



TSMC

2007 Third Quarter Results Investor Conference

October 25, 2007

Agenda

- **Welcome**
- **2007 3Q Consolidated Financial Results**
- **Q&A**

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 20, 2007, TSMC's registration statement on Form F-3, filed with the SEC on May 8, 2007, 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.

3Q07 Result Highlights

<i>(In NT billions)</i>	<u>3Q07</u>	<u>2Q07</u>	<u>3Q06</u>
Net Sales	88.96	74.92	82.48
Net Income ⁽¹⁾	<u>30.37</u>	<u>25.48</u>	<u>32.49</u>
EPS - Diluted (NT\$)	1.15	0.96	1.23
<hr/>			
Total Assets	586.41	637.43	563.35
Total Liabilities	81.79	163.56	81.49
Total Shareholders' Equity	504.62	473.87	481.86
<hr/>			
Shipment (Kpcs, 8"-equiv. Wafer)	2,226	1,856	1,890
ROE (%) ⁽²⁾	25.0%	20.4%	28.0%

(1) Net Income attributable to shareholders of the parent company

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

Income Statements

(In NT billions except otherwise noted)

	3Q07	2Q07	3Q06	QoQ	YoY
Net Sales	88.96	74.92	82.48	18.7%	7.9%
COGS	(48.24)	(42.74)	(41.35)	12.9%	16.7%
Gross Profit	40.72	32.18	41.13	26.6%	-1.0%
<i>Gross Margin</i>	45.8%	43.0%	49.9%		
Operating Expense	(8.37)	(7.45)	(7.50)	12.4%	11.6%
Operating Income	32.35	24.73	33.63	30.8%	-3.8%
<i>Operating Margin</i>	36.4%	33.0%	40.8%		
Non-operating Income/(Expense)	1.87	3.29	1.03	-43.3%	80.8%
Income before Tax	34.22	28.02	34.66	22.1%	-1.3%
Income Tax Benefit/(Expense)	(3.60)	(2.39)	(2.14)	50.4%	67.9%
Minority Interest	(0.25)	(0.15)	(0.03)		
Net Income⁽¹⁾	30.37	25.48	32.49	19.2%	-6.5%
<i>Net Margin</i>	34.1%	34.0%	39.4%		
Diluted EPS (NT dollar)	1.15	0.96	1.23	19.2%	-6.6%

(1) Net Income attributable to shareholders of the parent company

Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions)

	3Q07		2Q07		3Q06	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	176.4	30.1%	233.1	36.5%	164.1	29.1%
Accounts Receivable - Trade	42.4	7.2%	37.1	5.8%	37.7	6.7%
Inventory	24.5	4.2%	24.0	3.8%	20.3	3.6%
Current Assets	250.1	42.7%	304.6	47.8%	228.3	40.5%
Long-Term Investment	46.0	7.8%	45.2	7.1%	51.1	9.1%
Net PP&E	265.2	45.2%	264.6	41.5%	260.7	46.3%
Total Assets	586.4	100.0%	637.4	100.0%	563.3	100.0%
Accounts Payable	24.2	4.1%	28.2	4.5%	26.2	4.6%
Current Portion of Bonds Payable	4.5	0.8%	4.5	0.7%	2.5	0.4%
Accrued Cash Dividend & Profit Sharing	0.0	0.0%	82.1	12.9%	0.0	0.0%
Accrued Liabilities and Others	22.2	3.8%	17.6	2.7%	16.9	3.0%
Current Liabilities	50.9	8.7%	132.4	20.8%	45.6	8.1%
Long-Term Interest-bearing Debt	21.8	3.7%	21.4	3.4%	25.1	4.5%
Total Liabilities	81.8	13.9%	163.6	25.7%	81.5	14.5%
Total Shareholders' Equity	504.6	86.1%	473.9	74.3%	481.9	85.5%

Key Indices

A/R Turnover Days	42	44	43
Inventory Turnover Days	48	52	48
Current Ratio (x)	4.9	2.3	5.0
Net Working Capital	199.2	172.2	182.7

Cash Flows

<i>(In NT billions)</i>	3Q07	2Q07	3Q06
- Net Income	30.4	25.5	32.5
- Depreciation & Amortization	19.9	19.6	18.4
- Other Op Sources/(Uses)	0.8	(10.4)	1.8
From Operation	51.1	34.7	52.7
- Capital Expenditures	(24.9)	(25.3)	(28.3)
- Marketable Financial Instruments	(2.8)	15.8	(8.6)
- Other Investing Sources/(Uses)	(6.8)	(0.7)	(0.1)
From Investment	(34.5)	(10.2)	(37.0)
- Cash Dividends	(77.4)	0.0	(61.7)
- Employee Profit Sharing	(4.6)	0.0	(3.2)
- Other Financing Sources/(Uses)	(0.0)	(0.5)	0.2
From Financing	(82.0)	(0.5)	(64.7)
Net Cash Position Change	(65.4)	24.0	(49.0)
Exchange Rate Changes & Others	0.3	(0.9)	0.5
Ending Cash Balance	98.3	163.4	92.9

Installed Capacity

FAB / (Wafer size)		1Q07 (A)	2Q07 (A)	3Q07 (A)	4Q07 (F)	2007 (F)
Fab-2	(6") ¹	257	257	273	273	1,060
Fab-3	(8")	259	262	267	269	1,057
Fab-5	(8")	144	155	163	166	627
Fab-6	(8")	245	255	274	279	1,053
Fab-8	(8")	239	239	260	265	1,004
Fab-12	(12") ²	169	180	198	212	759
Fab-14	(12") ²	103	113	154	176	546
WaferTech	(8")	104	105	106	106	419
TSMC (Shanghai)	(8")	90	94	99	92	375
TSMC & Subsidiaries (8" Equivalent Kpcs)		1,836	1,913	2,113	2,202	8,064
SSMC	(8")	53	55	56	61	226
Total TSMC-managed (8" Equivalent Kpcs)		1,890	1,967	2,169	2,263	8,290

Note: 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

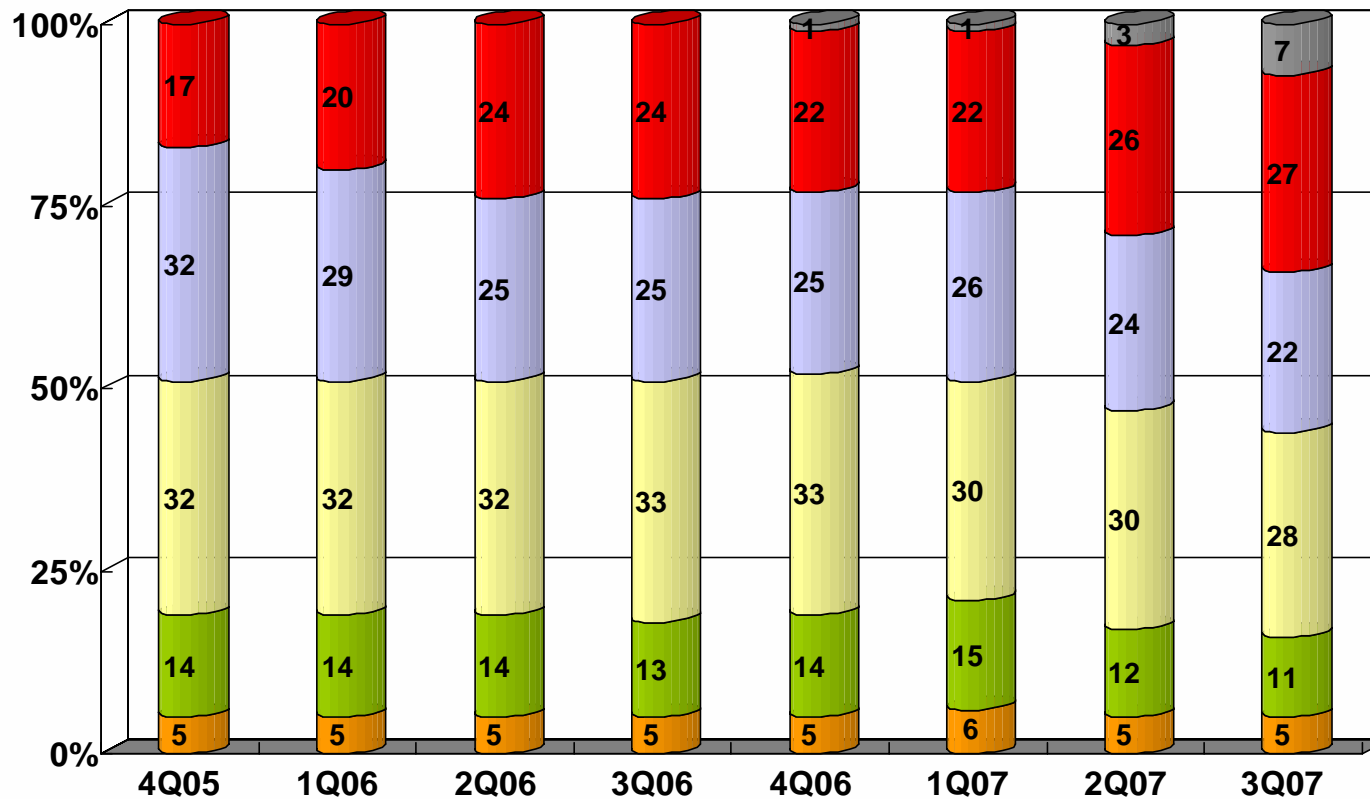
➤ **2007 CapEx to be around US\$2.6 billion**

<i>(In US millions)</i>	3Q07	2Q07	1Q07	YTD
TSMC	732	747	419	1,898
XinTec and GUC	15	13	3	31
TSMC Shanghai & WaferTech	8	4	2	14
Other TSMC Subsidiaries	1	2	0	3
TSMC Consolidated	756	766	424	1,946

* YTD CapEx was based on the weighted average exchange rate of NT\$32.993 per US dollar.

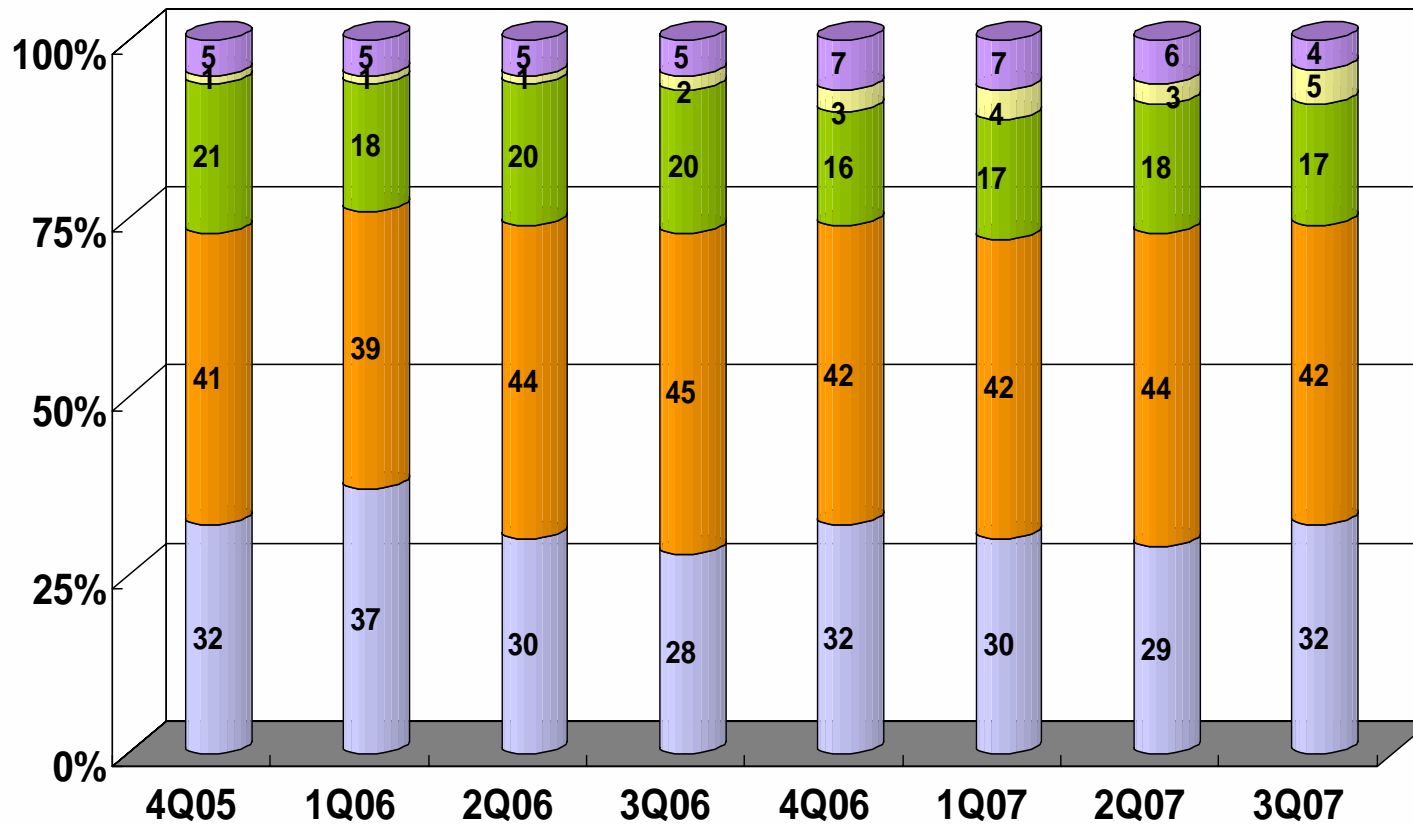
Sales Breakdown by Technology

■ 0.50um+
 ■ 0.25/0.35um
 ■ 0.15/0.18um
 ■ 0.11/0.13um
 ■ 90nm
 ■ 65nm



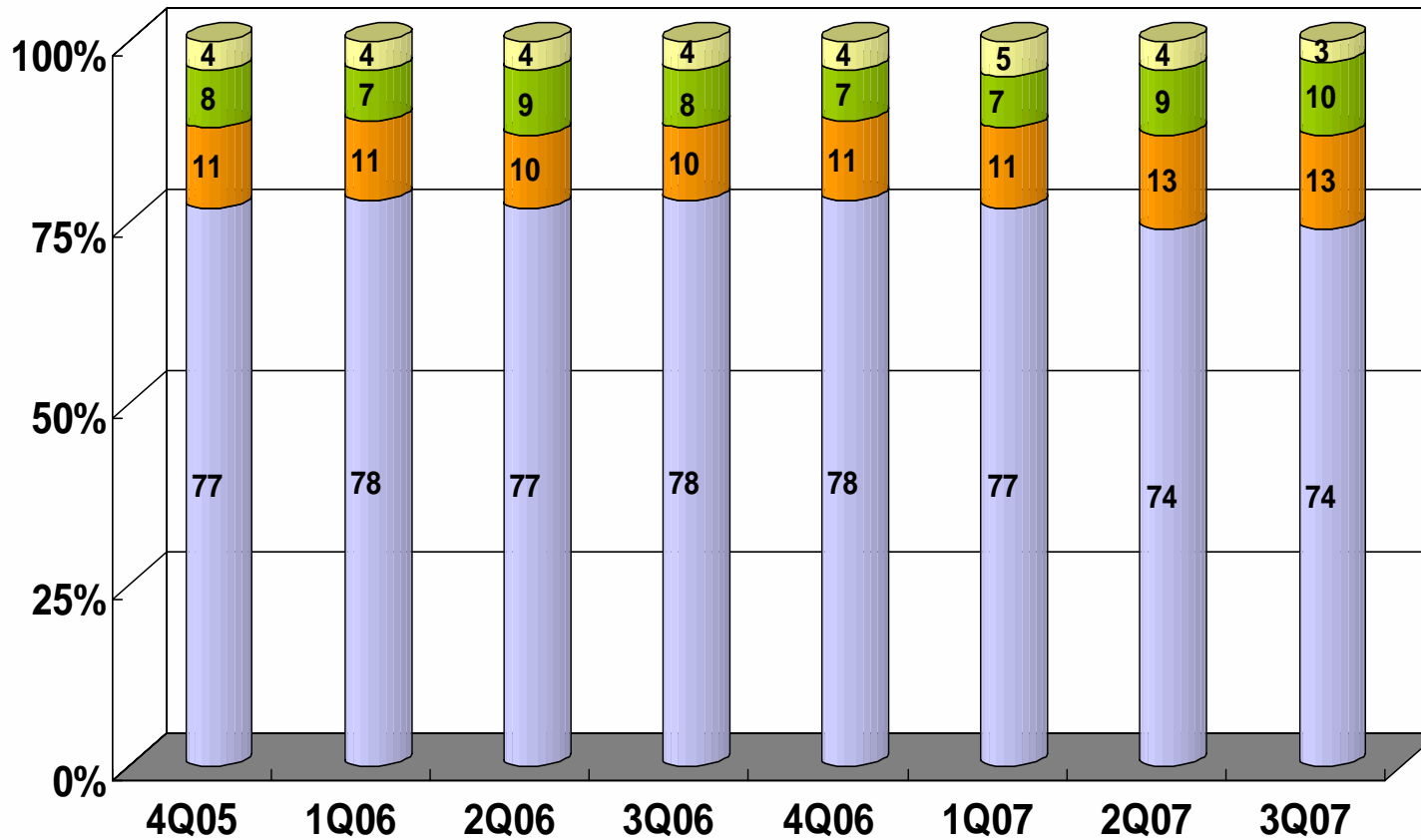
Sales Breakdown by Application

■ Computer
 ■ Comm.
 ■ Consumer
 ■ Memory
 ■ Others



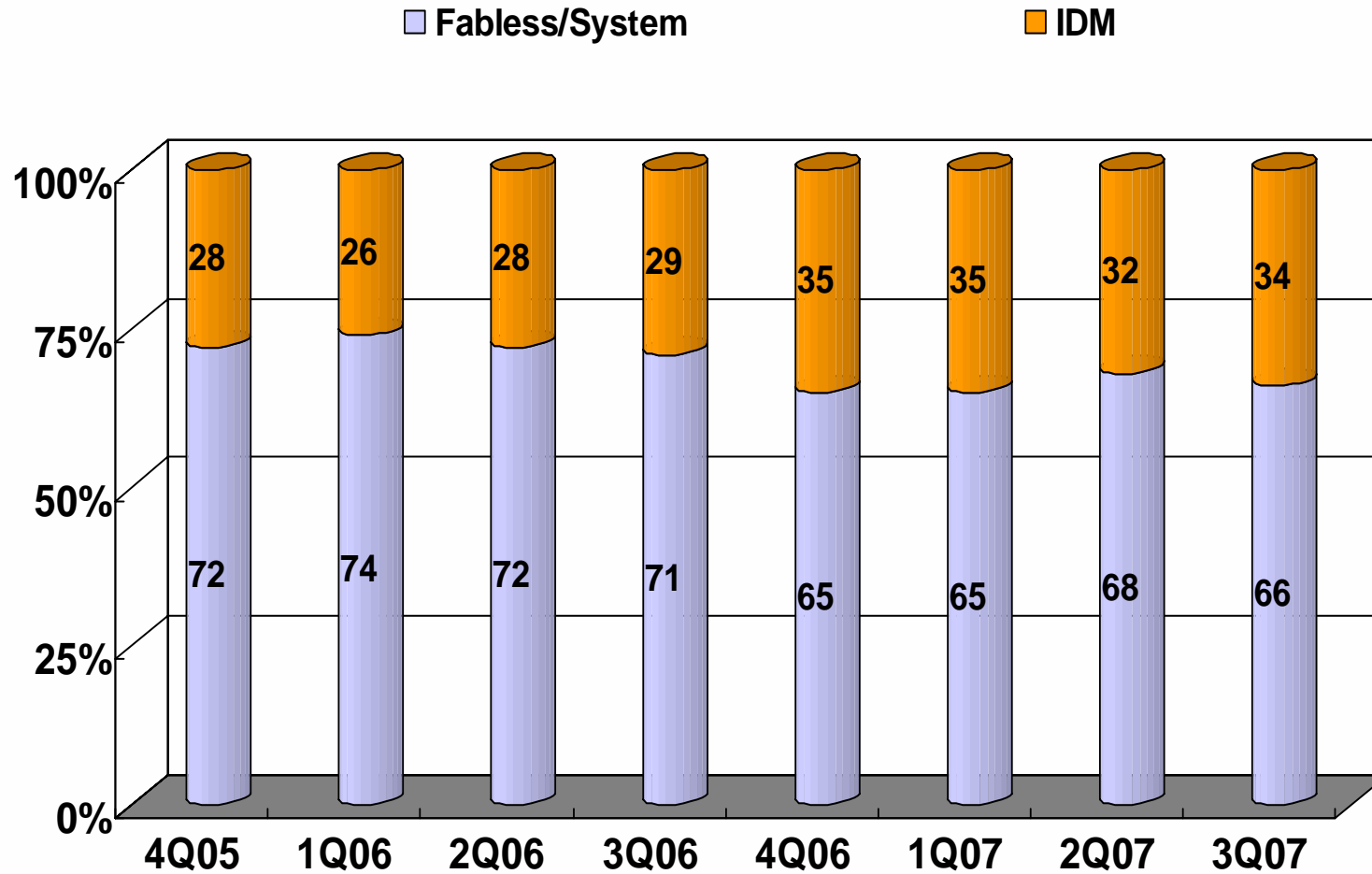
Sales Breakdown by Geography

■ N. America
 ■ Asia
 ■ Europe
 ■ Japan



Note: This chart does not reflect the actual shipment destination of sales.

Sales Breakdown by Customer



4Q07 Guidance

- Revenue is expected to be between NT\$92 billion and NT\$94 billion
- Gross profit margin is expected to be between 46% and 48%
- Operating profit margin is expected to be between 37% and 39%

Recap of Recent Major Events

- **TSMC Signs Contract with Atmel to Purchase Eight-inch Wafer Fabrication Equipment (2007/10/09)**
- **TSMC Joins SOI Industry Consortium (2007/10/08)**
- **U.S. District Court Issues Verdict on TSMC-UniRAM Case (2007/09/26)**
- **California Court Issues Order on TSMC Motion for Preliminary Injunction Against SMIC (2007/09/14)**
- **TSMC Increases Stake in Vanguard (2007/08/27)**
- **TSMC Starts Production of 0.13-micron Embedded Flash Process (2007/08/21)**
- **Microsoft Embraces TSMC 90nm Embedded DRAM Process for Xbox 360 (2007/08/15)**

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



<http://www.tsmc.com>
invest@tsmc.com