



Acquisition of UTC

July 29, 2004

***Creating a Worldwide Leading Test-Centric Group and
one of the Largest Independent Memory Service Providers***



Revision of Merger Terms and Conditions

- The exchange ratio of 1.6 UTAC shares for every 1 UTC share for the Proposed Acquisition has been re-negotiated downwards in favor of UTAC to 1.33 UTAC shares for every 1 UTC share
- The reason for this revision is it has come to the attention of UTAC that UTC will not be able to achieve its business projections for the financial year ending 31 December 2004 ("FY2004") as expected earlier in April 2004
- The general meetings of UTAC and UTC shareholders to approve the Proposed Acquisition and completion of the transaction, which were initially anticipated to take place by 30 June 2004 and September 2004 respectively, will be delayed
- Under the revised timetable closing of the transaction is anticipated before the end of January 2005
- Proforma goodwill will decrease from US\$313.4 million to US\$64.0 million
- The transaction will be earnings accretive for UTAC in 2004

Revised Transaction Summary

Consideration	<u>Revision of fixed exchange ratio from 1.6 to 1.33 UTAC shares for every UTC share</u> <u>Percentage of existing UTAC shares to the post-acquisition enlarged capital increases from 51.7% to 56.4%</u> All stock transaction
Structure	UTC becomes a wholly owned subsidiary of UTAC
Financial Highlights	UTC has one of the highest EBITDA margins in the industry In 2002 and 2003 UTC generated EBITDA and EBITDA margin of US\$32.2mm / 55.4% and \$41.0mm / 65.3% respectively
Key Financials	Proforma combined 2003 revenue and EBITDA of approximately US\$178.1mm and US\$83.6mm
Leadership	Charles Chen will be Chairman of the combined group Lee Joon Chung, current UTAC CEO, will be CEO of the combined group
Board of Directors	15 directors to comprise the board 12 UTAC board members and 3 UTC board members
Timeline	Target closing expected by the end of January 2005

Revised Timetable

Date	Key Event
July 29, 2004	Sign revised definitive agreement
By October 2004	UTAC EGM and UTC EGM to approve transaction
Before End of Jan 2005	Closing

The Strategic Rationale Remains Compelling

- The Combination of UTAC and UTC will create a first class test-centric group and one of the largest independent memory service providers
- Strong customer/ business fit – Deepen penetration into strong memory customers such as Hynix and add strong flash business through Sandisk
- Strong geographic fit – UTC’s operations are in Taiwan, a key market for assembly and test
- Excellent product fit – Leverage UTC’s presence in Taiwan as launch pad for Mixed Signal and Logic (MSLP) business and accelerate growth of UTC’s assembly business through UTAC’s mass manufacturing expertise
- Access to UTC’s strong technology base in packaging and higher growth potential from UTC’s new entry in assembly
- Economies of scale due to significantly larger company
- Attractive Valuation

Significant Merger Synergies

No redundancies. The combined entity will be recruiting new employees for the expanded packaging operations.

Portfolio Synergies

- Combination of strong patent and product portfolios including key patents for leading edge technologies

Cost Synergies

- Economies of scale including cost reduction potential due to greater purchasing power
- Centralization of R&D activities and sales activities

Optimize Capex


- Reduction of UTC's expected Capex for mass production in packaging if manufacturing shift to UTAC

Financial Synergies

- Stronger balance sheet with increased financial flexibility and better access to capital markets
- Shareholders equity increases from US\$244 mm to US\$490 mm

Strong Product Fit

UTC and UTAC complementary product lines will strengthen the position of the combined entity.

Test			Comments
<i>Memory</i>			
Flash	Limited	STRONG	<ul style="list-style-type: none"> Limited customer overlap Well positioned for Flash business
DRAM	STRONG	STRONG	<ul style="list-style-type: none"> Pricing power
<i>Mixed Signal</i>	STRONG	NONE	<ul style="list-style-type: none"> Footprint for UTAC to launch mixed signal business in Taiwan
Assembly			
<i>Memory</i>			
Flash	NONE	Leading technology and limited manufacturing	<ul style="list-style-type: none"> Limited overlap Leverage UTC patents to grow assembly
DRAM	STRONG		<ul style="list-style-type: none"> Help UTC with manufacturing ramp-up
<i>Mixed Signal</i>	STRONG	NONE	<ul style="list-style-type: none"> Grow mixed signal assembly in Taiwan

Combining Blue Chip Customer Portfolios

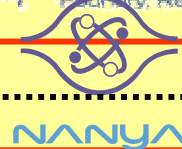
Strong customer fit. The combined group will serve the world's leading IDM's, foundries and fabless companies.



IDM's



Foundries & Fabs



Fabless



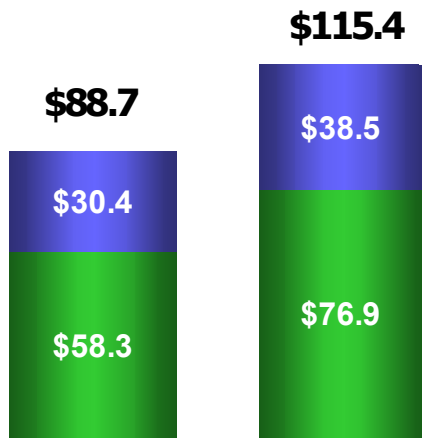
Total Revenue Increase - % Test Revenue Increase



(US\$ in millions)

66% 67%

Percent
Test



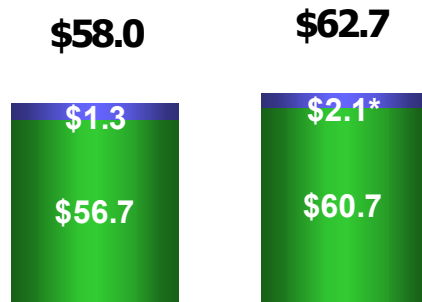
2002

2003



(US\$ in millions)

98% 97%



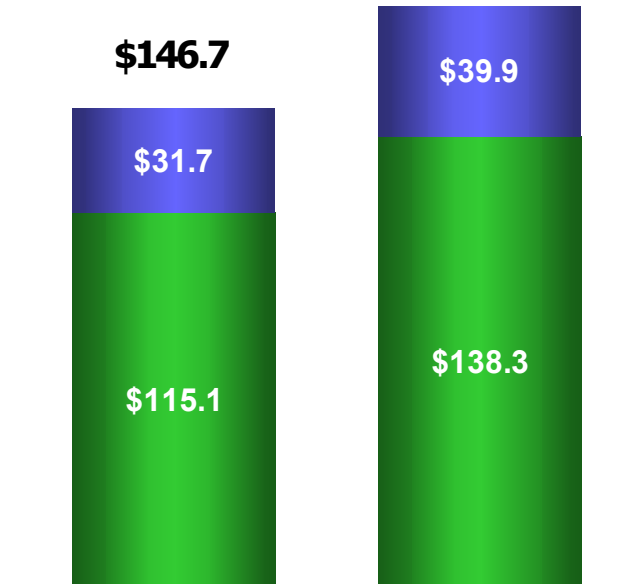
2002

2003



(US\$ in millions)

78% 77%
\$178.1



2002

2003

*Includes US\$0.7 million revenues from substrates business.

■ Test ■ Assembly



The Combined Group Doubles EBITDA



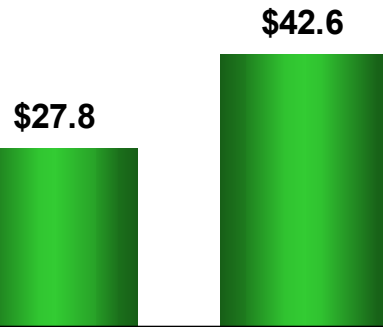
(US\$ in millions)



(US\$ in millions)

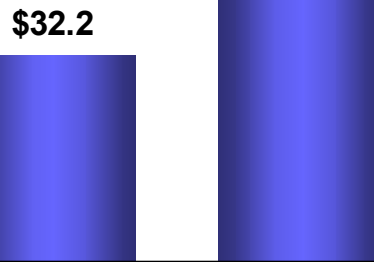


(US\$ in millions)



2002 2003

Margin 31.3% 36.9%



2002 2003

Margin 55.4% 65.3%



2002 2003

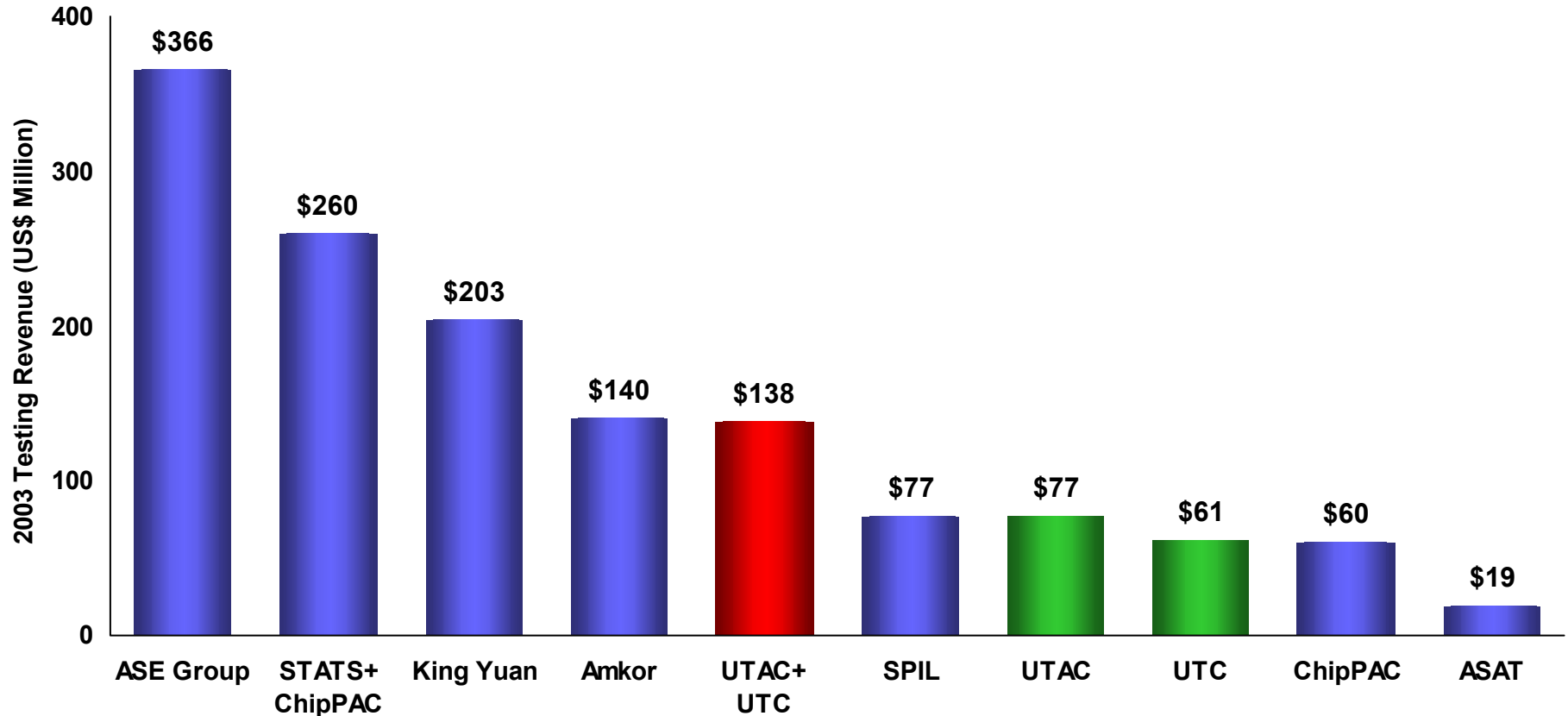
Margin 40.9% 46.9%

■ UTAC ■ UTC



Creating a Leading Test-Centric Company...

The combination of UTAC and UTC will create a world-class MSLP and Memory Powerhouse.



Source: Company filings, press releases and Wall Street Estimates.

ASE represents consolidated results of ASE Inc.

STATS + ChipPAC proforma for merger.

King Yuan assuming 100% test revenues.

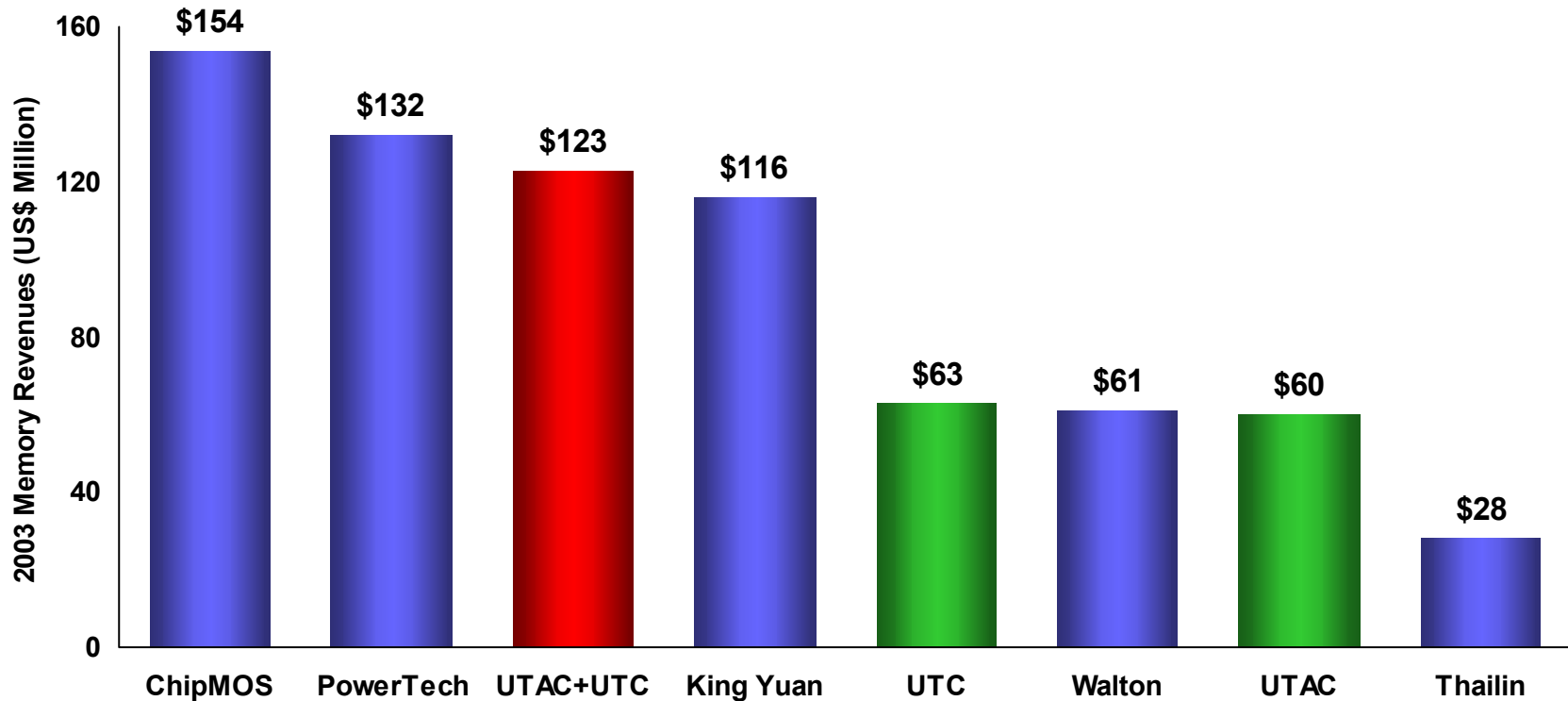
ASAT based on LTM revenues as of January 31, 2004 and test vs. assembly breakdown as of January 31, 2004.

SPIL based on revenues for fiscal year ending December 31, 2003 and test vs. assembly breakdown as of 4Q03.



...And One of the Largest Independent Memory Players

The Combination of UTAC and UTC will create a leading independent full-turnkey provider in the memory business.



Source: Company filings and Wall Street estimates.

ChipMOS based on revenues for the fiscal year ended December 31, 2003. Revenue breakdown for memory as of 2002.

PowerTech and Thailin for the fiscal year ended December 31, 2003 assuming 100% memory revenues.

Walton for the fiscal year ended June 30, 2003 assuming 100% memory revenues.



Financial Impact

The transaction is expected to be accretive to UTAC's earnings in 2004.

Comments

- The accounting standards regarding goodwill have been changed under Singapore Accounting Standards and the periodical goodwill amortization has been replaced by an 'Impairment-Only-Approach'
- Proforma goodwill will decrease from US\$313.4 million to US\$64.0 million
- UTAC will issue 651.6 mm shares. Including UTAC's current issued shares of 842.1 mm shares, the combined group will have 1,493.7 mm total shares outstanding after the transaction
- Based on UTAC's discussions with the management of UTC, the Board of Directors of UTAC believe that the impact of the Proposed Acquisition on the EPS of UTAC would be accretive in 2004 ⁽¹⁾

⁽¹⁾ Assumes that (i) the provision for diminution in value of long-term investments of UTC of approximately NT\$351 million (or approximately US\$10.3 million based on the exchange rate as of 28 July 2004 of NT\$34.206:US\$1) and a gain from disposal of fixed assets by UTC of approximately NT\$55 million (or approximately US\$1.6 million based on the exchange rate as of 28 July 2004 of NT\$34.206:US\$1) are not taken into account; and (ii) no adjustments are made for purchase price allocation, differences in accounting standards, principles and practices and timing of the completion of the Proposed Acquisition

Q&A