

TSMC

2004 First Quarter Results Investor Conference

April 30th, 2004

Agenda

- **Welcome**
- **1Q'04 Financial Results** **Lora Ho**
(unconsolidated)
- **Remarks** **Morris Chang**
- **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 June 23, 2003, TSMC's registration statement on Form F-3, filed with the SEC on October 21, 2003, 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.

1Q'04 Result Highlights

Amount:NT\$Billion	1Q'04 Amount	4Q'03 Amount	1Q'03 Amount
Net Sales	57.51	57.78	39.33
Net Income	18.79	16.00	4.36
EPS (NT\$)	0.93	0.79	0.21
Cash and S-T Investment	126.34	110.85	67.45
Interest-bearing Debt	35.00	35.00	35.00
Shareholders' Equity	346.59	329.21	299.88
Wafers Shipped (Kpcs)	1,172	1,127	694
Utilization (%)	105%	101%	69%
ROE (%) *	22.2%	19.9%	5.9%

* Annualized ROE for the quarter.

Income Statement - QoQ Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'04		4Q'03	
Net Sales	50.1	100.0%	50.6	100.0%
COGS	(27.9)	-55.7%	(28.2)	-55.8%
Gross Profit	22.2	44.3%	22.4	44.2%

Amount:NT\$Billion

Net Sales

COGS

Gross Profit

Operating Expense

Operating Income

Net Non-operating Income (Exp.)

Investment Income (Loss)

Income before Tax

Income Tax Credit (Exp.)

Net Income

EPS (NT\$)

	1Q'04		4Q'03		QOQ
	Amount	%	Amount	%	%
	57.51	100.0%	57.78	100.0%	0%
	(34.78)	-60.5%	(35.07)	-60.7%	-1%
	22.73	39.5%	22.71	39.3%	0%
	(5.19)	-9.0%	(6.08)	-10.5%	-15%
	17.54	30.5%	16.63	28.8%	5%
	0.09	0.2%	(0.19)	-0.3%	148%
	0.80	1.4%	1.14	2.0%	-29%
	18.44	32.1%	17.57	30.4%	5%
	0.35	0.6%	(1.57)	-2.7%	123%
	18.79	32.7%	16.00	27.7%	17%
	0.93		0.79		

Income Tax Analysis

Amount:NT\$Billion	1Q'04	4Q'03
Income before Tax	18.44	17.57
Investment Income/(Loss)	0.80	1.14
Income before Tax & Investment	17.63	16.43
Provisional Tax Expense	(2.31)	(3.17)
Investment Tax Credit & Other Adj.	2.67	1.60
Reported Income Tax Credit/(Expense)	0.35	(1.57)
Provisional Tax Rate *	13%	19%

- 2004 Provisional Tax Rate is expected to be about 13%
- 2003 Provisional Tax Rate was about 18%

* The Provisional Tax Rate is calculated by dividing Provisional Tax Expense by Income before Tax & Investment

Income Statement - YoY Comparison

TSMC w/o Affiliates

NT\$Billion	1Q'04		1Q'03	
Net Sales	50.1	100.0%	35.1	100.0%
COGS	(27.9)	-55.7%	(25.0)	-71.2%
Gross Profit	22.2	44.3%	10.1	28.8%

Amount:NT\$Billion

Net Sales

COGS

Gross Profit

Operating Expense

Operating Income

Net Non-operating Income (Exp.)

Investment Income (Loss)

Income before Tax

Income Tax Credit (Exp.)

Net Income

EPS (NT\$)

	1Q'04		1Q'03		YOY
	Amount	%	Amount	%	%
	57.51	100.0%	39.33	100.0%	46%
	(34.78)	-60.5%	(28.94)	-73.6%	20%
	22.73	39.5%	10.39	26.4%	119%
	(5.19)	-9.0%	(4.19)	-10.7%	24%
	17.54	30.5%	6.20	15.8%	183%
	0.09	0.2%	(0.50)	-1.3%	118%
	0.80	1.4%	(1.52)	-3.9%	153%
	18.44	32.1%	4.18	10.6%	341%
	0.35	0.6%	0.18	0.5%	99%
	18.79	32.7%	4.36	11.1%	331%
	0.93		0.21		

Balance Sheet & Key Indices

Amount:NT\$Billion

Selected Items from Balance Sheet	1Q'04		4Q'03		1Q'03	
	Amount	%	Amount	%	Amount	%
Total Asset	421.0	100%	396.4	100%	363.3	100%
Cash & S-T Investment	126.3	30%	110.8	28%	67.4	19%
Accounts Receivable	27.2	6%	25.8	7%	17.6	5%
Inventory	11.0	3%	10.9	3%	10.2	3%
Current Asset	175.7	42%	158.5	40%	103.0	28%
Current Liability	38.1	9%	30.5	8%	20.3	6%
L-T Debt	30.0	7%	30.0	8%	35.0	10%
Equity	346.6	82%	329.2	83%	299.9	83%

Key Indices

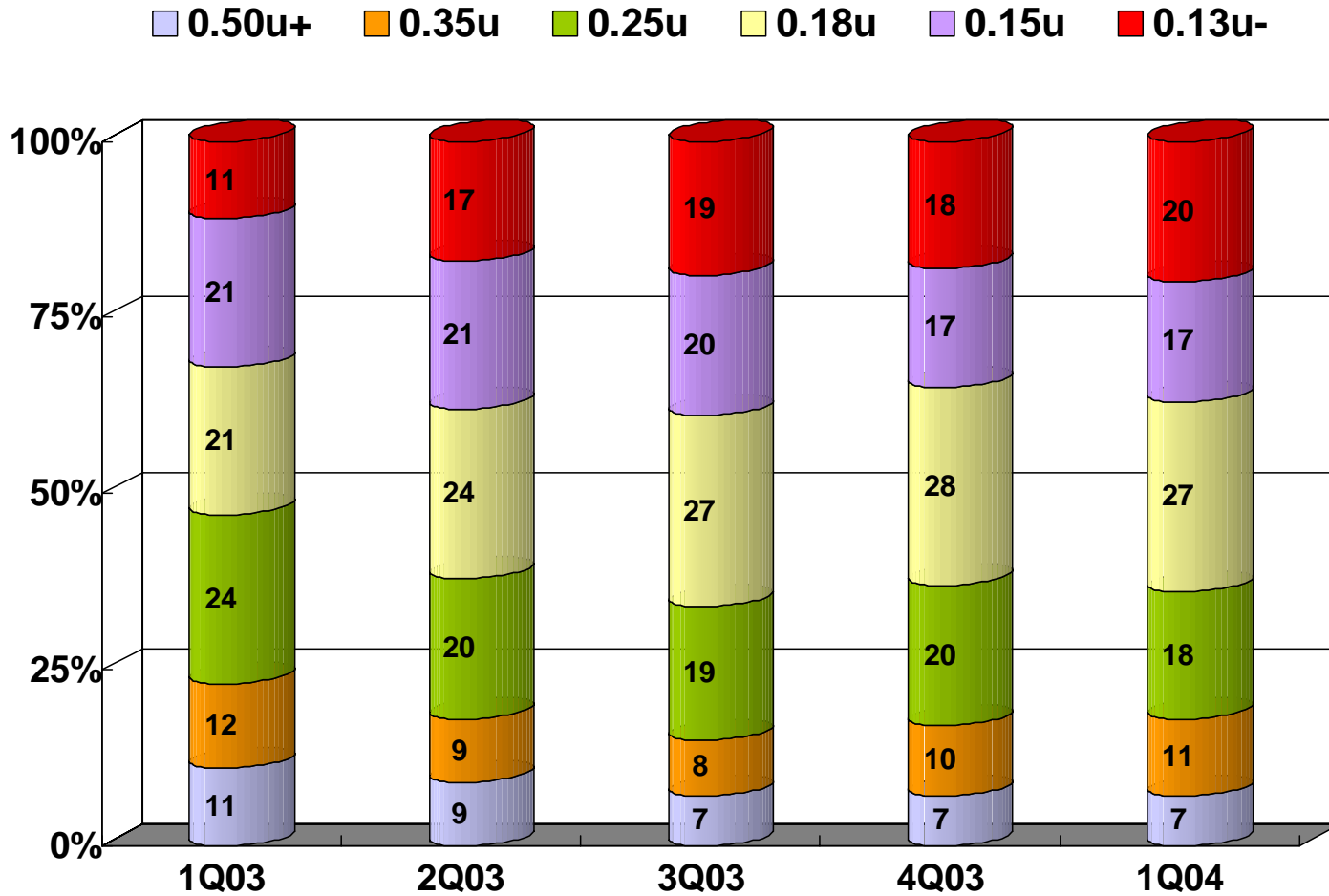
A/R Turnover Days *	42	40	42
Inventory Turnover Days *	37	36	38
Current Ratio	4.6	5.2	5.1

* Turnover figures represent trailing averages of the previous four quarters.

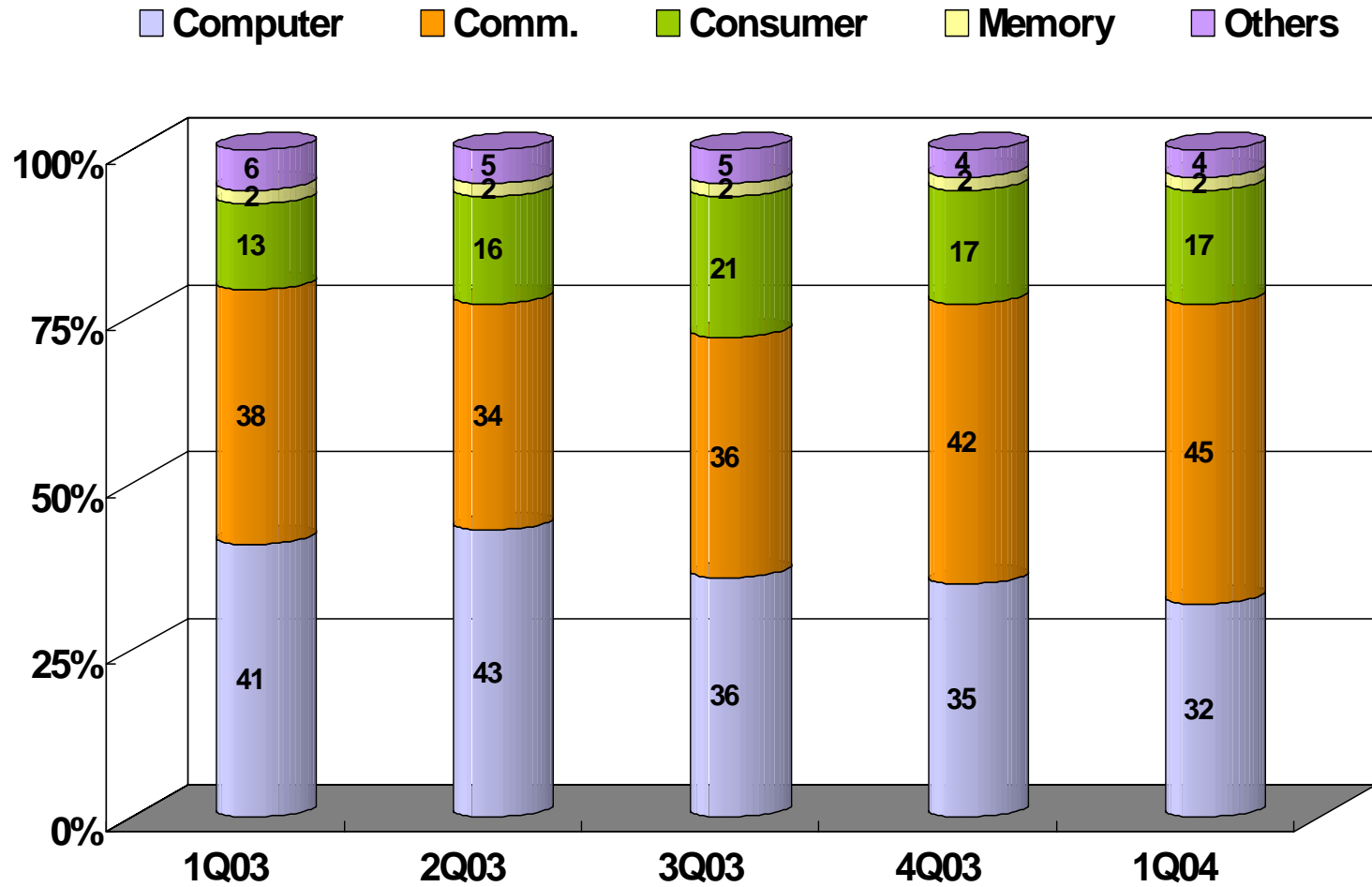
Cash Flows

Amount:NT\$Billion	1Q'04 Amount	4Q'03 Amount	1Q'03 Amount
From Operation	32.7	31.5	20.1
- Net Profit	18.8	16.0	4.4
- Depreciation & Amort.	15.1	15.5	15.4
- Other Op Sources/(Uses)	(1.2)	(0.0)	0.4
From Investment	(23.9)	(15.9)	(10.3)
- Capital Expenditure	(16.4)	(12.8)	(9.1)
- S-T Investment	(7.3)	(0.9)	0.0
- L-T Investment	(0.2)	(2.0)	(1.0)
- Other Investing Sources/(Uses)	(0.1)	(0.2)	(0.3)
From Financing	(0.6)	(0.1)	(4.0)
- L-T Bond	0.0	0.0	(4.0)
- Treasury Stock	(0.5)	0.0	0.0
- Other Financing Sources/(Uses)	(0.1)	(0.1)	(0.0)

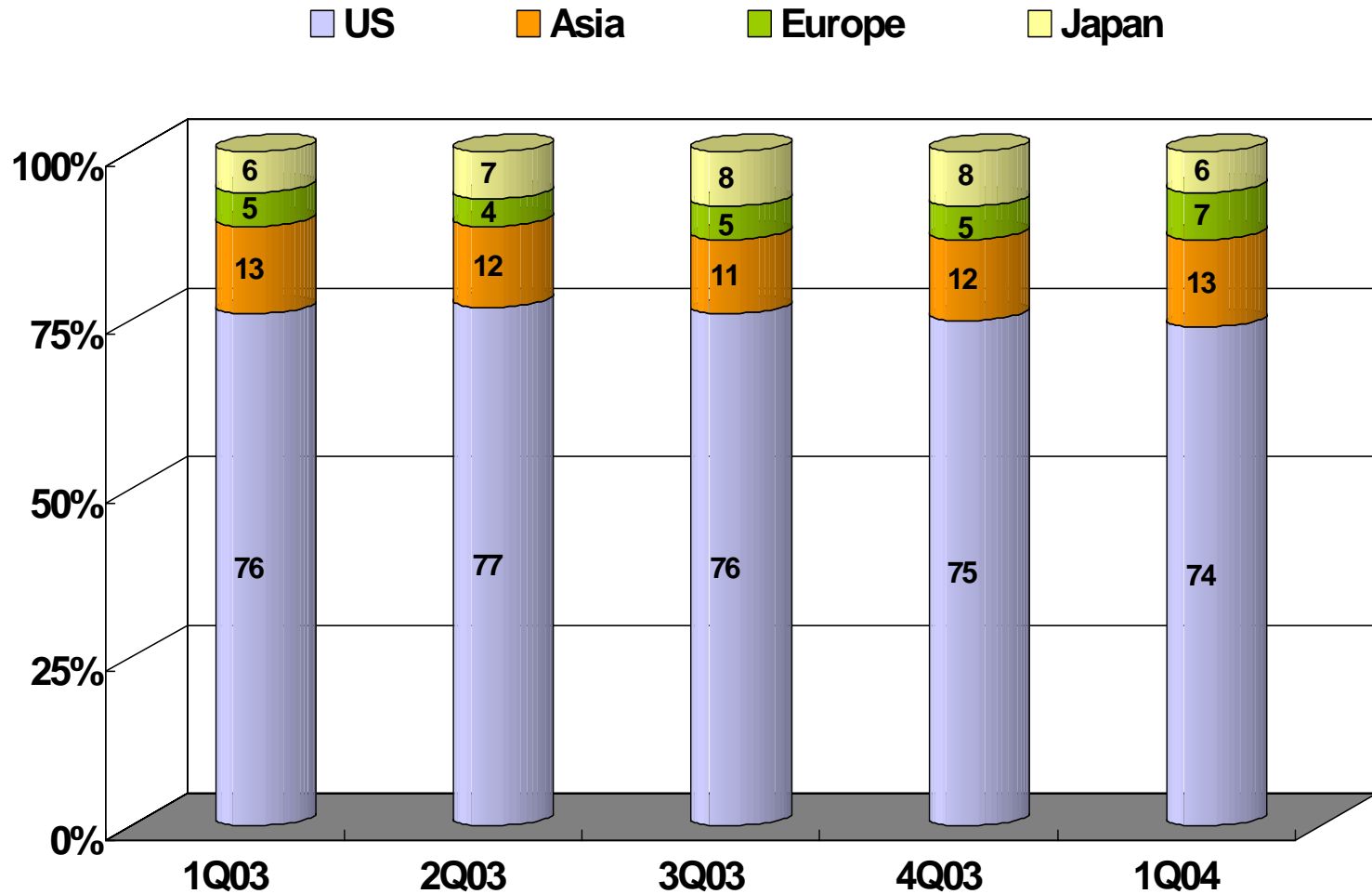
Sales Breakdown by Technology



Sales Breakdown by Application

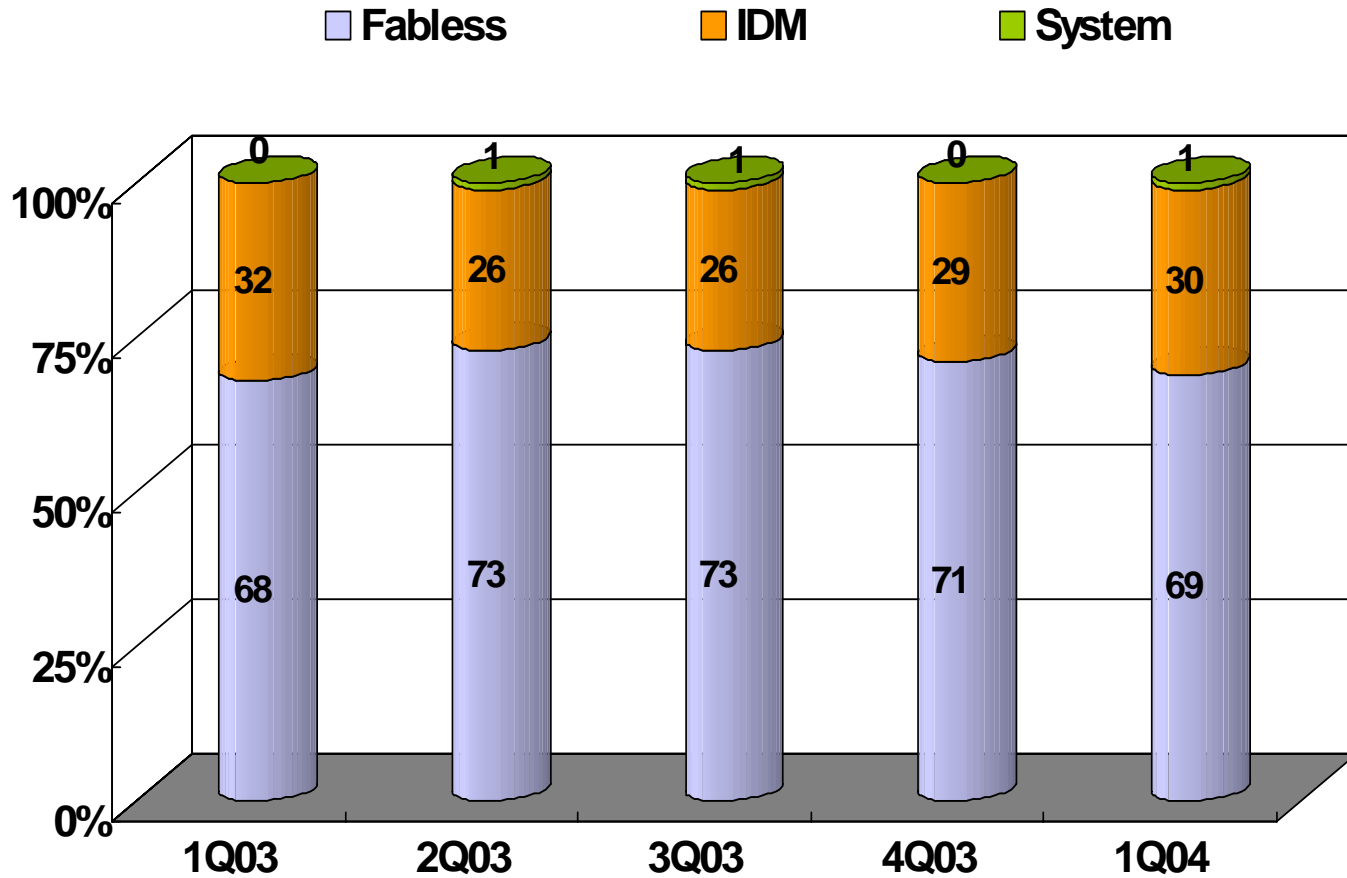


Sales Breakdown by Geography



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

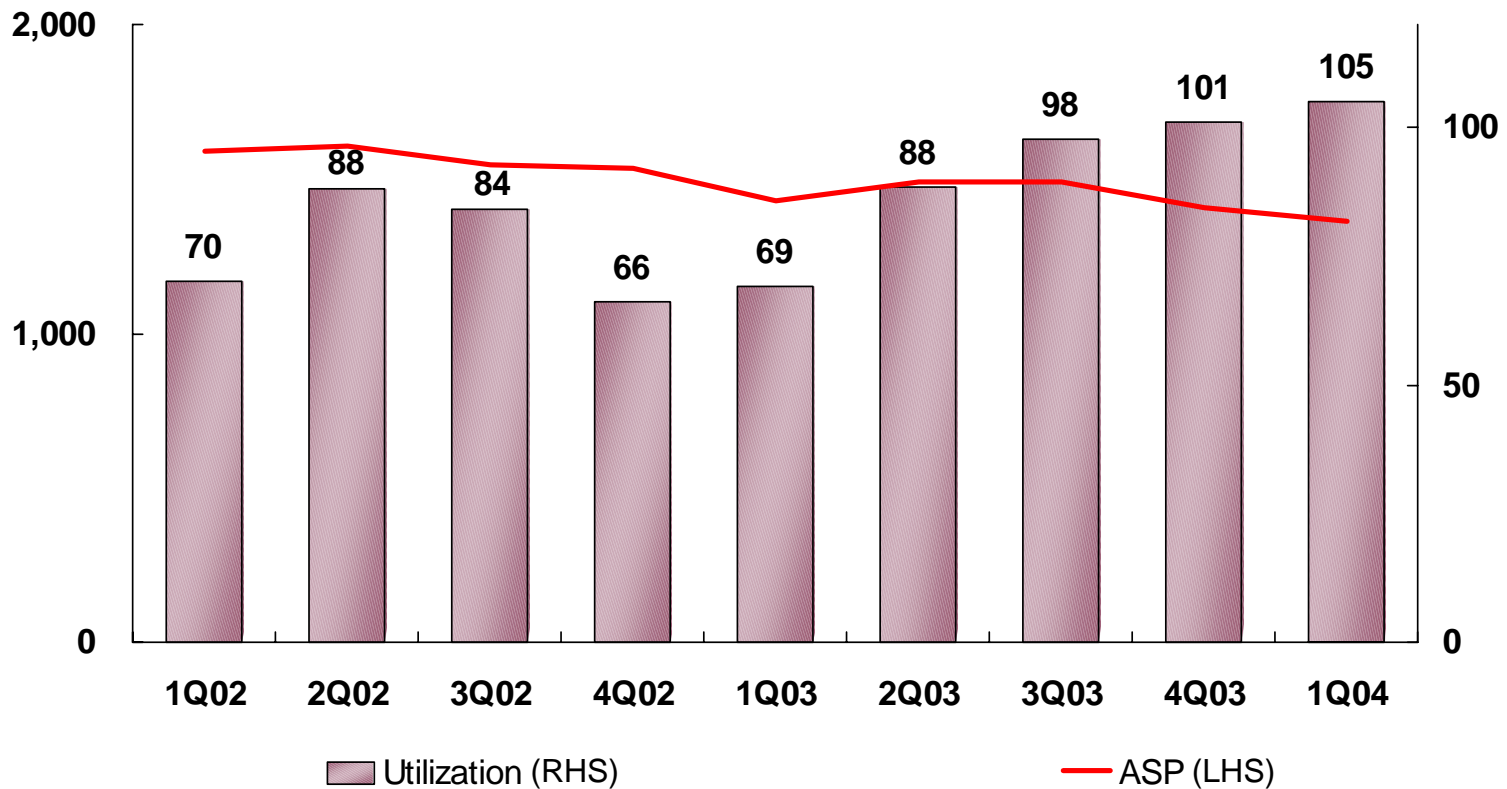
Sales Breakdown by Customer



Fab Utilization and ASP Trend

Blended ASP / 8" Equiv. wafer
(US\$)

Out Utilization
(%)



Installed Capacity by Fab

FAB	Wafer Size	4Q03	1Q04	2Q04 (e)
Fab-2 ¹	6"	227	217	228
Fab-3	8"	213	208	221
Fab-5	8"	112	106	116
Fab-6	8"	183	187	192
Fab-7	8"	35	51	35
Fab-8	8"	189	182	202
Fab-12 ²	12"	40	43	50
TSMC-owned (8" Equivalent Kpcs)		949	953	1,004
Wafer Tech	8"	89	88	88
SSMC	8"	29	30	33
Total TSMC-managed (8" Equivalent Kpcs)		1,067	1,070	1,125

Note: 1 Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is by dividing this number by 1.78.

2 Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is by multiplying this number by 2.25.

Recap of Recent Major Events

- **TSMC to Supply Products and Services for Future Microsoft Game Consoles (2004/04/06)**
- **TSMC Board of Director Approves Share Buyback Plan (2003/03/23)**
- **Qualcomm and TSMC Collaborate on 90nm Low-Power Process for Wireless Applications (2004/03/10)**
- **nVidia Adopts TSMC's 0.11 micron Technology (2004/02/25)**
- **TSMC Board of Directors Proposes NT\$2.0 Dividend Including NT\$1.4 Stock and NT\$0.6 Cash Dividend (2004/02/17)**
- **TSMC Celebrates Two Generations of Low-k Production on 0.13-micron and 90 nm (2004/02/05)**
- **TSMC's Low-k Technology Goes Mainstream (2004/02/03)**

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

2Q04 Guidance

- **Wafer shipments to increase by close to 10 percent sequentially**
- **ASP to improve by a low single digit percentage point sequentially**
- **Overall utilization rate may exceed 105 percent**
- **Gross profit margin will jump a few points**
- **Revenues from advanced technologies (defined as 0.13 um and below) to exceed 25% of wafer sales**
- **Demand to increase strongly in the Consumer segment, modestly for Communication segment, but decline modestly in the Computer segment**