



TSMC Reports Second Quarter EPS of NT\$1.12

Hsin-Chu, Taiwan, R.O.C., July 31, 2008 -- TSMC today announced consolidated revenue of NT\$88.14 billion, net income of NT\$28.77 billion, and diluted earnings per share of NT\$1.12 (US\$0.18 per ADS unit) for the second quarter ended June 30, 2008.

Year-over-year, second quarter revenue increased 17.6% while net income and diluted EPS increased 12.9% and 16.3%, respectively. On a sequential basis, second quarter results represent a 0.8% increase in revenue, an increase of 2.2% in net income, and an increase of 2.1% in diluted EPS. All figures were prepared in accordance with R.O.C. GAAP on a consolidated basis.

Second quarter business saw an improvement from the previous quarter, although revenue and margins continued to be negatively affected by the strength of the NT dollar. Despite the negative impact from the foreign exchange rate, our margins have exceeded guidance due to significant cost improvement and higher levels of wafer movements. Second quarter gross margin was 45.6%, operating margin was 34.5%, and net margin was 32.6%.

Advanced process technologies (0.13-micron and below) accounted for 63% of wafer revenues with 90-nanometer process technology accounting for 28% and 65-nanometer reaching 18% of total wafer sales.

“Even with a weakening macroeconomic environment, our second quarter results were either in line with or slightly higher than guidance announced at the end of April, thanks to our continual effort in driving cost reduction and increasing utilization rates,” said Lora Ho, VP and Chief Financial Officer of TSMC. “Based on our current business outlook, management expects third quarter revenue growth to be below seasonality. Management further expects overall performance for third quarter 2008 to be as follows”:

- Revenue is expected to be between NT\$90 billion and NT\$92 billion;
- Gross profit margin is expected to be between 45% and 47%;
- Operating profit margin is expected to be between 34% and 36%.

Conference Call & Webcast Notice:

TSMC's quarterly review conference call will be held at 8 a.m. Eastern Time (8 p.m. Taiwan Time) on Thursday, July 31, 2008. 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 1-617-614-3452 in the U.S., 852-3002-1672 in Hong Kong, 65-6823-2164 in Singapore, 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.

Profile

TSMC (TAIEX: 2330, NYSE: TSM) is the world's largest dedicated semiconductor foundry, providing the industry's leading manufacturing capacity, process technology, and the foundry industry's largest portfolio of process-proven libraries, IP, design tools and reference flows. TSMC currently operates two twelve-inch wafer fabs, four eight-inch fabs, and one six-inch fab. The Company also operates two eight-inch fabs at its wholly owned subsidiaries, WaferTech in the U.S. and TSMC (Shanghai) Company, Ltd. in China, and has substantial capacity commitments from a joint-venture fab, SSMC, in Singapore. Total managed capacity in 2007 exceeds eight million eight-inch equivalent wafers. TSMC is the first foundry to provide 65-nanometer production capabilities. TSMC's corporate headquarters are in Hsin-Chu, Taiwan. More information about TSMC is available at <http://www.tsmc.com>.

(Management Report and Tables Follow)

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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, 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.