

2011 Fourth Quarter Investor Conference

January 18, 2012

Agenda

- **Welcome** Elizabeth Sun
- **4Q11 Financial Results and 1Q12 Outlook** Lora Ho
- **CEO Message** Morris Chang
- **Q&A** Morris Chang /
Lora Ho /
C.C. Wei

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, 2011 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.

4Q11 Financial Highlights

(In NT billions except otherwise noted)

	4Q11	4Q11 Guidance	3Q11 Actual	4Q10 Actual	QoQ	YoY
Net Sales	104.71	103 - 105	106.48	110.14	-1.7%	-4.9%
Gross Margin	44.7%	43.5% - 45.5%	42.0%	49.8%	+2.7 pts	-5.1 pts
Operating Margin	31.4%	30% - 32%	29.7%	37.7%	+1.7 pts	-6.3 pts
EPS - Diluted (NT\$)	1.22		1.17	1.57	3.9%	-22.5%
Free Cash Flow	43.07		17.16	24.62	151.0%	74.9%
ROE (%)	20.6%		20.9%	29.3%	-0.3 ppt	-8.7 pts
Shipment (Kpcs, 8"-equiv. Wafer)	2,917		3,180	3,195	-8.3%	-8.7%
Average Exchange Rate--NTD/USD	30.27		29.12	30.40	4.0%	-0.4%

* Total outstanding shares were 25,916mn units at 12/31/11

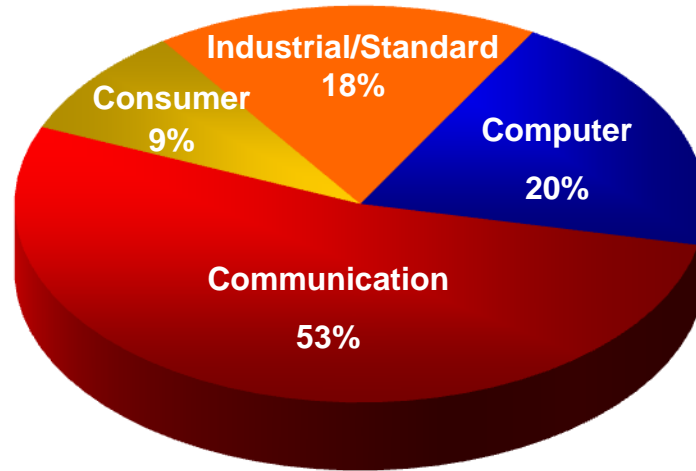
** ROE figures are annualized based on average equity attributable to shareholders of the parent.

Income Statements

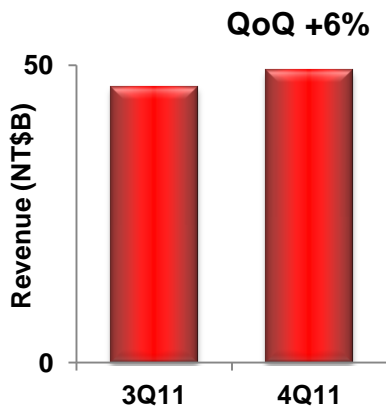
(In NT billions except otherwise noted)

	4Q11	3Q11	4Q10	QoQ	YoY
Net Sales	104.71	106.48	110.14	-1.7%	-4.9%
Gross Margin	44.7%	42.0%	49.8%	+2.7 pts	-5.1 pts
Operating Expenses	(13.84)	(13.17)	(13.31)	5.1%	4.0%
Operating Margin	31.4%	29.7%	37.7%	+1.7 pts	-6.3 pts
Non-Operating Items	0.71	0.41	0.68	72.9%	4.5%
Long-Term Investment Gains	(0.02)	0.15	0.69	-112.6%	-102.8%
Taxes	(2.06)	(1.73)	(2.02)	19.1%	2.0%
Net Income	31.58	30.40	40.72	3.9%	-22.5%
Net Margin	30.2%	28.5%	37.0%	+1.7 ppt	-6.8 pts
EPS (NT Dollar)	1.22	1.17	1.57	3.9%	-22.5%

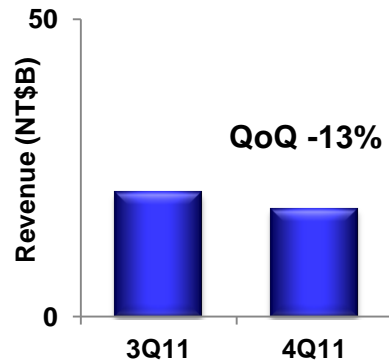
4Q11 Revenue by Applications



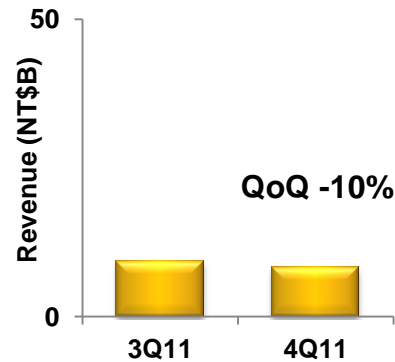
Communication



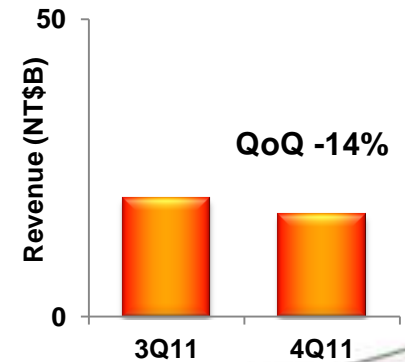
Computer



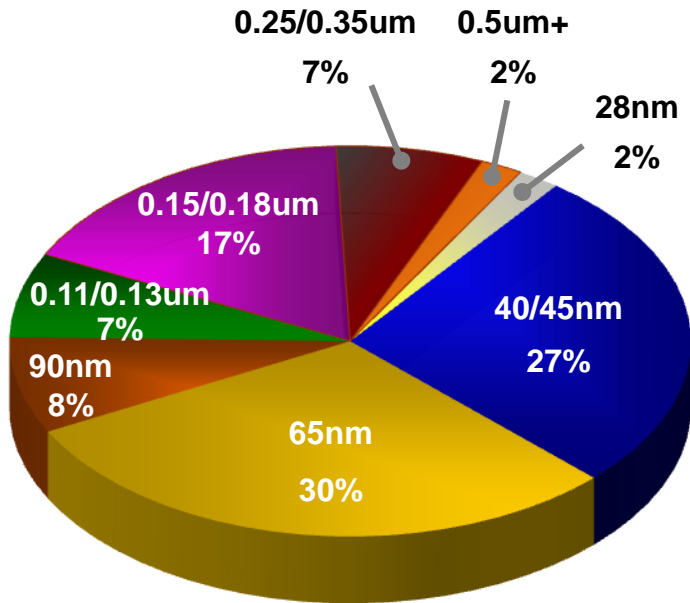
Consumer



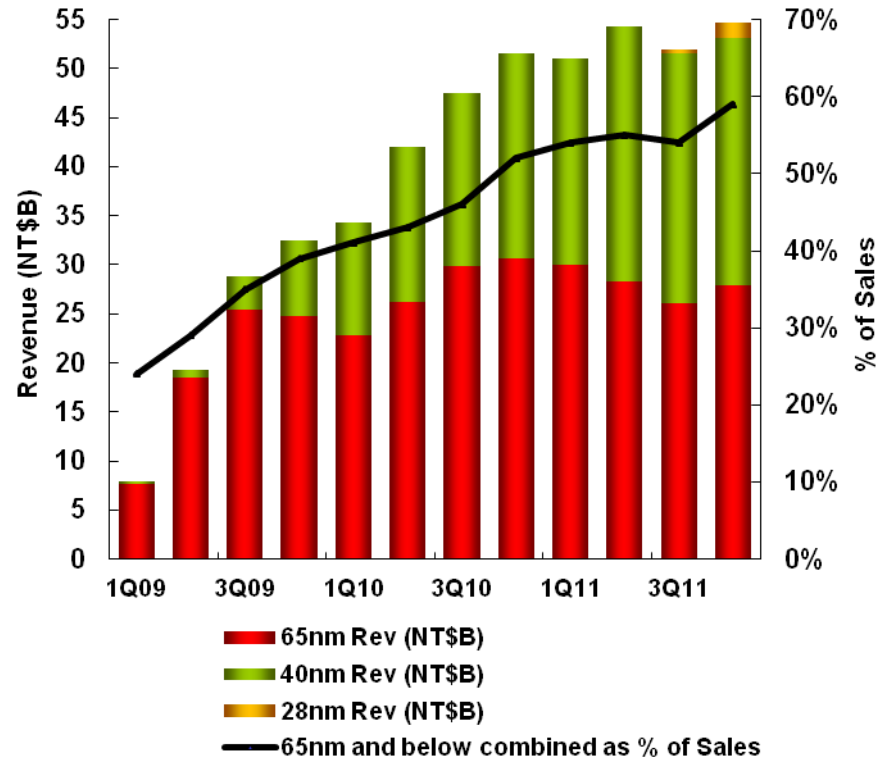
Industrial/Standard



4Q11 Revenue by Technology



65nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	4Q11		3Q11		4Q10	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	150.62	19.5%	120.26	16.4%	181.57	25.3%
Accounts Receivable - Trade	40.95	5.3%	45.46	6.2%	42.98	6.0%
Inventory	24.84	3.2%	25.69	3.5%	28.41	4.0%
Long-Term Investment	34.46	4.5%	36.47	5.0%	39.78	5.5%
Net PP&E	490.38	63.3%	472.95	64.4%	388.44	54.0%
Total Assets	774.27	100.0%	734.64	100.0%	718.93	100.0%
Current Liabilities	117.01	15.1%	108.37	14.7%	123.19	17.1%
Long-Term Interest-bearing Debt	20.46	2.6%	20.34	2.8%	11.99	1.7%
Total Liabilities	142.22	18.4%	133.52	18.2%	140.22	19.5%
Total Shareholders' Equity	632.04	81.6%	601.12	81.8%	578.71	80.5%
Key Indices						
A/R Turnover Days	38		39		38	
Inventory Turnover Days	43		45		50	
Current Ratio (x) ⁽¹⁾	1.9		1.8		2.1	
Asset Productivity (x)	0.9		0.9		1.2	

(1) Asset productivity = Annualized net sales / Average net fixed assets.

Cash Flows

(In NT billions except otherwise noted)

	4Q11	3Q11	4Q10
Beginning Balance	114.84	150.98	132.27
Cash from operating activities	72.84	55.21	70.56
Capital expenditures	(29.77)	(38.05)	(45.94)
Cash dividends	0.00	(77.73)	0.00
Share buyback	0.00	(0.07)	0.00
Short-term loans	(10.09)	2.88	(6.70)
Proceeds from issuance of bonds	0.00	18.00	0.00
Investments and others	(4.35)	3.62	(2.30)
Ending Balance	143.47	114.84	147.89
Free Cash Flow ⁽¹⁾	43.07	17.16	24.62

(1) Free cash flow = Cash from operating activities – Capital expenditures.

Capital Expenditures

<i>(In US millions)</i>	1Q11	2Q11	3Q11	4Q11	FY2011
TSMC	2,635	2,149	1,236	882	6,902
TSMC China & WaferTech	95	92	47	47	281
Other TSMC Subsidiaries	44	12	23	24	103
TSMC Consolidated	2,774	2,253	1,306	953	7,286

Note: 2011 CapEx was based on the weighted average exchange rate of NT\$29.367 per US dollar.

Installed Capacity

2011 Overall Capacity +17%; 12-inch Capacity +29%

FAB / (Wafer size)	1Q11 (A)	2Q11 (A)	3Q11 (A)	4Q11 (A)	2011 (A)	1Q12 (F)
Fab-2 (6") ⁽¹⁾	238	252	255	255	1,000	247
Fab-3 (8")	275	301	304	304	1,184	298
Fab-5 (8")	137	133	141	136	547	145
Fab-6 (8")	274	283	286	286	1,128	298
Fab-8 (8")	240	254	254	255	1,003	262
Fab-12 (12") ⁽²⁾	322	337	338	337	1,334	373
Fab-14 (12") ⁽²⁾	427	488	509	504	1,927	539
WaferTech (8")	106	108	109	107	429	110
TSMC China (8")	148	179	216	230	772	222
TSMC & Subsidiaries (8" Equivalent Kpcs)	2,999	3,254	3,358	3,352	12,963	3,529
SSMC (8")	64	64	65	65	258	64
Total TSMC-managed (8" Equivalent Kpcs)	3,063	3,318	3,423	3,417	13,221	3,592

(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.

2011 Financial Highlights

(In NT billions except otherwise noted)

	2011	2010	YoY
Net Sales	427.08	419.54	1.8%
Gross Margin	45.4%	49.4%	-4.0 pts
Operating Margin	33.1%	37.9%	-4.8 pts
EPS - Diluted (NT\$)	5.18	6.23	-17.0%
Free Cash Flow (FCF)	33.63	42.53	-20.9%
Cash Dividends	77.73	77.71	0.0%
Cash & Marketable Securities	150.62	181.57	-17.0%
ROE	22.3%	30.2%	-7.9 pts

- Achieved top-line growth despite difficult macro environment
- Continued outperforming the semiconductor industry and foundry sector
- Maintained sound profitability despite rising depreciation, R&D expenses and unfavorable exchange rates

1Q12 Guidance

Based on our current business outlook and exchange rate assumption, management expects:

- **Revenue to be between NT\$ 103 billion and NT\$ 105 billion, at a forecast exchange rate of 30.25 NT dollars to 1 US dollar**
- **Gross profit margin to be between 42.5 % and 44.5 %**
- **Operating profit margin to be between 28.5 % and 30.5 %**

Recap of Recent Major Events

- TSMC wins the Executive Yuan Council of Labor Affairs' First Employee Assistance Plan Outstanding Business Award (2011/12/21)
- TSMC Wins Taiwan EPA "Energy Conservation and Carbon Reduction Action Mark" (2011/12/20)
- TSMC F12P4 Office Building Wins Executive Yuan Outstanding Green Building Design Award (2011/12/16)
- TSMC Expands Investment in Taiwan with New Milestone for Taichung GigaFab (2011/12/09)
- Record Result for TSMC at the IR Magazine Greater China Awards (2011/12/02)
- TSMC Recognizes Outstanding Suppliers at Supply Chain Management Forum (2011/12/02)
- TSMC Wins 2011 Taiwan Corporate Sustainability Report "Gold Award" (2011/11/29)
- TSMC Wins Six Prizes from Ministry of Economic Affairs' 1st National Industrial Innovation Award (2011/11/25)
- TSMC Holds Free Classes to Share Water Conservation Experience (2011/11/11)
- TSMC Leads in ISO 50001 Certification for Data Center (2011/11/03)
- Please visit TSMC's Web site (<http://www.tsmc.com>) and Market Observation Post System (<http://mops.twse.com.tw>) for details and other announcements

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