

TSMC 2nd Quarter Earnings



2001 Investor Conference

Agenda

■ Welcome & Introductions

K.C. Chen

■ 2Q'01 Financial Results

Harvey Chang

■ Remarks

Morris Chang

■ Q&A

Morris Chang et. al.



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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 any forward-looking statement.

Information as to those factors that could cause actual results to differ materially from those indicated by TSMC's forward-looking statements can be found in TSMC's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on June 21, 2001.



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2Q'01 Income Statement - YoY Comparison

TSMC w/o Affiliates

NT\$Billion	2Q 2001	2Q 2000
Net Sales	24.47 100.0%	25.17 100.0%
COGS	(19.51)-79.7%	(11.85)-47.1%
Gross Mgn.	4.96 20.3%	13.33 52.9%

Amount: NT\$Billion

	2Q01 Actual		2Q00 Actual		YoY Chg %
Net Sales	26.30	100.0%	31.81	100.0%	-17.3%
Cost of Goods Sold	(21.30)	-81.0%	(18.06)	-56.8%	17.9%
Gross Margin	5.00	19.0%	13.75	43.2%	-63.6%
Operating Expenses	(4.71)	-17.9%	(2.26)	-7.1%	108.7%
Operating Income	0.28	1.1%	11.49	36.1%	-97.5%
Net Non-operating Income (Exp.)	0.08	0.3%	1.22	3.8%	-93.5%
Investment Income (Loss)	(1.23)	-4.7%	0.40	1.3%	-
Income before Tax	(0.87)	-3.3%	13.11	41.2%	-
Income Tax Credit (Expenses)	1.18	4.5%	0.24	0.7%	395.5%
Net Income	0.31	1.2%	13.35	42.0%	-97.7%
EPS (NT\$)	0.01		0.92		-98.9%



Note: 2Q00 data are pre-merger numbers.

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2Q'01 Balance Sheet & Cash Flow - YoY Comparison

<i>Amount in NT\$Billion</i>	2Q01		2Q00		YoY
	Actual		Actual		Chg %
Cash	38.5	11%	48.2	22%	-20.1%
LT Debt	29.0	9%	20.0	9%	45.0%
Equity	271.0	80%	168.1	78%	61.2%
Total Assets	338.1	100%	214.9	100%	57.3%
Depreciation	11.5		6.3		82.8%
Capital Expenditure	18.3		16.5		10.9%
ROE		6.6%		32.5%	
ROA		5.6%		26.1%	



Note: 2Q00 data are pre-merger numbers. Refer to attachment A for post-merger numbers.

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2Q'01 Income Statement - QoQ Comparison

TSMC w/o Affiliates

NT\$Billion	2Q 2001	1Q 2001
Net Sales	24.47 100.0%	35.23 100.0%
COGS	(19.51)-79.7%	(21.84)-62.0%
Gross Mgn.	4.96 20.3%	13.39 38.0%

Amount: NT\$Billion

	2Q01 Actual		1Q01 Actual		QoQ Chg %
Net Sales	26.30	100.0%	39.52	100.0%	-33.5%
Cost of Goods Sold	(21.30)	-81.0%	(26.04)	-65.9%	-18.2%
Gross Margin	5.00	19.0%	13.48	34.1%	-62.9%
Operating Expenses	(4.71)	-17.9%	(4.22)	-10.7%	11.7%
Operating Income	0.28	1.1%	9.26	23.4%	-96.9%
Net Non-operating Income (Exp.)	0.08	0.3%	(0.30)	-0.8%	-
Investment Income (Loss)	(1.23)	-4.7%	(1.52)	-3.9%	-19.0%
Income before Tax	(0.87)	-3.3%	7.43	18.8%	-
Income Tax Credit (Expenses)	1.18	4.5%	0.99	2.5%	19.2%
Net Income	0.31	1.2%	8.42	21.3%	-96.3%
EPS (NT\$)	0.01		0.50		-98.0%



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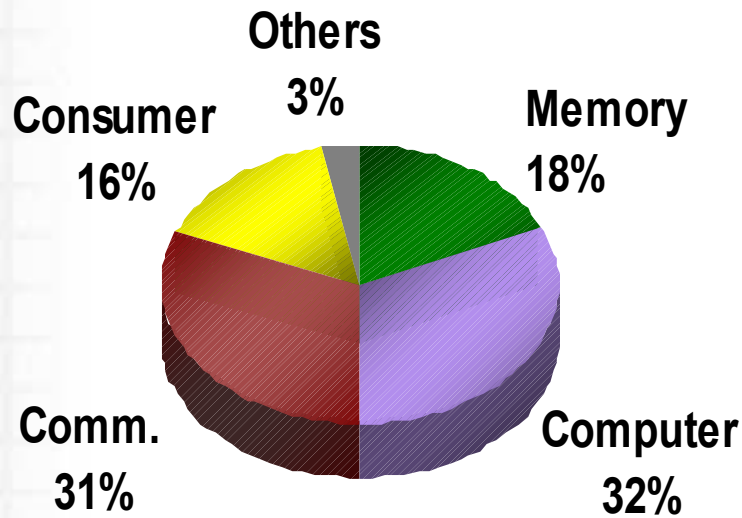
2Q'01 Balance Sheet & Cash Flow - QoQ Comparison

<i>Amount in NT\$Billion</i>	2Q01		1Q01		QoQ Chg %
	Actual		Actual		
Cash	38.5	11%	40.0	12%	-3.7%
LT Debt	29.0	9%	29.0	9%	0.0%
Equity	271.0	80%	270.0	80%	0.4%
Total Assets	338.1	100%	337.7	100%	0.1%
Depreciation	11.5		11.3		1.9%
Capital Expenditure	18.3		18.8		-2.6%
ROE		6.6%		12.7%	
ROA		5.6%		10.4%	

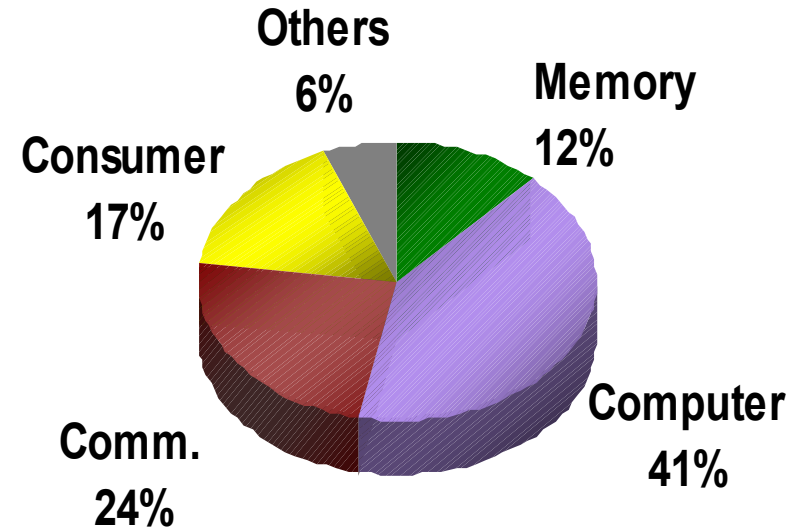


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Sales Breakdown by Application



1Q01: NT\$39.5Bn

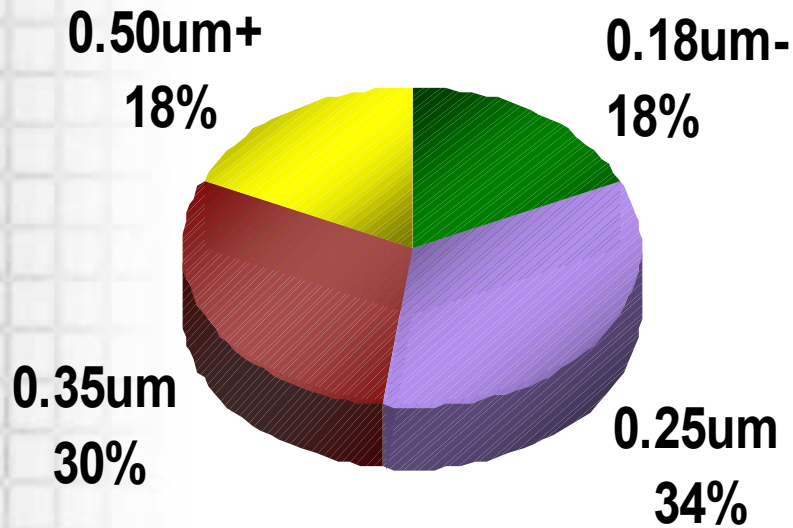


2Q01: NT\$26.3Bn

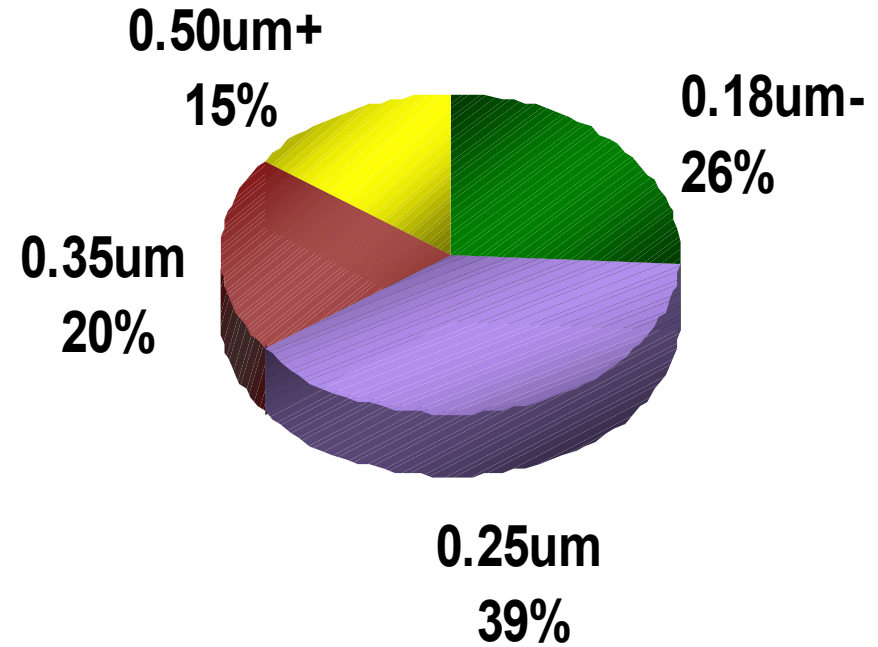


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Sales Breakdown by Technology



1Q01: NT\$39.5Bn

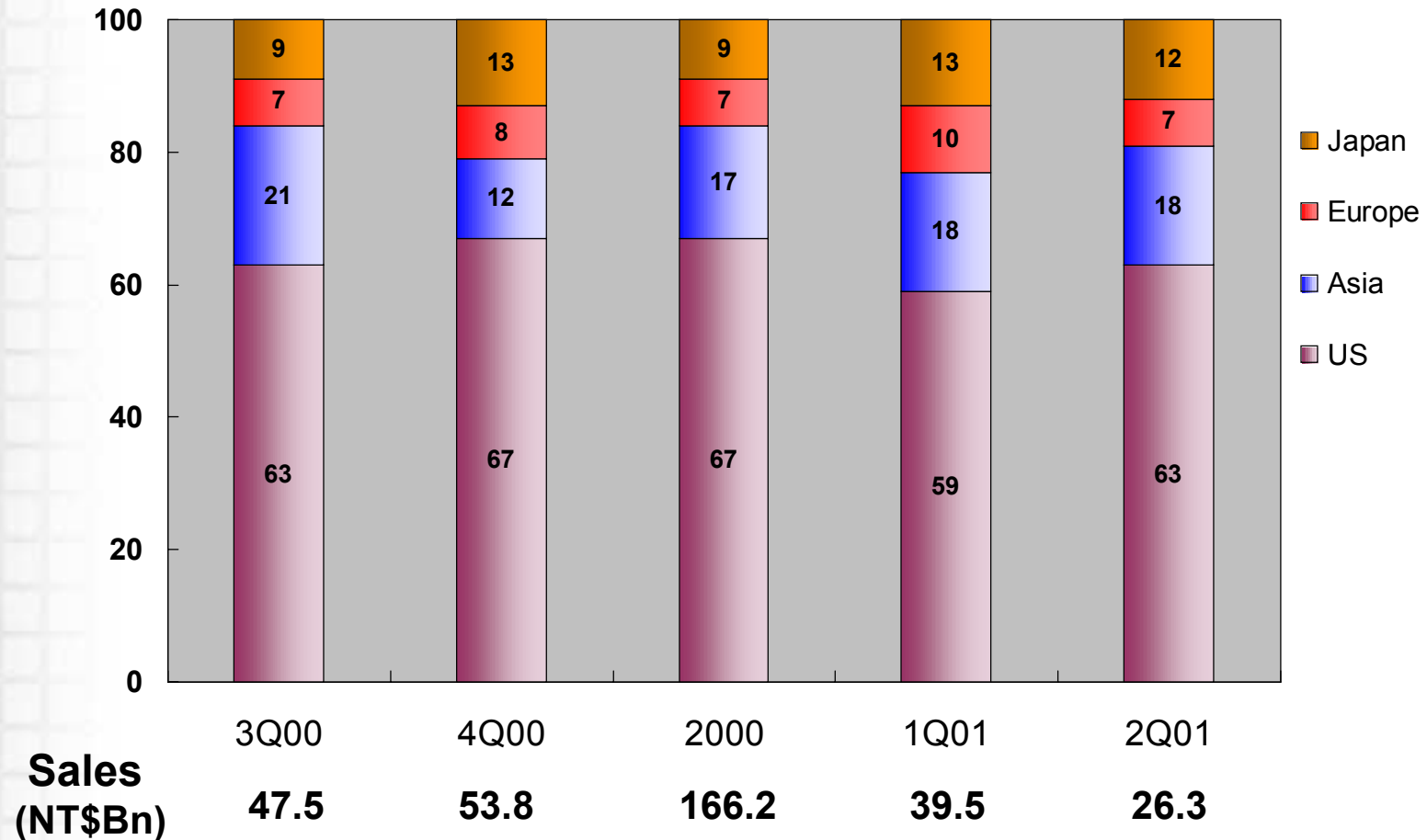


2Q01: NT\$26.3Bn



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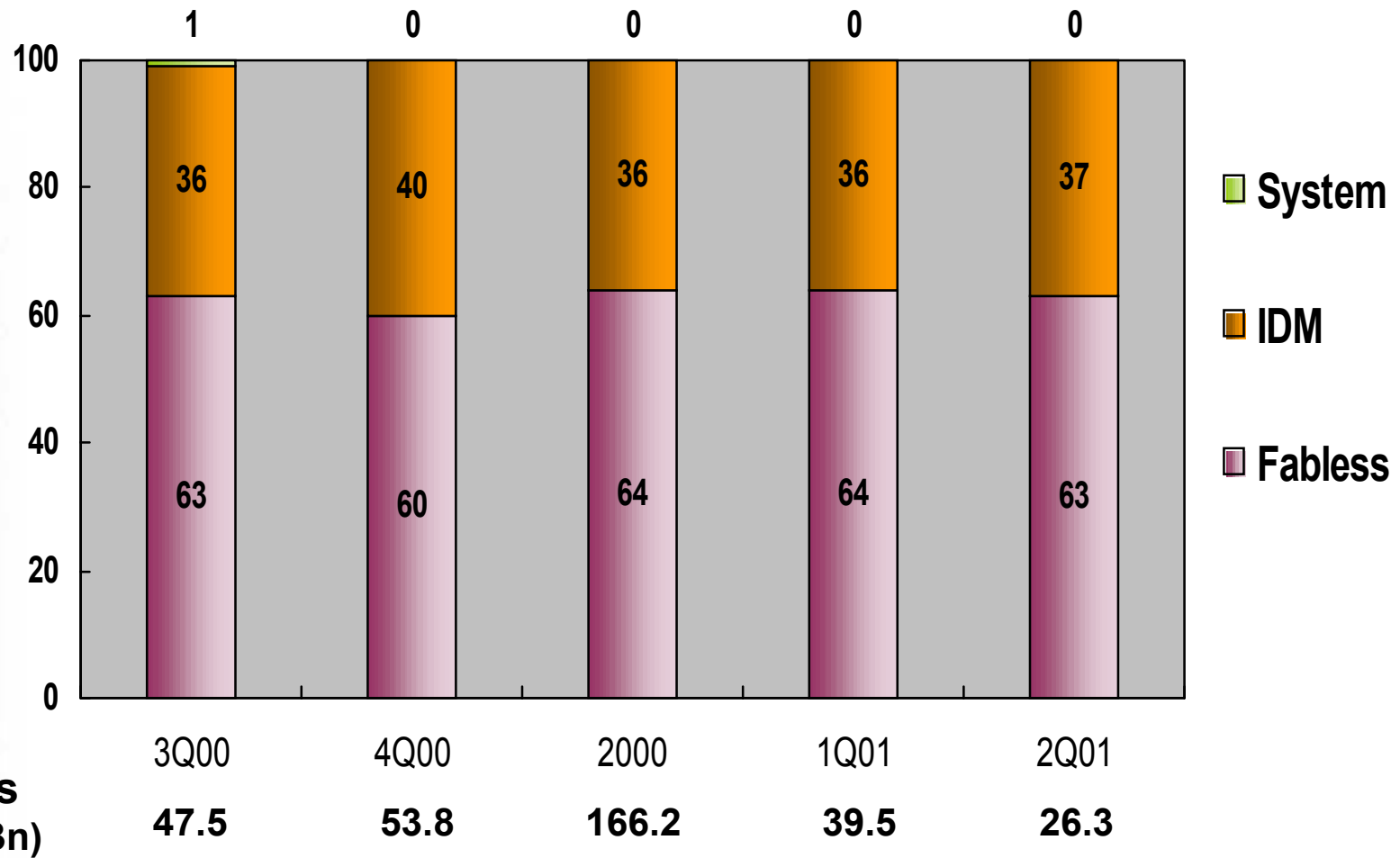
Sales Breakdown by Geography



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

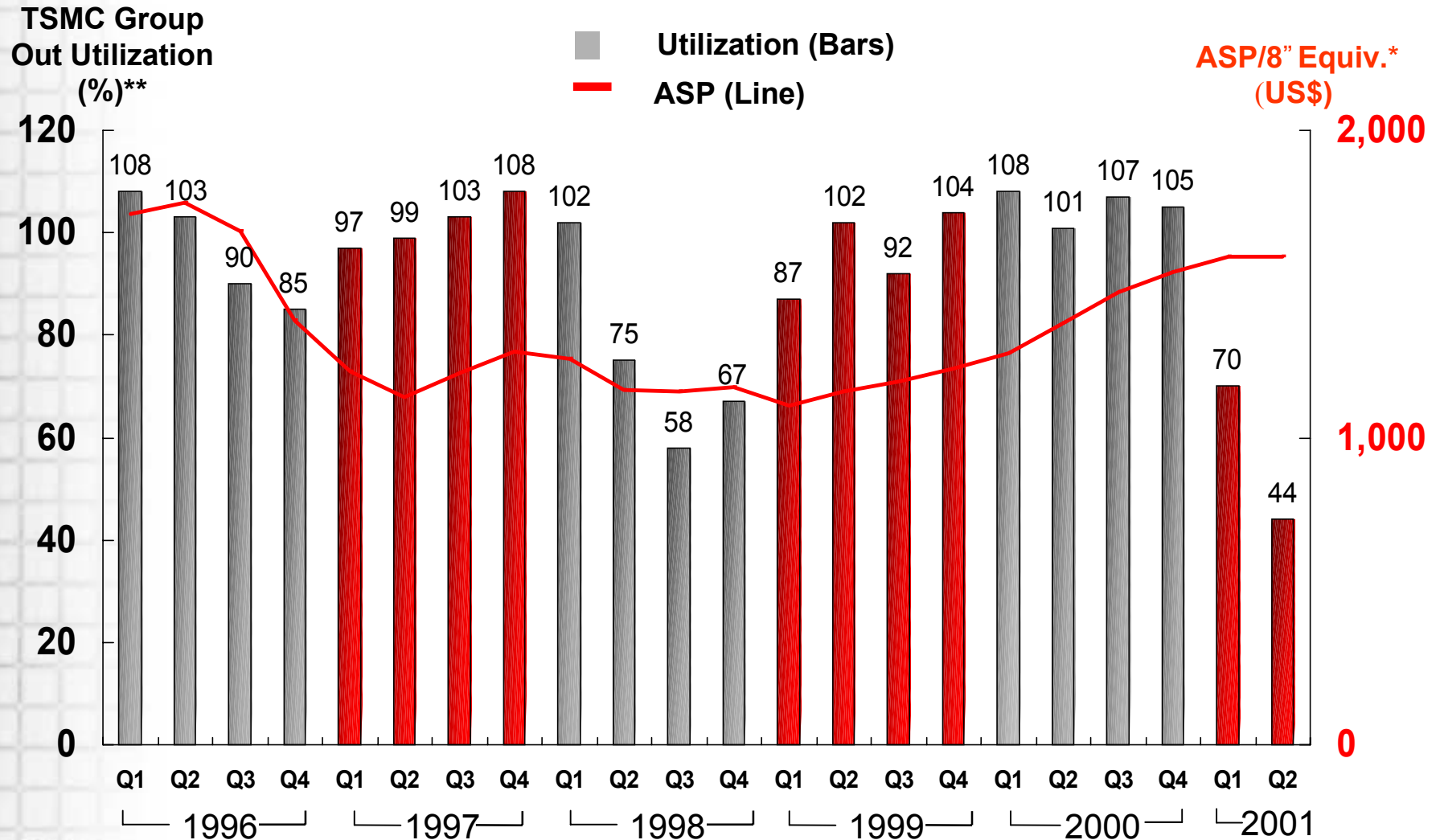
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Sales Breakdown by Customer



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Fab Utilization and ASP Trend



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

** The utilization rates in 1999 and 2000 have been restated to include affiliates (WT, TASMIC, WSMC, and VIS)

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Installed Capacity by Fabs (TSMC & Affiliates)

FAB	(Wafer Size)	2000		2001P (Original)		2001P (Revised)	
		Annual (Monthly)	Annual (Monthly)	Annual (Monthly)	Annual (Monthly)	Annual (Monthly)	Annual (Monthly)
FAB-1	(6")	205	(18)	236	(20)	236	(20)
FAB-2	(6")	936	(79)	939	(80)	939	(80)
FAB-3	(8")	512	(44)	548	(47)	548	(47)
FAB-4	(8")	426	(37)	446	(38)	440	(36)
FAB-5	(8")	415	(41)	468	(40)	468	(40)
FAB-6	(8")	158	(32)	487	(43)	455	(41)
FAB-7 (TASMC)	(8")	380	(46)	537	(46)	537	(46)
FAB-8 (WSMC)	(8")	411	(49)	655	(59)	655	(59)
FAB-12	(12")			3	(2)	3	(2)
WaferTech	(8")	282	(28)	340	(30)	328	(28)
VIS	(8")	184	(22)	272	(23)	272	(23)
SSMC	(8")	0.4	(0.4)	43	(8)	40	(5)
Total Installed Capacity (8" Equivalent Kpcs)		3,409	(353)	4,463	(395)	4,408	(385)
Annual Growth Rate		80%	(83%)	31%	(12%)	29%	(9%)



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Technology Leadership - Progress of 0.13um Process

- First in offering CyberShuttle MPW service (11/00)
- First in delivering customers' wafers (12/00)
- More than 100 tape-outs, including products on CyberShuttle, on multiple technologies by end of 1H2001
- 14 verified fully-functional chips: CPU, PLD, SRAM and comm. ICs
- Demonstrated excellent yield of 94% for customer's 4Mb SRAM
- Produced foundry industry's first 0.13um 300mm wafers (4/01)



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Technology Leadership - TSMC 300mm milestone

● Pilot line in Tainan

- Gained extensive insight into various 300mm tools
- Completed 0.18um logic process (6 metals) with good yield (12/00)
- Delivered foundry's first 300mm customer wafers (12/00)
- Completed 0.15um logic process (7 metals) with good yield (02/01)
- Shipped industry's first 0.18um FPGA (02/01)
- Foundry's first 0.13um all-layer-copper pilot lot with good yield (4/01)

● Fab 12 (25K wafers/month)

- Tool move-in 2Q 2001
- Production start 4Q 2001



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Recap of Major Events in 2Q01

- TSMC Doubles CyberShuttles for 2001; Second-Half Launches Available (07/10).
- TSMC Appoints Dr. Kenneth Kin as The Senior Vice President of Worldwide Marketing and Sales (07/02).
- TSMC shares ex-dividend on Jun. 26 with 40% stock dividend (06/26).
- TSMC Appoints Dr. Chenming Hu as The Chief Technology Officer (05/21).
- TSMC Announces Wafer Solder Bumping Volume Production (04/19).
- SSMC Opens Record-Breaking US\$1.2 Billion Semiconductor Wafer Fab in Singapore (05/11).
- Announces 2001 Financial Forecast (04/30).
- TSMC Sets Modules for 0.10-Micron Process Alignment (04/18).
- TSMC First Foundry to Complete a 300mm, 0.13 μ m All Copper Process Pilot with Reasonably Good Yield (04/18).
- TSMC Announces Foundry Industry's First Automated FlashROM Service (04/10).
- LSI Logic and TSMC to Team on Process Technology and Manufacturing (04/04).



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