

UMC

2004 Q4 Financial Review

February 2, 2005

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 is stated or 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 the frequent introduction of new services and technologies based on the latest developments in our industry; 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 the year ended December 31, 2003 filed with the U.S. Securities and Exchange Commission on June 17, 2004.

The financial statements included in this release are 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 for the year ended December 31, 2003 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.

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Operating Results Summary

Unit: NT M

	2004	2004	2003
	Q4 / Dec	Q3 / Sep	Q4 / Dec
Net Operating Revenues	28,229	34,580	23,719
Net Income	1,333	10,914	6,727
EPS (NTD)	0.07	0.65	0.41
Cash and Cash Equivalents	83,347	85,270	92,866
Total Assets	329,563	338,672	320,114
Total Liabilities	63,180	72,267	87,872
Stockholders' Equity	266,383	266,405	232,242
Wafer Shipment (in thousands- 8" wafer eq.)	657	791	644
Utilization (%)	72%	94%	96%

Income Statement - QoQ

Unit: NT M

	Q4-04	%	Q3-04	%	Change %
Net Operating Revenues	28,229	100.0	34,580	100.0	(18.4)
Gross Profit	6,488	23.0	11,663	33.7	(44.4)
Operating Expenses	(3,649)	(12.9)	(2,926)	(8.4)	24.7
Operating Income	2,839	10.1	8,737	25.3	(67.5)
Net Non-operating Income (Expense)	(1,506)	(5.4)	2,177	6.3	(169.2)
Income Tax Expense	(0)	(0.0)	(0)	(0.0)	(62.6)
Net Income	1,333	4.7	10,914	31.6	(87.8)
EPS (NTD)	0.07		0.65		
EPADS (USD)	0.011		0.103		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.69 was used to translate NTD to USD.
3. 16,960 million and 16,940 million shares were used in EPS calculation for Q4-04 and Q3-04 , respectively.

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Income Statement - YoY: 12 Months

Unit: NT M

	2004	%	2003	%	Change %
Net Operating Revenues	117,312	100.0	84,862	100.0	38.2
Gross Profit	35,821	30.5	19,442	22.9	84.2
Operating Expenses	(11,366)	(9.7)	(9,506)	(11.2)	19.6
Operating Income	24,455	20.8	9,936	11.7	146.1
Net Non-operating Income	7,422	6.3	4,879	5.7	52.1
Income Tax Expense	(34)	(0.0)	(795)	(0.9)	(95.7)
Net Income	31,843	27.1	14,020	16.5	127.1
EPS (NTD)	1.89		0.84		
EPADS (USD)	0.298		0.133		

Note:

1. Information enclosed is UMC unconsolidated financial data.
2. Exchange rate 31.69 was used to translate NTD to USD.
3. 16,828 million and 16,644 million shares were used in EPS calculation for 2004 and 2003, respectively.

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Investment Income

Unit: NT M

	Q4-04	Q3-04
Investment income accounted for under the equity method	(1,965)	120
<i>UMCJ</i>	(487)	124
<i>UMCi</i>	(1,544)	(264)
<i>Faraday</i>	56	70
<i>Novatek</i>	139	202
<i>SiS</i>	(133)	(231)
<i>UMO</i>	(57)	(22)
<i>Unimicron</i>	129	117
<i>Others</i>	(68)	124
Impairment loss of long-term investments	0	(85)
Cash dividends	10	851
Total	(1,955)	886

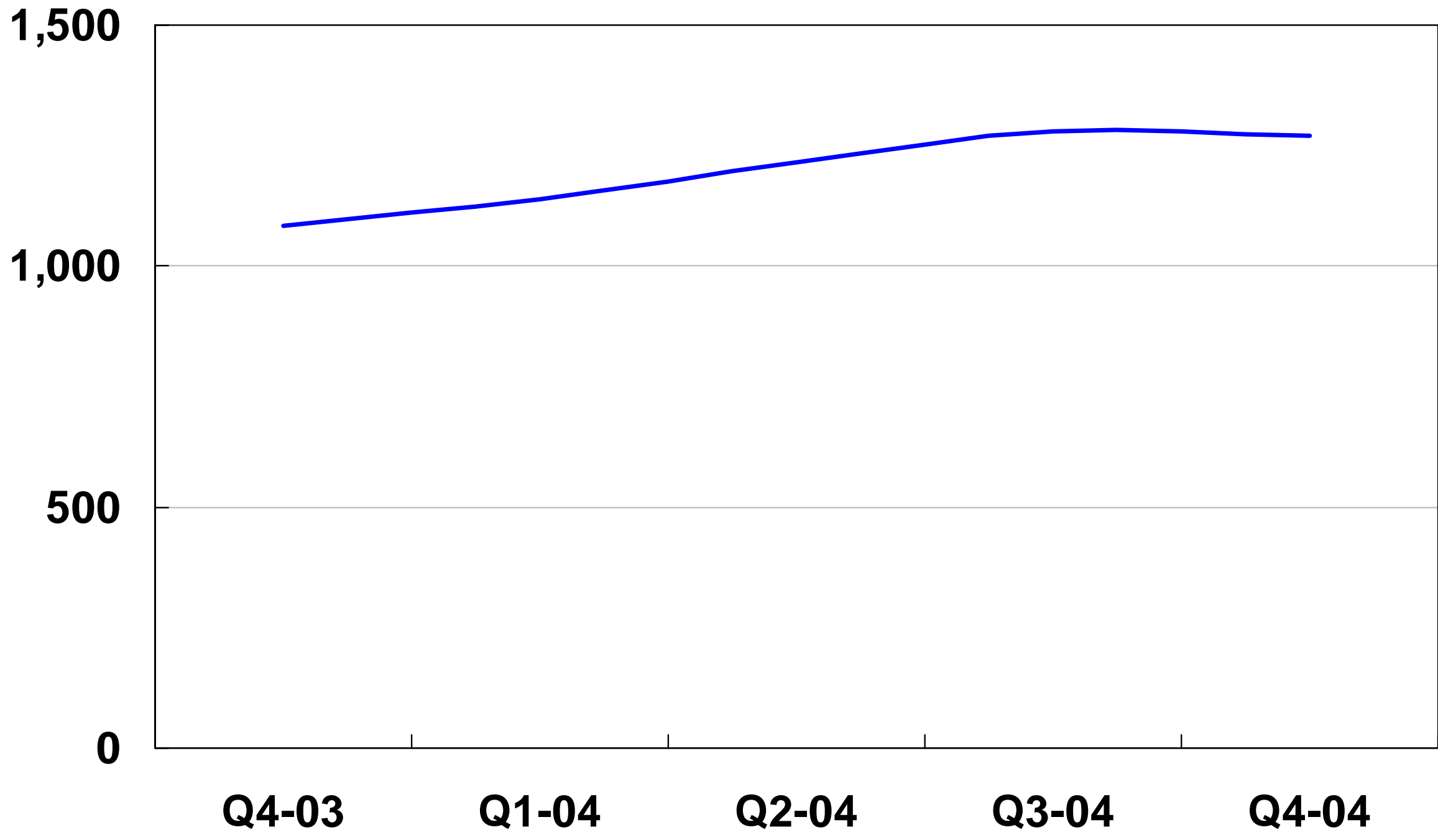
Balance Sheet Highlight - Dec. 31, 2004

Unit: NT M

Cash and Cash Equivalents	83,347
Long-term Investments	71,568
Fixed Assets	137,355
Total Assets	329,563
Current Liabilities	23,277
Long-term Debts	33,607
Stockholders' Equity	266,383
<i>Depreciation Expense (YTD)</i>	<i>38,596</i>

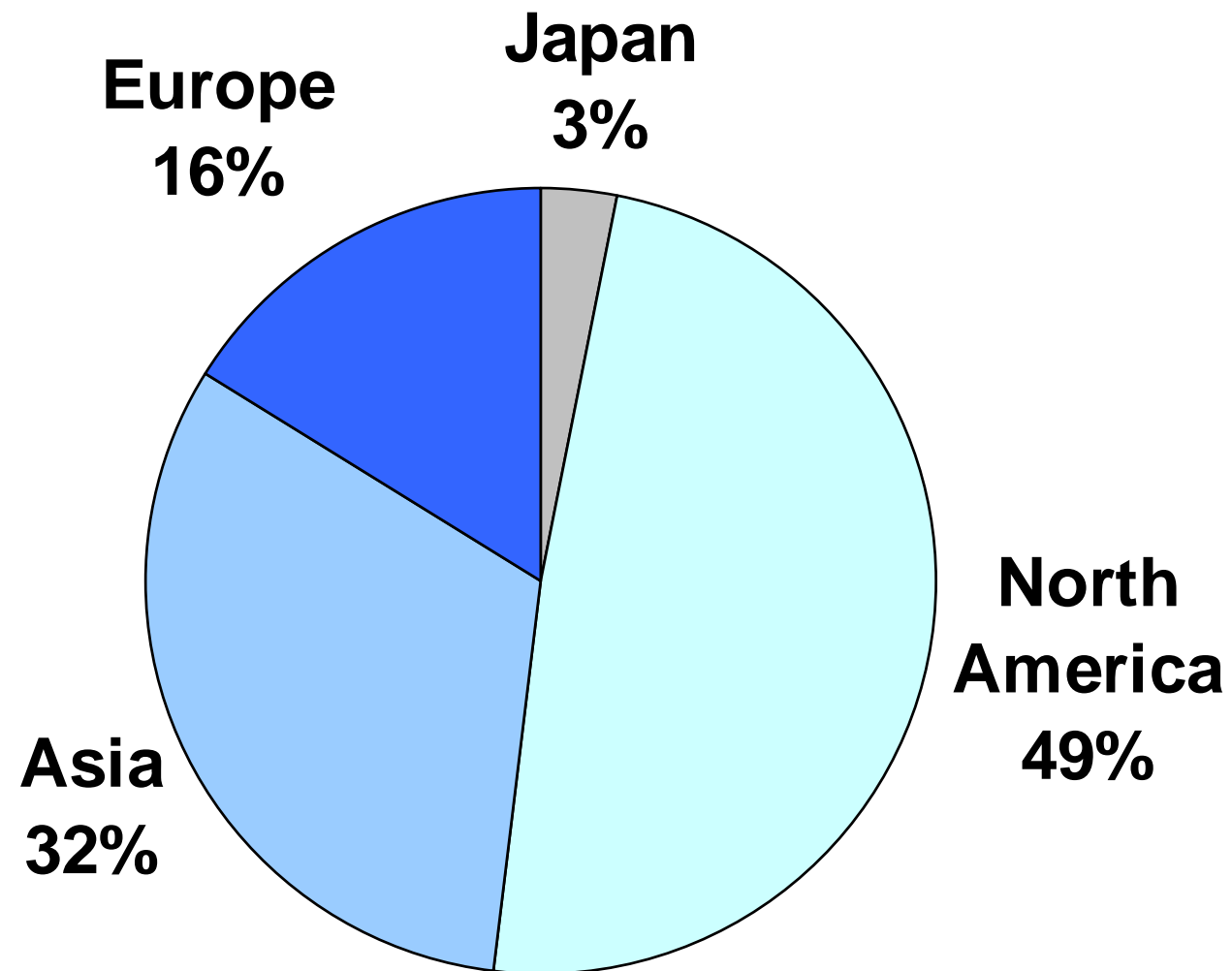
Average Selling Price Trend- 8" Wafer Equivalent

Unit: USD

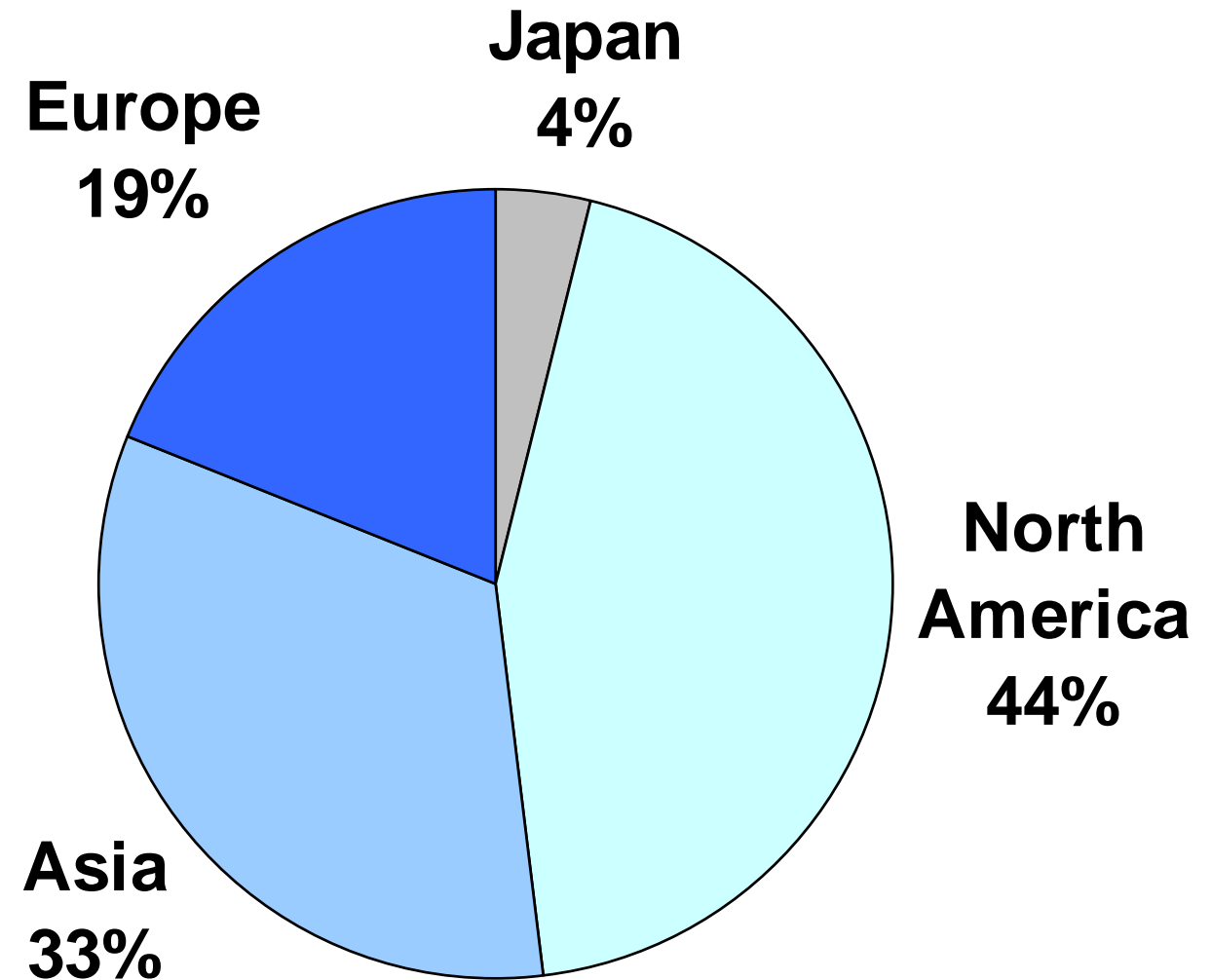


Sales Breakdown by Geography

2004 Q4

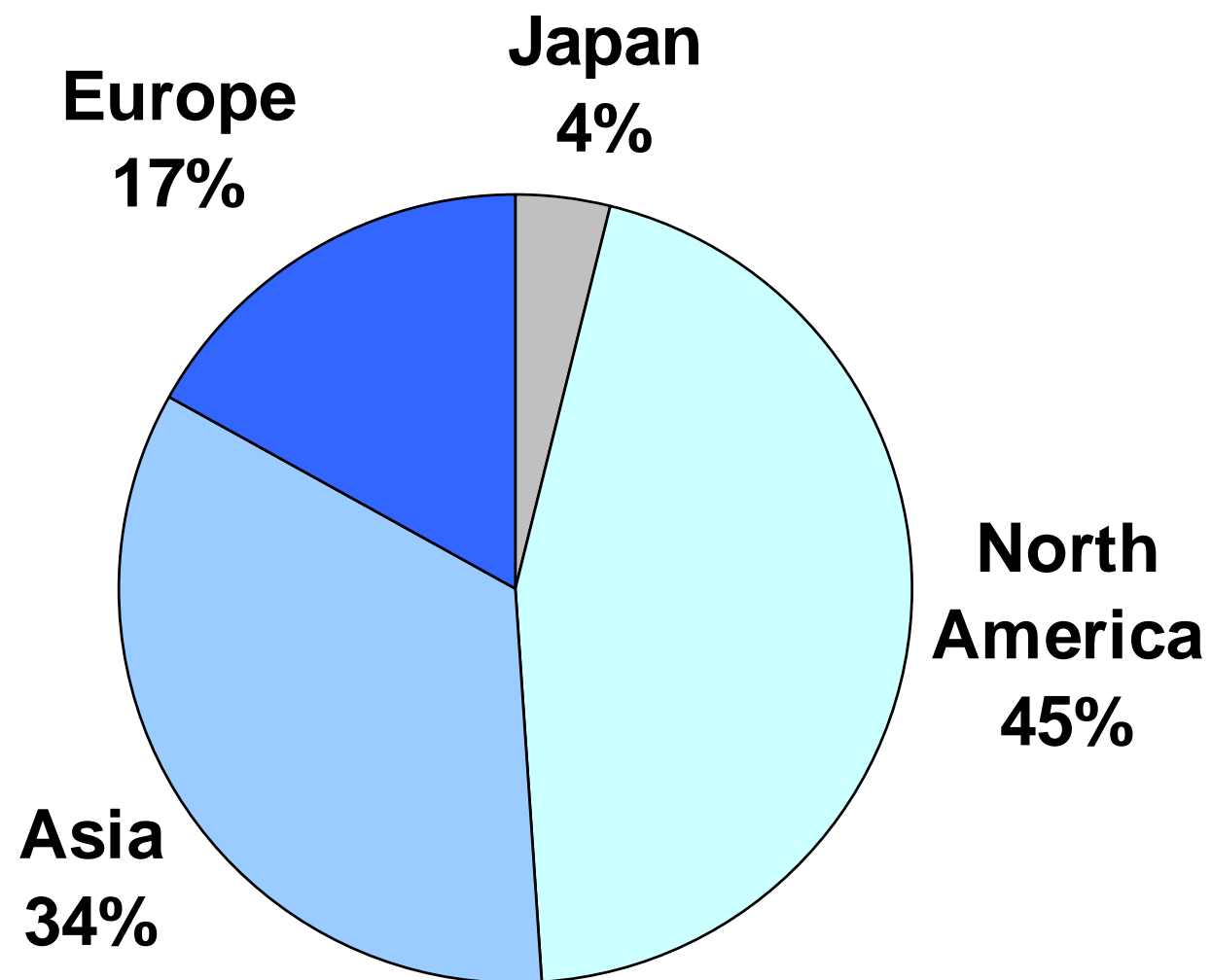


2004 Q3

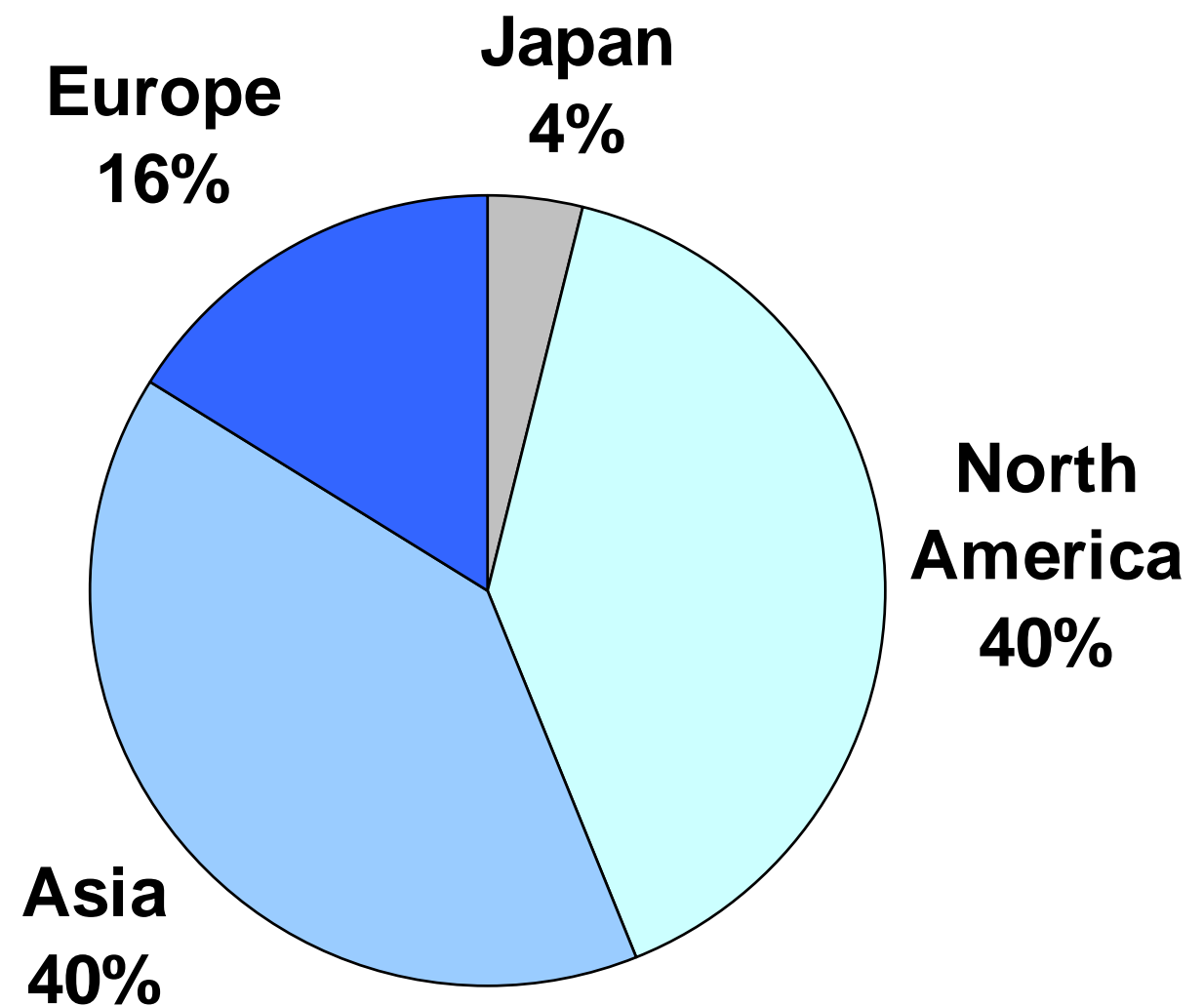


Sales Breakdown by Geography

2004



2003

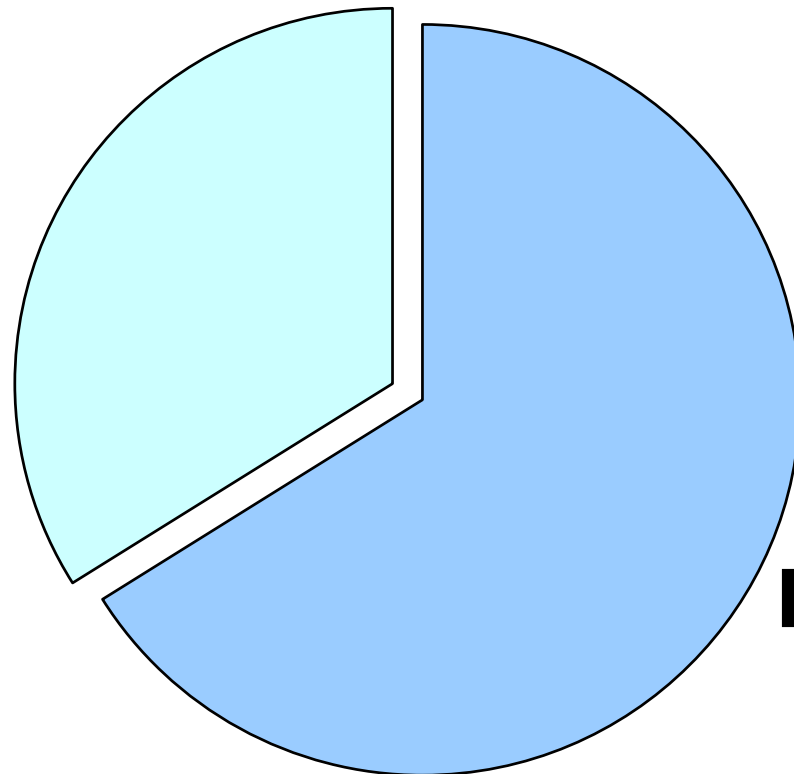


Sales Breakdown by Customer

2004 Q4

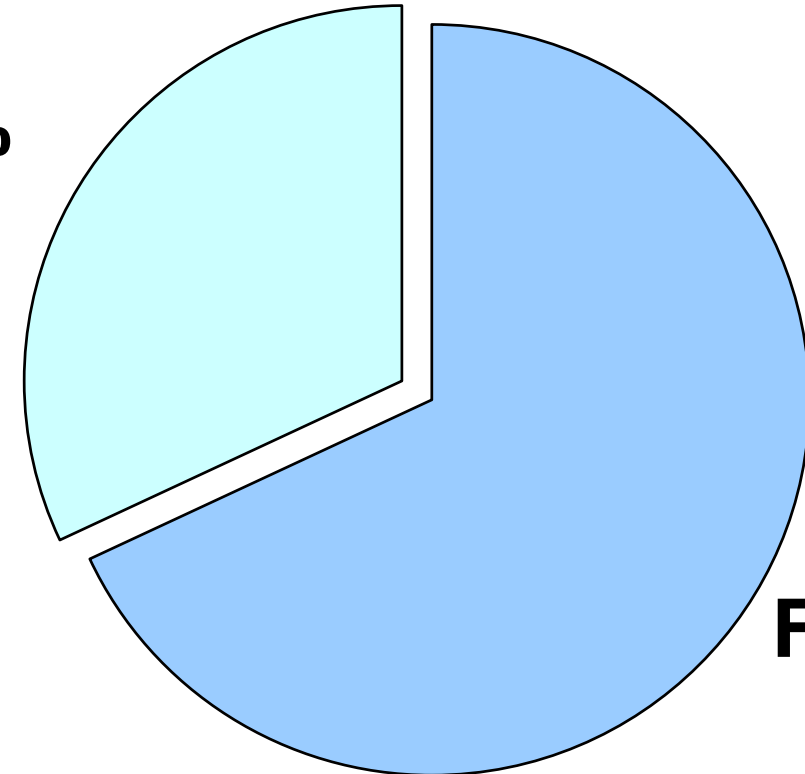
2004 Q3

**IDM
34%**



**Fabless
66%**

**IDM
32%**

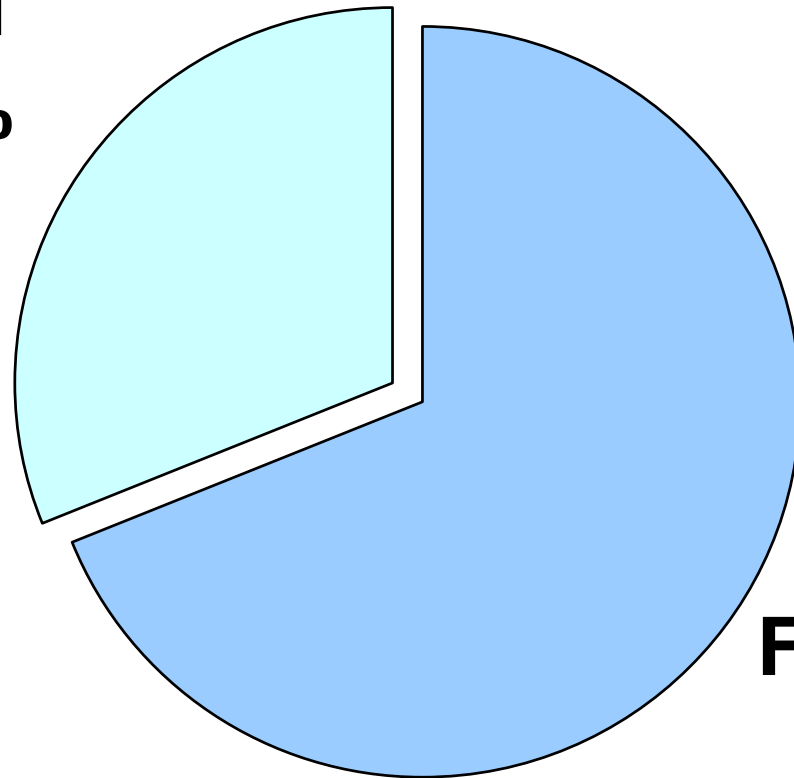


**Fabless
68%**

Sales Breakdown by Customer

2004

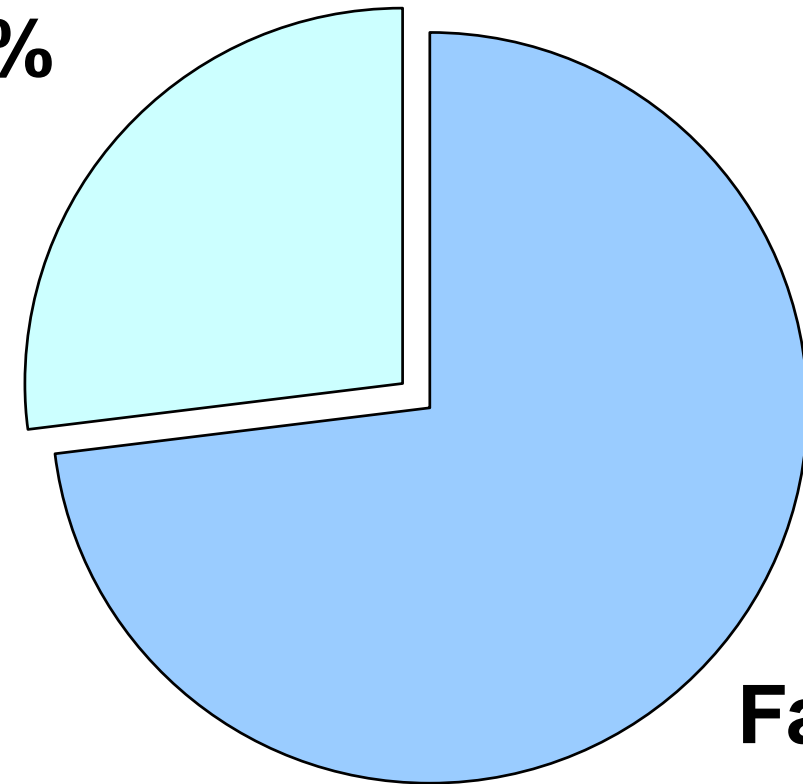
**IDM
31%**



**Fabless
69%**

2003

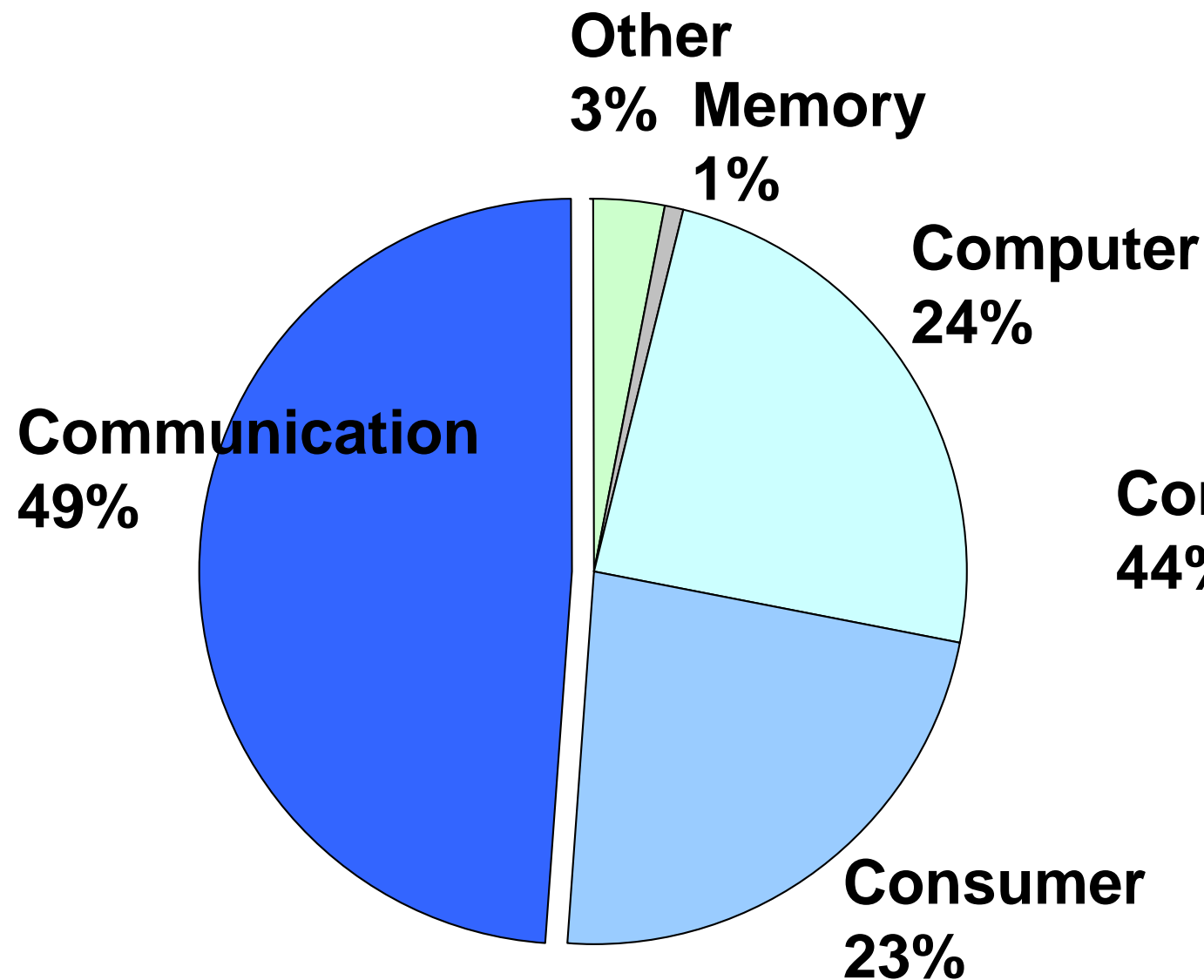
**IDM
27%**



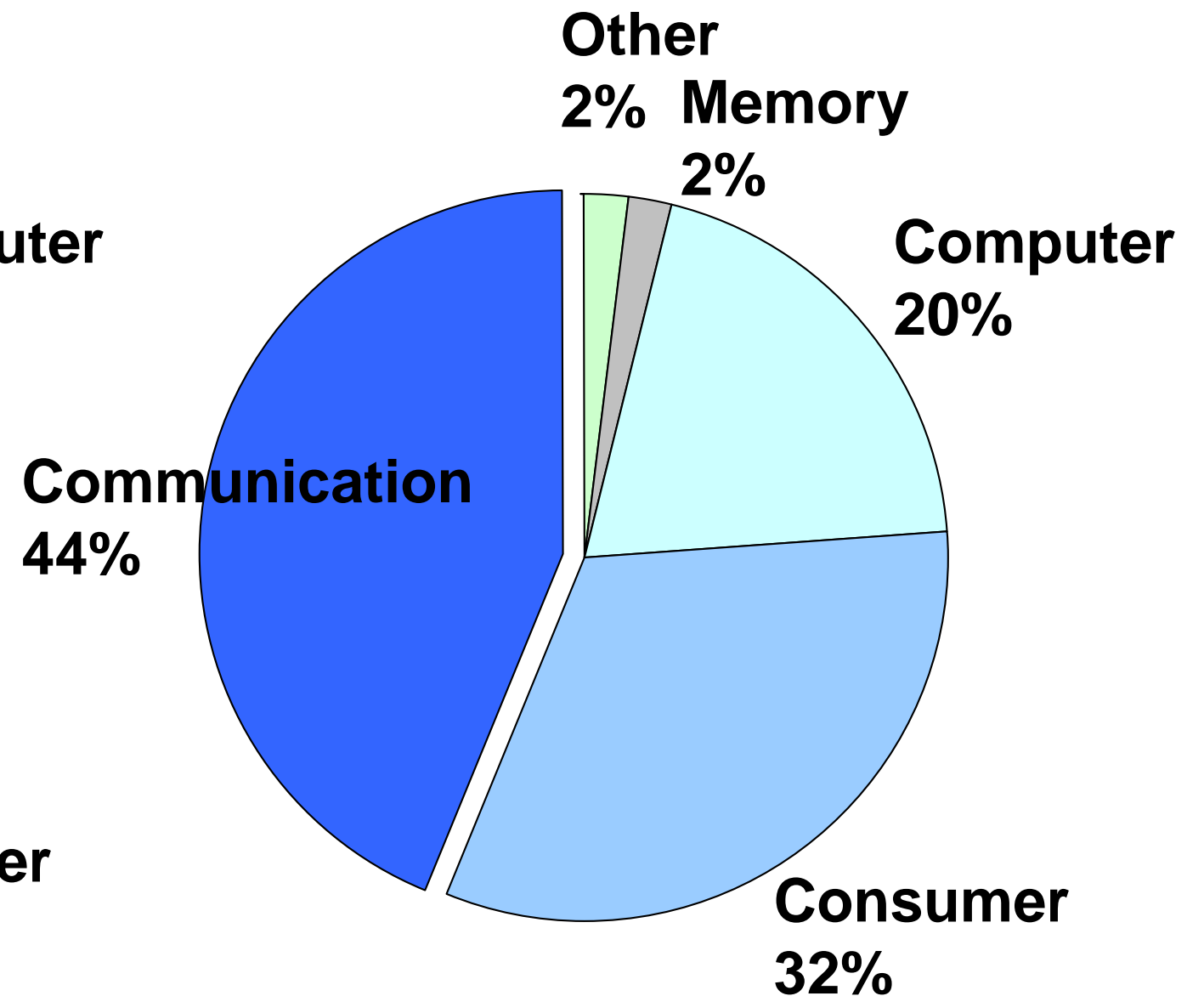
**Fabless
73%**

Sales Breakdown by Application

2004 Q4

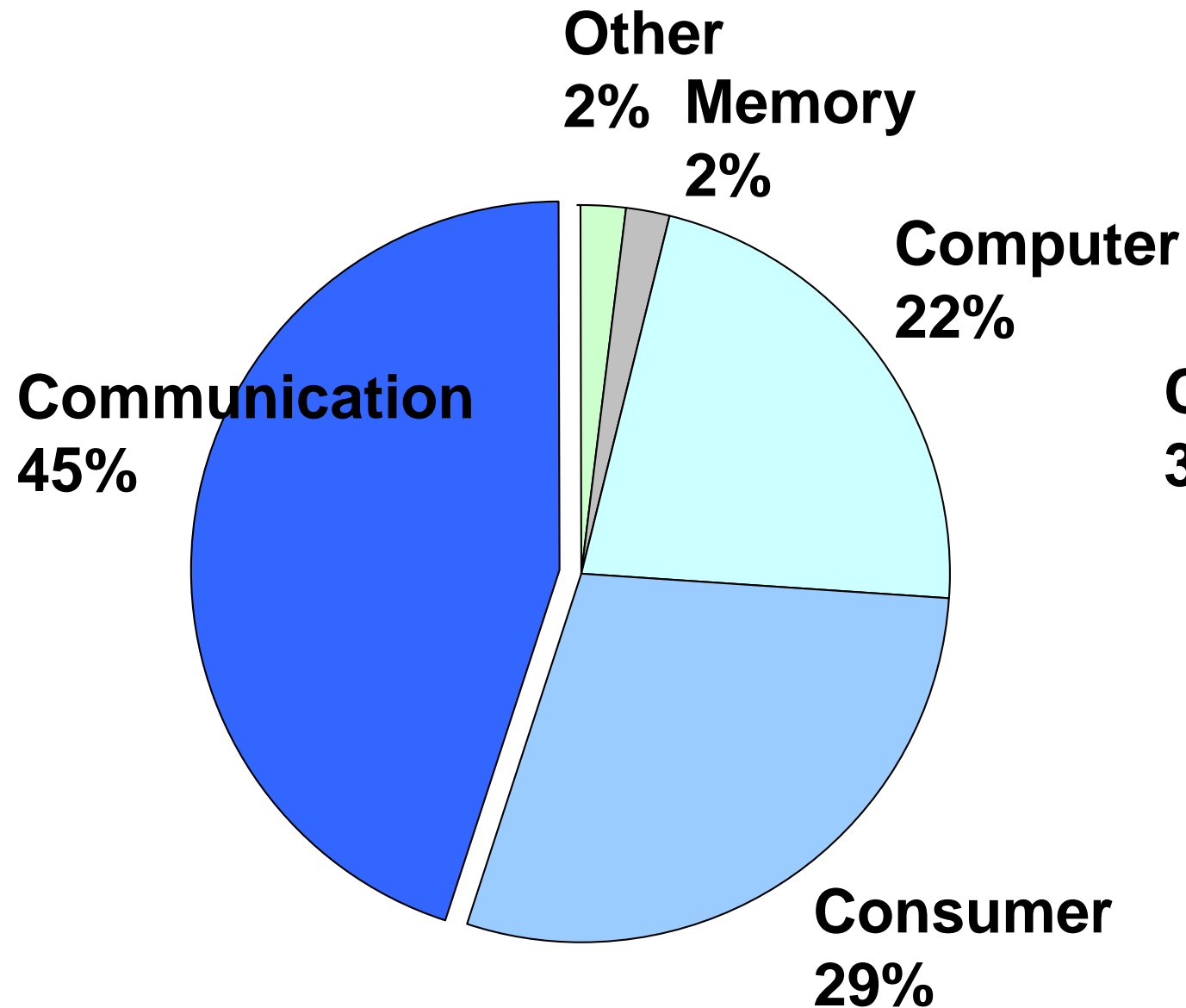


2004 Q3

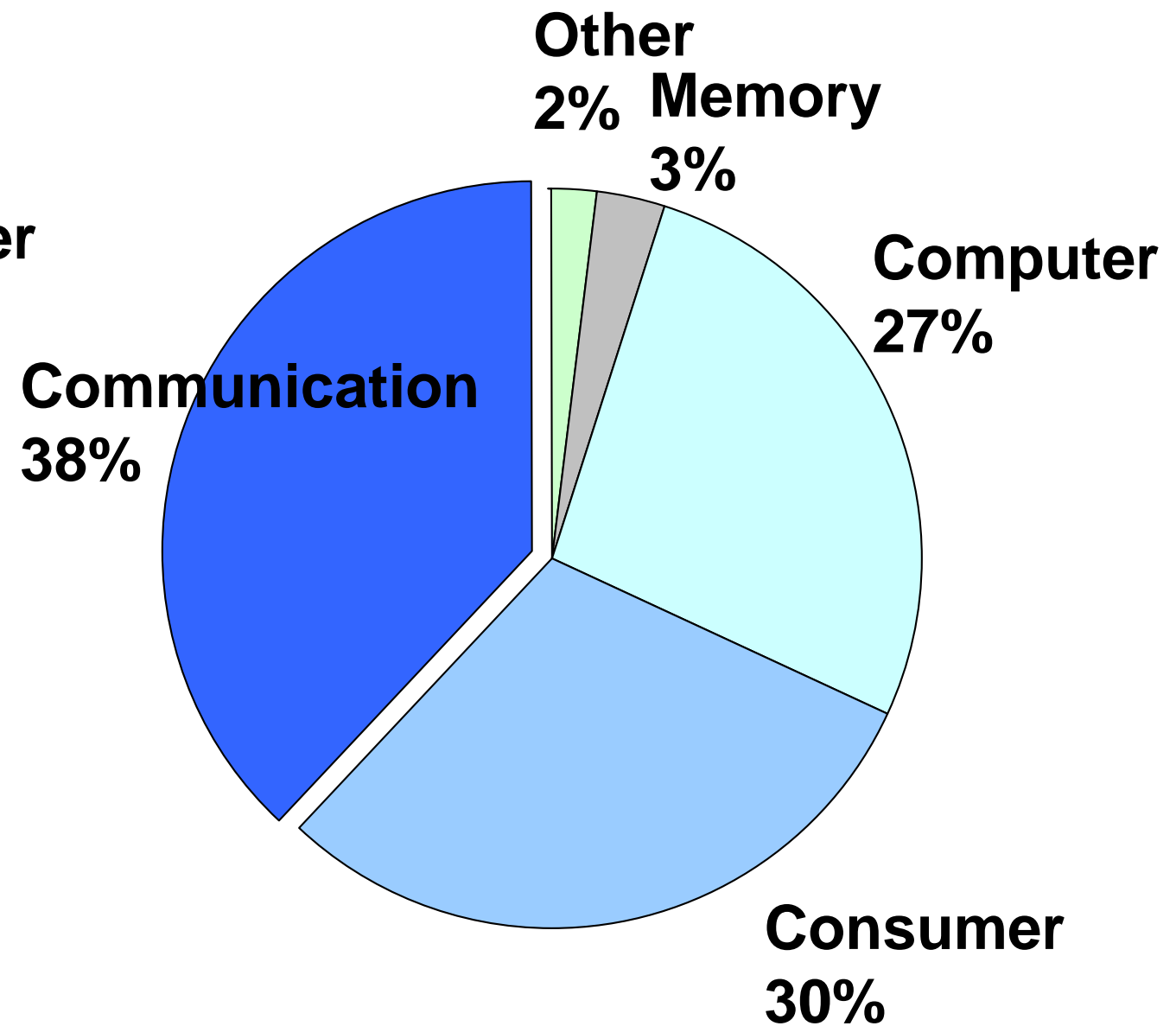


Sales Breakdown by Application

2004

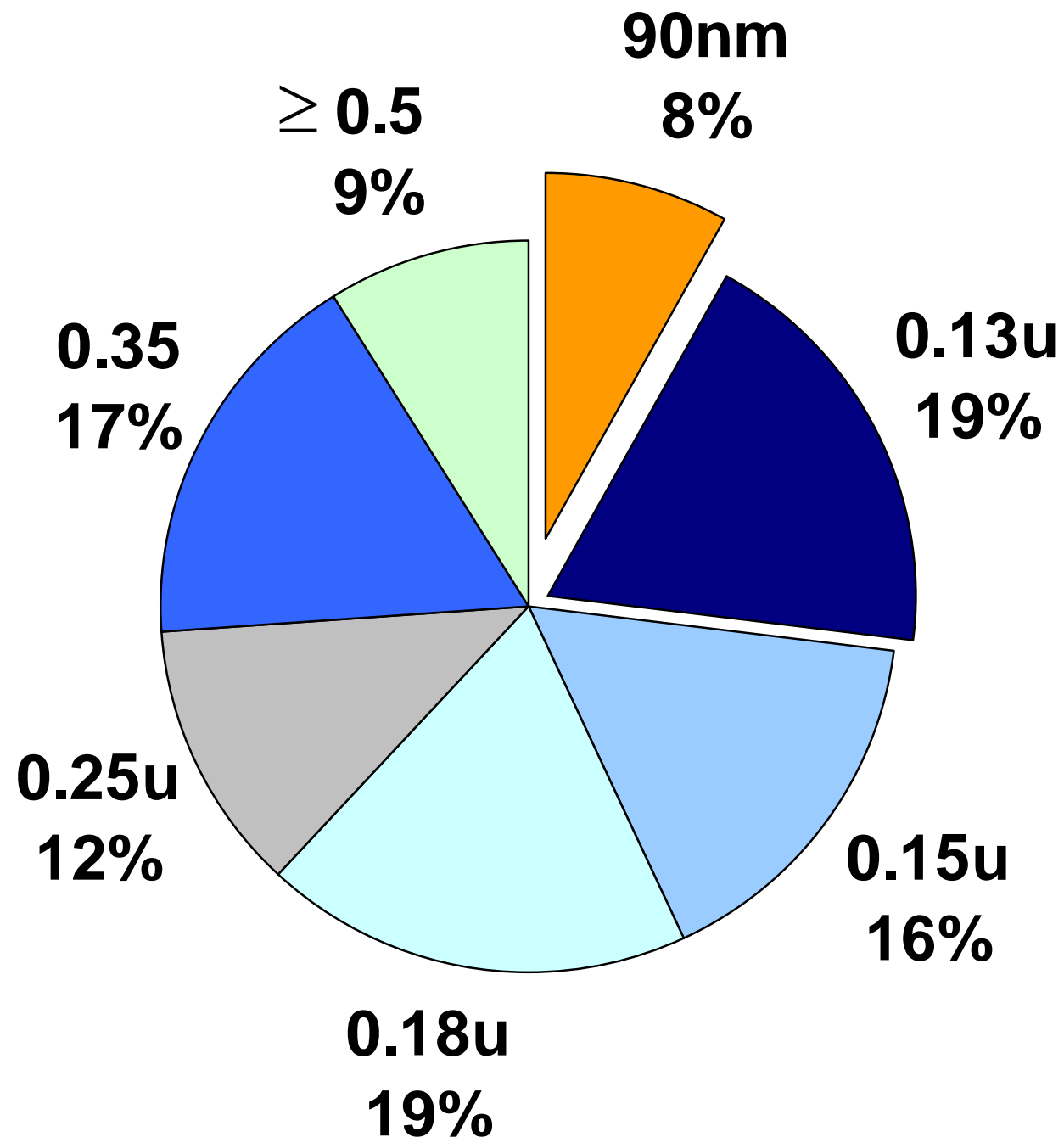


2003

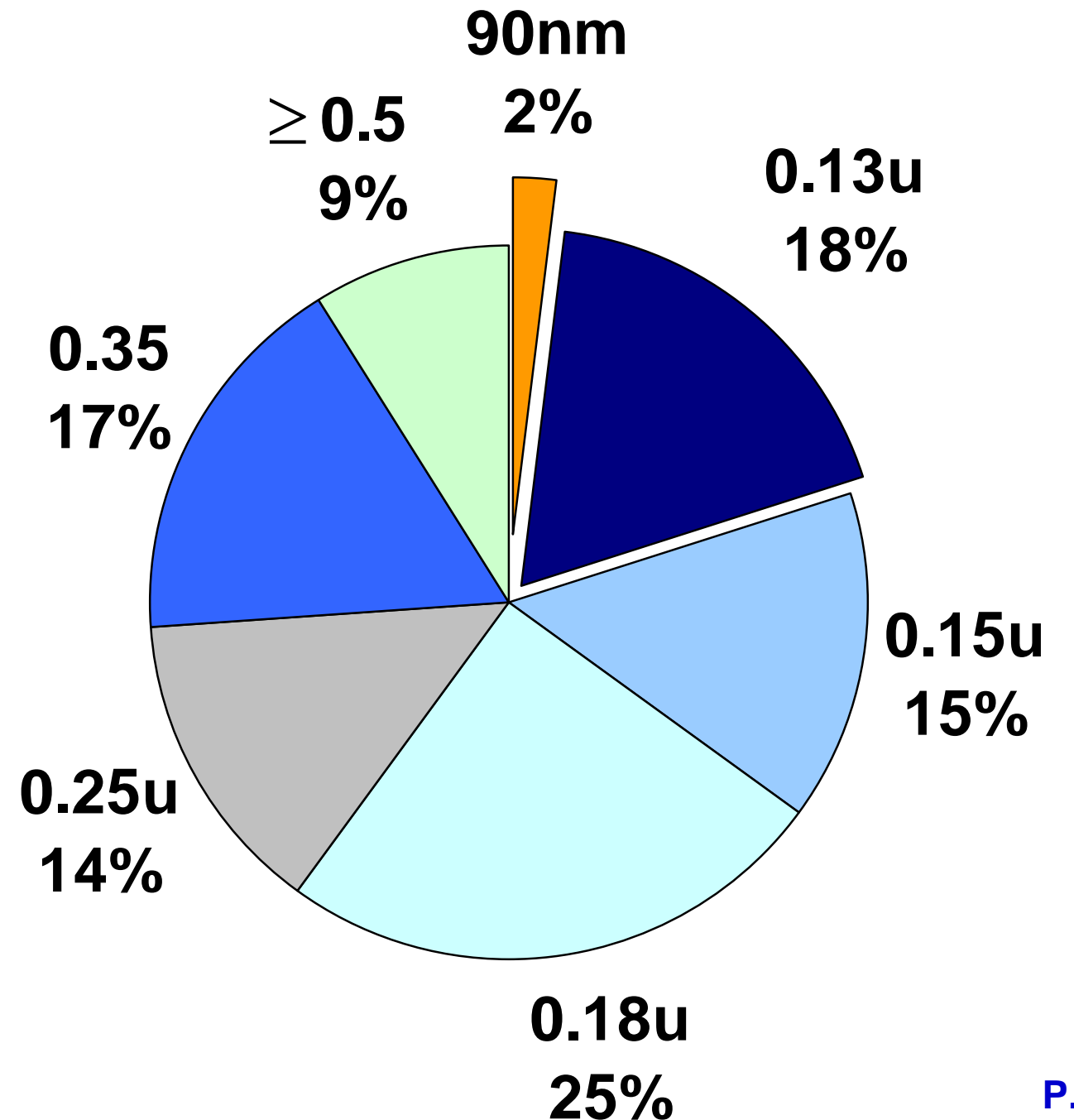


Sales Breakdown by Technology

2004 Q4

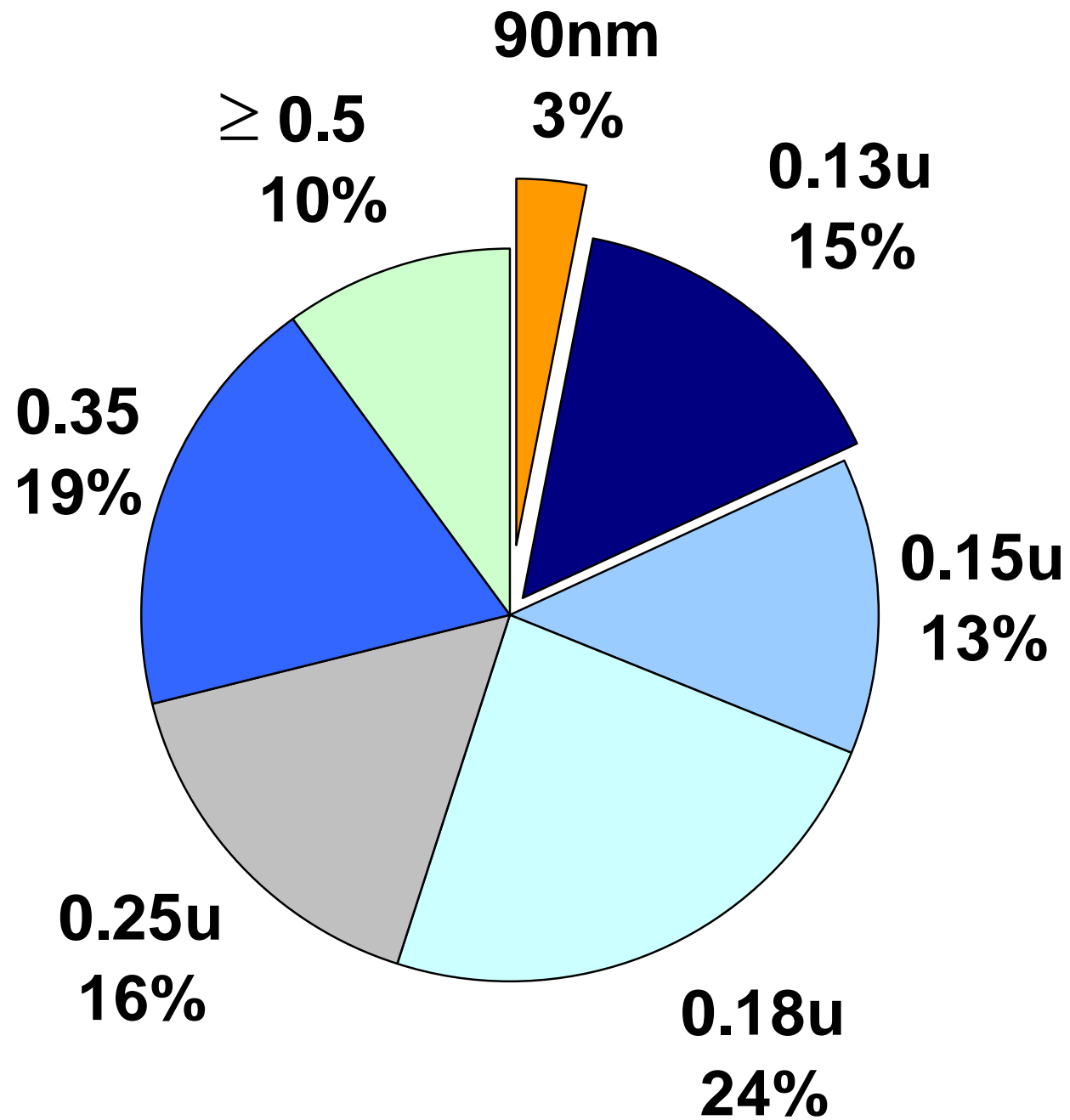


2004 Q3

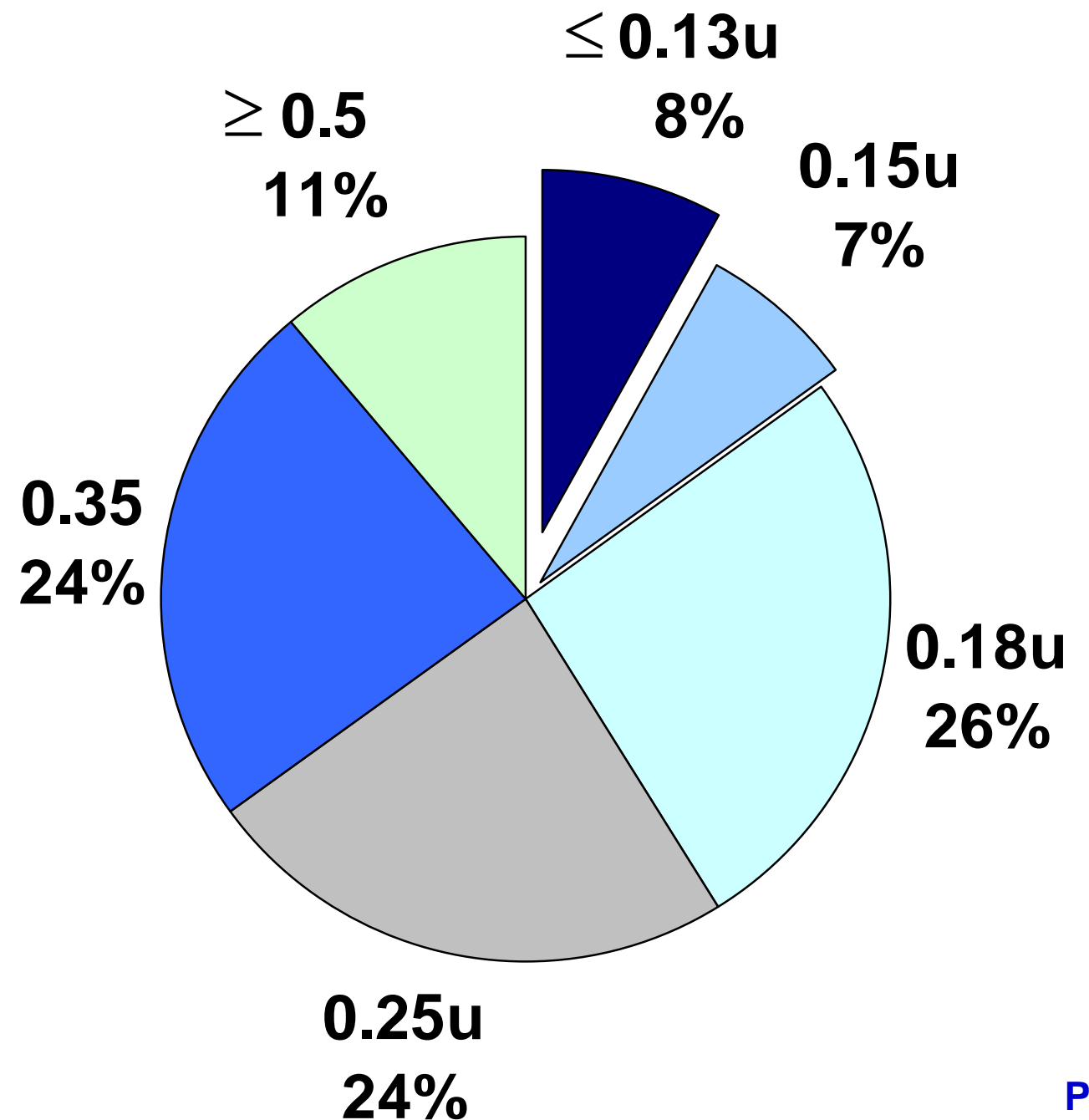


Sales Breakdown by Technology

2004



2003



Quarterly Capacity

unit: in thousands (8" wafer eq.)

FAB	2Q04	3Q04	4Q04	1Q05E
Fab 6A	86	86	86	86
Fab 8AB	196	200	204	204
Fab 8C	96	99	101	101
Fab 8D	61	65	72	75
Fab 8E	101	102	102	102
Fab 8F	81	92	95	95
Fab 8S	0	60	71	72
Fab 12A	84	113	127	139
Subtotal	705	817	858	874
UMCi	9	29	60	80
Total	714	846	918	954

2004 Capital Expenditure

	8" Fab	12" Fab	12" R&D	Total
UMC	14%	75%	11%	1,530 million USD
UMCJ	100%	-	-	120 million USD
UMCi	-	100%	-	910 million USD

2005 Capital Expenditure Plan

	8" Fab	12" Fab	12" R&D	Total
UMC	5%	80%	15%	1~1.5 billion USD

For more information regarding UMC
www.umc.com

For all inquiries, suggestions, and comments
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