

Contacts:

Chitung Liu / Ite Pan
UMC, Investor Relations
 +886-2-2700-6999 ext. 6957
chitung_liu@umc.com
ite_pan@umc.com

Tip Fleming / Jane Liu
Christensen IR
 +1-212-618-1978 / +852-2117-0861
tfleming@christensenir.com
jliu@christensenir.com

UMC Reports 2003 Fourth Quarter Results

Sequential Operating Income & Net Income Both Up over 60%

Fourth Quarter 2003 Highlights¹:

- Quarter-over-quarter revenue increased 10.1% to NT\$23.72 billion (US\$698 million)
- Quarter-over-quarter operating income increased 60.8% to NT\$4.16 billion (US\$123 million)
- Quarter-over-quarter net income increased 60.1% to NT\$6.73 billion (US\$198 million)
- EPS of NT\$0.44; EPADS of US\$0.065

Taipei, Taiwan, ROC – February 4, 2004 - United Microelectronics Corporation (NYSE: UMC; TSE: 2303) (“UMC” or “the Company”), a leading global semiconductor foundry, today announced its unconsolidated operating results for the fourth quarter of 2003.

“We are pleased to report a sequential increase of over 60% in operating income for the fourth quarter,” said Jackson Hu, CEO at UMC. “During this period, we experienced a steady increase in overall demand, particularly from the communications segment, which exhibited a robust rise in orders. Going forward, we expect the first quarter of 2004 to be significantly stronger than the pattern we have seen over the previous several years. Furthermore, we expect over 50% of total net wafer sales to come from 0.18um and below technologies. Compared with 2002, annual revenue for 2003 grew 26%, and net income doubled. This improved financial performance demonstrates our strong competitiveness and points the way toward faster growth.”

¹ Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States. They are unaudited, unconsolidated, and represent comparisons among the three-month period ending December 31, 2003, the three-month period ending September 30, 2003, and the equivalent three-month period that ended December 31, 2002. For all 4Q03 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$33.97 to one U.S. dollar.

Jackson continued, "During 2003, we continued to invest in state-of-the-art 300mm manufacturing facilities and in the development of silicon IP (intellectual property) to best serve our customers. By the end of 2004, we plan to triple our 300mm manufacturing capacity to 30-thousand 12-inch wafers per month. Planned total capacity, including UMCi, will increase 16% year-over-year, with over half of our total capacity capable of manufacturing chips using 0.18um and below technologies. In the area of customer service, our extensive program to make key IP available to our customers has allowed them to enhance their product performance and speed the time-to-market for their sophisticated system-on-chip (SOC) devices. As we continue the ramp up of 90nm manufacturing in the coming year, we will see increased activity in the development of the key IP necessary to support customers designing into this state-of-the-art production technology."

Summary of Operating Results

(Figures in million NT\$)	4Q03	3Q03	QoQ	4Q02	YoY
			% change		% change
Revenue	23,719	21,539	10.1	17,535	35.3
Gross Profit	6,665	5,054	31.9	2,581	158.2
Operating Expenses	(2,501)	(2,465)	1.5	(2,250)	11.2
Operating Profit	4,164	2,589	60.8	331	1158.0
Non-op Income and Exp.	2,549	2,015	26.5	657	288.0
Net Income	6,727	4,203	60.1	986	582.3
EPS (NT\$ per share)	0.44	0.28		0.07	
(US\$ per ADR)	0.065	0.041		0.010	

Revenue increased 10.1% QoQ to NT\$23.72 billion, from NT\$21.54 billion in 3Q03, and increased 35.3% YoY, from NT\$17.54 billion in 4Q02. Gross profit was NT\$6.67 billion, or 28.1% of revenue, compared to NT\$5.05 billion, or 23.5% of 3Q03 revenue. Operating profit for the quarter was NT\$4.16 billion, or 17.6% of revenue, a 60.8% increase from NT\$2.59 billion, or 12.0% of revenue in 3Q03. Solid revenue growth was the key reason for the increase in profits and margins during the fourth quarter. Net income in 4Q03 was NT\$6.73 billion, an increase of 60.1% compared with NT\$4.20 billion in 3Q03.

Earnings per ordinary share (EPS) for the quarter were NT\$0.44. Earnings per ADS (EPADS) were US\$0.065. This compares with 3Q03 earnings per ordinary share and ADS of NT\$0.28 and US\$0.041 respectively. One ADS represents five Taiwan listed ordinary shares. Total weighted average outstanding shares in 4Q03 were 15,314,433,875 shares, compared with 15,281,763,875 shares in 3Q03 and 15,378,807,234 shares in 4Q02. Diluted total weighted average outstanding shares, which include the dilution effects of future ECB conversion and issued stock options, were 15,649,369,676 shares in 4Q03, compared with 15,557,761,337 shares in 3Q03 and 15,707,391,600 shares in 4Q02.

Detailed Financials Section

Depreciation and amortization totaled NT\$9.52 billion in 4Q03, compared with NT\$9.36 billion in 3Q03. Depreciation within COGS increased by 2.7% to NT\$8.39 billion. Other manufacturing costs within COGS increased to NT\$8.67 billion, which reflected increased wafer shipments QoQ. Total operating expenses increased by 1.5% to NT\$2.50 billion. Due to the acquisition of new intellectual property, sales and marketing expenses increased by NT\$164 million to NT\$537 million QoQ.

COGS & Expenses					
(Amount: NT\$ million)	4Q03	3Q03	QoQ % change	4Q02	YoY % change
Revenue	23,719	21,539	10.1	17,535	35.3
COGS	(17,054)	(16,485)	3.5	(14,954)	14.0
Depreciation	(8,389)	(8,171)	2.7	(6,997)	19.9
Other Mfg. Costs	(8,665)	(8,314)	4.2	(7,957)	8.9
Gross Profit	6,665	5,054	31.9	2,581	158.2
Gross Margin (%)	28.1%	23.5%		14.7%	
Total Op. Exp.	(2,501)	(2,465)	1.5	(2,250)	11.2
G&A	(539)	(562)	(4.1)	(547)	(1.5)
Sales and Mktg	(537)	(373)	44.0	(278)	93.2
R&D	(1,425)	(1,530)	(6.9)	(1,425)	0
Operating Profit	4,164	2,589	60.8	331	1158.0
Operating Margin (%)	17.6%	12.0%		1.9%	

Net non-operating income during 4Q03 was NT\$2.55 billion. Gains on the disposal of investments were NT\$4.03 billion. This included gains from the sale of MediaTek, AU Optronics, and Novatek shares of NT\$1.73 billion, NT\$1.59 billion, and NT\$1.32 billion respectively, and a NT\$649 million loss on the sale of TECO shares. Net investment loss was NT\$1.16 billion, and was primarily attributable to the write-off of a few long-term investments during the quarter.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q03	3Q03	4Q02
Net Non-operating Income (Loss)	2,549	2,015	657
Net Interest Income (Expense)	(139)	(64)	(5)
Net Investment Income (Loss)	(1,163)	557	461
Gain on Disposal of Investment	4,026	1,372	299
Exchange Gain (Loss)	14	112	104
Others	(189)	38	(202)

Net cash flow was NT\$13.57 billion in 4Q03. Compared with the previous quarter, the increase in operating cash flow mainly reflects higher profitability during the quarter. Over the next 12 months, we expect to repay NT\$1.82 billion of our long-term loans and to retire NT\$16.71 billion of our bond obligations.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Dec. 31, 2003	For the 3-Month Period Ended Sep. 30, 2003
Cash Flow from Operations	11,432	13,850
Net Income (Loss)	6,727	4,203
Depreciation & Amortization	9,522	9,357
Changes in working capital	(2,145)	1,807
Others	(2,672)	(1,517)
Cash Flow from Investing	1,676	(13,086)
Capital Expenditures	(4,646)	(2,517)
Others	6,322	(10,569)
Cash Flow from Financing	461	3,593
Net Cash Flow	13,569	4,357

Cash and cash equivalents increased NT\$13.57 billion to NT\$92.87 billion. Notes & accounts receivable increased by NT\$2.55 billion to NT\$14.12 billion. On a sequential basis, days sales outstanding² decreased to 49 days, and average inventory turnover decreased to 40 days.

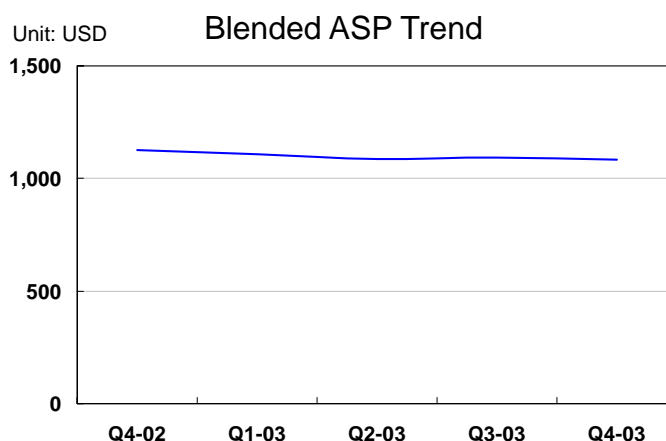
Current Assets			
(Amount: NT\$ Bn)	4Q03	3Q03	4Q02
Cash & Cash Equiv.	92.87	79.30	57.19
Notes & Accounts Receivable	14.12	11.57	9.37
Days Sales Outstanding	49	52	54
Inventory	7.37	7.32	7.69
Avg. Inventory Turnover	40	42	48
Total Current Assets	122.31	106.59	86.66

UMC's financial position improved during this quarter. Total debt decreased by NT\$1.54 billion to NT\$87.87 billion in 4Q03. The decrease was primarily due to the repayment and redemption of NT\$2.75 billion in loans and corporate bonds. As a result, UMC's debt to equity ratio decreased to 38%.

Liabilities			
(Amount: NT\$ Bn)	4Q03	3Q03	4Q02
Total Current Liabilities	32.75	28.36	20.95
Accounts Payable	4.12	3.85	2.66
Short-term Credit / Bonds	18.52	15.13	5.67
Others	10.11	9.38	12.62
Long-term Liabilities	48.55	54.58	55.07
Total Debts	87.87	89.41	79.90
Debt to Equity	38%	41%	37%

Blended Average Selling Price Trend

Blended average selling price (ASP) of net wafer sales was flat in US dollar terms compared with the previous quarter. It was in line with the QoQ ASP guidance previously provided by UMC.



² Days Sales Outstanding = $365 / \left[\frac{\text{Operating revenues for three-month period end } *4}{\left(\frac{\text{Beginning NR\&AR balance, net} + \text{Ending NR\&AR balance, net}}{2} \right)} \right]$

Average Inventory Turnover = $365 / \left[\frac{\text{COGS for three-month period end } *4}{\left(\frac{\text{Beginning Inventory balance, net} + \text{Ending Inventory balance, net}}{2} \right)} \right]$

CAPEX

Capital expenditure during 4Q03 was US\$137 million. Full year capital expenditure in 2003 was US\$370 million, of which 56% was for capacity expansion at our 300mm manufacturing facilities. The capital expenditure budget for 2004 is US\$1.15 billion, of which US\$800 million is earmarked for 300mm capacity expansion.

Capital Expenditure by Year

CAPEX Plan – in Billions of US\$						
Year	1999	2000	2001	2002	2003	2004E
	\$1.9	\$2.8	\$1.1	\$0.8	\$0.37	\$1.15

2003 CAPEX				
	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 CAPEX 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

Shipment and Utilization Rate

644 thousand 8-inch equivalent wafers were shipped in 4Q03, a 17.9% increase from 546 thousand 8-inch equivalents shipped in the previous quarter. Overall utilization rate for the quarter was 96%, compared to 84% for the previous quarter. While ASP was flat, shipments grew faster than revenues due to the strong NT\$, the difference between other operating revenues, and year-end sales returns and allowances.

Wafer Shipments

	4Q02	1Q03	2Q03	3Q03	4Q03
Wafer Shipments (K 8-inch eq.)	434	446	550	546	644

Quarterly Capacity Utilization Rate

	4Q02	1Q03	2Q03	3Q03	4Q03
Utilization rate	64%	67%	85%	84%	96%
Total Capacity (K 8-inch eq.)	673	668	647	659	672

Analysis of Revenue³

The percentage of revenue contributed from Asia Pacific grew to 41% in 4Q03. The percentage of revenue contributed from North America, Europe, and Japan all decreased one percent to 39%, 17%, and 3% respectively in 4Q03.

REVENUE BREAKDOWN BY REGION

Region	4Q02	1Q03	2Q03	3Q03	4Q03
North America	41%	39%	43%	40%	39%
Asia Pacific	41%	40%	39%	38%	41%
Europe	15%	18%	14%	18%	17%
Japan	3%	3%	4%	4%	3%

The percentage of revenue from 0.13-micron sales increased significantly to 12% in 4Q03 compared with 9% in 3Q03, mainly due to strong demand for 0.13um communications chips. The percentage of revenue from 0.18-micron and below technologies in the fourth quarter increased to 46%, compared with 43% in 3Q03.

REVENUE BREAKDOWN BY TECHNOLOGY

Technology	4Q02	1Q03	2Q03	3Q03	4Q03
0.13um	6%	7%	6%	9%	12%
0.15um	8%	3%	8%	8%	9%
0.15um < x <= 0.18um	22%	28%	24%	26%	25%
0.18um < x <= 0.25um	23%	25%	22%	25%	22%
0.25um < x <= 0.35um	27%	25%	28%	22%	23%
0.5um and above	14%	12%	12%	10%	9%

IDM orders accounted for 29% of revenue in both 4Q03 and 3Q03.

REVENUE BREAKDOWN BY CUSTOMER TYPE

Customer Type	4Q02	1Q03	2Q03	3Q03	4Q03
Fabless	75%	71%	78%	71%	71%
IDM	24%	29%	22%	29%	29%
System	1%	0%	0%	0%	0%

Revenue from the communication market segment increased, and accounted for 38% of total revenue in 4Q03. Most of the increase was due to the strong demand for DSP chips, which are used in cellular phones.

REVENUE BREAKDOWN BY APPLICATION⁽¹⁾

Application	4Q02	1Q03	2Q03	3Q03	4Q03
Computer	25%	27%	31%	28%	26%
Communication	40%	40%	36%	34%	38%
Consumer	28%	28%	28%	32%	31%
Memory	5%	4%	3%	4%	3%
Others	2%	1%	2%	2%	2%

⁽¹⁾ *Computer* consists of ICs such as HDD controllers, DVD-ROM/CD-ROM drives ICs, LCD drivers, graphic processors, and PDAs. *Communication* consists of xDSL, DSP, WLAN, LAN controllers, handset components, caller ID devices, etc. *Consumer* consists of ICs used for DVD players, game consoles, digital cameras, smart cards, toys, etc. *Memory* consists of DRAM, SRAM, Flash, EPROM, ROM, and EEPROM.

³ Revenue in this section represents net wafer sales. All revenue breakdown tables exclude JV's and subsidiaries.

Capacity⁴

Capacity during 4Q03 was 672 thousand 8-inch equivalent wafers. Compared to 3Q03, the increase of 13 thousand 8-inch equivalent wafers is mainly due to the capacity expansion at Fab 12A. Estimated installed capacity including UMCi in 1Q04 is 679 thousand 8-inch equivalent wafers. Estimated available capacity including UMCi in 1Q04 is 643 thousand 8-inch equivalent wafers. This is lower than estimated installed capacity due to scheduled fab annual maintenance.

Annual Capacity in *thousands of 8-inch wafer equivalents*

FAB	Geometry (um)	2001	2002	2003	2004E
Fab 6A	6"	345	349	352	346
Fab 8AB	8"	943	853	801	780
Fab 8C	8"	460	355	325	378
Fab 8D	8"	290	214	238	253
Fab 8E	8"	474	376	354	405
Fab 8F	8"	351	312	342	350
Fab 12A	12"	22	119	234	413
Subtotal ⁽¹⁾		2,885	2,578	2,646	2,925
UMCi	12" 0.13 – 0.09	0	0	0	132
Total		2,885	2,578	2,646	3,057
YoY Growth Rate		24%	-11%	3%	16%

Quarterly Capacity in *thousands of 8-inch wafer equivalents*

FAB	2Q03	3Q03	4Q03	1Q04E	2Q04E
Fab 6A	88	88	88	88	86
Fab 8AB	195	195	195	195	195
Fab 8C	75	85	90	90	96
Fab 8D	63	58	54	58	60
Fab 8E	83	92	96	96	102
Fab 8F	89	83	81	81	85
Fab 12A	54	58	68	68	95
Subtotal	647	659	672	676	719
UMCi	0	0	0	3	15
Total	647	659	672	679	734

(1) One 6-inch wafer is converted into 0.5625 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25 8-inch equivalent wafers.

⁴ Estimated capacity numbers are based on *calculated maximum output* rather than *designed capacity*. The actual capacity numbers may differ depending upon equipment delivery schedules, pace of migration to more advanced process technologies, and other factors affecting production ramp up. Quarterly utilization rate = Quarterly wafer out / Estimated quarterly capacity.

Long-term Investments⁵

Consolidated Long-term Investments as of December 31, 2003

(Amount: NT\$ million)	As of End of 4Q03				As of End of 3Q03			
	Book value	%	Fair value	%	Book value	%	Fair value	%
Foundry Industry	36,499	52	46,705	38	35,862	50	50,438	37
Strategic Semiconductor Investments	13,595	19	42,470	34	12,926	18	50,478	37
Other Investments	20,807	29	34,128	28	23,561	32	37,219	26
Total	70,901	100	123,303	100	72,349	100	138,135	100

As of December 31, 2003, the total book value of long-term investments held by UMC was NT\$70.90 billion, and the estimated fair value of long-term investments was NT\$123.30 billion. The decrease in the fair value of long-term investments is due to a decrease in the share price as well as the disposal of shares in several holdings (see Detailed Financials Section for information on investment disposals.)

Brief Summary of Full Year 2003 Results

- 25.9% year-over-year revenue increased to NT\$84.86 billion (US\$2.50 billion), from NT\$ 67.43 billion in 2002
- 73.7% year-over-year gross profit increased to NT\$19.44 billion (US\$572 million), from NT\$ 11.20 billion in 2002
- 98.2% year-over-year net income increased to NT\$14.02 billion (US\$413 million), from NT\$7.07 billion in 2002
- EPS⁶ of NT\$0.92, or EPADS of US\$0.135 for 2003, compared to EPS of NT\$0.46, or EPADS of US\$0.068 for 2002
- The percentage of revenue from 0.13-micron sales increased to 8%, compared with 2% in 2002; the percentage of revenue from 0.18-micron and more advanced technologies increased to 41%, compared with 29% in 2002
- Depreciation and amortization was NT\$37.41 billion in 2003; a 2% to 4% increase is anticipated in 2004

⁵ The long-term investment information disclosed is UMC Group consolidated data, which includes UMC, Hsun Chieh Investment Corp., Fortune Venture Capital Corp. and UMC Capital Corp. For publicly quoted investments, fair value is calculated by multiplying the average daily closing price of the last month of the accounting period (December of 2003) with the number of shares owned by the UMC Group as of December 31, 2003. Otherwise, book value or underlying equity net value of investments is taken as recorded on the balance sheet at the end of the accounting period (December 31, 2003) and is used as the fair value.

⁶ Total weighted average outstanding shares for 2003 were 15,313,314,722 shares, compared with 15,402,327,734 shares for 2002. Diluted total weighted average outstanding shares, which includes the dilution effects of future ECB conversion and stock option exercising, for 2003 were 15,664,154,909 shares, compared with 15,602,068,433 shares for 2002.

Annual Unconsolidated Sales Breakdown in Revenue

Region	2002	2003	Technology	2002	2003
North America	38%	40%	0.13um	2%	8%
Asia Pacific	44%	40%	0.15um	7%	7%
Europe	15%	16%	0.15um < x <= 0.18um	20%	26%
Japan	3%	4%	0.18um < x <= 0.25um	26%	24%
Application	2002	2003	0.25um < x <= 0.35um	29%	24%
Computer	28%	27%	0.5um and above	16%	11%
Communication	32%	38%	Customer Type	2002	2003
Consumer	32%	30%	Fabless	77%	73%
Memory	6%	3%	IDM	22%	27%
Others	2%	2%	System	1%	0%

Recent Developments / Announcements

- Jan. 15, 2004 Parama Networks Aligns with UMC for Production of World's First ADM-on-a-Chip
- Jan. 15, 2004 UMC Appoints Patrick Lin as Chief SoC Architect
- Jan. 12, 2004 D2Audio Selects UMC for Production of DSPs Used in Intelligent Digital Amplifiers
- Jan. 04, 2004 Ceva Launches Foundry Program with UMC
- Dec. 15, 2003 UMC Introduces Breakthrough RFCMOS Design Methodology
- Dec. 09, 2003 UMC Selected by Silicon Wave for Manufacturing of the SiW3500 UltimateBlue Single-Chip Bluetooth IC
- Dec. 08, 2003 UMC is the First Pure-Play Foundry to Join the X Initiative
- Dec. 04, 2003 UMC is the First Foundry to Fabricate Products Using Chromeless Phase-Shift Mask Technology

Please visit UMC's website <http://www.umc.com/english/news/index.asp> for further details regarding the above announcements.

First Quarter of 2004 Outlook & Guidance

Quarter-over-quarter comparison:

- Wafer shipments: flat compared to the previous quarter
- Wafer ASP: will increase by low single digit percentage points in US dollar terms
- Capacity utilization rate: approximately 100% after factoring in fab maintenance
- Profitability: gross margins to continue improving on better ASP
- Percentage of 0.18um & below revenues: in the fifty percent range with revenue from 0.13um to exceed 10%
- Sales breakdown by the three major applications remains unchanged

Conference Call / Webcast Announcement

Wednesday, February 4, 2004

Time: 9:00 PM (Taipei) / 8:00 AM (New York) / 1:00 PM (London)

Dial-in numbers and Access Codes:

Asia/Europe: +1 (719) 457-2634
North America: +1 (800) 967-7185
Access Code: UMC

A live webcast and replay of the 4Q03 results announcement will be available at www.umc.com under the "Investor Relations \ Investor Events" section.

About UMC

UMC (NYSE: UMC, TSE: 2303) is a leading global semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers cutting-edge foundry technologies that enable sophisticated system-on-chip (SOC) designs, including 90nm copper, 0.13um copper, embedded DRAM, and mixed signal/RFCMOS. UMC is also a leader in 300mm manufacturing; Fab 12A in Taiwan is currently in volume production for a variety of customer products, while Singapore-based UMCi is now in pilot production. UMC employs over 8,500 people worldwide and has offices in Taiwan, Japan, Singapore, Europe, and the United States. UMC can be found on the web at <http://www.umc.com>.

Safe Harbor 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.

- FINANCIAL TABLES TO FOLLOW -