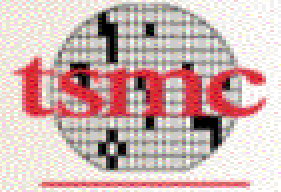


台灣積體電路製造股份有限公司
Taiwan Semiconductor Manufacturing Company, Ltd.

2Q'2000
Investor Conference

Agenda



- **2Q'00 Financial Results** **Harvey Chang**
- **Business Update** **FC Tseng**
- **Q&A** **KC Chen et. al.**

Safe Harbor Notice

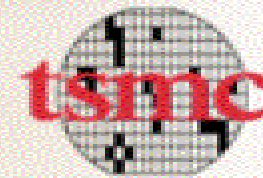


TSMC's statement of its current expectations is a forward-looking statement subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statement.

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 on Jun. 29, 2000.

2Q'00 Income Statement

Pre-Merger Figures



	2Q'99	3Q'99	4Q'99	1Q'00	2Q'00
Amount: NT\$Billion	Actual	Actual	Actual	Actual	Pre-Merger
Net Sales	17.23 100.0%	19.71 100.0%	23.69 100.0%	28.28 100.0%	31.81 100.0%
Cost of Goods Sold	(9.31) -54.0%	(10.94) -55.5%	(13.98) -59.0%	(15.57) -55.1%	(18.06) -56.8%
Gross Margin	7.92 46.0%	8.77 44.5%	9.71 41.0%	12.70 44.9%	13.75 43.2%
Operating Expenses	(1.34) -7.8%	(1.60) -8.1%	(2.03) -8.6%	(2.41) -8.5%	(2.26) -7.1%
Operating Income	6.58 38.2%	7.17 36.4%	7.68 32.4%	10.30 36.4%	11.49 36.1%
Net Non-operating Income (Exp.)	(0.25) -1.5%	(0.75) -3.8%	0.38 1.6%	0.02 0.1%	1.22 3.8%
Investment Income (Loss)	(0.42) -2.4%	(0.66) -3.3%	0.26 1.1%	(0.06) -0.2%	0.40 1.3%
Income before Tax	5.91 34.3%	5.76 29.2%	8.33 35.1%	10.26 36.3%	13.11 41.2%
Income Tax Credit (Expenses)	0.11 0.6%	0.38 1.9%	(0.01) -0.1%	(0.17) -0.6%	0.24 0.7%
Net Income	6.02 34.9%	6.14 31.1%	8.31 35.1%	10.09 35.7%	13.35 42.0%

1H'00 Income Statement

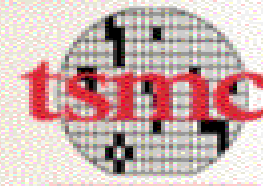
Restatement for Comparison



Amount: NT\$Billion	TSMC Fab 1-6		1H 2000		1H 2000		1H 2000	
	1H 2000		Pre-merger		WSMC		Post-merger (Reported)	
Net Sales	48.13	100.0%	60.09	100.0%	4.83	100.0%	64.92	100.0%
Cost of Goods Sold	-22.38	-46.5%	(33.64)	-56.0%	(4.46)	-92.4%	(38.09)	-58.7%
Gross Margin	25.76	53.5%	26.45	44.0%	0.37	7.6%	26.82	41.3%
Operating Expenses			(4.67)	-7.8%	(1.39)	-28.8%	(6.06)	-9.3%
Operating Income			21.79	36.3%	(1.02)	-21.2%	20.77	32.0%
Net Non-operating Inc. (Exp.)			1.24	2.1%	1.06	21.9%	2.29	3.5%
Investment Income (Loss)			0.34	0.6%	0.00	0.0%	0.34	0.5%
Income before Tax			23.37	38.9%	0.04	0.7%	23.40	36.1%
Income Tax Credit (Expenses)			0.07	0.1%	0.10	2.1%	0.17	0.3%
Net Income			23.44	39.0%	0.14	2.8%	23.58	36.3%

2Q'00 Income Statement

YoY Comparison

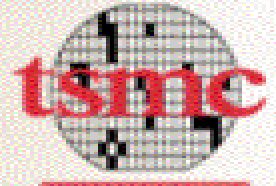


Amount: NT\$Billion	TSMC Fab1-6	2Q 2000		2Q 1999		YOY Chg%
	2Q 2000	Pre-Merger	Actual	Pre-Merger	Actual	
Net Sales	25.17	100.0%	31.81	100.0%	17.23	84.6%
Cost of Goods Sold	(11.85)	-47.1%	(18.06)	-56.8%	(9.31)	94.0%
Gross Margin	13.33	52.9%	13.75	43.2%	7.92	73.5%
Operating Expenses			(2.26)	-7.1%	(1.34)	68.2%
Operating Income			11.49	36.1%	6.58	74.6%
Net Non-operating Income (Expenses)			1.22	3.8%	(0.25)	-1.5%
Investment Income (Loss)			0.40	1.3%	(0.42)	-2.4%
Income before Tax			13.11	41.2%	5.91	121.7%
Income Tax Credit (Expenses)			0.24	0.7%	0.11	120.7%
Net Income			13.35	42.0%	6.02	121.7%

* Revenues for wafers outsourced to affiliates were NT\$6.64bn in 2Q'00

TSMC Fab1-6

2Q'00 Income Stmt. QoQ Comparison



NT\$Billion	2Q 2000	1Q 2000
Net Sales	25.17 100.0%	22.96 100.0%
COGS	(11.85) -47.1%	(10.53) 45.9%
GM	13.33 52.9%	12.43 54.1%

Amount: NT\$Billion

	2Q 2000		1Q 2000		QoQ Chg %
	Pre-Merger	Actual	Actual	Actual	
Net Sales*	31.81	100.0%	28.28	100.0%	12.5%
Cost of Goods Sold	(18.06)	-56.8%	(15.57)	-55.1%	16.0%
Gross Margin	13.75	43.2%	12.70	44.9%	8.2%
Operating Expenses	(2.26)	-7.1%	(2.41)	-8.5%	-6.2%
Operating Income	11.49	36.1%	10.30	36.4%	11.6%
Net Non-operating Income (Exp.)	1.22	3.8%	0.02	0.1%	7944.6%
Investment Income (Loss)	0.40	1.3%	(0.06)	-0.2%	-
Income before Tax	13.11	41.2%	10.26	36.3%	27.8%
Income Tax Credit (Expenses)	0.24	0.7%	(0.17)	-0.6%	-
Net Income	13.35	42.0%	10.09	35.7%	32.3%

* Revenues for wafers outsourced to affiliates were NT\$6.64bn in 2Q'00 and NT\$5.32bn in 1Q'00

1H'00 Balance Sheet

Restatement for Comparison



<i>Amount in NT\$Billion</i>	1H2000 (Pre-Merger)		1H2000 (Post-Merger)	
Cash	48.2	22%	49.6	17%
LT Debt	20.0	9%	27.0	9%
Equity	168.1	78%	206.2	71%
Total Assets	214.9	100%	288.7	100%
Depreciation	11.7		14.5	
Capital Expenditure	25.9		35.7	
<i>ROE</i>		32.5%		27.9%
<i>ROA</i>		26.1%		19.6%

2Q'00 Balance Sheet & Cash Flow

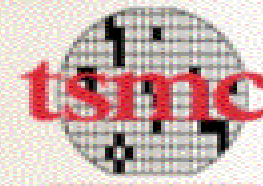
YoY Comparison



<i>Amount in NT\$Billion</i>	2Q00		2Q99		YOY Chg %
	Pre-Merger		Actual		
Cash	48.2	22%	16.8	12%	186.3%
LT Debt	20.0	9%	51.3	38%	-61.0%
Equity	168.1	78%	94.0	70%	78.7%
Total Assets	214.9	100%	134.8	100%	59.4%
Depreciation	6.3		4.2		47.5%
Capital Expenditure	16.5		5.1		221.7%
ROE		32.5%		27.1%	
ROA		26.1%		16.7%	

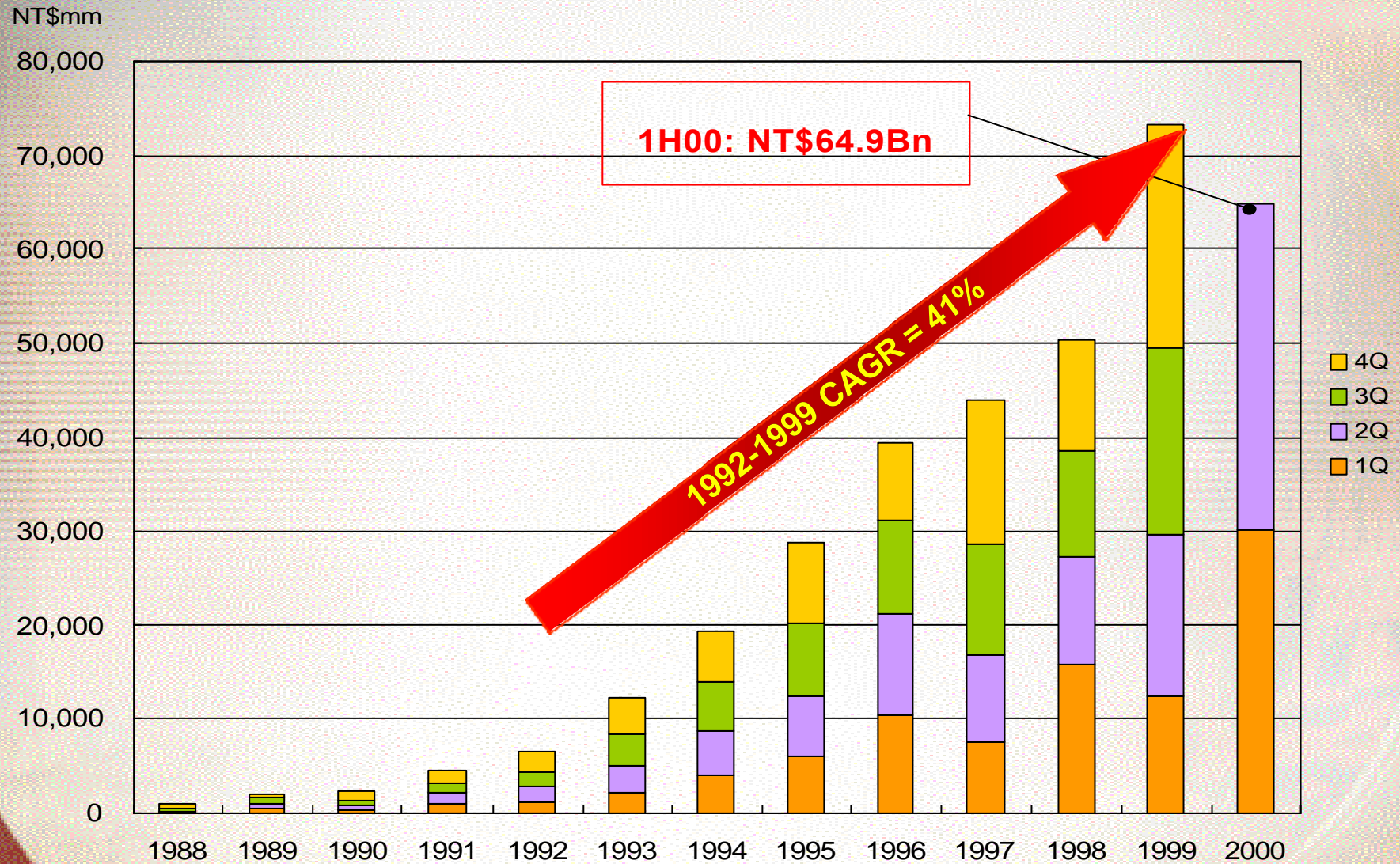
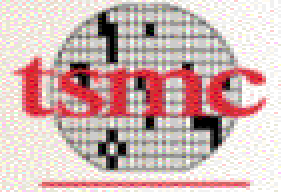
2Q'00 Balance Sheet & Cash Flow

QoQ Comparison

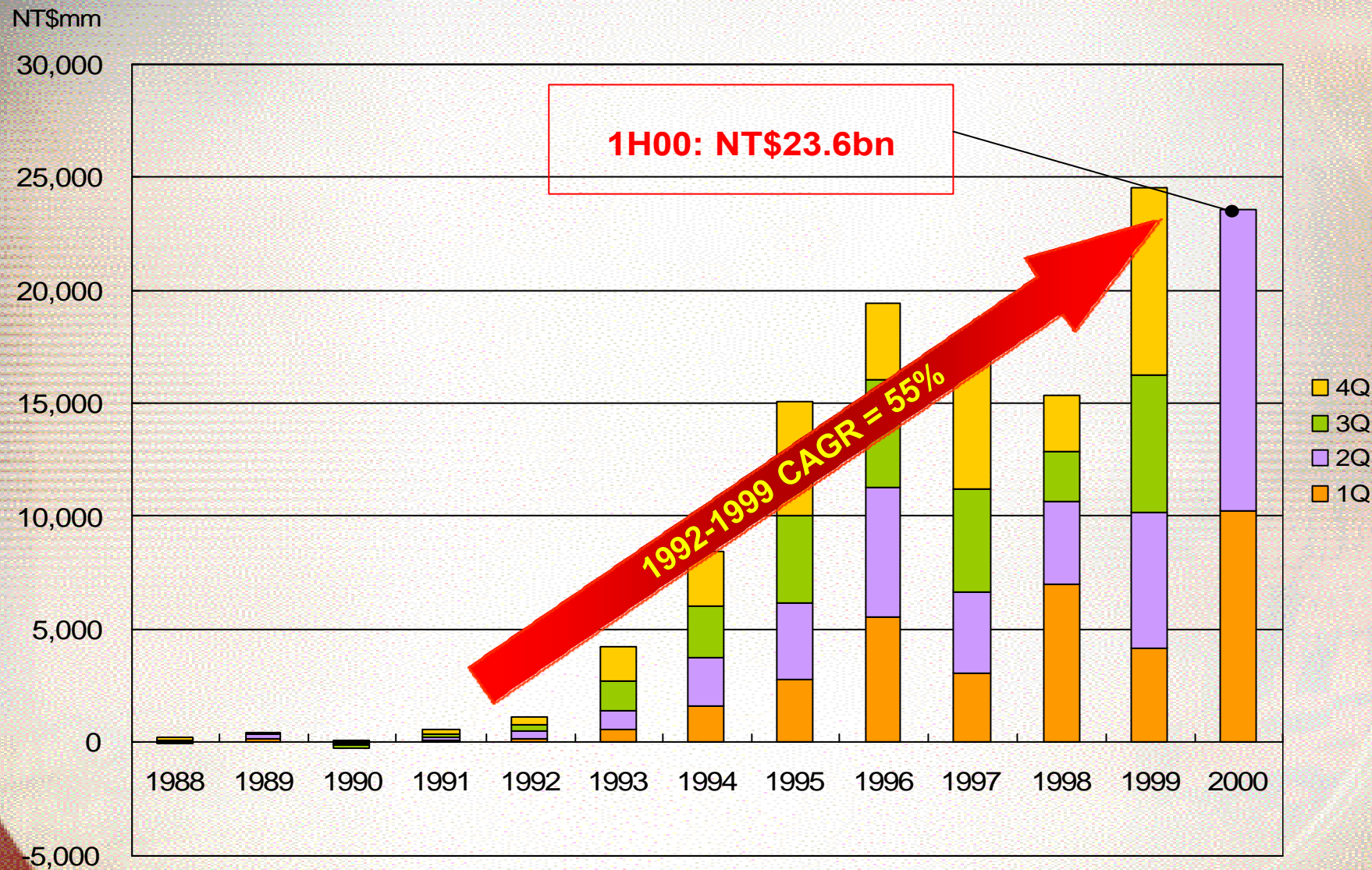
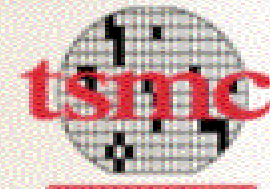


<i>Amount in NT\$Billion</i>	2Q00		1Q00		QoQ Chg %
	Pre-Merger		Actual		
Cash	48.2	22%	24.7	14%	94.9%
LT Debt	20.0	9%	20.0	11%	-
Equity	168.1	78%	130.5	74%	28.8%
Total Assets	214.9	100%	175.5	100%	22.4%
Depreciation	6.3		5.5		14.4%
Capital Expenditure	16.5		8.0		105.1%
ROE		32.5%		32.1%	
ROA		26.1%		24.8%	

Long Term Revenue Trend (Post-Merger)



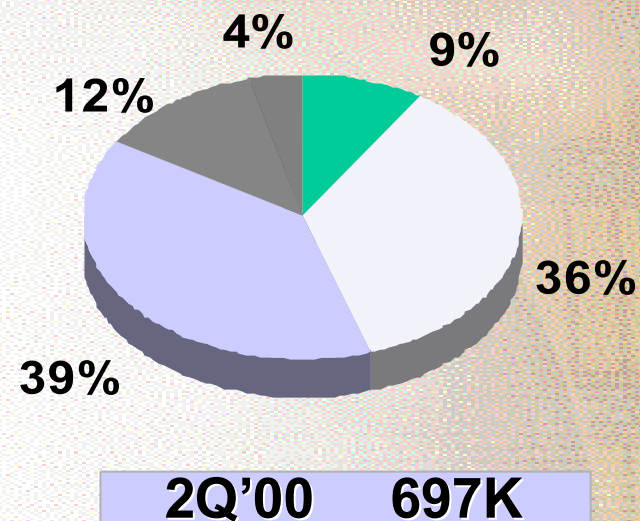
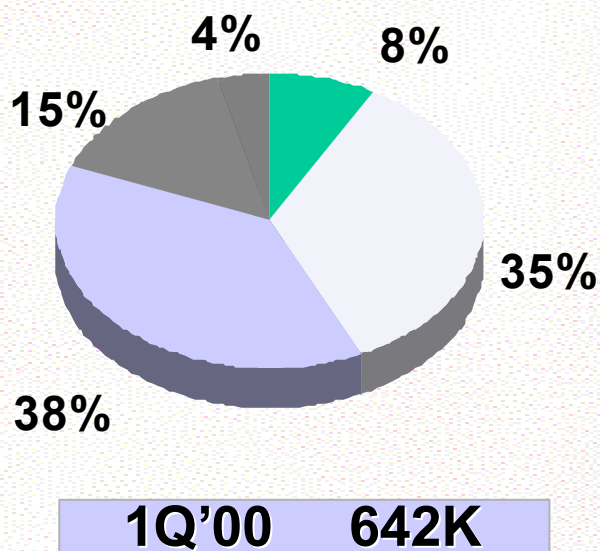
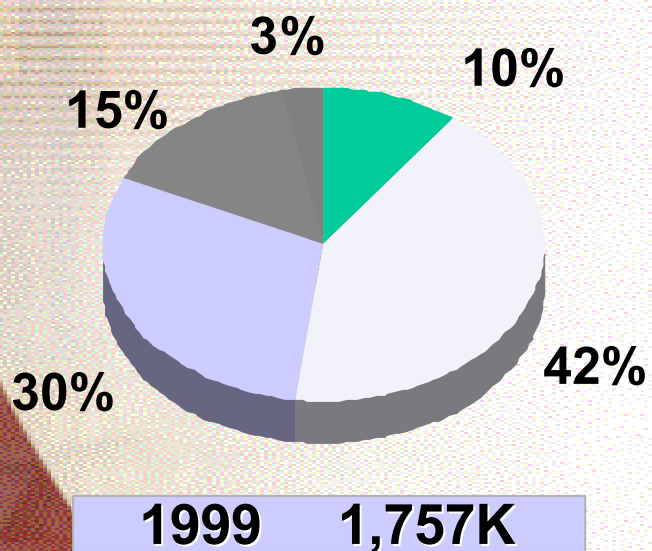
Long Term Profit Trend (Post-Merger)



Sales Volume by Application

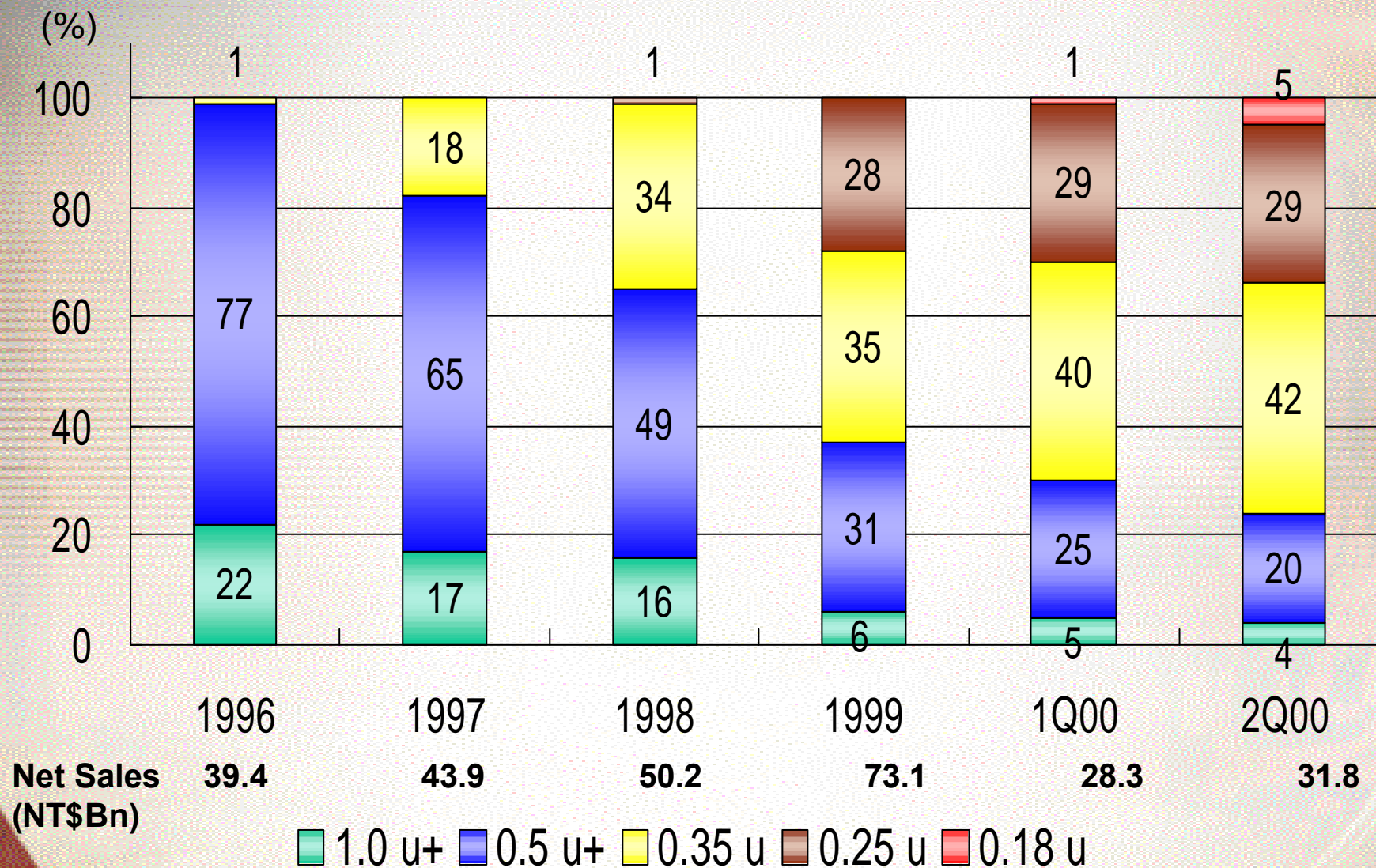


- Memory
- Computer
- Communication
- Consumer
- Others

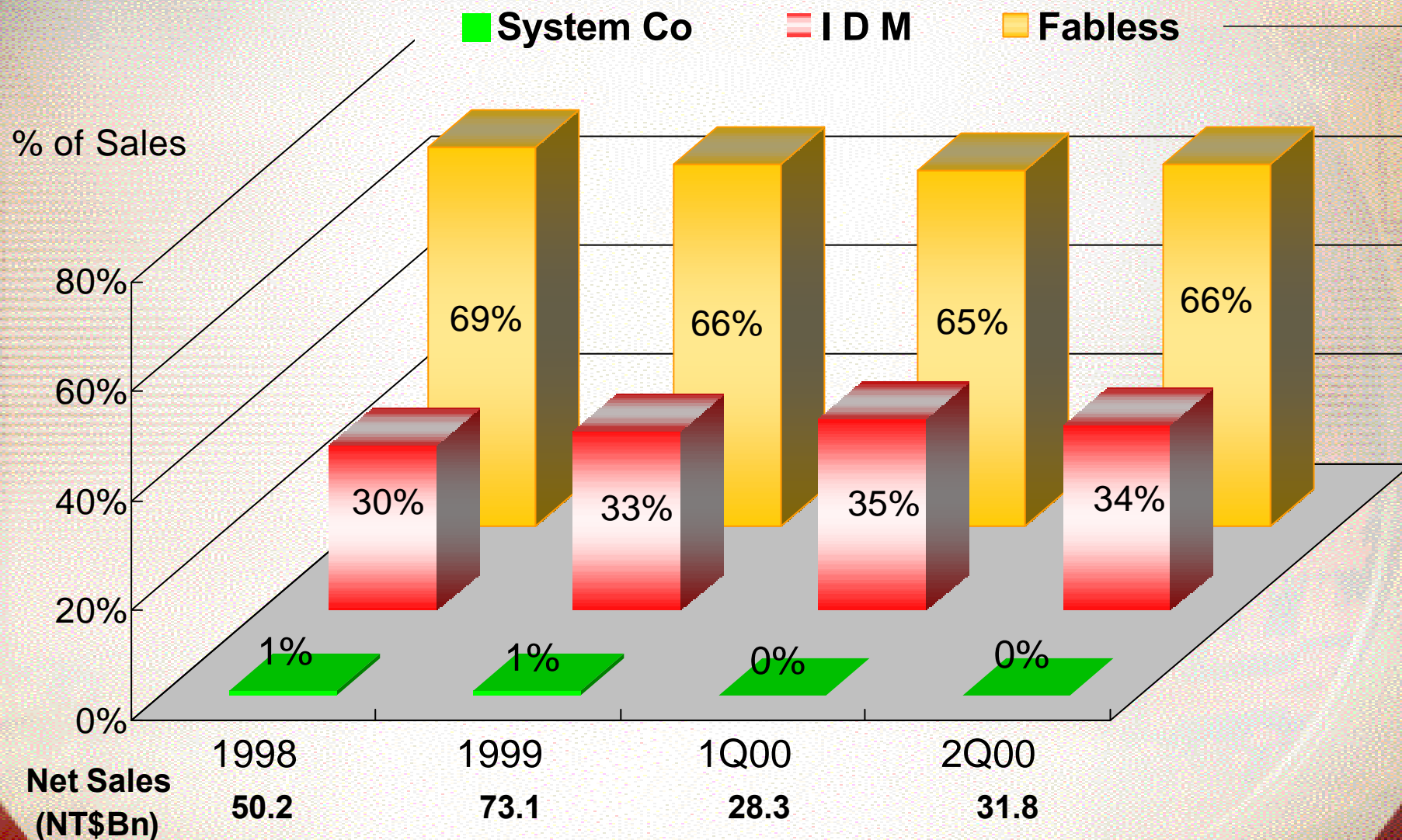
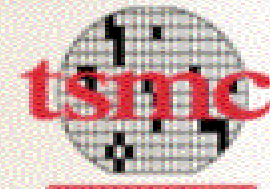


Based on Quantity Sold at 8" equivalent

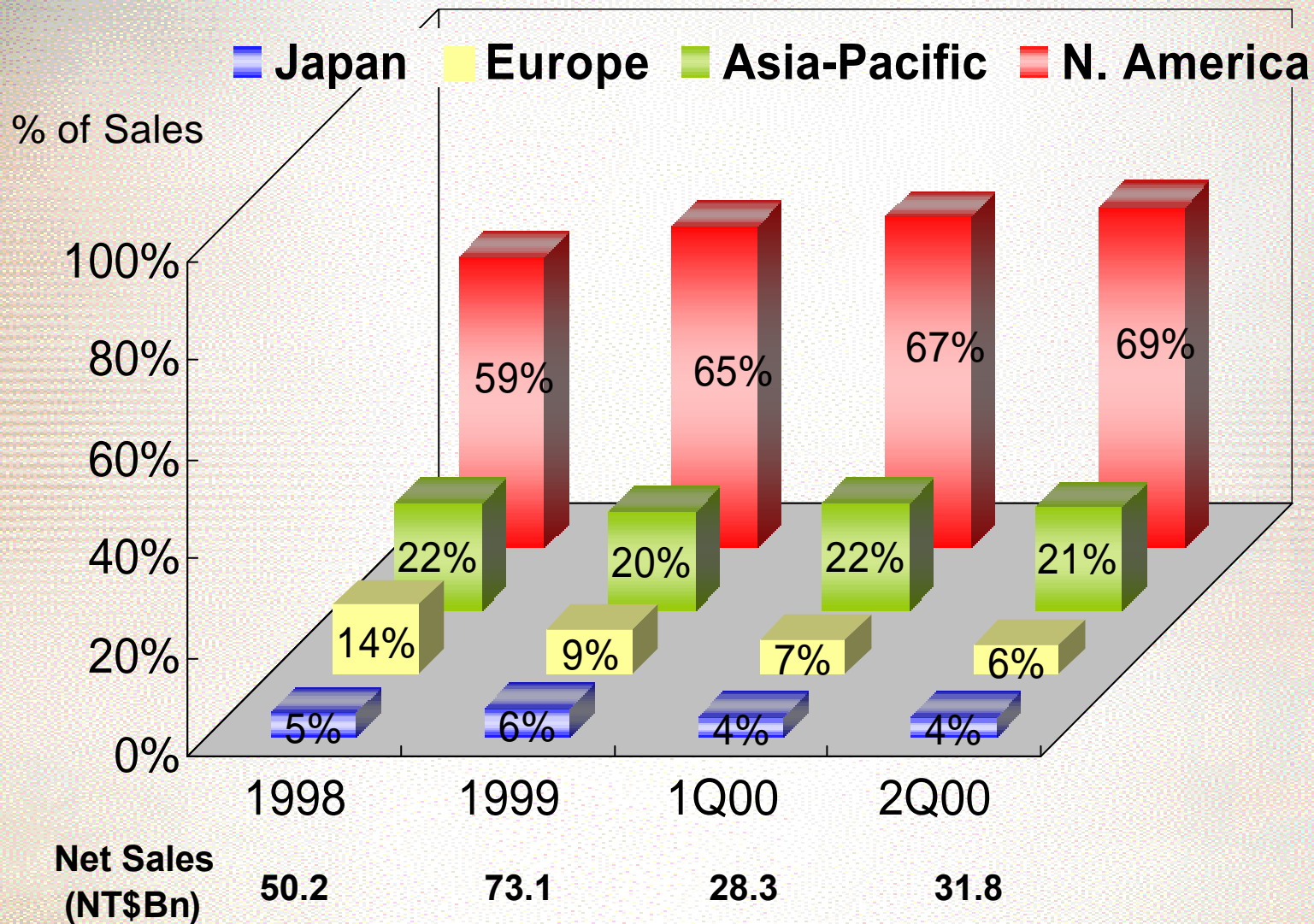
Sales Breakdown by Technology



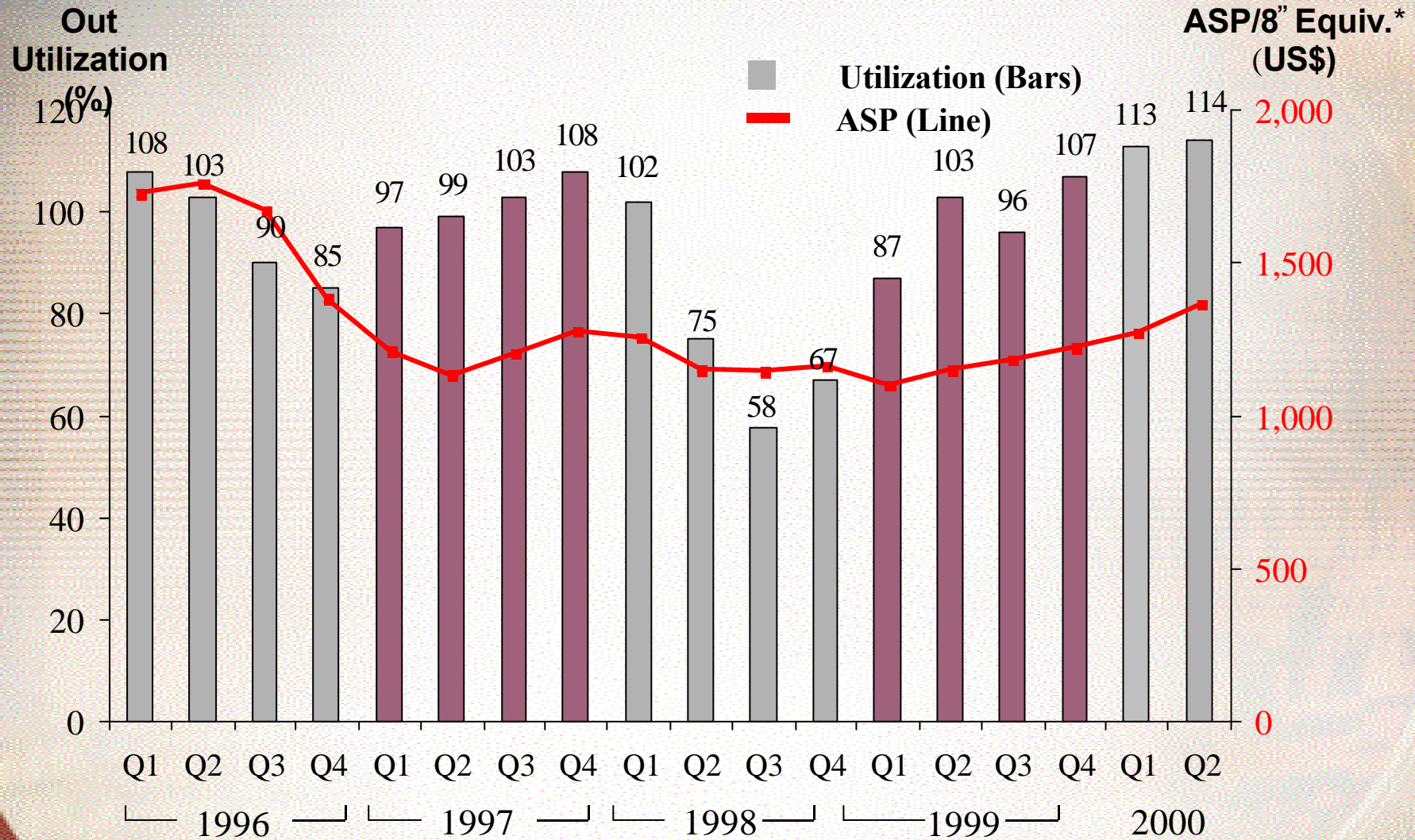
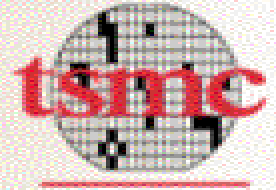
Sales Breakdown by Customer



Sales Breakdown by Geography



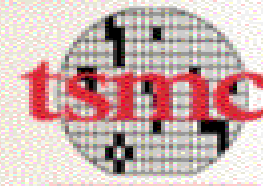
Fab Utilization and ASP Trend



* Average for all Wafers; ASP varies by technology and wafer size

Installed Capacity by Fabs

TSMC & Affiliates

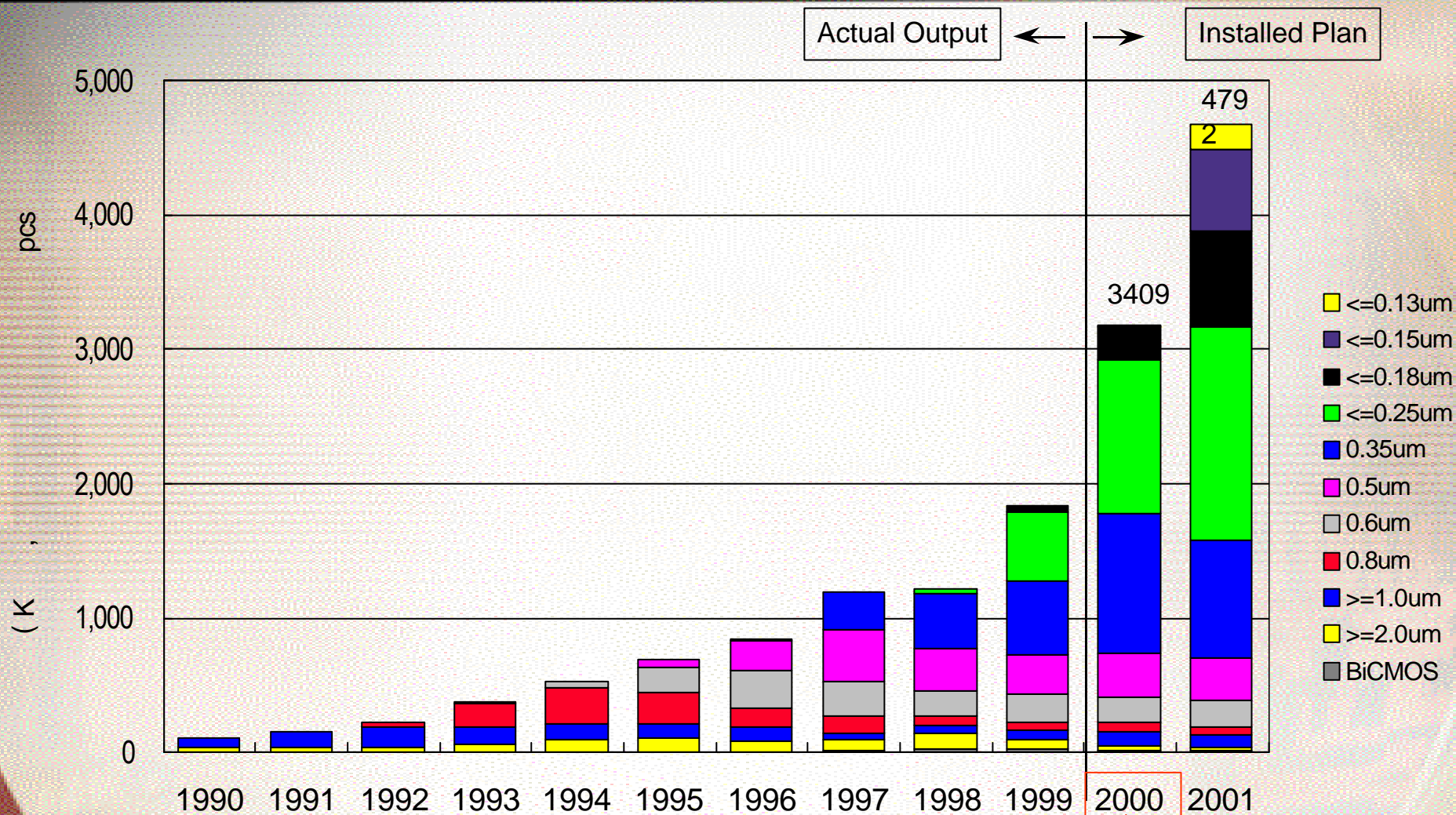
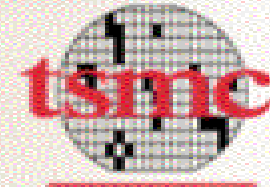


<u>FAB (8" equiv, k)</u>		<u>1998</u>		<u>1999</u>		<u>2000P Annual (Monthly)</u>	
6" Fab	FAB-1	252.3	(21.2)	232.5	(19.6)	205.4	(17.6)
	FAB-2A	452.0	(38.0)	476.0	(40.0)	448.5	(38.0)
	FAB-2B	488.0	(41.0)	466.5	(39.0)	487.5	(40.5)
8" Fab	FAB-3	478.4	(41.0)	454.8	(39.0)	511.9	(44.3)
	FAB-4	353.0	(31.0)	348.4	(31.0)	425.9	(37.4)
	FAB-5	116.0	(13.0)	221.8	(28.0)	415.0	(41.0)
	FAB-6	0.0		0.0		158.4	(32.0)
	FAB-7 (TASMC)			26.0	(10.0)	379.6	(46.2)
	FAB-8 (WSMC)					410.7	(49.0)
	WaferTech	26.0	(8.0)	154.4	(20.3)	281.7	(28.0)
VIS			30.0	(9.0)	184.0	(22.0)	
SSMC					0.4	(0.4)	
<u>Total Installed Capacity</u>		<u>1,643</u>		<u>1,895</u>		<u>3,409</u>	
<i>Annual Growth Rate</i>		<i>39%</i>		<i>16%</i>		<i>80%</i>	

Including WSMC 1H2000 capacity of 151k

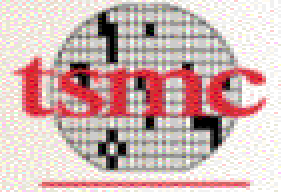
Capacity Plan by Technology

TSMC & Affiliates



Including WSMC 1H2000 capacity of 151k

Key Figures from Mergers



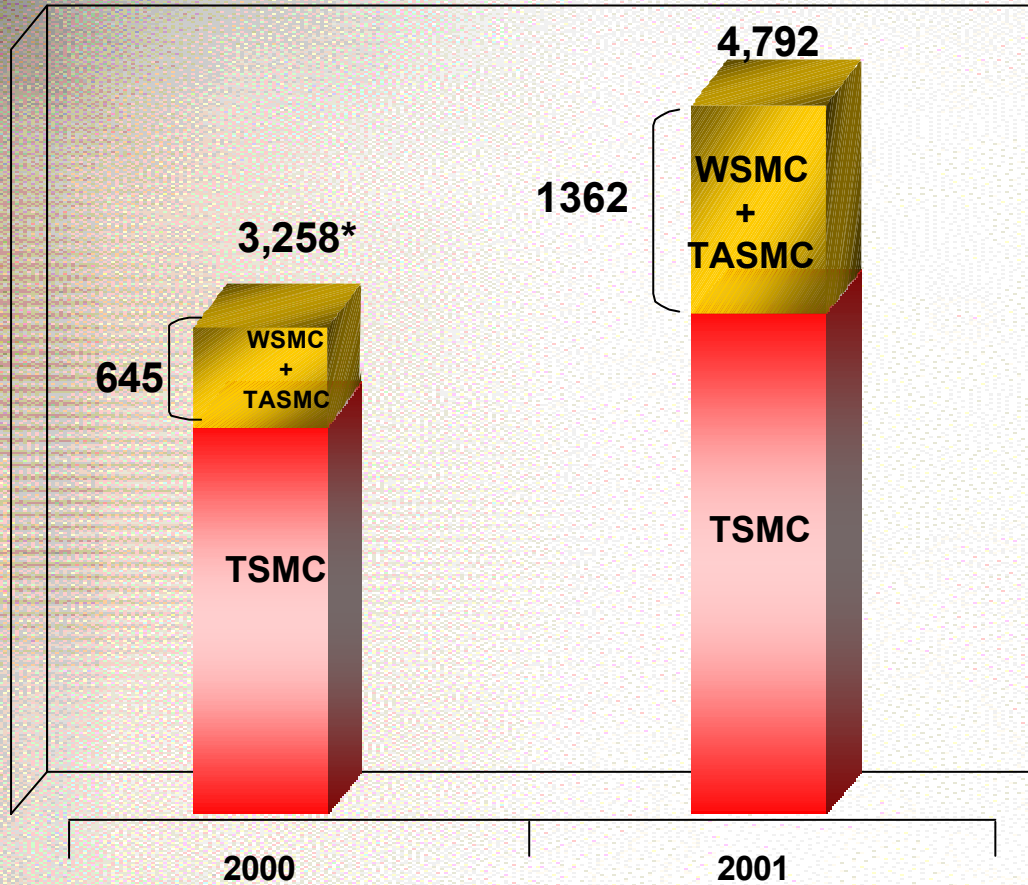
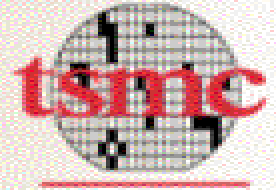
WSMC

- Absorb 100% of WSMC or outstanding shares of 2,300m
- Ratio 2:1
- Pooling of Interest Method
- 34% locked-up

TASMC

- Absorb remainder 70% of TASMC or 70% of 2,419m outstanding shares
- Ratio 3.90625 : 1
- Purchase Method
- 51% locked-up

Capacity Contribution

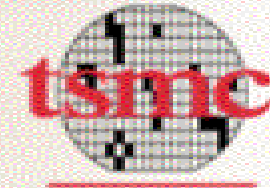


(k wafer – 8" equivalent)

*Excluding WSMC 1H2000 capacity of 151k

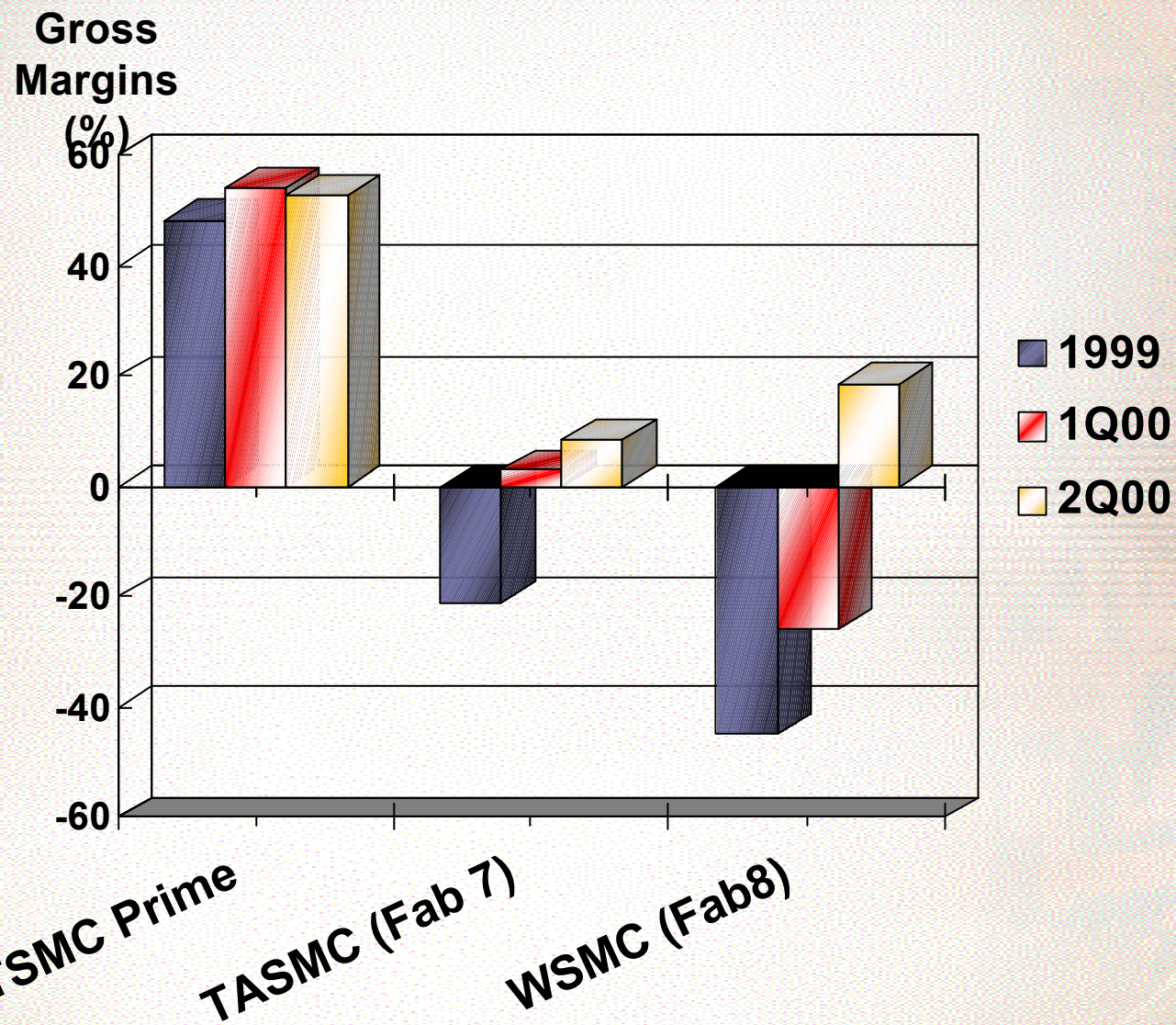
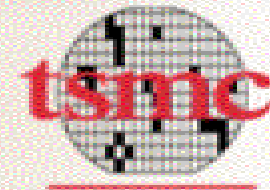
	WSMC	TASMC
Number of Fabs	2	2
Monthly Capacity (year end)		
1999	17k	33k
2000	49k	46k
2001	65k	67k

Post Merger Volume Improvement



(K pcs)	<u>1999</u>	<u>1Q00</u>	<u>2Q00</u>
TSMC (Fab 1-6)	1,757	642	696
TASMC (Fab 7)	294	88	98
WSMC (Fab 8)	77	58	77

Post Merger Margins Improvement



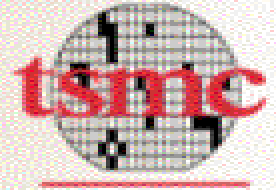
Capital Formation



Beginning Balance (1Q00) NT\$76.7Bn

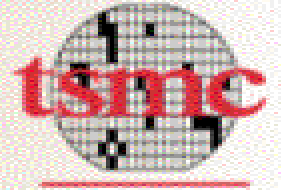
	<u>Change</u>	<u>Balance</u>
Ex-Dividend (5/21)	NT\$23.2Bn	NT\$99.9Bn
Post-ADR (6/7)	NT\$1.15Bn	NT\$101.1Bn
Post-Merger (6/30)	NT\$15.8Bn	NT\$116.9Bn

Recap of Major Events in 2Q



- **Broadcom Honors TSMC as Foundry of the Year (4/20)**
- **TI granted TSMC Supplier Excellence Award.**
- **TSMC Launches Foundry Industry's First Internet Engineering Collaboration Service (4/24)**
- **TSMC Issued New ADS, largest and equity offering in Asia ex-Japan (6/2).**
- **SSMC in Singapore is ahead of schedule and ready for the installation of manufacturing equipment. (6/29)**
- **TSMC and National signed the first ever technology transfer agreement from foundry to IDM (6/28)**
- **Net Sales of NT\$13 Billion Reaches a New Monthly Record (7/6)**
- **TSMC Completes the TASMIC and WSMC Mergers (7/7)**

Agenda

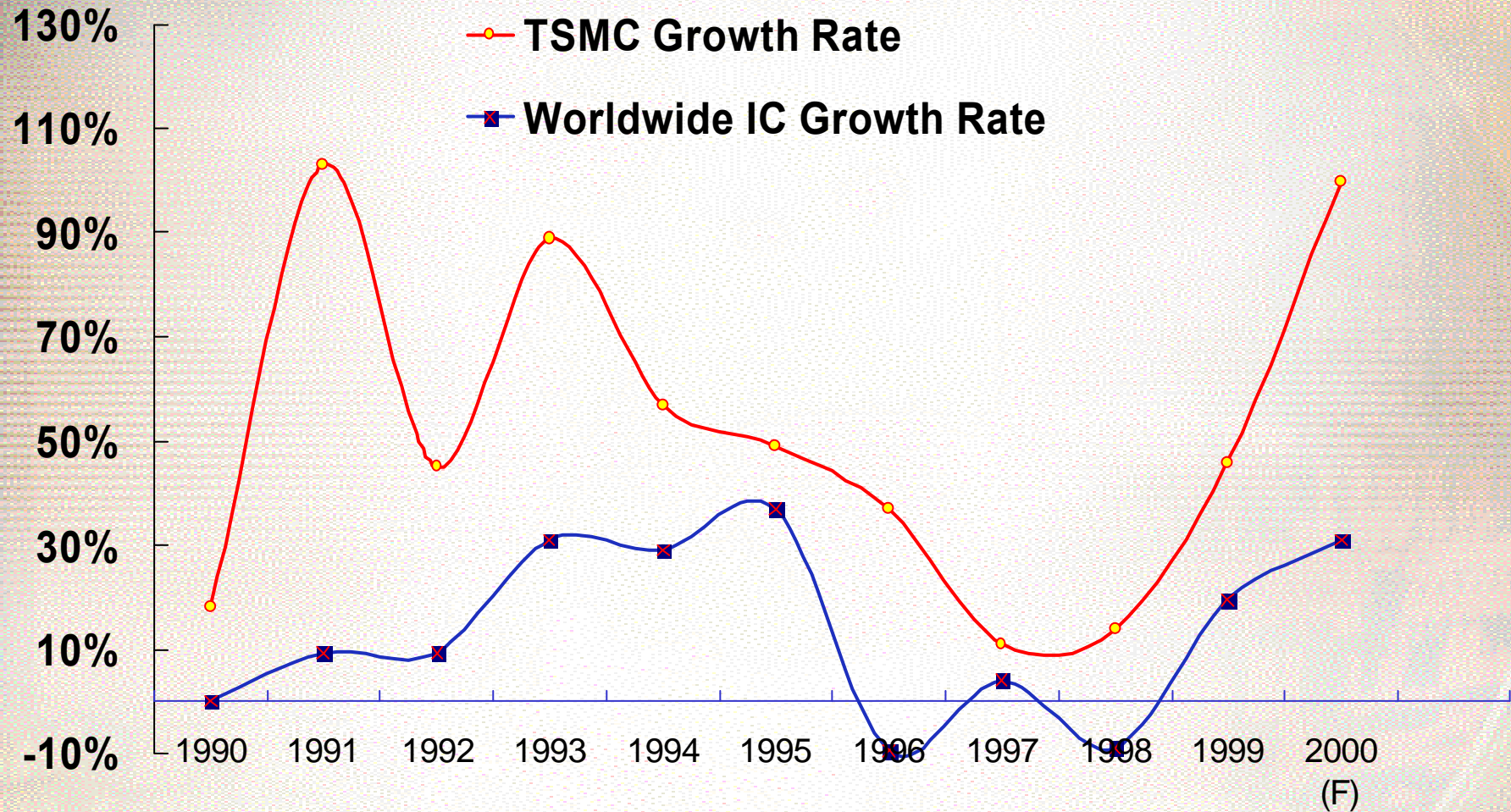


• **2Q'00 Financial Results** **Harvey Chang**

• **Business Update** **FC Tseng**

• **Q&A** **KC Chen et. al.**

WW IC Vs. TSMC Rev. Growth



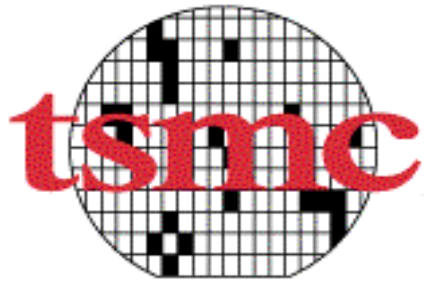
Agenda



• **2Q'00 Financial Results** Harvey Chang

• **Business Update** FC Tseng

• **Q&A** KC Chen et. al.



<http://www.tsmc.com>

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