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**UMC Reports 2001 Fourth Quarter and Full-Year Results,
Sees Better Days Ahead**

4Q01 Highlights¹:

- **Net sales down YoY by 56.2 percent to NT\$13.94 billion (US\$398 million)**
- **Net loss of NT\$3.75 billion (US\$107 million), compared with net income of NT\$16.71 billion for 4Q00**
- **Loss per ordinary share of NT\$0.29, or loss per ADS of US\$0.04**

Taipei, Taiwan, R.O.C. – February 5, 2002 — United Microelectronics Corporation (NYSE: UMC; TSE: 2303), (UMC) today reported a net loss for the three-month period ended December 31, 2001, that narrowed to NT\$3.75 billion, mainly due to better-than-expected revenues growth of 16.6 percent experienced in the period.

UMC Chairman & CEO Robert Tsao said: “2001 was a challenging year for UMC and the semiconductor industry in general. For the first time, UMC posted a pre-tax loss since becoming a dedicated foundry in 1995.”

“As the economy slowed in 2001, our strategic move to boost our exposure to the communications sector worked against us with the fall-off in orders at UMC being further aggravated by our increased exposure to this underperforming sector.”

“Despite the overall grim picture in 2001, we remain optimistic about the future of the foundry industry. We also remain confident in UMC’s ability to rise above its competition in the long term. In order to ensure our future success, UMC has stayed loyal to our goal of delivering the most advanced technologies coupled with the world’s finest service. In 2001, we saw great progress in the delivery of the foundry industry’s most advanced 0.13-micron low-k/copper process technology. By year’s end, we had engaged with over 40 customers for this technology. We expect to see many of their products entering production at UMC during the coming year. Furthermore, we continued to strengthen our position as one of the pioneers in the roll-out of 300-mm manufacturing with the qualification of processes and products in our brand new 300-mm fab in the Tainan science park.”

¹ New Taiwan dollar (NT\$) amounts have been converted into U.S. dollars at the ratio of NT\$34.99 to one U.S. dollar.

“Our recent alliance with AMD is the first in semiconductor history in which a premier foundry company joins forces in a broad partnership with a leading integrated device manufacturer,” said Tsao. “We expect the AMD & UMC collaboration will set the example for success between pure-play foundries and leading semiconductor manufacturers. Our respective customers around the world will benefit as we join forces to develop leading-edge technology and drive down manufacturing costs through rapid, cost-effective implementation of the most advanced process technologies and manufacturing practices.”

“Despite the challenges of the last year, we believe that the adjustments we have made in response to the current conditions have made us even more competitive, and we constantly embrace the challenge of bringing better foundry services to our customers.”

Net Sales

UMC posted net sales for 4Q01 of NT\$13.94 billion, representing a 56.2 percent decline from NT\$31.85 billion for 4Q00. QoQ, net sales increased by 16.6 percent, from NT\$11.96 billion for 3Q01. Average selling price (ASP) for the quarter increased QoQ by approximately one percent, mainly due to the increase in 0.18-micron and below sales. In 4Q01, the Company shipped 359 thousand units of 8-inch equivalent wafers, compared with 323 thousand units for 3Q01 and 345 thousand units for 2Q01, not including shipments at Trecenti and UMCJ.

In 4Q01, our Asian fabless customers performed significantly better, and consumer and PC demand were particularly strong. It should also be noted that since UMC closed its LPD operation during the third quarter of 2001, revenues generated by sales of DRAM showed a significantly decline during the last quarter of the year.

Tables I through V offer a breakdown of unconsolidated UMC sales for 4Q01 by region, customer type, technology, application, and device type. Sales at Trecenti and UMCJ are not included in the calculations.

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

Table I Breakdown by Geography

REGION	4Q00	1Q01	2Q01	3Q01	4Q01
North America	47%	46%	39%	35%	32%
Asia Pacific	27%	24%	36%	47%	49%
Europe	24%	28%	21%	15%	15%
Japan	2%	2%	4%	3%	4%

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

Table II Breakdown by Customer Type

CUSTOMER TYPE	4Q00	1Q01	2Q01	3Q01	4Q01
Fabless	70%	67%	71%	81%	78%
IDM	26%	28%	28%	18%	21%
System	4%	5%	1%	1%	1%

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	4Q00	1Q01	2Q01	3Q01	4Q01
<= 0.18um	17%	23%	14%	17%	20%
0.18um < x <= 0.25um	37%	32%	37%	34%	23%
0.25um < x <= 0.35um	28%	21%	27%	31%	41%
>= 0.5um	18%	24%	22%	18%	16%

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	4Q00	1Q01	2Q01	3Q01	4Q01
Computer	33%	25%	31%	39%	41%
Communication	40%	48%	34%	21%	22%
Consumer	23%	26%	34%	38%	36%
Others	4%	1%	1%	2%	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	4Q00	1Q01	2Q01	3Q01	4Q01
Logic/Mixed Mode	63%	63%	68%	66%	83%
DRAM	13%	10%	7%	12%	2%
SRAM	5%	4%	4%	5%	4%
Non-Volatile	19%	23%	21%	17%	11%

Gross Profit and Gross Margin

Gross profit for the quarter was a loss of NT\$288 million, compared with gross profit of NT\$17.52 billion for 4Q00 and a loss of NT\$2.54 billion for 3Q01. Gross margin for the quarter was negative 2.1 percent, compared with gross margin of 55.0 percent for 4Q00 and negative 21.2 percent for 3Q01. Total sales generated in 4Q01 from LPD inventory were NT\$465 million, with COGS of NT\$1.28 billion. Since the Company had pre-booked LPD inventory loss in 2Q01, in 4Q01 NT\$834 million were reimbursed in the non-operating income line. Gross profit of UMC's foundry business excluding LPD inventory for 4Q01 was NT\$523 million, representing gross margin of 4 percent (Licensed Product Division, LPD, was closed in August 2001).

Operating Expenses

Operating expenses for the quarter increased YoY by 68.5 percent to NT\$4.89 billion, or 35.0 percent of net sales for the quarter, from 9.1 percent for the year-ago quarter at NT\$2.90 billion, and from 31.1 percent for 3Q01 at NT\$3.72 billion. R&D expenditures continued to represent a large portion of operating expenses. In 4Q01, R&D expenditures, as a percentage of net sales, amounted to 16.4 percent. Factors that contributed to the rise in operating expenses for the quarter, as a percentage of sales, were increasing activities of new design tapeouts, 12-inch fab 12A startup, and the resumption of regular employee salary adjustments, which were originally halted in mid-2001.

Investment Income (Loss)

Investment loss for 4Q01 was NT\$366 million, compared with an investment income of NT\$684 million for 4Q00 and an investment loss of NT\$651 million for 3Q01. Investment losses for 4Q01 included results of Trecenti, with a loss NT\$532 million and UMCJ, with a loss of NT\$77 million flowing through UMC's book.

Capacity & Capital Expenditures

Capital expenditures for fiscal year 2001 were approximately US\$1.1 billion. For 2002, UMC expects to make capital expenditures of approximately US\$800 million. The majority of this amount will be destined to 300-mm processing equipment and advanced copper modules.

Tables VI offers a detailed breakdown of UMC's planned CAPEX by year. The 2002(e) CAPEX figure does not include UMCJ, UMCi or the UMC-Hitachi joint venture in Japan, Trecenti.

Table VI Capital Expenditures by Year

CAPEX PLAN – IN BILLION OF US\$					
Year	1998	1999	2000	2001	2002(e)
	\$1.7	\$1.9	\$2.8	\$1.1	\$0.8

Table VII summarizes the estimated annual full capacity of each fab for the years 1999 through 2001 and the expected capacity at each fab for 2002. Because the capacity migration to increase finer line-width capacity, effective 8-inch fabs capacity shrink in 2002(e).

Table VII Annual Capacity in Thousands of 8-inch Wafer Equivalents, Excluding JVs' & Subsidiaries'

FAB		Geometry	1999	2000	2001	2002(e)
Fab 5A ⁽¹⁾	5"	>0.8	159	33	--	--
Fab 6A	6"	3.5-0.45	318	348	345	349
Fab 8A	8"	0.35 – 0.25	375	491	528	470
Fab 8B ⁽²⁾	8"	0.35 – 0.18	405	435	415	--
Fab 8C	8"	0.35 – 0.15	213	416	460	394
Fab 8D	8"	0.25 – 0.13	--	94	290	251
Fab 8E	8"	0.35 – 0.18	180	373	474	374
Fab 8F	8"	0.25 – 0.15	--	139	351	312
Fab 12A	12"	0.18 – 0.15	--	--	22	125
Total (8" eq.)			1650	2329	2885	2275
Growth Rate			35%	41%	24%	-21%

- (1) Fab 5A was sold in 2Q00
- (2) Equipment of Fab 8B was sold in January, 2002.
- (3) 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 wafer.

Table VIII summarizes the estimated quarterly full capacity from 1Q01 through 4Q02(e).

Table VIII Quarterly Capacity Plan by Fab²

FAB	1Q01	2Q01	3Q01	4Q01	1Q02(e)	2Q02(e)	3Q02(e)	4Q02(e)
Fab 6A	79	88	89	89	82	89	89	89
Fab 8A	125	133	135	135	113	119	119	119
Fab 8B	94	105	108	108	--	--	--	--
Fab 8C	107	117	118	118	93	100	100	101
Fab 8D	65	75	75	75	59	64	64	64
Fab 8E	114	120	120	120	90	94	95	95
Fab 8F	81	90	90	90	75	79	79	79
Fab 12A			7	15	15	20	30	60
Total (8-inch eq.)	665	728	742	750	527	565	576	607

Net Income/Loss

Net loss for 4Q01 narrowed to NT\$3.75 billion. Net income for the same quarter in 2000 was NT\$16.71 billion. Net margin for the quarter declined to negative 26.9 percent, from 52.5 percent for the year-ago period.

Loss per ordinary share for 4Q01 under ROC GAAP was NT\$0.29. Total weighted average outstanding shares for 4Q01 were 13,169,235,416 shares. Total retroactively adjusted weighted average outstanding shares for 2001 were 13,256,090,989 shares, compared with 12,932,716,865 shares for 2000.

Loss per ADS for the quarter was US\$0.04. One ADS represents five Taiwan-listed ordinary shares³.

Recent Developments

AMD AND UMC TO COLLABORATE ON 300-MM WAFER FABRICATION FACILITY IN SINGAPORE

On January 31, 2002, AMD and UMC announced a comprehensive alliance under which the two companies will establish a joint venture to own and operate a state-of-the-art, 300-mm wafer fabrication facility in Singapore for high-volume production of PC processors and other logic products. AMD and UMC also announced plans to

² 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.

³ New Taiwan dollar (NT\$) amounts have been converted into U.S. dollars at the ratio of NT\$34.99 to one U.S. dollar.

collaborate in the development of advanced process technologies for semiconductor logic products. AMD and UMC separately announced a foundry agreement under which UMC will produce PC processors to augment AMD's Dresden Fab 30 production capacity for devices produced on 130-nanometer and smaller-geometry technology.

AMD and UMC will form a joint venture known as AU Pte Ltd. to own and operate the Singapore facility. The two companies expect to begin commercial production in the joint venture facility on 65-nanometer technology in mid-2005.

CIRRUS LOGIC AND UMC FORM MULTI-YEAR FOUNDRY RELATIONSHIP

On February 4, 2002, Cirrus Logic, Inc. (NASDAQ: CRUS), the premier supplier of high-performance analog and DSP semiconductor solutions for digital entertainment electronics, and UMC, a world leading semiconductor foundry, today announced the signing of a multi-year manufacturing agreement that establishes UMC as a volume supplier for Cirrus Logic's advanced chip solutions. Under terms of the agreement, Cirrus Logic will have access to UMC's mixed-signal capabilities and precision technologies down to 0.10-micron. Access to these capabilities will accelerate the manufacturing process for some of Cirrus' most advanced products, thus speeding the company's ability to bring new technologies to market.

Fast-Chip and UMC Announce Industry's First OC-192 Services Processor

On January 7, 2002, Fast-Chip, Incorporated, a fabless semiconductor company dedicated to high-performance communications ICs, and one of the world's leading semiconductor foundries, UMC (NYSE: UMC), announced today that production has begun on PolicyEdge™, the industry's first OC-192 services processor.

Manufactured using UMC's 0.18 micron process technology, PolicyEdge delivers intelligent, high-performance classification, editing and statistics collection from 1 to 10 Gigabits per second. UMC's robust manufacturing process has produced better than expected yields from early wafers, allowing Fast-Chip to support two PolicyEdge speed grades for the emerging Metro services, IP router and multi-service switch markets.

SONICS, NOKIA, TEXAS INSTRUMENTS, MIPS, AND UMC LAUNCH OCP-IP TO STANDARDIZE IP CORE SOCKET INTERFACE

On December 3, 2001, Open Core Protocol International Partnership (OCP-IP) announced the launch of a new semiconductor industry standards organization whose mission is to administer the support, promotion and enhancement of a complete intellectual property (IP) core socket for "plug and play" system-on-chip (SOC) design.

Sonics, Inc. (Mountain View, CA) is placing its Open Core Protocol interface specification that defines complete IP core communications requirements (data, control and test flows) into the organization as "community source" property along with supporting "industrial grade" tools and technology. In addition to Sonics, those

companies confirming their intent to be OCP-IP founding members and initial Governing Steering Committee participants are: Nokia [NYSE: NOK], Texas Instruments [NYSE: TXN], MIPS Technologies [NasdaqNM: MIPS], and United Microelectronics Corporation.

OCP-IP is an independent, non-profit organization funded by annual membership dues. Its three-tiered membership structure-Governing Steering Committee members, Sponsor members, and Community members-brings significant benefits for IP companies, integrated device manufacturers, system companies, fabless semiconductor suppliers, and design houses. Membership benefits include eligibility for working groups, access to community source products and services, and participation in certification "plug-fests." Because the Open Core Protocol is bus-independent and addresses data, control, and test flows, it is a highly qualified departure point for the industry-standard IP core socket interface.

XILINX AND UMC ANNOUNCE SUCCESSFUL PRODUCTION ON 300-MM WAFERS

On Nov. 26, 2001, Xilinx, Inc.(NASDAQ: XLNX), the leader in programmable logic solutions, and UMC announced that Xilinx has produced its Virtex II chips on 300-mm wafers at UMC's Fab 12A using the foundry's 0.15um logic technology. The wafers have already demonstrated better yields than their 200-mm equivalents, signifying the maturity of the manufacturing process and allowing Xilinx to more quickly realize the improved cost benefits associated with the larger wafers. Along with UMC's Trecenti Technologies in Japan, Fab 12A is the second UMC 300-mm facility to produce chips for Xilinx, in line with Xilinx's strategy to move a larger portion of the company's programmable logic products to the more advanced manufacturing platform.

300-mm wafers yield as much as 2.5 times the die as 200-mm, with the ratio of obtainable chips increasing as die size gets larger. With the inherently larger die size associated with FPGA's, Xilinx stands to gain significant cost benefits from manufacturing their products on 300-mm wafers.

Mysticom, UMC Partner to Enable the Development of Highly Integrated, Communications SOCs with Mysticom's 10/100 Ethernet Physical Layer Core

On October 29, 2001, Mysticom, Ltd., a leading provider of semiconductor intellectual property (SIP) to the data communications market, and UMC announced an agreement to target the Mysticom® MystiPHY™ 110 10/100 Mbps Ethernet physical layer (PHY) hard macro core for the first time to a foundry's 0.13-micron process. Through cooperative efforts, the core is being ported to UMC's 0.13 micron and 0.18 micron digital CMOS processes. As a result, semiconductor and system companies using foundry services have access to a robust, silicon-verified 10/100 Mbps Ethernet PHY core in multiple process technologies for the design and manufacture of highly integrated data communications systems-on-chips (SOCs).

Mysticom joins other leading IP providers as a UMC partner, bringing UMC's customers the critical system blocks they need to deliver true systems-on-chip products. The

addition of its PHY hard macro core is a valuable addition to UMC's comprehensive portfolio of IP resources.

Brief Summary of Full Year 2001 Results⁴:

- Net sales down YoY by 38.6 percent to NT\$64.49 billion (US\$1.84 billion), from NT\$105.08 billion in 2000.
- Net loss of NT\$3.16 billion (US\$90 million), compared with net income of NT\$50.78 billion for year 2000.
- Gross profit decreased 83 percent to NT\$9.13 billion (US\$261 million) from NT\$53.60 billion in 2000.
- Loss per ordinary share for the year was NT\$0.24, or loss per ADS of US\$0.03; in 2000, EPS was NT\$3.93, or EPADS of US\$0.56.⁵

Table IX offers a breakdown of unconsolidated UMC sales for 2001 by region, customer type, technology, application, and device type. Sales at Trecenti and UMCJ are excluded.

Table IX Unconsolidated Sales Breakdown Based on Revenue⁶

REGION	2000	2001	TECHNOLOGY	2000	2001	DEVICE TYPE	2000	2001
North America	45%	40%	<= 0.18um	13%	19%	Logic / Mixed Mode	65%	69%
Asia Pacific	31%	36%	0.18um < x <= 0.25um	33%	32%	DRAM	11%	8%
Europe	22%	21%	0.25um < x <= 0.35um	37%	28%	SRAM	7%	4%
Japan	2%	3%	>= 0.5um	17%	21%	Non-Volatile	17%	19%
CUSTOMER TYPE	2000	2001	APPLICATION	2000	2001			
Fabless	70%	73%	Computer	37%	32%			
IDM	25%	25%	Communication	37%	35%			
System	5%	2%	Consumer	23%	32%			
			Others	3%	1%			

Table X shows the quarterly capacity utilization rate in 2001, which is calculated from quarterly wafer-out quantity divided by total 8-inch equivalent capacity.

⁴ New Taiwan dollar (NT\$) amounts have been converted into U.S. dollars at the ratio of NT\$34.99 to one U.S. dollar.

⁵ Total retroactively adjusted weighted average outstanding shares for 2001 were 13,256,090,989 shares, compared with 12,932,716,865 shares for 2000.

⁶ Each segment was categorized as defined for table I to V respectively.

Table X 2001 Capacity Utilization Rate, Excluding JVs' & Subsidiaries'

	1Q01	2Q01	3Q01	4Q01
Utilization rate	70%	45%	36%	48%
Total (8-inch eq.)	665	728	742	750

Table XI shows the number of US patents granted per year.

Table XI Number of US Patents Granted per Year

Year	1995	1996	1997	1998	1999	2000	2001
Number of US patents granted per year	153	172	155	197	334	560	633

Notes to Editors

UMC (NYSE: UMC, TSE: 2303) is a world-leading semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers the cutting-edge foundry technologies that enable sophisticated system-on-chip (SOC) designs, including 0.13-micron copper/low k, embedded DRAM, and mixed signal/RFCMOS. In addition, UMC is a leader in 300-mm manufacturing with three 300-mm fabs strategically located worldwide to serve our global customer base: Trecenti Technologies in Japan, Fab 12A in Taiwan, and UMCi in Singapore (completion in 2002). 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 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 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 which 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 Registration Statement on Form F-3 filed with the U.S. Securities and Exchange Commission on January 2, 2002, as amended.

The financial statements included in this release were 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 notes to the financial statements included in UMC's Registration Statement on Form F-3 filed with the U.S. Securities and Exchange Commission on January 2, 2002, as amended.

The financial forecasts and 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 forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.

- FINANCIAL TABLES TO FOLLOW -