

# TSMC

## 2009 Fourth Quarter Investor Conference

*January 28, 2010*

# Agenda

- **Welcome** Elizabeth Sun
- **4Q09 Financial Results and 1Q10 Outlook** Lora Ho
- **CEO Comments** Morris Chang
- **Q&A** Morris Chang /  
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 17, 2009 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.

# 4Q09 Financial Highlights

*(In NT billions except otherwise noted)*

	4Q09	4Q09 Guidance	3Q09 Actual	4Q08 Actual	QoQ	YoY
<b>Net Sales</b>	<b>92.09</b>	<b>90 - 92</b>	<b>89.94</b>	<b>64.56</b>	<b>2.4%</b>	<b>42.6%</b>
<b>Gross Margin</b>	<b>48.5%</b>	<b>47% - 48.5%</b>	<b>47.7%</b>	<b>31.3%</b>	<b>+0.8 ppt</b>	<b>+17.2 pts</b>
<b>Operating Margin</b>	<b>36.5%</b>	<b>35.5% - 37%</b>	<b>35.6%</b>	<b>18.6%</b>	<b>+0.9 ppt</b>	<b>+17.9 pts</b>
<b>EPS - Diluted (NT\$)</b>	<b>1.26</b>		<b>1.18</b>	<b>0.48</b>	<b>7.2%</b>	<b>162.6%</b>
<b>Free Cash Flow</b>	<b>19.29</b>		<b>14.62</b>	<b>51.98</b>	<b>31.9%</b>	<b>-62.9%</b>
<b>ROE (%)</b>	<b>27.3%</b>		<b>27.3%</b>	<b>10.6%</b>	<b>+0.0 ppt</b>	<b>+16.7 pts</b>
<b>Shipment (Kpcs, 8"-equiv. Wafer)</b>	<b>2,430</b>		<b>2,445</b>	<b>1,532</b>	<b>-0.6%</b>	<b>58.6%</b>
<b>Average Exchange Rate--NTD/USD</b>	<b>32.32</b>		<b>32.80</b>	<b>32.91</b>	<b>-1.5%</b>	<b>-1.8%</b>

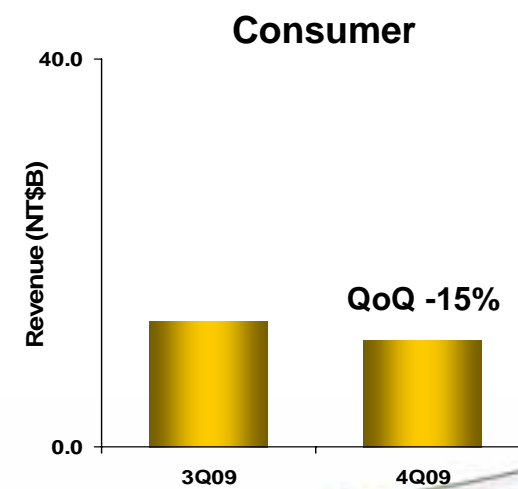
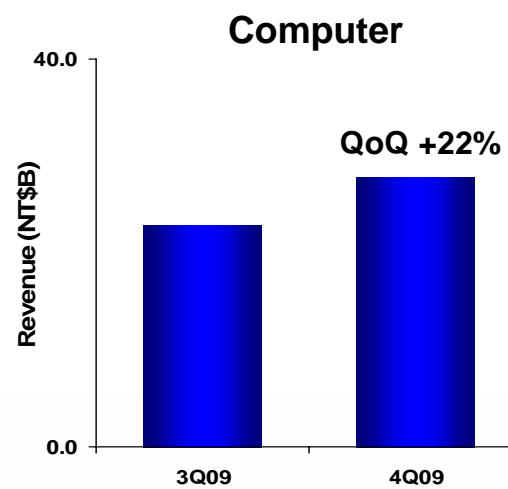
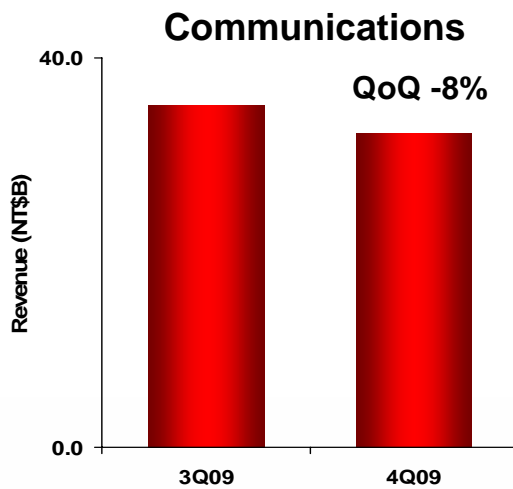
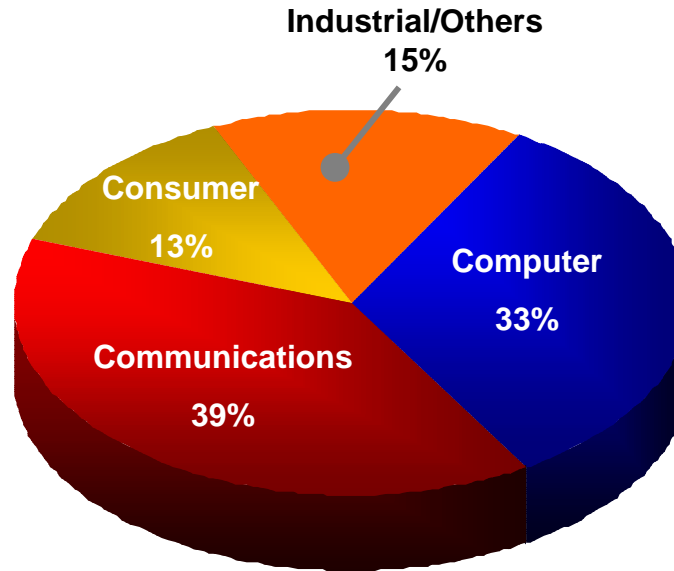
\* Total outstanding shares were 25,903mn units at 12/31/09

\*\* ROE figures are annualized based on average equity attributable to shareholders of the parent.

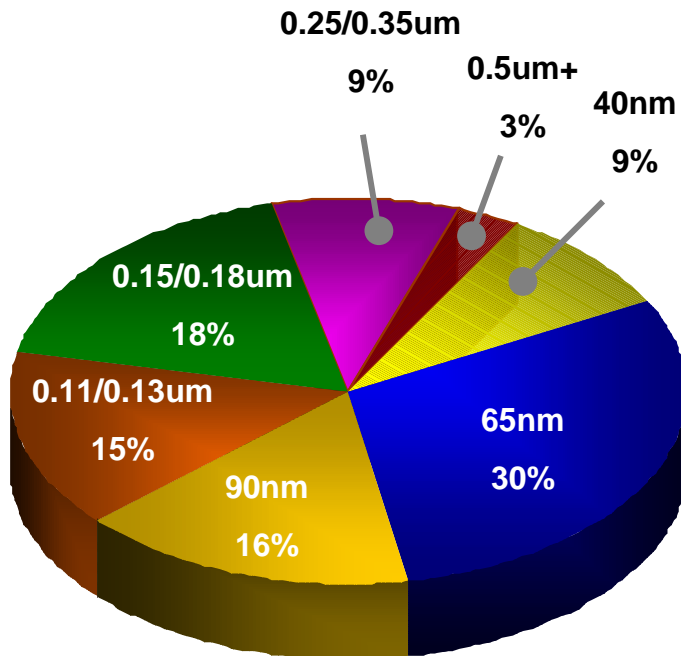
# Income Statements

<i>(In NT billions except otherwise noted)</i>	<b>4Q09</b>	<b>3Q09</b>	<b>4Q08</b>	<b>QoQ</b>	<b>YoY</b>
Net Sales	92.09	89.94	64.56	2.4%	42.6%
<b>Gross Margin</b>	<b>48.5%</b>	<b>47.7%</b>	<b>31.3%</b>	<b>+0.8 ppt</b>	<b>+17.2 ppts</b>
Operating Expenses	(11.05)	(10.87)	(8.17)	1.6%	35.2%
<b>Operating Margin</b>	<b>36.5%</b>	<b>35.6%</b>	<b>18.6%</b>	<b>+0.9 ppt</b>	<b>+17.9 ppts</b>
Non-Operating Items	1.43	0.52	1.41	174.7%	1.0%
Long-Term Investment Gains	0.30	0.45	(0.34)	-34.0%	NM
Taxes	(2.51)	(2.28)	(0.45)	9.8%	454.7%
Net Income	32.67	30.55	12.45	6.9%	162.5%
<b>Net Margin</b>	<b>35.5%</b>	<b>34.0%</b>	<b>19.3%</b>	<b>+1.5 ppts</b>	<b>+16.2 ppts</b>
EPS (NT Dollar)	1.26	1.18	0.48	7.2%	162.7%

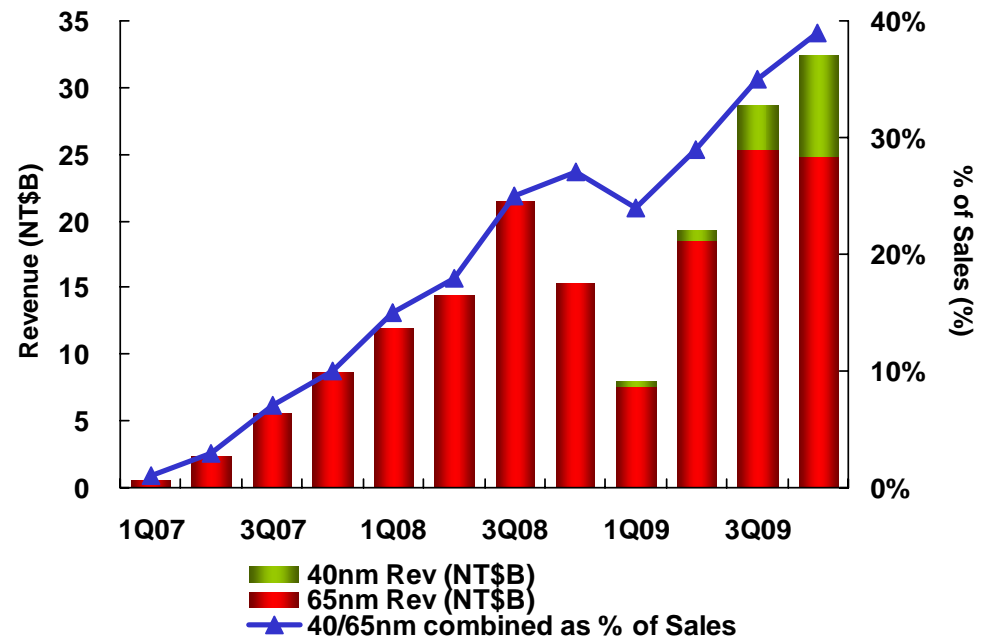
# 4Q09 Revenue by Applications



# 4Q09 Revenue by Technology



65nm/40nm Revenue



# Balance Sheets & Key Indices

## Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	4Q09		3Q09		4Q08	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	195.80	32.9%	180.32	33.3%	211.45	37.8%
Accounts Receivable - Trade	35.38	5.9%	35.88	6.6%	18.50	3.3%
Inventory	20.91	3.5%	19.18	3.5%	14.88	2.7%
<b>Long-Term Investment</b>	<b>37.85</b>	<b>6.4%</b>	<b>38.55</b>	<b>7.1%</b>	<b>39.98</b>	<b>7.2%</b>
<b>Net PP&amp;E</b>	<b>273.68</b>	<b>46.0%</b>	<b>236.82</b>	<b>43.7%</b>	<b>243.65</b>	<b>43.6%</b>
<b>Total Assets</b>	<b>594.70</b>	<b>100.0%</b>	<b>541.90</b>	<b>100.0%</b>	<b>558.92</b>	<b>100.0%</b>
<b>Current Liabilities</b>	<b>79.13</b>	<b>13.3%</b>	<b>55.01</b>	<b>10.2%</b>	<b>56.81</b>	<b>10.2%</b>
<b>Long-Term Interest-bearing Debt</b>	<b>10.96</b>	<b>1.8%</b>	<b>14.35</b>	<b>2.6%</b>	<b>15.22</b>	<b>2.7%</b>
<b>Total Liabilities</b>	<b>95.65</b>	<b>16.1%</b>	<b>75.27</b>	<b>13.9%</b>	<b>78.54</b>	<b>14.1%</b>
<b>Total Shareholders' Equity</b>	<b>499.05</b>	<b>83.9%</b>	<b>466.63</b>	<b>86.1%</b>	<b>480.37</b>	<b>85.9%</b>
<b>Key Indices</b>						
A/R Turnover Days	36		36		46	
Inventory Turnover Days	42		41		40	
Current Ratio (x)	3.3		4.4		4.4	
Asset Productivity (x) <sup>(1)</sup>	1.4		1.6		1.0	

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



# Cash Flows

(In NT billions except otherwise noted)

	4Q09	3Q09	4Q08
<b>Beginning Balance</b>	<b>156.94</b>	<b>239.52</b>	<b>112.45</b>
Cash from operating activities	62.00	46.66	63.24
Capital expenditures	(42.71)	(32.04)	(11.26)
Cash dividends	0.00	(76.88)	0.00
Share buyback	0.00	0.00	0.00
Short-term investments/others	(4.95)	(20.32)	30.18
<b>Ending Balance</b>	<b>171.28</b>	<b>156.94</b>	<b>194.61</b>
Free Cash Flow <sup>(1)</sup>	19.29	14.62	51.98

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

# Installed Capacity

2009 Overall Capacity +6%; Advanced Capacity +11%

FAB / (Wafer size)	1Q09 (A)	2Q09 (A)	3Q09 (A)	4Q09 (A)	2009 (A)	1Q10 (F)
Fab-2 (6") <sup>(1)</sup>	274	280	283	283	1,121	263
Fab-3 (8")	286	289	292	283	1,150	268
Fab-5 (8")	162	149	144	144	599	139
Fab-6 (8")	295	284	287	287	1,154	269
Fab-8 (8")	275	271	265	255	1,066	247
Fab-12 (12") <sup>(2)</sup>	218	219	199	243	879	269
Fab-14 (12") <sup>(2)</sup>	238	238	239	243	958	255
WaferTech (8")	106	107	109	109	431	106
TSMC China (8")	128	134	135	135	531	132
<b>TSMC &amp; Subsidiaries</b> (8" Equivalent Kpcs)	<b>2,431</b>	<b>2,419</b>	<b>2,379</b>	<b>2,467</b>	<b>9,695</b>	<b>2,488</b>
<b>SSMC (8")</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>259</b>	<b>69</b>
<b>Total TSMC-managed</b> (8" Equivalent Kpcs)	<b>2,495</b>	<b>2,483</b>	<b>2,444</b>	<b>2,532</b>	<b>9,955</b>	<b>2,557</b>

(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>	4Q09	2009	2008
TSMC	1,304	2,646	1,807
XinTec and GUC	1	12	23
TSMC China & WaferTech	4	10	52
Other TSMC Subsidiaries	1	3	4
<b>TSMC Consolidated</b>	<b>1,310</b>	<b>2,671</b>	<b>1,886</b>

Note: 2009 CapEx was based on the weighted average exchange rate of NT\$32.868 per US dollar.

# 2009 Financial Highlights

*(In NT billions except otherwise noted)*

	2009	2008
<b>Net Sales</b>	295.74	333.16
<b>Gross Margin</b>	43.7%	42.5%
<b>Operating Margin</b>	31.1%	31.4%
<b>EPS - Diluted (NT\$)</b>	3.44	3.81
<b>Free Cash Flow (FCF)</b>	72.19	162.27
<b>Cash Dividends</b>	76.88	76.78
<b>Share Buybacks</b>	0.00	30.43
<b>Cash &amp; Marketable Securities</b>	195.80	211.45
<b>ROE</b>	18.4%	20.7%

- Profitability remained resilient despite decline in top line
- Continued cash return to shareholders
- Balance sheet strength to invest for future growth

# Guidance

Based on our current business outlook, management expects:

- For the first quarter:
  - Revenue to be between NT\$89 billion and NT\$91 billion, at a forecast exchange rate of 31.60 NT dollars to 1 US dollar
  - Gross profit margin to be between 46.5% and 48.5%
  - Operating profit margin to be between 35% and 37%
- 2010 capital expenditure to be around US\$ 4.8 billion

# Recap of Recent Major Events

- **TSMC Announces Process Technologies For Integrated LED Drivers ( 2009/12/15 )**
- **TSMC and Motech Announce Strategic Partnership ( 2009/12/09 )**
- **TSMC Recognizes Supplier Excellence at Supply Chain Management Forum ( 2009/12/04 )**
- **TSMC Launches Automotive Process Qualification Specification and Service Package in China Market ( 2009/11/27 )**
- **TSMC Announces Settlement of SMIC Trade Secret Litigation ( 2009/11/10 )**
- **Infineon and TSMC Extend Technology And Production Partnership Agreement; Will Jointly Develop 65nm Embedded Flash Process Technology For Automotive and Chip Card Applications ( 2009/11/05 )**

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



TSMC Property

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