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UMC 4Q00 Net Income Jumps YoY 132% to NT\$16.71 Billion

Record Figures Realized through Industry Leading Percentage of 0.18-micron Technology, Increased Wafer Shipments, and Post-Merger Operating Synergies.

4Q00 Highlights¹:

- **Net Sales up 77% to NT\$31.85 billion (US\$965 million)**
- **Net Income up 132% to NT\$16.71 billion (US\$507 million)**
- **EPS NT\$1.46, or EPADS US\$0.22**
- **UMC to Establish the World's Most Advanced 300-mm Semiconductor Foundry in Singapore**

Taipei, Taiwan, R.O.C. – February 14, 2001 —United Microelectronics Corporation (TAIEX: 2303, NYSE: UMC), (UMC) today reported record revenues and net income for the three-month period ended December 31, 2000, as the company's performance continued to strengthen following a record-setting third quarter.

UMC Chairman John Hsuan commented: "In the fourth quarter, UMC's results were undoubtedly very strong as we continued to outpace the rest of the foundry industry not only in efficiency and profitability, but also in terms of revenue percentage contributed by wafer shipments for advanced 0.18-micron technology. It was our strong commitment to developing leading-edge technology that allowed us to post record-breaking fourth quarter results, and further extended UMC's reach into the different IC market segments."

"During the last quarter of the year, we continued to experience good progress in revenues and margin growth due to our focus on technology advancement as well as customer base diversification. Also, we posted record margin numbers for the period in spite of demand uncertainties, clearly demonstrating again the efficiencies and synergies created as a result of the merger. With diversification and technology serving as cornerstones of our expansion strategy, we expect to continue to outperform the industry as a whole."

¹ New Taiwan (NT) dollar amounts have been converted into U.S. dollar at the ratio of NT\$33.01 to one U.S. dollar.

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.

Net Sales

UMC posted net sales for 4Q00 of NT\$31.85 billion, representing a 77 percent improvement, on a pro forma basis, from NT\$18.03 billion for 4Q99. Quarter-over-quarter, net sales increased by 8 percent, from NT\$29.48 billion in 3Q00. The improvement in net sales for the period mainly reflected higher unit sales and an increase in average selling price (ASP). The Company believes that the improvement in ASP resulted mainly from a shift to more advanced technology as the portion of 0.18-micron sales showed a continuing increase to 17 percent of total revenues, from 12 percent in 3Q00. In 4Q00, the company shipped 629 thousand units of 8-inch equivalent wafers, 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 4Q00 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	4Q99	1Q00	2Q00	3Q00	4Q00
North America	42%	45%	45%	43%	47%
Asia Pacific	44%	34%	32%	33%	27%
Europe	13%	19%	21%	22%	24%
Japan	1%	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	4Q99	1Q00	2Q00	3Q00	4Q00
Fabless	79%	71%	69%	70%	70%
IDM	18%	24%	25%	24%	26%
System	3%	5%	6%	6%	4%

Table III shows a breakdown of UMC sales by technology divided into the 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	4Q99	1Q00	2Q00	3Q00	4Q00
$X \leq 0.18\mu\text{m}$	5%	9%	12%	12%	17%
$0.18\mu\text{m} < x \leq 0.25\mu\text{m}$	23%	26%	29%	36%	37%
$0.25\mu\text{m} < x \leq 0.35\mu\text{m}$	51%	46%	42%	35%	28%
$X \geq 0.5\mu\text{m}$	21%	19%	17%	17%	18%

Table IV shows the breakdown of UMC sales by application. *Computer* consists of ICs such as HD controllers, chipset, System DRAM, graphic processors, and other. *Communication* consists of ICs such as xDSL, DSP, LAN controllers, Low Power-SRAM, network processors, 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	4Q99	1Q00	2Q00	3Q00	4Q00
Computer	51%	42%	41%	37%	33%
Communications	31%	35%	35%	36%	40%
Consumer	16%	22%	21%	25%	23%
Others	2%	1%	3%	2%	4%

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

Table V Breakdown by Device Type

Device Type	4Q99	1Q00	2Q00	3Q00	4Q00
Logic/Mixed Mode	68%	69%	66%	63%	63%
DRAM	14%	8%	9%	12%	13%
SRAM	8%	9%	9%	6%	5%
Non-Volatile	10%	14%	16%	19%	19%

Gross Profit and Gross Margin

Gross profit for the quarter was NT\$17.52 billion, representing an improvement of 133 percent over gross profit, on a pro forma basis, of NT\$7.51 billion for the fourth quarter of 1999. Quarter-over-quarter, gross profit increased by 14.2 percent, or NT\$2.18 billion, from NT\$15.34 billion for 3Q00. Gross margin for the period remained strong at 55 percent, compared with gross margin of 41.6 percent for 4Q99 and 52 percent for 3Q00. The very solid results at the gross profit and margin level were mainly due to the more favorable product mix seen in the quarter as the participation of advanced 0.18-micron and below technology wafers increased to 17 percent of revenues, from 12 percent in 3Q00.

Operating Expenses

Operating expense for the quarter increased to 9.1 percent of net sales in 4Q00 at NT\$2.90 billion, from 8.1 percent of net sales in 3Q00 at NT\$2.39 billion, while decreasing from 12.68 percent a year ago at NT\$2.29 billion. R&D expenditures continues to represent a large portion of operating expense because UMC views R&D as strategically important to maintain its status as a leader in advanced technology. R&D expenditures, as a percentage of net sales, amounted to 6.5 percent in 1Q00, 6.1 percent in 2Q00, 5 percent in 3Q00, and 5.4 percent in 4Q00.

Major R&D efforts UMC is currently focusing on include 0.13, 0.10 micron joint development projects with IBM and Infineon, 300mm initiatives, advanced lithography

technologies, and process developments in applications such as RF CMOS and SOI devices.

Net Non-Operating Income

In 4Q00, investment income, which is a major contributor to non-operating income, was NT\$851 million. Investment income for 4Q00 included results of NFI, which with NT\$420 million continued its consistent and steady contribution, and World Wiser Electronics Inc., with NT\$129 million. Unipac Optoelectronics Corp. posted a loss for the quarter of NT\$30 million, as a result of the current market conditions. Investment income declined sharply quarter-over-quarter mainly due to the deteriorating market environment and slowdown in the sectors in which the companies operate. Investment income for 3Q00 was NT\$1.55 billion.

Capacity & Capital Expenditures

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. The expansion of UMC's existing 8-inch capacity has been pushed out until market conditions improve. At the same time, UMC will remain committed to its 12-inch expansion plans as it believes that the addition of two 12-inch facilities in Japan and Taiwan will help the company become the leader in advanced process technology and in cost efficient manufacturing solutions.

With the current market conditions, UMC expects to make capital expenditures of US\$1.5 billion in 2001. A significant portion of this amount will be used for 12-inch processing equipment and advanced copper modules for 8-inch.

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 CAPEX Breakdown by Year

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

² Capacity expansion plan includes NFI and Trecenti.

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 4A ⁽¹⁾	4"	≥1.0	--	--	--	--
Fab 5A ⁽²⁾	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	356
Fab 12A ⁽³⁾	12"	0.18 - 0.10	--	--	--	32
Trecenti	12"	0.18 - 0.10	--	--	--	68
Total (8" eq.)			1222	1809	2585	3284
Growth Rate			40%	48%	43%	27%

- (1) Fab 4A was closed in 1998
- (2) Fab 5A was sold in 2Q00
- (3) Fab 12A is expected to begin operations in 3Q 2001

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

Table VIII Capacity Breakdown by Quarter³

FAB	2Q00	3Q00	4Q00	1Q01(e)	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	91	91	91
Fab 12A						7	26
Trecenti				4	20	48	64
Total (8-inch eq.)	590	679	772	718	820	887	928

Net Income

Net income for 4Q00 rose by 132 percent to NT\$16.71 billion, from NT\$7.22 billion for the same period in 1999. Net margin for the quarter improved to 52.5 percent, from 40 percent in the year-ago period.

Fully diluted EPS for the third quarter were NT\$1.46.

Earnings per ADS (EPADS) for the quarter were US\$0.22. 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\$33.01 to one U.S. dollar..

Other Developments

UMC Announces Plan to Establish the World's Most Advanced 300-mm Semiconductor Foundry in Singapore

On December 15, 2000, UMC announced plans to establish the world's most advanced 300-mm wafer foundry company in Singapore's Pasir Ris Wafer Fab Park. Infineon Technologies AG signed a memorandum of understanding, planning to take a minority stake in this company. The company will operate as a subsidiary of UMC with a planned investment for the project of US\$3.6 billion.

Trecenti Technologies Produces World's First 300mm Foundry Wafers

On December 4, 2000, Trecenti Technologies, Inc. (Trecenti), the joint venture foundry established by IC technology leaders Hitachi, Ltd. (NYSE : HIT) and UMC, set two major industry milestones with the successful production of its first ICs using 300-mm (12-inch) wafers. In addition to being the world's first 300-mm foundry wafers, these were also the world's first wafers fabricated in a 300-mm production facility. The functional 4M and 8M SRAM chips were produced on December 1, 2000, using 0.18-micron technology and demonstrated reasonable first-silicon yields. This milestone was achieved two months ahead of the original schedule.

IBM, Infineon, UMC Roll Out World's Most Advanced Chip Foundry Manufacturing Process

On November 28, 2000, IBM, Infineon and UMC announced that they started building chips with the most advanced 0.13-micron foundry process technology currently available. The announcement came just ten months after the three companies first announced joint development of the 0.13-micron foundry technology. In a press release, the companies indicated that dozens of customers are currently designing chips based on the process, and a variety of logic and mixed-signal chips are in initial production at IBM facilities in the U.S., Infineon production lines in Europe, and UMC manufacturing lines in Taiwan.

Sharp Announces Strategic Agreement with UMC Group Foundry NFI

On November 2, 2000, Sharp Corporation and NFI, a UMC Group foundry company announced a long term foundry supply agreement aimed at meeting Sharp's fast-rising demand for flash memory and other advanced semiconductor devices required for cellular telephones and other digital equipment. Sharp agreed to invest 7 billion yen (US\$ 64 Million) in NFI to ensure it has access to the capacity it requires.

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>

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 and Exchange Act of 1933 and Section 21E of the U.S. Securities 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).

The financial statements included in this release were prepared and published in accordance with 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.