

# TSMC

## 2010 First Quarter Investor Conference

*April 27, 2010*

# Agenda

- **Welcome** Elizabeth Sun
- **1Q10 Financial Results and 2Q10 Outlook** Lora Ho
- **TSMC Technology Overview** Shang-yi Chiang
- **CEO Comments** Morris Chang
- **Q&A** Morris Chang /  
Shang-yi Chiang /  
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, 2010 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.

# 1Q10 Financial Highlights

<i>(In NT billions except otherwise noted)</i>	1Q10	1Q10 Guidance	4Q09 Actual	1Q09 Actual	QoQ	YoY
<b>Net Sales</b>	92.19	89 - 91	92.09	39.50	0.1%	133.4%
<b>Gross Margin</b>	47.9%	46.5% - 48.5%	48.5%	18.9%	-0.6 ppt	+29.0 ppts
<b>Operating Margin</b>	37.0%	35% - 37%	36.5%	3.1%	+0.5 ppt	+33.9 ppts
<b>EPS - Diluted (NT\$)</b>	1.30		1.26	0.06	3.1%	2059.8%
<b>Free Cash Flow</b>	-0.11		19.29	21.17	-100.6%	-100.5%
<b>ROE (%)</b>	26.3%		27.3%	1.3%	-1.0 ppt	+25.0 ppts
<b>Shipment (Kpcs, 8"-equiv. Wafer)</b>	2,547		2,430	892	4.8%	185.5%
<b>Average Exchange Rate-- NTD/USD</b>	31.96		32.32	33.92	-1.1%	-5.8%

\* Total outstanding shares were 25,904mn units at 3/31/10

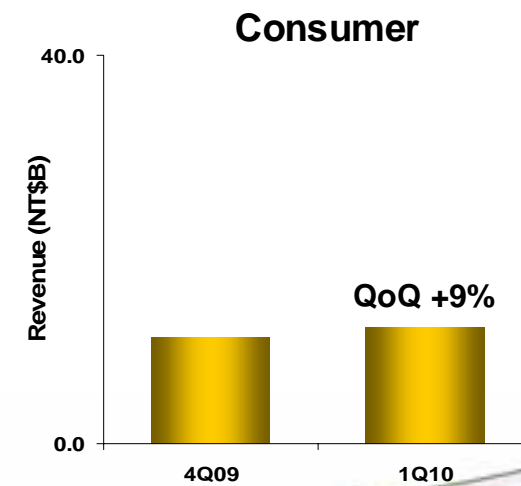
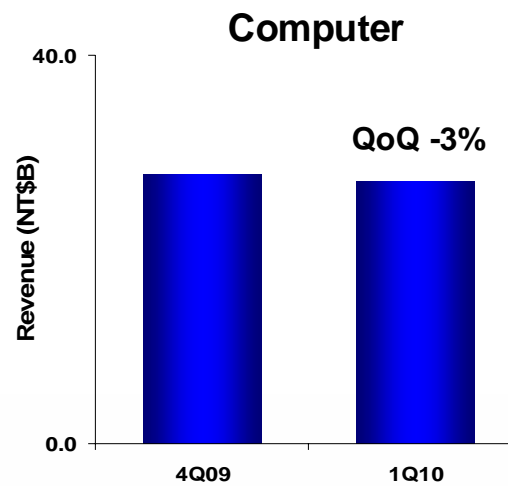
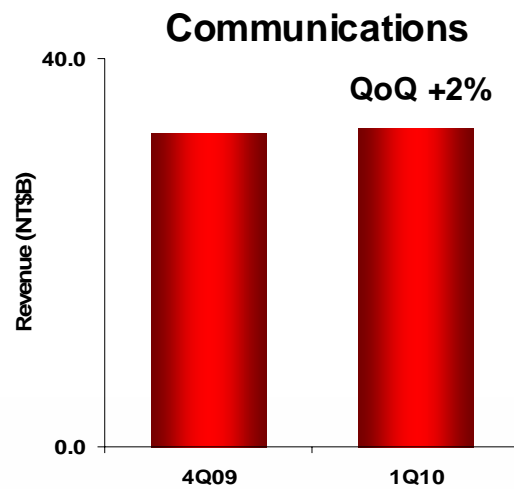
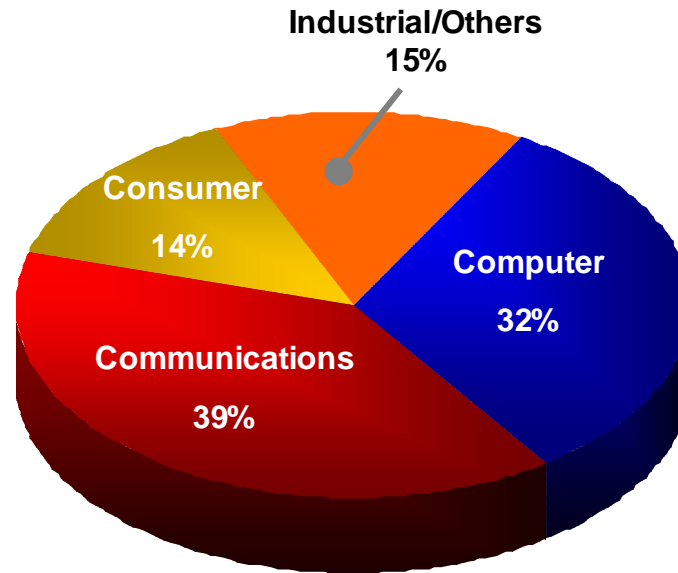
\*\* ROE figures are annualized based on average equity attributable to shareholders of the parent.

# Income Statements

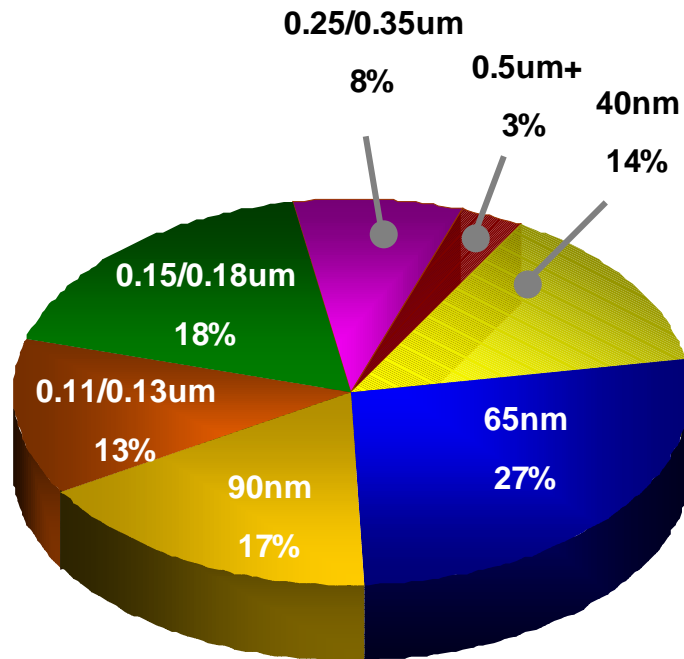
*(In NT billions except otherwise noted)*

	<b>1Q10</b>	<b>4Q09</b>	<b>1Q09</b>	<b>QoQ</b>	<b>YoY</b>
Net Sales	92.19	92.09	39.50	0.1%	133.4%
<b>Gross Margin</b>	<b>47.9%</b>	<b>48.5%</b>	<b>18.9%</b>	<b>-0.6 ppt</b>	<b>+29.0 ppts</b>
Operating Expenses	(10.06)	(11.05)	(6.27)	-9.0%	60.4%
<b>Operating Margin</b>	<b>37.0%</b>	<b>36.5%</b>	<b>3.1%</b>	<b>+0.5 ppt</b>	<b>+33.9 ppts</b>
Non-Operating Items	1.00	1.43	0.35	-30.1%	183.8%
Long-Term Investment Gains	0.18	0.30	(0.81)	-40.8%	NM
Taxes	(1.48)	(2.51)	0.74	-41.1%	-299.9%
Net Income	33.66	32.67	1.56	3.1%	2059.5%
<b>Net Margin</b>	<b>36.5%</b>	<b>35.5%</b>	<b>3.9%</b>	<b>+1.0 ppt</b>	<b>+32.6 ppts</b>
EPS (NT Dollar)	1.30	1.26	0.06	3.1%	2059.8%

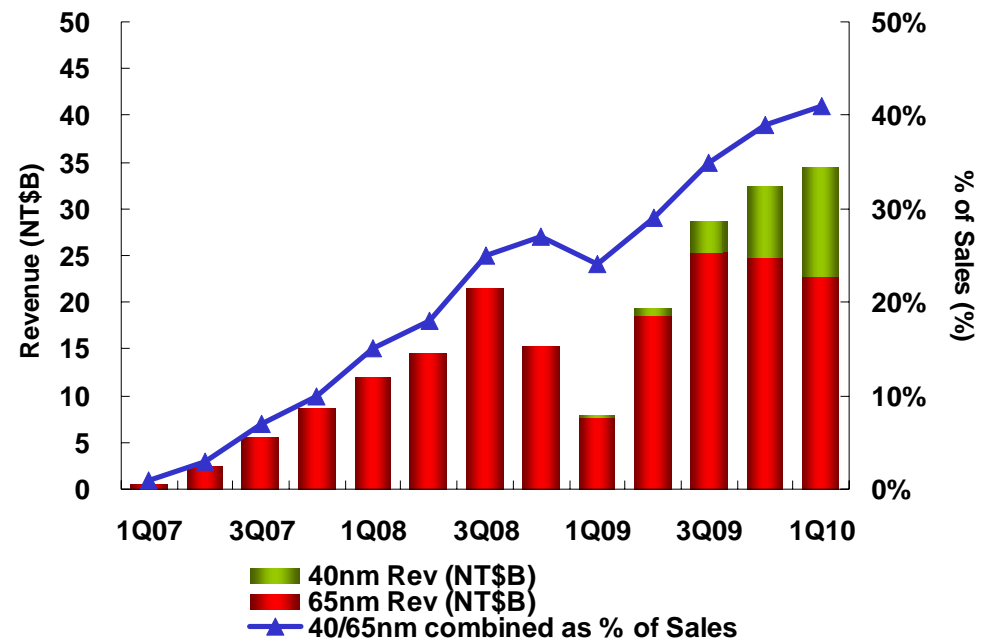
# 1Q10 Revenue by Applications



# 1Q10 Revenue by Technology



65nm/40nm Revenue



# Balance Sheets & Key Indices

## Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	1Q10		4Q09		1Q09	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	192.01	30.6%	195.80	32.9%	229.79	41.6%
Accounts Receivable - Trade	39.77	6.3%	35.38	5.9%	13.82	2.5%
Inventory	22.69	3.6%	20.91	3.5%	14.78	2.7%
<b>Long-Term Investment</b>	<b>39.76</b>	<b>6.3%</b>	<b>37.85</b>	<b>6.4%</b>	<b>35.68</b>	<b>6.5%</b>
<b>Net PP&amp;E</b>	<b>299.63</b>	<b>47.8%</b>	<b>273.68</b>	<b>46.0%</b>	<b>227.08</b>	<b>41.1%</b>
<b>Total Assets</b>	<b>626.83</b>	<b>100.0%</b>	<b>594.70</b>	<b>100.0%</b>	<b>552.78</b>	<b>100.0%</b>
<b>Current Liabilities</b>	<b>78.18</b>	<b>12.5%</b>	<b>79.13</b>	<b>13.3%</b>	<b>45.37</b>	<b>8.2%</b>
<b>Long-Term Interest-bearing Debt</b>	<b>10.86</b>	<b>1.7%</b>	<b>10.96</b>	<b>1.8%</b>	<b>15.72</b>	<b>2.8%</b>
<b>Total Liabilities</b>	<b>94.52</b>	<b>15.1%</b>	<b>95.65</b>	<b>16.1%</b>	<b>67.46</b>	<b>12.2%</b>
<b>Total Shareholders' Equity</b>	<b>532.31</b>	<b>84.9%</b>	<b>499.05</b>	<b>83.9%</b>	<b>485.32</b>	<b>87.8%</b>
<b>Key Indices</b>						
A/R Turnover Days	38		36		38	
Inventory Turnover Days	45		42		44	
Current Ratio (x)	3.4		3.3		5.9	
Asset Productivity (x) <sup>(1)</sup>	1.3		1.4		0.7	

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



# Cash Flows

(In NT billions except otherwise noted)

	1Q10	4Q09	1Q09
<b>Beginning Balance</b>	171.28	156.94	194.61
Cash from operating activities	46.03	62.00	26.79
Capital expenditures	(46.14)	(42.71)	(5.62)
Repayment of corporate bonds	0.00	0.00	(8.00)
Short/long-term investments/others	(11.37)	(4.95)	15.48
<b>Ending Balance</b>	159.80	171.28	223.26
Free Cash Flow <sub>(1)</sub>	(0.11)	19.29	21.17

(1) Free cash flow = Operating cash flow – Capital expenditures.

# Installed Capacity

**2010 Overall Capacity +13%; Advanced Capacity +35%**

FAB / (Wafer size)		2009 (A)	1Q10 (A)	2Q10 (F)	3Q10 (F)	4Q10 (F)	2010 (F)
Fab-2	( 6" ) <sup>(1)</sup>	1,121	254	242	264	264	1,025
Fab-3	( 8" )	1,150	267	282	300	300	1,149
Fab-5	( 8" )	599	139	144	141	141	564
Fab-6	( 8" )	1,154	269	280	282	282	1,113
Fab-8	( 8" )	1,066	247	253	254	255	1,009
Fab-12	( 12" ) <sup>(2)</sup>	879	269	300	309	311	1,189
Fab-14	( 12" ) <sup>(2)</sup>	958	261	299	345	383	1,288
WaferTech	( 8" )	431	106	107	108	108	429
TSMC China	( 8" )	531	132	134	145	147	557
<b>TSMC &amp; Subsidiaries</b> (8" Equivalent Kpcs)		<b>9,695</b>	<b>2,497</b>	<b>2,683</b>	<b>2,850</b>	<b>2,941</b>	<b>10,971</b>
<b>SSMC</b>	( 8" )	<b>259</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>276</b>
<b>Total TSMC-managed</b> (8" Equivalent Kpcs)		<b>9,955</b>	<b>2,566</b>	<b>2,752</b>	<b>2,919</b>	<b>3,010</b>	<b>11,247</b>

(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>	1Q10	4Q09
TSMC	1,433	1,304
XinTec and GUC	2	1
TSMC China & WaferTech	8	4
Other TSMC Subsidiaries	1	1
<b>TSMC Consolidated</b>	<b>1,444</b>	<b>1,310</b>

Note: 2010Q1 CapEx was based on the weighted average exchange rate of NT\$31.955 per US dollar.

# Guidance

Based on our current business outlook, management expects:

- For the second quarter:
  - Revenue to be between NT\$100 billion and NT\$102 billion, at a forecast exchange rate of 31.30 NT dollars to 1 US dollar
  - Gross profit margin to be between 48% and 50%
  - Operating profit margin to be between 36.5% and 38.5%

# Recap of Recent Major Events

- TSMC Breaks Ground on Fab for LED Lighting Business (2010/03/25)
- TSMC to Take Delivery of an ASML EUV Lithography System (2010/02/22)
- TSMC and MAPPER Reached Joint Development Milestone (2010/02/19)
- TSMC Board of Directors Proposes NT\$3.0 Cash Dividend Per Share (2010/02/09)
- TSMC Holds Topping Ceremony For Fab 12, Phase 5 (2010/01/19)
- Qualcomm and TSMC Collaborating on 28nm Process Technology (2010/01/08)

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



TSMC Property

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