



TSMC

2008 Fourth Quarter Investor Conference

January 22, 2009

Agenda

- **Welcome** Elizabeth Sun
- **4Q08 Financial Results and 1Q09 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 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.

4Q08 Financial Highlights

(In NT billions except otherwise noted)

	4Q08	4Q08 Guidance	3Q08 Actual	4Q07 Actual ⁽¹⁾	QoQ	YoY
Net Sales	64.56	63 - 65	92.98	93.86	-30.6%	-31.2%
Gross Margin	31.3%	30% - 32%	46.3%	47.8%	-15.0 ppt	-16.5 ppt
Operating Margin	18.6%	17% - 19%	35.4%	39.2%	-16.8 ppt	-20.6 ppt
EPS - Diluted (NT\$)⁽²⁾	0.48		1.18	1.29	-59.0%	-62.3%
Free Cash Flow	51.98		45.52	39.98	14.2%	30.0%
ROE (%)⁽³⁾	10.6%		27.0%	27.9%	-16.4 ppt	-17.3 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	1,532		2,411	2,357	-36.4%	-35.0%
Average Exchange Rate-- NTD/USD	32.91		31.16	32.44	5.6%	1.5%

(1) Before expensing of employee profit sharing

(2) Total outstanding shares were 25,625mn units on 12/31/08

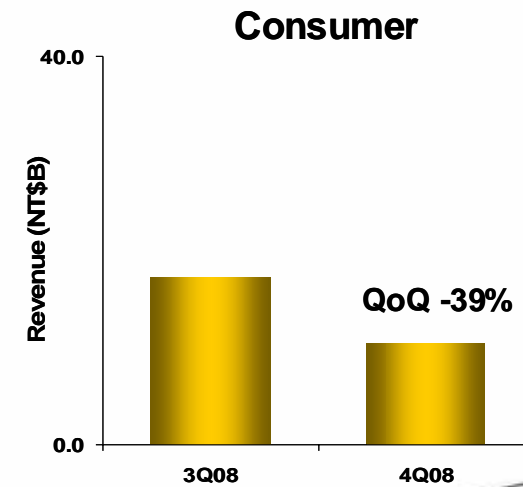
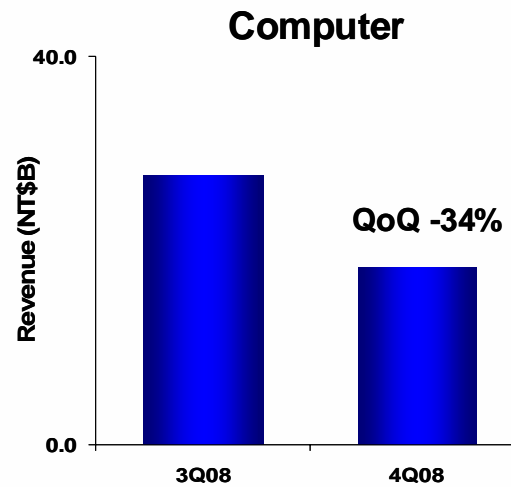
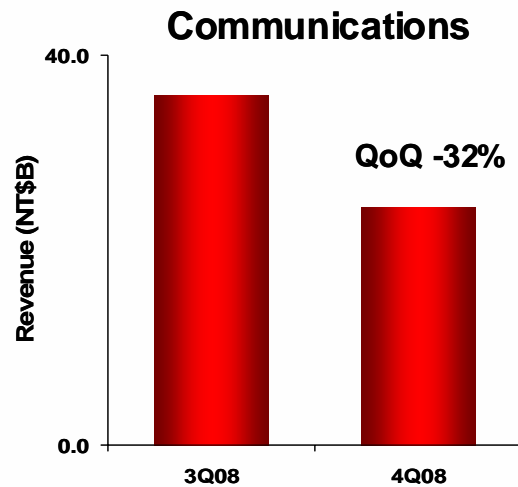
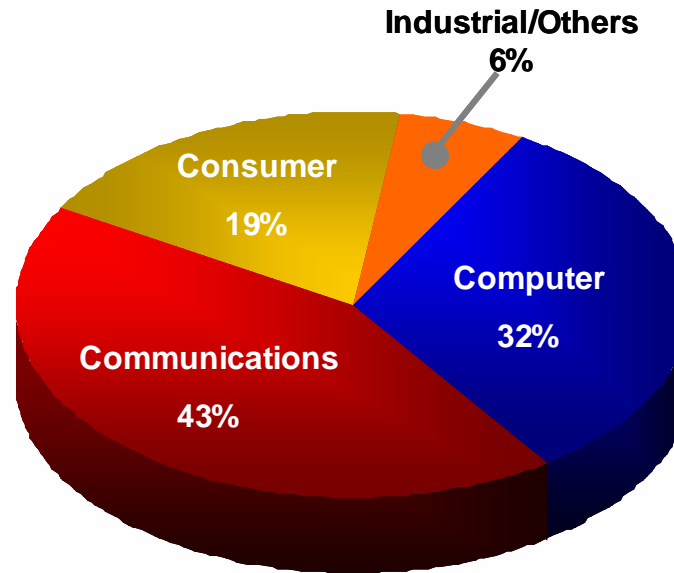
(3) Annualized ROE for the quarter based on average equity attributable to shareholders of the parent.

Income Statements

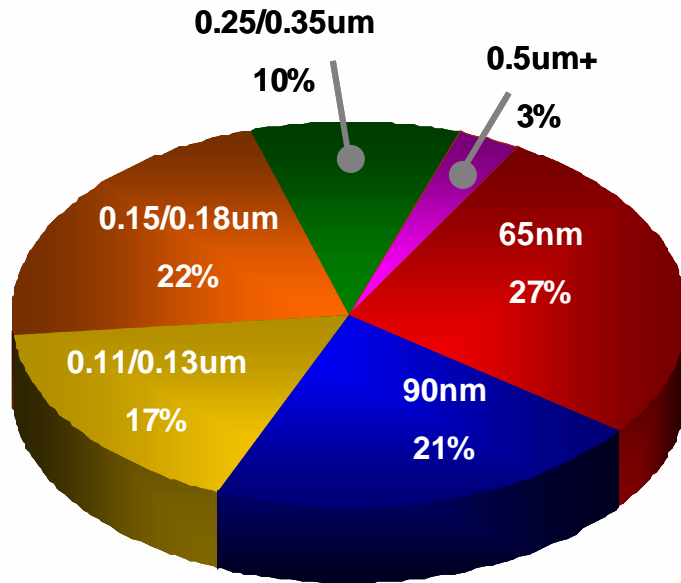
<i>(In NT billions except otherwise noted)</i>	4Q08	3Q08	4Q07⁽¹⁾	QoQ	YoY
Net Sales	64.56	92.98	93.86	-30.6%	-31.2%
Gross Margin	31.3%	46.3%	47.8%	-15.0 ppt	-16.5 ppt
Operating Expenses	(8.17)	(10.18)	(8.08)	-19.7%	1.2%
Operating Margin	18.6%	35.4%	39.2%	-16.8 ppt	-20.6 ppt
Non-Operating Items	1.41	1.33	1.69	6.4%	-16.8%
Long-Term Investment Gains	(0.34)	0.18	0.88	-283.6%	-138.8%
Taxes	(0.45)	(3.66)	(4.61)	-87.6%	-90.2%
Net Income	12.45	30.57	34.48	-59.3%	-63.9%
Net Margin	19.3%	32.9%	36.7%	-13.6 ppt	-17.4 ppt
EPS (NT Dollar)	0.48	1.18	1.29	-59.0%	-62.3%

(1) 4Q07 results do not include expensing of employee profit sharing.

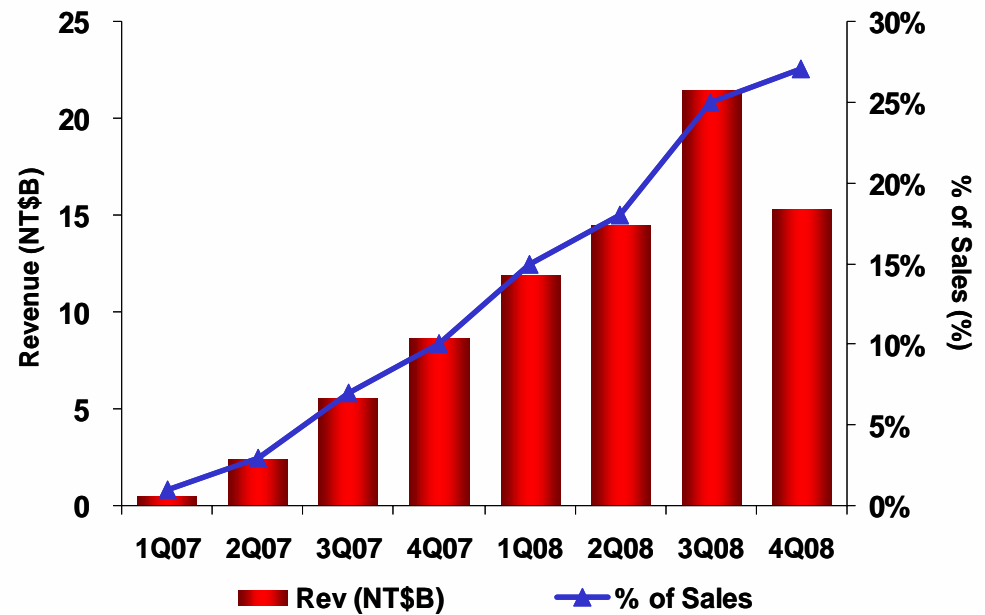
4Q08 Revenue by Applications



4Q08 Revenue by Technology



65nm Revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	4Q08		3Q08		4Q07	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	211.45	37.8%	158.17	28.7%	174.83	30.6%
Accounts Receivable - Trade	18.50	3.3%	45.33	8.2%	42.42	7.4%
Inventory	14.88	2.7%	21.82	4.0%	23.86	4.2%
Long-Term Investment	39.98	7.2%	41.87	7.6%	36.46	6.4%
Net PP&E	243.65	43.6%	252.29	45.9%	260.25	45.6%
Total Assets	558.92	100.0%	550.00	100.0%	570.87	100.0%
Current Liabilities	56.81	10.2%	62.13	11.3%	48.71	8.5%
Long-Term Interest-bearing Debt	15.22	2.7%	15.15	2.8%	22.78	4.0%
Total Liabilities	78.54	14.1%	84.18	15.3%	80.18	14.0%
Total Shareholders' Equity	480.37	85.9%	465.82	84.7%	490.69	86.0%
Key Indices						
A/R Turnover Days	46		43		42	
Inventory Turnover Days	40		45		48	
Current Ratio (x)	4.4		3.7		5.1	
Asset Productivity (x) ⁽¹⁾	1.0		1.4		1.4	

(1) Asset productivity = Annualized net sales / Average net fixed assets.

Cash Flows

(In NT billions except otherwise noted)

	4Q08	3Q08	4Q07
Beginning Balance	112.45	185.35	98.33
Cash from operating activities	63.24	55.90	59.76
Capital expenditures	(11.26)	(10.38)	(19.78)
Cash dividends	0.00	(76.78)	0.00
Share buyback	0.00	(23.81)	(45.41)
Repayment of corporate bonds	0.00	0.00	(4.50)
Short-term investments/others	30.18	(17.83)	6.59
Ending Balance	194.61	112.45	94.99
Free Cash Flow ⁽¹⁾	51.98	45.52	39.98

(1) Free cash flow = Operating cash flow – Capital expenditures.

Installed Capacity

2008 Overall Capacity +13%; Advanced Capacity +27%

FAB / (Wafer size)	1Q08 (A)	2Q08 (A)	3Q08 (A)	4Q08 (A)	2008 (A)	1Q09 (F)
Fab-2 (6") ⁽¹⁾	248	267	270	272	1,056	274
Fab-3 (8")	277	281	268	274	1,100	286
Fab-5 (8")	163	165	161	161	650	162
Fab-6 (8")	265	267	268	282	1,082	295
Fab-8 (8")	262	275	267	272	1,076	275
Fab-12 (12") ⁽²⁾	197	207	214	221	840	218
Fab-14 (12") ⁽²⁾	167	185	229	236	818	238
WaferTech (8")	105	105	106	106	420	106
TSMC (Shanghai) (8")	88	110	128	128	453	128
TSMC & Subsidiaries (8" Equivalent Kpcs)	2,117	2,236	2,346	2,405	9,104	2,431
SSMC (8")	63	67	69	73	272	64
Total TSMC-managed (8" Equivalent Kpcs)	2,180	2,303	2,416	2,478	9,377	2,495

(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>	4Q08	2008	2007
TSMC	326	1,807	2,475
XinTec and GUC	2	23	47
TSMC Shanghai & WaferTech	12	52	31
Other TSMC Subsidiaries	2	4	4
TSMC Consolidated	342	1,886	2,557

Note: 2008 CapEx was based on the weighted average exchange rate of NT\$31.406 per US dollar.

2008 Financial Highlights

(In NT billions except otherwise noted)

	2008	2007
Net Sales	333.16	322.63
Gross Margin	42.5%	44.1%
Operating Margin	31.4%	34.6%
EPS - Diluted (NT\$)	3.83	4.06
Free Cash Flow (FCF)	162.27	99.76
Cash Dividends	76.78	77.39
Share Buybacks⁽¹⁾	30.43	48.47
Cash & Marketable Securities	211.45	174.83
ROE	20.7%	21.9%

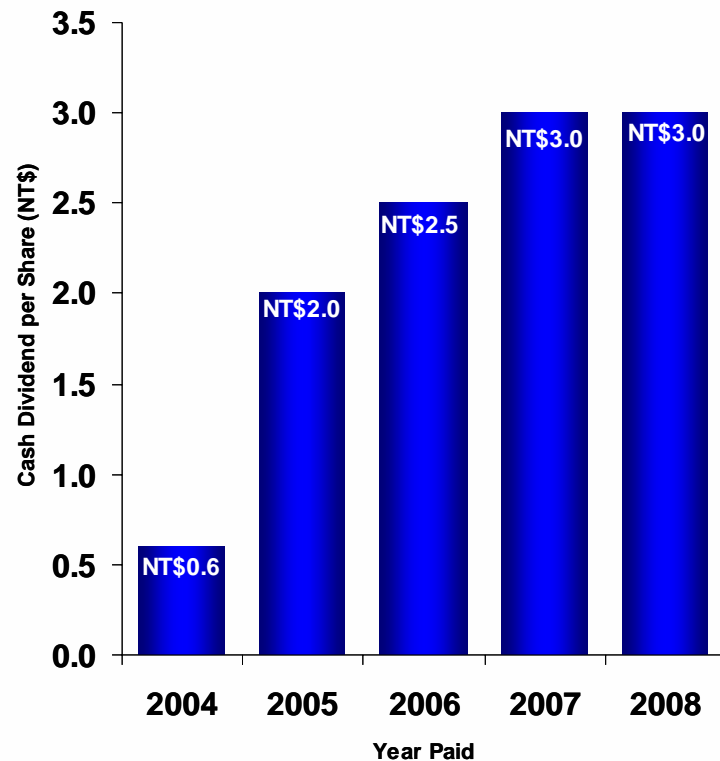
- **Delivered 7th consecutive year of top line growth**
- **Profitability declined due to employee profit sharing expensing in 2008**
- **Continued cash returned to shareholders**
- **Balance sheet strength to weather the financial tsunami**
- **ROE > 20% for the 5th consecutive year**

(1) 2007 number Includes share buybacks executed in 2007 but settled in 2008.

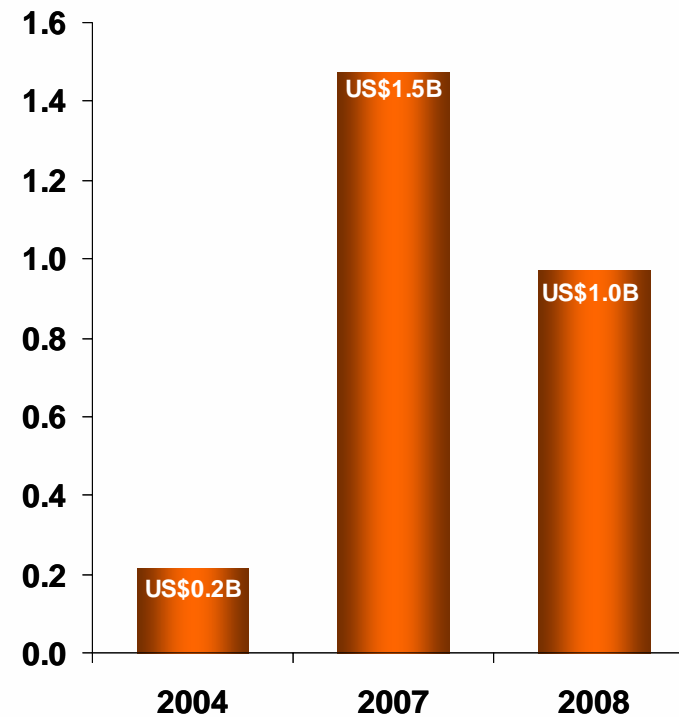
Cash Returned to Shareholders

Cumulative NT\$361B (US\$11.2B) Since 2004

Increasing Cash Dividend



Share Buybacks



Note: 2007 share buyback number Includes shares bought in 2007 but settled in 2008.

1Q09 Guidance

- Revenue is expected to be between NT\$32 billion and NT\$35 billion, at a forecast exchange rate of 32.66 NT dollars to 1 US dollar averaged over 1Q09.
- Gross profit margin is expected to be between 1% and 5%.
- Operating profit margin is expected to be between -19% and -15%.

Recap of Recent Major Events

- **TSMC Wins the Award of “Grand Prix for Best Overall Investor Relations at a Taiwanese Company - Large-Cap” by IR Magazine (2008/12/11)**
- **TSMC Chairman Dr. Morris Chang Receives Semiconductor Industry Association’s Highest Honor “The 2008 Robert N. Noyce Award” (2008/11/18)**
- **TSMC Ramps 40nm Volume Production to Promote Innovation as Foundries Assume a Larger Role for \$300 Billion Industry (2008/11/17)**
- **TSMC Board Approves Cancellation of Treasury Shares to Reduce Total Issued Shares by 1.07 Percent (2008/11/11)**
- **TSMC Adds New High Voltage Features to Advanced 0.13-micron Processes Aimed at High Resolution Display Drivers (2008/11/05)**
- **TSMC and MAPPER Take Next Step in Exploring Multiple E-beam Lithography for IC Manufacturing at 22 nanometer node and Beyond (2008/10/13)**

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



<http://www.tsmc.com>
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