

2012 Fourth Quarter Earnings Conference

January 17, 2013

Agenda

- **Welcome** Elizabeth Sun
- **4Q12 Financial Results and 1Q13 Outlook** Lora Ho
- **CEO Message** Morris Chang
- **Q&A** Morris Chang /
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 13, 2012 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.

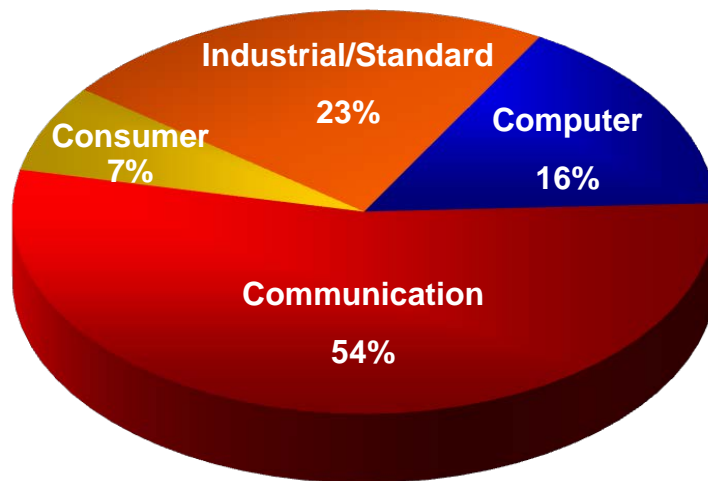
Income Statements

Selected Items from Income Statements <i>(In NT billions)</i>	4Q12	4Q12 Guidance	3Q12	4Q11	4Q12 over 3Q12	4Q12 over 4Q11
Net Sales	131.31	129 - 131	141.38	104.71	-7.1%	25.4%
Gross Margin	47.2%	45% - 47%	48.8%	44.7%	-1.6 ppts	+2.5 ppts
Operating Expenses	(15.69)		(16.38)	(13.84)	-4.2%	13.4%
Operating Margin	35.2%	33% - 35%	37.2%	31.4%	-2.0 ppts	+3.8 ppts
Non-Operating Items	(0.01)		1.08	0.69	NM	NM
Net Income	41.57		49.30	31.58	-15.7%	31.6%
Net Margin	31.7%		34.9%	30.2%	-3.2 ppts	+1.5 ppts
EPS (NT Dollar)	1.61		1.90	1.22	-15.6%	31.8%
ROE	23.8%		30.3%	20.6%	-6.5 ppts	+3.2 ppts
Shipment (Kpcs, 8"-equiv. Wafer)	3,565		3,860	2,917	-7.6%	22.2%
Average Exchange Rate--NTD/USD	29.15		29.86	30.27	-2.4%	-3.7%

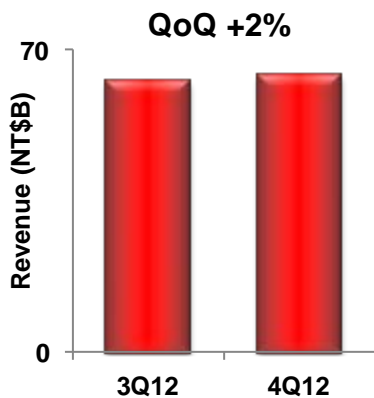
* Diluted weighted average outstanding shares were 25,928mn units in 4Q12

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

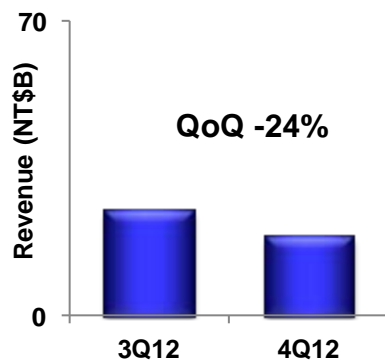
4Q12 Revenue by Application



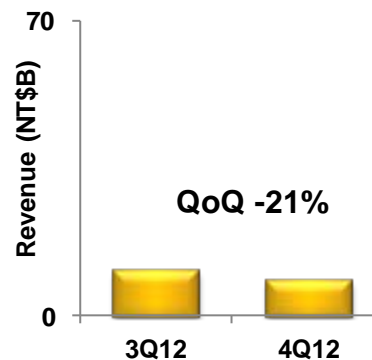
Communication



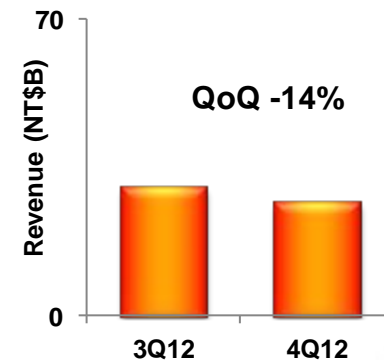
Computer



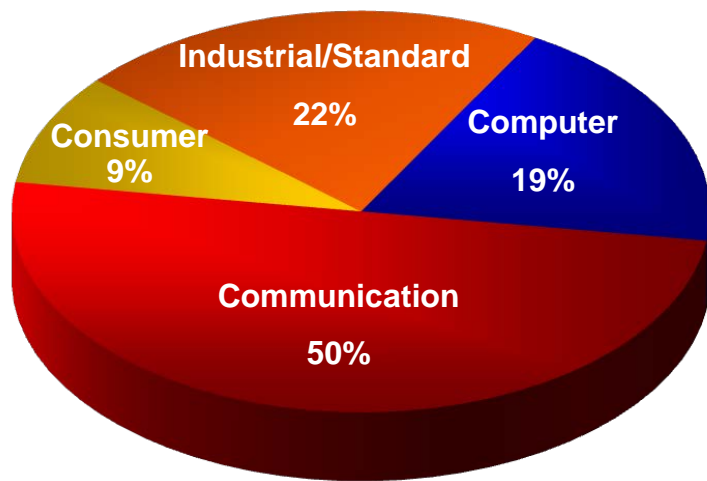
Consumer



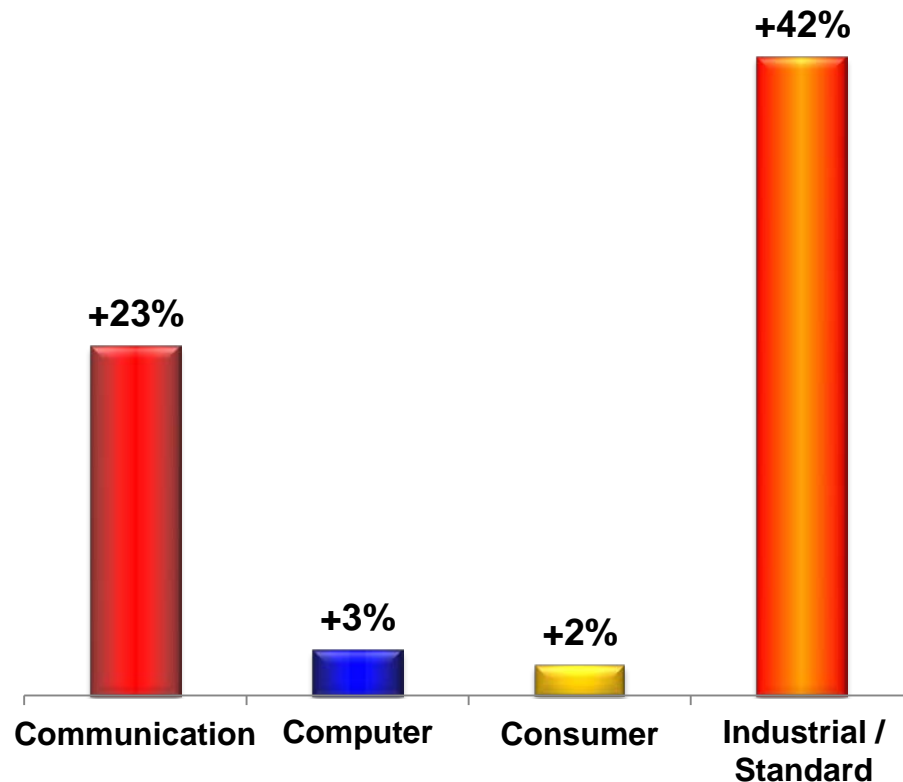
Industrial/Standard



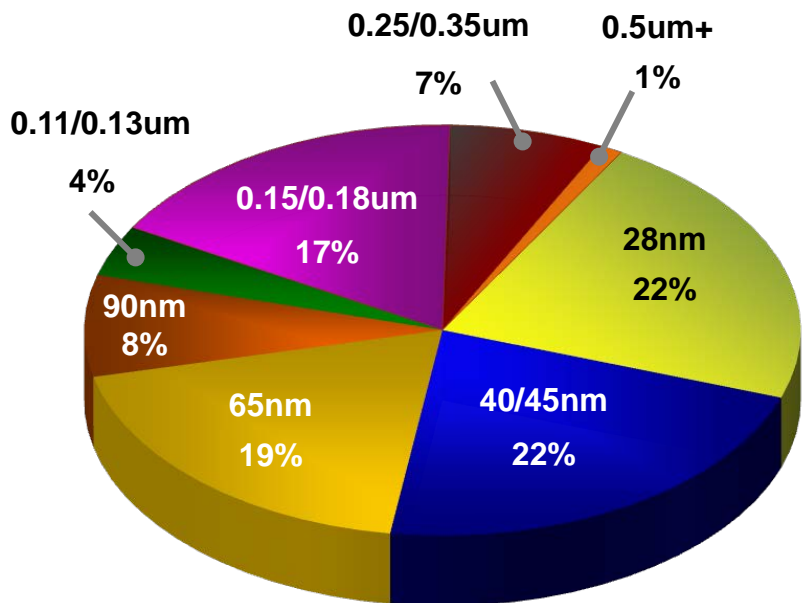
2012 Revenue by Application



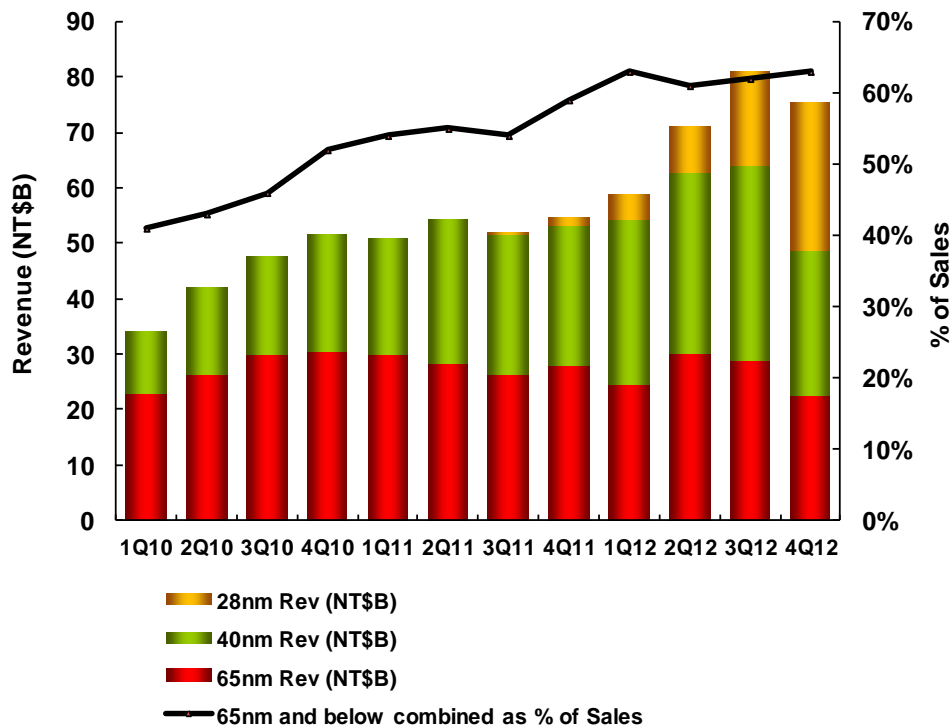
Growth rate by application (YoY)



4Q12 Revenue by Technology



65nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions)

	4Q12		3Q12		4Q11	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	150.92	15.8%	147.75	16.8%	150.62	19.5%
Accounts Receivable - Trade	52.09	5.4%	58.41	6.6%	40.95	5.3%
Inventory	37.83	4.0%	33.25	3.8%	24.84	3.2%
Long-Term Investment	65.79	6.9%	28.64	3.3%	34.46	4.5%
Net PP&E	617.53	64.7%	580.08	66.0%	490.38	63.3%
Total Assets	955.04	100.0%	878.65	100.0%	774.27	100.0%
Current Liabilities	142.44	14.9%	119.05	13.5%	117.01	15.1%
Long-Term Interest-bearing Debt	82.11	8.6%	77.73	8.8%	20.46	2.6%
Total Liabilities	229.28	24.0%	201.51	22.9%	142.22	18.4%
Total Shareholders' Equity	725.76	76.0%	677.15	77.1%	632.04	81.6%
Key Indices						
A/R Turnover Days	39		37		38	
Inventory Turnover Days	50		44		43	
Current Ratio (x)	1.8		2.1		1.9	
Asset Productivity (x)	0.9		1.1		0.9	

* Total outstanding shares were 25,924mn units at 12/31/12

** Asset productivity = Annualized net sales / Average net fixed assets

Cash Flows

(In NT billions)

	4Q12	3Q12	4Q11
Beginning Balance	138.74	178.44	114.84
Cash from operating activities	85.41	76.63	72.84
Capital expenditures	(59.77)	(78.33)	(29.77)
Cash dividends	0.00	(77.75)	0.00
Short-term loans	4.97	(1.02)	(10.09)
Proceeds from issuance of bonds	4.40	40.60	0.00
Investments and others	(30.34)	0.17	(4.35)
Ending Balance	143.41	138.74	143.47
Free Cash Flow ⁽¹⁾	25.64	(1.70)	43.07

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

Capital Expenditures

<i>(In US millions)</i>	1Q12	2Q12	3Q12	4Q12	FY2012
TSMC	1,587	1,979	2,588	2,023	8,177
TSMC China & WaferTech	27	15	20	13	75
Other TSMC Subsidiaries	21	15	17	17	70
TSMC Consolidated	1,635	2,009	2,625	2,053	8,322

Note: 2012 CapEx was based on the weighted average exchange rate of NT\$29.577 per US dollar.

Installed Capacity

2012 Overall Capacity +14%; 12-inch Capacity +21%

FAB / (Wafer size)	2011 (A)	1Q12 (A)	2Q12 (A)	3Q12 (A)	4Q12 (A)	2012 (A)	1Q13 (F)
Fab-2 (6") ⁽¹⁾	1,000	253	247	256	256	1,012	251
Fab-3 (8")	1,184	298	300	304	306	1,208	281
Fab-5 (8")	547	145	146	148	148	587	147
Fab-6 (8")	1,128	298	296	298	298	1,191	299
Fab-8 (8")	1,003	262	263	266	266	1,057	260
Fab-12 (12") ⁽²⁾	1,334	373	367	378	382	1,500	366
Fab-14 (12") ⁽²⁾	1,927	549	546	563	552	2,210	546
Fab-15 (12") ⁽²⁾	0	0	18	69	139	226	164
WaferTech (8")	429	110	111	112	112	444	109
TSMC China (8")	772	222	230	232	236	921	226
TSMC & Subsidiaries (8" Equivalent Kpcs)	12,963	3,553	3,579	3,776	3,925	14,833	3,883
SSMC (8")	258	64	64	65	65	258	61
Total TSMC-managed (8" Equivalent Kpcs)	13,221	3,616	3,643	3,841	3,990	15,091	3,944

(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

2012 Financial Highlights

<i>(In NT billions)</i>	2012	2011	YoY
Net Sales	506.25	427.08	18.5%
Gross Margin	48.1%	45.4%	+2.7 pts
Operating Margin	35.8%	33.1%	+2.7 pts
EPS (NT Dollar)	6.41	5.18	23.8%
Free Cash Flow	42.93	33.63	27.7%
Cash Dividends	77.75	77.73	0.0%
Cash & Marketable Securities	150.92	150.62	0.2%
ROE	24.6%	22.3%	+2.3 pts

- Achieved record sales and profits
- Further extended leadership in advanced technology with the successful ramp of 28nm node
- Continue gaining market segment share with technology leadership, manufacturing excellence, and customers' trust

TSMC Effective Tax Rate

2012 Effective Tax Rate	8.7%
AMT rate increase	2.0%
Higher un-appropriated R/E tax	1.7%
Lower tax exemption	0.9%
Subsidiaries	0.7%
2013 Effective Tax Rate	14.0%

1Q13 Guidance

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

- **Revenue to be between NT\$ 127 billion and NT\$ 129 billion, at a forecast exchange rate of 28.90 NT dollars to 1 US dollar**
- **Gross profit margin to be between 43.5 % and 45.5 %**
- **Operating profit margin to be between 31.5 % and 33.5 %**

TSMC Investors Conference

January 17, 2013



- I. 2012 Achievements**
- II. 2013 And 1Q'13**
- III. 28-nanometer Technology**
- IV. 20-nanometer Technology And 16 FinFET**
- V. 2013 Capex**

Recap of Recent Major Events

- ◆ TSMC Recognizes Outstanding Suppliers at Supply Chain Management Forum (2012/12/14)
- ◆ TSMC Shares Power Conservation Experience with Free Classes (2012/12/07)
- ◆ TSMC Board of Directors Approved the Issuance of No More Than NT\$45 Billion (Approximately US\$1.53 Billion) in Unsecured Corporate Bonds in Taiwan (2012/11/13)
- ◆ TSMC Opens Discussion on Corporate Social Responsibility with Volunteer Sharing Day (2012/11/02)

- 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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