



## TSMC Reports Fourth Quarter EPS of NT\$1.57

Hsin-Chu, Taiwan, R.O.C., January 27, 2011 -- TSMC today announced consolidated revenue of NT\$110.14 billion, net income of NT\$40.72 billion, and diluted earnings per share of NT\$1.57 (US\$0.26 per ADR unit) for the fourth quarter ended December 31, 2010.

Year-over-year, fourth quarter revenue increased 19.6% while net income increased 24.7% and diluted EPS increased 24.6%. Compared to third quarter of 2010, fourth quarter results represent a 1.9% decrease in revenue, 13.2% decrease in net income and 13.3% decrease in diluted EPS. In US dollars, fourth quarter revenue grew 3.1% from third quarter 2010 and 27.2% year-over-year. All figures were prepared in accordance with R.O.C. GAAP on a consolidated basis.

Gross margin for the quarter was 49.8%, operating margin was 37.7%, and net margin was 37%.

Fourth quarter revenue and margins were obtained based on the exchange rate of NTD 30.4 to 1 USD, which is calculated based on a transaction-based weighted average of the NTD to USD exchange rate over the quarter.

In the fourth quarter, demand for TSMC's wafers remained strong, with increases in wafer shipments in communication segment offsetting decreases in computer and consumer segments.

40-nanometer process technology accounted for 21% of total wafer revenues, 65-nanometer accounted for 31%. These advanced technologies exceeded 50% of total wafer sales for the first time and accounted for 52% of total revenues.

"For the first quarter of 2011, we expect the demand to be stronger than seasonal," said Lora Ho, SVP and Chief Financial Officer of TSMC. "Based on our current business outlook and exchange rate assumption, management expects overall performance for first quarter 2011 to be as follows":

- Revenue is expected to be between NT\$105 billion and NT\$107 billion;
- Gross profit margin is expected to be between 47% and 49%;
- Operating profit margin is expected to be between 35% and 37%.

TSMC further expects 2011 capital expenditures to be about US\$7.8 billion.

### **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 27, 2011. 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 **1-857-350-1588** 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.

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, IPs, design tools and reference flows. The Company's managed capacity in 2010 totaled 11.3 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 China, 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 visit <http://www.tsmc.com>.

**(Management Report and Tables Follow)**

**CONTACT**

**Elizabeth Sun**

Corporate Communication Division

TSMC

[invest@tsmc.com](mailto:invest@tsmc.com)

886-3-568-2085

***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, 2010, 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.