

The Foundry of Choice

UMC
2003 Q4 Financial Review

February 4, 2004

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 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
	Q4 / Dec	Q3 / Sep	Q4 / Dec
Net Operating Revenues	23,719	21,539	17,535
Net Income	6,727	4,203	986
EPS (NTD)	0.44	0.28	0.07
Cash and Cash Equivalents	92,866	79,297	57,192
Total Assets	320,118	310,153	297,333
Total Liabilities	87,872	89,411	79,899
Stockholders' Equity	232,246	220,742	217,434
Wafer Shipment (in thousands- 8" wafer eq.)	644	546	434
Utilization (%)	96%	84%	64%

Income Statement - QoQ

Unit: NT M

	Q4-03	%	Q3-03	%	Change %
Net Operating Revenues	23,719	100.0	21,539	100.0	10.1
Gross Margin	6,665	28.1	5,054	23.5	31.9
Operating Expenses	(2,501)	(10.5)	(2,465)	(11.5)	1.5
Operating Income	4,164	17.6	2,589	12.0	60.8
Net Non-operating Income	2,549	10.7	2,015	9.4	26.5
Income Tax (Expense) Benefit	14	0.1	(401)	(1.9)	-
Net Income	6,727	28.4	4,203	19.5	60.1
EPS (NTD)	0.44		0.28		
EPADS (USD)	0.065		0.041		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.97 was used to translate NTD to USD.
3. 15,314 million and 15,282 million shares were used in EPS calculation for Q4-03 and Q3-03 , respectively.

Income Statement - YoY: 12 Months

Unit: NT M

	2003	%	2002	%	Change %
Net Operating Revenues	84,862	100.0	67,426	100.0	25.9
Gross Margin	19,442	22.9	11,195	16.6	73.7
Operating Expenses	(9,506)	(11.2)	(11,054)	(16.4)	(14.0)
Operating Income	9,936	11.7	141	0.2	6946.8
Net Non-operating Income	4,879	5.7	6,943	10.3	(29.7)
Income Tax Expense	(795)	(0.9)	(12)	(0.0)	-
Net Income	14,020	16.5	7,072	10.5	98.2
EPS (NTD)	0.92		0.46		
EPADS (USD)	0.135		0.068		

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.97 was used to translate NTD to USD.
3. 15,313 million and 15,402 million shares were used in EPS calculation for 2003 and 2002, respectively.

Investment Income

Unit: NT M

	Q4-03	Q3-03
Investment income accounted for under the equity method	(540)	(234)
<i>UMCJ</i>	238	293
<i>UMCi</i>	(155)	(221)
<i>Faraday</i>	55	50
<i>Novatek</i>	143	152
<i>SiS</i>	(92)	(117)
<i>UMO</i>	(111)	(94)
<i>Unimicron</i>	81	69
<i>Others</i>	(699)	(366)
Impairment loss of long-term investments	(623)	-
Cash dividends	-	791
Total	(1,163)	557

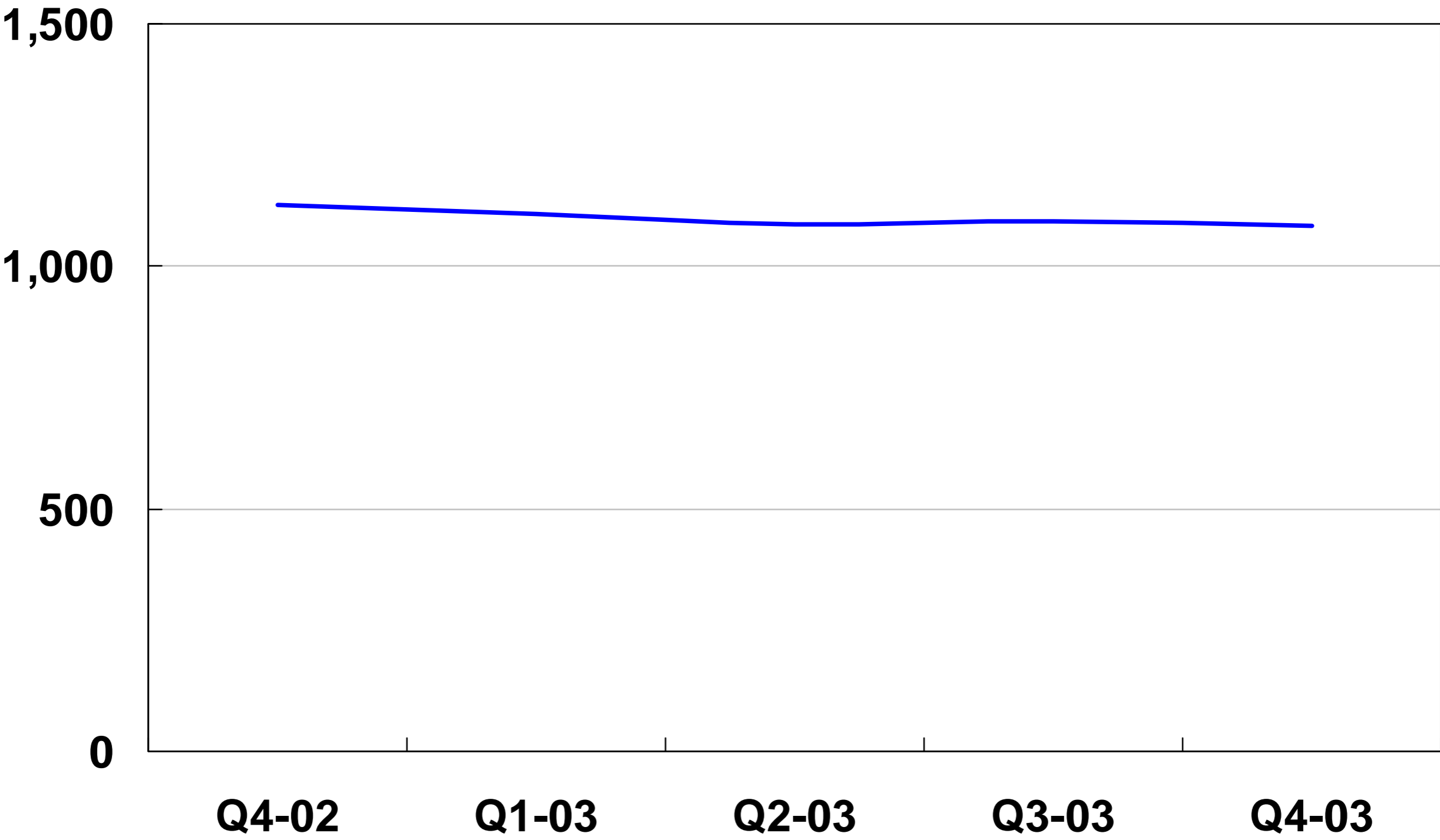
Balance Sheet Highlight – Dec. 31, 2003

Unit: NT M

Cash and Cash Equivalents	92,866
Long-term Investments	72,223
Fixed Assets	117,185
Total Assets	320,118
Current Liabilities	32,751
Long-term Debts	48,552
Stockholders' Equity	232,246
<i>Depreciation Expense (YTD)</i>	<i>35,855</i>

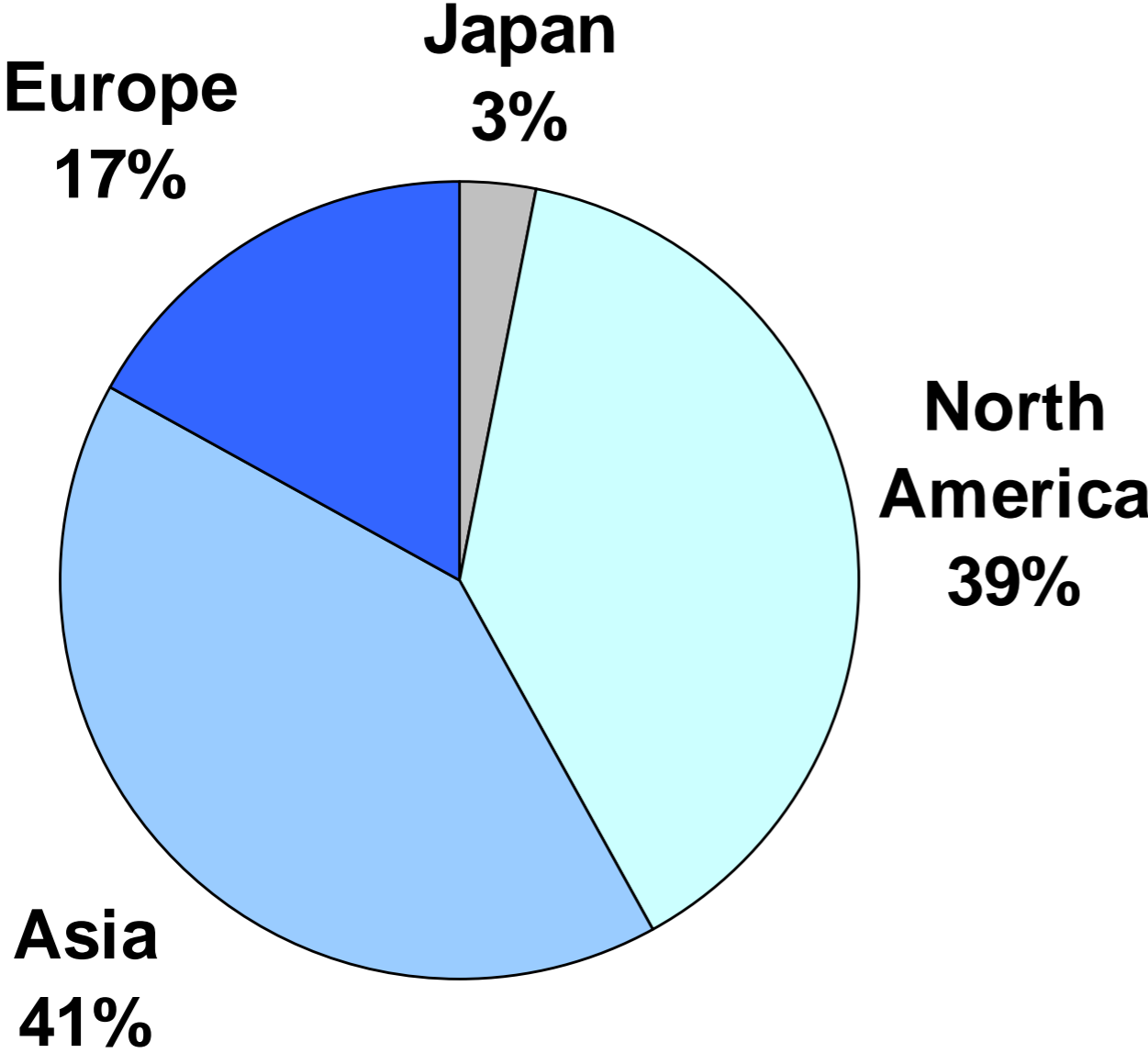
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

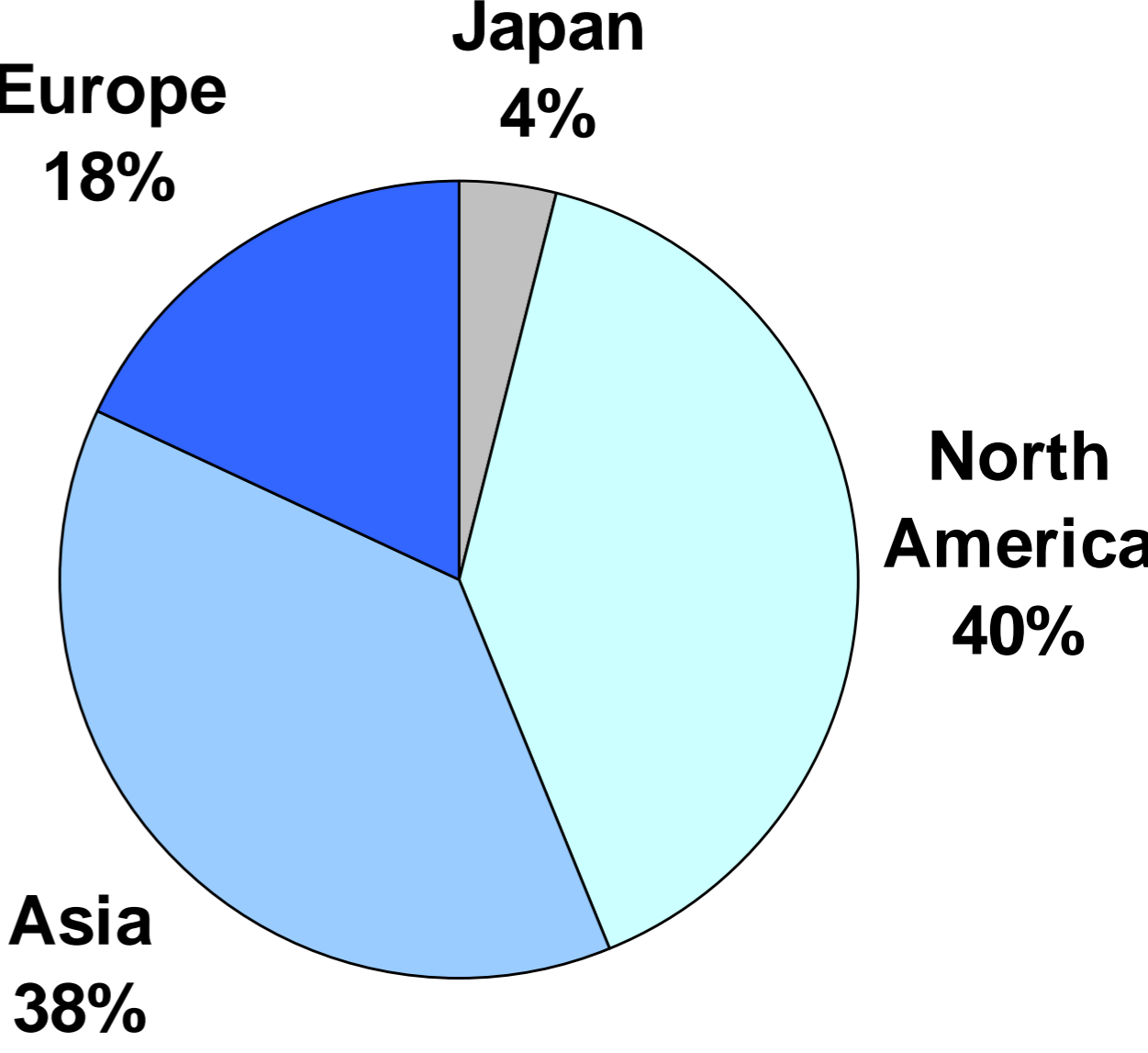


Sales Breakdown by Geography

2003 Q4



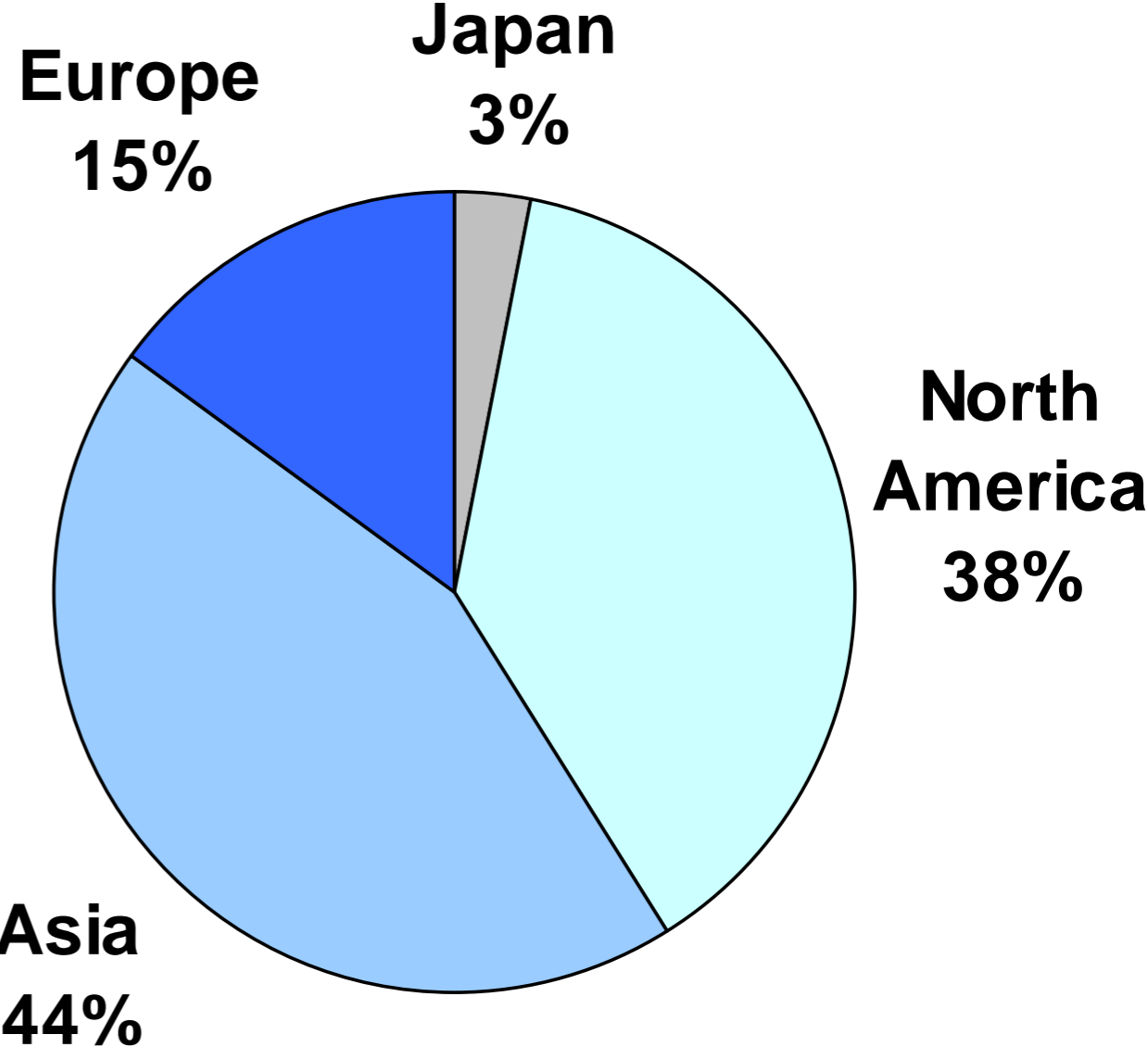
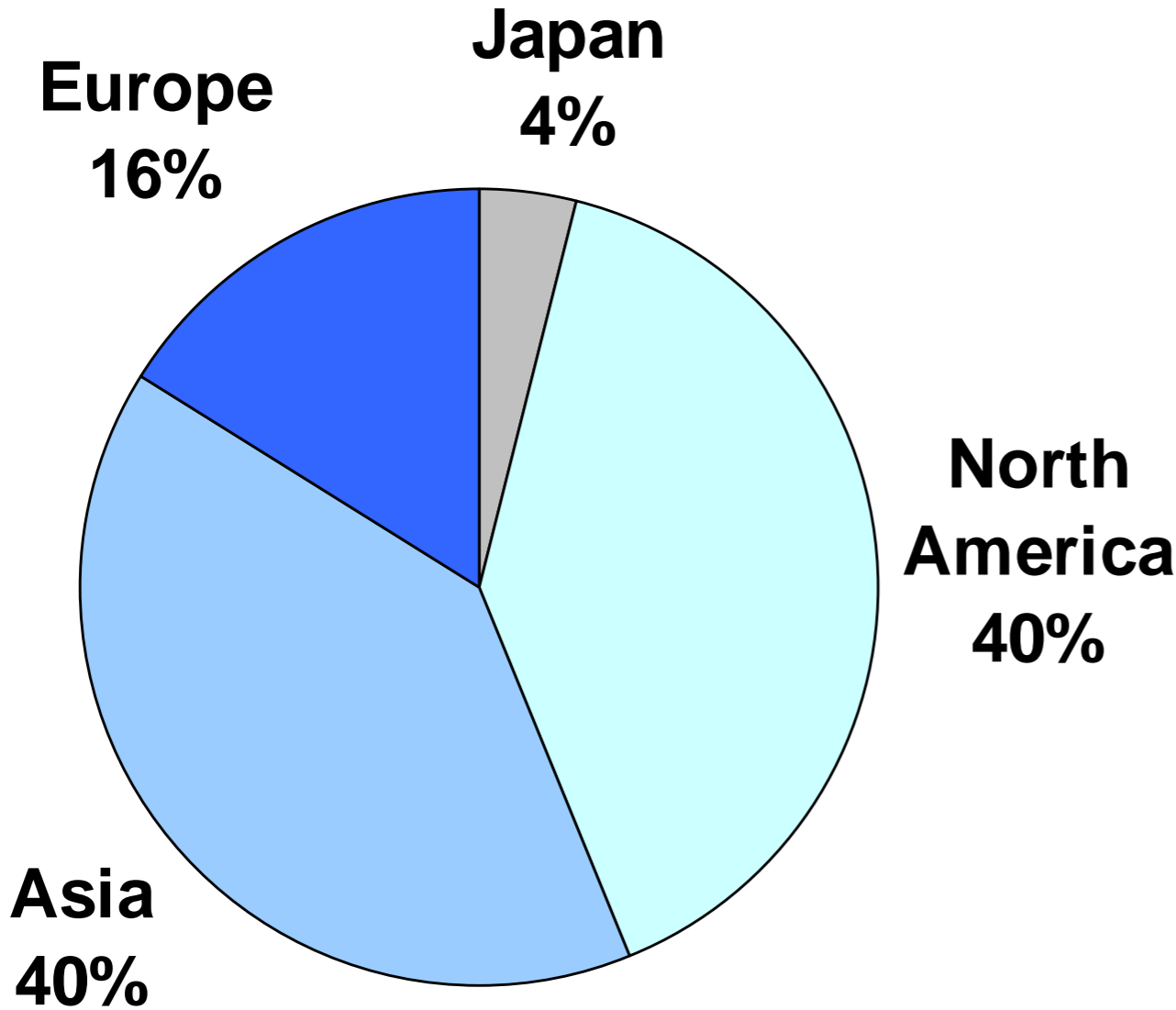
2003 Q3



Sales Breakdown by Geography

2003

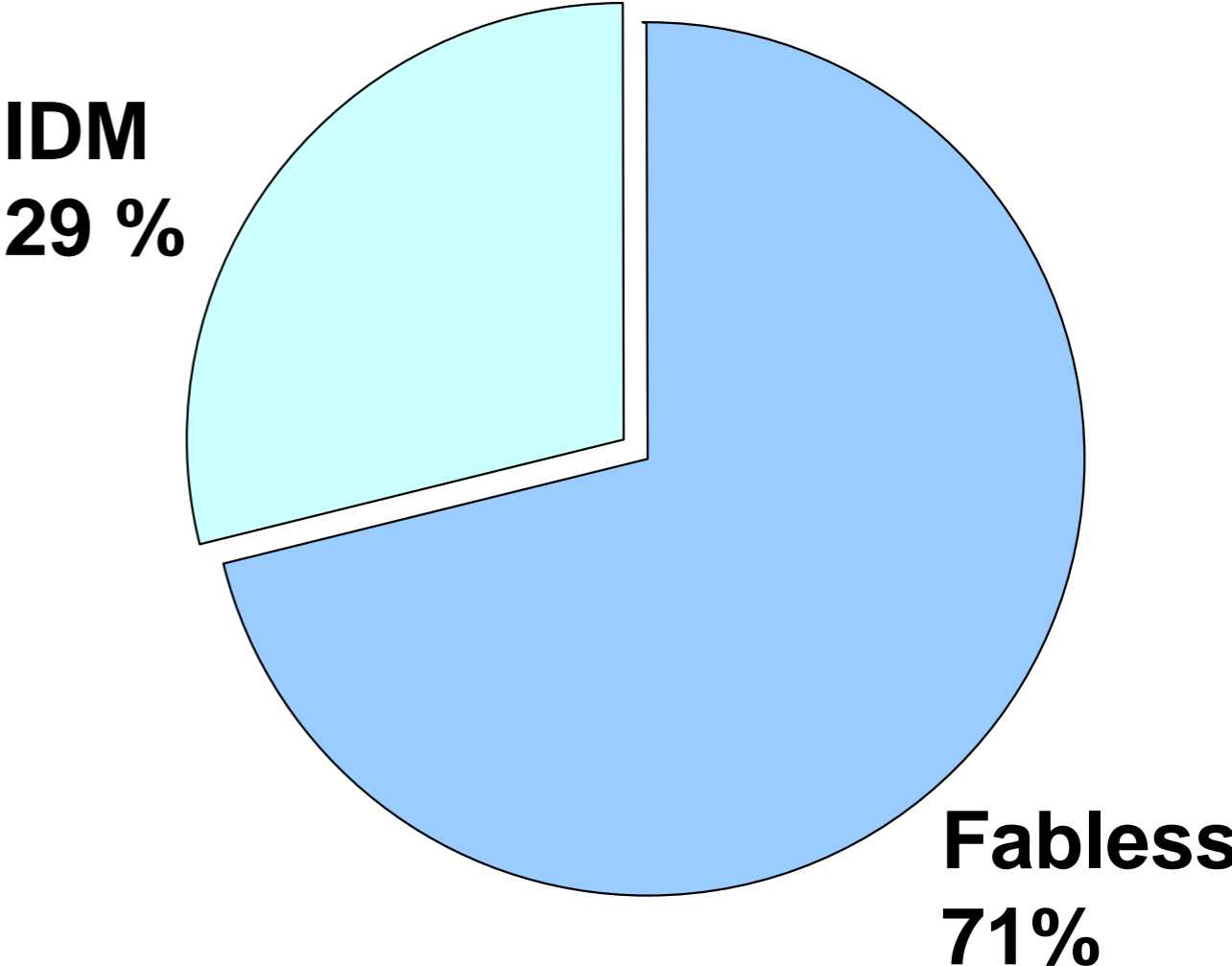
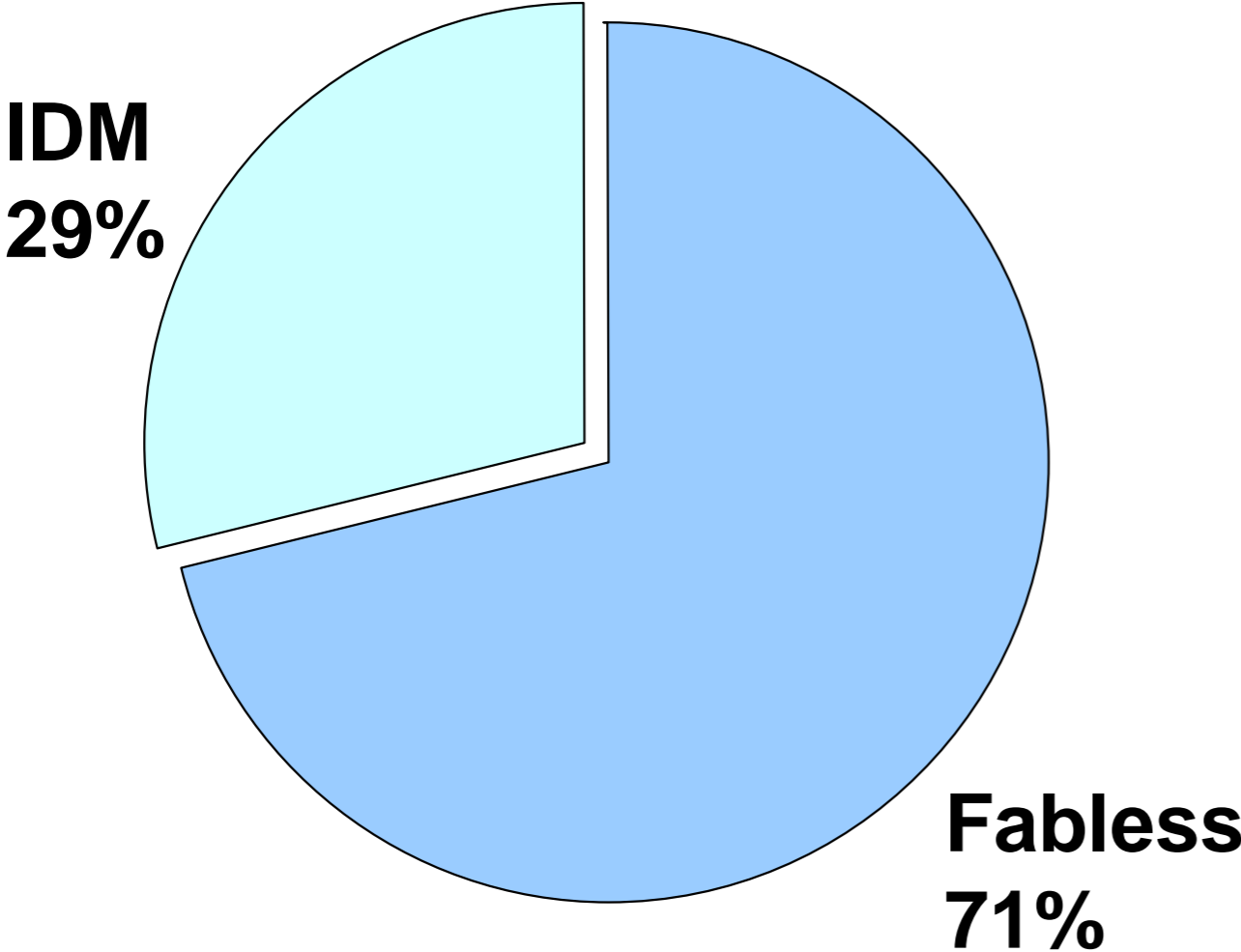
2002



Sales Breakdown by Customer

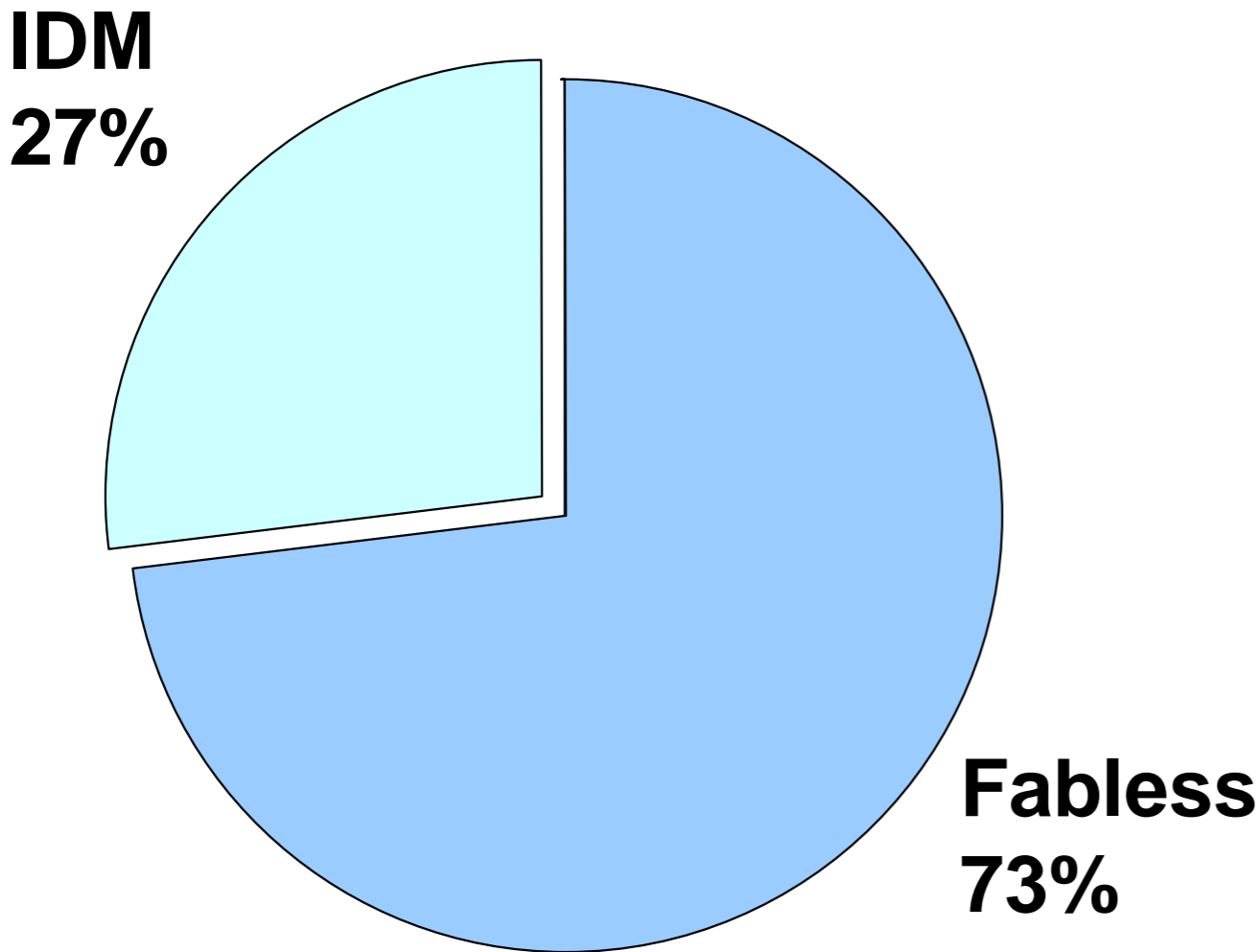
2003 Q4

2003 Q3

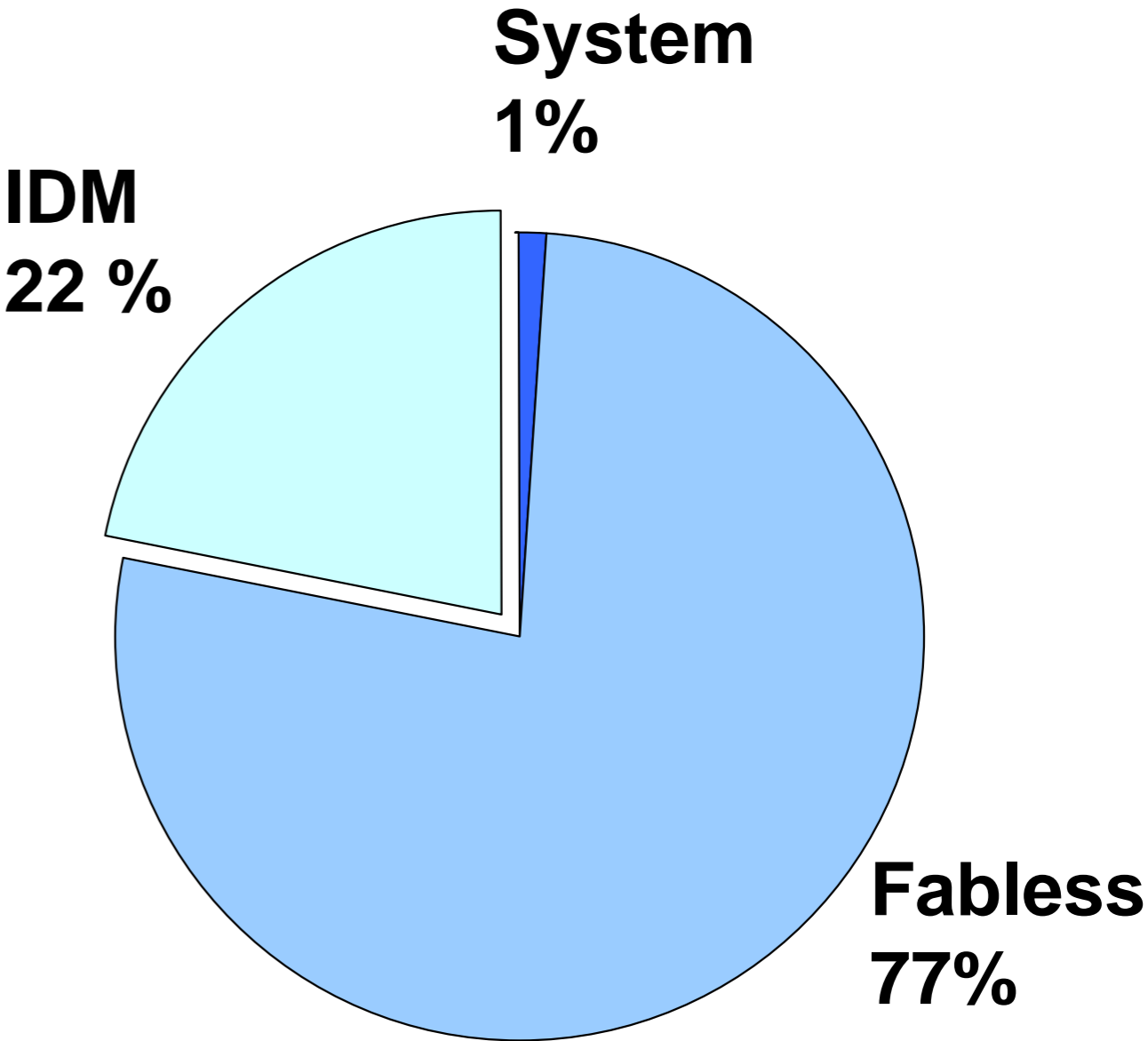


Sales Breakdown by Customer

2003

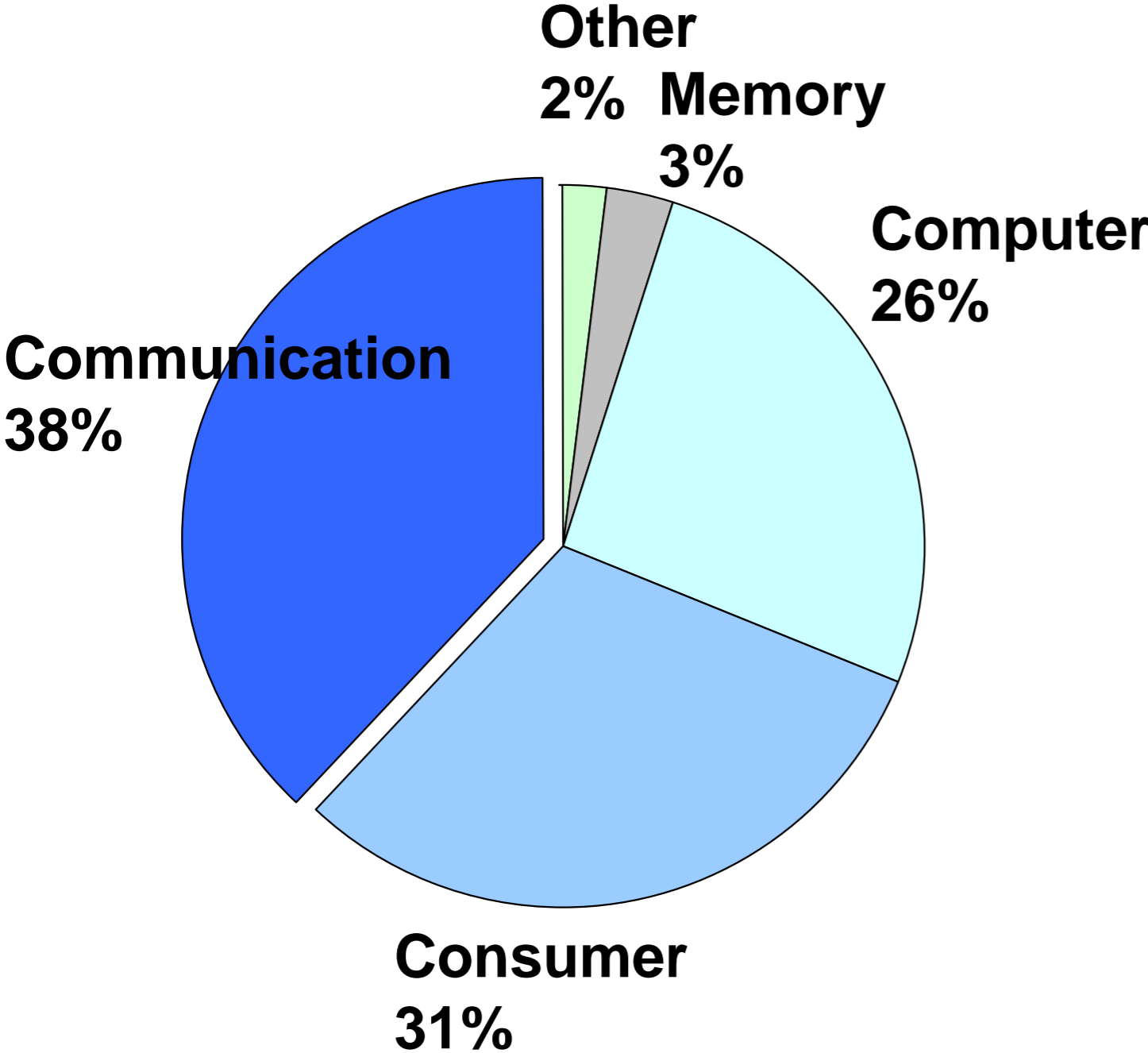


2002

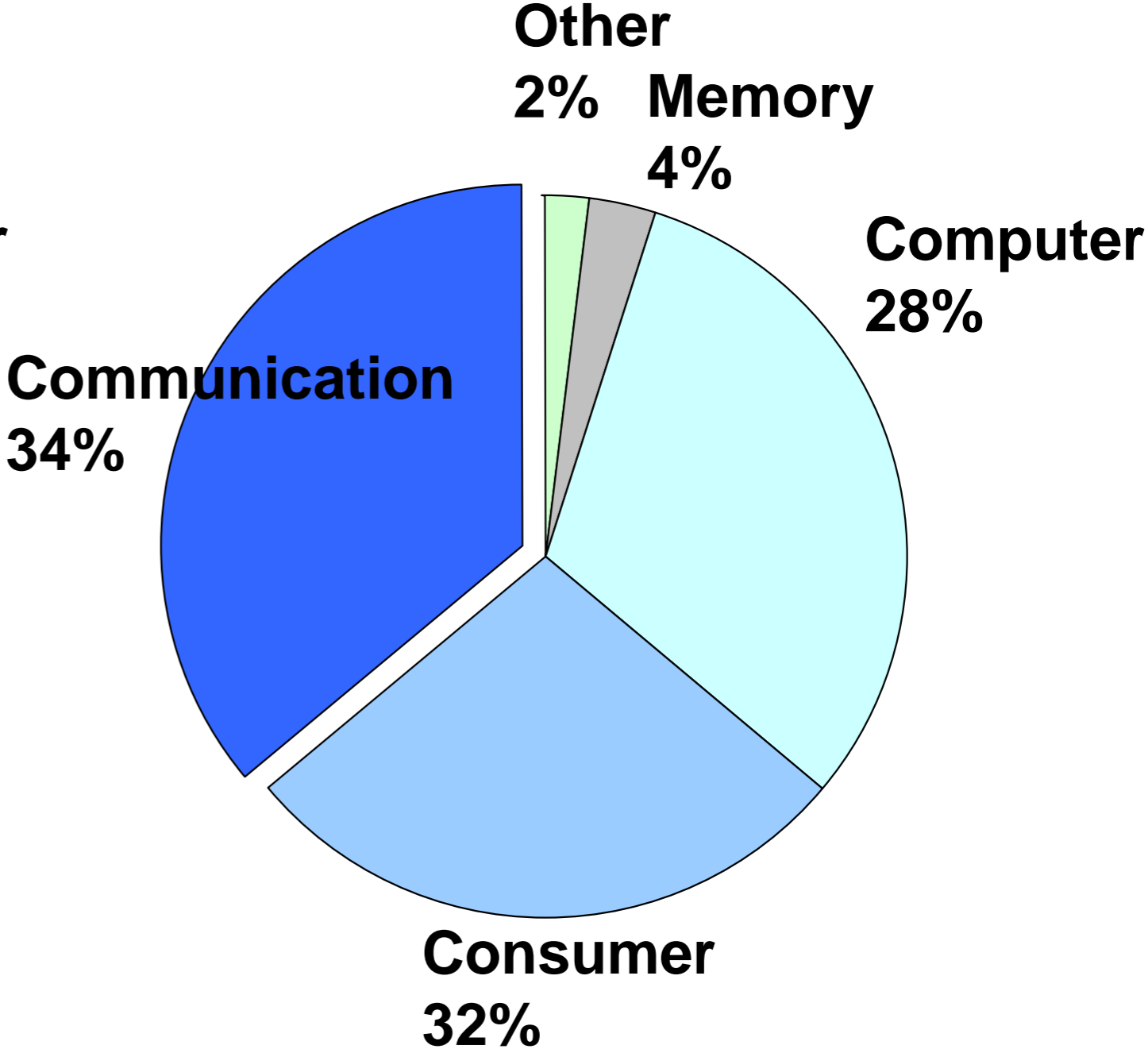


Sales Breakdown by Application

2003 Q4

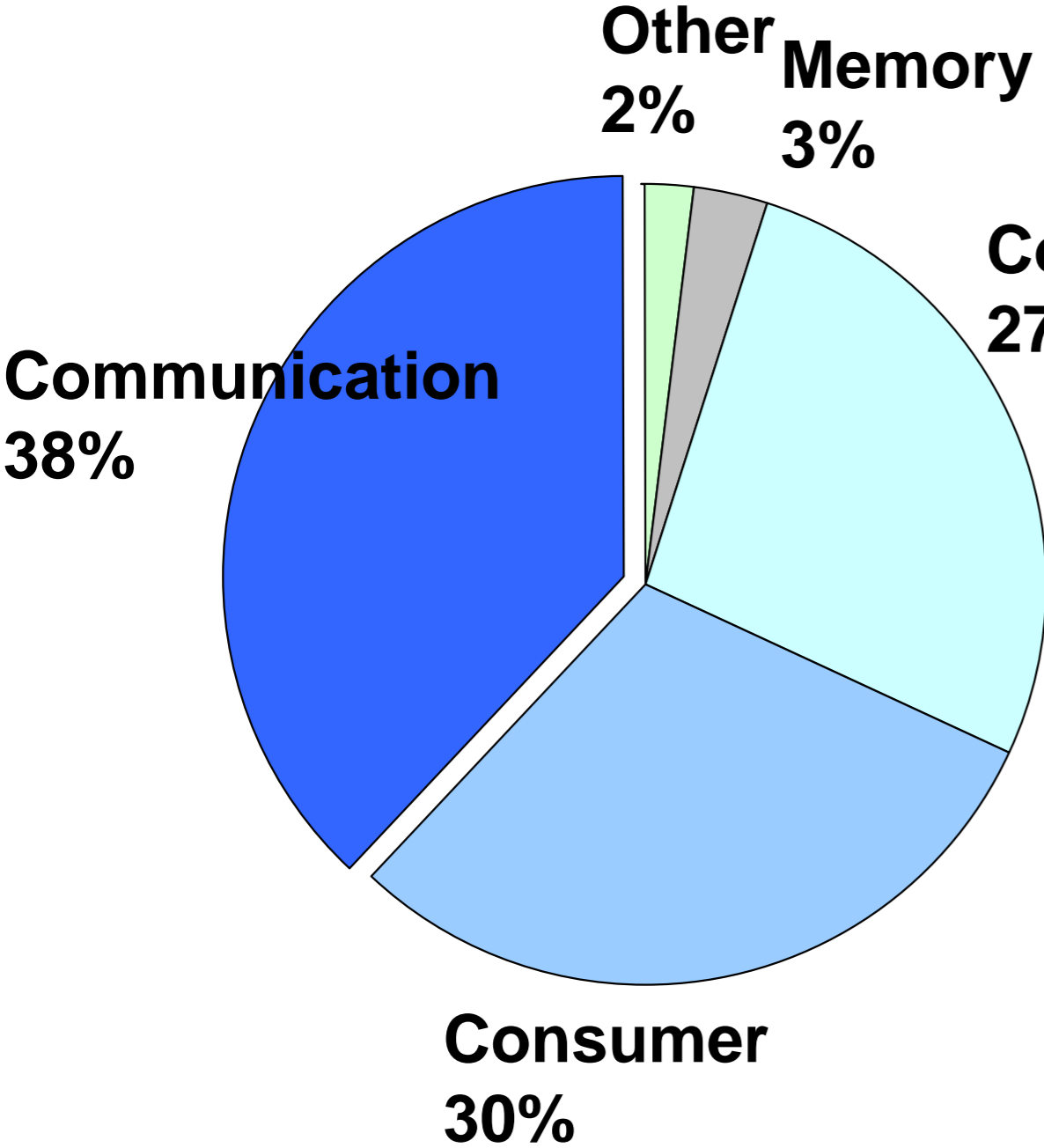


2003 Q3

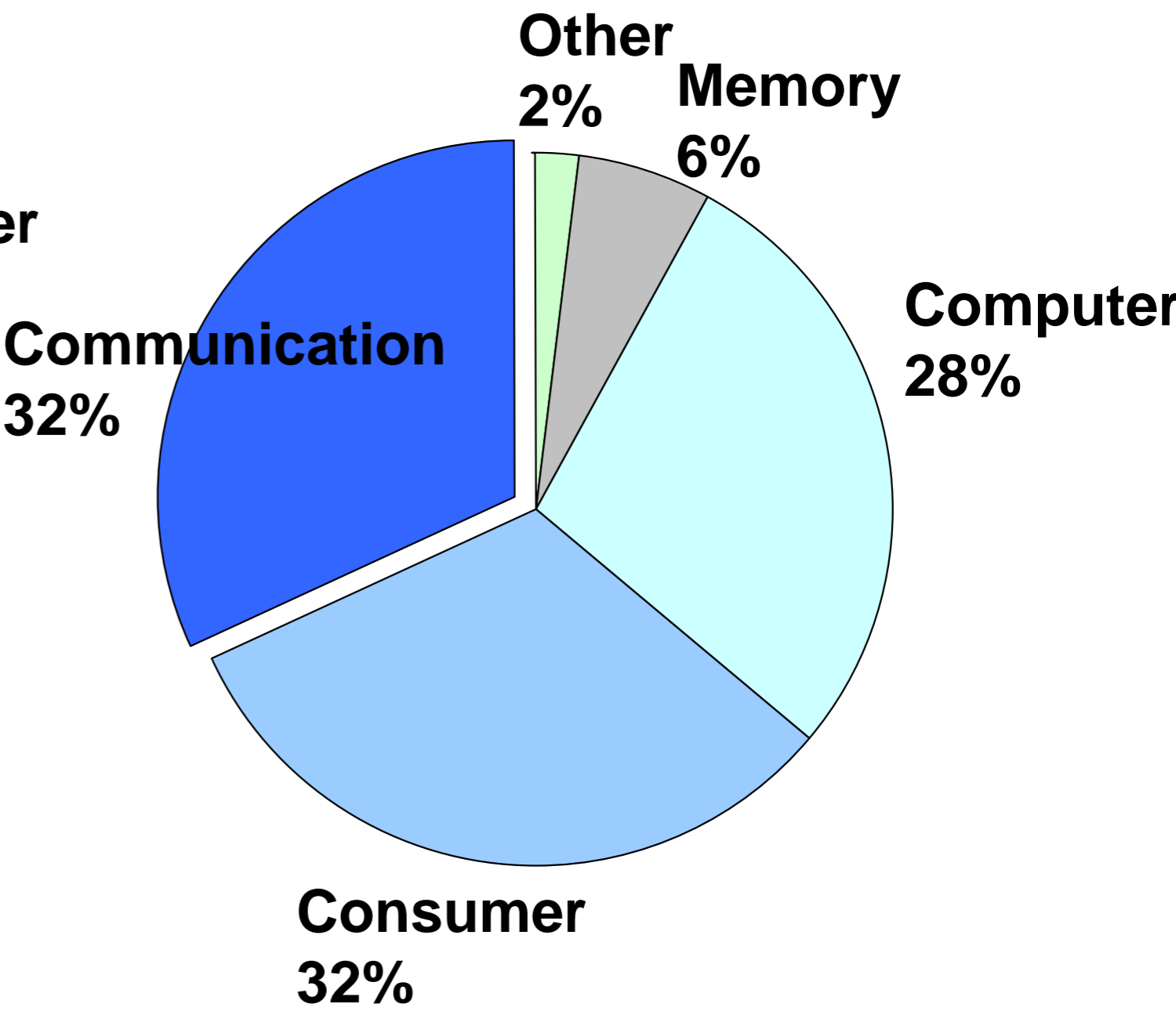


Sales Breakdown by Application

2003

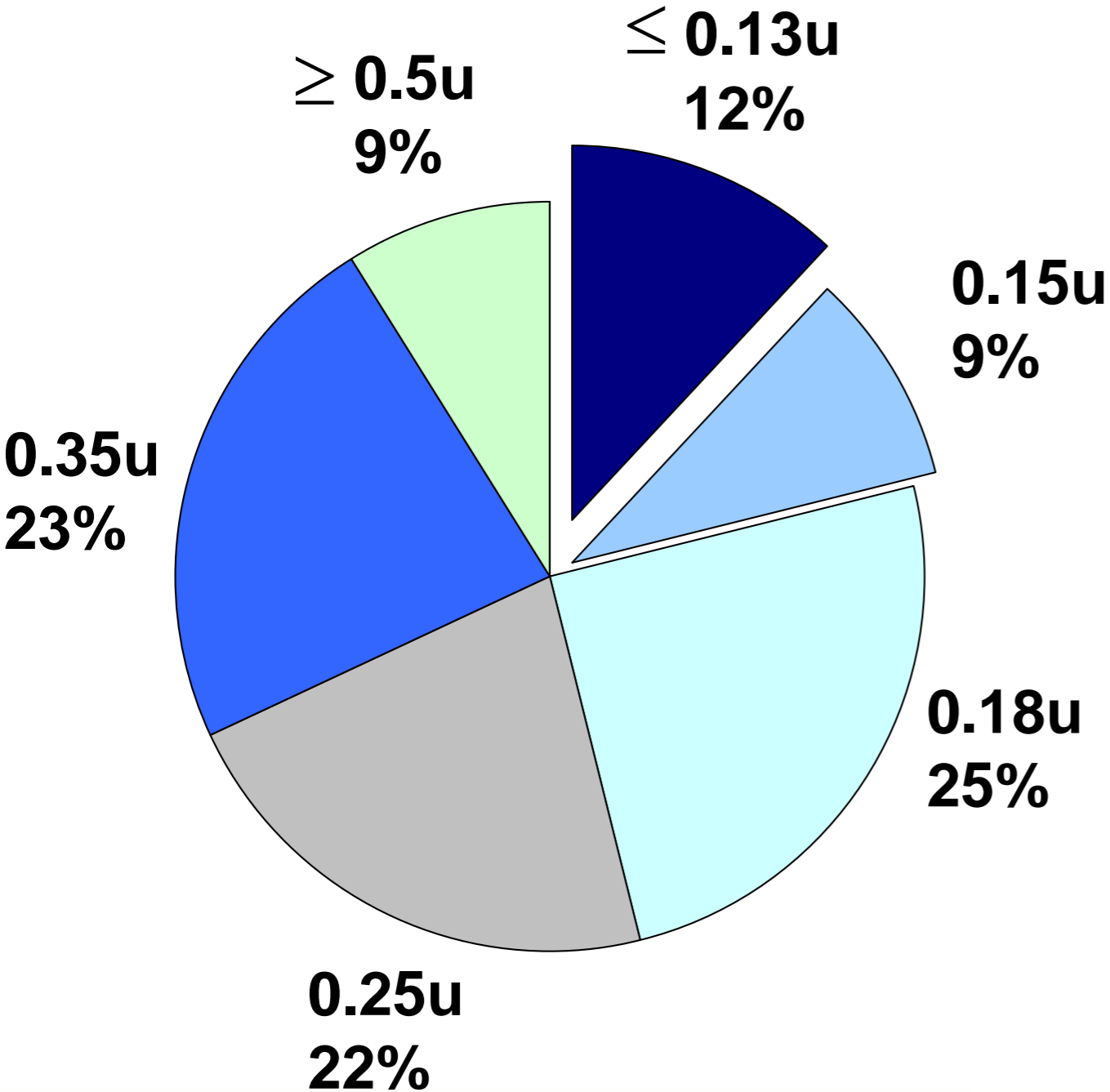


2002

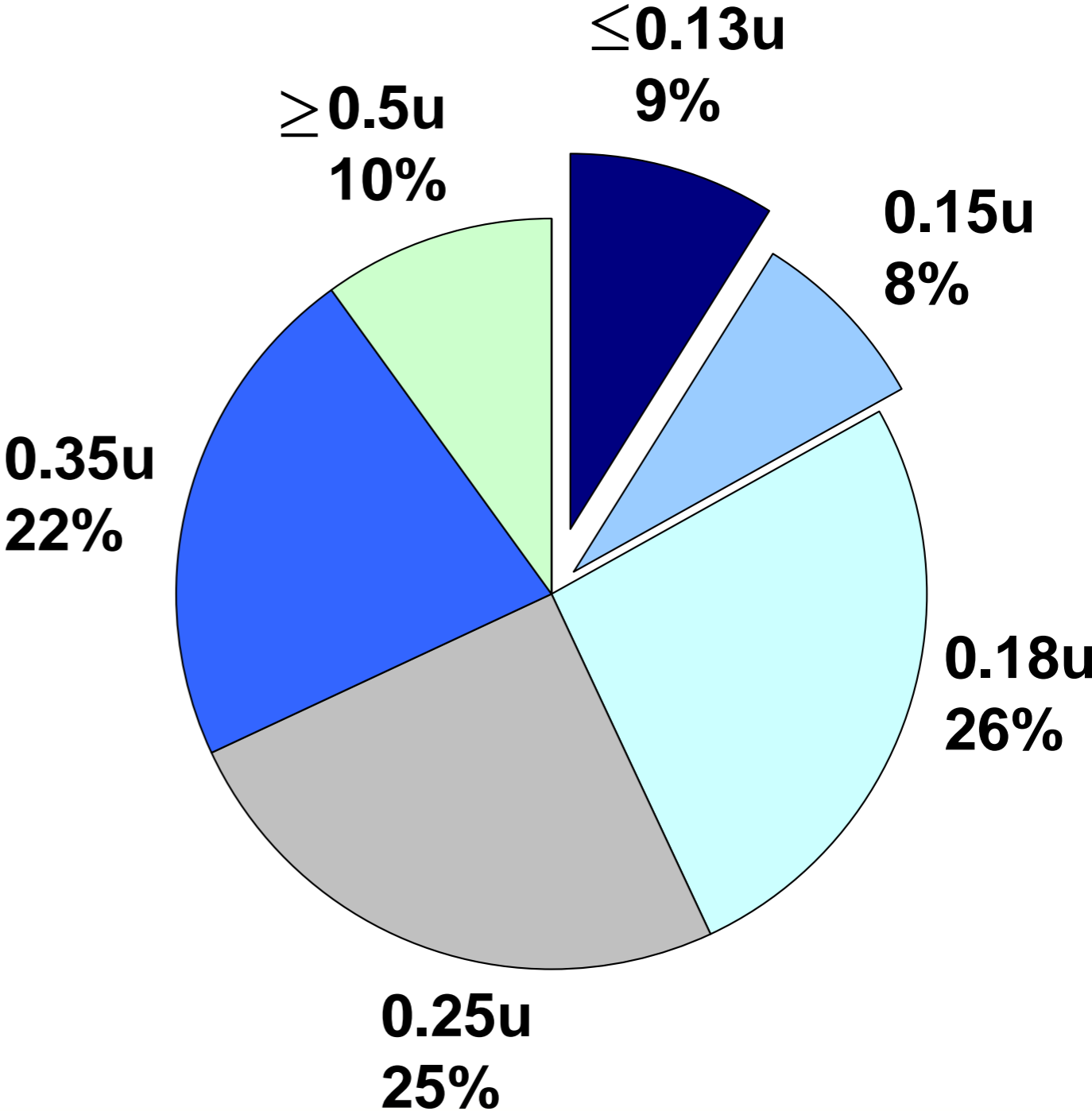


Sales Breakdown by Technology

2003 Q4

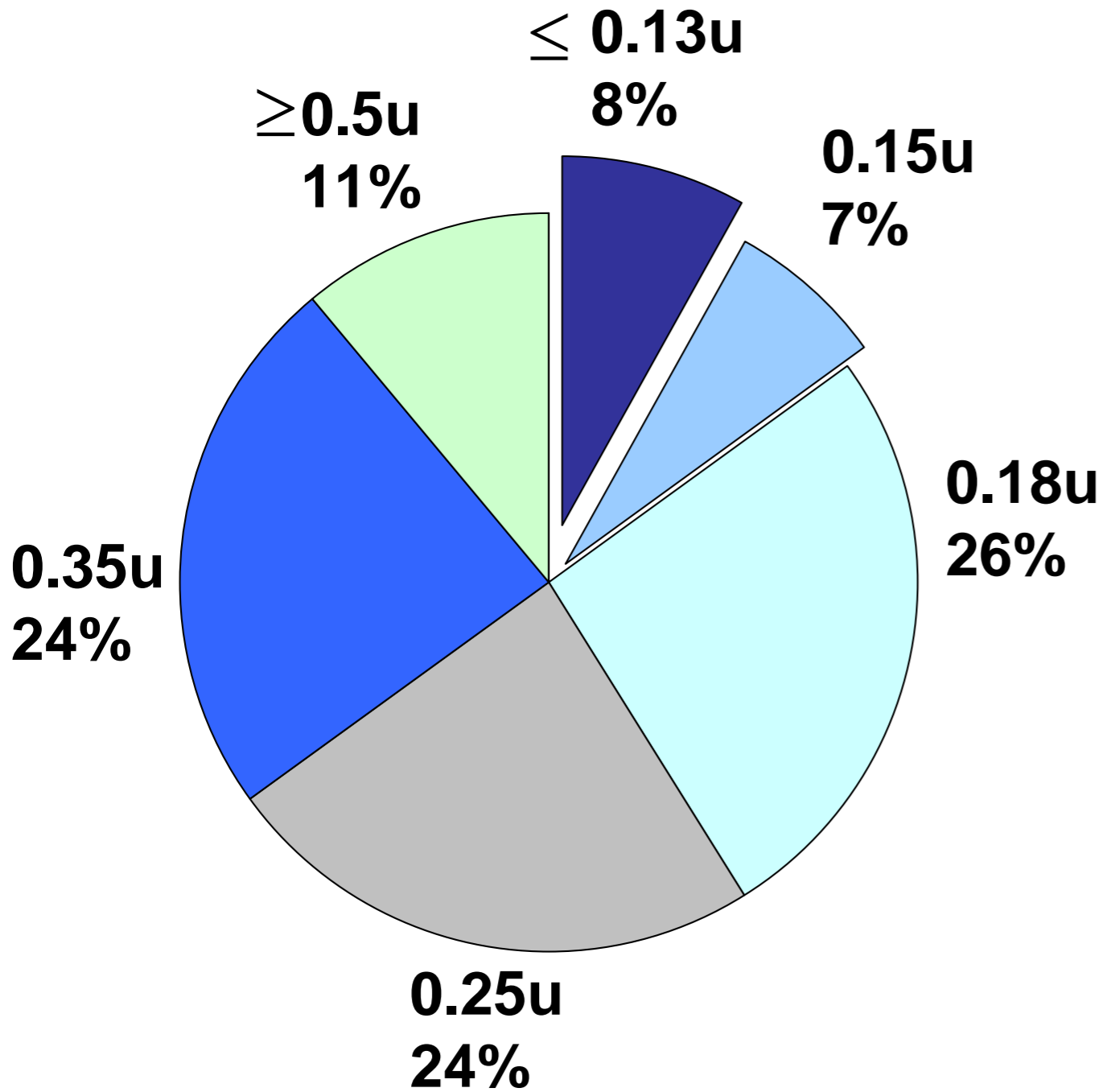


2003 Q3

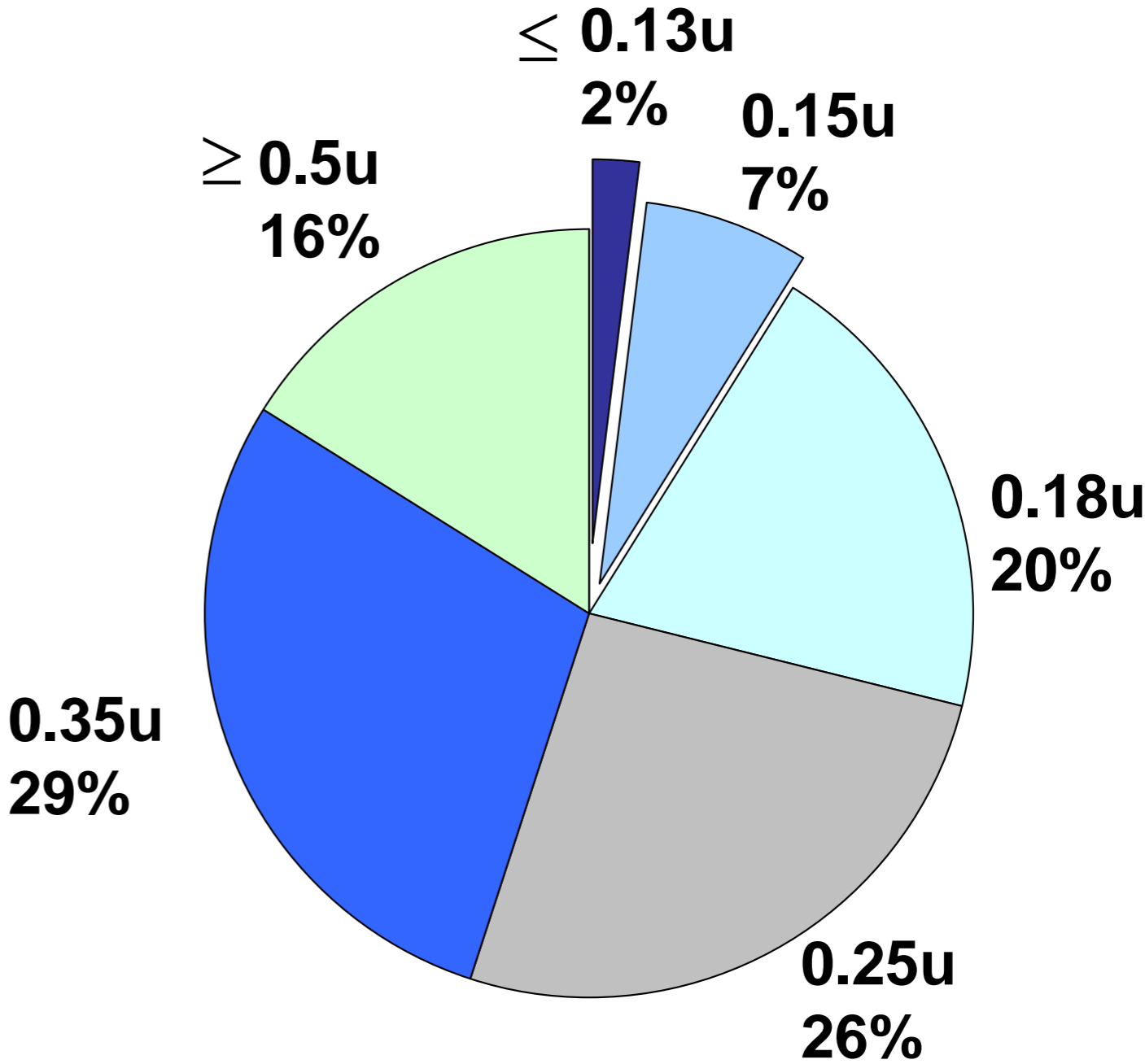


Sales Breakdown by Technology

2003



2002



Quarterly Capacity

Unit: in thousands (8" wafer eq.)

FAB	3Q03	4Q03	1Q04E	2Q04E	3Q04E	4Q04E
Fab 6A	88	88	88	86	86	86
Fab 8AB	195	195	195	195	195	195
Fab 8C	85	90	90	96	96	96
Fab 8D	58	54	58	60	66	69
Fab 8E	92	96	96	102	102	105
Fab 8F	83	81	81	85	92	92
Fab 12A	58	68	68	95	122	128
Subtotal	659	672	676	719	759	771
UMCi	0	0	3	15	46	68
Total	659	672	679	734	805	839

2003 Capital Expenditure

	8" Fab	12" Fab	R&D	Total
UMC	24%	56%	20%	370 million USD
UMCJ	100%	-	-	135 million USD
UMCi	-	100%	-	234 million USD

2004 Capital Expenditure Plan

	8" Fab	12" Fab	R&D	Total
UMC	15%	70%	15%	1,150 million USD
UMCJ	100%	-	-	120 million USD
UMCi	-	100%	-	850 million USD

For more information regarding UMC
www.umc.com

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