

Contacts:

Chitung Liu / Ite Pan
UMC, Investor Relations
 +886-2-2700-6999 ext. 6957
chitung_liu@umc.com
ite_pan@umc.com

Tip Fleming / Jane Liu
Christensen IR
 +1-212-618-1978 / +852-2864-4814
tfleming@christensenir.com
jliu@christensenir.com

UMC Reports 2002 Fourth Quarter Results

Results on the Upper End of Guidance Range

Fourth Quarter 2002 Highlights¹:

- **Quarter-over-quarter revenue declined by 8.4 % to NT\$17.54 billion (US\$504 million)**
- **Operating income of NT\$331 million (US\$9 million)**
- **Net income of NT\$986 million (US\$28 million)**
- **Wafer shipments of 434 thousand 8-inch equivalent wafers; 8% decrease (in NT\$) in blended average selling price**
- **EPS of NT\$0.07, or EPADS of US\$0.010**

Taipei, Taiwan, ROC - January 29, 2003 - United Microelectronics Corporation (NYSE: UMC; TSE: 2303) (“UMC” or “the Company”), a leading global semiconductor foundry, today announced its unconsolidated operating results for the quarter and for the full-year ended December 31, 2002. All financial figures were prepared in accordance with ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States.

“The past year was extremely challenging for the high-technology industry. Despite the contraction of the global semiconductor market, we returned UMC to profitability in 2002. By fine-tuning our foundry marketing strategy, and optimizing our resource allocation, we have built a more competitive UMC,” UMC Vice Chairman & CEO John Hsuan said.

“We have continued to invest heavily in R&D and state-of-the-art 300mm manufacturing facilities that will enable us to maximize long-term profitability. In the fourth quarter, leading-edge 0.13-micron shipments accounted for 6% of UMC’s revenue, and we are expecting 0.13-micron shipments to be one of our major sources of revenue growth in 2003. We are making steady progress on, and continue to develop, 90-nanometer process technology. Together with Xilinx, we have produced a 90-nanometer FPGA test chip.”

“UMC was the first foundry company to commence 300mm production. This moved us to the forefront of cutting-edge manufacturing developments and helped us to secure the leading technology position we enjoy today. By the end of 2002, yields on 300mm products were better than many of the similar products that were fabricated on 200mm wafers. We have successfully increased production at

¹ Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with ROC GAAP. They are unaudited, unconsolidated, and represent comparisons between the three-month period ending December 31, 2002, and the equivalent three-month period that ended December 31, 2001. For all 4Q02 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$34.77 to one U.S. dollar.

Fab12A, our 300-mm manufacturing facility in southern Taiwan, and in the beginning of 2003, we launched the equipment move-in at UMCi, our Singapore-based 300mm joint venture. Both these developments further demonstrate UMC's commitment to 300mm manufacturing. The combined capacity of these two facilities will enable UMC to respond rapidly to any industry expansion that may occur in the foreseeable future. Additionally, our customers will benefit from the cost advantages associated with our 300mm advanced manufacturing process technologies. It's a win-win situation for both our customers and UMC."

Summary of Operating Results

Revenue for 4Q02 was NT\$17.54 billion, representing a 25.8% YoY increase from NT\$13.94 billion in 4Q01, and an 8.4% QoQ decrease from NT\$19.15 billion in 3Q02. Gross profit for the quarter was NT\$2.58 billion, compared to NT\$3.74 billion in 3Q02. The decline in gross profit is primarily attributable to lower revenue and the large amount of fixed costs. Net income for 4Q02 was NT\$986 million, compared with net income of NT\$1.42 billion in 3Q02.

(Figures in million NT\$)	4Q02	3Q02	QoQ %change	4Q01	YoY % change
Revenue	17,535	19,152	(8.4)	13,942	25.8
Gross Profit	2,581	3,735	(30.9)	(288)	--
Operating Expenses	(2,250)	(2,482)	(9.3)	(4,887)	(54.0)
Operating Profit	331	1,253	(73.6)	(5,175)	--
Non-op Income and Exp.	657	175	275.4	533	23.3
Net Income	986	1,424	(30.8)	(3,753)	--
EPS (NT\$ per share)	0.07	0.10		(0.25)	
(US\$ per ADR)	0.010	0.014		(0.036)	

Earnings per ordinary share (EPS) for the quarter were NT\$0.07. Earnings per ADS (EPADS) were US\$0.010. This compares with a loss per ordinary share and ADS in 4Q01 of NT\$0.25 and US\$0.036 respectively. One ADS represents five Taiwan listed ordinary shares. Total weighted average outstanding shares in 4Q02 were 14,730,658,270 shares, compared with 14,745,116,943 shares in 3Q02 and 15,315,820,789 shares in 4Q01. Diluted total weighted average outstanding shares, which include the dilution effects of future ECB conversion and stock option exercises, were 15,045,394,253 shares in 4Q02, compared with 14,894,849,563 shares in 3Q02.

Detailed Financials Section

Depreciation and amortization expenses were NT\$9.12 billion in 4Q02, compared to NT\$8.99 billion in 3Q02. Depreciation within COGS decreased by 6.7% to NT\$7.00 billion. Depreciation attributable to inventory increased due to an increase at the wafer-in-process (WIP) level during 4Q02. Total operating expenses declined 9.3% QoQ to NT\$2.25 billion. Sales and marketing expenses increased 9.9% QoQ to NT\$278 million, mainly due to increased sampling and IP expenditures. R&D spending declined 9.1% QoQ to NT\$1.43 billion mainly due to the lower cost of mask tooling.

COGS & Expenses					
(Amount: NT\$ million)	4Q02	3Q02	QoQ %change	4Q01	YoY %change
Revenue	17,535	19,152	(8.4)	13,942	25.8
COGS	(14,954)	(15,417)	(3.0)	(14,230)	5.1
Depreciation	(6,997)	(7,502)	(6.7)	(7,699)	(9.1)
Other Mfg. Costs	(7,957)	(7,915)	0.5	(6,531)	21.8
Gross Profit	2,581	3,735	(30.9)	(288)	--
Gross Margin (%)	14.7%	19.5%		-2.1%	
Total Op. Exp.	(2,250)	(2,482)	(9.3)	(4,887)	(54.0)
G&A	(547)	(662)	(17.4)	(1,479)	(63.0)
Selling and Mktg	(278)	(253)	9.9	(1,123)	(75.2)
R&D	(1,425)	(1,567)	(9.1)	(2,285)	(37.6)
Operating Profit	331	1,253	(73.6)	(5,175)	--
Operating Margin (%)	1.9%	6.5%		-37.1%	

Net non-operating income for 4Q02 was NT\$657 million, of which NT\$461 million was attributable to investment income, including NT\$176 million in cash dividends paid by MediaTek; a NT\$182 million gain from the sale of MediaTek shares; and a NT\$104 million gain from the sale of Holtek and ITE shares. Exchange gains in 4Q02 were NT\$104 million.

Non-operating Income (Expenses)			
(Amount: NT\$ million)	4Q02	3Q02	4Q01
Net Non-Operating Income (Loss)	657	175	533
Net Interest Income (Expense)	(5)	(1)	(101)
Net Investment Income (Loss)	461	306	(366)
Gain on Disposal of Investment	299	77	6
Exchange Gain (Loss)	104	70	285
Others	(202)	(277)	709

UMC generated positive net cash flow of NT\$3.06 billion in 4Q02. Working capital increased by NT\$1.40 billion, mainly due to the cash inflow from notes and accounts receivable. Capital spending, primarily consisting of equipment and other property acquired in 4Q02, totaled NT\$4.68 billion. The majority of cash outflow due to financing activities mostly consists of a NT\$1.36 billion decrease in long-term loans and NT\$570 million in bond redemptions. For the next 12 months, we expect to pay back NT\$4.43 billion in long-term loans and redeem NT\$1.14 billion in bonds.

Cash Flow Summary		
(Amount: NT\$ million)	For the 3-Month Period Ended Dec. 31, 2002	For the 3-Month Period Ended Sep. 30, 2002
Cash Flow from Operating	10,959	8,658
Net Income (Loss)	986	1,424
Depreciation & Amortization	9,118	8,987
Changes in working capital	1,404	(2,789)
Others	(549)	1,036
Cash Flow from Investing	(6,069)	(14,501)
Capital Expenditures	(4,682)	(13,009)
Others	(1,388)	(1,492)
Cash Flow from Financing	(1,830)	(1,761)
Net Cash Flow	3,060	(7,604)

Full year 2002 cash and equivalents increased NT\$3.96 billion to NT\$62.48 billion. Notes & accounts receivable declined by NT\$2.10 billion QoQ to NT\$ 9.37 billion. On a sequential basis, days sales outstanding² decreased to 54 days. Inventory turns increased slightly to 48 days due to a lower revenue base in 4Q02.

Current Assets			
(Amount: NT\$ Bn)	4Q02	3Q02	4Q01
Cash & Equiv.	62.48	59.42	58.52
Notes & Accounts Receivable	9.37	11.47	7.24
Days Sales Outstanding*	54	56	46
Inventories	7.69	7.67	5.19
Inventory Turns	48	46	36
Total Current Assets	86.66	84.71	77.25

UMC's financial position improved in the fourth quarter. Compared to 3Q02, total current liabilities decreased to NT\$20.95 billion, down 9.2% and long-term liabilities decreased to NT\$55.07 billion, down 3.5%. Total debt declined by 4.8% to NT\$79.90 billion and UMC's debt to equality ratio dropped to 37% at the end of 4Q02 from 39% at the end of 3Q02.

Liabilities			
(Amount: NT\$ Bn)	4Q02	3Q02	4Q01
Total Current Liabilities	20.95	23.07	26.94
Accounts Payable	2.66	2.90	2.35
Short Term Credit / Bonds	5.67	5.58	7.00
Others	12.62	14.59	17.37
Long Term Liabilities	55.07	57.08	52.46
Total Debts	79.90	83.97	83.92
Debt to Equity	37%	39%	36%

² Days Sales Outstanding = $365 / \left(\frac{\text{Operating revenues for three-month period end } *4}{\text{Beginning NR\&AR balance,net} + \text{Ending NR\&AR balance,net}} \right) / 2$)

Inventory Turns = $365 / \left(\frac{\text{COGS for three-month period end } *4}{\text{Beginning Inventory balance,net} + \text{Ending Inventory balance,net}} \right) / 2$)

Analysis of Revenue³

The percent of revenue contributed from Asia Pacific customers grew to 41% in 4Q02 from 34% in 3Q02 mainly due to seasonal rush orders, particularly from the PC sector. In the same period the percent of revenue from Europe dropped to 15% from 20% due to inventory rationalization by a handful of European customers.

The percent of revenue from leading-edge 0.13-micron technology sales increased significantly to 6% in 4Q02 from 2% in 3Q02. 36% of revenue in 4Q02 was from 0.18-micron and below technologies. Sales of products using technologies ranging from above 0.25-micron to 0.35-micron represented 27% of total revenue. Its proportion of revenue increased 5% QoQ due to several rush orders of PC peripherals.

UMC's customer mix shifted slightly in the fourth quarter. Fabless orders accounted for 75% of the total, up from 71% in 3Q02. The contribution from IDMs decreased to 24% of the total in 4Q02 from 28% in 3Q02 due to a few European IDM customers adjusting their inventory levels.

Revenue from the communication market segment remained flat overall, but increased as a percent of total revenue. Demand for 2.5G and color-screen handset components remained strong during the quarter. The proportion of revenue from the computer market segment increased slightly due to rush orders received from LCD panel and optical storage driver manufacturers.

Blended Average Selling Price Trend

The blended average selling price (ASP, in NT dollar terms) for the fourth quarter decreased by 8 percent compared with the previous quarter, mainly due to an increase of rush orders of lagging-age technology that is priced lower than our blended ASP.

³ Revenue in this section represents net wafer sales. All revenue breakdown tables exclude JV's and subsidiaries.

REVENUE BREAKDOWN BY REGION

Region	4Q01	1Q02	2Q02	3Q02	4Q02
North America	32%	29%	35%	43%	41%
Asia Pacific	49%	54%	50%	34%	41%
Europe	15%	14%	11%	20%	15%
Japan	4%	3%	4%	3%	3%

REVENUE BREAKDOWN BY TECHNOLOGY

Technology	4Q01	1Q02	2Q02	3Q02	4Q02
0.13um	0%	0%	1%	2%	6%
0.15um	3%	5%	5%	9%	8%
0.15um < x <= 0.18um	17%	10%	17%	26%	22%
0.18um < x <= 0.25um	23%	27%	28%	25%	23%
0.25um < x <= 0.35um	41%	40%	33%	22%	27%
0.5um and above	16%	18%	16%	16%	14%

REVENUE BREAKDOWN BY CUSTOMER TYPE

Customer Type	4Q01	1Q02	2Q02	3Q02	4Q02
Fabless	78%	82%	82%	71%	75%
IDM	21%	17%	17%	28%	24%
System	1%	1%	1%	1%	1%

REVENUE BREAKDOWN BY APPLICATION⁽¹⁾

Application	4Q01	1Q02	2Q02	3Q02	4Q02
Computer	37%	38%	29%	24%	25%
Communication	18%	20%	25%	37%	40%
Consumer	34%	33%	37%	31%	28%
Memory	10%	7%	7%	6%	5%
Others	1%	2%	2%	2%	2%

⁽¹⁾ *Computer* consists of ICs such as HD controllers, DVD-ROM/CD-ROM drivers, LCD drivers, graphic processors, PDAs, and smart card ICs. *Communication* consists of xDSL, DSP, WLAN, LAN controllers, handset components, caller ID devices, etc. *Consumer* consists of ICs used for DVD players, game consoles, digital cameras, toys, etc. *Memory* consists of DRAM, SRAM, Flash, EPROM, ROM, and EEPROM.

CAPEX

For fiscal year 2002, UMC made total capital expenditures of US\$800 million, in line with our previous guidance.

CAPITAL EXPENDITURE BY YEAR

CAPEX PLAN – IN BILLIONS OF US\$					
Year	1998	1999	2000	2001	2002
	\$1.70	\$1.90	\$2.80	\$1.10	\$0.80

Capacity

Capacity for 4Q02 was 673 thousand eight-inch equivalent wafers. Current estimated 1Q03 capacity is 662 thousand eight-inch equivalent wafers. Estimated capacity of Fab8C declines a bit in 1Q03, because part of Fab8C's back-end metal layer equipment is used to support the production of Fab8D.

Annual Capacity in *thousands of 8-inch wafer equivalents*, excluding JV's & subsidiaries

FAB	Geometry (um)	2000	2001	2002	2003E	
Fab 5A ⁽¹⁾	5"	>0.8	33	--	--	
Fab 6A	6"	3.5 – 0.45	348	345	349	352
Fab 8AB	8"	0.5 – 0.25	926	943	853	864
Fab 8C	8"	0.35 – 0.15	416	460	355	256
Fab 8D	8"	0.18 – 0.09	94	290	214	273
Fab 8E	8"	0.5 – 0.18	373	474	376	364
Fab 8F	8"	0.25 – 0.15	139	351	312	359
Fab 12A	12"	0.18 – 0.13	--	22	119	195
Total ⁽²⁾			2,329	2,885	2,578	2,663
YoY Growth Rate			41%	24%	-11%	3%

Quarterly Capacity Plan by fab in *thousands of 8-inch wafer equivalents* excluding JV's & subsidiaries

FAB	2Q02	3Q02	4Q02	1Q03E	2Q03E
Fab 6A	89	89	89	88	88
Fab 8AB	208	227	216	216	216
Fab 8C	100	79	83	64	64
Fab 8D	59	43	53	60	68
Fab 8E	94	100	92	91	91
Fab 8F	79	72	86	89	90
Fab 12A	20	30	54	54	51
Total	649	640	673	662	668

(1) Fab 5A was sold in 2Q00

(2) One 6-inch wafer is converted into 0.5625 8-inch equivalent wafer; one 12-inch wafer is converted into 2.25 8-inch equivalent wafers.

Shipment and Utilization Rate

Wafer shipments declined by only one thousand 8-inch equivalent wafers QoQ, significantly better than our earlier guidance of a 7% decline, due to last-minute rush orders.

Utilization for the quarter was 64%, better than the high 50% range expected in our previously released guidance.

Wafer Shipments

	4Q01	1Q02	2Q02	3Q02	4Q02
Wafer Shipments (K 8-inch eq.)	359	308	467	435	434

Quarterly Capacity Utilization Rate⁴

	4Q01	1Q02	2Q02	3Q02	4Q02
Utilization rate (%)	48%	50%	72%	68%	64%
Total Capacity (K 8-inch eq.)	750	616	649	640	673

Brief Summary of Full Year 2002 Results

- 4.5 % year-over-year net sales increased to NT\$67.43 billion (US\$1.94 billion), from NT\$ 64.49 billion in 2001
- Positive operating income of NT\$141 million (US\$4 million), compared to a NT\$5.59 billion loss in 2001.
- Positive net income of NT\$7.07 billion (US\$203 million), compared to a net loss of NT\$3.16 billion in 2001
- Full year 2002 depreciation and amortization of NT\$35.73 billion
- EPS⁵ of NT\$0.48, or EPADS of US\$0.069 for the year. In 2001, EPS was a loss of NT\$0.20, or a loss per ADS of US\$0.029.

Unconsolidated Sales Breakdown on Revenue

Region	2001	2002	Technology	2001	2002
North America	40%	38%	0.13um	0%	2%
Asia Pacific	36%	44%	0.15um	2%	7%
Europe	21%	15%	0.15um < x <= 0.18um	17%	20%
Japan	3%	3%	0.18um < x <= 0.25um	32%	26%
Application	2001	2002	0.25um < x <= 0.35um	28%	29%
Computer	25%	28%	0.5um and above	21%	16%
Communication	30%	32%	Customer Type	2001	2002
Consumer	25%	32%	Fabless	73%	77%
Memory	19%	6%	IDM	25%	22%
Others	1%	2%	System	2%	1%

Recent Developments / Announcements

- Jan. 21 UMCi Announces Equipment Move-in at Singapore 300mm Fab
- Jan. 15 UMC Extends Licensing Agreement for Phase-Shifting Technology from Numerical Technologies as Foundry Migrates to 90-nanometer
- Jan. 13 MoSys' 1T-SRAM-R Memory is Silicon-Proven on UMC'S 0.13-micron Logic Process
- Jan. 06 UMC Unveils 'IP Master' Online Design Resource and Support Center Built with the Synchronicity Publisher Suite
- Dec. 16 UMC and XILINX on Track to Manufacture 90-nanometer Programmable Chips on 300mm Wafers in 2003
- Dec. 11 UMC and Micronas Enhance Foundry Relationship
- Dec. 03 UMC Adopts Oridus' MebesCruiser For Interactive, Online Review Of Integrated Circuit Mask Data
- Nov. 18 UMC to Target SOC Designers' Requirements with New 1T-SRAM Memory Strategy

Please visit UMC's website <http://www.umc.com/english/news/index.asp> for further details regarding the above announcements.

⁵ Total weighted average outstanding shares for 2002 were 14,753,187,484 shares, compared with 15,416,833,819 shares for 2001. Diluted total weighted average outstanding shares, which includes the dilution effects of future ECB conversion and stock option exercising, for 2002 were 14,944,509,993 shares, compared with 15,425,056,818 shares for 2001.

First Quarter of 2003 Outlook & Guidance

Quarter-over-quarter comparison:

- Wafer ASP: about the same as Q4-02
- Wafer shipments: about the same as Q4-02
- Capacity utilization rate: approximately 60%
- Operating profit margins: approximately breakeven
- Percentage of revenue from 0.18 - micron & below technology: increase to approximately 40%
- 2003 Capex: US\$500m

Conference Call / Webcast Announcement

Wednesday, January 29, 2003

Time: 9:00 PM (Taipei) / 8:00 AM (New York) / 1:00 PM (London)

Dial-in numbers and Access Codes:

Asia/Europe: 1 (913) 981-5510

North America: 1 (800) 289-0493

Access Code: 230065

A live webcast and replay of the 4Q02 results announcement will be available at www.umc.com under "Investor Relations \ Investor Events" section.

About UMC

UMC (NYSE: UMC, TSE: 2303) is a leading global semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers cutting-edge foundry technologies that enable sophisticated system-on-chip (SOC) designs, including 0.13um copper, embedded DRAM, and mixed signal/RFCMOS. UMC is also a leader in 300mm manufacturing; Fab 12A in Taiwan is currently in volume production for a variety of customer products, while the Singapore-based UMCi joint venture with Infineon Technologies will begin pilot production later this year. UMC employs over 8,500 people worldwide and has offices in Taiwan, Japan, Singapore, Europe, and the United States. UMC can be found on the web at <http://www.umc.com>.

Safe Harbor 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. Such 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 by 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, personal computer and communications 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, personal computer and communications industries; possible disruptions in commercial activities caused by natural and human induced disasters, including terrorist activity and armed conflict, such as 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 2001 filed by UMC with the U.S. Securities and Exchange Commission on June 13, 2002.

The financial statements included in this release were unaudited, 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 the note 30 to the financial statements on Form 6-K filed with the U.S. Securities and Exchange Commission on September 25, 2002.

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 subsequent to such date.

- FINANCIAL TABLES TO FOLLOW -