



TSMC

2007 First Quarter Results Investor Conference

April 26, 2007

Agenda

- **Welcome**
- **2007 1Q 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 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'07 Result Highlights

<i>(In NT\$ Billion)</i>	<u>1Q07</u>	<u>4Q06</u>	<u>1Q06</u>
Net Sales	64.90	74.96	77.85
Net Income ⁽¹⁾	18.84	27.91	32.61
EPS - Diluted (NT\$)	0.73	1.08	1.26
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Total Assets	608.77	587.49	555.29
Total Liabilities	77.03	78.35	76.68
Shareholders' Equity	531.74	509.14	478.61
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Shipment (Kpcs, 8"-equiv. Wafer)	1,566	1,718	1,738
ROE (%) ⁽²⁾	14.5%	22.6%	28.2%

(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\$ Billion)

	1Q07	4Q06	1Q06	QoQ	YoY
Net Sales	64.90	74.96	77.85	-13.4%	-16.6%
COGS	(40.29)	(40.51)	(40.12)	-0.6%	0.4%
Gross Profit	24.61	34.45	37.73	-28.6%	-34.8%
<i>Gross Margin</i>	37.9%	46.0%	48.5%		
Operating Expense	(6.73)	(7.05)	(6.82)	-4.4%	-1.3%
Operating Income	17.88	27.40	30.91	-34.8%	-42.1%
<i>Operating Margin</i>	27.5%	36.6%	39.7%		
Non-operating Income/(Expense)	2.19	2.10	2.01	4.3%	8.6%
Income before Tax	20.07	29.50	32.92	-32.0%	-39.0%
Income Tax Benefit/(Expense)	(1.11)	(1.49)	(1.86)	-25.9%	-40.3%
Change in Accounting Principles	0.00	0.00	1.61	-	-
Minority Interest	(0.12)	(0.10)	(0.06)	18.9%	91.1%
Net Income⁽¹⁾	18.84	27.91	32.61	-32.5%	-42.2%
<i>Net Margin</i>	29.0%	37.2%	41.9%		
EPS - Diluted (NT\$)	0.73	1.08	1.26	-32.5%	-42.3%

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

Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT\$ Billion)

	1Q07		4Q06		1Q06	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	217.4	35.7%	195.1	33.2%	192.3	34.6%
Accounts Receivable - Trade	33.1	5.4%	31.6	5.4%	38.0	6.8%
Inventory	22.3	3.7%	21.4	3.6%	18.4	3.3%
Current Assets	286.1	47.0%	260.3	44.3%	259.3	46.7%
Long-Term Investment	52.2	8.6%	53.9	9.2%	34.7	6.3%
Net PP&E	250.3	41.1%	254.1	43.3%	241.5	43.5%
Total Assets	608.8	100.0%	587.5	100.0%	555.3	100.0%
Accounts Payable	19.2	3.2%	20.6	3.5%	22.4	4.0%
Current Portion of Bonds Payable	4.5	0.7%	7.0	1.2%	2.5	0.5%
Accrued Liabilities and Others	21.4	3.5%	19.3	3.3%	16.0	2.9%
Current Liabilities	45.1	7.4%	46.9	8.0%	40.9	7.4%
Long-Term Interest-bearing Debt	21.4	3.5%	20.6	3.5%	24.7	4.4%
Total Liabilities	77.0	12.7%	78.3	13.3%	76.7	13.8%
Total Equity	531.7	87.3%	509.1	86.7%	478.6	86.2%

Key Indices

A/R Turnover Days	47	43	46
Inventory Turnover Days	52	50	44
Current Ratio (x)	6.3	5.6	6.3
Net Working Capital	241.0	213.5	218.4

Cash Flows

<i>(In NT\$ billion)</i>	1Q07	4Q06	1Q06
- Net Income	18.8	27.9	32.6
- Depreciation & Amortization	20.3	19.7	17.7
- Other Op Sources/(Uses)	(1.0)	5.4	(1.4)
From Operation	38.1	53.0	48.9
- Capital Expenditures	(14.0)	(17.6)	(11.5)
- Marketable Financial Instruments	3.5	(6.7)	(12.8)
- Other Investing Sources/(Uses)	(2.9)	(4.1)	0.2
From Investment	(13.4)	(28.4)	(24.1)
- Repayment of Bonds Payable	(2.5)	0.0	0.0
- Other Financing Sources/(Uses)	(0.3)	0.8	0.1
From Financing	(2.8)	0.8	0.1
Net Cash Position Change	21.9	25.4	24.9
Exchange Rate Changes & Others	0.6	(0.5)	(0.2)
Ending Cash Balance	140.3	117.8	121.3

Installed Capacity

FAB / (Wafer size)		1Q07 (A)	2Q07 (F)	3Q07 (F)	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-7	(8")	0	0	0	0	0
Fab-8	(8")	239	239	260	265	1,004
Fab-12	(12") ²	169	180	205	221	775
Fab-14	(12") ²	103	113	154	176	546
WaferTech	(8")	104	105	106	106	419
TSMC (Shanghai)	(8")	90	94	98	101	383
TSMC & Subsidiaries (8" Equivalent Kpcs)		1,836	1,913	2,128	2,232	8,109
SSMC	(8")	53	55	56	61	226
Total TSMC-managed (8" Equivalent Kpcs)		1,890	1,968	2,184	2,293	8,335

- 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.

Capital Expenditures

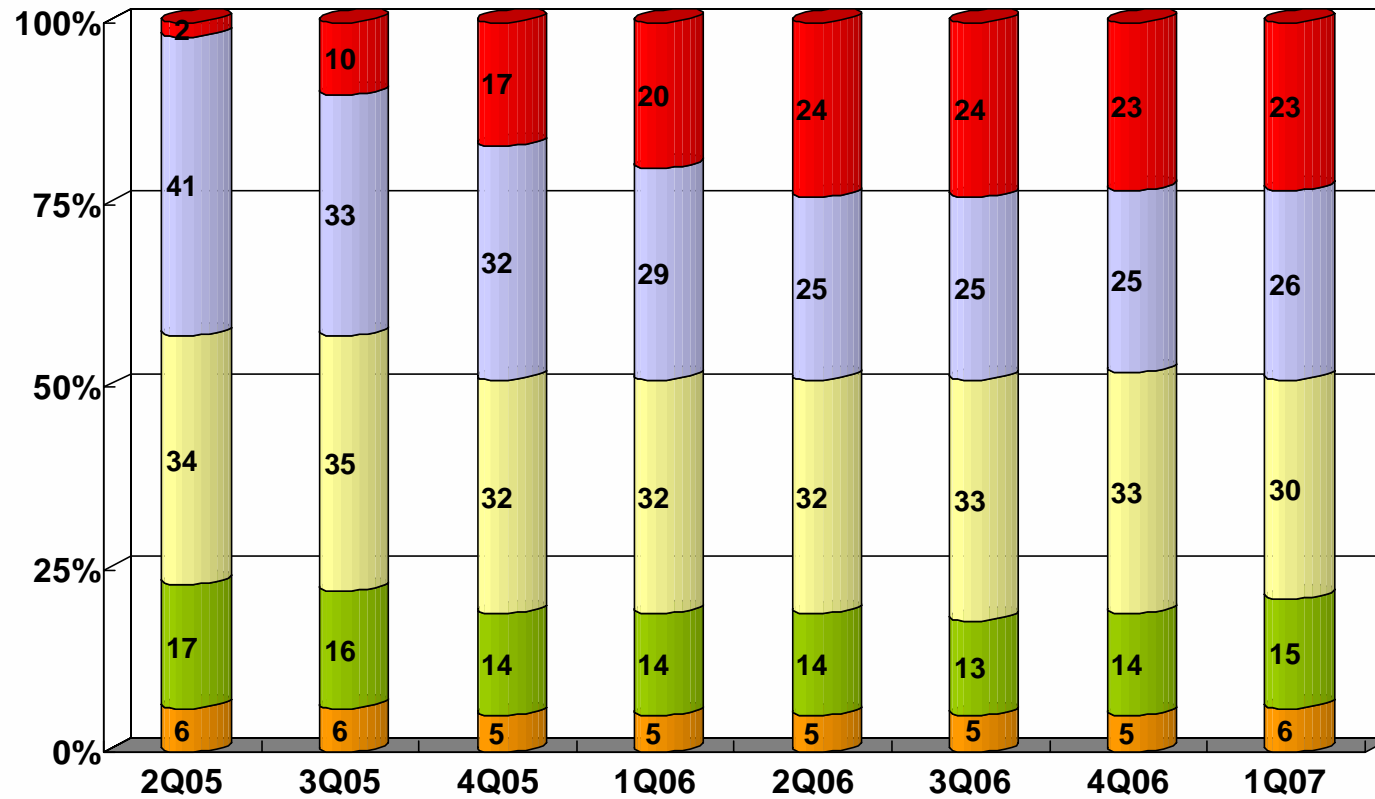
- **2007 CapEx to be in the range of US\$2.6-2.8 billion**

<i>(In US\$ Million)</i>	1Q07
TSMC	419
TSMC Subsidiaries	5
TSMC Consolidated	424

* 1Q07 CapEx was based on the weighted average exchange rate of NT\$32.888 per US dollar.

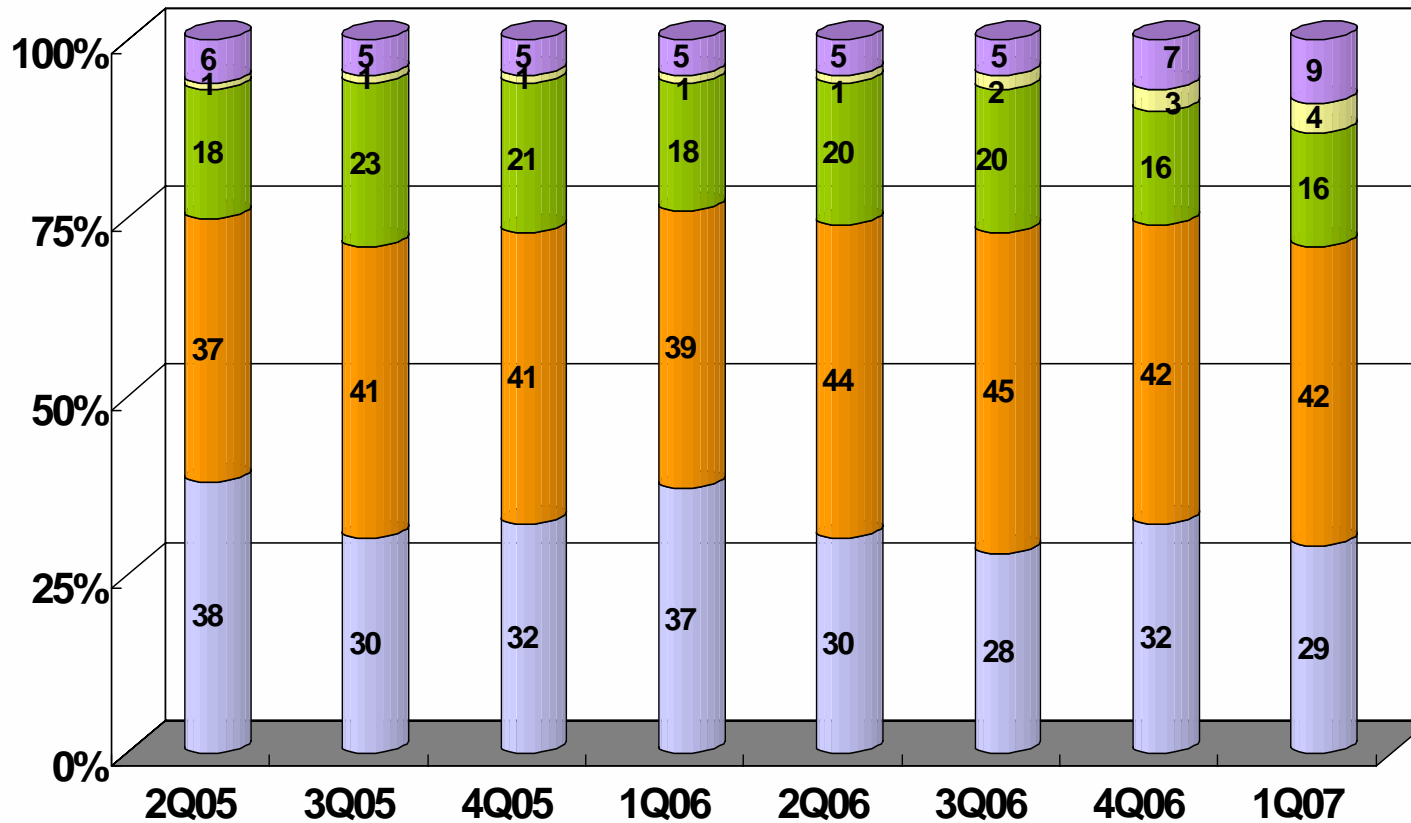
Sales Breakdown by Technology

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



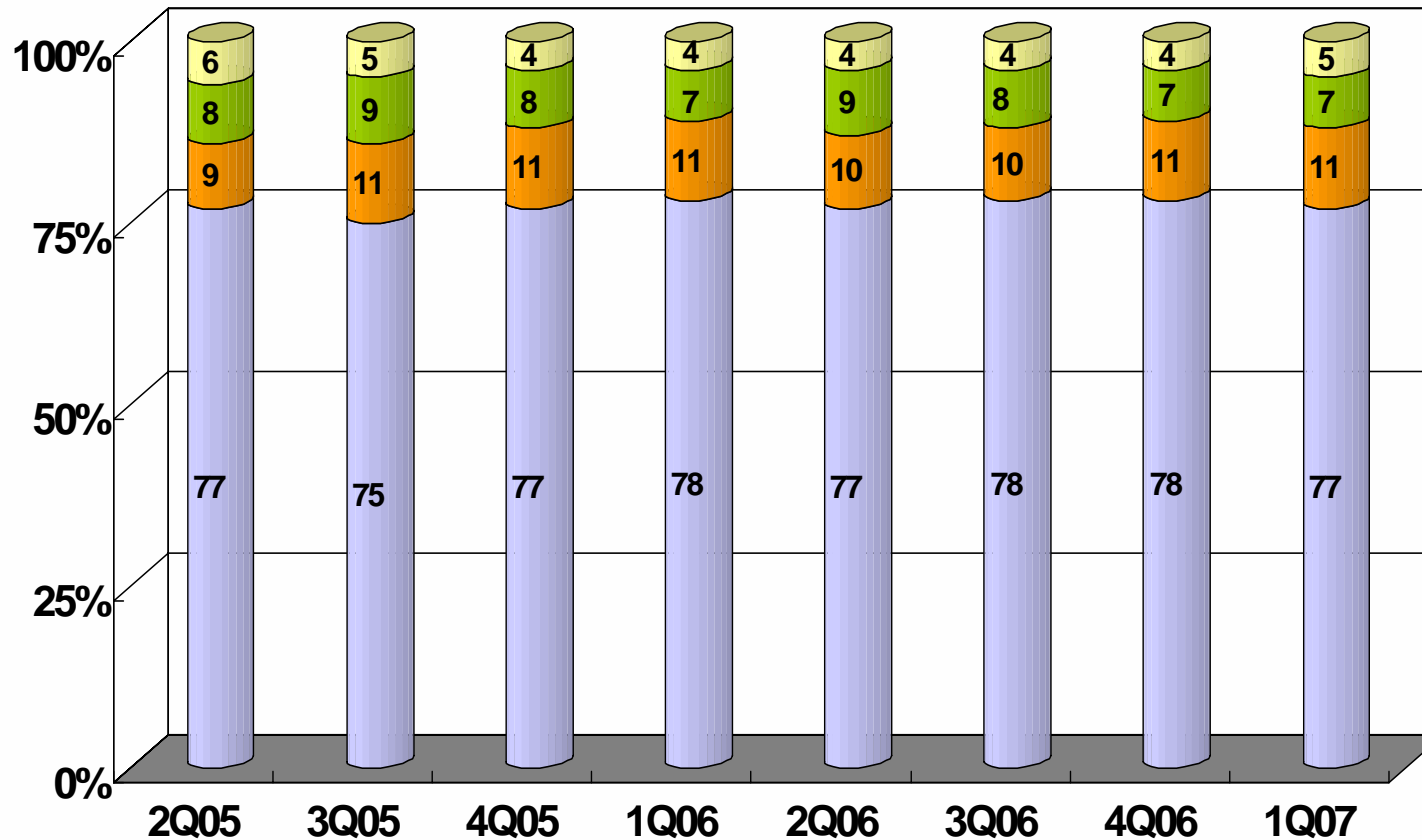
Sales Breakdown by Application

■ Computer
 ■ Comm.
 ■ Consumer
 ■ Memory
 ■ Others



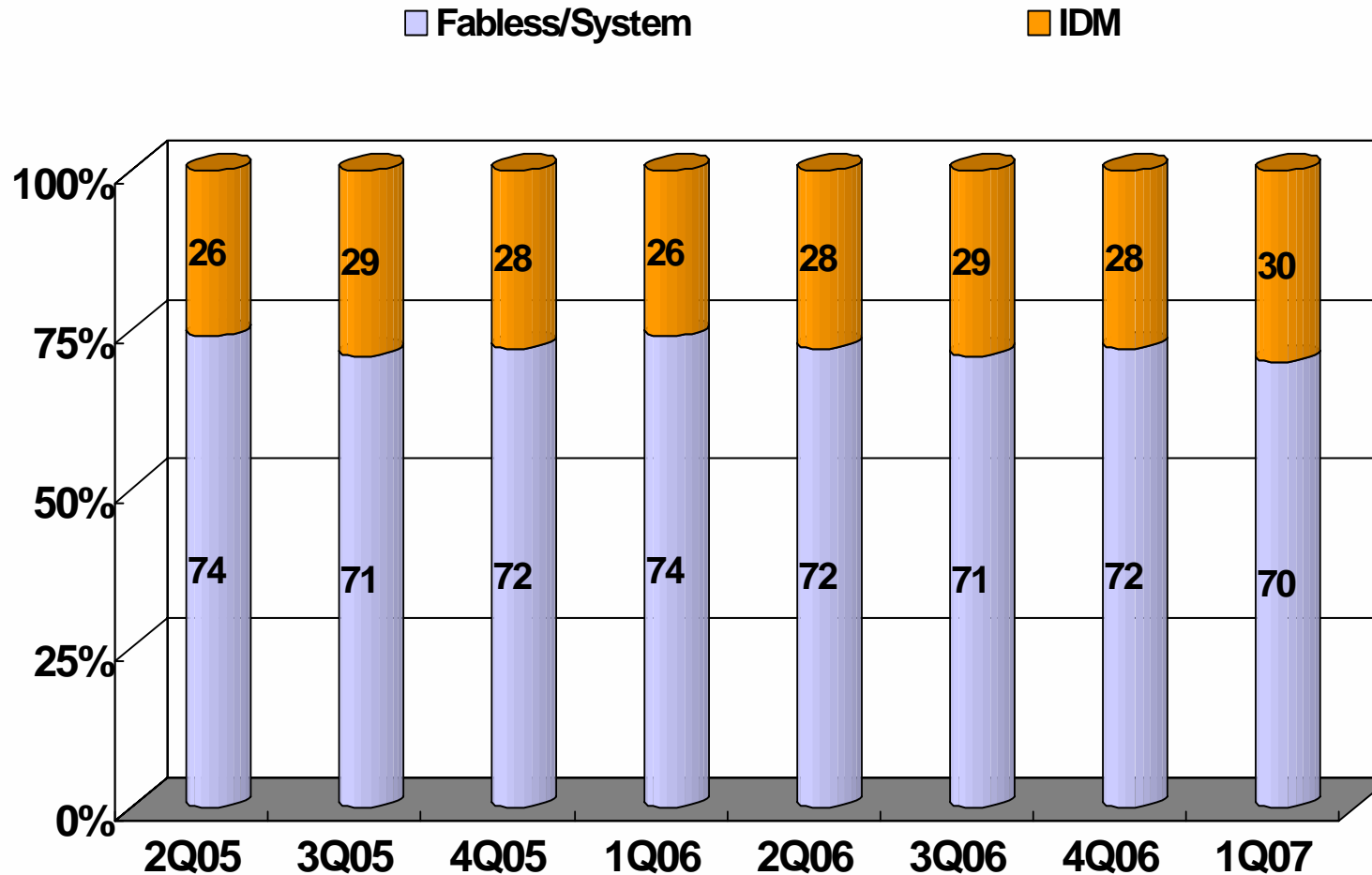
Sales Breakdown by Geography

■ N. America
 ■ Asia
 ■ Europe
 ■ Japan



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

Sales Breakdown by Customer



2Q'07 Guidance

- Revenue is expected to be between NT\$73 billion and NT\$75 billion
- Gross profit margin is expected to be between 42% and 44%;
- Operating profit margin is expected to be between 32% and 34%.

Recap of Recent Major Events

- **TSMC 45nm Design Ecosystem In Place (2007/04/09)**
- **TSMC Expects to Enter 45nm Production in September (2007/04/09)**
- **TSMC Board Approves Conversion of Philips' TSMC Common Shares to ADSs (2007/04/02)**
- **TSMC Announces 55nm Process Technology Readiness (2007/03/27)**
- **Philips and TSMC Announce Joint Plan to Facilitate Orderly Exit by Philips from TSMC Shareholding (2007/03/09)**
- **TSMC Achieves 65 Nanometer Embedded DRAM Milestone (2007/03/06)**
- **TSMC Board Proposes Distribution of NT\$3.0 Cash and 0.5% Stock Per Share (2007/02/06)**
- **TSMC Opens Office in India (2007/02/05)**

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



<http://www.tsmc.com>
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