CMOS designs in Q4, 2003. This breakthrough methodology reduces simulation cycle times from hours to just minutes, and allows customers to design their own inductors with fast, accurate, and low-cost features.

UMC is also a leader in foundry manufacturing at 300mm. UMC's leadership status at the 300mm generation is illustrated by the production of the world's most advanced 0.13-micron and 90-nanometer customer products at our 300mm fabs. UMC was the first foundry to produce working silicon on 300mm wafers and is the only foundry to have two 300mm production fabs in two different countries. Advanced automation systems, good yields, and competitive cycle times, along with an aggressive capacity expansion plan enable UMC to be the foundry of choice for customers' manufacturing needs. At the end of 2004, UMC plans to ramp 300mm capacity to more than 30,000 wafers per month, which is the highest announced 300mm wafer capacity forecast in the foundry industry.

In addition to UMC's manufacturing leadership, UMC is also focused on introducing more advanced technology to the market. UMC has begun using chrome-less phase-shift masks for the 90-nanometer process. Continuing this development, UMC will apply chrome-less phase-shift mask technology, using 193-nanometer wavelength lithography, for the migration to the 65-nanometer manufacturing process node. This technology not only leads to enhanced gradient of exposure intensity, but also results in a cost-effective manufacturing solution.

In addition, UMC's strained silicon process offers an alternative path to realize performance improvements without aggressive gate length shrinkage. We believe that many of our foundry partners will benefit from this enabling technology in the future. UMC has successfully demonstrated in a research project a 12% switching speed improvement, lowered strained layer defect density, and decreased substrate-costs associated with strained silicon technology.

Patent Applications and Patents Granted

UMC has always been aggressive in pursuing new inventions and overall technology advancement. From the beginning of 2003 through March 12, 2004, UMC filed 356 patent applications. For the same period, UMC was granted 204 R.O.C patents, 204 U.S. patents, and 35 patents from other countries. Overall, up to March 12, 2004, UMC had been granted more than 4,200 ROC patents and

Research & Development Achievements and Plans (cont.)

2,700 US patents. Additionally, over the past few years, UMC has won numerous awards from the ROC government for UMC's outstanding achievements in semiconductor technology research. As always, UMC is committed to continuing with its excellent record in technology innovation and IP protection.

R&D Expenditures

In thousand NTD	*2004*	*2003*
Expenditures	901,831	5,696,767

Note *The data represented for 2004 was gathered until March 12, 2004; the figure represented was unaudited.*

Long-term and Short-term Business Development Plan

UMC continues to follow its Partnership Foundry approach. This strategy involves enhancing the relationship with customers, engaging in closer discussions, and determining with each customer the best process technology to fit their future product roadmap in order to fulfill their time-to-market requirements.

For new business and new market applications in the future, UMC has formed a specialized New Business Development Group to provide new customers with comprehensive long-term support so that UMC will grow along with these new prospective companies.

Market and Sales Conditions

Major Sales Regions

UMC's technologies and services have proven themselves by contributing to the success of its customers, many of whom are major players in the global IC industry. Currently, the majority of its customers are located in North America and Asia, with Europe following closely behind. Japanese customers' orders primarily go to UMC's subsidiary in Japan, UMCJ, although a few customers deal directly with UMC. To better diversify its customer base and reduce risk, UMC continues to place strong emphasis on the development of major accounts and advanced products in Japan.

Market Share

UMC is a leading company in the foundry industry, with a 2003 sales revenue figure of USD 2.50 billion. According to data provided by IC Insights, UMC possessed a global pure-play foundry market share of 24%. TSMC and Chartered are considered major competitors. Together, UMC, TSMC and Chartered are estimated to account for approximately 82% of the pure-play foundry market share. In 2003, sales revenues for TSMC and Chartered were USD 5.9 billion and USD 725 million, respectively. In 2003, TSMC and Chartered had a market share of 52% and 6%, respectively.

Future Market Supply, Demand, and Growth Potential

According to reports by the World Semiconductor Trade Statistics (WSTS), the Semiconductor Industry Association (SIA), Dataquest, IDC and IC Insights, the world semiconductor market in 2004 is estimated to grow about 18%-27%.

Fabless design companies have historically performed better than the overall semiconductor market. Furthermore, increasing numbers of Integrated Device Manufacturers (IDMs) are adopting the strategy of using external foundry services. Therefore, the foundry service market is expected to grow at a faster rate than the overall semiconductor industry.

In 2002 and 2003, semiconductor companies significantly decreased their capacity expansion spending for advanced process technologies, which has led to a shortage in advanced technology capacity. This situation is expected to continue through 2004.

Competitive Advantages

IC design companies in Taiwan are performing well, and are second only to North American IC design firms. UMC has a high market share in the Taiwan market and can directly enjoy the advantages accompanying the rapid growth of Taiwan's IC design companies.

The IC industry in Taiwan is well structured and is very competitive in terms of efficiency and cost. UMC plays an important role in the IC industry supply chain, and together with the Company's technology leadership, UMC is able to realize the competitive advantages of Taiwan's IC industry.

Market and Sales Conditions (cont.)

Positive Factors Relating to Future Development

Considering the long-term steady growth of the IC industry, the relative advantages of foundry manufacturing, and UMC's technical excellence, we believe that the following factors will contribute positively to the future development of the Company:

- UMC has distinguished itself as a top-tier company in the foundry industry. The trend towards increased disintegration within the industry will create new opportunities for the Company as the market for foundry services continues to grow.
- Major IDMs are shifting their strategy to increase their use of external foundry services, which will help the growth of the foundry service market.
- UMC maintains stable long-term orders through its strategic alliances with global industry leaders.
- UMC has an exceptional management team that strongly emphasizes the research and development of advanced process technologies.
- UMC is the industry leader in the implementation of 300mm wafer production. The Company has a 300mm facility, Fab 12A, in the Tainan Science Park. The Company also has another 300mm semiconductor foundry company in Singapore, UMCi Ltd. UMC's aggressive expansion into 300mm manufacturing will help attract more outsourcing orders from IDMs and fabless companies.
- UMC is in volume production for 90-nanometer process technology. As the Company produces more advanced technology products, the Company reaps higher profits while offering customers value-added benefits.
- In response to the trend of producing greater numbers of SoC products, UMC continues to develop embedded memory macros, Mixed-Signal/RF CMOS processes, and other system integration technologies used in SoC designs to firmly establish the company's leading position for the development of SoC technologies.
- After a year of consolidated 1% growth in 2002, followed by a recovery of 14% growth in 2003, the global semiconductor market is estimated to grow at a significant rate of 18-27% in 2004.
- The industry is currently suffering from a shortage of advanced technology capacity. UMC is one of the very few foundries that can provide this type of capacity.

Negative Factors Relating to Future Development

- The demand slowdown in the communications and personal computer markets (from high growth to medium-low growth) may negatively influence the industry.
- The recent prosperity of the foundry market has attracted many new competitors into the market; this may negatively impact the market balance.

Adaptations to Market Situation

- In response to other foundry market entrants, UMC will build on its competitive advantages, such as leading-edge technologies, high manufacturing yields, and comprehensive customer services. This will widen the gap with these new competitors, and differentiate UMC from the rest of the industry. This strategy will ensure UMC remains a primary choice for foundry customers.
- The Company will strive to provide the most advanced technologies for various IC applications and simultaneously meet high performance, low power consumption needs while helping customers to reduce overall costs.
- UMC will also strengthen marketing effectiveness, strive for service excellence and continue with efforts to increase customer satisfaction.
- UMC will strengthen its partnerships with existing customers to facilitate enhanced growth for both the Company and its customers.

Applications of Major Processes

- CMOS logic processes: Chips for logic-calculation functions, e.g. graphics chips, audio chips, and microprocessors.
- Mixed-Signal processes: Chips for processing Mixed Signals, e.g. broadband communications and optical storage chips.
- RF CMOS processes: Chips for wireless communications, e.g. cellular phones, WLAN, and Bluetooth chips.
- Embedded memory processes: Chips combining logic and memory functions for high performance, low power consumption chips, e.g. graphics and router chips.
- High Voltage processes: for manufacturing LCD Driver ICs.
- CMOS Image Sensor processes: for manufacturing CMOS Image Sensors used in digital and PC cameras.

Product Manufacturing Process

The IC manufacturing process can be broken down into five major steps including circuit design, mask tooling, wafer fabrication, assembly and test. UMC excels in the research and development of pioneering IC process technologies, and provides exceptional manufacturing technologies, materials and equipment for its customers to rapidly realize their designs in silicon.

Major Raw Materials Status

Material Categories	*Major Vendors*	*Vendors' Market Position*	*UMC's Procurement Strategies*
Raw Silicon Wafers	S.E.H. (manufactured in the U.S., Japan, Taiwan, and Malaysia) MEMC (manufactured in the U.S. and Taiwan) Komatsu (manufactured in Japan and Taiwan)	UMC's vendors are major raw silicon wafer suppliers to the world. Their factories, located in the U.S., Japan, Taiwan, and throughout Southeast Asia, can consistently supply high-quality silicon wafers in sizes ranging from 150mm to 300mm.	(a) UMC maintains good relationships with the world's major silicon wafer suppliers to assure a stable supply. (b) UMC's decision to procure wafers made locally has not only reduced logistical risks, but has also reduced costs. (c) UMC allocates procurement among its vendors according to their overall performance, which is evaluated quarterly by UMC's internal Suppliers Management Committee.

Major Vendors and Customers

Major Vendors

In thousand NTD

	2003			2002	
Name	*Amount*	*Percentage of Net Purchases*	*Name*	*Amount*	*Percentage of Net Purchases*
Shin-Etsu Handotai Taiwan Co., Ltd.	**2,698,980**	**15**	Shin-Etsu Handotai Taiwan Co., Ltd.	2,273,128	15

Reasons for changes in procurement amount: *Purchase amounts increased in 2003 compared with the previous year because of increased consumption in 2003.*

Major Customers

In thousand NTD

	2003			2002	
Name	*Amount*	*Percentage of Net Sales*	*Name*	*Amount*	*Percentage of Net Sales*
UMC Group (USA)	**35,062,132**	**41**	UMC Group (USA)	27,917,057	41
Company "A"	**8,185,306**	**10**	Company "A"	7,313,672	11

Reasons for changes in sales amount: *Sales to UMC Group (USA) increased more than 20% primarily resulting from the increased number of orders they received in 2003. Meanwhile, because of the recovery of the semiconductor industry and the increased demand of consumer products and computer equipment, the sales to Company "A" increased more than 10%.*

Production and Sales Figures

Production Figures

	2003		2002	
	Quantity	*Amount (In thousand NTD)*	*Quantity*	*Amount (In thousand NTD)*
Wafers (pcs)	**2,169,489**	**61,363,762**	1,639,525	53,372,766
Chips (in thousands)	**–**	**–**	–	–
Packaged ICs (in thousands)	**10,161**	**2,814,855**	11,159	1,637,572
Total amount		**64,178,617**		55,010,338
Capacity (pcs)	**2,646,000**		2,663,000	

Note *Wafer quantity and capacity are expressed in 200mm wafer equivalents.*

Sales Figures

		2003		2002	
		Quantity	*Amount (In thousand NTD)*	*Quantity*	*Amount (In thousand NTD)*
Wafers (pcs)	*Domestic*	**1,024,366**	**28,633,439**	857,750	26,217,747
	Export	**1,000,478**	**44,262,660**	676,506	31,552,147
Chips (in thousands)	*Domestic*	**17**	**67,089**	863	71,947
	Export	**89,612**	**5,418,799**	40,843	4,864,833
Packaged ICs (in thousands)	*Domestic*	**–**	**–**	132	12,708
	Export	**10,147**	**3,096,043**	11,022	1,663,312
Total	*Domestic*		**28,700,528**		26,302,402
	Export		**52,777,502**		38,080,292

Note *Wafer quantity is expressed in 200mm wafer equivalents.*

Employee Analysis

Number of Employees	*2004*	*2003*	*2002*
Engineers	4,026	**3,918**	4,113
Administrators	423	**422**	452
Clerks	86	**88**	91
Technicians	4,511	**4,469**	4,478
Total	9,046	**8,897**	9,134

Average Age	*2004*	*2003*	*2002*
Average age	30.1	**30.5**	30.9

Average Years of Employment	*2004*	*2003*	*2002*
Average number of years	5.0	**5.0**	4.5

Level of Education (%)	*2004*	*2003*	*2002*
Ph.D.	1.4	**1.4**	1.5
Masters degree	20.4	**20.1**	21.1
Bachelors / Associate degree	44.9	**44.8**	43.3
Secondary school and others	33.3	**33.7**	34.1

Note *The data represented for 2004 was gathered until March 12, 2004.*

Environmental Protection Information

UMC considers environmental protection as an integral part of UMC's overall business development, and has accomplished much in this area. Leading industry environmental groups have recognized UMC for its achievements, including the World Bank Group during the 2002 Global Summit of Sustainable Development. This honor affirms UMC's belief that environmental protection is mutually sustainable with rapid business development. In 2003, UMC received the National Outstanding Award for Environmental Protection, and established a Green Partnership with Sony. Our environmental management goals are not only to follow local and international regulations, but also to set a positive example for the rest of the global industrial community.

UMC has committed extensive resources to its environmental protection and pollution control plan to address all aspects of the environment. In 2003, capital expenditures for pollution control equipment were NTD 58 million and the average monthly operating cost was NTD 18 million. Monthly waste disposal fees were NTD 4 million and the annual cost for the environmental monitoring program was NTD 5 million. Major environmental protection expenses in the future will include: (a) the costs required to maintain or upgrade existing systems; (b) operating costs for pollution control equipment (NTD 20 million per month); (c) waste disposal fees (NTD 5 million per month); and (d) the cost for the environmental monitoring program (NTD 5 million annually).

UMC employs industry professionals to implement its environmental policy, in areas ranging from pollution prevention to sustainable development. Since 2003, UMC has met all environmental regulation standards and distinguished itself with its environmental protection performance. Over the years, UMC has received many recognized awards such as the Water Conservation Award, the Excellent Environmental Professional Award, and the Hsin Chu Science Park's Environmental Protection Excellence Award.

In 2002, Fab 12A received both ISO-14001 and OHSAS (Occupational Health and Safety Assessment Series)-18001 certifications at the same time by Det Norske Veritas (DNV). UMC also achieved integration of the ISO-14001 and OHSAS-18001 systems in all fabs in Taiwan. In the future, UMC plans to further integrate its environmental protection, safety and health (ESH) management system into daily operations to achieve its ESH goals.

Labor Relations

UMC places great importance on employee salaries and benefits, employee development, the enforcement of all labor laws, and the protection of employee rights, in an effort to provide the best possible working environment.

UMC makes every effort to develop a positive working relationship between employees and management. Employees can communicate with their superiors through many channels, including departmental meetings, colleague symposiums, and opinion boxes. The mental and physical well being of UMC employees is equally as important, and the company offers employee-counseling services and has a health clinic on-site.

UMC opened its employee recreation center in March 2003 to provide its employees with a facility to improve their quality of life and encourage social interaction among company personnel. The employee recreation center is equipped to support a variety of activities, such as sports activities, entertainment, the arts, and community meetings.

UMC follows a training policy that is implemented to not only benefit the Company, but also cultivate individual growth and development.

To protect the rights and interests of employees, UMC follows the Labor Standards Law. UMC's employee retirement policy also corresponds with existing related labor laws.

The Council of Labor Affairs and other organizations have recognized UMC's efforts in developing good labor relations. These organizations awarded UMC the Model Institution for the Promotion of Labor Welfare, Model Enterprise for the Promotion of Labor Education, and the Model Enterprise for Industrial Relations distinctions.

Major Agreements

Major Long-term Supply and Marketing Agreements

In order to maintain a worldwide marketing presence, UMC has entered into long-term distribution, sales, service and support agreements. In addition, UMC has maintained a long-term supply business relationship with major wafer material vendors. The major contents of these agreements are described below:

Company Name	*Contract Period*	*Major Contents*	*Limitations*
UMC Group (USA)	2002.1.1 ~ 2005.12.31	Semiconductor products sales and relevant services	None material
United Microelectronics (Europe) B.V.	2003.1.1 ~ 2004.12.31	Semiconductor products sales and relevant services	None material
UMC Japan	2003.7.1 ~ 2003.12.31	Semiconductor products sales and relevant services	None material
Shin-Etsu Handotai Taiwan Co., Ltd.	Indefinite period	150mm, 200mm and 300mm raw wafer supply	None material

Major License Agreements

UMC is committed to the protection and enhancement of intellectual property. Based on over twenty years of investment, UMC has been awarded more US patents in the semiconductor field than any other independent foundry in the world. UMC also has cross licensing agreements with major semiconductor patent holders to ensure that customers do not face infringement claims as a result of UMC services. Some of the major licenses include:

Cross License (Company Name)	*License Period*	*Fields of Protection*	*Limitations*
American Telephone and Telegraph Corporation/Lucent Technologies GRL Corporation/Agere Systems Guardian Corporation/Agere Systems Inc.	1999.1.1 ~ 2003.12.31	Process and topography	None material
Harris Corporation	1997.11.28 ~ 2003.12.31	Process and topography	None material
Hitachi, Ltd.	1999.4.8 ~ 2003.12.31	Process and topography	None material
International Business Machines Corporation	1998.8.1 ~ 2005.12.31	Process, topography and design	None material
Texas Instruments Incorporated	1998.8.28 ~ 2007.12.31	Process, topography and memory content	None material

Major Agreements (cont.)

Major Joint Venture and Construction Agreements

Company Name	*Contract Period*	*Major Contents*	*Limitations*
UMCi Pte. Ltd., Infineon Technologies AG, EDB Investments Pte Ltd. (Note: UMCi Pte. Ltd. had changed to "UMCi Ltd." from 2003. 10. 08)	Since 2001.3.30	UMC, UMCi, Infineon and EDB Investments entered into a joint venture in the Pasir Ris Wafer Fab Park in Singapore for the manufacture of 300mm wafers with leading technology. Pursuant to supplemental agreements entered in mid-2003, UMC repurchased the shares of the joint venture held by Infineon, and UMC will now be the controlling shareholder with rights to the output.	None material
Various construction or engineering companies, such as: Chung-Hsin Electric & Machinery Mfg. Corporation, Go-In Engineering Co., Ltd., Yih Shin Construction Co., Ltd.	2003.1.1 ~ 2004.12.31	UMC has contracts with major construction and engineering companies to build or expand semiconductor facilities in the Hsinchu Science Park. Total contract amounts exceed NTD 0.2 billion.	None material
Advanced Micro Devices, Inc.	2002.1.31 ~ indefinite	UMC and AMD entered into agreements for joint development of 90-nanometer and 65-nanometer processes, a joint venture fabrication facility in Singapore, and a foundry relationship covering the manufacture of a significant portion of AMD's semiconductor fabrication needs. In December 2002, UMC and AMD verbally agreed to wind down their joint development efforts, but their other agreements remain in place.	AMD and UMC agreed to avoid using jointly developed processes in direct competition with one another.

Major Long-term Loan Agreements

UMC is committed to building and maintaining state-of-the-art wafer fabrication facilities that will allow UMC to maintain its position as a premier independent wafer foundry and maintain the capacity needed to support its continued growth. In order to provide the necessary capital required to support such projects, UMC has, from time to time, obtained loans from commercial banks. Some of these loans include:

Company Name	*Contract Period*	*Major Contents*	*Limitations*
Chiao Tung Bank and 9 other participant banks.	1996.6.20 ~ 2004.4.11	Chiao Tung Bank arranged the syndicated loan and the facility amount was approximately NTD 4.3 billion. The loan was for Fab 8E's capital expenditure.	None material
Chiao Tung Bank and 17 other participant banks.	1996.9.20 ~ 2005.5.26	Chiao Tung Bank arranged the syndicated loan and the facility amount was approximately NTD 12.3 billion. The loan was for Fab 8C's capital expenditure.	None material
Chiao Tung Bank and 8 other participant banks.	1998.2.18 ~ 2005.9.18	Chiao Tung Bank arranged the syndicated loan and the facility amount was approximately NTD 4.3 billion. The loan was for Fab 8E's capital expenditure.	None material
Taiwan Cooperative Bank	1998.11.14 ~ 2009.5.14	UMC has a contract with Taiwan Cooperative Bank for Testing Building financing. The facility amount was NTD 700 million.	None material
Taipei Bank	1999.3.25 ~ 2009.2.25	UMC has a contract with Taipei Bank for United Tower Building financing. The facility amount was NTD 1.5 billion.	None material
Chiao Tung Bank and 13 other participant banks.	1999.11.22 ~ 2007.9.25	Chiao Tung Bank arranged the syndicated loan and the facility amount was approximately NTD 3.9 billion. The loan was for Fab 8E's capital expenditure.	None material
The International Commercial Bank of China and 20 other participant banks.	2000.1.28 ~ 2007.1.28	The International Commercial Bank of China arranged the syndicated loan and the facility amount was approximately NTD 8 billion. The loan was for Fab 8F's capital expenditure.	None material

Litigation and Non-litigated Incidents

In February 1997, Micron Technology Inc. (Micron) filed an antidumping petition regarding Static Random Access Memory (SRAM) made in Taiwan. An antidumping order, issued in April 1998, imposed various dumping duties on SRAM made in Taiwan, if and when those SRAM are imported into the USA. This order was subsequently reversed by the United States Court of International Trade, and that reversal was upheld, on September 21, 2001, by the United States Court of Appeals for the Federal Circuit. On January 3, 2002 (USA time), the US International Trade Commission announced in the Federal Register its final negative determination, made pursuant to this reversal. Accordingly, this matter will have no material effect on the Company's business or financial performance.

Oak Technology, Inc. (Oak) and UMC entered into a settlement agreement on July 31, 1997 concerning a complaint filed with the United States International Trade Commission (ITC) by Oak against UMC and others, alleging unfair trade practices based on alleged patent infringement regarding certain CD-ROM controllers. On October 27, 1997, Oak filed a civil action in a California federal district court, alleging claims for breach of the settlement agreement and fraudulent misrepresentation. UMC has formally denied the material allegations of the Complaint, and asserted counterclaims against Oak for breach of contract, intentional interference with economic advantage and rescission and restitution based on fraudulent concealment and/or mistake. UMC also asserted declaratory judgment claims for invalidity and unenforceability of the relevant Oak patent. On May 2, 2001, the United States Court of Appeals for the Federal Circuit upheld the ITC's findings of no patent infringement and no unfair trade practice arising out of a second ITC case filed by Oak against UMC and others. Based on the Federal Circuit's opinion and on a covenant not to sue filed by Oak, the declaratory judgment patent counterclaims were dismissed from the district court case. However, in connection with its breach of contract and other claims, Oak seeks damages in excess of USD 750 million. The district court has not yet set dates for dispositive motions or for trial. UMC believes that Oak's claims are meritless, and intends to vigorously defend the suit, and to pursue its counterclaims. As with all litigation, however, UMC cannot predict the outcome with certainty.

UMC filed a civil action in California federal district court against Silicon Integrated Systems and its U.S. subsidiary (collectively, SiS) in December 2000, for patent infringement, unfair competition, breach of contract, intentional interference with contract, misappropriation of trade secrets, and unjust enrichment. In January 2001, UMC filed a petition with the United States International Trade Commission (ITC), alleging patent infringement by SiS regarding certain processes for the manufacture of integrated circuits and regarding certain integrated circuit devices. The ITC issued its Final Determination on October 7, 2002, finding that SiS infringed a UMC patent and rejected all SiS defenses with respect to that claim. The ITC issued an exclusion order that took force in December 2002 and bars the importation of SiS products made with the infringing process. On March 12, 2003, UMC and SiS entered a final settlement of the district court and ITC proceedings, which obligates the parties to file dismissals of the pending proceedings, and grants SiS a license under the patents involved. Subsequently, UMC and SiS filed requests to have the proceedings dismissed or resolved, and the parties expect the matters will shortly be concluded. Whatever the outcome of the ITC or district court cases, UMC believes these matters will have no material adverse effect on its business or financial performance.

In November of 2002, Library Technologies, Inc. (LTI) filed suit against Virtual Silicon Technology (VST), Silicon Metrics Corporation (SMC), UMC, and UMC's subsidiary UMC Group (USA) (collectively, UMC) in the Federal District Court in San Francisco, California. LTI alleges in this case that UMC infringed LTI's copyrights, committed unfair competition, trade secret misappropriation, and tortious interference with contract in connection with the allegedly unauthorized copying and use of LTI's software related to library characterization tools. For the most part, the claims arise from allegedly wrongful conduct by VST, which UMC is alleged to have encouraged. Progress in the federal case is pending the outcome in a companion state court matter (where VST sued LTI claiming that LTI's software was defective). That state court matter was submitted to binding arbitration. In late July 2003, the arbitrators ruled that the purported software license agreement on which LTI bases many of its claims against VST is not valid. In December 2003, the arbitrators found that there had been no wrongdoing by either LTI or VST, and declined to order any relief as to any party. Subsequently, pursuant to stipulation, on January 21, 2004, the Federal District Court had entered dismissals of all claims against UMC without any obligation on UMC to pay money, to take any other action or refrain from any act. As a result, these matters are completely resolved.

Acquisition and Disposal of Major Assets

Acquisition of Major Assets

United Microelectronics Corporation

Asset	*Acquisition Date*	*Purchase Price (In thousands)*		*Seller*	*Relation with the Company*	*Purpose*
Silicon Integrated Systems Corp. GDR	2003.1.17	USD	103,821	Centralized Securities Exchange Market	None	Long-term investment
Taiwan High Speed Rail Corp. convertible preferred shares (A)	2003.1.27	NTD	300,000	Taiwan High Speed Rail Corp.	None	Long-term investment
Equipment	2002.11.20 ~ 2003.3.24	NTD	544,467	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Silicon Integrated Systems Corp. common shares	2002.12.10 ~ 2003.3.27	NTD	887,563	Centralized Securities Exchange Market	None	Long-term investment
Equipment	2002.4.30 ~ 2003.4.15	NTD	543,875	Nikon Corporation	None	IC manufacturing
UMCi Ltd. common shares	2003.8.28	USD	118,125	Infineon Technologies AG	None	Long-term investment
UMCi Ltd. common shares	2003.9.30	USD	310,371	UMCi Ltd.	Investee company	Long-term investment
Equipment	2003.9.1 ~ 2003.11.25	NTD	523,225	Tokyo Electron Limited	None	IC manufacturing
Equipment	2003.10.22 ~ 2003.11.26	NTD	1,104,879	KLA-Tencor Corporation	None	IC manufacturing
Equipment	2003.4.24 ~ 2003.12.1	NTD	764,391	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Micronas Semiconductor Holding AG common shares	2003.12.17	CHF	14,885	Micronas Semiconductor Holding AG	None	Short-term investment
Equipment	2003.12.12 ~ 2003.12.23	NTD	648,567	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Equipment	2003.12.23 ~ 2003.12.24	NTD	1,047,924	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
UMC Capital Corporation common shares	2003.12.26	USD	10,000	UMC Capital Corporation	Investee company	Long-term investment
Equipment	2004.1.6	NTD	971,198	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2003.12.29 ~ 2004.1.28	NTD	1,147,530	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2003.12.29 ~ 2004.1.29	NTD	622,186	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Facilities	2003.5.8 ~ 2004.3.5	NTD	919,547	LK Engineering Co., Ltd.	None	IC manufacturing
Equipment	2004.1.8 ~ 2004.3.5	NTD	851,342	Tokyo Electron Limited	None	IC manufacturing
Equipment	2004.2.25 ~ 2004.3.9	NTD	2,442,172	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2004.1.7 ~ 2004.3.11	NTD	580,416	Novellus Systems, Inc.	None	IC manufacturing
Equipment	2003.11.26 ~ 2004.3.12	NTD	537,120	KLA Tencor Corporation	None	IC manufacturing
Equipment	2003.8.13 ~ 2004.3.12	NTD	554,268	Axcelis Technologies, Inc.	None	IC manufacturing

Notes (1) *Acquisition of assets with purchase price over 20% of paid-in capital or over NTD 300 million.* ***(2)*** *The data represented for 2004 was gathered until March 12, 2004.*

Acquisition and Disposal of Major Assets (cont.)

Acquisition of Major Assets

UMCi Ltd.

Asset	Acquisition Date	Purchase Price (In thousands)	Seller	Relation with the Company	Purpose
Equipment	2003.1.3 ~ 2003.1.14	NTD 773,192	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Equipment	2003.1.14	NTD 432,285	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2003.8.1 ~ 2003.9.8	NTD 1,140,168	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2003.8.1 ~ 2003.9.8	NTD 657,386	Tokyo Electron Limited	None	IC manufacturing
Equipment	2003.9.9 ~ 2003.9.22	NTD 943,299	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Equipment	2003.9.9 ~ 2003.12.2	NTD 3,525,332	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2003.8.1 ~ 2003.12.2	NTD 1,157,143	Lam Research International	None	IC manufacturing
Equipment	2003.8.1 ~ 2003.12.2	NTD 605,001	Novellus Systems, Inc.	None	IC manufacturing
Equipment	2003.8.1 ~ 2003.12.2	NTD 569,353	SEZ Singapore Pte. Ltd.	None	IC manufacturing
Equipment	2003.9.9 ~ 2003.12.2	NTD 1,836,376	Tokyo Electron Limited	None	IC manufacturing
Equipment	2003.3.19 ~ 2003.12.15	NTD 500,894	IWATANI International Corporation	None	IC manufacturing
Equipment	2003.5.13 ~ 2003.12.15	NTD 1,000,535	KLA-Tencor (Singapore) Pte. Ltd.	None	IC manufacturing
Equipment	2003.12.12 ~ 2003.12.24	NTD 1,170,837	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Equipment	2004.1.1 ~ 2004.2.25	NTD 519,246	Applied Materials Asia Pacific Ltd.	None	IC manufacturing
Equipment	2004.1.1 ~ 2004.2.25	NTD 1,065,975	ASML Hong Kong Ltd.	None	IC manufacturing
Equipment	2004.1.1 ~ 2004.2.26	NTD 1,024,246	Tokyo Electron Limited	None	IC manufacturing
Equipment	2004.1.5 ~ 2004.3.12	NTD 622,596	KLA-Tencor (Singapore) Pte. Ltd.	None	IC manufacturing
Equipment	2004.2.12 ~ 2004.3.12	NTD 633,194	Lam Research International	None	IC manufacturing
Equipment	2004.2.26 ~ 2004.3.12	NTD 854,153	Tokyo Electron Limited	None	IC manufacturing
Equipment	2004.2.27 ~ 2004.3.12	NTD 2,226,177	Applied Materials Asia Pacific Ltd.	None	IC manufacturing

Notes (1) *Acquisition of assets with purchase price over 20% of paid-in capital or over NTD 300 million.* ***(2)*** *The data represented for 2004 was gathered until March 12, 2004.*

Disposal of Major Assets

United Microelectronics Corporation *In thousand NTD*

Asset	Acquisition Date	Disposal Date	Book Value	Selling Price	Profit (Loss)	Buyer	Relation with the Company
Novatek Microelectronics Corp. common shares	1997.6	2003.10.3	255,588	1,625,914	1,370,326	Centralized Securities Exchange Market	None
Equipment	1998.3 ~ 2003.9	2003.6.26 ~ 2003.10.16	373,030	388,721	15,691	UMC Japan	Investee company
AU Optronics Corp. common shares	2001.9	2003.10.6 ~ 2003.10.22	651,785	2,107,207	1,455,422	Centralized Securities Exchange Market	None
MediaTek Incorporation common shares	1997.6 ~ 2002.10	2003.11.19	73,911	1,600,000	1,526,089	Secondary Offer	None
TECO Electric & Machinery Co., Ltd. common shares	1994.12	2003.11.19	1,535,096	886,294	(648,802)	Secondary Offer	None
MediaTek Incorporation common shares	1997.6 ~ 2002.10	2003.1.16 ~ 2003.11.20	78,224	1,521,482	1,443,258	Centralized Securities Exchange Market	None
AU Optronics Corp. common shares	2001.9	2003.9.8 ~ 2004.3.12	1,042,991	2,652,900	1,609,909	Exchangeable Bonds Holder	None

Notes (1) *Disposal of assets with selling price over 20% of paid-in capital or over NTD 300 million.* ***(2)*** *The data represented for 2004 was gathered until March 12, 2004.*

Fortune Venture Capital Corporation *In thousand NTD*

Asset	Acquisition Date	Disposal Date	Book Value	Selling Price	Profit (Loss)	Buyer	Relation with the Company
Cadence Design Systems, Inc. common shares	1999.10	2003.4.12 ~ 2003.7.28	0	346,213	338,871	New York Stock Exchange, Inc.	None

Notes (1) *Disposal of assets with selling price over 20% of paid-in capital or over NTD 300 million.* ***(2)*** *The data represented for 2004 was gathered until March 12, 2004.*

Financing Plans and Execution Status

In May 2002, USD 235 million of exchangeable bond issuance was used to purchase equipment for Fab 8D. The investment project requires a total of USD 235 million. The funding source for this project is through the issuance of exchangeable bonds (USD 235 million). The percentage of actual completed expenditure was 92.76% by the end of 2003, compared to our original expectations of 100%. When this project is completed, it will have a production capacity of 20,000 wafers per month. The benefit from capacity expansion has already begun to materialize because December 2003 revenues and shipments increased by 30% and 29% respectively, compared to January 2003. The gross margin also increased significantly.

Date which information was submitted to TSE website: April 4, 2002

In May 2003, NTD 15 billion of unsecured domestic bonds were issued to purchase raw materials. The investment project requires a total of NTD 15 billion. The funding source for this project is through the issuance of unsecured domestic bonds (NTD 15 billion). The percentage of actual completed expenditure was 80% by the end of 2003, compared to our original expectations of 80%.

Date which information was submitted to TSE website: April 11, 2003

In July 2003, USD 206 million of exchangeable bonds were issued for overseas raw materials purchase. The investment project requires a total of USD 206 million. The funding source for this project is through the issuance of exchangeable bonds (USD 206 million). The percentage of actual completed expenditure was 20.27% by the end of 2003, compared to our original expectations of 20.27%.

Date which information was submitted to TSE website: June 23, 2003