



TSMC Reports Fourth Quarter EPS of NT\$0.48

Hsin-Chu, Taiwan, R.O.C., January 22, 2009 -- TSMC today announced consolidated revenue of NT\$64.56 billion, net income of NT\$12.45 billion, and diluted earnings per share of NT\$0.48 (US\$0.07 per ADS unit) for the fourth quarter ended December 31, 2008.

Year-over-year, fourth quarter revenue decreased 31.2% while net income and diluted EPS decreased 63.9% and 62.3%, respectively. Compared to third quarter of 2008, fourth quarter results represent a 30.6% decrease in revenue, a decrease of 59.3% in net income, and a decrease of 59% in diluted EPS. All figures were prepared in accordance with R.O.C. GAAP on a consolidated basis.

Triggered by a deepening economic recession worldwide and customers' inventory adjustment, fourth quarter saw a sharp decline in the demand for semiconductors across all applications. Gross margin for the quarter was 31.3%, operating margin was 18.6%, and net margin was 19.3%.

Advanced process technologies (0.13-micron and below) accounted for 65% of wafer revenues with 90-nanometer process technology accounting for 21% and 65-nanometer reaching 27% of total wafer sales.

"The global economic recession continues to worsen. Fourth quarter end-market sell-through was much below the already conservative expectations, and consumer demand remains very weak. This has led to a rising DOI for our customers, who continue to pare their inventories aggressively, resulting in a further significant cut back of wafer demand," said Lora Ho, VP and Chief Financial Officer of TSMC. "Based on our current business outlook, management expects overall performance for first quarter 2009 to be as follows":

- Revenue is expected to be between NT\$32 billion and NT\$35 billion;
- Gross profit margin is expected to be between 1% and 5%;
- Operating profit margin is expected to be between -19% and -15%.

Conference Call & Webcast Notice:

TSMC's quarterly review conference call will be held at 8 a.m. Eastern Time (9 p.m. Taiwan Time) on Thursday, January 22, 2009. The conference call will also be webcast live on the Internet. Investors wishing to access the live webcast should visit TSMC's web site at <http://www.tsmc.com> at least 15 minutes prior to the broadcast. Instructions will be provided on the web site to facilitate the download and installation of necessary audio applications. Investors without Internet access may listen to the conference call, in listen-only mode, by dialing **1-617-801-9714** in the U.S., **852-3002-1672** in Hong Kong, and **44-207-365-8426** in the U.K. (Password: TSMC). An archived version of the webcast will be available on TSMC's web site for six months following the Company's quarterly review conference call and webcast.

Profile

TSMC is the world ' s largest dedicated semiconductor foundry, providing the industry ' s leading process technology and the foundry ' s largest portfolio of process-proven libraries, IP, design tools and reference flows. The Company ' s total managed capacity in 2008 is to exceed nine million (8-inch equivalent) wafers, including capacity from two advanced 12-inch Gigafabs, four eight-inch fabs, one six-inch fab, as well as TSMC ' s wholly owned subsidiaries, WaferTech and TSMC (Shanghai), and its joint venture fab, SSMC. TSMC is the first foundry to provide 40nm production capabilities. Its corporate headquarters are in Hsinchu, Taiwan. For more information about TSMC please see <http://www.tsmc.com>.

(Management Report and Tables Follow)

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Safe Harbor Notice:

The statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. TSMC cautions readers that forward-looking statements are subject to significant risks and uncertainties and are based on TSMC's current expectations. Actual results may differ materially from those contained in such forward-looking statements for a variety of reasons including, among others, risks associated with cyclical and market conditions in the semiconductor industry; demand and supply for TSMC's foundry manufacturing capacity in particular and for foundry manufacturing capacity in general; intense competition; the failure of one or more significant customers to continue to place the same level of orders with us; TSMC's ability to remain a technological leader in the semiconductor industry; TSMC's ability to manage its capacity; TSMC's ability to obtain, preserve and defend its intellectual property rights; natural disasters and other unexpected events which may disrupt production; and exchange rate fluctuations. Additional information as to these and other risk factors that may cause TSMC's actual results to differ materially from TSMC's forward-looking statements may be found in TSMC's Annual Report on Form 20-F, filed with the United States Securities and Exchange Commission (the "SEC") on April 15, 2008, 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.