



TSMC

2008 First Quarter Investor Conference

April 29, 2008

Agenda

- **Welcome** Elizabeth Sun
- **1Q08 Financial Results and 2Q08 Outlook** Lora Ho
- **CEO Comments** Rick Tsai
- **Q&A** Rick Tsai /
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, 2008 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.

1Q08 Financial Highlights

(In NT billions except otherwise noted)

	1Q08	1Q08 Guidance	4Q07 Actual*	1Q07 Actual*	QoQ	YoY
Net Sales	87.48	87 - 89	93.86	64.90	-6.8%	34.8%
Gross Margin	43.7%	42% - 44%	47.8%	37.9%	-4.1 ppt	+5.8 ppt
Operating Margin	33.3%	32% - 34%	39.2%	27.5%	-5.9 ppt	+5.8 ppt
EPS - Diluted (NT\$)	1.10		1.31	0.71	-16.4%	54.0%
Free Cash Flow	41.98		39.98	24.19	5.0%	73.6%
ROE (%) ⁽¹⁾	22.6%		27.9%	14.5%	-5.3 ppt	+8.1 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	2,196		2,357	1,566	-6.8%	40.3%
Exchange Rate--NTD/USD**	31.61		32.44	32.89	-2.6%	-3.9%

* Before expensing of employee profit sharing

** Weighted average exchange rate for the quarter

(1) Annualized ROE for the quarter based on average equity attributable to shareholders of the parent.

Income Statements

<i>(In NT billions except otherwise noted)</i>	1Q08	4Q07	1Q07	QoQ	YoY
Net Sales	87.5	93.9	64.9	-6.8%	34.8%
Gross Margin	43.7%	47.8%	37.9%	-4.1 ppt	+5.8 ppt
Operating Expenses	(9.1)	(8.1)	(6.7)	12.9%	35.4%
Operating Margin	33.3%	39.2%	27.5%	-5.9 ppt	+5.8 ppt
Non-Operating Items	1.8	1.7	1.8	9.0%	1.1%
Long-Term Investment Gains	0.6	0.9	0.4	-34.2%	59.8%
Taxes	(3.3)	(4.6)	(1.1)	-27.5%	200.9%
Net Income	28.1	34.5	18.8	-18.4%	49.4%
Net Margin	32.2%	36.7%	29.0%	-4.5 ppt	+3.2 ppt
EPS (NT Dollar)	1.10	1.31	0.71	-16.4%	54.0%

(1) 1Q07 and 4Q07 results do not include expenses of employee profit sharing.

Impact of FX And PSE

(In NT\$ billions except otherwise noted)

	1Q08 Results	PSE* Impact	FX** Impact	1Q08 Pro Forma
Net Sales	87.48		2.27	89.75
COGS	(49.24)	2.15	(0.30)	(47.39)
Gross Profit	38.24	2.15	1.97	42.36
Gross Margin (%)	43.7%	2.5 ppt	1.0 ppt	47.2%
Operating Expense	(9.12)	2.07		(7.05)
Operating Income	29.12	4.22	1.97	35.31
Operating Margin (%)	33.3%	4.8 ppt	1.2 ppt	39.3%
Net Income	28.14	3.50	1.64	33.28
Net Margin (%)	32.2%	4.0 ppt	0.9 ppt	37.1%
EPS - Diluted (NT\$)	1.10	0.14	0.06	1.30

* PSE: Employee Profit Sharing Expensing

** NT dollar appreciated 2.6% QoQ in 1Q08
Reported Number

Margin Comparison Considering PSE

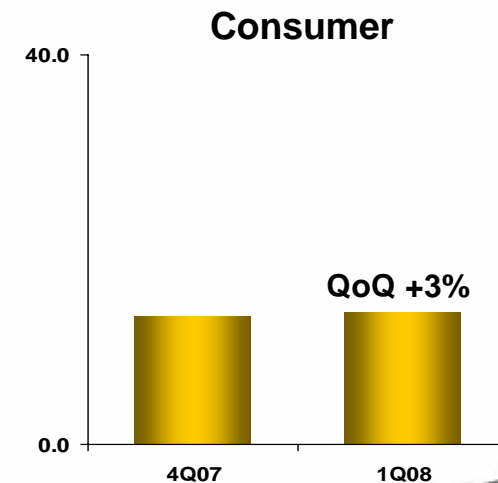
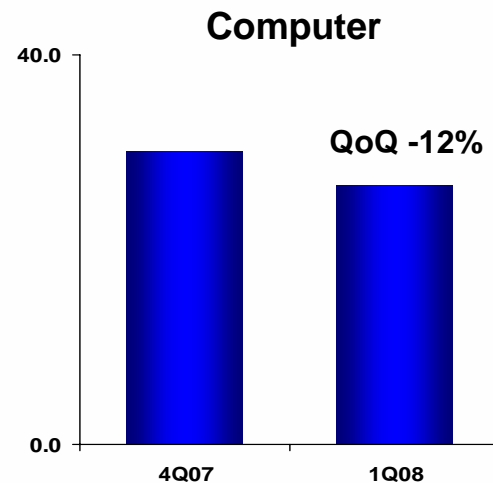
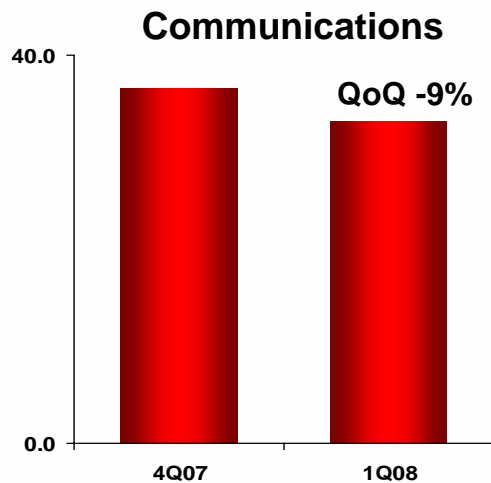
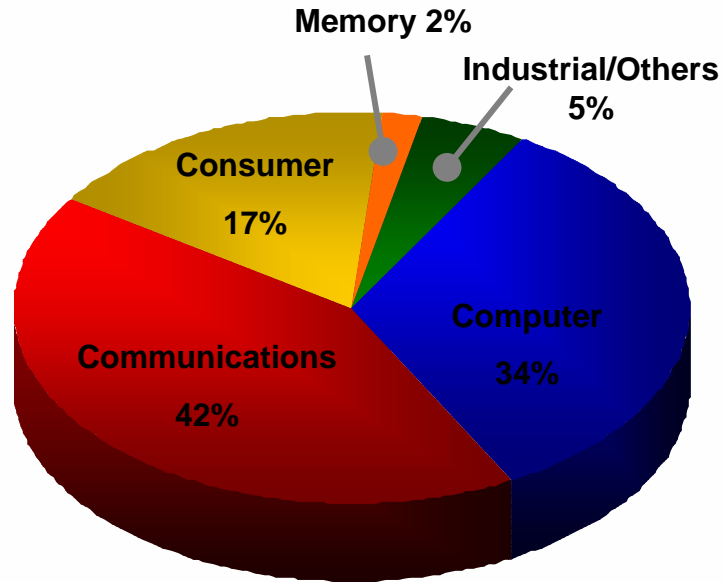
(In NT\$ billions except otherwise noted)

	1Q08 Results	4Q07**	1Q07**	QoQ	YoY
Gorss Profit w/ PSE	38.24	40.53	22.26		
<i>Gross Margin w/ PSE</i>	43.7%	43.2%	34.3%	+0.5 ppt	+9.4 ppt
Gorss Profit w/o PSE	40.39	44.84	24.61		
<i>Gross Margin w/o PSE</i>	46.2%	47.8%	37.9%	-1.6 ppt	+8.3 ppt
<i>PSE Impact</i>	-2.5%	-4.6%	-3.6%		
Operating Income w/ PSE	29.12	28.32	13.27		
<i>Operating Margin w/ PSE</i>	33.3%	30.2%	20.4%	+3.1 ppt	+12.9 ppt
Operating Income w/o PSE	33.36	36.76	17.88		
<i>Operating Margin w/o PSE</i>	38.1%	39.2%	27.5%	-1.0 ppt	+10.6 ppt
<i>PSE Impact</i>	-4.8%	-9.0%	-7.1%		

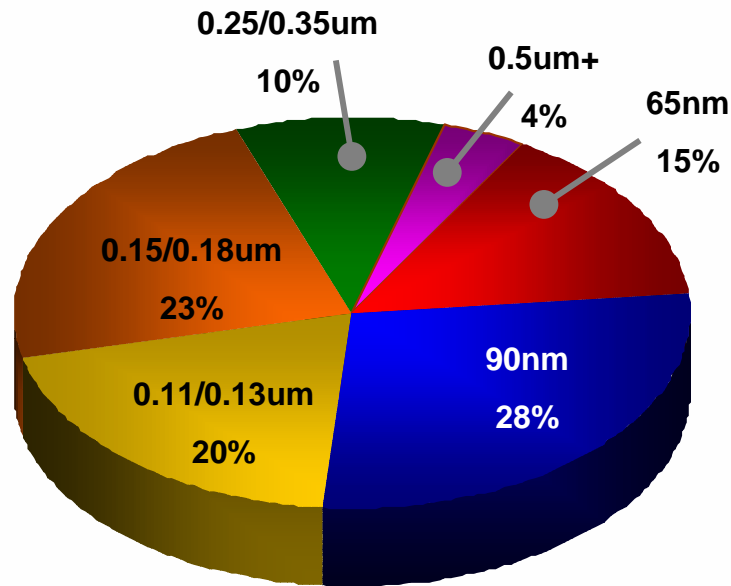
* PSE: Employee Profit Sharing Expensing

** 2007 PSE impact is estimated using the 12/31/2007 closing share price adjusted for dividends
Reported Number

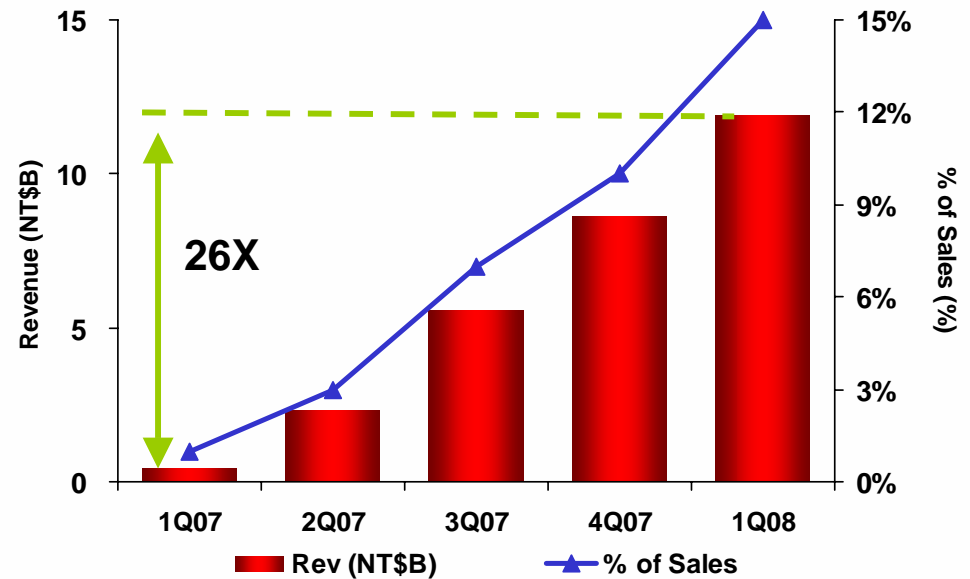
1Q08 Revenue by Applications



1Q08 Revenue by Technology



65nm revenue increased by 26 folds in 5 quarters



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	1Q08		4Q07		1Q07	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	210.3	35.3%	174.8	30.6%	217.4	35.7%
Accounts Receivable - Trade	38.0	6.3%	42.4	7.4%	33.1	5.4%
Inventory	21.9	3.7%	23.9	4.2%	22.3	3.7%
Long-Term Investment	33.7	5.6%	36.5	6.4%	52.2	8.6%
Net PP&E	261.6	43.8%	260.3	45.6%	250.3	41.1%
Total Assets	597.0	100.0%	570.9	100.0%	608.8	100.0%
Current Liabilities	62.0	10.4%	48.7	8.5%	45.1	7.4%
Long-Term Interest-bearing Debt	14.6	2.4%	22.8	4.0%	21.4	3.5%
Total Liabilities	84.1	14.1%	80.2	14.0%	77.0	12.7%
Total Shareholders' Equity	513.0	85.9%	490.7	86.0%	531.7	87.3%
Key Indices						
A/R Turnover Days	43		42		47	
Inventory Turnover Days	46		48		52	
Current Ratio (x)	4.5		5.1		6.3	
Asset Productivity (x)	1.3		1.4		1.0	

- Asset productivity = Annualized net sales / Average net fixed assets.

Cash Flows

(In NT billions except otherwise noted)

	1Q08	4Q07	1Q07
Beginning Balance	95.0	98.3	117.8
Cash from operating activities	57.3	59.8	38.1
Capital expenditures	(15.3)	(19.8)	(14.0)
Share buybacks	(3.1)	(45.4)	0.0
Repayment of corporate bonds	0.0	(4.5)	(2.5)
Short-term investments/others	10.4	6.6	0.9
Ending Balance	144.3	95.0	140.3
Free Cash Flow	42.0	40.0	24.2

- Free cash flow = Operating cash flow – Capital expenditures.

Installed Capacity

Overall Capacity +13%; Advanced Capacity +25%

FAB / (Wafer size)		1Q08 (A)	2Q08 (F)	3Q08 (F)	4Q08 (F)	2008 (F)
Fab-2	(6") ¹	248	267	269	272	1,056
Fab-3	(8")	277	283	274	274	1,109
Fab-5	(8")	163	165	167	167	662
Fab-6	(8")	265	272	280	277	1,094
Fab-8	(8")	262	275	278	278	1,094
Fab-12	(12") ²	197	206	210	214	828
Fab-14	(12") ²	167	185	225	229	806
WaferTech	(8")	105	105	106	106	420
TSMC (Shanghai)	(8")	88	110	128	128	453
TSMC & Subsidiaries (8" Equivalent Kpcs)		2,117	2,241	2,363	2,380	9,101
SSMC	(8")	63	67	69	73	272
Total TSMC-managed (8" Equivalent Kpcs)		2,180	2,308	2,433	2,454	9,374

Note: 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>	1Q08	4Q07
TSMC	452	577
XinTec and GUC	13	16
TSMC Shanghai & WaferTech	18	17
Other TSMC Subsidiaries	1	1
TSMC Consolidated	484	611

* 2008 CapEx was based on the weighted average exchange rate of NT\$31.614 per US dollar.

2Q08 Guidance

- Revenue is expected to be between NT\$87 billion and NT\$89 billion, at a forecast exchange rate of 30.24 NT dollars to 1 US dollar averaged over 2Q08.
- Gross profit margin is expected to be between 43% and 45%, including approximately 1.7 ppt negative impact from the forecast appreciation of NT dollar.
- Operating profit margin is expected to be between 32% and 34%, including approximately 1.9 ppt negative impact from the forecast appreciation of NT dollar

Recap of Recent Major Events

- **TSMC First to Deliver 40nm Process Technology, including Embedded DRAM, Mixed Signal & RF and Regular MPW Prototyping Service (2008/03/24)**
- **TSMC Announces Reorganization of Advanced and Mainstream Business Units to Improve Structural Profitability and Strengthen Customer Partnership (2008/02/29)**
- **TSMC Board Proposes Dividend of NT\$3.0 Cash and 0.5% Stock Per Share (2008/02/19)**
- **TSMC Board Approves The Cancellation of 800 million Treasury Shares Purchased from The Open Market and Reduction of Capital Stock by NT\$8,000 million. (2008/02/19)**
- **Sun Selects TSMC to Fab 45-nanometer and Future Generation Processors (2008/02/19)**

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



<http://www.tsmc.com>
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