

The Foundry of Choice

UMC
2003 Q3 Financial Review

October 29, 2003

UMC

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements in respect of historical matters, the statements in this release contain "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual performance, financial condition or results of operations of UMC to be materially different from what may be implied by such forward-looking statements. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors, including, among other things: our dependence upon frequent introduction of new services and technologies based on the latest developments; the intensely competitive semiconductor, communications, consumer electronics and computer industries and markets; the risks associated with international global business activities; our dependence upon key personnel; general economic and political conditions, including those related to the semiconductor, communications, consumer electronics and computer industries; possible disruptions in commercial activities caused by natural and human induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases, such as SARS; reduced end-user purchases relative to expectations and orders; fluctuations in foreign currency exchange rates; and those risks identified in the section entitled "Risk Factors" in UMC's Annual Report on Form 20-F for year 2002 filed with the U.S. Securities and Exchange Commission on June 25, 2003.

The financial statements included in this release were unaudited and unconsolidated, and prepared and published in accordance with ROC GAAP. Investors are cautioned that there are many differences between ROC GAAP and U.S. GAAP, as described in the note 30 to the financial statements on Form 6-K filed with the U.S. Securities and Exchange Commission on September 24, 2003.

The forward-looking statements in this release reflect the current belief of UMC as of the date of this release and UMC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Operating Results Summary

Unit: NT M

	2003	2003	2002
	Q3 / Sep	Q2 / Jun	Q3 / Sep
Net Operating Revenues	21,539	21,706	19,152
Net Income	4,203	2,687	1,424
EPS (NTD)	0.28	0.17	0.09
Cash and Cash Equivalents	79,297	74,940	53,403
Total Assets	310,153	302,178	300,528
Total Liabilities	89,411	86,199	83,971
Stockholders' Equity	220,742	215,979	216,557
Wafer Shipment <small>(in thousands- 8" wafer eq.)</small>	546	550	435
Utilization (%)	84%	85%	68%

Income Statement - QoQ

Unit: NT M

	Q3-03	%	Q2-03	%	Change %
Net Operating Revenues	21,539	100.0	21,706	100.0	(0.8)
Gross Margin	5,054	23.5	4,983	23.0	1.4
Operating Expenses	(2,465)	(11.5)	(2,499)	(11.5)	(1.4)
Operating Income	2,589	12.0	2,484	11.5	4.2
Net Non-operating Income	2,015	9.4	610	2.8	230.3
Income Tax Expense	(401)	(1.9)	(407)	(1.9)	(1.5)
Net Income	4,203	19.5	2,687	12.4	56.4
EPS (NTD)	0.28		0.17		
EPADS (USD)	0.041		0.025		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.76 was used to translate NTD to USD.
3. 15,282 million and 15,284 million shares were used in EPS calculation for Q3-03 and Q2-03 , respectively.

Income Statement - YoY: 9 Months

Unit: NT M

	2003 Jan~Sep	%	2002 Jan~Sep	%	Change %
Net Operating Revenues	61,143	100.0	49,891	100.0	22.6
Gross Margin	12,777	20.9	8,614	17.3	48.3
Operating Expenses	(7,005)	(11.5)	(8,804)	(17.7)	(20.4)
Operating Income (Loss)	5,772	9.4	(190)	(0.4)	-
Net Non-operating Income	2,330	3.8	6,286	12.6	(62.9)
Income Tax Expense	(809)	(1.3)	(10)	(0.0)	-
Net Income	7,293	11.9	6,086	12.2	19.8
EPS (NTD)	0.48		0.39		
EPADS (USD)	0.071		0.058		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.76 was used to translate NTD to USD.
3. 15,313 million and 15,410 million shares were used in EPS calculation for 9 months ended September 30, 2003 and for 9 months ended September 30, 2002, respectively.

Investment Income

	Unit: NT M	
	Q3-03	Q2-03
Investment income accounted for under the equity method	(234)	269
<i>UMCJ</i>	293	238
<i>UMCi</i>	(221)	(184)
<i>Faraday</i>	50	52
<i>Novatek</i>	152	110
<i>SiS</i>	(117)	(144)
<i>UMO</i>	(94)	(57)
<i>Unimicron</i>	69	37
<i>Others</i>	(366)	217
Impairment loss of long-term investments	-	(90)
Cash dividends	791	-
Total	557	179

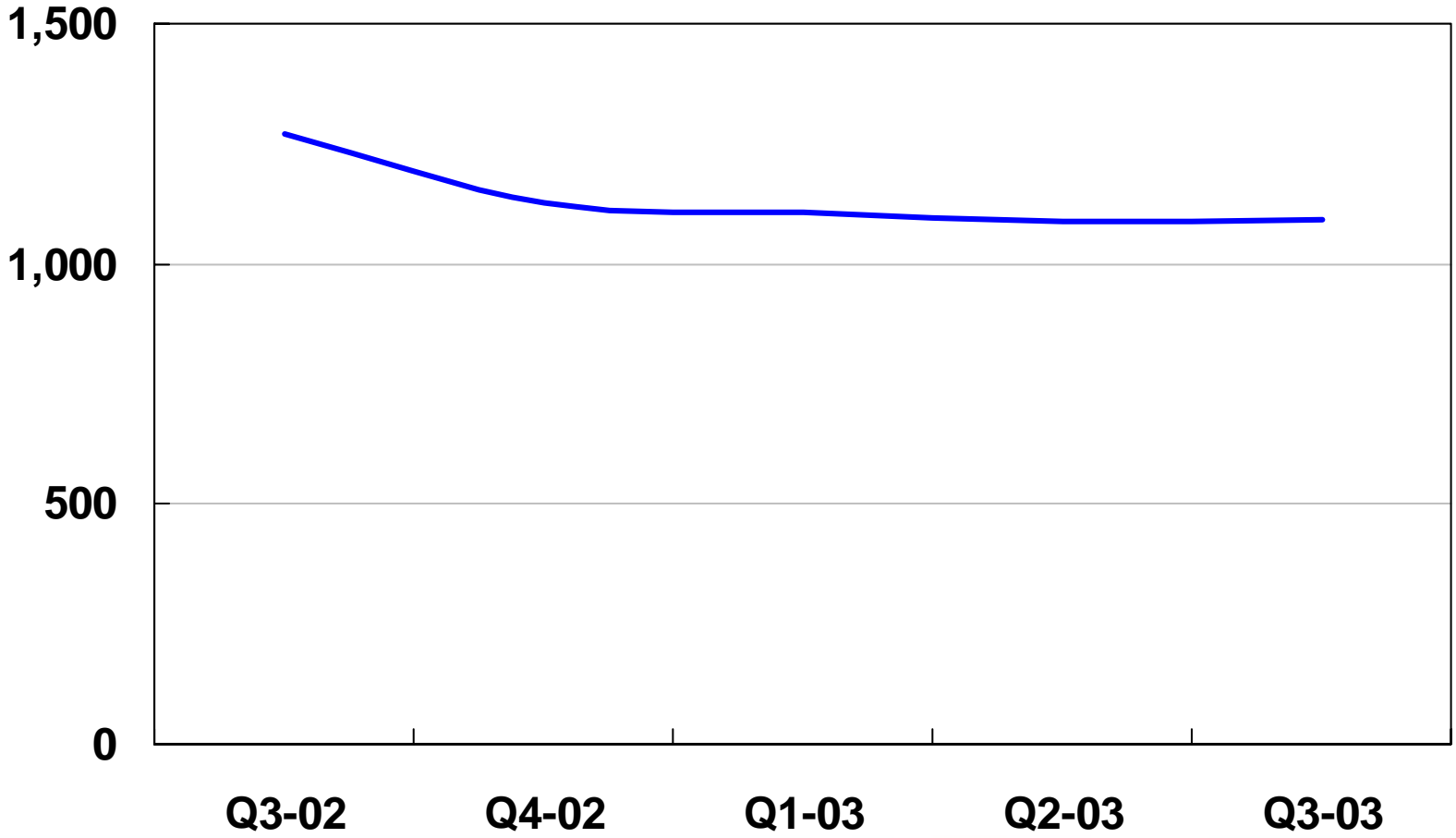
Balance Sheet Highlight – Sep. 30, 2003

Unit: NT M

Cash and Cash Equivalents	79,297
Long-term Investments	73,824
Fixed Assets	121,072
Total Assets	310,153
Current Liabilities	28,364
Long-term Debts	54,579
Stockholders' Equity	220,742
<i>Depreciation Expense (YTD)</i>	<i>26,713</i>

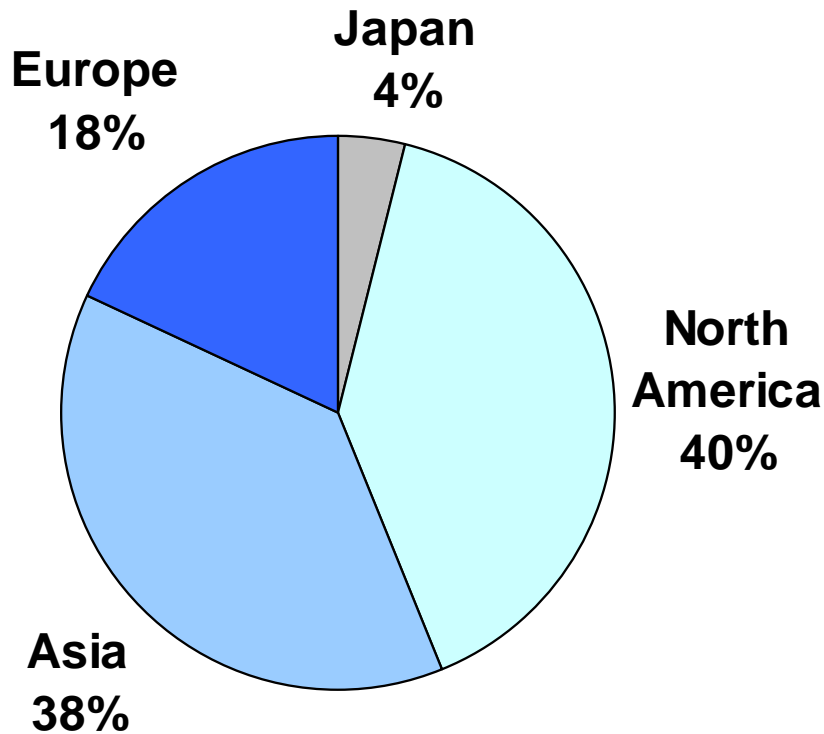
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

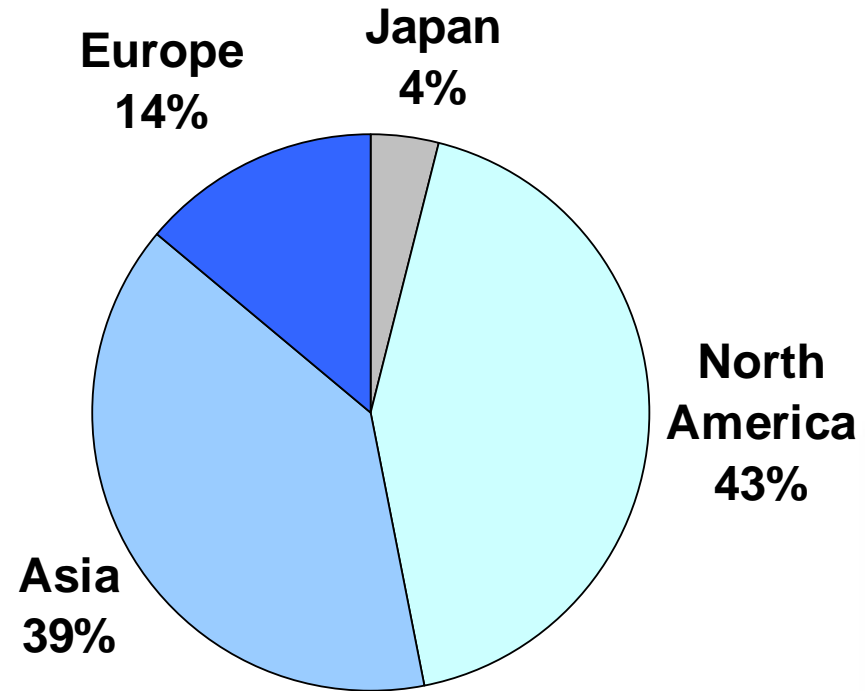


Sales Breakdown by Geography

2003 Q3

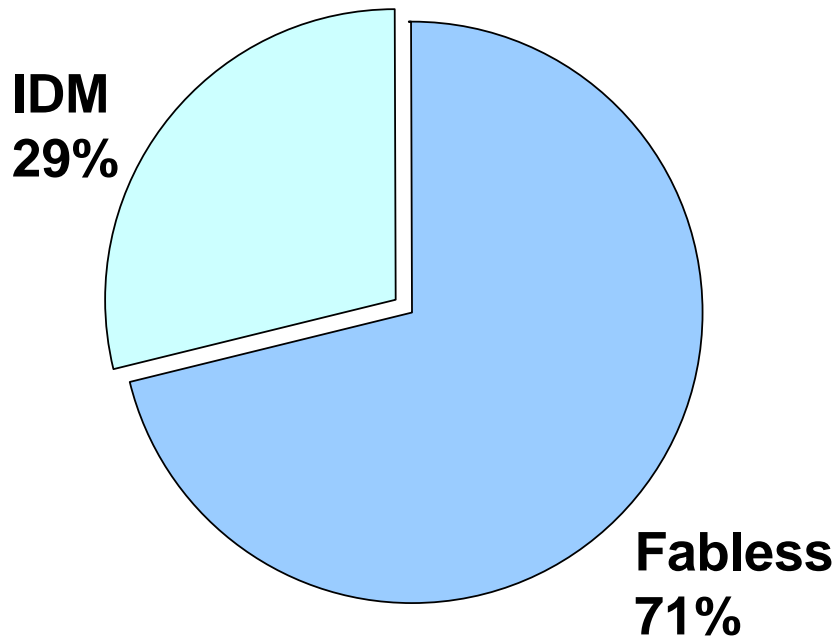


2003 Q2

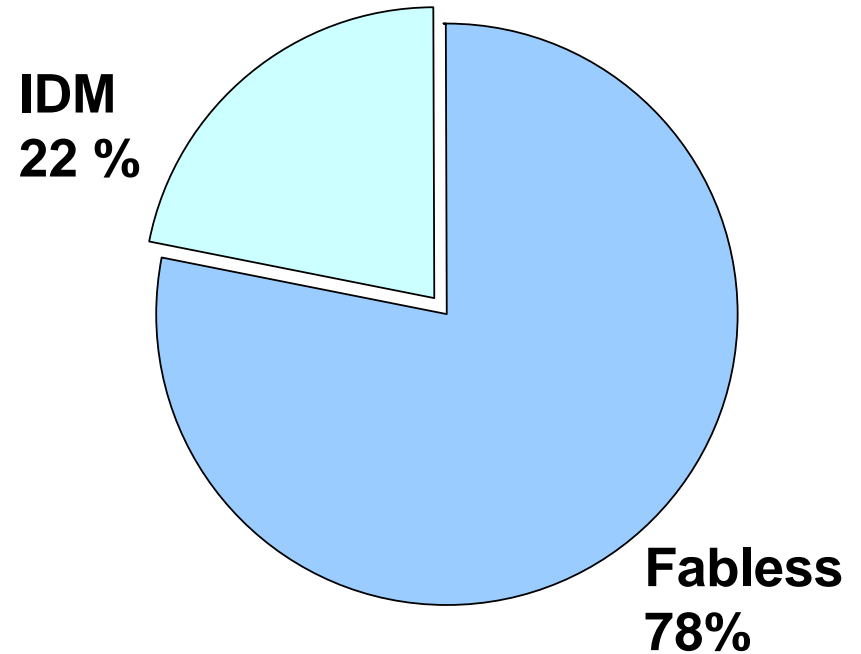


Sales Breakdown by Customer

2003 Q3

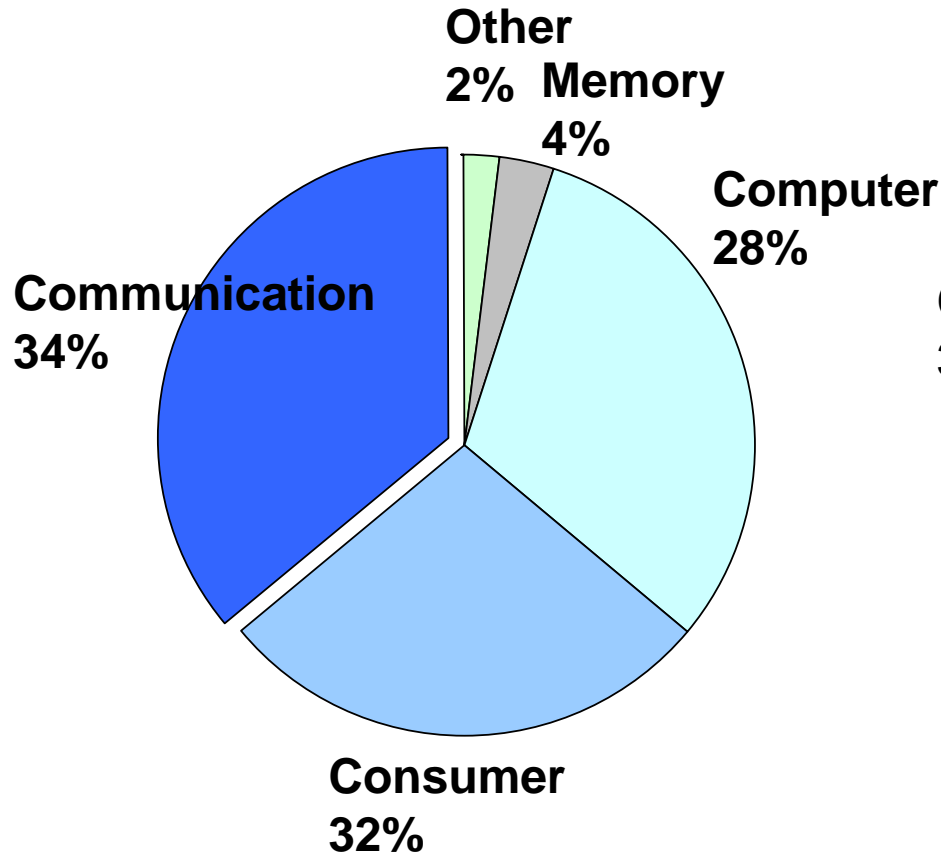


2003 Q2

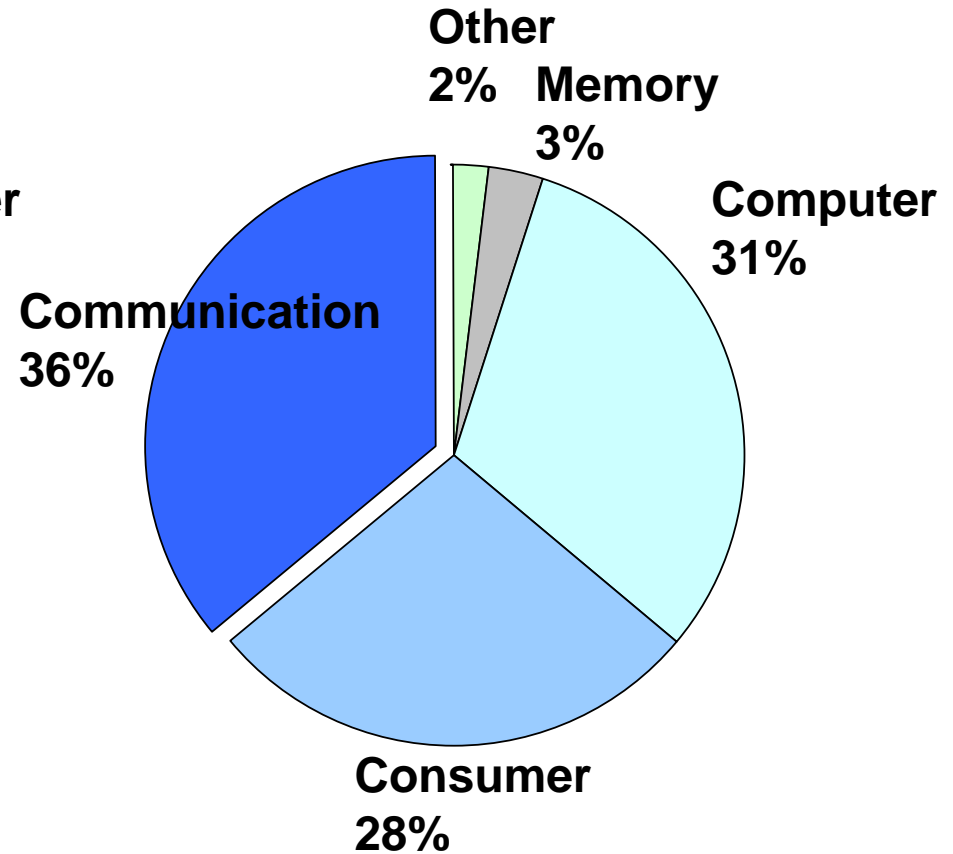


Sales Breakdown by Application

2003 Q3

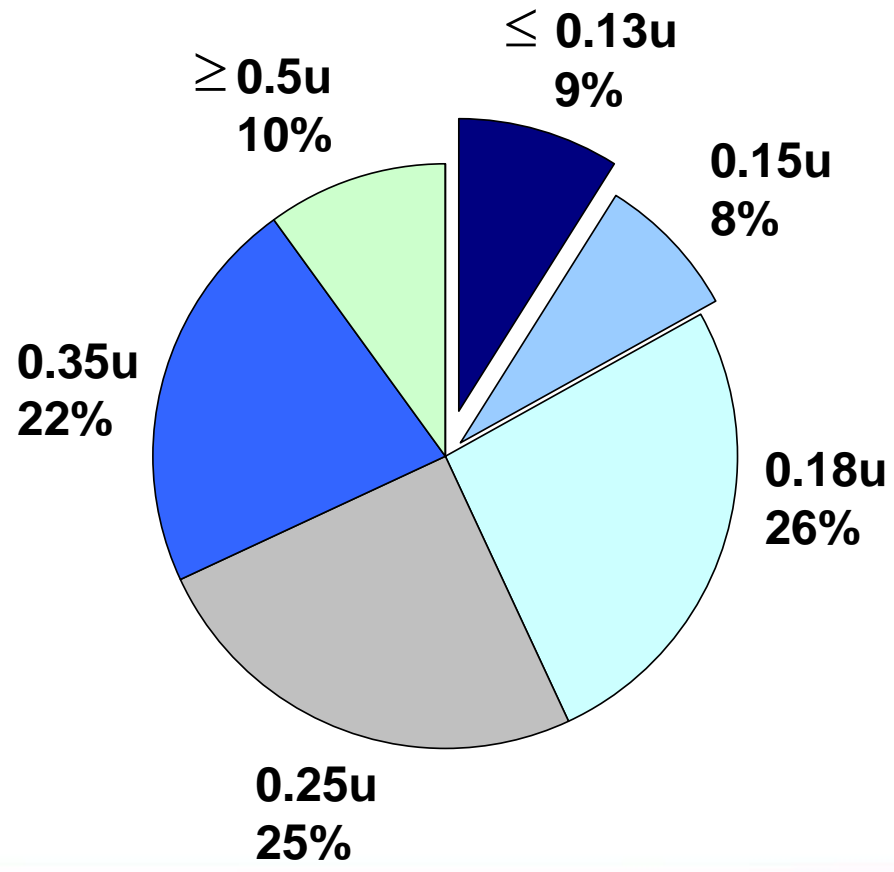


2003 Q2

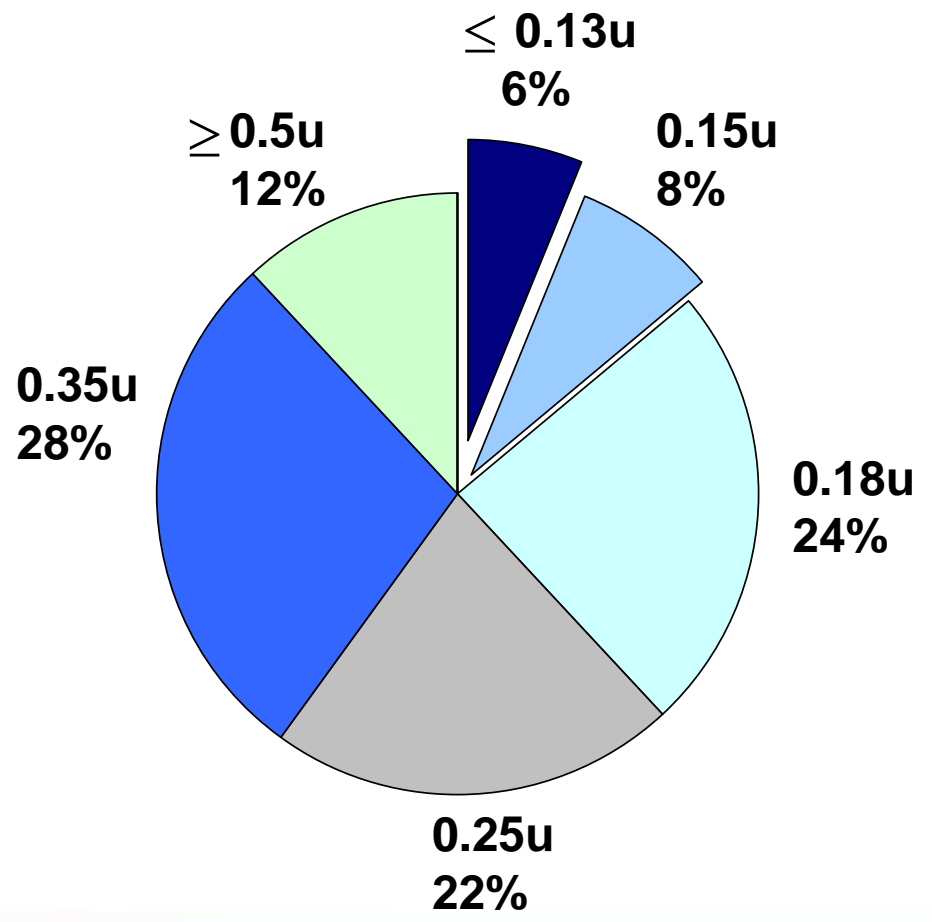


Sales Breakdown by Technology

2003 Q3



2003 Q2



Quarterly Capacity

Unit: in thousands (8" wafer eq.)

FAB	1Q03	2Q03	3Q03	4Q03E	1Q04E
Fab 6A	88	88	88	88	88
Fab 8AB	216	195	195	195	195
Fab 8C	75	75	85	90	90
Fab 8D	63	63	58	54	57
Fab 8E	83	83	92	96	96
Fab 8F	89	89	83	81	81
Fab 12A	54	54	58	68	76
Total	668	647	659	672	683

2003 Capital Expenditure Plan

	8" Fab	12" Fab	R&D	Total
UMC	30%	50%	20%	350 million USD
UMCJ	100%	-	-	15 billion Yen
UMCi	-	100%	-	200 million USD

For more information regarding UMC
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For all inquiries, suggestions, and comments
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