

TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**UNCONSOLIDATED INCOME STATEMENT**

For the Twelve Months Ended December 31, 2001 and 2000

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	12 months ended Dec. 31				
	2001		% of	2000	YoY
	USD	NTD	Sales	NTD	Chg %
Net Sales	3,725	125,888	100.0	166,228	(24.3)
Cost of Sales	(2,648)	(89,507)	(71.1)	(90,232)	(0.8)
Gross Margin	1,076	36,381	28.9	75,997	(52.1)
Operating Expenses					
General and Administrative Expenses	(179)	(6,049)	(4.8)	(5,299)	14.1
Selling and Marketing Expenses	(69)	(2,341)	(1.9)	(2,953)	(20.7)
Research and Development Expenses	(315)	(10,649)	(8.5)	(7,204)	47.8
Total Operating Expenses	(563)	(19,039)	(15.1)	(15,456)	23.2
Income from Operations	513	17,342	13.8	60,541	(71.4)
Net Non-operating Income (Expenses)	(8)	(254)	(0.2)	2,517	-
Investment Income (Loss)	(190)	(6,430)	(5.1)	779	-
Income before Income Tax	315	10,659	8.5	63,838	(83.3)
Income Tax Credit (Expenses)	113	3,824	3.0	1,269	201.5
Net Income	429	14,483	11.5	65,106	(77.8)
Diluted Earnings Per Ordinary Share ⁽⁵⁾	0.02	0.83		3.96	(79)
Earnings Per ADR ⁽³⁾	0.12	4.17		19.78	
Weighted Average Outstanding Shares ('M) ⁽⁴⁾		16,833		16,417	

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 33.8 per U.S. dollar for the whole year of 2001.

(2) 1 ADR equals 5 ordinary shares.

(3) Total weighted average outstanding shares were 16,832,553K in 4Q01 and 16,417,270K in 4Q00.

(4) The dividend of preferred stock, NT\$13,000 million at 3.5% of annual rate, was deducted before EPS calculation in 2001.

(5) Year2000 was restated for reclassification. NT\$2,072.1M of COGS was reclassified to be operation expense.