

TSMC

2011 First Quarter Investor Conference

April 28, 2011

Agenda

- **Welcome** Elizabeth Sun
- **1Q11 Financial Results and 2Q11 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 15, 2011 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.

1Q11 Financial Highlights

(In NT billions except otherwise noted)

	1Q11	1Q11 Guidance	4Q10 Actual	1Q10 Actual	QoQ	YoY
Net Sales	105.38	105 - 107	110.14	92.19	-4.3%	14.3%
Gross Margin	49.0%	47% - 49%	49.8%	47.9%	-0.8 ppt	+1.1 ppts
Operating Margin	37.2%	35% - 37%	37.7%	37.0%	-0.5 ppt	+0.2 ppt
EPS - Diluted (NT\$)	1.40		1.57	1.30	-10.9%	7.7%
Free Cash Flow	-24.78		24.62	-0.11	NM	NM
ROE (%)	24.6%		29.3%	26.3%	-4.7 ppts	-1.7 ppts
Shipment (Kpcs, 8"-equiv. Wafer)	3,161		3,195	2,547	-1.1%	24.1%
Average Exchange Rate--NTD/USD	29.30		30.40	31.96	-3.6%	-8.3%

* Total outstanding shares were 25,914mn units at 3/31/11

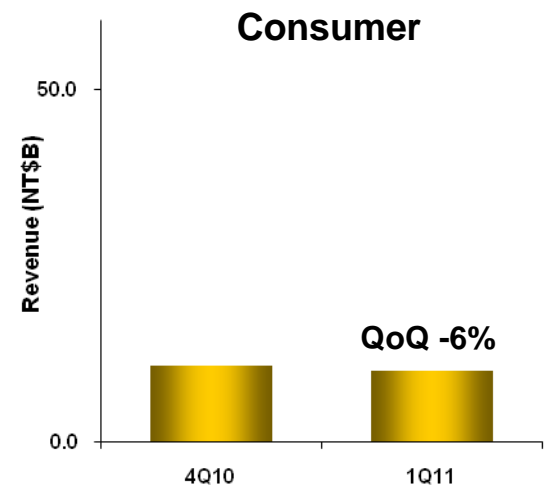
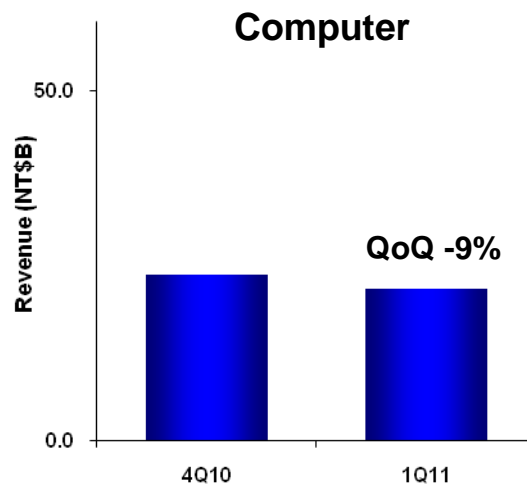
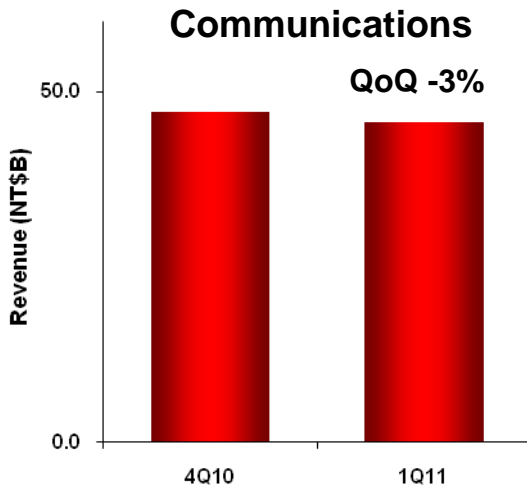
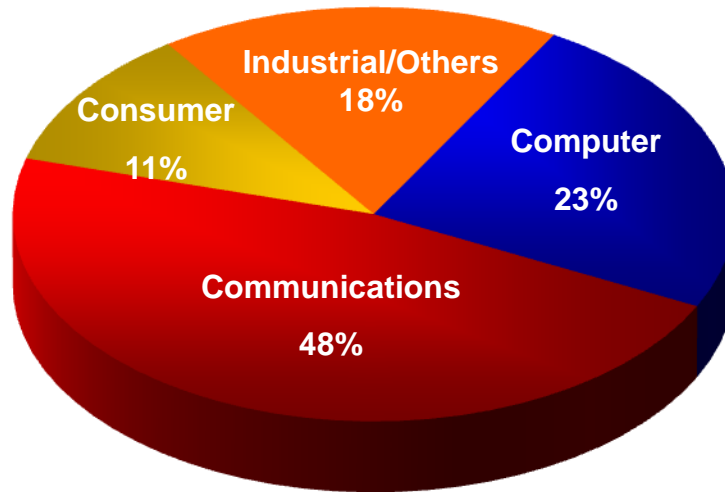
** ROE figures are annualized based on average equity attributable to shareholders of the parent.

Income Statements

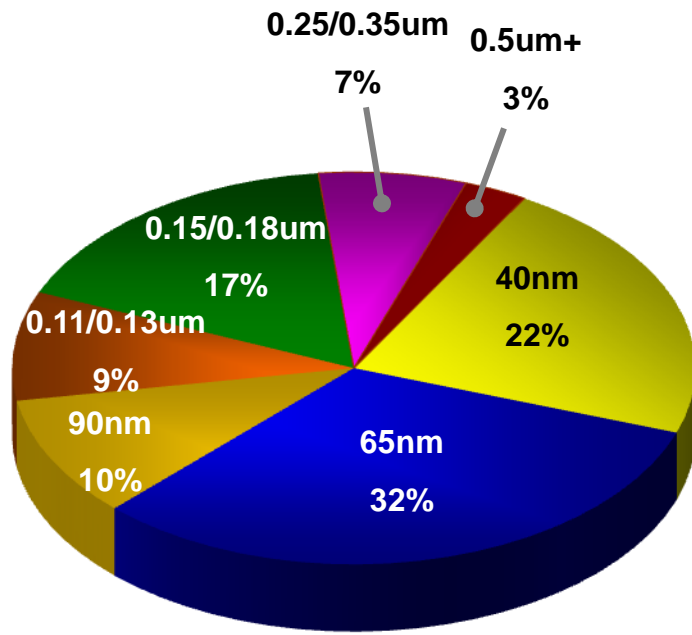
(In NT billions except otherwise noted)

	1Q11	4Q10	1Q10	QoQ	YoY
Net Sales	105.38	110.14	92.19	-4.3%	14.3%
Gross Margin	49.0%	49.8%	47.9%	-0.8 ppt	+1.1 ppts
Operating Expenses	(12.51)	(13.31)	(10.06)	-6.0%	24.4%
Operating Margin	37.2%	37.7%	37.0%	-0.5 ppt	+0.2 ppt
Non-Operating Items	0.63	0.68	1.00	-7.3%	-36.9%
Long-Term Investment Gains	0.52	0.69	0.18	-24.6%	193.7%
Taxes	(3.89)	(2.02)	(1.48)	92.8%	163.0%
Net Income	36.28	40.72	33.66	-10.9%	7.8%
Net Margin	34.4%	37.0%	36.5%	-2.6 ppts	-2.1 ppts
EPS (NT Dollar)	1.40	1.57	1.30	-10.9%	7.7%

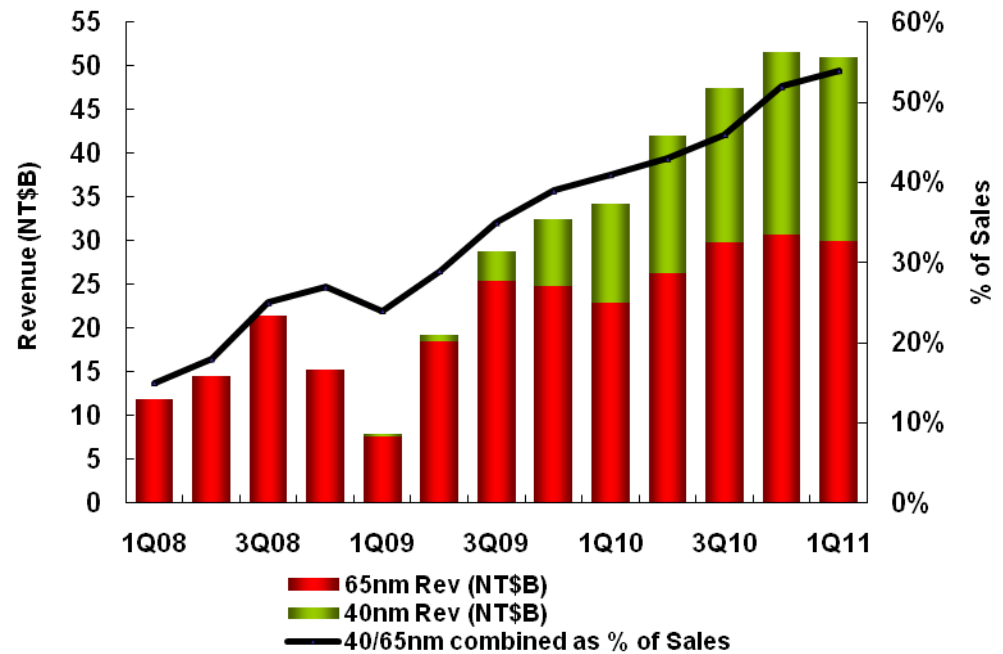
1Q11 Revenue by Applications



1Q11 Revenue by Technology



65nm/40nm Revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	1Q11		4Q10		1Q10	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	163.41	21.8%	181.57	25.3%	192.01	30.6%
Accounts Receivable - Trade	46.83	6.2%	42.98	6.0%	39.77	6.3%
Inventory	31.79	4.2%	28.41	4.0%	22.69	3.6%
Long-Term Investment	38.93	5.2%	39.78	5.5%	39.76	6.3%
Net PP&E	436.59	58.2%	388.44	54.0%	299.63	47.8%
Total Assets	750.13	100.0%	718.93	100.0%	626.83	100.0%
Current Liabilities	127.26	17.0%	123.19	17.1%	78.18	12.5%
Long-Term Interest-bearing Debt	5.51	0.7%	11.99	1.7%	10.86	1.7%
Total Liabilities	137.74	18.4%	140.22	19.5%	94.52	15.1%
Total Shareholders' Equity	612.39	81.6%	578.71	80.5%	532.31	84.9%
Key Indices						
A/R Turnover Days	39		38		38	
Inventory Turnover Days	56		50		45	
Current Ratio (x)	2.0		2.1		3.4	
Asset Productivity (x) ⁽¹⁾	1.0		1.2		1.3	

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

Cash Flows

(In NT billions except otherwise noted)

	1Q11	4Q10	1Q10
Beginning Balance	147.89	132.27	171.28
Cash from operating activities	56.48	70.56	46.03
Capital expenditures	(81.26)	(45.94)	(46.14)
Short-term loans	2.97	(6.70)	0.32
Investments and others	3.37	(2.30)	(11.69)
Ending Balance	129.45	147.89	159.80
Free Cash Flow ⁽¹⁾	(24.78)	24.62	(0.11)

(1) Free cash flow = Cash from operating activities – Capital expenditures.

Installed Capacity

2011 Overall Capacity +19%; 12-inch Capacity +33%

FAB / (Wafer size)	4Q10 (A)	2010 (A)	1Q11 (A)	2Q11 (F)	3Q11 (F)	4Q11 (F)	2011 (F)
Fab-2 (6") ⁽¹⁾	255	1,000	238	252	255	255	1,000
Fab-3 (8")	300	1,149	275	301	304	303	1,184
Fab-5 (8")	141	564	137	133	141	141	552
Fab-6 (8")	282	1,113	274	283	286	286	1,128
Fab-8 (8")	255	1,009	240	254	254	255	1,003
Fab-12 (12") ⁽²⁾	315	1,194	322	338	351	366	1,377
Fab-14 (12") ⁽²⁾	406	1,326	427	488	534	537	1,986
WaferTech (8")	108	429	106	108	109	109	431
TSMC China (8")	147	557	148	179	216	250	793
TSMC & Subsidiaries (8" Equivalent Kpcs)	2,997	11,053	3,000	3,256	3,444	3,519	13,218
SSMC (8")	69	276	64	64	65	65	258
Total TSMC-managed (8" Equivalent Kpcs)	3,066	11,329	3,063	3,320	3,509	3,584	13,476

(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>	1Q11	4Q10
TSMC	2,635	1,435
TSMC China & WaferTech	95	69
Other TSMC Subsidiaries	44	12
TSMC Consolidated	2,774	1,516

Note: 2011Q1 CapEx was based on the weighted average exchange rate of NT\$29.299 per US dollar.

2Q11 Guidance

Based on our current business outlook and exchange rate assumption, management expects:

- **Revenue to be between NT\$109 billion and NT\$111 billion, at a forecast exchange rate of 29.03 NT dollars to 1 US dollar**
- **Gross profit margin to be between 45.5% and 47.5%**
- **Operating profit margin to be between 33.5% and 35.5%**

Recap of Recent Major Events

- **TSMC Leads Supplier Partners to Complete Taiwan's First "Semiconductor Supply Chain Carbon Footprint" Verification (2011/03/24)**
- **TSMC Collaborates with National Taiwan University to Develop First 40nm 3D TV Chip (2011/02/16)**
- **TSMC Board of Directors Proposes NT\$3.0 Cash Dividend Per Share and Approves the Election of Two Additional Independent Directors at TSMC's 2011 Annual Shareholders' Meeting on June 9 (2011/02/15)**
- **CSR and TSMC Extend Collaboration to 90-nm Embedded Flash Process Technology and IP (2011/02/10)**

* Please visit TSMC's Web site (<http://www.tsmc.com>) and Market Observation Post System (<http://mops.twse.com.tw>) for details and other announcements

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