



TSMC

2006 Fourth Quarter Results Investor Conference

January 25, 2007

Agenda

- **Welcome**
- **2006 4Q Consolidated Financial Results**
- **Q&A**

Safe Harbor Notice

- TSMC's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Information as to those factors that could cause actual results to vary can be found in TSMC's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") on April 20, 2006 and such other documents as TSMC may file with, or submit to, the SEC from time to time.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

4Q'06 Result Highlights

<i>(In NT\$ Billion)</i>	<u>4Q06</u>	<u>3Q06</u>	<u>4Q05</u>
Net Sales	74.96	82.48	79.23
Net Income ⁽¹⁾	<u>27.91</u>	<u>32.49</u>	<u>33.90</u>
EPS - Diluted (NT\$)	1.08	1.26	1.31
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Total Assets	587.49	563.35	519.51
Total Liabilities	78.35	81.49	73.27
Shareholders' Equity	509.14	481.86	446.24
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Shipment (Kpcs, 8"-equiv. Wafer)	1,718	1,890	1,707
ROE (%) ⁽²⁾	22.6%	28.0%	31.7%

(1) Net Income attributable to shareholders of the parent company

(2) Annualized ROE for the quarter

Income Statements

(In NT\$ Billion)

	4Q06	3Q06	4Q05	QoQ	YoY
Net Sales	74.96	82.48	79.23	-9.1%	-5.4%
COGS	(40.51)	(41.35)	(37.92)	-2.0%	4.5%
Gross Profit	34.45	41.13	41.31	-16.2%	-16.6%
<i>Gross Margin</i>	46.0%	49.9%	52.1%		
Operating Expense	(7.05)	(7.50)	(6.90)	-6.1%	2.1%
Operating Income	27.40	33.63	34.41	-18.5%	-20.4%
<i>Operating Margin</i>	36.6%	40.8%	43.4%		
Non-operating Income/(Expense)	2.10	1.03	1.18	103.7%	78.2%
Income before Tax	29.50	34.66	35.59	-14.9%	-17.1%
Income Tax Benefit/(Expense)	(1.49)	(2.14)	(1.69)	-30.3%	-11.7%
Minority Interest	(0.10)	(0.03)	0.00	246.7%	-
Net Income⁽¹⁾	27.91	32.49	33.90	-14.1%	-17.7%
<i>Net Margin</i>	37.2%	39.4%	42.8%		
EPS - Diluted (NT\$)	1.08	1.26	1.31	-14.1%	-17.8%

(1) Net Income attributable to shareholders of the parent company

Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT\$ Billion)

	4Q06		3Q06		4Q05	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	195.1	33.2%	164.1	29.1%	145.3	28.0%
Accounts Receivable - Trade	31.6	5.4%	37.7	6.7%	38.5	7.4%
Inventory	21.4	3.6%	20.3	3.6%	17.7	3.4%
Current Assets	260.3	44.3%	228.3	40.5%	212.3	40.9%
Long-Term Investment	53.9	9.2%	51.1	9.1%	42.4	8.2%
Net PP&E	254.1	43.3%	260.7	46.3%	244.8	47.1%
Total Assets	587.5	100.0%	563.3	100.0%	519.5	100.0%
Accounts Payable	20.6	3.5%	26.2	4.6%	20.2	3.8%
Current Portion of Bonds Payable	7.0	1.2%	2.5	0.4%	0.0	0.0%
Accrued Liabilities and Others	19.3	3.3%	16.9	3.0%	14.9	2.9%
Current Liabilities	46.9	8.0%	45.6	8.1%	35.1	6.7%
Long-Term Interest-bearing Debt	20.6	3.5%	25.1	4.5%	27.2	5.2%
Total Liabilities	78.3	13.3%	81.5	14.5%	73.3	14.1%
Total Equity	509.1	86.7%	481.9	85.5%	446.2	85.9%

Key Indices

A/R Turnover Days	43	43	46
Inventory Turnover Days	50	48	44
Current Ratio (x)	5.6	5.0	6.0
Net Working Capital	213.5	182.7	177.2

Note: Certain prior period balances have been reclassified to conform to the current period presentation

Cash Flows

<i>(In NT\$ Billion)</i>	4Q06	3Q06	4Q05
- Net Income	27.9	32.5	33.9
- Depreciation & Amortization	19.7	18.4	18.7
- Other Op Sources/(Uses)	5.4	1.8	(2.5)
From Operation	53.0	52.7	50.1
- Capital Expenditures	(17.6)	(28.3)	(13.6)
- Marketable Financial Instruments	(6.7)	(8.6)	1.0
- Other Investing Sources/(Uses)	(4.1)	(0.1)	(0.7)
From Investment	(28.4)	(37.0)	(13.3)
- Cash Dividends	0.0	(61.7)	0.0
- Employee Profit Sharing	0.0	(3.2)	0.0
- Other Financing Sources/(Uses)	0.8	0.2	(10.0)
From Financing	0.8	(64.7)	(10.0)
Net Cash Position Change	25.4	(49.0)	26.8
Exchange Rate Changes & Others	(0.5)	0.5	(0.1)
Ending Cash Balance	117.8	92.9	96.5

Note: Certain prior period balances have been reclassified to conform to the current period presentation.

Installed Capacity

FAB / (Wafer size)		1Q06 (A)	2Q06 (A)	3Q06 (A)	4Q06 (A)	2006 (A)	1Q07 (Est)
Fab-2	(6") ¹	244	258	258	266	1,025	257
Fab-3	(8")	246	252	265	258	1,021	259
Fab-5	(8")	135	138	147	153	573	144
Fab-6	(8")	215	222	233	248	918	235
Fab-7	(8")	33	23	4	0	60	0
Fab-8	(8")	231	233	234	248	946	239
Fab-12	(12") ²	142	150	157	166	616	169
Fab-14	(12") ²	61	66	86	105	318	103
WaferTech	(8")	99	100	101	104	404	104
TSMC (Shanghai)	(8")	48	52	73	90	262	90
TSMC & Subsidiaries (8" Equivalent Kpcs)		1,602	1,650	1,748	1,860	6,860	1,826
SSMC	(8")	49	50	51	52	202	54
Total TSMC-managed (8" Equivalent Kpcs)		1,651	1,700	1,799	1,912	7,062	1,880

Note: 1 Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is by dividing this number by 1.78.

2 Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is by multiplying this number by 2.25.

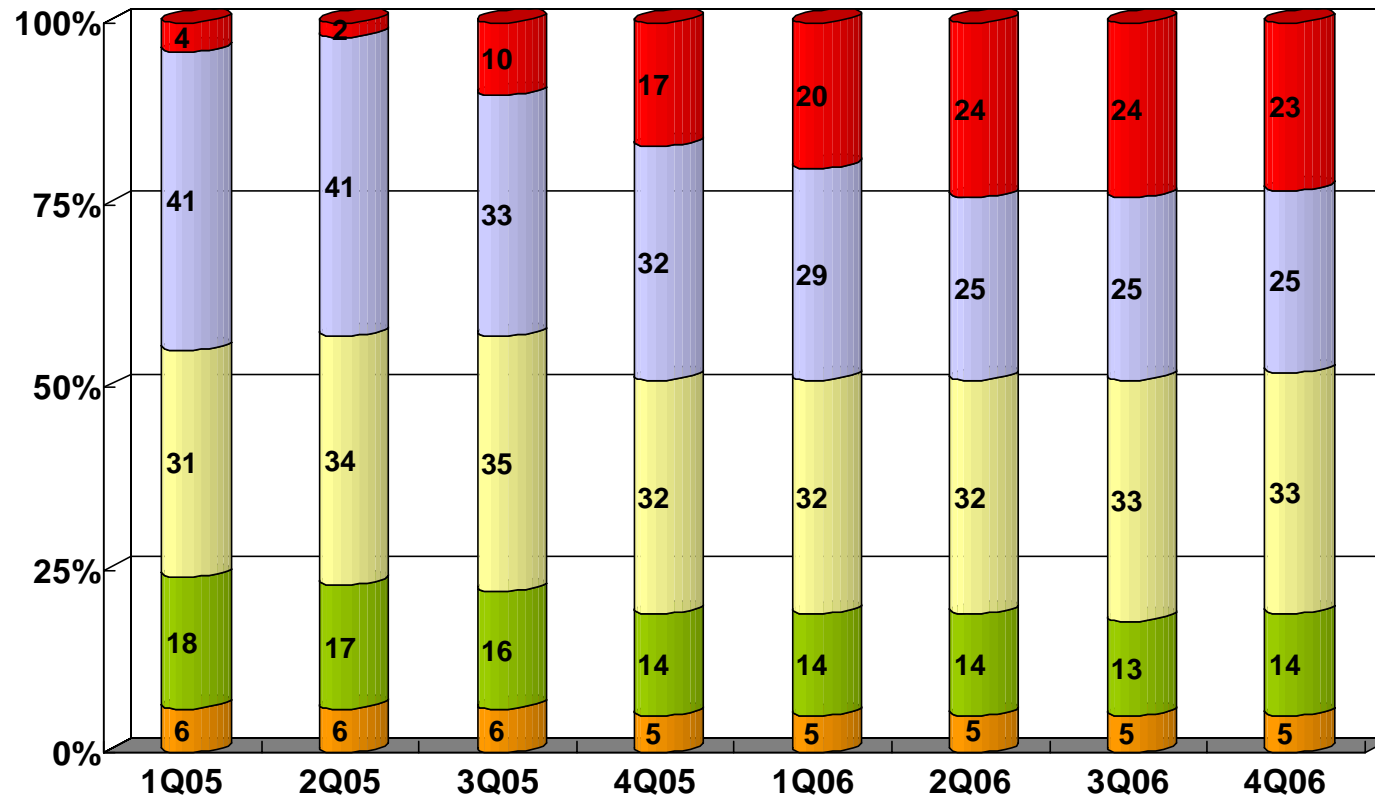
Capital Expenditures

<i>(In US\$ Million)</i>	1Q06	2Q06	3Q06	4Q06	YTD*
TSMC	344	653	852	561	2,410
TSMC Subsidiaries	12	11	14	10	47
TSMC Consolidated	356	664	866	571	2,457

* YTD CapEx was based on the weighted average exchange rate of NT\$32.523 per US dollar.

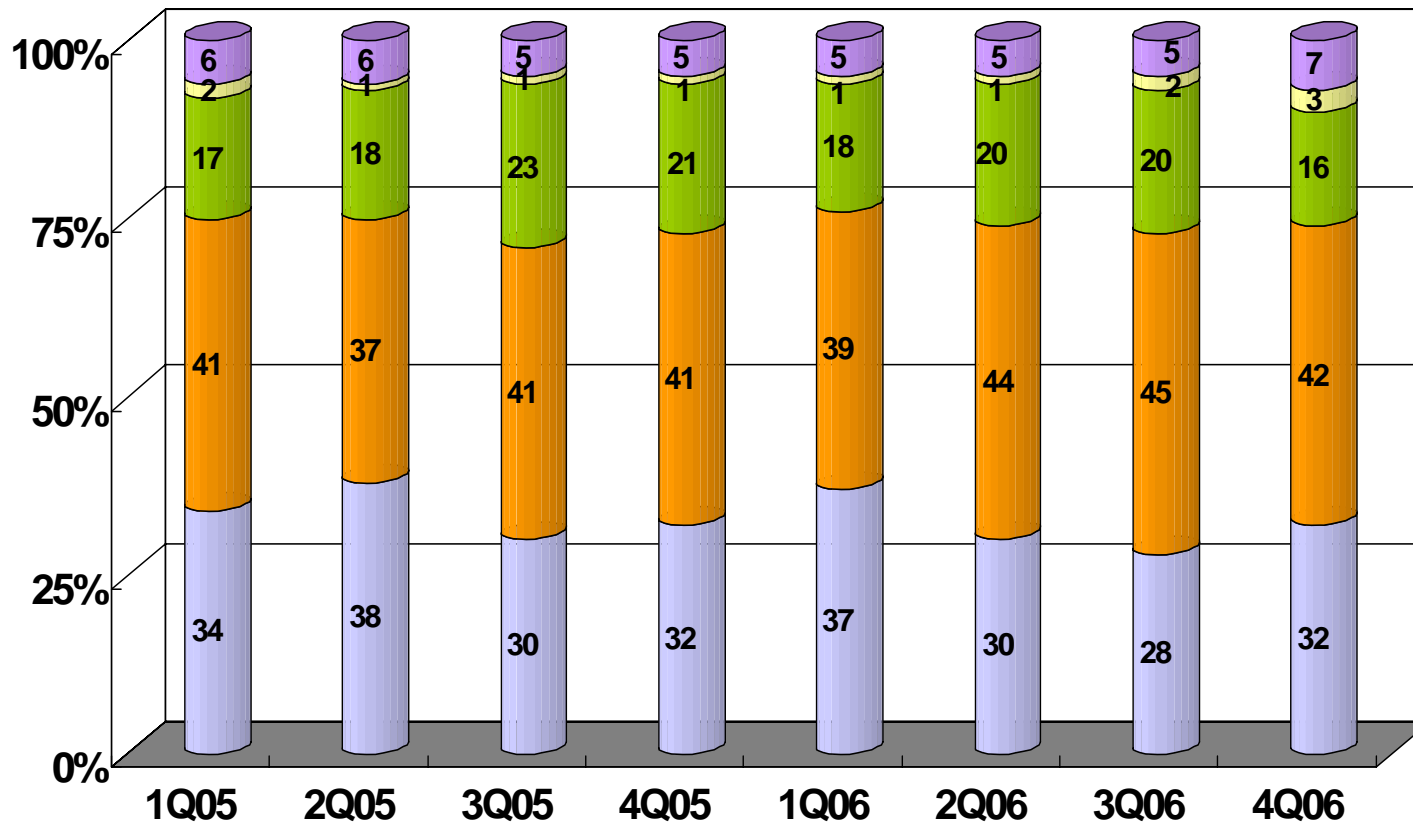
Sales Breakdown by Technology

■ 0.50um+
 ■ 0.25/0.35um
 ■ 0.15/0.18um
 ■ 0.11/0.13um
 ■ 90nm



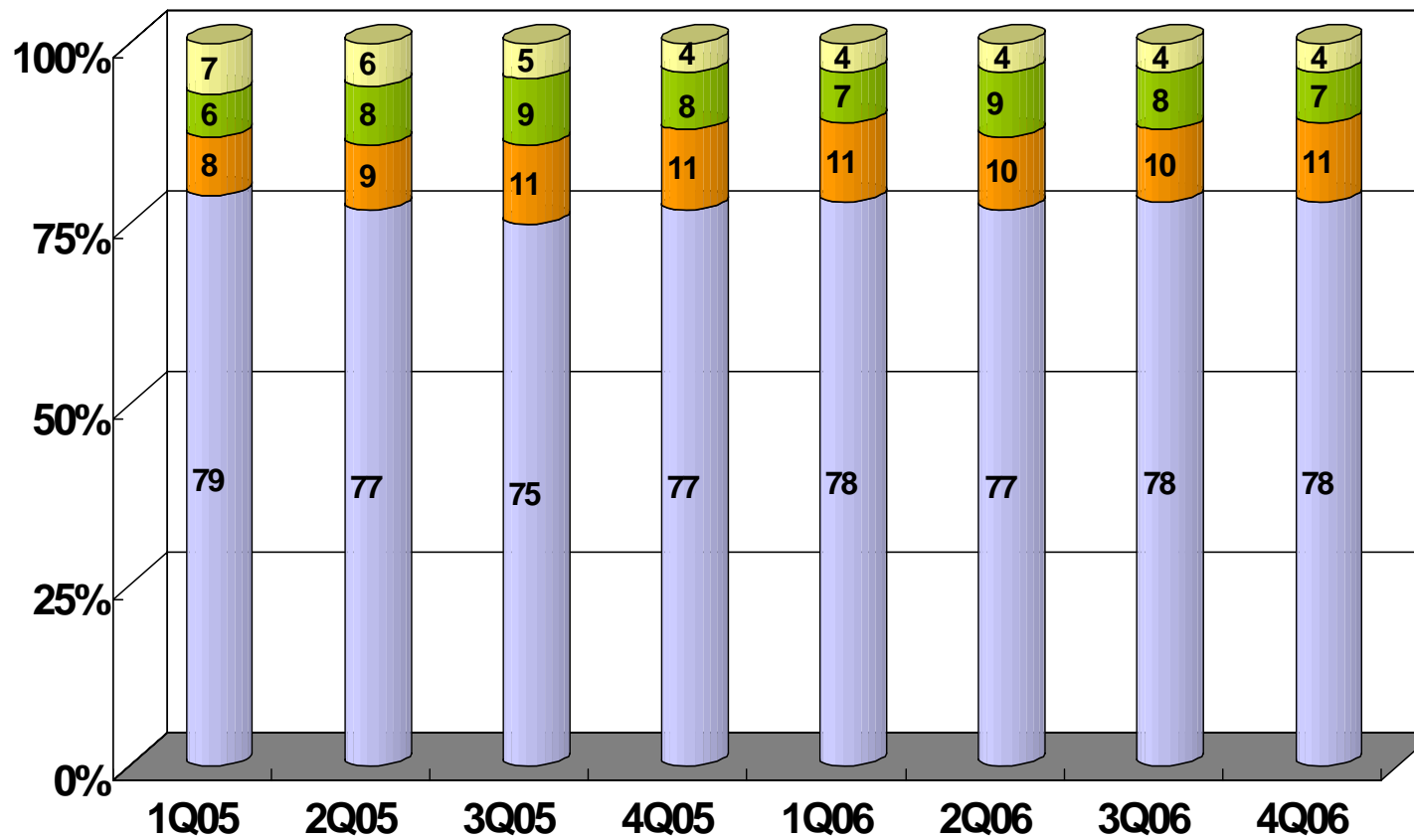
Sales Breakdown by Application

■ Computer
 ■ Comm.
 ■ Consumer
 ■ Memory
 ■ Others



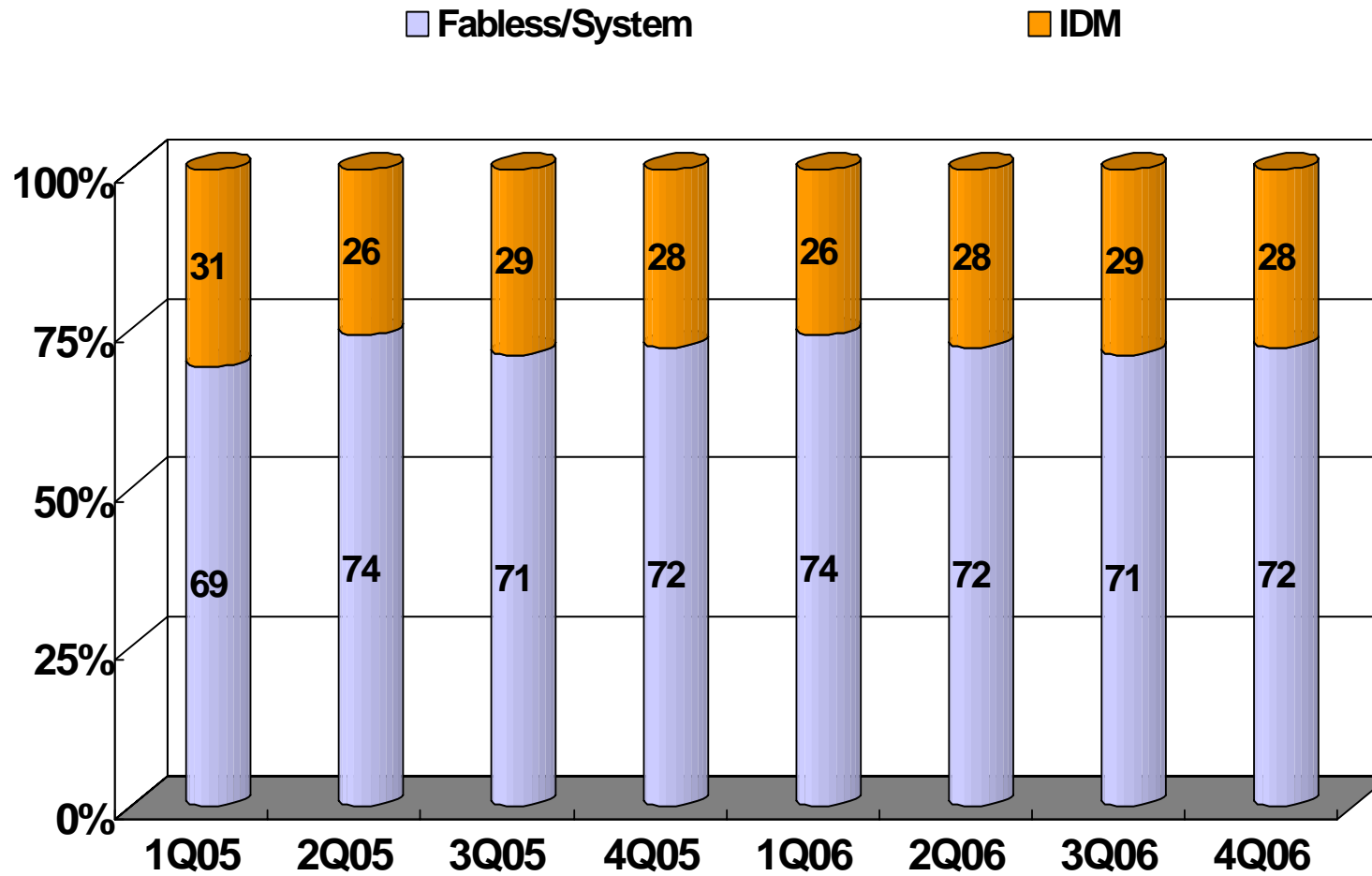
Sales Breakdown by Geography

■ N. America
 ■ Asia
 ■ Europe
 ■ Japan



Note: This chart does not reflect the actual shipment destination of sales.

Sales Breakdown by Customer



2006 Highlights

(In NT\$ Billion Except Noted Otherwise)

	<u>2006</u>	<u>2005</u>	<u>YoY %</u>
Net Sales	317.41	266.57	19%
Net Sales (US\$ billion)	9.76	8.29	18%
<i>Gross Margin (%)</i>	<u>49.1%</u>	<u>44.3%</u>	
Net Income	127.01	93.58	36%
Net Income (US\$ billion)	<u>3.91</u>	<u>2.91</u>	<u>34%</u>
EPS - Diluted (NT\$)	4.92	3.63	36%
Diluted Earnings per ADR (US\$)	0.76	0.56	34%
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Total Assets	587.49	519.51	13%
Total Liabilities	78.35	73.27	7%
Shareholders' Equity	509.14	446.24	14%
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Cashflows from Operating Activities	205.00	157.23	30%
Capital Expenditures	78.74	79.88	-1%
Cash Dividends Paid	61.74	46.42	33%
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ROE (%)	26.6%	22.2%	

Note: Certain prior period balances have been reclassified to conform to the current period presentation.

1Q'07 Guidance

- **Revenue to be between NT\$62 billion and NT\$64 billion**
- **Gross profit margin to be between 37% and 39%**
- **Operating profit margin to be between 26% and 28%**
- **2007 capital expenditure to be in the range of US\$2.6 billion to US\$2.8 billion**

Recap of Recent Major Events

- **NXP Semiconductors and TSMC Strengthen R&D Cooperation and Manufacturing Partnership (2007/01/16)**
- **TSMC Welcomes Government Approval for 0.18 Micron Generation Technology Transfer to China (2006/12/29)**
- **TSMC won 6 awards at the IR Magazine Hong Kong and Taiwan Awards, including Grand Prix for Best Overall Investor Relations - Large Cap (Taiwan region) and Best Corporate Governance (Hong Kong and Taiwan regions) (2006/12/11)**
- **TSMC R&D Team Won 2006 IEEE Taipei Section Best Impact Award (2006/12/08)**
- **TSMC Board Approves Capital Appropriation for 65nm and 90nm Capacity (2006/11/07)**

* Please visit TSMC's Web site (<http://www.tsmc.com>) for details and other announcements.



<http://www.tsmc.com>
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