



TSMC

2008 Second Quarter Investor Conference

July 31, 2008

Agenda

- **Welcome** Elizabeth Sun
- **2Q08 Financial Results and 3Q08 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.

2Q08 Financial Highlights

(In NT billions except otherwise noted)

	2Q08	2Q08 Guidance	1Q08 Actual	2Q07 Actual*	QoQ	YoY
Net Sales	88.14	87 - 89	87.48	74.92	0.8%	17.6%
Gross Margin	45.6%	43% - 45%	43.7%	43.0%	+1.9 ppt	+2.6 ppt
Operating Margin	34.5%	32% - 34%	33.3%	33.0%	+1.2 ppt	+1.5 ppt
EPS - Diluted (NT\$)	1.12		1.10	0.96	2.1%	16.3%
Free Cash Flow	22.78		41.98	9.31	-45.7%	144.7%
ROE (%)⁽¹⁾	24.2%		22.6%	20.4%	+1.6 ppt	+3.8 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	2,329		2,196	1,856	6.0%	25.5%
Exchange Rate--NTD/USD**	30.44		31.61	33.14	-3.7%	-8.2%

* 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.

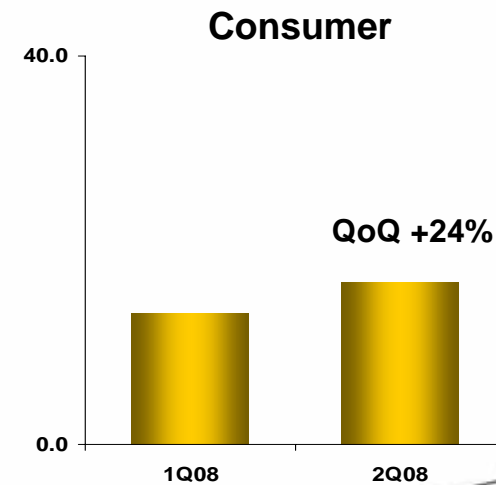
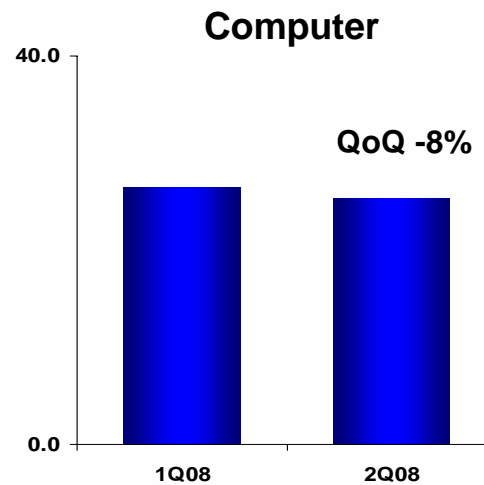
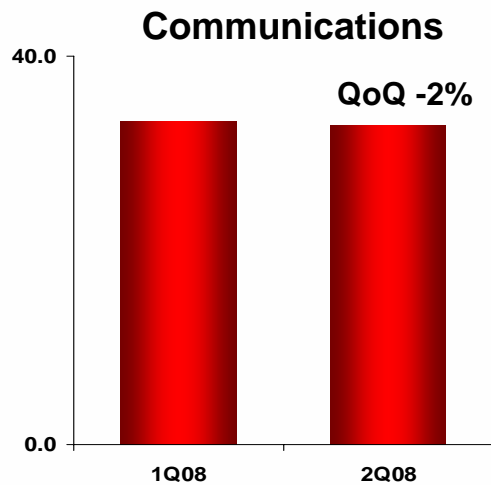
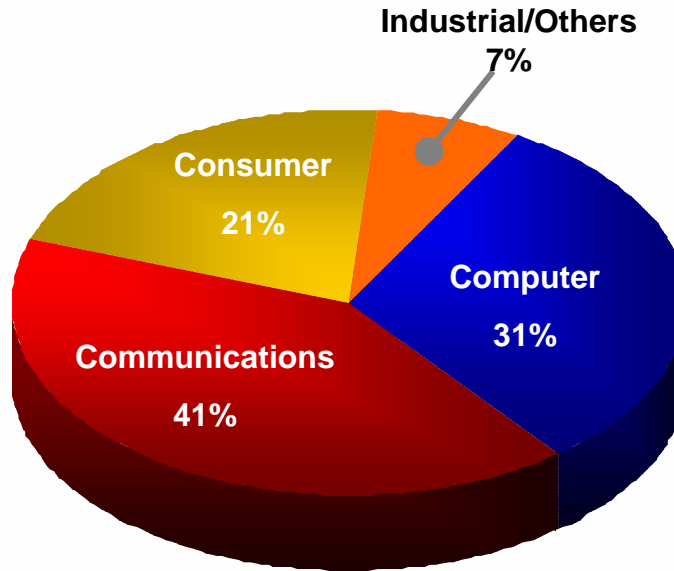
Income Statements

(In NT billions except otherwise noted)

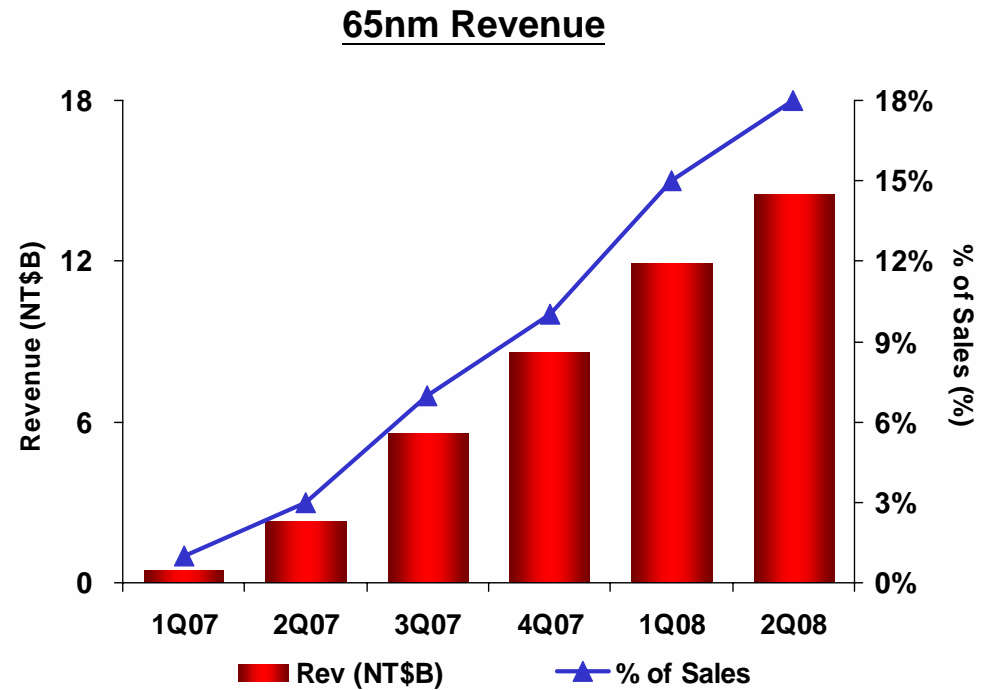
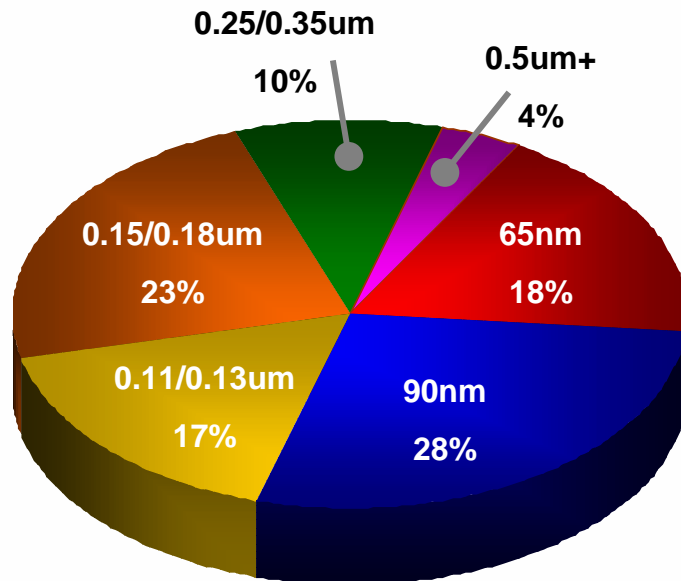
	2Q08	1Q08	2Q07	QoQ	YoY
Net Sales	88.1	87.5	74.9	0.8%	17.6%
Gross Margin	45.6%	43.7%	43.0%	+1.9 ppt	+2.6 ppt
Operating Expenses	(9.8)	(9.1)	(7.4)	8.0%	32.3%
Operating Margin	34.5%	33.3%	33.0%	+1.2 ppt	+1.5 ppt
Non-Operating Items	1.7	1.8	2.8	-7.8%	-38.5%
Long-Term Investment Gains	0.3	0.6	0.5	-51.6%	-42.8%
Taxes	(3.5)	(3.3)	(2.4)	5.0%	46.3%
Net Income	28.8	28.1	25.5	2.2%	12.9%
Net Margin	32.6%	32.2%	34.0%	+0.4 ppt	-1.4 ppt
EPS (NT Dollar)	1.12	1.10	0.96	2.1%	16.3%

(1) 2Q07 results do not include expenses of employee profit sharing.

2Q08 Revenue by Applications



2Q08 Revenue by Technology



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	2Q08		1Q08		2Q07	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	224.0	36.4%	210.3	35.3%	233.1	36.5%
Accounts Receivable - Trade	41.9	6.8%	38.0	6.3%	37.1	5.8%
Inventory	23.4	3.8%	21.9	3.7%	24.0	3.8%
Long-Term Investment	31.9	5.2%	33.7	5.6%	45.2	7.1%
Net PP&E	262.2	42.6%	261.6	43.8%	264.6	41.5%
Total Assets	615.2	100.0%	597.0	100.0%	637.4	100.0%
Current Liabilities	147.0	23.9%	62.0	10.4%	132.4	20.8%
Long-Term Interest-bearing Debt	14.6	2.4%	14.6	2.4%	21.4	3.4%
Total Liabilities	168.5	27.4%	84.1	14.1%	163.6	25.7%
Total Shareholders' Equity	446.7	72.6%	513.0	85.9%	473.9	74.3%
Key Indices						
A/R Turnover Days	42		43		44	
Inventory Turnover Days	47		46		52	
Current Ratio (x)	2.0		4.5		2.3	
Asset Productivity (x)	1.3		1.3		1.2	

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

Cash Flows

(In NT billions except otherwise noted)

	2Q08	1Q08	2Q07
Beginning Balance	144.3	95.0	140.3
Cash from operating activities	45.0	57.3	34.7
Capital expenditures	(22.3)	(15.3)	(25.3)
Share buyback	(6.6)	(3.1)	0.0
Repayment of corporate bonds	0.0	0.0	0.0
Short-term investments/others	24.9	10.4	13.7
Ending Balance	185.3	144.3	163.4
Free Cash Flow	22.8	42.0	9.3

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

Installed Capacity

Overall Capacity +13%; Advanced Capacity +27%

FAB / (Wafer size)		1Q08 (A)	2Q08 (A)	3Q08 (F)	4Q08 (F)	2008 (F)
Fab-2	(6") ¹	248	267	270	272	1,056
Fab-3	(8")	277	281	268	274	1,100
Fab-5	(8")	163	165	161	161	650
Fab-6	(8")	265	267	268	282	1,082
Fab-8	(8")	262	275	267	272	1,076
Fab-12	(12") ²	197	207	214	221	840
Fab-14	(12") ²	167	185	229	236	818
WaferTech	(8")	105	105	106	106	420
TSMC (Shanghai)	(8")	88	110	128	128	453
TSMC & Subsidiaries (8" Equivalent Kpcs)		2,117	2,236	2,346	2,405	9,104
SSMC	(8")	63	67	69	73	272
Total TSMC-managed (8" Equivalent Kpcs)		2,180	2,303	2,416	2,478	9,377

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	2Q08	YTD
TSMC	452	712	1,164
XinTec and GUC	13	5	18
TSMC Shanghai & WaferTech	18	11	29
Other TSMC Subsidiaries	1	0	1
TSMC Consolidated	484	728	1,212

* 2008 CapEx was based on the weighted average exchange rate of NT\$31.012 per US dollar.

3Q08 Guidance

- Revenue is expected to be between NT\$90 billion and NT\$92 billion, at a forecast exchange rate of 30.20 NT dollars to 1 US dollar averaged over 3Q08.
- Gross profit margin is expected to be between 45% and 47%.
- Operating profit margin is expected to be between 34% and 36%.

Recap of Recent Major Events

- **TSMC Wins Corporate Governance Asia Annual Recognition Award 2008 (2008/06/26)**
- **TSMC Unified DFM Architecture Promises Improved Yields and Accelerated Time-to-Market (2008/06/09)**
- **New TSMC Reference Flow 9.0 Supports 40nm Process Technology (2008/06/03)**
- **TSMC Board Approves Plan to Buy Back and Cancel Shares up to US\$1 billion (2008/05/13)**
- **Intel, Samsung Electronics, TSMC Reach Agreement For 450mm Wafer Manufacturing Transition (2008/05/06)**
- **TSMC Unveils New 40/65-Nanometer SPICE Tool Qualification Program (2008/04/22)**
- **TSMC Announces Power Trim Service for Advanced Chip Leakage Power Reduction (2008/04/15)**

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



<http://www.tsmc.com>
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