

Contacts:

Chitung Liu / Ming-Kai Cheng
UMC, Investor Relations
+ (886) 2-2700-6999 ext. 6957
Chitung_Liu@umc.com
Ming_Kai_Cheng@umc.com

Luca Biondolillo / Susan Borinelli
Breakstone & Ruth
(646) 536-7012/ 18
Lbiondolillo@breakstoneruth.com
Sborinelli@breakstoneruth.com

UMC 1Q01 Revenue Jumps YoY 22.2% to NT\$ 23.59 Billion

1Q01 Highlights¹:

- **Net Sales up 22.2% to NT\$23.59 billion (US\$718 million)**
- **Net Income down 13.1% to NT\$6.47 billion (US\$196 million)**
- **EPS NT\$0.57, or EPADS US\$0.09**
- **UMC Board Directors Proposes NT\$ 1.5 Stock Dividend**

Taipei, Taiwan, R.O.C. – April 30, 2001 — United Microelectronics Corporation (TAIEX: 2303, NYSE: UMC), (UMC) today reported results for the three-month period ended March 31, 2001, as the company's financial results were impacted by the weak end market demand as well as excess customer inventory.

"The first quarter results reflected the weakening economic environment as well as the abrupt end market inventory correction," said UMC Chairman John Hsuan. "Despite the turbulent market, UMC continues to be optimistic of the foundry model and the entire semiconductor industry."

"The confidence that UMC will capitalize tremendously from the outsourcing trend and its own aggressive technology development is as strong as ever," Hsuan continued. "It is easy to lose track in this difficult environment, but UMC remains focused in its technology development programs as we progress rapidly in the advancement of 0.13-micron and 300mm technology."

¹ New Taiwan (NT) dollar amounts have been converted into U.S. dollar at the ratio of NT\$32.84 to one U.S. dollar.

Net Sales

UMC posted net sales for 1Q01 of NT\$23.59 billion, representing a 22.2 percent improvement from NT\$19.31 billion for 1Q00. Quarter-over-quarter, net sales decreased by 25.9 percent, from NT\$31.85 billion in 4Q00. The deterioration in net sales for the period mainly reflected the harsh market environment and the sharp inventory correction. Average selling price (ASP) increased approximately 2 percent mainly due the shift to more advanced technology as the portion of 0.15-micron and 0.18-micron sales showed a continuing increase to 23 percent of total revenues, from 17 percent in 4Q00. ASP increase had moderated in the past quarter from a 4 percent increase into 4Q00. In 1Q01, the company shipped 443 thousand units of 8-inch equivalent wafers compared with 629 thousand units for 4Q00 and 628 thousand units for 3Q00, not including shipments at Nippon Foundry Inc. (NFI), a dedicated foundry company in Japan owned by UMC.

Tables I through V offer a breakdown of UMC sales for 1Q01 by region, customer type, technology, application, and device type. Sales at NFI are not included in the calculations because quarterly results are not audited on a consolidated basis.

Table I shows a breakdown by geography of UMC sales classified according to the customer's geographical location.

Table I Breakdown by Geography

Region	1Q00	2Q00	3Q00	4Q00	1Q01
North America	45%	45%	43%	47%	46%
Asia Pacific	34%	32%	33%	27%	24%
Europe	19%	21%	22%	24%	28%
Japan	2%	2%	2%	2%	2%

Table II shows a breakdown of UMC sales by customer type with customers classified as fabless companies, integrated device manufacturers (IDM) and system companies.

Table II Breakdown by Customer Type

Customer Type	1Q00	2Q00	3Q00	4Q00	1Q01
Fabless	71%	69%	70%	70%	67%
IDM	24%	25%	24%	26%	28%
System	5%	6%	6%	4%	5%

Table III shows a breakdown of UMC sales by technology divided into 0.18-micron and below; between 0.18-micron and 0.25-micron; between 0.25-micron and 0.35-micron; and, 0.50-micron and above.

Table III Breakdown by Technology

Technology	1Q00	2Q00	3Q00	4Q00	1Q01
$X \leq 0.18\mu\text{m}$	9%	12%	12%	17%	23%
$0.18\mu\text{m} < x \leq 0.25\mu\text{m}$	26%	29%	36%	37%	32%
$0.25\mu\text{m} < x \leq 0.35\mu\text{m}$	46%	42%	35%	28%	21%
$X \geq 0.5\mu\text{m}$	19%	17%	17%	18%	24%

Table IV shows the breakdown by application. *Computer* consists of ICs such as HD controllers, System DRAM, graphic processors, and other. *Communication* consists of xDSL, DSP, LAN controllers, Low Power-SRAM, and other. *Consumer* consists of ICs used for DVD, PDA, smart card IC, game console, digital camera, and other.

Table IV Breakdown by Application

Application	1Q00	2Q00	3Q00	4Q00	1Q01
Computer	42%	41%	37%	33%	25%
Communications	35%	35%	36%	40%	48%
Consumer	22%	21%	25%	23%	26%
Others	1%	3%	2%	4%	1%

Table V shows the breakdown by device type. *Logic/Mixed Mode*, *DRAM*, *SRAM* and *Non-Volatile Memory*. The Logic/mixed mode process is used for chips such as ASIC, FPGA, MPU, MCU, graphic processors, and other. The *DRAM* process is used for chips such as EDO DRAM, SGRAM, router CAM, and other. The *SRAM* process consists of chips such as high speed SRAM, low power SRAM, and other. The *Non-Volatile Memory* process consists of FLASH, EEPROM, CPLD, Mask ROM, and other.

Table V Breakdown by Device Type

Device Type	1Q00	2Q00	3Q00	4Q00	1Q01
Logic/Mixed Mode	69%	66%	63%	63%	63%
DRAM	8%	9%	12%	13%	10%
SRAM	9%	9%	6%	5%	4%
Non-Volatile	14%	16%	19%	19%	23%

Gross Profit and Gross Margin

Gross profit for the quarter was NT\$9.60 billion, representing an improvement of 7.9 percent over gross profit of NT\$8.90 billion for the first quarter of 2000. Quarter-over-quarter, gross profit decreased by 45.2 percent, or NT\$7.91 billion, from NT\$17.51 billion for 4Q00. Gross margin for the period arrived at a healthy 40.7 percent, compared with gross margin of 46.1 percent for 1Q00 and 55 percent for 4Q00. The results at the gross profit and margin level held up comparatively well despite weak market environment mainly due to more favorable product mix as the participation of advanced 0.18-micron and below technology wafers increased to 23 percent of revenues, from 17 percent in 4Q00.

Operating Expenses

Operating expense for the quarter, decreased to 12.8 percent of net sales in 1Q01 at NT\$2.99 billion, from 13.6 percent a year ago at NT\$2.63 billion, while increased from 9.1 percent of net sales in 4Q00 at NT\$2.90 billion. UMC has deployed several cost-cutting programs amid the weak market. Despite this, R&D expenditures continues to represent a large portion of operating expense due to UMC's commitment to maintain its technology leader status. R&D expenditures, as a percentage of net sales, amounted to 7.9 percent in 1Q01.

Ongoing R&D efforts includes 0.10, 0.13-micron joint development program with IBM and Infineon (WorldLogicSM), 300mm initiatives, advanced lithography technologies, and process developments such as RF CMOS for high speed wireless applications.

Net Non-Operating Income

In 1Q01, investment income, which had been a major contributor to non-operating income in the year 2000, declined to NT\$140 million from NT\$851 million in 4Q00. The reduction in investment income reflects the deteriorating market environment and slowdown in the sectors in which the companies operate. Investment income for 1Q01 included results of NFI, with NT\$188 million, and World Wiser Electronics Inc., with NT\$87 million. Unipac Optoelectronics Corp. posted loss for the second consecutive quarter, with loss of NT\$202 million.

Capacity & Capital Expenditures

The capacity expansion plan remains largely intact with our 4Q00 projection with changes to UMC's subsidiary NFI for the rest of 2001. In 2000, UMC and its subsidiary NFI, managed a total capacity of 2.6 million 8-inch wafer equivalents. In 2001, the company expects to expand its capacity to 3.3 million 8-inch wafer equivalents². UMC remains committed to its 12-inch expansion plans because it believes 300mm

² Capacity expansion plan includes NFI and Trecenti.

technology will allow UMC to remain at the forefront of advanced process technology as well as in cost efficient manufacturing solutions.

Capital expenditures plan remains unchanged from the 4Q00 guidance at US\$1.5 billion. Majority of this amount will be destined for 300mm processing equipment and advanced copper modules for 200mm.

Tables VI offer a detailed breakdown of UMC's planned CAPEX by year. The 2001 CAPEX figure does not include NFI or the UMC-Hitachi joint venture in Japan Trecenti.

Table VI Capital Expenditure by Year

CAPEX PLAN – IN BILLION OF US\$					
	1997	1998	1999	2000	2001(e)
	\$0.7	\$1.7	\$1.9	\$2.8	\$1.5

Table VII summarizes the estimated annual full capacity of each fab for the years 1998 through 2000 and the expected capacity at each fab for 2001.

Table VII Annual Capacity in thousands of 8-inch wafer equivalents managed by UMC, including JV's & subsidiaries

FAB		Geometry	1998	1999	2000	2001
Fab 5A ⁽¹⁾	5"	≥0.8	160	159	33	--
Fab 6A	6"	≥0.5	312	318	348	345
Fab 8A	8"	0.5 – 0.25	300	375	491	527
Fab 8B	8"	0.35 – 0.18	360	405	435	421
Fab 8C	8"	0.35 – 0.15	76	213	416	458
Fab 8D	8"	0.25 – 0.13	--	--	94	259
Fab 8E	8"	0.5 – 0.25	14	180	373	467
Fab 8F	8"	0.25 – 0.13	--	--	139	351
NFI	8"	0.5 – 0.25	--	159	256	394
Fab 12A ⁽²⁾	12"	0.18 – 0.10	--	--	--	32
Trecenti	12"	0.18 – 0.10	--	--	--	68
Total (8" eq.)			1222	1809	2585	3322
Growth Rate			40%	48%	43%	29%

(1) Fab 5A was sold in 2Q00

(2) Fab 12A is expected to begin operations in 3Q 2001

Table VIII summarizes the estimated quarterly full capacity from 2Q00 through 4Q01(e).

Table VIII Capacity Breakdown by Quarter³

FAB	2Q00	3Q00	4Q00	1Q01	2Q01(e)	3Q01(e)	4Q01(e)
Fab 6A	86	89	89	79	88	89	89
Fab 8A	119	129	137	125	132	135	135
Fab 8B	107	115	109	100	105	108	108
Fab 8C	102	114	118	107	117	118	118
Fab 8D	12	29	53	42	61	77	80
Fab 8E	87	95	113	101	116	124	127
Fab 8F	21	43	72	81	90	90	90
NFI	57	66	81	83	92	100	119
Fab 12A						7	26
Trecenti				4	20	48	64
Total (8-inch eq.)	590	679	772	718	822	897	957

Net Income

Net income for 1Q01 declined by 13.1 percent to NT\$6.47 billion, from NT\$7.44 billion for the same period in 2000. Net margin for the quarter declined to 27.4 percent, from 38.6 percent in the year-ago period.

Basic EPS for the first quarter were NT\$0.57.

Earnings per ADS (EPADS) for the quarter were US\$0.09. One ADS represents five Taiwan-listed ordinary shares.⁴

³ Estimated capacity numbers are based on *calculated maximum output* rather than *designed capacity*. The actual capacity numbers may differ depending upon equipment delivery schedules, pace of migration to more advanced process technologies, and other factors affecting production ramp ups and capacity utilization, as described in Risk Factors in the company's Registration Statement as filed with the SEC on September 15, 2000.

⁴ New Taiwan (NT) dollar amounts have been converted into U.S. dollar at the ratio of NT\$32.84 to one U.S. dollar..

Guidance and Outlook

During the last quarter, semiconductor outlook had deteriorated rapidly due to customer inventory adjustments and weakening end demand. Despite the difficulties, our strategy of rational expansion and aggressive technology development remains undeterred. Based on current outlook, guidance for the 2Q01 is as follows:

- UMC expects net sales to decline nearly 30% in the 2Q01.
- ASP should remain stable from 1Q01.
- UMC believes outlook for the 3Q01 will improve from the level of 2Q01.

Our long-term view on the growth of our business remains optimistic and therefore:

- 300mm expansion remains on track with original plan.
- Managed capacity remains at 3.3 million 8-inch equivalent wafers.

Financial Forecast

UMC forecasts net sale of NT\$ 85 billion for fiscal year 2001. The net income forecast for year 2001 arrives at NT\$13.3 billion.

Income Statement Forecast

Expressed in thousands of NT dollars 2001 Forecast	
Net Sales	85,018,598
Cost of Good Sold	(60,679,530)
Gross Margin	24,339,068
Realized Margin	538,817
Unrealized Margin	(341,563)
Operating Expenses	(13,205,750)
Operating Income	11,331,617
Non-Operating Income	5,847,959
Interest Income	2,656,616
Other Income	3,191,343
Non-Operating Expenses	(3,840,101)
Interest Expenses	(2,814,561)
Other Expenses	(1,025,540)
Net Profit before Tax	13,338,475
Income Tax Benefit (Expenses)	(7,507)
Net Income	13,330,968

Balance Sheet Forecast

Expressed in thousands of NT dollars 2001 Forecast	
Assets	
Current Assets	NT\$ 78,912,208
Cash and cash equivalents	50,151,064
Marketable Securities	135,070
Notes Receivable & Account Receivable	14,627,561
Inventory	11,446,101
Other Current Assets	2,552,412
Funds & Long-term Investments	76,692,517
Fixed Assets	166,671,033
Other Assets	6,507,551
Total Assets	NT\$ 328,783,309
Liabilities and Shareholders Equity	
Current Liabilities	NT\$ 35,909,336
Long-term Liabilities	37,963,655
Other Liabilities	2,375,082
Total Liabilities	76,248,073
Shareholders Equity	
Common Stocks	133,356,954
Capital Reserve	82,381,377
Retain Earnings	50,640,652
Unrealized Loss on Long-term Investments	(11,443,684)
Cumulative Translation Adjustment	(682,821)
Treasury Stocks	(1,717,242)
Total Shareholders Equity	252,535,236
Total Liabilities and Shareholders Equity	NT\$ 328,783,309

UMC is publishing this financial forecast for year 2001 in accordance to the rules and regulations laid out by the Republic of China Securities and Futures Exchange as described in "Guidelines for Publishing of Financial Forecasts of Public Companies."

Other Developments

UMC Board Directors Proposes NT\$ 1.5 Stock Dividend

On March 27, 2001, UMC held a meeting of the Board of Directors and Supervisors, at which the Board adopted a proposal recommending distribution of dividend of NT\$ 1.5 per common share.

At the meeting, the Board of Directors and Supervisors also:

1. Approved UMC sponsorship of the issuance of American Depository Receipts (ADRs) by certain shareholders to dispose a portion of their common shares in the form of ADRs. Further, all UMC employee and management are prohibited from participating in any form of arbitrage associated with this issuance.
2. Reduced compensation for all Board Directors and Supervisors from 1% to 0.1% of earnings.
3. Appointed Mr. I.D. Liu as Vice-Chairman.

Mentor Graphics and UMC Deliver IC Design Kits Through Expanded Partnership

On February 19, 2001, Mentor Graphics Corporation® and UMC announced they have partnered to deliver a complete turnkey design flow, including the availability of IC design kits for UMC's radio frequency (RF) and analog/mixed-signal (AMS) process technologies. This innovative flow gives customers a total design solution: complete support from specification all the way through tape-out.

The agreement covers UMC's 0.25-, 0.18- and 0.13-micron RF CMOS technologies, with design kits for 0.25-micron available immediately. These IC design kits, jointly developed for the Mentor Graphics IC Station® schematic-driven custom design environment, deliver optimized and characterized device components ready for RF and mixed-signal SoC designs. This enables designers to immediately begin creating, simulating and verifying designs on UMC's cutting-edge technologies.

UMC and Giga Solution Combine to Offer RF/Mixed-mode Design Kits for 0.25um, 0.18um

On February 15, 2001, UMC and Giga Solution Tech. Co., Ltd., the leading RF testing company, announced the availability of RF/Mixed-mode design kits for UMC's 0.25um and 0.18um CMOS processes. The design kits enable Agilent's Advanced Design System (ADS) software to work with UMC's Silicon CMOS (Si-CMOS) technology, helping to speed the development of Radio Frequency integrated circuits (RFICs) used in wireless communication applications such as blue-tooth and mobile phones.

UMC Targets Camera-On-A-Chip Developers with Enhanced CMOS Image Sensor Technology

On January 8, 2001, UMC announced an enhanced CMOS image sensor process, which is based on its generic mixed-mode process. The unique proprietary technology will address the needs of today's most sophisticated camera-on-a-chip designers that produce chips for high-end, still life and video digital cameras and scanners. Because of its lower than average dark current level, UMC's sensor process allows image sensors designed in its process to detect light at lower light conditions. The result is image quality that is superior to any other foundry CMOS technology. CMOS sensors now being fabricated with UMC's sensor process are rapidly becoming a cost-effective replacement for competing charged coupled device (CCD) and other CMOS sensors.

Notes to Editors

UMC is one of the world's largest independent semiconductor foundries and a leader in advanced process technology. The company posted 1999 global sales of US\$1.74 billion and US\$105.08 billion for the twelve-month period ended December 31, 2000. UMC operates fabs in Taiwan and Japan, and has two 12-inch fabs under construction. A leader in foundry technology, UMC expects capacity to reach 3.28 million wafers per year in 2001, with over half in advanced 0.18- and 0.25-micron technology. The company has marketing and customer support offices located in the United States, Japan, and the Netherlands. UMC's shares have been listed on the Taiwan Stock Exchange since 1985 and the company's ADS trade on the NYSE under the symbol UMC. One ADS represents five ordinary shares. Additional information on the company is available on the web at <http://www.umc.com>

Unless otherwise noted, the company's historical financial data for fiscal 1999 discussed in this announcement are on a pro forma basis, reflecting the merger, which was completed on January 3, 2000, of Utek Semiconductor Corporation (UTEK), United Semiconductor Corporation (USC), United Integrated Circuit Corporation (UICC) and United Silicon Incorporated (USIC), into UMC, as if it had occurred on January 1, 1999. Additionally, all financial information used in the discussion and analysis of the company's financial conditions and results of operations for each quarter are prepared in accordance with ROC GAAP. The company will provide a reconciliation of its financial statements on a consolidated basis with US GAAP in its year-end results.

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. These forward-looking statements are based on management's current forecasts, expectations and beliefs, including matters as future revenues and costs, financial performance, technology mixes, capacity, utilization or loading rates and process or geographical diversification. Such forward looking statements are subject to a number of risks and

uncertainties that could cause actual results to differ materially, including risks that may be beyond the Company's control. The semiconductor market and economy and in the foundry marketplace, acceptance and demand for products, the technological and development risks, competitive factors, and other risks stated in our Registration Statement on Form F-1 filed with the U.S. SEC (filed with the U.S. Securities and Exchange Commission on September 15, 2000).

The forecasted financial statements included in this release were published on April 30, 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.