



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

**UNCONSOLIDATED INCOME STATEMENT**

For the Nine 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)

	9 months ended September 30				
	1999 USD	1999 NTD	% of Sales	1998 NTD	YOY Chg %
Net Sales	1,522	49,440	100.0%	38,600	28.1%
Cost of Sales	-829	-26,937	-54.5%	-21,887	23.1%
Gross Profit	693	22,503	45.5%	16,713	34.6%
Operating Expenses					
General and Administrative Expenses	-39	-1,264	-2.6%	-1,072	17.9%
Selling and Marketing Expenses	-36	-1,178	-2.4%	-953	23.6%
Research and Development Expenses	-56	-1,826	-3.7%	-1,379	32.4%
Total Operating Expenses	-131	-4,267	-8.6%	-3,404	25.4%
Income from Operations	561	18,236	36.9%	13,309	37.0%
Net Non-operating Income (Expenses)	-35	-1,149	-2.3%	-599	92.0%
Investment Income (Loss)	-40	-1,302	-2.6%	-1,587	-17.9%
Income before Income Tax	486	15,784	31.9%	11,123	41.9%
Income Tax Credit (Expenses)	14	465	0.9%	1,697	-72.6%
Net Income	500	16,249	32.9%	12,820	26.7%
Diluted Earnings Per Ordinary Share <sup>(2)</sup>	0.07	2.15		1.70	26.7%
Earnings Per ADR <sup>(3)</sup>	0.33	10.76		8.49	
Shares Outstanding ('K)		7,548,483		7,548,483	

Note (1) : New Taiwan dollar amounts have been translated into U.S. dollar at the weighted average rate of NTD 32.48 per U.S. dollar for the 9 months ended September 30 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 9 months 1998 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.