



## TSMC Reports Second Quarter EPS of NT\$1.39

Hsin-Chu, Taiwan, R.O.C., July 28, 2011 -- TSMC today announced consolidated revenue of NT\$110.51 billion, net income of NT\$35.95 billion, and diluted earnings per share of NT\$1.39 (US\$0.24 per ADR unit) for the second quarter ended June 30, 2011.

Year-over-year, second quarter revenue increased 5.3% while both net income and diluted EPS decreased 10.8%. Compared to first quarter of 2011, second quarter of 2011 results represent a 4.9% increase in revenue, and a 0.9% decrease in both net income and diluted EPS. All figures were prepared in accordance with R.O.C. GAAP on a consolidated basis.

In US dollars, second quarter revenue increased 6.5% from the previous quarter and increased 16% year-over-year.

Gross margin for the quarter was 46%, operating margin was 34.3%, and net margin was 32.5%.

Second quarter revenue and margins were obtained based on the exchange rate of NTD 28.86 to 1 USD, as compared to the exchange rate of NTD 31.81 to 1 USD in 2Q 2010, and NTD 29.3 to 1 USD in the previous quarter. All exchange rates were calculated based on a transaction-based weighted average of the NTD to USD exchange rate over the quarter.

40-nanometer process technology accounted for 26% of total wafer revenues, and 65-nanometer accounted for 29%. These advanced technologies accounted for 55% of total revenues.

“The outlook of the global economic condition has weakened in the last few months, which has added volatility to the supply chain inventory, and in turn, has significantly impacted the demand for our wafers in the third quarter of 2011. Relative to the second quarter, the computer and consumer segments will decline more than the decline of the communications segment while industrial/standard segment will increase,” said Lora Ho, SVP and Chief Financial Officer of TSMC. “Based on our current business outlook and exchange rate assumption, management expects overall performance for third quarter 2011 to be as follows”:

- Revenue is expected to be between NT\$102 billion and NT\$104 billion;
- Gross profit margin is expected to be between 40.5% and 42.5%;
- Operating profit margin is expected to be between 28% and 30%.

### **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 28, 2011. 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 **1-617-213-8067** in the U.S., **852-3002-1672** in Hong Kong, 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.

TSMC is the world's largest dedicated semiconductor foundry, providing the industry's leading process technology and the foundry's largest portfolio of process-proven libraries, IPs, design tools and reference flows. The Company's managed capacity in 2010 totaled 11.3 million (8-inch equivalent) wafers, including capacity from two advanced 12-inch GIGAFABs™, four eight-inch fabs, one six-inch fab, as well as TSMC's wholly owned subsidiaries, WaferTech and TSMC China, and its joint venture fab, SSMC. TSMC is the first foundry to provide 40nm production capabilities. Its corporate headquarters are in Hsinchu, Taiwan. For more information about TSMC please visit <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, 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.