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UMC Mid-Quarter Business Update for the Second Quarter of 2001

Taipei, Taiwan, R.O.C. – June 15, 2001 — United Microelectronics Corporation (NYSE: UMC; TAIEX: 2303), (UMC) provides this mid-quarter business update for the second quarter of 2001, ending June 30.

Due to the weaker-than-expected market environment and slow economic recovery, UMC expects an approximately 35% sequential quarterly decline in revenue and will post an operating loss for the second quarter. Average capacity utilization rates in Q2 are expected to be in the mid-40% range.

“The second quarter reflected the deteriorating economic environment as well as the harsh end market inventory correction,” said CEO Peter Chang. “The lack of demand and continued inventory adjustment by our customers are impacting UMC’s business as well as its future outlook.”

"At this time, it is difficult to anticipate results for the upcoming third quarter. Visibility remains extremely low and we do not see signposts toward improvement in the demand/inventory situation. Accordingly, we cannot rule out the possibility that business condition in Q3 may show further deterioration from that of Q2," said Chang. "We have initiated cost cutting steps since the end of last year, and plan further measures to reduce our expenses" Updated guidance for Q3 of 2001 will be released on July 31 in conjunction with the company’s Q2 earnings release conference.

“Despite the difficult environment, our confidence remains intact that UMC will capitalize tremendously from the outsourcing trend and its own aggressive technology development,” Chang continued. "Even in this difficult environment, UMC remains focused on our core strengths. For example, UMC remains committed to our technology development programs as we continue to make rapid progress in the deep sub-micron area and with the 300mm platform.”

About UMC

UMC, a world leading semiconductor foundry, operates seven wafer fabs in Taiwan's Hsinchu Science Park. UMC's Japanese subsidiary, Nippon Foundry Inc., has one fab

in Japan and UMC's joint venture with Hitachi, Trecenti Technologies, began pilot production in its 300mm fab in Japan in 2000. UMC's 300mm facility in Taiwan's Tainan Science Park is scheduled for pilot production in July 2001, and the foundry has also announced plans for a third 300mm fab to be built in Singapore. UMC is a leader in foundry technology, with facilities that reached an annual output of more than 2.4 million eight-inch equivalent wafers in 2000 and produced more wafers in 0.18-micron and smaller technologies than any other foundry that year. UMC's joint development program with IBM and Infineon Technologies introduced the WorldLogic® standard 0.13-micron technology in 2000. UMC serves customers around the world through sales and marketing offices located in the United States, Japan, and the Netherlands. UMC can be found on the web at <http://www.umc.com>.

Safe Harbor Statement

Except for statements in respect of historical matters, the statements in this release are "forward-looking statements" within the meaning of Section 27A of the 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 which may cause the actual performance, financial condition or results of operations of UMC to be materially different from any future such matters implied by the statements. Investors are cautioned that actual events and results could differ materially from these statements as a result of a variety of factors, including conditions in the overall semiconductor market and economy, acceptance and demand for products, and technological and development risks.

The risks, uncertainties and factors include, among others, those stated in the section entitled "Risk Factors" in our Registration Statement on Form F-1 (filed with the U.S. Securities and Exchange Commission on September 15, 2000).

UMC forecasted financial statements were published on April 30, 2001 in accordance with the Republic of China Securities and Futures Commission's requirements and ROC GAAP. Investors are cautioned that there are differences between ROC GAAP and US GAAP, as described in the notes to the financial statements included in our Registration Statement on Form F-1 filed with the U.S. Securities and Exchange Commission on September 15, 2000.

The financial forecasts and forward-looking statements in this release reflect the current belief of UMC as of this date and UMC undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to this date.