

2013 Second Quarter Earnings Conference

July 18, 2013

Agenda

- **Welcome** Elizabeth Sun
- **2Q13 Financial Results and 3Q13 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

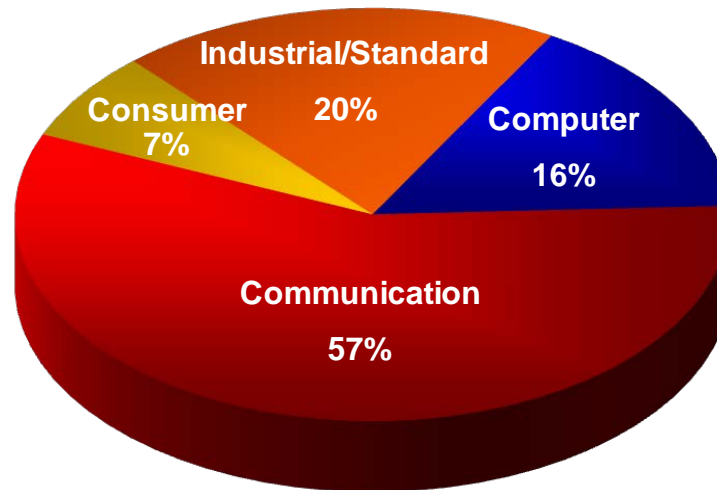
Selected Items from Statements of Comprehensive Income

(In NT billions)	2Q13	2Q13 Guidance	1Q13	2Q12	2Q13 over 1Q13	2Q13 over 2Q12
Net Revenue	155.89	154 - 156	132.76	128.19	17.4%	21.6%
Gross Margin	49.0%	47.5% - 49.5%	45.8%	48.7%	+3.2 pts	+0.3 ppt
Operating Expenses	(18.79)		(16.38)	(15.54)	14.8%	20.9%
Operating Margin	37.0%	35% - 37%	33.5%	36.6%	+3.5 pts	+0.4 ppt
Non-Operating Items	2.39		1.32	(0.92)	80.9%	NM
Net Income	51.81		39.58	41.84	30.9%	23.8%
Net Profit Margin	33.2%		29.8%	32.6%	+3.4 pts	+0.6 ppt
EPS (NT Dollar)	2.00		1.53	1.61	30.9%	23.8%
ROE	27.4%		21.3%	26.1%	+6.1 pts	+1.3 pts
Shipment (Kpcs, 8"-equiv. Wafer)	4,034		3,570	3,701	13.0%	9.0%
Average Exchange Rate--NTD/USD	29.83	29.82	29.45	29.60	1.3%	0.8%

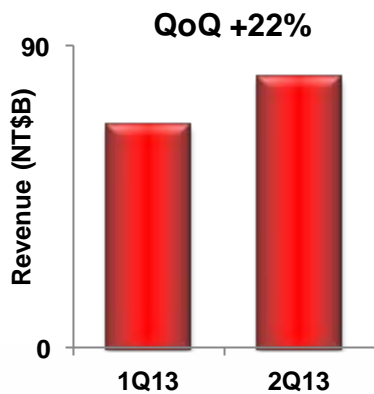
* Diluted weighted average outstanding shares were 25,929mn units in 2Q13

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

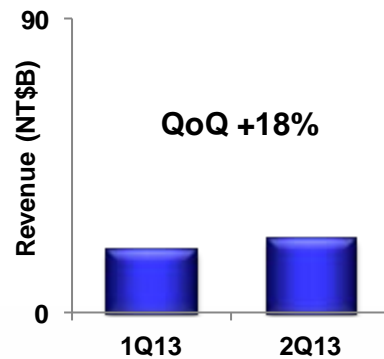
2Q13 Revenue by Application



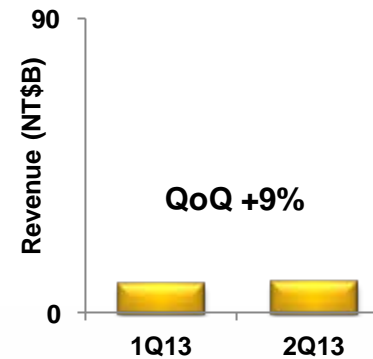
Communication



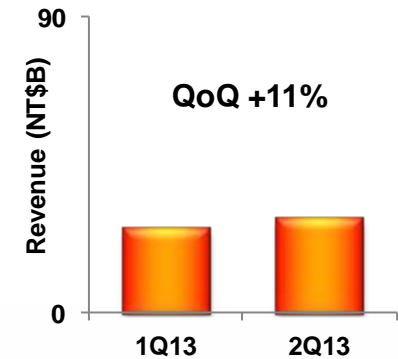
Computer



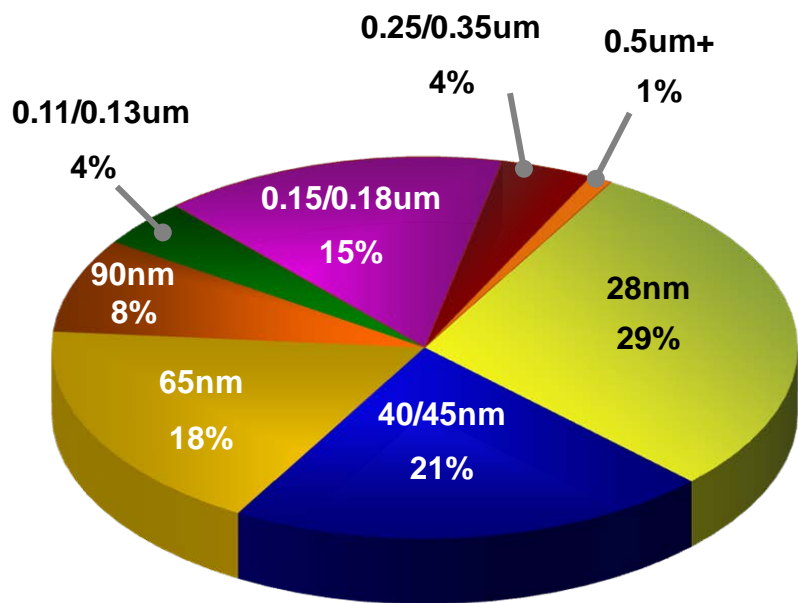
Consumer



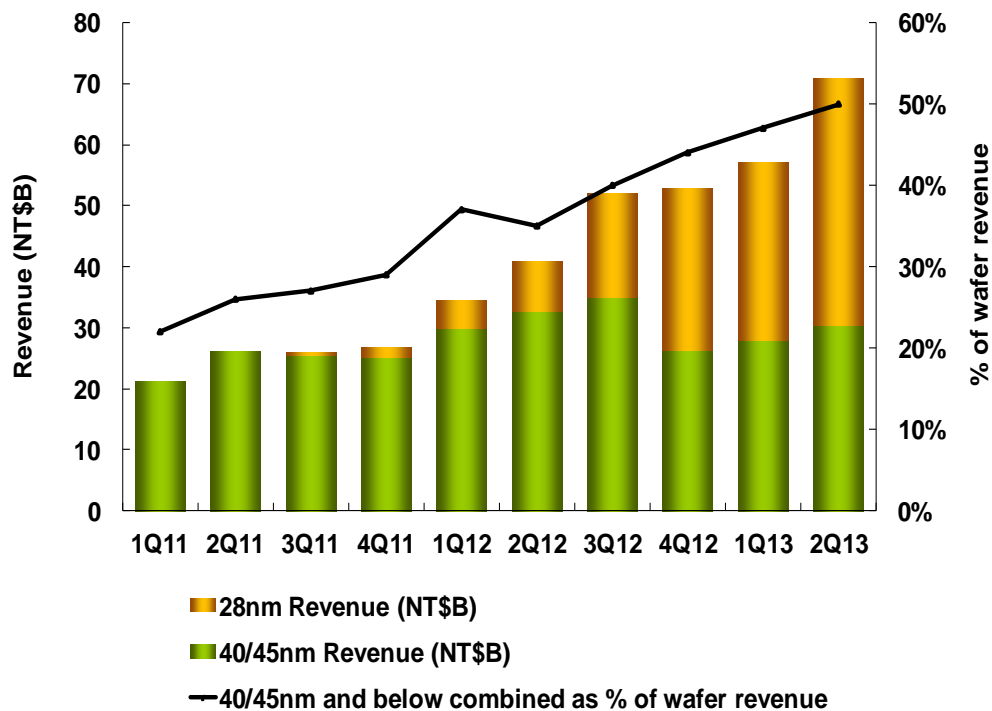
Industrial/Standard



2Q13 Revenue by Technology



40/45nm and below revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions)

	2Q13		1Q13		2Q12	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	227.62	19.4%	189.26	17.9%	188.37	21.1%
Accounts Receivable	80.34	6.9%	65.91	6.2%	61.44	6.9%
Inventories	38.62	3.3%	37.83	3.6%	30.78	3.5%
Long-term Investments	78.26	6.7%	70.70	6.6%	28.11	3.1%
Net PP&E	715.60	61.2%	666.45	62.8%	548.19	61.6%
Total Assets	1,169.89	100.0%	1,061.63	100.0%	890.59	100.0%
Current Liabilities	243.63	20.8%	158.21	14.9%	218.35	24.5%
Long-term Interest-bearing Debts	170.56	14.6%	127.09	12.0%	37.28	4.2%
Total Liabilities	423.65	36.2%	292.98	27.6%	262.65	29.5%
Total Shareholders' Equity	746.24	63.8%	768.65	72.4%	627.94	70.5%
Key Indices						
A/R Turnover Days	43		43		41	
Inventory Turnover Days	47		51		44	
Current Ratio (x)	1.4		1.9		1.3	
Asset Productivity (x)	0.9		0.8		1.0	

* Total outstanding shares were 25,928mn units at 06/30/13

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

Cash Flows

(In NT billions)

	2Q13	1Q13	2Q12
Beginning Balance	186.03	143.41	170.82
Cash from operating activities	75.24	73.57	68.67
Capital expenditures	(78.40)	(80.42)	(59.47)
Short-term loans	(4.32)	0.23	(4.30)
Proceeds from issuance of bonds	44.65	45.00	-
Investments and others	2.63	4.24	2.72
Ending Balance	225.83	186.03	178.44
Free Cash Flow ⁽¹⁾	(3.16)	(6.85)	9.20

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

Installed Capacity

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

FAB / (Wafer size)		2012 (A)	1Q13 (A)	2Q13 (A)	3Q13 (F)	4Q13 (F)	2013 (F)
Fab-2	(6") ⁽¹⁾	1,012	251	254	257	257	1,018
Fab-3	(8")	1,208	281	287	293	289	1,150
Fab-5	(8")	587	147	151	99	99	497
Fab-6	(8")	1,191	299	307	428	428	1,461
Fab-8	(8")	1,057	260	271	216	216	962
Fab-12	(12") ⁽²⁾	1,500	366	356	365	371	1,458
Fab-14	(12") ⁽²⁾	2,210	546	558	564	564	2,232
Fab-15	(12") ⁽²⁾	226	164	193	277	296	930
WaferTech	(8")	444	109	112	113	113	447
TSMC China	(8")	921	226	240	248	248	963
TSMC & Subsidiaries (8" Equivalent Kpcs)		14,833	3,883	3,999	4,258	4,307	16,447

(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

3Q13 Guidance

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

- **Revenue to be between NT\$ 161 billion and NT\$ 164 billion, at a forecast exchange rate of 29.83 NT dollars to 1 US dollar**
- **Gross profit margin to be between 47 % and 49 %**
- **Operating profit margin to be between 35 % and 37 %**

Recap of Recent Major Events

- **TSMC Sets July 3rd as Ex-dividend Date and July 9th as Record Date for Common Share Dividends (2013/06/18)**
- **TSMC Shareholders Approve NT\$3.0 Cash Dividend (2013/06/11)**
- **Xilinx and TSMC Team to Enable Fastest Time-to-Market and Highest Performance FPGAs on TSMC's 16-nanometer FinFET (2013/05/29)**
- **TSMC Board of Directors Approved the Issuance of Unsecured Straight Corporate Bonds in Taiwan for an Amount of Not Exceeding NT\$45 Billion to Raise Capital for Capacity Expansion (2013/05/14)**

- **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>
invest@tsmc.com