



TSMC

2007 Fourth Quarter Investor Conference

January 31, 2008

Agenda

- **Welcome** Elizabeth Sun
- **4Q07 Financial Results and 1Q08 Outlook** Lora Ho
- **CEO Comments** Rick Tsai
- **Q&A** Rick Tsai /
Lora Ho

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, 2007, TSMC's registration statement on Form F-3, filed with the SEC on May 8, 2007, 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.

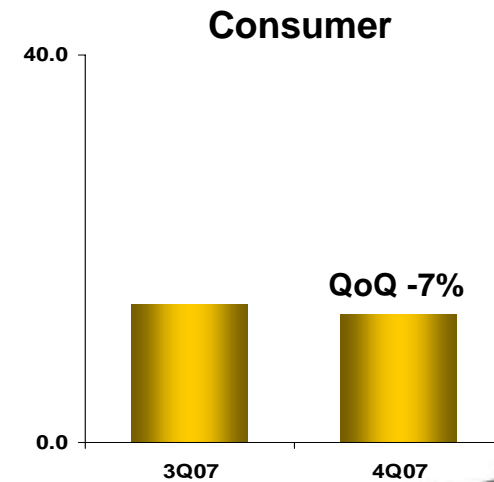
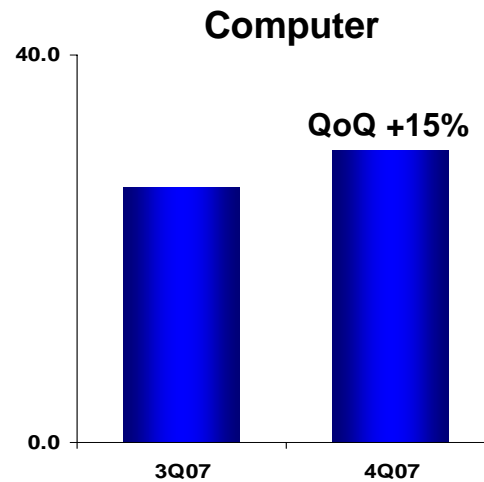
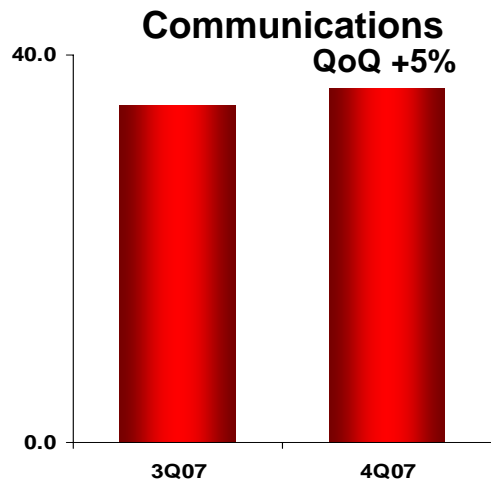
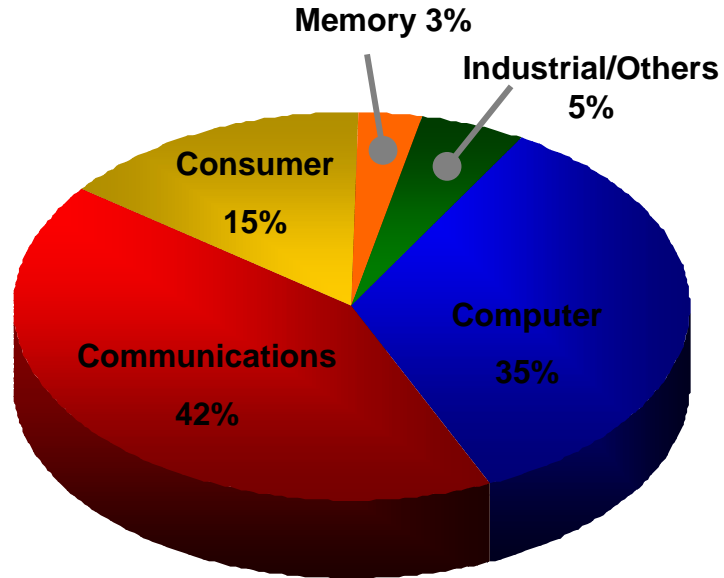
4Q07 Financial Highlights

(In NT billions except otherwise noted)

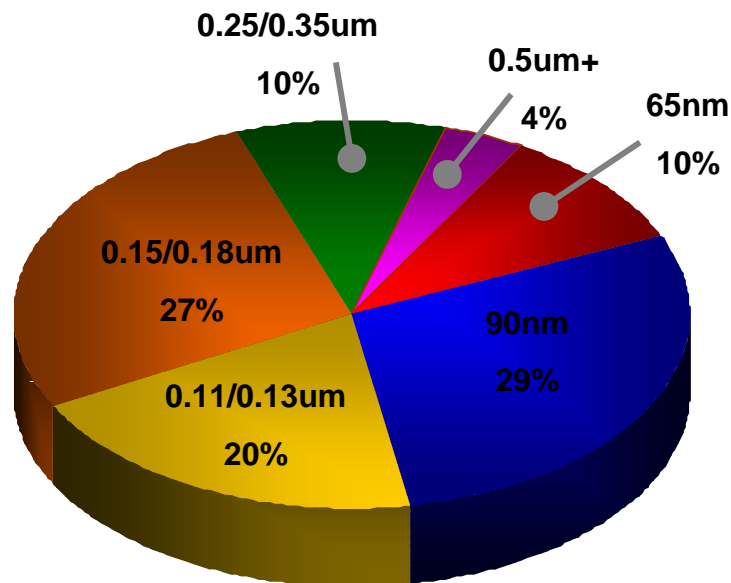
	4Q07 Results	4Q07 Guidance	3Q07 Results	4Q06 Results	QoQ	YoY
Net Sales	93.86	92 - 94	88.96	74.96	5.5%	25.2%
Gross Margin	47.8%	46% - 48%	45.8%	46.0%	+2 ppt	+1.8 ppt
Operating Margin	39.2%	37% - 39%	36.4%	36.6%	+2.8 ppt	+2.6 ppt
EPS - Diluted (NT\$)	1.31		1.15	1.06	14.3%	24.3%
Free Cash Flow	39.98		26.32	35.41	51.9%	12.9%
ROE (%)⁽¹⁾	27.9%		25.0%	22.6%	+2.9 ppt	+5.3 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	2,357		2,226	1,718	5.9%	37.2%

(1) Annualized ROE for the quarter based on average equity attributable to shareholders of the parent.

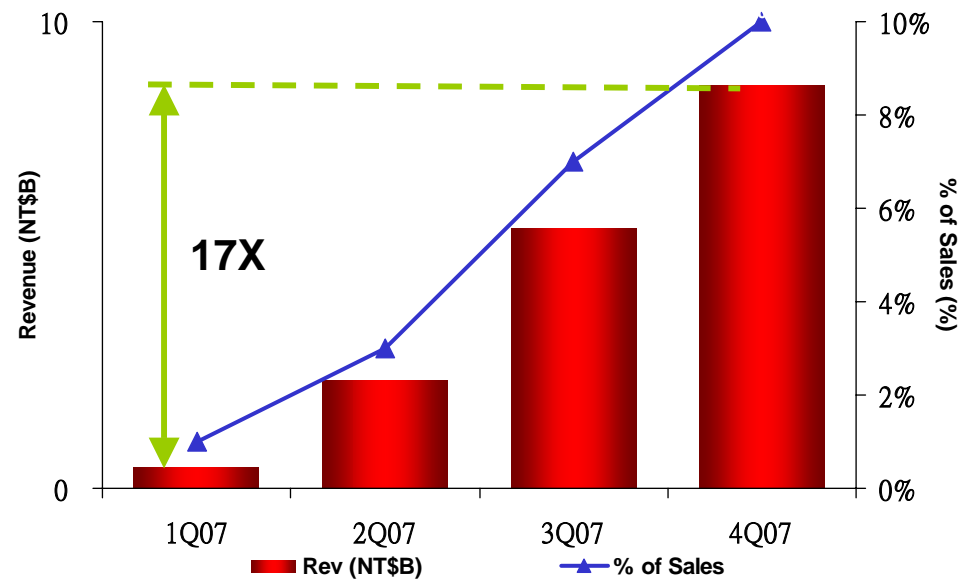
4Q07 Revenue by Applications



4Q07 Revenue by Technology



65nm revenue increased by more than 17 folds in 4 quarters



Margin Expansion Driven by Cost Improvement and Operating Leverage

(In NT billions except otherwise noted)

	4Q07	3Q07	4Q06
Net Sales	93.9	89.0	75.0
Gross Margin	47.8%	45.8%	46.0%
Operating Expenses	(8.1)	(8.4)	(7.0)
Operating Margin	39.2%	36.4%	36.6%
Non-Operating Items	1.7	1.1	1.7
Long-Term Investment Gains	0.9	0.8	0.4
Taxes	(4.6)	(3.6)	(1.5)
Net Income	34.5	30.4	27.9
Net Margin	36.7%	34.1%	37.2%
EPS (NT Dollar)	1.31	1.15	1.06
Operating Expenses as a % of Sales	8.6%	9.4%	9.4%
ROE	27.9%	25.0%	22.6%

Strong Balance Sheet Entering 2008



(In NT billions except otherwise noted)

	4Q07	3Q07	4Q06
Cash & Marketable Securities	174.8	176.4	195.1
Accounts Receivable - Trade, net	42.4	42.4	31.6
Inventory, net	23.9	24.5	21.4
Fixed Assets, net	260.3	265.2	254.1
Total Assets	570.9	586.4	587.5
Total Liabilities	80.2	81.8	78.3
Total Shareholders' Equity	490.7	504.6	509.1
Asset Productivity (times)	1.4	1.3	1.2
Cash & Marketable Securities as a % of Total Assets	30.6%	30.1%	33.2%

- Asset productivity is defined as annualized net sales/average net fixed assets.

Continued Strong Cash Flows

(In NT billions except otherwise noted)

	4Q07	3Q07	4Q06
Beginning Balance	98.3	163.4	92.9
Cash from operating activities	59.8	51.1	53.0
Capital expenditures	(19.8)	(24.9)	(17.6)
Cash dividends	0.0	(77.4)	0.0
Share buybacks	(45.4)	0.0	0.0
Repayment of corporate bonds	(4.5)	0.0	0.0
Short-term investments/others	6.6	(13.9)	(10.5)
Ending Balance	95.0	98.3	117.8
Free Cash Flow	40.0	26.3	35.4

- Free cash flow is defined as operating cash flow – capital expenditures.

Installed Capacity

FAB / (Wafer size)		1Q07 (A)	2Q07 (A)	3Q07 (A)	4Q07 (A)	2007 (A)	1Q08 (F)
Fab-2	(6") ¹	257	257	273	273	1,060	248
Fab-3	(8")	259	262	267	269	1,057	277
Fab-5	(8")	144	155	163	166	627	165
Fab-6	(8")	245	255	274	279	1,053	265
Fab-8	(8")	239	239	260	265	1,004	262
Fab-12	(12") ²	169	180	198	212	759	197
Fab-14	(12") ²	103	113	154	176	546	167
WaferTech	(8")	104	105	106	106	419	105
TSMC (Shanghai)	(8")	90	94	99	92	375	88
TSMC & Subsidiaries (8" Equivalent Kpcs)		1,836	1,913	2,113	2,202	8,064	2,120
SSMC	(8")	53	55	56	61	226	63
Total TSMC-managed (8" Equivalent Kpcs)		1,890	1,967	2,169	2,263	8,290	2,182

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

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

Capital Expenditures

<i>(In US millions)</i>	4Q07	2007	2006
TSMC	577	2,475	2,410
XinTec and GUC	16	47	3
TSMC Shanghai & WaferTech	17	31	42
Other TSMC Subsidiaries	1	4	2
TSMC Consolidated	611	2,557	2,457
CapEx /Sales Ratio		26.0%	25.2%

* 2007 CapEx was based on the weighted average exchange rate of NT\$32.853 per US dollar.

2007 Financial Highlights

(In NT billions except otherwise noted)

	2007	2006	YoY
Net Sales	322.6	317.4	1.6%
Gross Margin	44.1%	49.1%	-5 ppt
Operating Margin	34.6%	40.1%	-5.5 ppt
EPS - Diluted (NT\$)	4.14	4.81	-13.9%
Free Cash Flow (FCF)	99.8	126.3	-21.0%
Cash Dividends	77.4	61.7	25.3%
Share Buybacks *	48.5		
% of FCF Returned Cash & Marketable Securities	126.1%	48.9%	+77.2 ppt
	174.8	195.1	-10.4%
ROE	21.9%	26.6%	-4.7 ppt

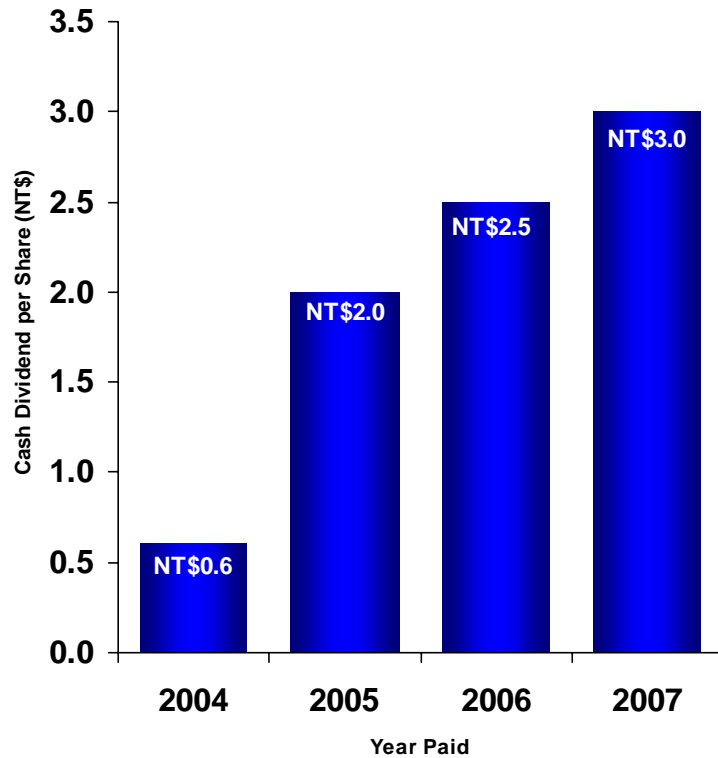
* Includes share buybacks executed in 2007 but settled in 2008.

- **Delivered 6th consecutive year of top line growth**
- **Profitability declined due to lower utilization and lower ASP**
- **Record amount of cash returned to shareholders**
- **Financial strength to support growth and shareholder return**
- **ROE > 20% for the 4th consecutive year**

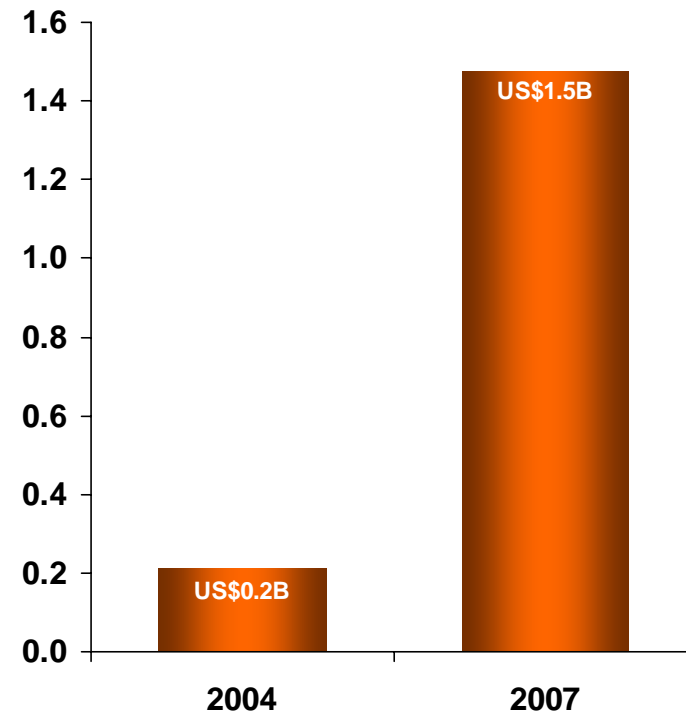
Cash Returned to Shareholders

Cumulative NT\$253B (US\$7.8B) Since 2004

Increasing Cash Dividend



Share Buybacks



¹ 2007 share buyback amount includes buybacks executed in 2007 but settled in 2008 (US\$0.1B).

1Q08 Guidance

- Revenue is expected to be between NT\$87 billion and NT\$89 billion
- Gross profit margin is expected to be between 42% and 44%, including approximately 2.5ppt impact from the expensing of employee profit sharing
- Operating profit margin is expected to be between 32% and 34%, including approximately 4.7ppt impact from the expensing of employee profit sharing
- 2008 capital expenditure will be around US\$1.8 billion

Recap of Recent Major Events

- **TSMC Completes Share Buyback Plan (2007/12/31)**
 - **TSMC Announces Multi-layer Mask Service (2007/12/27)**
 - **TSMC Ships One-Millionth 12-Inch 90NM Wafer (2007/12/03)**
 - **TSMC Unveils New 65-Nanometer Mixed-Signal and RF Tool Qualification Program (2007/12/13)**
 - **TSMC and NXP Unveil Seven Innovations at IEDM Conference (2007/12/12)**
 - **TSMC Reports Foundry's First 32-Nanometer Technology with Functional SRAM (2007/12/11)**
 - **TSMC and NetLogic Microsystems Collaborate on Industry-Leading 55nm Technology for Advanced Low-Power Knowledge-based Processors (2007/11/27)**
 - **TSMC Appoints Maria Marced President of TSMC Europe (2007/11/16)**
 - **Qualcomm Makes First Call with Chips Using TSMC's 45nm Technology (2007/11/14)**
 - **TSMC Board of Directors Approves Plan to Buy Back Shares from Open Market (2007/11/13)**
 - **TSMC Recognizes Outstanding Suppliers at Supply Chain Management Forum (2007/11/02)**
- * Please visit TSMC's Web site (<http://www.tsmc.com>) for details and other announcements.



<http://www.tsmc.com>
invest@tsmc.com