



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the Three Months Ended December 31, 1999 and 1998

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	3 months ended on December 31					Sequential Comparison				
	4Q 1999		% of	4Q 1998	YOY	4Q 1999		% of	3Q 1999	QOQ
	USD	NTD	Sales	NTD	Chg %	USD	NTD	Sales	NTD	Chg %
Net Sales	747	23,691	100.0%	11,633	103.7%	747	23,691	100.0%	19,707	20.2%
Cost of Sales	(441)	(13,979)	-59.0%	(8,010)	74.5%	(441)	(13,979)	-59.0%	(10,939)	27.8%
Gross Margin	306	9,712	41.0%	3,623	168.1%	306	9,712	41.0%	8,768	10.8%
Operating Expenses										
General and Administrative Expenses	(26)	(834)	-3.5%	(295)	182.5%	(26)	(834)	-3.5%	(624)	33.6%
Selling and Marketing Expenses	(20)	(633)	-2.7%	143	-	(20)	(633)	-2.7%	(439)	44.3%
Research and Development Expenses ⁽²⁾	(18)	(564)	-2.4%	(578)	-2.4%	(18)	(564)	-2.4%	(536)	5.3%
Total Operating Expenses	(64)	(2,032)	-8.6%	(730)	178.3%	(64)	(2,032)	-8.6%	(1,599)	27.1%
Income from Operations	242	7,681	32.4%	2,893	165.5%	242	7,681	32.4%	7,169	7.1%
Net Non-operating Income (Expenses)	12	382	1.6%	115	232.0%	12	382	1.6%	(751)	-
Investment Income (Loss)	8	263	1.1%	(483)	-	8	263	1.1%	(660)	-
Income before Income Tax	262	8,326	35.1%	2,525	229.7%	262	8,326	35.1%	5,758	44.6%
Income Tax Credit (Expenses)	(0)	(15)	-0.1%	(1)	1356.5%	(0)	(15)	-0.1%	379	-
Net Income	262	8,311	35.1%	2,524	229.3%	262	8,311	35.1%	6,137	35.4%
Diluted Earnings Per Ordinary Share ⁽³⁾	0.03	1.08		0.33	229.3%	0.03	1.08		0.80	35.4%
Earnings Per ADR ⁽⁴⁾	0.17	5.42		1.65		0.17	5.42		4.07	
Shares Outstanding ('K)		7,670,882		7,670,882			7,670,882		7,670,882	

Note (1) : New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 31.732 per U.S. dollar for the fourth quarter of 1999.

Note (2) : R&D expenses from fab were reclassified to manufacturing expenses starting in 1999 and restated in 1998 for consistent comparison.

Note (3) : Earnings per share for 4Q98 have been restated to reflect a ECB converted into common stock in November and a 24.8% increase in shares outstanding in June 1999.

Total shares outstanding were 7,670,881,717 for both 1998 and 1999. Total shares outstanding increased to 7,670,881,717 shares from 6,047,175,967 shares due to ECB conversion of 122,398,682 shares and a stock dividend of 1,390,850,473 shares (at the rate of 23% or 230 shares per 1000 shares) and employee profit sharing of 110,456,595 shares.

Note (4) : 1 ADR equals 5 ordinary shares. ADRs were issued in October 1997.



TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.

UNCONSOLIDATED INCOME STATEMENT

For the 12 Months Ended December 31, 1999 and 1998

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) ⁽¹⁾)

Except for Per Share Amounts and Shares Outstanding)

	12 months ended December 31				
	1999		% of Sales	1998	YOY
	USD	NTD		NTD	Chg %
Net Sales	2,264	73,131	100.0%	50,233	45.6%
Cost of Sales	(1,267)	(40,916)	-55.9%	(29,897)	36.9%
Gross Margin	997	32,216	44.1%	20,336	58.4%
Operating Expenses					
General and Administrative Expenses	(65)	(2,098)	-2.9%	(1,367)	53.4%
Selling and Marketing Expenses	(56)	(1,811)	-2.5%	(809)	123.7%
Research and Development Expenses ⁽²⁾	(74)	(2,391)	-3.3%	(1,957)	22.1%
Total Operating Expenses	(195)	(6,299)	-8.6%	(4,134)	52.4%
Income from Operations	802	25,917	35.4%	16,202	60.0%
Net Non-operating Income (Expenses)	(24)	(767)	-1.0%	(484)	58.7%
Investment Income (Loss)	(32)	(1,039)	-1.4%	(2,070)	-49.8%
Income before Income Tax	746	24,110	33.0%	13,649	76.6%
Income Tax Credit (Expenses)	14	450	0.6%	1,696	-73.5%
Net Income	760	24,560	33.6%	15,344	60.1%
Diluted Earnings Per Ordinary Share ⁽³⁾	0.10	3.20		2.00	60.1%
Earnings Per ADR ⁽⁴⁾	0.50	16.01		10.00	
Shares Outstanding ('K)		7,670,882		7,670,882	

Note (1) : New Taiwan dollar amounts have been translated into U.S. dollar at the weighted average rate of NTD 32.30 per U.S. dollar for the twelve months ended December 31 1999.

Note (2) : R&D expenses from fab were reclassified to manufacturing expenses starting in 1999 and restated in 1998 for consistent comparison.

Note (3) : Earnings per share for 4Q98 have been restated to reflect a ECB converted into common stock in November and a 24.8% increase in shares outstanding in June 1999.

Total shares outstanding were 7,670,881,717 for both 1998 and 1999. Total shares outstanding increased to 7,670,881,717 shares from 6,047,175,967 shares due to ECB conversion of 122,398,682 shares and a stock dividend of 1,390,850,473 shares (at the rate of 23% or 230 shares per 1000 shares) and employee profit sharing of 110,456,595 shares.

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