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UMC Reports Sequential Growth for 3Q2002 Despite Weakening Global Semiconductor Market

Third Quarter 2002 Highlights[1]:

- **3.1% quarter-over-quarter net sales increase to NT$19.15 billion (US$548 million)**
- **24.2% quarter-over-quarter increase in operating income of NT$1.25 billion (US$36 million)**
- **Net income of NT$1.42 billion (US$41 million), a 68% sequential decrease that was mainly due to a drop in non-operating income**
- **12.9% quarter-over-quarter blended average selling price increase (in US$)**
- **EPS of NT$0.10, or EPADS of US$0.014**

Taipei, Taiwan, ROC - Oct 30, 2002 - 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 ended September 30, 2002. All figures were prepared in accordance with ROC GAAP, which differ in some material respects from generally accepted accounting principles in the United States.

"We are pleased to report another quarter of sequential growth, despite the overall weakness shown in the global semiconductor market. UMC's revenue grew 3.1 percent sequentially after an impressive 52.8 percent quarter-on-quarter improvement in the second quarter of 2002," UMC Vice Chairman & CEO John Hsuan said. "New customer wins and increasing demand for leading-edge technology were some of the key drivers behind our third quarter performance."

Revenue from 0.18-micron and below process technologies increased over 60 percent in dollar terms compared to the second quarter of 2002. The blended average selling price (ASP) showed double-digit growth as a result of customer designs migrating to more advanced technologies, and strong demand from the communications sector - an area that demands more advanced processes. "Once again, this is a strong endorsement of our customers' belief in the leading technological capabilities of UMC," commented John Hsuan.

"0.13-micron sales showed continued increases following the volume ramp-up of new customer products and this trend is expected to continue in the foreseeable future. We also currently possess the foundry industry's largest 300mm wafer capacity, and have shipped the largest quantity of logic

[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 September 30, 2002, and the equivalent three-month period that ended September 30, 2001. For all 3Q02 results, New Taiwan Dollar (NT$) amounts have been converted into U.S. dollars at the exchange rate of NT$34.95 to one U.S. dollar.

ICs produced on 300mm wafers. We have achieved equal or better yields for all products that are commercially fabricated on 300mm wafers compared to those manufactured in our 200mm facilities. Our accomplishments in 300mm will allow our customers to enjoy faster time-to-market and better cost reduction by utilizing our advanced 300mm wafer fabs."

"We remain optimistic for the long-term outlook of our business, despite facing the short-term semiconductor market slowdown. We identify the weakening market as an opportunity for UMC to gain more IDM customers who intend to either follow a fab-lite strategy, or increase their outsourcing percentage."

Review of Operating Results

(Figures in million NT$)	3Q02	2Q02	3Q01	QoQ %change	YoY % change
Revenue	19,152	18,580	11,955	3.1	60.2
Gross Profit	3,735	4,205	(2,535)	(11.2)	-
Operating Expenses	(2,482)	(3,196)	(3,715)	(22.3)	(33.2)
Operating Profit	1,253	1,009	(6,250)	24.2	-
Non-op Income and Exp.	175	3,441	1,110	(94.9)	(84.2)
Net Income	1,424	4,446	(4,024)	(68.0)	-
EPS (NT$ per share)	0.10	0.30	(0.26)		
(US$ per ADR)	0.014	0.043	(0.037)		

Revenue for 3Q02 was NT$19.15 billion, representing a 60.2 percent YoY increase from NT$11.96 billion for 3Q01, and a 3.1 percent QoQ increase from NT$18.58 billion in 2Q02. These increases reflected increasing orders of higher ASP communication applications. Gross profit for the quarter was NT$3.74 billion, a decline of 11.2 percent compared to NT$4.21 billion in 2Q02. This was mainly due to the shift in categorizing Fab 12A costs, with volume ramp-up at this 300mm facility, from operating expenses to cost of goods sold.

Operating expenses for the quarter decreased to NT$2.48 billion, a 33.2 percent YoY drop and a 22.3 percent QoQ drop. This was due to the Fab 12A related costs, and R&D expenditures, which decreased from NT$2.05 billion in 2Q02 to NT$1.57 billion. The NT$0.48 billion reduction in R&D expenditures was mainly due to the completion of a joint development project with IBM on 0.13-micron technology.

Net non-operating income for 3Q02 was NT$175 million, which includes a NT$306 million contribution from investment income and a gain of NT$70 million from foreign exchange.

Net income for 3Q02 was NT$1.42 billion, compared with net income of NT$4.45 billion for 2Q02. The net income difference is mainly due to lower gains from the disposal of investments.

Earnings per ordinary share (EPS) for the quarter were NT$0.10. Earnings per ADS (EPADS) were US$0.014. In comparison, the equivalent quarter last year showed a loss per ordinary share of NT$0.26, or a loss per ADS of US$0.037. One ADS represents five Taiwan listed ordinary shares. Total weighted average outstanding shares for 3Q02 were 14,745,116,943 shares, compared with 14,751,351,270 shares for 2Q02 and 15,421,236,182 shares for 3Q01.

Analysis of Revenue[2]

The percentage of revenue contributed from North American customers grew from 35% to 43% QoQ, mainly because of new customer wins, particularly from the wireless communications sector. The percent of revenue from the Asia Pacific region dropped from 50% in 2Q02 to 34%. This was due to the inventory rationalization of several Asian customers.

The percent of revenue from leading-edge technology sales increased significantly. 37% of revenue in this quarter was from 0.18-micron and below technology, compared with 23% of revenue in 2Q02.

The contribution from IDM customers increased by 11 percentage points to represent 28% of total revenue in 3Q02, due to increased demand from new customers and increased outsourcing of existing IDM customers. This is in-line with the strategies of many of our IDM customers who announced that they would continue to expand their outsourcing percentage.

Revenue from communication applications increased 48% sequentially due to emerging demand of 2.5G/3G handset components. However, revenue from the computer segment declined 15% sequentially because of weak demand in the PC market. Revenue from consumer applications, which was the driver for strong 2Q02 growth, declined 11% quarter-over-quarter.

REVENUE BREAKDOWN BY REGION

REGION	3Q01	4Q01	1Q02	2Q02	3Q02
North America	35%	32%	29%	35%	43%
Asia Pacific	47%	49%	54%	50%	34%
Europe	15%	15%	14%	11%	20%
Japan	3%	4%	3%	4%	3%

REVENUE BREAKDOWN BY TECHNOLOGY

TECHNOLOGY	3Q01	4Q01	1Q02	2Q02	3Q02
0.13um	0%	0%	0%	1%	2%
0.15um	4%	3%	5%	5%	9%
0.18um	13%	17%	10%	17%	26%
0.18um <x <= 0.25um	34%	23%	27%	28%	25%
0.25um <x <= 0.35um	31%	41%	40%	33%	22%
0.5um and above	18%	16%	18%	16%	16%

REVENUE BREAKDOWN BY CUSTOMER TYPE

CUSTOMER TYPE	3Q01	4Q01	1Q02	2Q02	3Q02
Fabless	81%	78%	82%	82%	71%
IDM	18%	21%	17%	17%	28%
System	1%	1%	1%	1%	1%

REVENUE BREAKDOWN BY APPLICATION[3]

APPLICATION	3Q01	4Q01	1Q02	2Q02	3Q02
Computer	27%	37%	38%	29%	24%
Communication	16%	18%	20%	25%	37%
Consumer	33%	34%	33%	37%	31%
Memory	23%	10%	7%	7%	6%
Others	1%	1%	2%	2%	2%

[3] *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.

Blended Average Selling Price Trend

The blended average selling price (ASP, in US dollar terms) for the quarter increased by 12.9 percent over the previous quarter. This, and the 8 percent growth from 1Q02 to 2Q02, were a result of a continuing improvement in the sales mix. After two consecutive quarters of strong ASP increases, UMC has successfully managed to get the ASP near the US$1,300 level.

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

CAPEX

For fiscal year 2002, UMC expects to make total capital expenditures of approximately US$800 million, down from US$1.3 billion that was forecasted in 2Q02. UMC deferred overall capacity expansion, including a slightly lower ramp-up of Fab 12A's capacity to 8K/month (18K/month in 8-inch wafer equivalents) by the end of 2002 instead of 10K/month.

CAPITAL EXPENDITURE BY YEAR

CAPEX PLAN – IN BILLIONS OF US$					
Year	1998	1999	2000	2001	2002E
	$1.7	$1.9	$2.8	$1.1	$0.8

Capacity

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

FAB		Geometry (um)	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 8AB	8"	0.5 – 0.25	780	926	943	853
Fab 8C	8"	0.35 – 0.15	213	416	460	355
Fab 8D	8"	0.18 – 0.09	--	94	290	214
Fab 8E	8"	0.5 – 0.18	180	373	474	376
Fab 8F	8"	0.25 – 0.15	--	139	351	312
Fab 12A	12"	0.18 – 0.13	--	--	22	119
Total (8" eq.) (2)			1,650	2,329	2,885	2,578
YoY Growth Rate			35%	41%	24%	-11%

(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.

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

FAB	1Q02	2Q02	3Q02	4Q02E	1Q03E
Fab 6A	82	89	89	89	89
Fab 8AB	202	208	227	216	216
Fab 8C	93	100	79	83	83
Fab 8D	59	59	43	53	53
Fab 8E	90	94	100	92	92
Fab 8F	75	79	72	86	88
Fab 12A	15	20	30	54	54
Total (8-inch eq.)	616	649	640	673	675

Capacity for 3Q02 was 640 thousand eight-inch equivalent wafers, slightly less than 2Q02 capacity, due to equipment reshuffles & upgrades across the fabs. Current estimated 4Q02 capacity is 673 thousand eight-inch equivalent wafers.

Shipment and Utilization Rate

Wafer Shipments

	3Q01	4Q01	1Q02	2Q02	3Q02
Wafer Shipments (8-inch eq. in thousands)	323	359	308	467	435

Wafer shipment declined 6.9% QoQ, principally due to inventory rationalization of PC and consumer applications by our customers.

Quarterly Capacity Utilization Rate[4]

	3Q01	4Q01	1Q02	2Q02	3Q02
Utilization rate (%)	36%	48%	50%	72%	68%
Total Capacity (8-inch eq. in thousands)	742	750	616	649	640

Utilization rate was 68%, which was in-line with our earlier expectation.

[4] 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.

Recent Developments / Announcements

Oct. 14	Europractice and UMC Sign Foundry Service Agreement
Oct. 09	US International Trade Commission's Final Determination Favors UMC in Patent Infringement Case Against SIS
Oct. 07	UMC Grants 939,000,000 Employee Stock Options
Sept. 20	UMC JAPAN Appoints H. J. Wu as President
Sept. 09	UMC and AMD Announce 300-mm Collaboration in Advanced Process Control Technology
Sept. 04	Oki Electric and UMC/UMCJ Broaden Semiconductor Business Partnership
Sept. 02	Sequence, UMC Team on First Silicon Correlation of Inductance Modeling
Aug. 22	Rockwell Scientific and UMC Develop Ultra Large CMOS Readout IC for Infrared Astronomy Applications
Aug. 19	Cadence and UMC Partner to Enhance Nanometer Design for Manufacturability
Aug. 12	UMC Announces Stock Option Plan and Share Buy-Back Program
Aug. 01	Gennum and UMC Produce Industry's First Single Chip Serializer and Deserializer to support HD-SDI, SD-SDI and DVB-ASI

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

Fourth Quarter of 2002 Outlook & Guidance

Quarter-over-quarter comparison:

- Wafer ASP: down 3 to 5 percent
- Wafer shipments: decline of approximately seven percent
- Capacity utilization rate: in the high 50% range
- Operating profit margins: approaching the breakeven level
- Percentage of revenue from 0.18 - micron & below technology increase to approximately 40%
- 2002 Capex: reduced to US$800 million from US$1.3 billion

Conference Call / Webcast Announcement

Wednesday, October 30, 2002
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:	559983

A live webcast of the 3Q02 results announcement will be available at www.umc.com under "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. In addition, UMC is a leader in 300mm manufacturing with three strategically located 300mm fabs that serve its global customer base: Fab 12A in Taiwan, UMCi in Singapore (pilot production in mid-2003) and AU Pte. Ltd., a joint venture facility with AMD that is also located in Singapore (production in 2005). 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 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 Annual Report on Form 20-F for year 2001 filed 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 -