

UMC

2004 Q3 Financial Review

October 27, 2004

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. These 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 in 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 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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 31 to the financial statements on Form 20-F filed with the U.S. Securities and Exchange Commission on June 17, 2004.

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 after such date or to reflect the occurrence of unanticipated events.

Operating Results Summary

Unit: NT M

	2004	2004	2003
	Q3 / Sep	Q2 / Jun	Q3 / Sep
Net Operating Revenues	34,580	29,177	21,539
Net Income	10,914	12,702	4,203
EPS (NTD)	0.65	0.76	0.25
Cash and Cash Equivalents	85,270	82,488	79,297
Total Assets	338,672	316,614	310,153
Total Liabilities	72,267	70,485	89,411
Stockholders' Equity	266,405	246,129	220,742
Wafer Shipment (in thousands- 8" wafer eq.)	791	710	546
Utilization (%)	94%	99%	84%

Income Statement - QoQ

Unit: NT M

	Q3-04	%	Q2-04	%	Change %
Net Operating Revenues	34,580	100.0	29,177	100.0	18.5
Gross Profit	11,663	33.7	10,058	34.5	16.0
Operating Expenses	(2,926)	(8.4)	(2,466)	(8.5)	18.7
Operating Income	8,737	25.3	7,592	26.0	15.1
Net Non-operating Income	2,177	6.3	5,111	17.5	(57.4)
Income Tax Expense	(0)	(0.0)	(1)	(0.0)	(59.2)
Net Income	10,914	31.6	12,702	43.5	(14.1)
EPS (NTD)	0.65		0.76		
EPADS (USD)	0.096		0.112		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.96 was used to translate NTD to USD.
3. 16,940 million and 16,650 million shares were used in EPS calculation for Q3-04 and Q2-04 , respectively.

Income Statement - YoY: 9 Months

Unit: NT M

	2004 Jan~Sep	%	2003 Jan~Sep	%	Change %
Net Operating Revenues	89,083	100.0	61,143	100.0	45.7
Gross Profit	29,333	32.9	12,777	20.9	129.6
Operating Expenses	(7,717)	(8.6)	(7,005)	(11.5)	10.2
Operating Income	21,616	24.3	5,772	9.4	274.5
Net Non-operating Income	8,928	10.0	2,330	3.8	283.2
Income Tax Expense	(34)	(0.0)	(809)	(1.3)	(95.8)
Net Income	30,510	34.3	7,293	11.9	318.3
EPS (NTD)	1.82		0.44		
EPADS (USD)	0.268		0.065		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 33.96 was used to translate NTD to USD.
3. 16,784 million and 16,644 million shares were used in EPS calculation for 9 months ended September 30, 2004 and for 9 months ended September 30, 2003, respectively.

Investment Income

Unit: NT M

	Q3-04	Q2-04
Investment income accounted for under the equity method	120	(82)
<i>UMCJ</i>	124	26
<i>UMCi</i>	(264)	(652)
<i>Faraday</i>	70	65
<i>Novatek</i>	202	179
<i>SiS</i>	(231)	(251)
<i>UMO</i>	(22)	(39)
<i>Unimicron</i>	117	125
<i>Others</i>	124	465
Impairment loss of long-term investments	(85)	-
Cash dividends	851	181
Total	886	99

Balance Sheet Highlight - Sep. 30, 2004

Unit: NT M

Cash and Cash Equivalents	85,270
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Long-term Investments	72,868
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Fixed Assets	135,930
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Total Assets	338,672
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Current Liabilities	32,025
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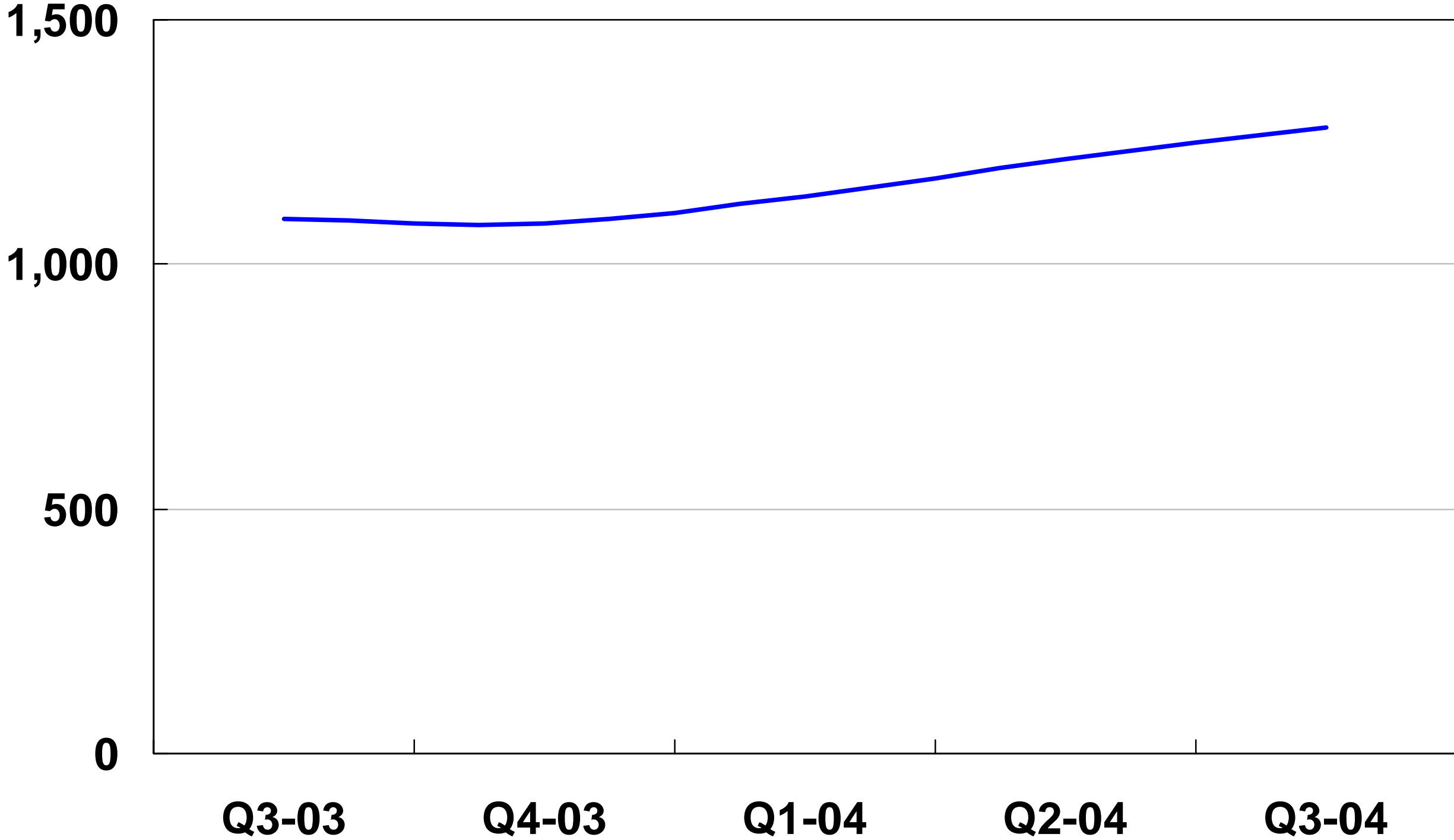
Long-term Debts	33,829
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Stockholders' Equity	266,405
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<i>Depreciation Expense (YTD)</i>	<i>28,413</i>
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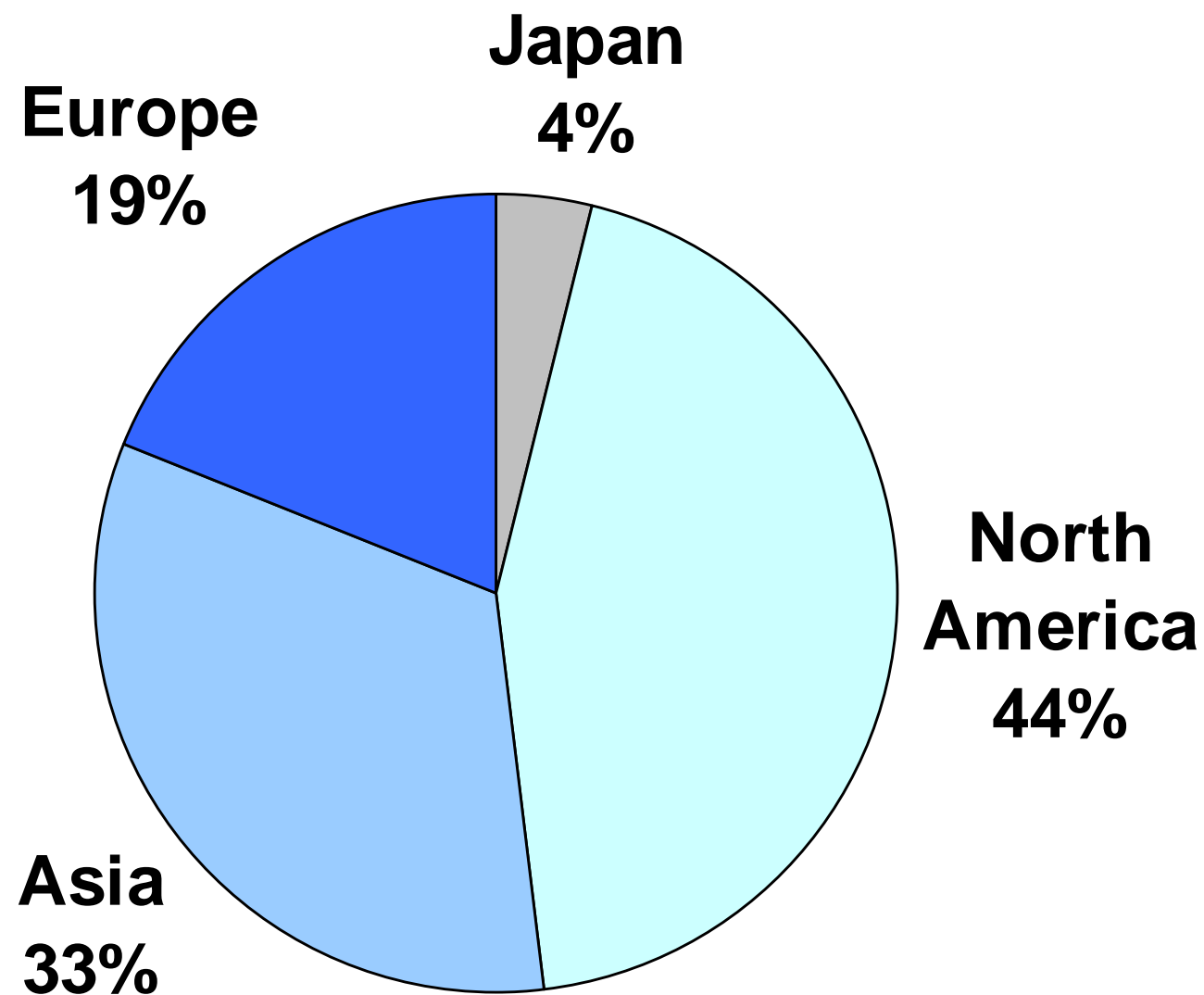
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

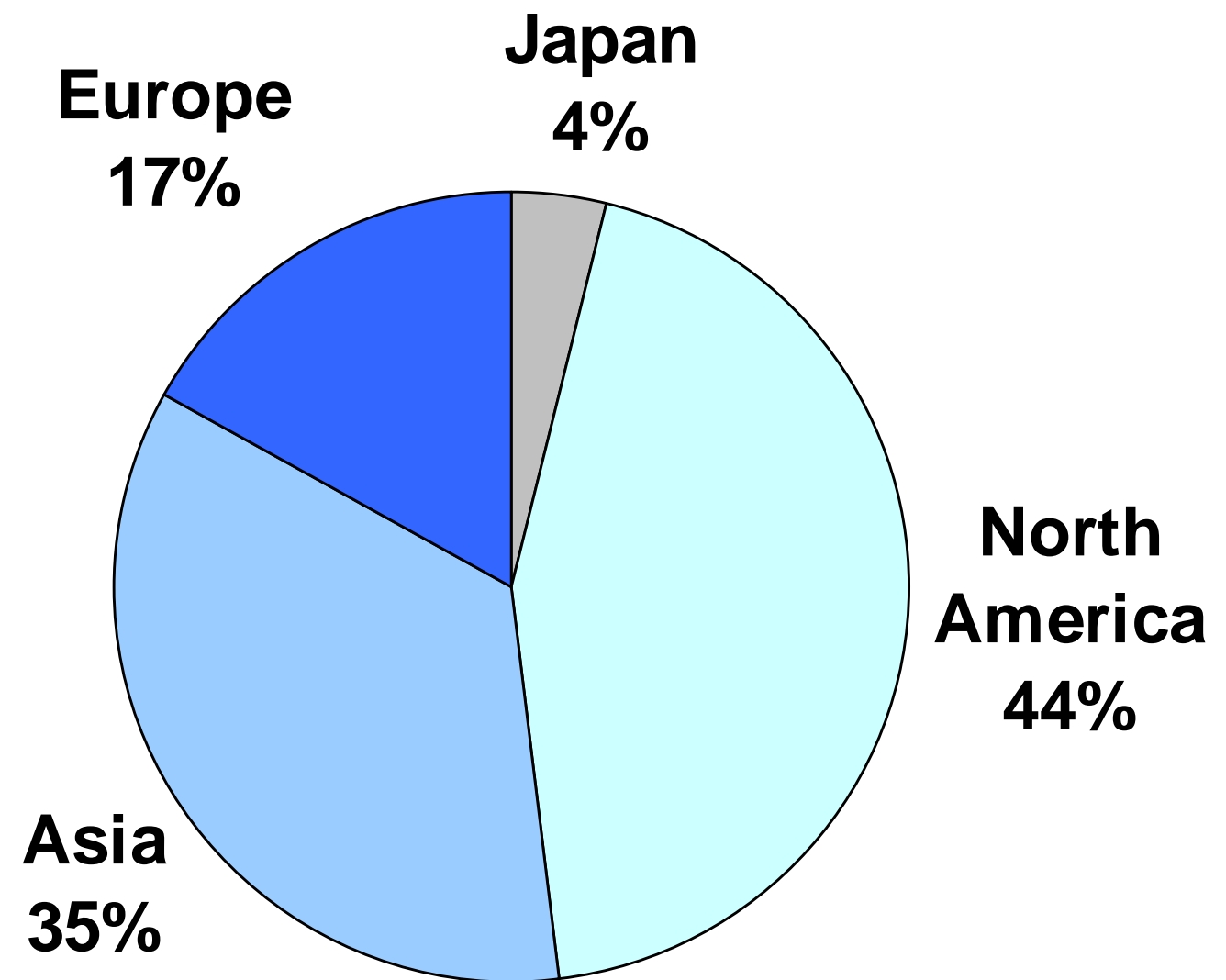


Sales Breakdown by Geography

2004 Q3

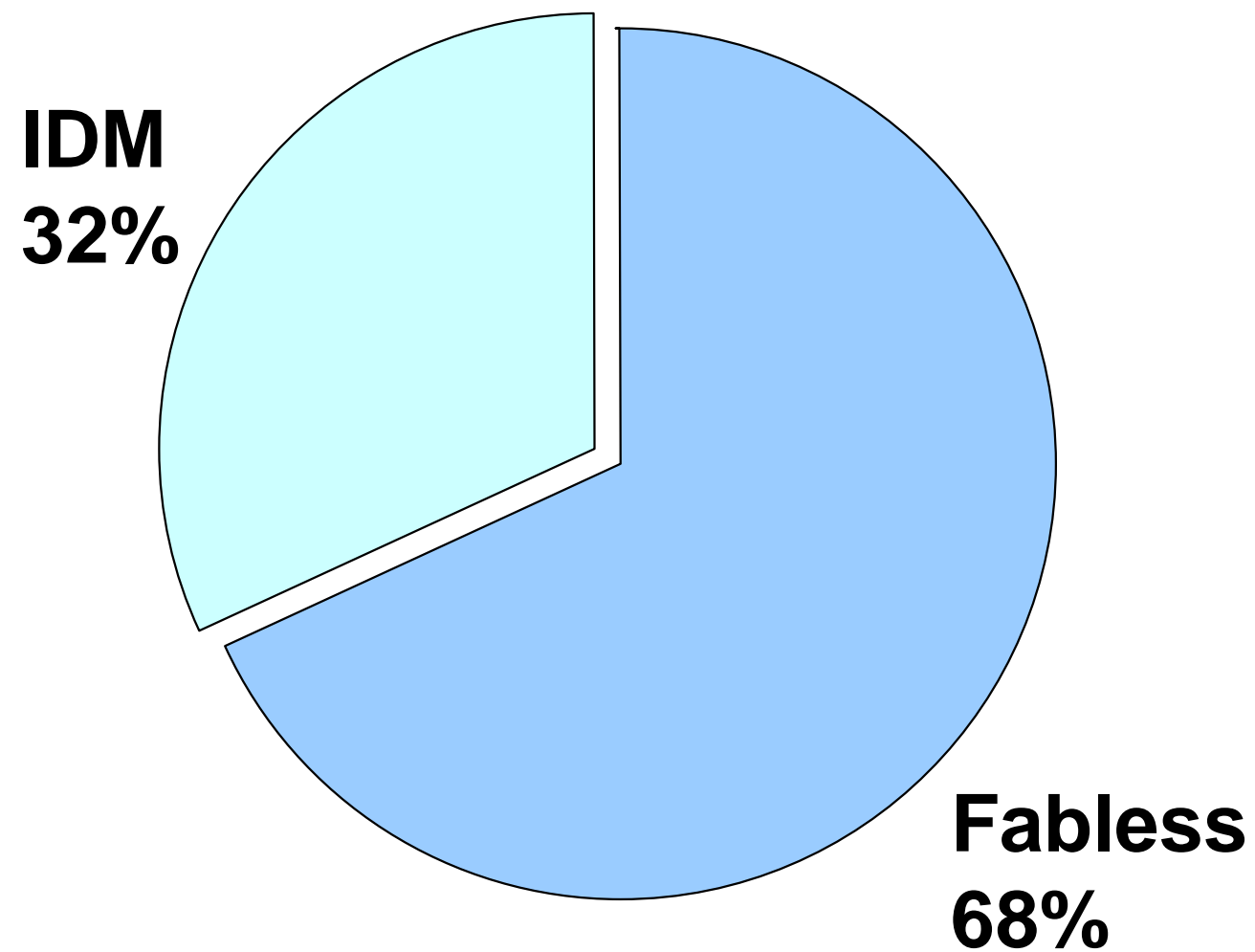


2004 Q2

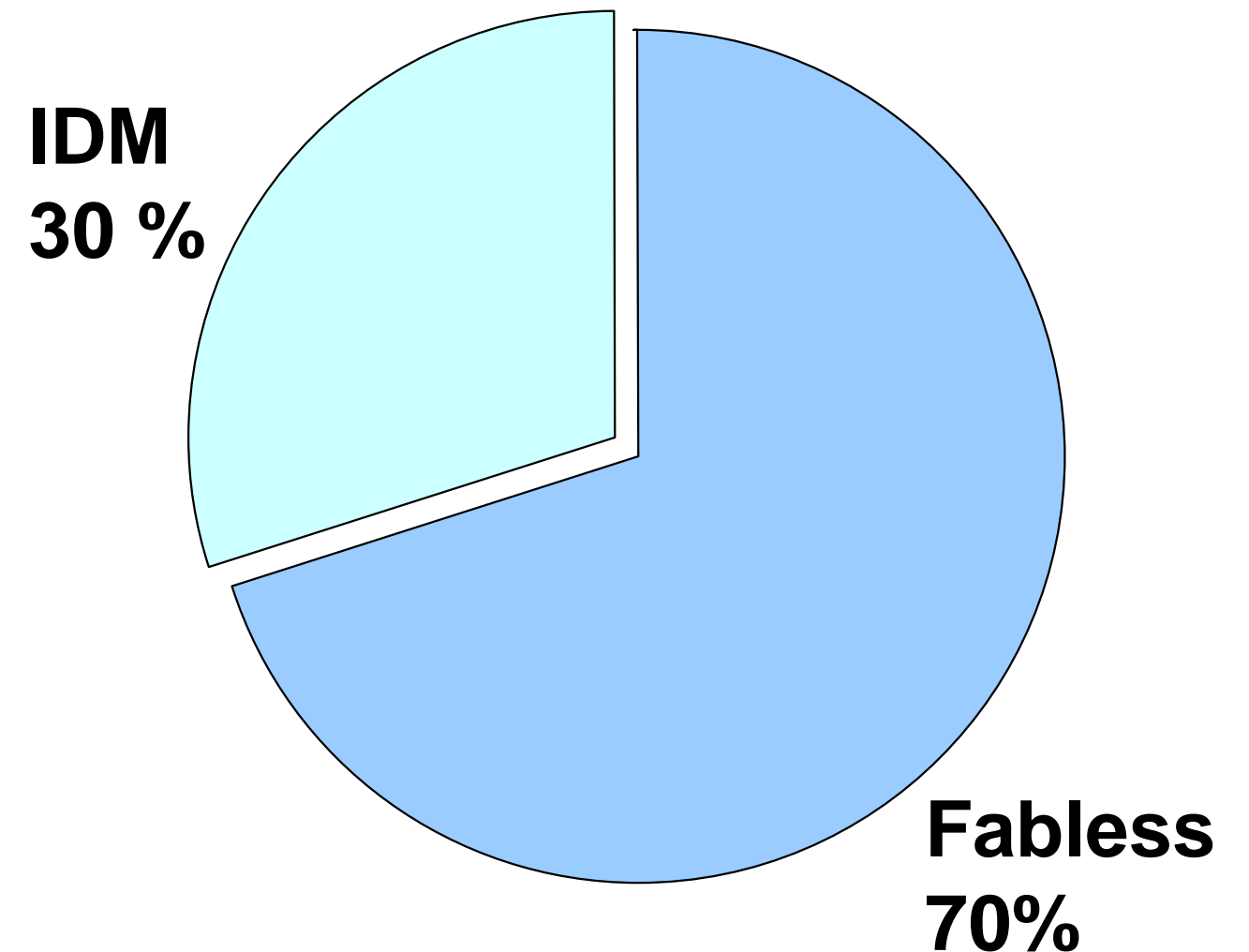


Sales Breakdown by Customer

2004 Q3

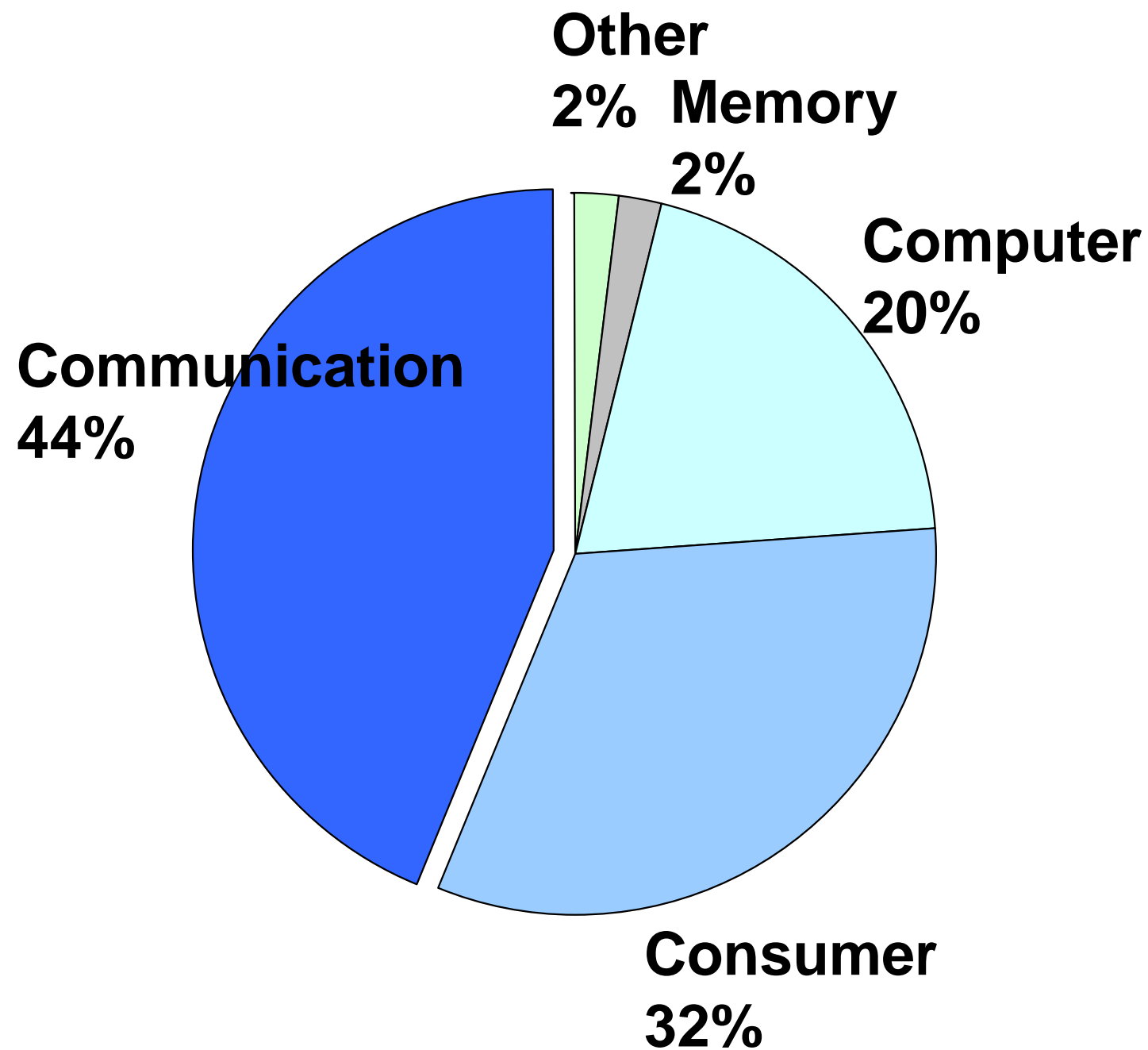


2004 Q2

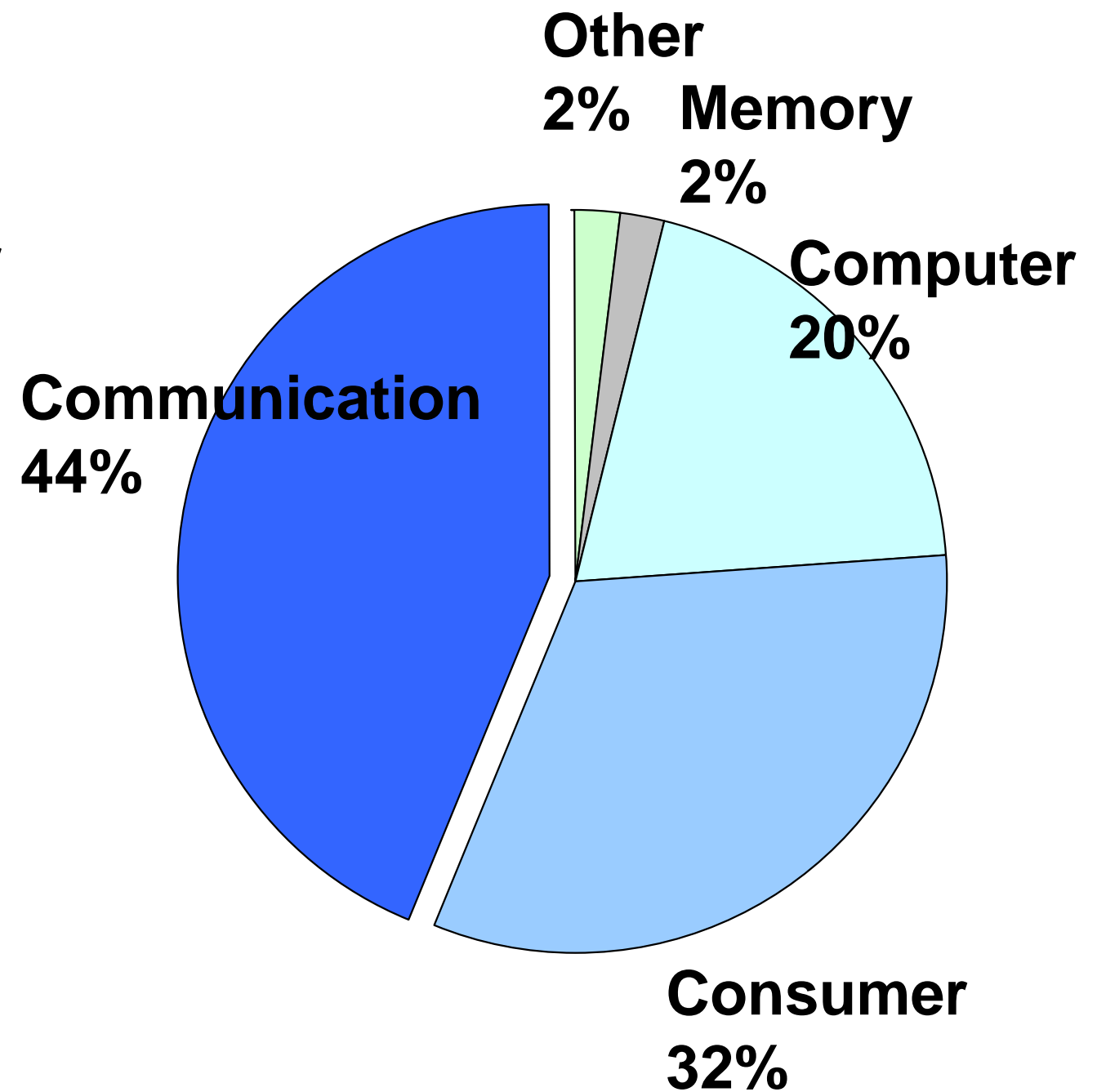


Sales Breakdown by Application

2004 Q3

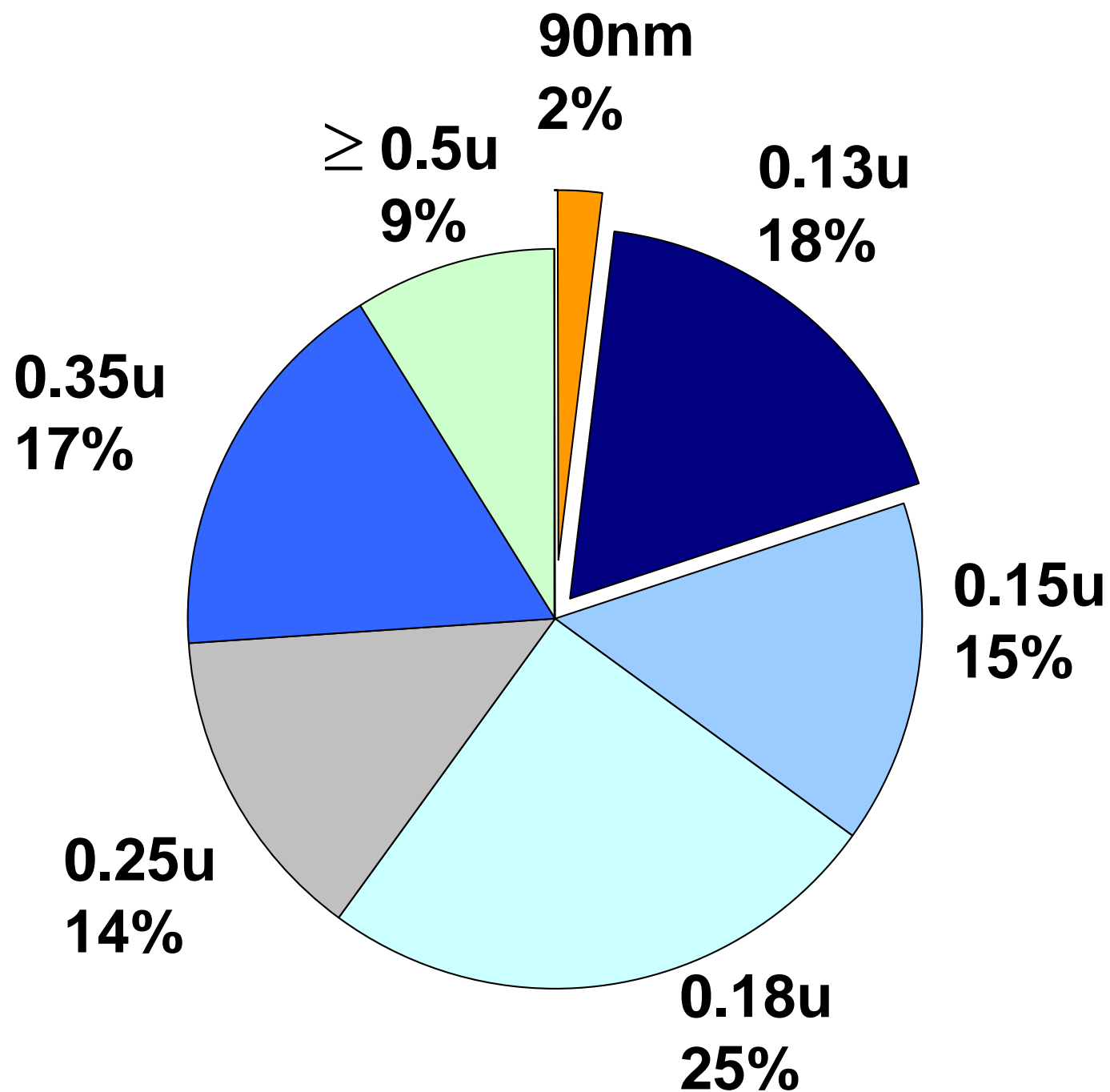


2004 Q2

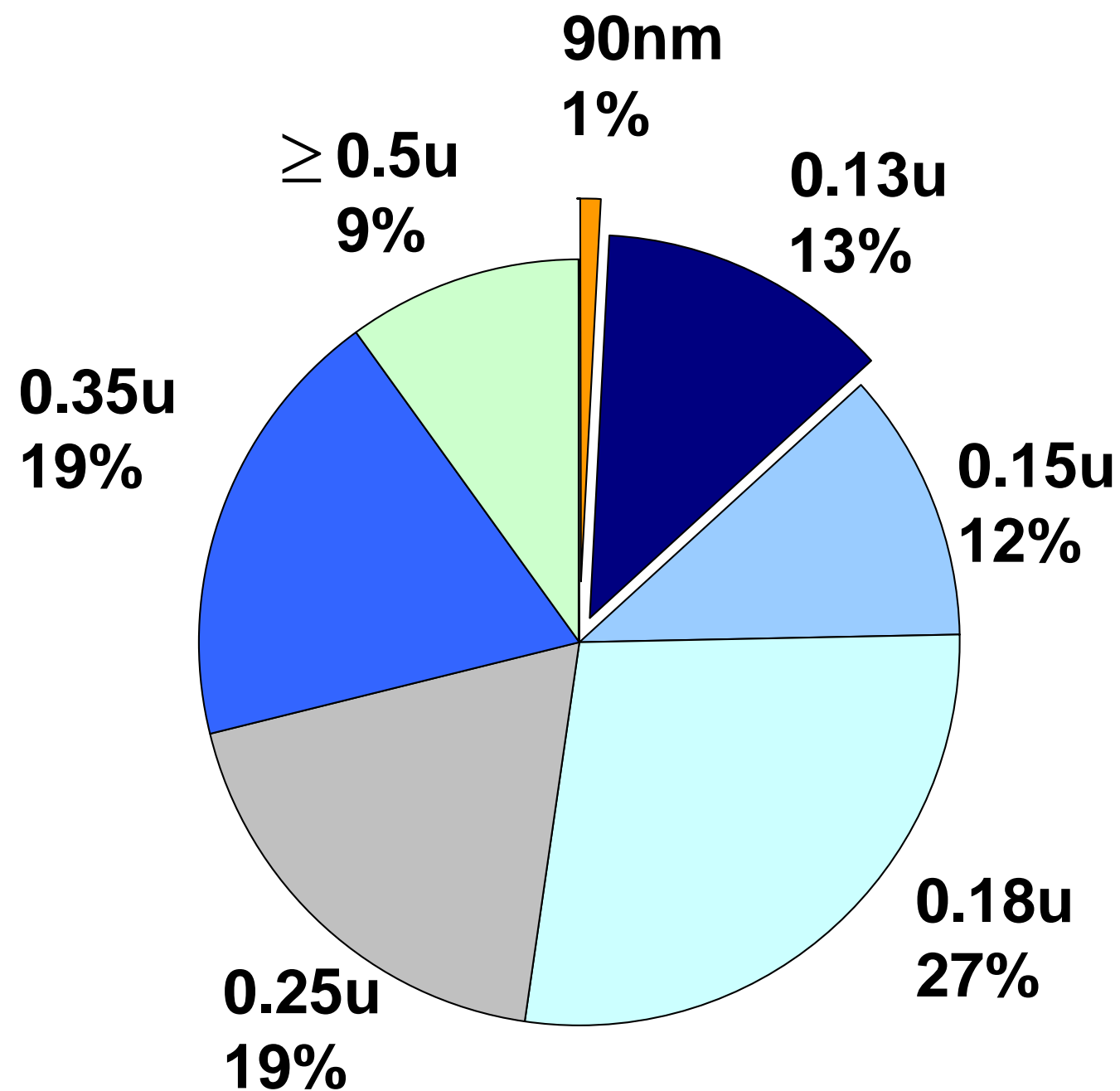


Sales Breakdown by Technology

2004 Q3



2004 Q2



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	1Q04	2Q04	3Q04	4Q04E
Fab 6A	88	86	86	86
Fab 8AB	196	196	200	200
Fab 8C	90	96	99	105
Fab 8D	58	61	65	72
Fab 8E	96	101	102	102
Fab 8F	81	81	92	95
Fab 8S	0	0	60	71
Fab 12A	68	84	113	127
Subtotal	677	705	817	858
UMCi	3	9	29	60
Total	680	714	846	918

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
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For all inquiries, suggestions, and comments
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