

The Foundry of Choice

UMC

2004 Q1 Financial Review

April 28, 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

	2004	2003	2003
	Q1 / Mar	Q4 / Dec	Q1 / Mar
Net Operating Revenues	25,326	23,719	17,898
Net Income	6,894	6,727	403
EPS (NTD)	0.45	0.44	0.03
Cash and Cash Equivalents	87,030	92,866	52,570
Total Assets	316,331	320,114	292,725
Total Liabilities	77,442	87,872	76,783
Stockholders' Equity	238,889	232,242	215,942
Wafer Shipment (in thousands- 8" wafer eq.)	647	644	446
Utilization (%)	100%	96%	67%

Income Statement - QoQ

Unit: NT M

	Q1-04	%	Q4-03	%	Change %
Net Operating Revenues	25,326	100.0	23,719	100.0	6.8
Gross Margin	7,612	30.1	6,665	28.1	14.2
Operating Expenses	(2,325)	(9.2)	(2,501)	(10.5)	(7.0)
Operating Income	5,287	20.9	4,164	17.6	27.0
Net Non-operating Income	1,639	6.4	2,549	10.7	(35.7)
Income Tax (Expense) Benefit	(32)	(0.1)	14	0.1	-
Net Income	6,894	27.2	6,727	28.4	2.5
EPS (NTD)	0.45		0.44		
EPADS (USD)	0.068		0.067		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.03 was used to translate NTD to USD.
3. 15,420 million and 15,314 million shares were used in EPS calculation for Q1-04 and Q4-03 , respectively.

Income Statement - YoY: 3 Months

Unit: NT M

	Q1-04	%	Q1-03	%	Change %
Net Operating Revenues	25,326	100.0	17,898	100.0	41.5
Gross Margin	7,612	30.1	2,740	15.3	177.8
Operating Expenses	(2,325)	(9.2)	(2,041)	(11.4)	13.9
Operating Income	5,287	20.9	699	3.9	656.4
Net Non-operating Income (Loss)	1,639	6.4	(295)	(1.6)	-
Income Tax Expense	(32)	(0.1)	(1)	(0.0)	3100.0
Net Income	6,894	27.2	403	2.3	1610.7
EPS (NTD)	0.45		0.03		
EPADS (USD)	0.068		0.005		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.03 was used to translate NTD to USD.
3. 15,420 million and 15,374 million shares were used in EPS calculation for Q1-04 and Q1-03, respectively.

Investment Income

Unit: NT M

	Q1-04	Q4-03
Investment income accounted for under the equity method	(582)	(540)
<i>UMCJ</i>	(39)	238
<i>UMCi</i>	(323)	(155)
<i>Faraday</i>	50	55
<i>Novatek</i>	156	143
<i>SiS</i>	(246)	(92)
<i>UMO</i>	(54)	(111)
<i>Unimicron</i>	74	81
<i>Others</i>	(200)	(699)
Impairment loss of long-term investments	-	(623)
Cash dividends	-	-
Total	(582)	(1,163)

Balance Sheet Highlight - Mar. 31, 2004

Unit: NT M

Cash and Cash Equivalents	87,030
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Long-term Investments	73,892
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Fixed Assets	114,558
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Total Assets	316,331
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Current Liabilities	26,199
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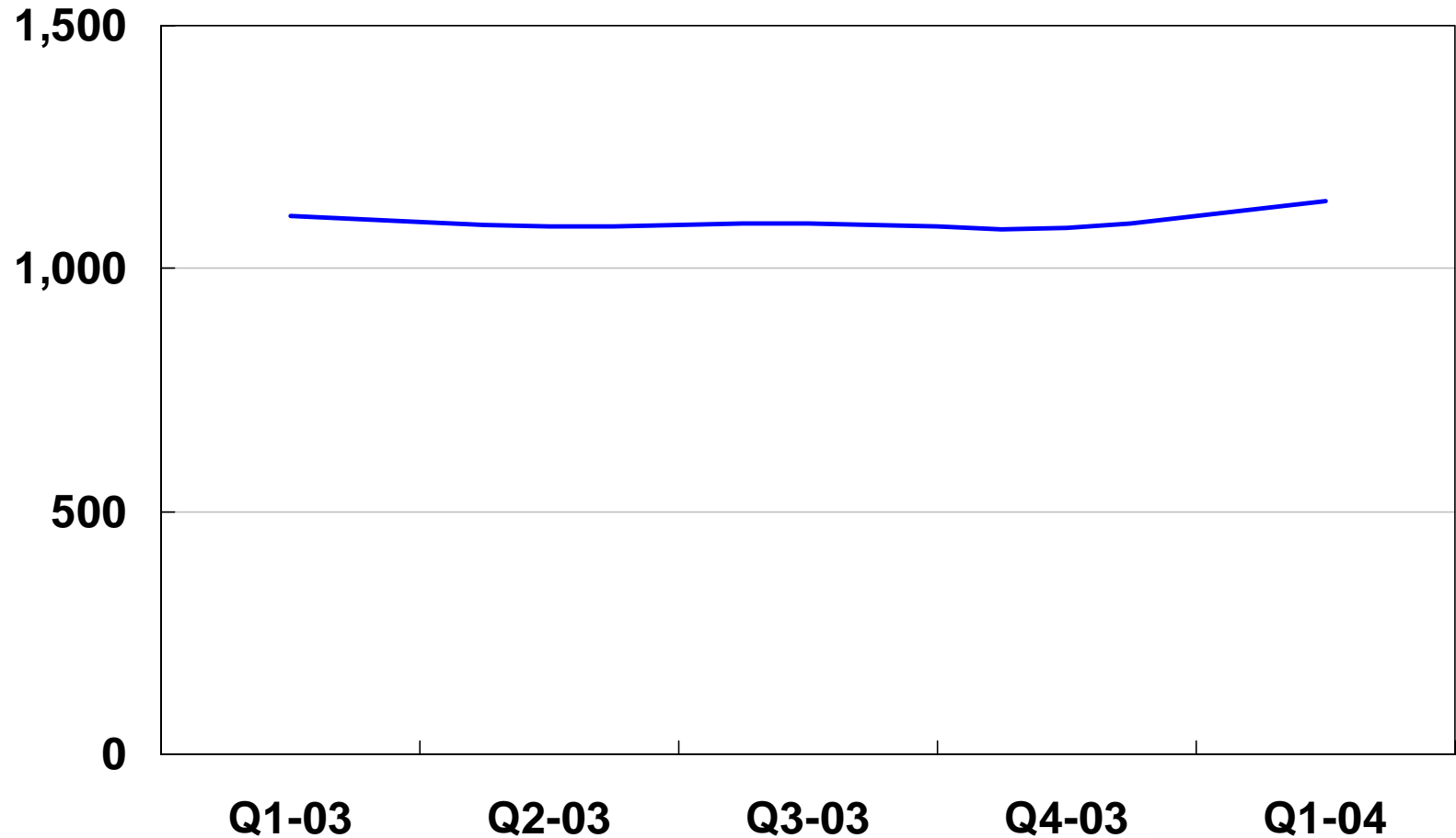
Long-term Debts	44,579
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Stockholders' Equity	238,889
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<i>Depreciation Expense (YTD)</i>	9,262
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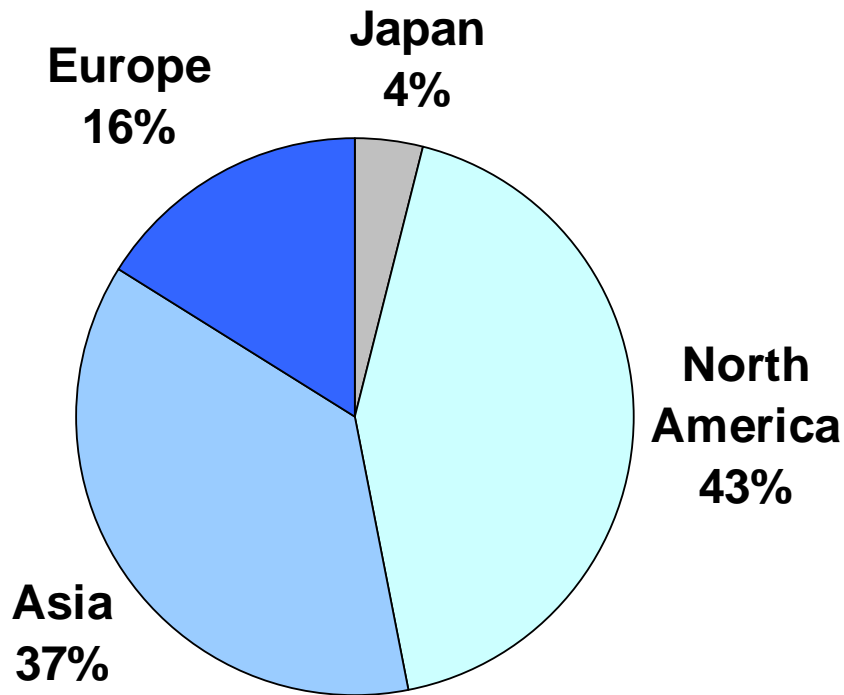
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

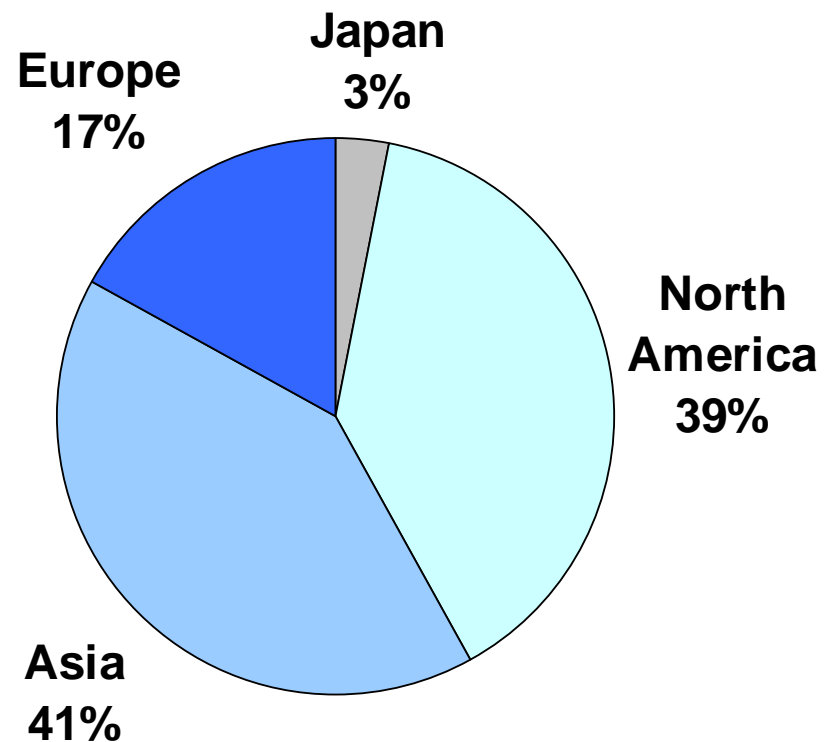


Sales Breakdown by Geography

2004 Q1

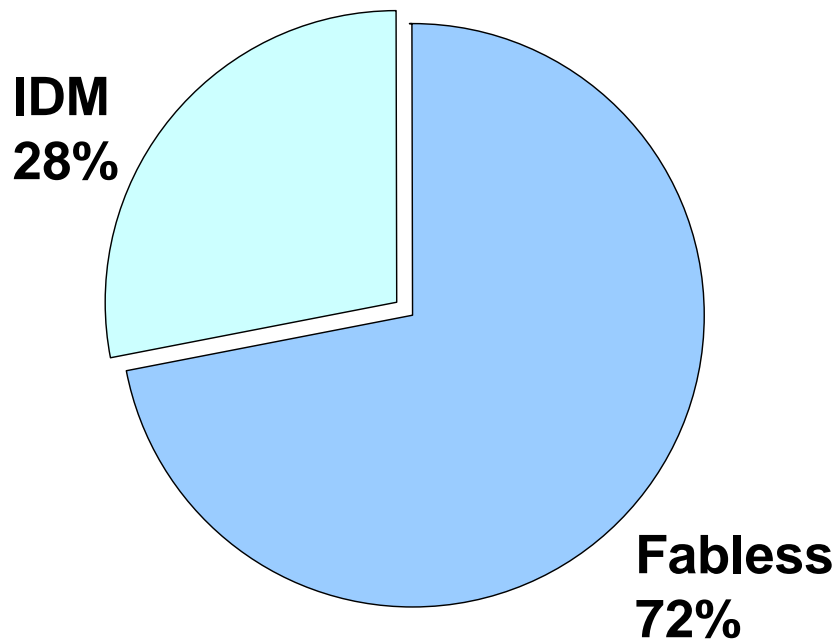


2003 Q4

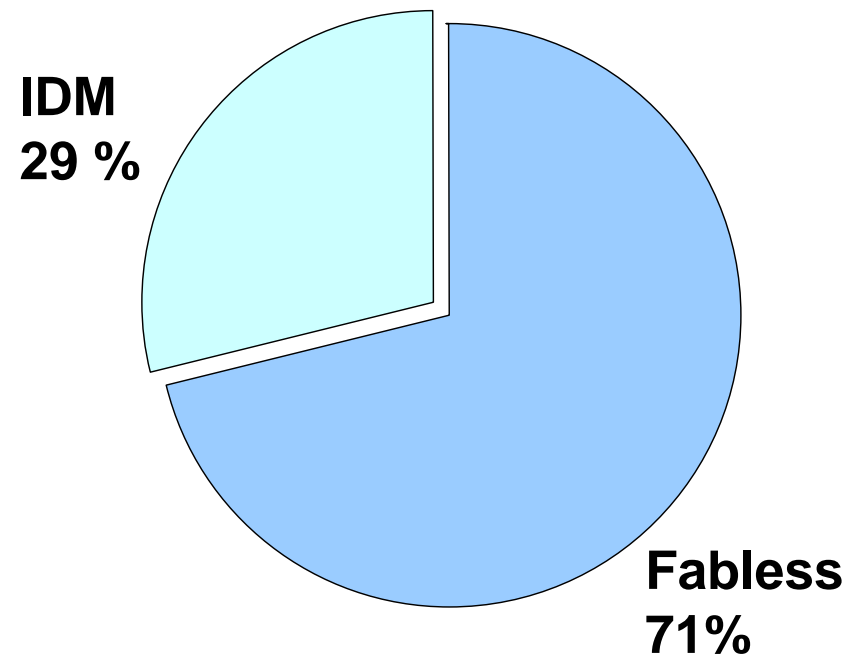


Sales Breakdown by Customer

2004 Q1

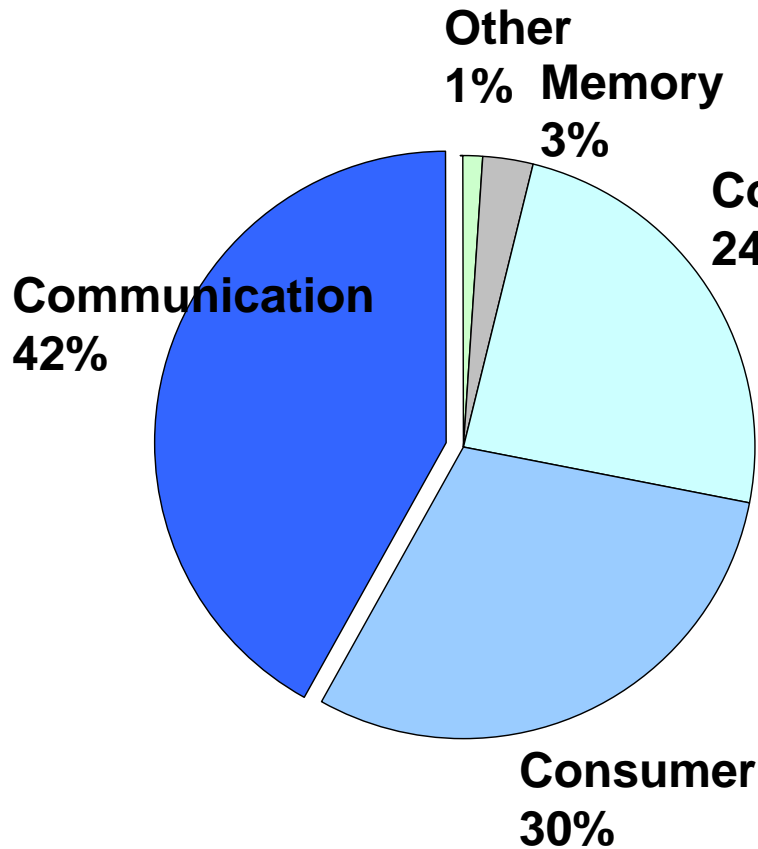


2003 Q4

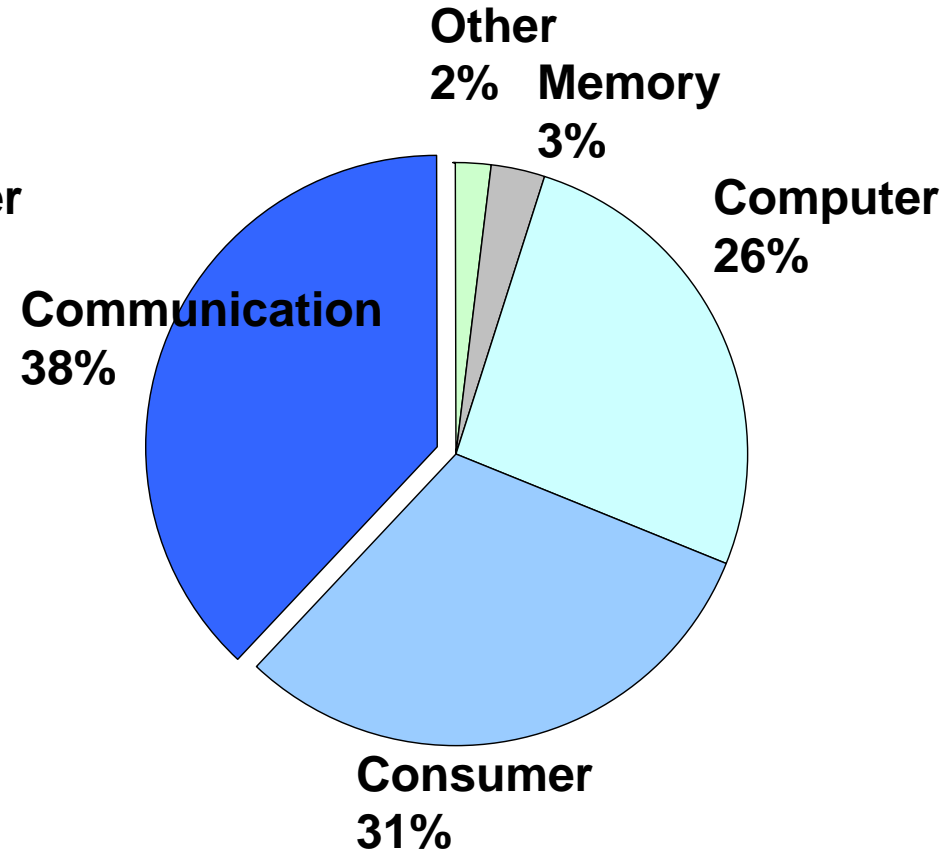


Sales Breakdown by Application

2004 Q1

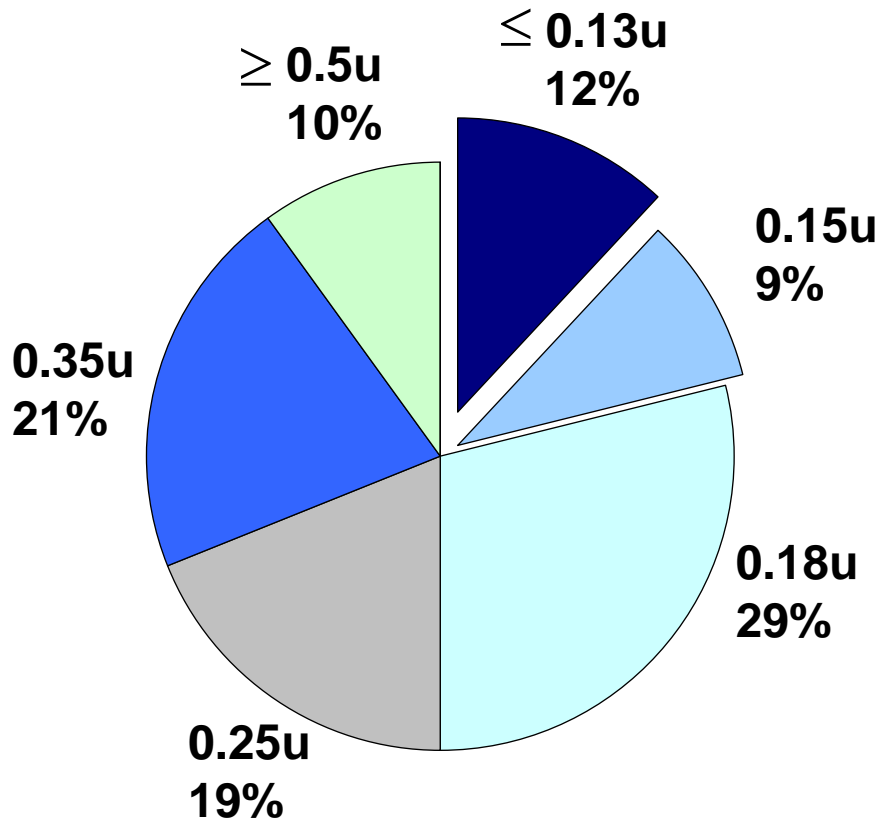


2003 Q4

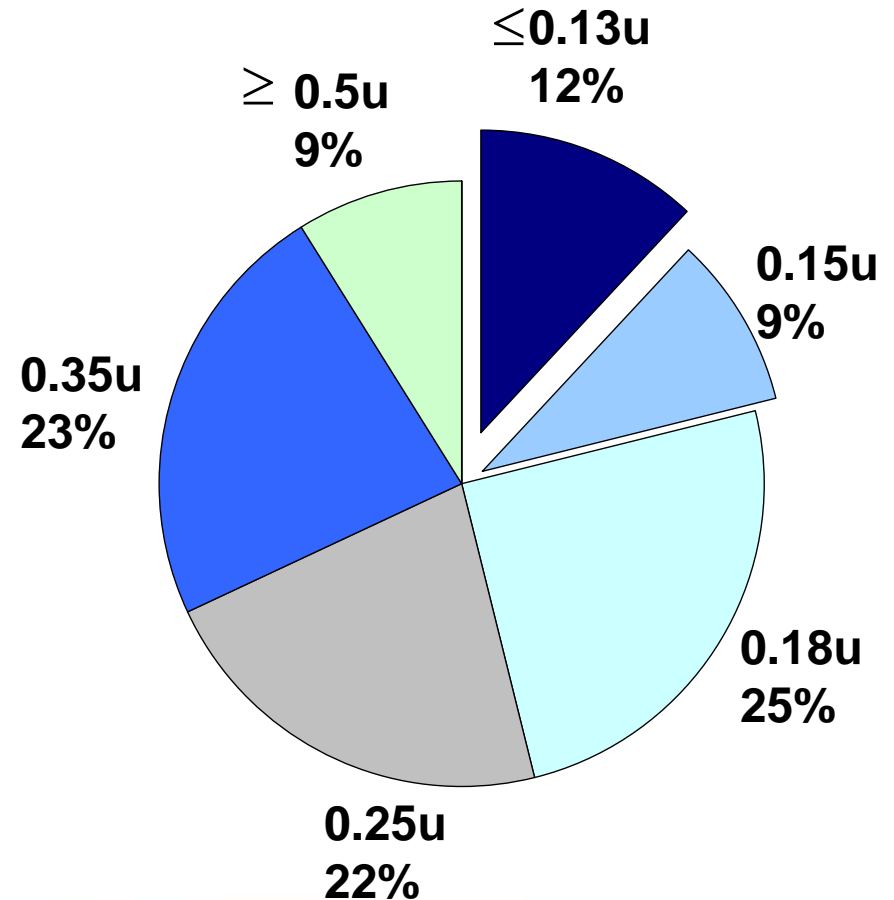


Sales Breakdown by Technology

2004 Q1



2003 Q4



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	4Q03	1Q04	2Q04E	3Q04E	4Q04E
Fab 6A	88	88	86	86	86
Fab 8AB	195	196	196	196	200
Fab 8C	90	90	96	99	105
Fab 8D	54	58	61	65	72
Fab 8E	96	96	101	102	102
Fab 8F	81	81	81	92	95
Fab 8S	0	0	0	60	75
Fab 12A	68	68	90	120	127
Subtotal	672	677	711	820	862
UMCi	0	3	9	27	60
Total	672	680	720	847	922

2004 Capital Expenditure Plan

	8" Fab	12" Fab	12" R&D	Total
UMC	15%	70%	15%	1,180 million USD
UMCJ	100%	-	-	120 million USD
UMCi	-	100%	-	850 million USD

For more information regarding UMC

www.umc.com

For all inquiries, suggestions, and comments

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