



**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.**

**UNCONSOLIDATED INCOME STATEMENT**

For the Three Months Ended September 30, 1999 and 1998

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(1)</sup>)

Except for Per Share Amounts and Shares Outstanding)

	3 months ended on September 30					Sequential Comparison				
	3Q 1999		% of	3Q 1998	YOY	3Q 1999		% of	2Q 1999	QOQ
	USD	NTD	Sales	NTD	Chg %	USD	NTD	Sales	NTD	Chg %
Net Sales	614	19,707	100.0%	11,263	75.0%	614	19,707	100.0%	17,232	14.4%
Cost of Sales	-341	-10,939	-55.5%	-7,525	45.4%	-341	-10,939	-55.5%	-9,696	12.8%
Gross Profit	273	8,768	44.5%	3,739	134.5%	273	8,768	44.5%	7,536	16.4%
<b>Operating Expenses</b>										
General and Administrative Expenses	-19	-624	-3.2%	-249	150.9%	-19	-624	-3.2%	-260	140.6%
Selling and Marketing Expenses	-14	-439	-2.2%	-111	294.0%	-14	-439	-2.2%	-408	7.5%
Research and Development Expenses <sup>(2)</sup>	-17	-536	-2.7%	-551	-2.8%	-17	-536	-2.7%	-675	-20.6%
Total Operating Expenses	-50	-1,599	-8.1%	-911	75.5%	-50	-1,599	-8.1%	-1,343	19.1%
Income from Operations	223	7,169	36.4%	2,827	153.6%	223	7,169	36.4%	6,193	15.8%
Net Non-operating Income (Expenses)	-23	-751	-3.8%	-288	161.3%	-23	-751	-3.8%	138	-
Investment Income (Loss)	-21	-660	-3.3%	-831	-20.5%	-21	-660	-3.3%	-417	58.3%
Income before Income Tax	179	5,758	29.2%	1,709	236.9%	179	5,758	29.2%	5,914	-2.6%
Income Tax Credit (Expenses)	12	379	1.9%	406	-6.6%	12	379	1.9%	108	251.1%
Net Income	191	6,137	31.1%	2,115	190.2%	191	6,137	31.1%	6,022	1.9%
Diluted Earnings Per Ordinary Share <sup>(3)</sup>	0.03	0.81		0.28	190.2%	0.03	0.81		0.80	1.9%
Earnings Per ADR <sup>(4)</sup>	0.13	4.07		1.40		0.13	4.07		3.99	
Shares Outstanding ('K)		7,548,483		7,548,483			7,548,483		7,548,483	

Note (1) : New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.08 per U.S. dollar for the third quarter of 1999.

Note (2) : R&D expenses from fab were reclassified to manufacturing expenses starting in 1999 and restated in 1998 for consistent comparison.

Note (3) : Earnings per share for 3Q98 have been restated to reflect a 24.8% increase in shares outstanding in June 1999. Total shares outstanding were 7,548,483,035 for both 1998 and 1999. Total shares outstanding increased to 7,548,483,035 shares from 6,047,175,967 shares due to a stock dividend of 1,390,850,473 shares (at the rate of 23% or 230 shares per 1000 shares) and employee profit sharing of 110,456,595 shares. Both of which became effective as of June 15, 1999.

Note (4) : 1 ADR equals 5 ordinary shares. ADRs were issued in October 1997.