

2013 First Quarter Earnings Conference

April 18, 2013

Agenda

- **Welcome** Elizabeth Sun
- **1Q13 Financial Results and 2Q13 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 2, 2013 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.

Statements of Comprehensive Income

Selected Items from Statement of Comprehensive Income

(In NT billions)	1Q13	1Q13 Guidance	4Q12	1Q12	1Q13 over 4Q12	1Q13 over 1Q12
Net Revenue	132.76	127 - 129	131.45	105.62	1.0%	25.7%
Gross Margin	45.8%	43.5% - 45.5%	47.2%	47.8%	-1.4 pts	-2.0 pts
Operating Expenses	(16.38)		(15.69)	(14.92)	4.4%	9.8%
Operating Margin	33.5%	31.5% - 33.5%	35.3%	33.3%	-1.8 pts	+0.2 ppt
Non-Operating Items	1.32		(0.11)	0.56	NM	137.4%
Net Income	39.58		41.60	33.49	-4.9%	18.2%
Net Profit Margin	29.8%		31.7%	31.7%	-1.9 pts	-1.9 pts
EPS (NT Dollar)	1.53		1.61	1.29	-4.9%	18.2%
ROE	21.3%		23.9%	20.8%	-2.6 pts	+0.5 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	3,570		3,565	2,919	0.1%	22.3%
Average Exchange Rate--NTD/USD	29.45	28.90	29.15	29.71	1.0%	-0.9%

* Diluted weighted average outstanding shares were 25,929mn units in 1Q13

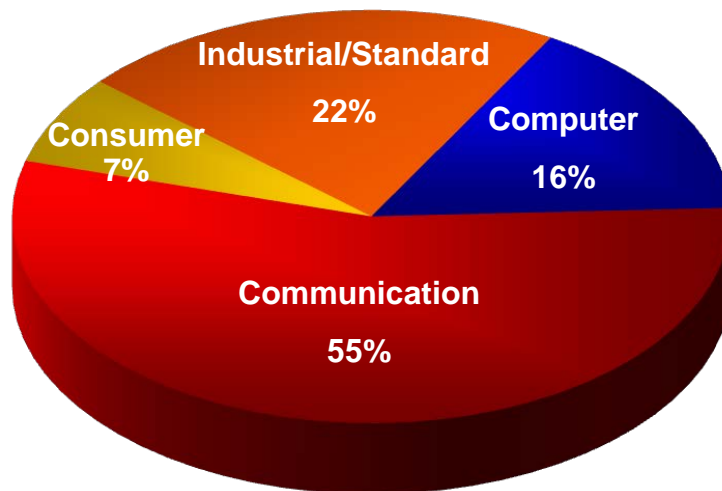
** ROE figures are annualized based on average equity attributable to shareholders of the parent

Major Differences between TIFRS and R.O.C. GAAP

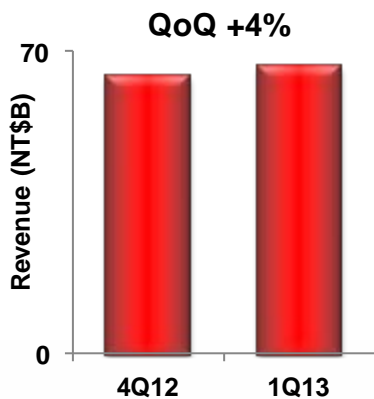
<i>(In NT billions)</i>	<u>TIFRS*</u> <u>2012</u>	<u>R.O.C. GAAP</u> <u>2012</u>	<u>Difference</u>	<u>%</u>
Items on Statement of Comprehensive Income				
Net Revenue	506.75	506.25	0.50	0.1%
Gross Profit	244.14	243.60	0.54	0.2%
Income from Operations	181.18	181.06	0.12	0.1%
Net Income	166.32	166.16	0.16	0.1%
Items on Balance Sheets				
Accounts Receivable	58.13	52.09	6.04	11.6%
Current Asset	250.33	252.29	(1.96)	-0.8%
PP&E	617.56	617.53	0.03	0.0%
Non-current Assets	711.03	702.75	8.28	1.2%
Total Assets	961.36	955.04	6.32	0.7%
Current Liabilities	148.48	142.44	6.04	4.2%
Non-current Liabilities	89.79	86.84	2.95	3.4%
Total Liabilities	238.27	229.28	8.99	3.9%
Shareholders' Equity	723.09	725.76	(2.67)	-0.4%
Key Indices				
A/R Turnover Days	38	34	4	
Current Ratio (x)	1.7	1.8	(0.1)	

* International Financial Reporting Standards as endorsed in R.O.C.

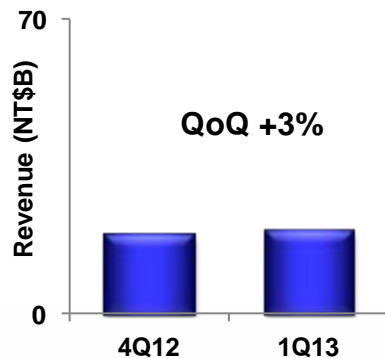
1Q13 Revenue by Application



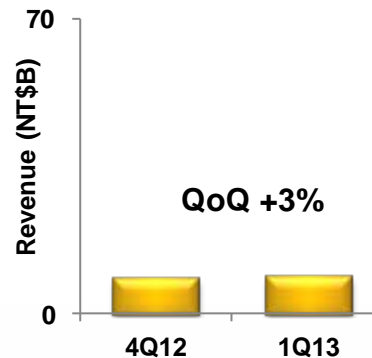
Communication



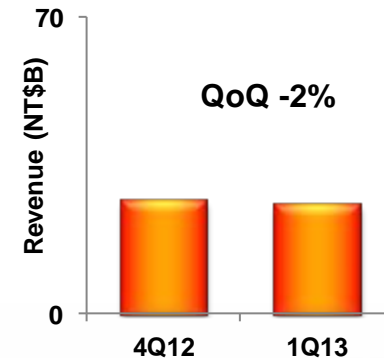
Computer



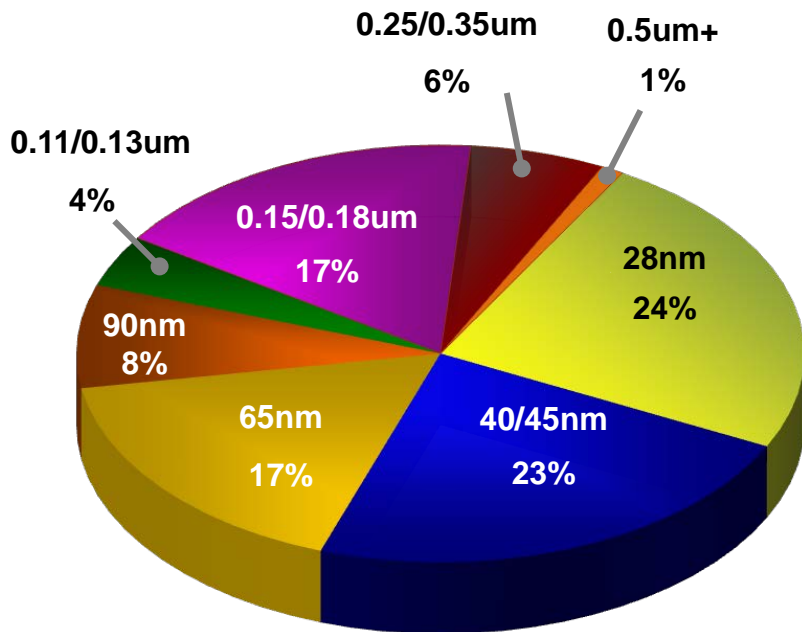
Consumer



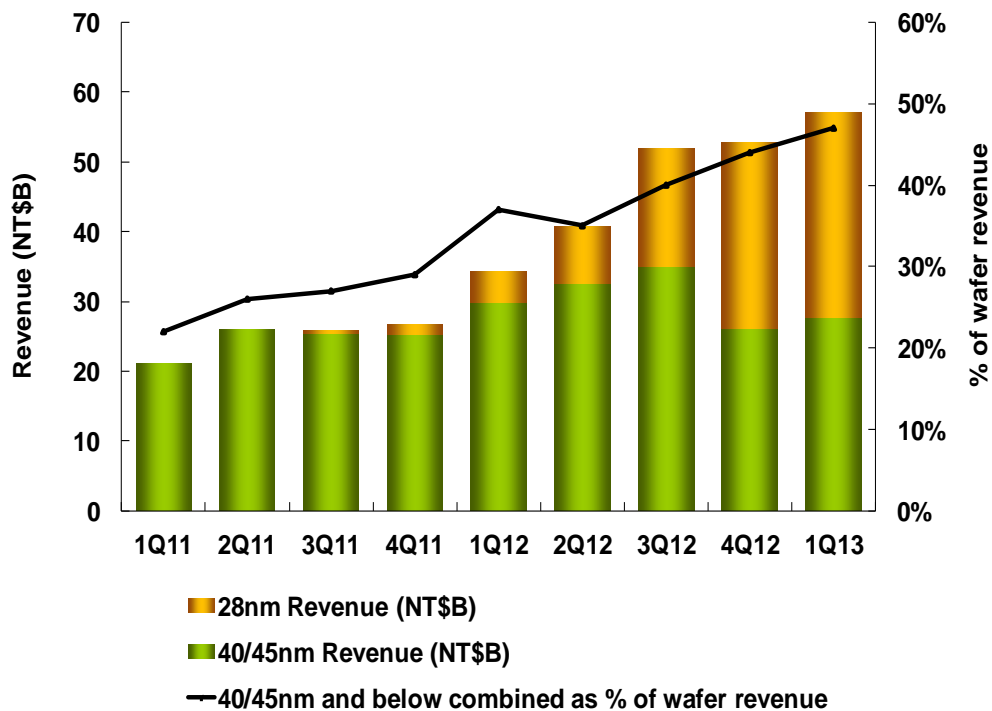
Industrial/Standard



1Q13 Revenue by Technology



40/45nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions)

	1Q13		4Q12		1Q12	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	189.26	17.9%	150.92	15.7%	180.65	21.6%
Accounts Receivable	65.91	6.2%	58.13	6.0%	53.44	6.4%
Inventories	37.83	3.6%	37.83	3.9%	27.76	3.3%
Long-term Investments	70.70	6.6%	65.72	6.9%	29.79	3.5%
Net PP&E	666.45	62.8%	617.56	64.2%	509.95	60.9%
Total Assets	1,061.63	100.0%	961.36	100.0%	837.50	100.0%
Current Liabilities	158.21	14.9%	148.48	15.5%	131.63	15.7%
Long-term Interest-bearing Debts	127.09	12.0%	82.11	8.5%	37.30	4.5%
Total Liabilities	292.98	27.6%	238.27	24.8%	176.05	21.0%
Total Shareholders' Equity	768.65	72.4%	723.09	75.2%	661.45	79.0%
Key Indices						
A/R Turnover Days	43		43		43	
Inventory Turnover Days	51		50		47	
Current Ratio (x)	1.9		1.7		2.0	
Asset Productivity (x)	0.8		0.9		0.8	

* Total outstanding shares were 25,928mn units at 03/31/13

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

Cash Flows

(In NT billions)

	1Q13	4Q12	1Q12
Beginning Balance	143.41	138.74	143.47
Cash from operating activities	73.57	84.80	56.10
Capital expenditures	(80.42)	(59.77)	(48.57)
Short-term loans	0.23	5.25	9.45
Proceeds from issuance of bonds	45.00	4.40	17.00
Repayment of bonds payable	-	-	(4.50)
Investments and others	4.24	(30.01)	(2.13)
Ending Balance	186.03	143.41	170.82
Free Cash Flow ⁽¹⁾	(6.85)	25.03	7.53

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

Installed Capacity

2013 Overall Capacity +11%; 12-inch Capacity +17%

FAB / (Wafer size)		4Q12 (A)	2012 (A)	1Q13 (A)	2Q13 (F)	3Q13 (F)	4Q13 (F)	2013 (F)
Fab-2	(6") ⁽¹⁾	256	1,012	251	254	257	257	1,018
Fab-3	(8")	306	1,208	281	287	293	289	1,150
Fab-5	(8")	148	587	147	151	154	154	606
Fab-6	(8")	298	1,191	299	307	312	312	1,230
Fab-8	(8")	266	1,057	260	271	277	277	1,085
Fab-12	(12") ⁽²⁾	382	1,500	366	356	365	371	1,458
Fab-14	(12") ⁽²⁾	552	2,210	546	558	564	564	2,232
Fab-15	(12") ⁽²⁾	139	226	164	193	277	299	933
WaferTech	(8")	112	444	109	112	113	113	447
TSMC China	(8")	236	921	226	240	248	248	963
TSMC & Subsidiaries ⁽³⁾ (8" Equivalent Kpcs)		3,925	14,833	3,883	3,999	4,258	4,314	16,454

(1) Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is obtained by multiplying this number by 0.5625

(2) Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is obtained by multiplying this number by 2.25

(3) Starting 2013, TSMC no longer includes SSMC's capacity in this capacity table. Meanwhile, TSMC still has the access to SSMC's capacity

2Q13 Guidance

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

- **Revenue to be between NT\$ 154 billion and NT\$ 156 billion, at a forecast exchange rate of 29.82 NT dollars to 1 US dollar**
- **Gross profit margin to be between 47.5 % and 49.5 %**
- **Operating profit margin to be between 35 % and 37 %**

Recap of Recent Major Events

- ◆ **Altera and TSMC Collaborate on 55nm Embedded Flash Process Technology (2013/04/16)**
- ◆ **ARM and TSMC Tape-Out First ARM Cortex-A57 Processor on TSMC's 16nm FinFET Technology (2013/04/02)**
- ◆ **TSMC Announces Pricing of US\$350 Million 0.950% and US\$1,150 Million 1.625% Senior Unsecured Notes (2013/03/28)**
- ◆ **Imagination and TSMC Strengthen Technology Collaboration (2013/03/25)**
- ◆ **TSMC and Altera Continue Long-Term Partnership (2013/02/26)**
- ◆ **Qualcomm Snapdragon 800 Processor First to Use TSMC's 28HPM Advanced Process Technology (2013/02/25)**
- ◆ **TSMC Board of Directors Proposes NT\$3.0 Cash Dividend per Share and Approves 2013 Annual Shareholders' Meeting to be Held on June 11 (2013/02/05)**
- **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**

<http://www.tsmc.com>
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