

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED

2015 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA
(Translation)

June 9, 2015

TABLE OF CONTENTS

I. MEETING PROCEDURE	1
II. MEETING AGENDA	3
1. REPORT ITEMS	5
2. PROPOSED RESOLUTIONS	5
3. DIRECTORS ELECTION	6
4. OTHER BUSINESS AND SPECIAL MOTION	6
III. ATTACHMENT	7
ATTACHMENT I : BUSINESS REPORT	8
ATTACHMENT II: AUDIT COMMITTEE'S REVIEW REPORT	12
ATTACHMENT III: INDEPENDENT AUDITORS' REPORT AND 2014 CONSOLIDATED FINANCIAL STATEMENTS	13
ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2014 PARENT COMPANY ONLY FINANCIAL STATEMENTS	21
ATTACHMENT V: PROFIT ALLOCATION PROPOSAL	29
ATTACHMENT VI: LIST OF DIRECTOR (INCLUDING INDEPENDENT DIRECTOR) CANDIDATES	30
IV. APPENDIX	40
APPENDIX I: RULES AND PROCEDURES OF SHAREHOLDERS' MEETING	41
APPENDIX II: ARTICLES OF INCORPORATION	45
APPENDIX III: RULES FOR ELECTION OF DIRECTORS	56
APPENDIX IV: DIRECTORS' COMPENSATION AND EMPLOYEES' PROFIT SHARING	59
APPENDIX V: SHAREHOLDINGS OF ALL DIRECTORS	60

Note:

- 2014 Form 20-F is available at http://www.tsmc.com/english/investorRelations/annual_reports.htm
- Minutes of 2015 Annual Shareholders' Meeting will be available on TSMC's website (http://www.tsmc.com/english/investorRelations/shareholders_meeting.htm) within 20 days after the Meeting.

I. MEETING PROCEDURE

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED

2015 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

I. Call Meeting to Order

II. Meeting Agenda

II. MEETING AGENDA

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED

2015 ANNUAL SHAREHOLDERS' MEETING AGENDA

(Translation)

Time: 9:00 a.m., June 9, 2015

Place: TSMC's Headquarters at Fab 12A
(No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsinchu, Taiwan)

Attendants: All shareholders or their proxy holders

Chairman: Dr. Morris Chang, Chairman of the Board of Directors

1. Chairman's Address
2. Report Items:
 - (1) To report the business of 2014
 - (2) Audit Committee's review report
3. Proposed Resolutions
 - (1) To accept 2014 Business Report and Financial Statements
 - (2) To approve the proposal for distribution of 2014 profits
4. Directors Election
To elect eight Directors (including five independent directors)

Voting by Poll

5. Other Business and Special Motion
6. Meeting Adjourned

Report Items

1. To report the business of 2014

Explanatory Notes: Please refer to Attachment I.

2. Audit Committee's review report

Explanatory Notes: Please refer to Attachment II.

Proposed Resolutions

1. To accept 2014 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes: (1) TSMC's 2014 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Ms. Yi-Hsin Kao and Mr. Hung-Wun Huang, of Deloitte & Touche.

(2) 2014 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto as Attachments I, III and IV.

(3) Please accept the aforementioned Business Report and Financial Statements.

2. To approve the proposal for distribution of 2014 profits (Proposed by the Board of Directors)

Explanatory Notes: (1) The proposed profits distribution is allocated from Earnings in 2014 Available for Distribution. Each common share holder will be entitled to receive a cash dividend of NT\$4.5 per share (based on the total outstanding shares as of December 31, 2014).

The total amount of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common

share will be adjusted accordingly should TSMC subsequently repurchase its common shares or issue new common shares due to the exercise of the employee stock options. It is proposed that the Chairman of Board of Directors of TSMC be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.

- (2) The 2014 Profit Allocation Proposal is attached hereto as Attachment V.

Directors Election

To elect eight Directors (including five independent directors) (Proposed by the Board of Directors)

Explanatory Notes:

- (1) Upon the expiration of the terms of all TSMC Directors, the Board of Directors resolved that eight Directors (including five independent directors) will be elected at this Annual Shareholders' Meeting. The tenure of newly elected directors shall commence on June 9, 2015 and expire on June 8, 2018.
- (2) The directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the ROC Company Law. The directors shall be elected from the nominated candidates, whose education and professional qualifications, experience and relevant information are attached hereto as Attachment VI.

Voting by Poll:

Other Business and Special Motion

Meeting Adjourned

III. ATTACHMENT

Business Report

In 2014, we continued to reap the benefits of correct strategic choices made over the last several years. Our record high revenue and profitability led to significant growth in both net income and earnings per share. Our revenue growth was propelled largely by strong demand for our industry-leading 28-nanometer technologies and the rapid customer acceptance and ramp-up of our first-in-foundry-industry 20-nanometer System-on-Chip (SoC) production, which was the application processor of the world's best-selling smartphone models in 2014. We anticipate continued growth in 2015 and beyond as strong demand for leading-edge technologies continues with better performance, more efficient power consumption, and smaller device form factors.

We envision the race ahead as a relay in which our new technology development programs hand off the benefit of each node to the next, leveraging our knowledge and capacity to deliver optimal performance for our customers and the best returns to our shareholders. Our success in 20-nanometer has also laid the groundwork for our industry-leading FinFET solution at the 16-nanometer node. Our 16 FinFET Plus has completed technology qualification on schedule in December 2014 and begun risk production for customers. Our 10-nanometer technology development is progressing, and we remain on track to begin customer product tape-outs by the end of 2015.

We continue to increase our investments in R&D and capacity, as we firmly believe these will sow the seeds for further harvests to come. Our other achievements in 2014 include:

- Total wafer shipments grew 19 percent from 2013 to reach 8.26 million 12-inch equivalent wafers.
- Advanced technologies (28-nanometer and beyond) accounted for 42 percent of total wafer revenue.
- We deployed 210 process technologies, and manufactured 8,876 products for 453 customers.
- TSMC's market share in the total semiconductor foundry segment rose successively during the last five years and reached 54 percent in 2014.

2014 Financial Performance

Consolidated revenue totaled NT\$762.81 billion, an increase of 27.8 percent over NT\$597.02 billion in 2013. Net income was NT\$263.90 billion and diluted earnings per share were NT\$10.18. Both increased 40.3 percent from the 2013 level of NT\$188.15 billion net income and NT\$7.26 diluted EPS.

In US dollars, TSMC generated net income of US\$8.71 billion on consolidated revenue of US\$25.17 billion, compared with net income of US\$6.34 billion on consolidated revenue of US\$20.11 billion for 2013.

Gross profit margin was 49.5 percent compared with 47.1 percent in 2013, and operating profit margin was 38.8 percent compared with 35.1 percent a year earlier. Net profit margin was 34.6 percent, an increase of 3.1 percentage points from the previous year's 31.5 percent.

Technological Developments

TSMC's industry-leading 28-nanometer saw several significant process improvements in 2014. Enhancements and extensions of the 28-nanometer node help ensure continued strong market share, and the Company is building additional capacity to accommodate and support customers' increasing demand. A new offering, 28ULP for ultra-low power applications helps customers to expand into the Internet of Things (IoT) and wearable device area. Combined with the Company's 55- and 40-nanometer ULP, TSMC builds the foundry industry's most comprehensive ultra-low power platform that can serve a wide range of speed-power combinations.

In 20-nanometer, high volume production started in the middle of 2014 and quickly ramped up to account for 21 percent of fourth quarter revenue, registering a record as the fastest production ramp of any node in Company history. By introducing the double patterning technique, 20SoC provides better density and power value for both performance-driven products and mobile computing applications migration. In addition, 16-nanometer FinFET Plus (16FF+) has a comprehensive design ecosystem that supports a wide variety of design tools and more than 100 silicon-validated IPs. Nearly 60 customer designs are currently scheduled for tape out by the end of 2015. Volume ramp is expected to begin in the middle of 2015.

Meanwhile, we are at work providing the design ecosystem for our 10-nanometer technology. Not only have we started the IP validation process early, we have also completed certification of over 35 design tools.

In 2014, 7-nanometer technology entered advanced development stage. Development activities in 2015 will focus on selection of transistor architecture, baseline manufacturing process setup for both transistors and interconnects, and initial reliability evaluations.

In addition to silicon device scaling, we are working on system scaling through advanced packaging to increase system bandwidth and to decrease power consumption and device form factors. TSMC's Chip-on-Wafer-on-Substrate (CoWoS[®]) technology continues to expand its applications from FPGA to network and to high performance computing using 20SoC or 16FF+ for the top dies. In parallel, TSMC's Integrated Fan-Out (InFO) technology has been developed for such applications as mobile and consumer products. We are qualifying InFO 16-nanometer products for volume ramp-up in 2016. Meanwhile we are working on our second generation InFO to supplement the silicon scaling of the 10-nanometer generation.

Corporate Developments

In January 2015, TSMC's board of directors approved the sale of TSMC Solid State Lighting (TSMC SSL) to Epistar, which is the world's largest manufacturer of LED epitaxial wafers and dies, through an equity ownership transfer. The share transfer is valued at NT\$1.46 per share with a total of NT\$825 million proceeds to TSMC. An important part of the ownership change is that no employee of TSMC SSL will lose employment. After the transfer, TSMC will exit the LED industry.

Honors and Awards

TSMC received recognitions for achievements in corporate governance and citizenship, economic contribution, financial reporting, innovation, investor relations, management, and sustainability in 2014 from organizations including FinanceAsia, Fortune Magazine, Institutional Investor, IR Magazine, GlobalViews Magazine, CommonWealth Magazine, RobecoSAM, and the Financial Times and Standard Chartered Bank.

In particular, TSMC was named the Leader of the Dow Jones Sustainability Index for the Semiconductors and Semiconductor Equipment Industry Group for the second year in a row. The honor affirms the Company's commitment to sustainability and corporate social responsibility.

Outlook

TSMC positioned itself with the right technology to capture maximum benefit from the growth in demand for mobile devices in the past five years. We continue to believe that these products will propel our growth for the next few years as consumers in emerging economies demand smartphones and tablets with both powerful functionality and accessible prices.

We are now utilizing the same strategy to ride the next wave of new evolutionary mobile devices – the Internet of Things. The Internet of Things not only drive a multitude of consumer devices connected to the network, it will also drive continuously increasing data processing power on various processors, in data centers, and in many mobile devices. For example, exciting applications such as wearables, smart cars, smart homes, and smart cities are the major IoT applications which promise to make semiconductors ubiquitous in our lives.

Innovators are already hard at work designing a myriad of ways to create a better life by linking objects all around us into an intelligent network. To turn their visions into reality, they need semiconductors with processing power, connectivity, ultra-low power, various types of sensors, and system-level integration, including advanced packaging. We have made much progress in developing all of those necessary technologies to make TSMC a critical part of the IoT ecosystem. At the same time, we are also investing in the capacity in both advanced and specialty technologies to supply the demand from this highly promising and still evolving

market.

With our unwavering dedication to technology leadership, manufacturing excellence, and customer trust, we believe we can serve as a vital supplier of the fundamental building blocks of the semiconductor industry's "next big things". More importantly, we are preparing for many more years of profitable growth and good shareholder returns.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2014 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit TSMC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Taiwan Semiconductor Manufacturing Company Limited

Chairman of the Audit Committee:



Sir Peter Leahy Bonfield

February 10, 2015

**Independent Auditors' Report
(Consolidated Financial Statements)**

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying consolidated balance sheets of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2014 and 2013, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified opinion.

February 10, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 358,449,029	24	\$ 242,695,447	19
Financial assets at fair value through profit or loss (Note 7)	192,045	-	90,353	-
Available-for-sale financial assets (Note 8)	73,797,476	5	760,793	-
Held-to-maturity financial assets (Note 9)	4,485,593	-	1,795,949	-
Notes and accounts receivable, net (Note 11)	114,734,743	8	71,649,926	6
Receivables from related parties (Note 37)	312,955	-	291,708	-
Other receivables from related parties (Note 37)	178,625	-	221,576	-
Inventories (Notes 5 and 12)	66,337,971	5	37,494,893	3
Noncurrent assets held for sale (Note 13)	945,356	-	-	-
Other financial assets (Note 38)	3,476,884	-	501,785	-
Other current assets (Note 18)	3,656,110	-	2,984,224	-
Total current assets	626,566,787	42	358,486,654	28
NONCURRENT ASSETS				
Available-for-sale financial assets (Note 8)	-	-	58,721,959	5
Financial assets carried at cost (Note 14)	1,800,542	-	2,145,591	-
Investments accounted for using equity method (Notes 5 and 15)	28,251,002	2	28,316,260	2
Property, plant and equipment (Notes 5 and 16)	818,198,801	55	792,665,913	63
Intangible assets (Notes 5 and 17)	13,531,510	1	11,490,383	1
Deferred income tax assets (Notes 5 and 31)	5,227,128	-	7,239,609	1
Refundable deposits (Note 37)	356,069	-	2,519,031	-
Other noncurrent assets (Note 18)	1,202,006	-	1,469,577	-
Total noncurrent assets	868,567,058	58	904,568,323	72
TOTAL	\$ 1,495,133,845	100	\$ 1,263,054,977	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 19)	\$ 36,158,520	2	\$ 15,645,000	1
Financial liabilities at fair value through profit or loss (Note 7)	486,214	-	33,750	-
Hedging derivative financial liabilities (Note 10)	16,364,241	1	-	-
Accounts payable	21,878,934	2	14,670,260	1
Payables to related parties (Note 37)	1,491,490	-	1,688,456	-
Salary and bonus payable	10,573,922	1	8,330,956	1
Accrued profit sharing to employees and bonus to directors and supervisors (Note 24)	18,052,820	1	12,738,801	1
Payables to contractors and equipment suppliers	26,980,408	2	89,810,160	7
Income tax payable (Note 31)	28,616,574	2	22,563,286	2
Provisions (Note 20)	10,445,452	1	7,603,781	1
Liabilities directly associated with noncurrent assets held for sale (Note 13)	220,191	-	-	-
Accrued expenses and other current liabilities (Notes 16 and 23)	29,746,011	2	16,693,484	1
Total current liabilities	201,014,777	14	189,777,934	15
NONCURRENT LIABILITIES				
Hedging derivative financial liabilities (Note 10)	-	-	5,481,616	-
Bonds payable (Note 21)	213,673,818	14	210,767,625	17
Long-term bank loans	40,000	-	40,000	-
Deferred income tax liabilities (Note 31)	199,750	-	-	-
Obligations under finance leases (Note 16)	802,108	-	776,230	-
Accrued pension cost (Notes 5 and 22)	7,303,978	-	7,589,926	1
Guarantee deposits (Note 23)	25,538,475	2	151,660	-
Others (Note 20)	885,192	-	694,901	-
Total noncurrent liabilities	248,443,321	16	225,501,958	18
Total liabilities	449,458,098	30	415,279,892	33
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 24)	259,296,624	17	259,286,171	21
Capital surplus (Note 24)	55,989,922	4	55,858,626	4
Retained earnings (Note 24)				
Appropriated as legal capital reserve	151,250,682	10	132,436,003	11
Appropriated as special capital reserve	-	-	2,785,741	-
Unappropriated earnings	553,261,982	37	382,971,408	30
	704,512,664	47	518,193,152	41
Others (Note 24)	25,749,291	2	14,170,306	1
Equity attributable to shareholders of the parent	1,045,548,501	70	847,508,255	67
NONCONTROLLING INTERESTS (Note 24)	127,246	-	266,830	-
Total equity	1,045,675,747	70	847,775,085	67
TOTAL	\$ 1,495,133,845	100	\$ 1,263,054,977	100

The accompanying notes are an integral part of the consolidated financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 26, 37 and 42)	\$ 762,806,465	100	\$ 597,024,197	100
COST OF REVENUE (Notes 12, 33 and 37)	<u>385,100,646</u>	<u>50</u>	<u>316,057,820</u>	<u>53</u>
GROSS PROFIT BEFORE REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	377,705,819	50	280,966,377	47
REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO ASSOCIATES	<u>28,556</u>	<u>-</u>	<u>(20,870)</u>	<u>-</u>
GROSS PROFIT	<u>377,734,375</u>	<u>50</u>	<u>280,945,507</u>	<u>47</u>
OPERATING EXPENSES (Notes 5, 33 and 37)				
Research and development	56,823,732	8	48,118,165	8
General and administrative	18,932,100	2	18,928,544	3
Marketing	<u>5,087,112</u>	<u>1</u>	<u>4,516,525</u>	<u>1</u>
Total operating expenses	<u>80,842,944</u>	<u>11</u>	<u>71,563,234</u>	<u>12</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 13, 27 and 33)	<u>(1,001,138)</u>	<u>-</u>	<u>47,090</u>	<u>-</u>
INCOME FROM OPERATIONS (Note 42)	<u>295,890,293</u>	<u>39</u>	<u>209,429,363</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of associates and joint venture (Notes 15 and 42)	3,949,674	1	3,972,031	1
Other income (Note 28)	3,380,407	-	2,342,123	-
Foreign exchange gain, net	2,111,310	-	285,460	-
Finance costs (Note 29)	(3,236,345)	-	(2,646,776)	-
Other gains and losses (Note 30)	<u>2,207</u>	<u>-</u>	<u>2,104,921</u>	<u>-</u>
Total non-operating income and expenses	<u>6,207,253</u>	<u>1</u>	<u>6,057,759</u>	<u>1</u>
INCOME BEFORE INCOME TAX	302,097,546	40	215,487,122	36
INCOME TAX EXPENSE (Notes 31 and 42)	<u>38,316,677</u>	<u>5</u>	<u>27,468,185</u>	<u>5</u>
NET INCOME	<u>263,780,869</u>	<u>35</u>	<u>188,018,937</u>	<u>31</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Shareholders of the Parent							Others					Noncontrolling Interests	Total Equity
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain/Loss from Available-for-sale Financial Assets	Cash Flow Hedges Reserve	Total	Total			
	Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings						Total		
BALANCE, JANUARY 1, 2013	25,924,435	\$ 259,244,357	\$ 55,675,340	\$ 115,820,123	\$ 7,606,224	\$ 284,985,121	\$ 408,411,468	\$ (10,753,806)	\$ 7,973,321	\$ -	\$ (2,780,485)	\$ 720,550,680	\$ 2,543,226	\$ 723,093,906
Appropriations of prior year's earnings														
Legal capital reserve	-	-	-	16,615,880	-	(16,615,880)	-	-	-	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	(4,820,483)	4,820,483	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(77,773,307)	(77,773,307)	-	-	-	-	(77,773,307)	-	(77,773,307)
Total	-	-	-	16,615,880	(4,820,483)	(89,568,704)	(77,773,307)	-	-	-	-	(77,773,307)	-	(77,773,307)
Net income in 2013	-	-	-	-	-	188,146,790	188,146,790	-	-	-	-	188,146,790	(127,853)	188,018,937
Other comprehensive income in 2013, net of income tax	-	-	-	-	-	(591,799)	(591,799)	3,613,444	13,337,460	(113)	16,950,791	16,358,992	(6,744)	16,352,248
Total comprehensive income in 2013	-	-	-	-	-	187,554,991	187,554,991	3,613,444	13,337,460	(113)	16,950,791	204,505,782	(134,597)	204,371,185
Issuance of stock from exercise of employee stock options	4,182	41,814	82,756	-	-	-	-	-	-	-	-	124,570	-	124,570
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	5,312	5,312
Adjustments to share of changes in equities of associates and joint venture	-	-	38,084	-	-	-	-	-	-	-	-	38,084	-	38,084
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	62,446	-	-	-	-	-	-	-	-	62,446	(62,446)	-
Increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	188,488	188,488
Effect of deconsolidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(2,273,153)	(2,273,153)
BALANCE, DECEMBER 31, 2013	25,928,617	259,286,171	55,858,626	132,436,003	2,785,741	382,971,408	518,193,152	(7,140,362)	21,310,781	(113)	14,170,306	847,508,255	266,830	847,775,085
Appropriations of prior year's earnings														
Legal capital reserve	-	-	-	18,814,679	-	(18,814,679)	-	-	-	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	(2,785,741)	2,785,741	-	-	-	-	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(77,785,851)	(77,785,851)	-	-	-	-	(77,785,851)	-	(77,785,851)
Total	-	-	-	18,814,679	(2,785,741)	(93,814,789)	(77,785,851)	-	-	-	-	(77,785,851)	-	(77,785,851)
Net income in 2014	-	-	-	-	-	263,898,794	263,898,794	-	-	-	-	263,898,794	(117,925)	263,780,869
Other comprehensive income in 2014, net of income tax	-	-	-	-	-	239,362	239,362	11,642,475	(63,298)	(192)	11,578,985	11,818,347	15,817	11,834,164
Total comprehensive income in 2014	-	-	-	-	-	264,138,156	264,138,156	11,642,475	(63,298)	(192)	11,578,985	275,717,141	(102,108)	275,615,033
Issuance of stock from exercise of employee stock options	1,045	10,453	36,602	-	-	-	-	-	-	-	-	47,055	-	47,055
Disposal of investments accounted for using equity method	-	-	(2,273)	-	-	-	-	-	-	-	-	(2,273)	-	(2,273)
Adjustments to share of changes in equities of associates and joint venture	-	-	93,459	-	-	-	-	-	-	-	-	93,459	(26)	93,433
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	(8)	-	-	(32,793)	(32,793)	-	-	-	-	(32,801)	32,801	-
From share of changes in equities of subsidiaries	-	-	3,516	-	-	-	-	-	-	-	-	3,516	(3,516)	-
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	(66,735)	(66,735)
BALANCE, DECEMBER 31, 2014	25,929,662	259,296,624	55,989,922	151,250,682	-	553,261,982	704,512,664	4,502,113	21,247,483	(305)	25,749,291	1,045,548,501	127,246	1,045,675,747

The accompanying notes are an integral part of the consolidated financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 302,097,546	\$ 215,487,122
Adjustments for:		
Depreciation expense	197,645,186	153,979,847
Amortization expense	2,606,349	2,202,022
Stock option compensation cost of subsidiary	-	5,312
Finance costs	3,236,345	2,646,776
Share of profits of associates and joint venture	(3,949,674)	(3,972,031)
Interest income	(2,730,674)	(1,835,980)
Gain on disposal of property, plant and equipment and intangible assets, net	(14,518)	(48,848)
Impairment loss of noncurrent assets held for sale	734,467	-
Impairment loss of property, plant and equipment	239,864	-
Impairment loss of financial assets	211,477	352,214
Gain on disposal of available-for-sale financial assets, net	(280,956)	(1,267,086)
Gain on disposal of financial assets carried at cost, net	(81,449)	(44,721)
Loss (gain) on disposal of investments accounted for using equity method	(2,028,643)	733
Loss from liquidation of subsidiary	90	-
Gain on deconsolidation of subsidiary	-	(293,578)
Unrealized (realized) gross profit on sales to associates	(28,556)	20,870
Loss on foreign exchange, net	3,615,493	317,547
Dividend income	(649,733)	(506,143)
Income from receipt of equity securities in settlement of trade receivables	(1,211)	(9,977)
Loss from hedging instruments	10,577,714	5,602,779
Gain arising from changes in fair value of available-for-sale financial assets in hedge effective portion	(10,088,628)	(5,071,118)
Changes in operating assets and liabilities:		
Derivative financial instruments	342,853	(32,189)
Notes and accounts receivable, net	(43,090,068)	(14,131,066)
Receivables from related parties	(26,405)	(204,278)
Other receivables from related parties	(11,766)	50,589
Inventories	(28,871,597)	122,472
Other financial assets	(2,612,158)	18,578
Other current assets	(744,868)	(312,251)
Accounts payable	6,634,198	346,401
Payables to related parties	(194,866)	850,094
Salary and bonus payable	2,281,117	883,925
Accrued profit sharing to employees and bonus to directors and supervisors	5,314,019	1,552,210
Accrued expenses and other current liabilities	8,432,511	3,531,017
Provisions	2,836,910	1,595,810
Accrued pension cost	41,461	9,554
Cash generated from operations	451,441,830	361,846,606
Income taxes paid	(29,918,099)	(14,463,069)
Net cash generated by operating activities	<u>421,523,731</u>	<u>347,383,537</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(91,909)	(21,303)
Financial assets carried at cost	(23,151)	(27,165)
Held-to-maturity financial assets	(5,882,316)	(1,795,949)
Property, plant and equipment	(288,540,028)	(287,594,773)
Intangible assets	(3,859,486)	(2,750,361)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	\$ 689,420	\$ 2,418,578
Held-to-maturity financial assets	3,200,000	5,145,850
Financial assets carried at cost	87,501	67,986
Investments accounted for using equity method	3,471,883	-
Property, plant and equipment	200,263	173,554
Cash received from other long-term receivables	161,900	-
Costs from entering into hedging transactions	(520,856)	(143,982)
Interest received	2,578,663	1,790,725
Other dividends received	645,585	506,143
Dividends received from investments accounted for using equity method	3,223,090	2,141,881
Refundable deposits paid	(57,988)	(98,888)
Refundable deposits refunded	2,296,872	113,399
Net cash outflow from deconsolidation of subsidiary (Note 34)	<u>-</u>	<u>(979,910)</u>
Net cash used in investing activities	<u>(282,420,557)</u>	<u>(281,054,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	18,563,525	(19,636,240)
Proceeds from issuance of bonds	-	130,844,821
Increase in long-term bank loans	-	690,000
Repayment of long-term bank loans	-	(62,500)
Repayment of other long-term payables	-	(853,788)
Interest paid	(3,192,971)	(1,330,886)
Guarantee deposits received	30,142,823	41,519
Guarantee deposits refunded	(7,704)	(113,087)
Decrease in obligations under finance leases	(28,426)	(27,796)
Proceeds from exercise of employee stock options	47,055	124,570
Cash dividends	(77,785,851)	(77,773,307)
Increase (decrease) in noncontrolling interests	<u>(66,735)</u>	<u>202,619</u>
Net cash generated by (used in) financing activities	<u>(32,328,284)</u>	<u>32,105,925</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>9,060,170</u>	<u>849,612</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,835,060	99,284,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>242,695,447</u>	<u>143,410,588</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	358,530,507	242,695,447
CASH AND CASH EQUIVALENTS INCLUDED IN NONCURRENT ASSETS HELD FOR SALE	<u>(81,478)</u>	<u>-</u>
CASH AND CASH EQUIVALENT ON CONSOLIDATED BALANCE SHEET	<u>\$ 358,449,029</u>	<u>\$ 242,695,447</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

**Independent Auditors' Report
(Parent Company Only Financial Statements)**

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying parent company only balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of December 31, 2014 and 2013 and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Taiwan Semiconductor Manufacturing Company Limited as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

The statements of major accounting items listed in the parent company only financial statements of Taiwan Semiconductor Manufacturing Company Limited as of and for the year ended December 31, 2014 are presented for the purpose of additional analysis. Such statements have been subjected to the auditing procedures applied in our audits of the financial statements mentioned above. In our opinion, such statements are fairly stated in all material respects in relation to the financial statements as a whole.

February 10, 2015

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 184,859,232	13	\$ 146,438,768	12
Financial assets at fair value through profit or loss (Note 7)	134,824	-	64,030	-
Available-for-sale financial assets	612,860	-	646,402	-
Held-to-maturity financial assets (Note 8)	4,485,593	-	1,795,949	-
Notes and accounts receivable, net (Note 9)	22,806,184	2	17,445,877	2
Receivables from related parties (Note 33)	88,419,913	6	52,969,803	4
Other receivables from related parties (Note 33)	576,592	-	572,000	-
Inventories (Notes 5 and 10)	63,523,287	5	35,243,061	3
Noncurrent assets held for sale (Note 12)	669,472	-	-	-
Other financial assets (Note 34)	2,069,874	-	61,842	-
Other current assets (Note 15)	2,791,666	-	2,386,031	-
Total current assets	370,949,497	26	257,623,763	21
NONCURRENT ASSETS				
Financial assets carried at cost (Note 11)	373,158	-	469,378	-
Investments accounted for using equity method (Notes 5 and 12)	242,016,964	17	165,075,781	14
Property, plant and equipment (Notes 5 and 13)	796,684,361	56	770,443,494	64
Intangible assets (Notes 5 and 14)	8,996,810	1	7,069,456	1
Deferred income tax assets (Notes 5 and 27)	3,297,924	-	4,580,468	-
Refundable deposits	340,010	-	2,496,663	-
Other noncurrent assets (Note 15)	385,700	-	820,000	-
Total noncurrent assets	1,052,094,927	74	950,955,240	79
TOTAL	\$ 1,423,044,424	100	\$ 1,208,579,003	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 16)	\$ 36,158,520	3	\$ 15,645,000	1
Financial liabilities at fair value through profit or loss (Note 7)	477,268	-	25,404	-
Accounts payable	19,310,737	1	13,628,675	1
Payables to related parties (Note 33)	4,756,426	-	4,183,979	-
Salary and bonus payable	8,983,879	1	6,834,181	-
Accrued profit sharing to employees and bonus to directors (Note 21)	18,052,820	1	12,738,801	1
Payables to contractors and equipment suppliers	25,911,719	2	89,555,814	8
Income tax payable (Note 27)	28,616,392	2	22,567,331	2
Provisions (Notes 5 and 17)	9,959,817	1	7,217,331	1
Accrued expenses and other current liabilities (Note 20)	26,033,514	2	14,799,228	2
Total current liabilities	178,261,092	13	187,195,744	16
NONCURRENT LIABILITIES				
Bonds payable (Note 18)	166,200,000	12	166,200,000	14
Deferred income tax liabilities (Note 27)	199,750	-	-	-
Accrued pension cost (Notes 5 and 19)	7,282,230	-	7,491,040	-
Guarantee deposits (Note 20)	25,534,851	2	147,964	-
Others	18,000	-	36,000	-
Total noncurrent liabilities	199,234,831	14	173,875,004	14
Total liabilities	377,495,923	27	361,070,748	30
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Capital stock (Note 21)	259,296,624	18	259,286,171	21
Capital surplus (Note 21)	55,989,922	4	55,858,626	5
Retained earnings (Note 21)				
Appropriated as legal capital reserve	151,250,682	10	132,436,003	11
Appropriated as special capital reserve	-	-	2,785,741	-
Unappropriated earnings	553,261,982	39	382,971,408	32
	704,512,664	49	518,193,152	43
Others (Note 21)	25,749,291	2	14,170,306	1
Total equity	1,045,548,501	73	847,508,255	70
TOTAL	\$ 1,423,044,424	100	\$ 1,208,579,003	100

The accompanying notes are an integral part of the parent company only financial statements.

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
NET REVENUE (Notes 5, 23 and 33)	\$ 757,152,389	100	\$ 591,087,600	100
COST OF REVENUE (Notes 10, 29 and 33)	<u>390,272,233</u>	<u>51</u>	<u>319,407,163</u>	<u>54</u>
GROSS PROFIT BEFORE REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	366,880,156	49	271,680,437	46
REALIZED (UNREALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES AND ASSOCIATES	<u>31,547</u>	<u>-</u>	<u>(35,577)</u>	<u>-</u>
GROSS PROFIT	<u>366,911,703</u>	<u>49</u>	<u>271,644,860</u>	<u>46</u>
OPERATING EXPENSES (Notes 5, 29 and 33)				
Research and development	55,813,561	8	46,922,471	8
General and administrative	17,761,799	2	17,697,411	3
Marketing	<u>2,685,734</u>	<u>-</u>	<u>2,304,472</u>	<u>-</u>
Total operating expenses	<u>76,261,094</u>	<u>10</u>	<u>66,924,354</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Note 29)	<u>9,049</u>	<u>-</u>	<u>(66,614)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>290,659,658</u>	<u>39</u>	<u>204,653,892</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profits of subsidiaries and associates (Note 12)	9,292,150	1	9,530,933	2
Other income (Note 24)	1,141,884	-	1,082,426	-
Foreign exchange gain, net	2,142,565	-	279,488	-
Finance costs (Note 25)	(2,512,231)	-	(2,092,236)	-
Other gains and losses (Notes 26 and 33)	<u>299,137</u>	<u>-</u>	<u>2,262,047</u>	<u>-</u>
Total non-operating income and expenses	<u>10,363,505</u>	<u>1</u>	<u>11,062,658</u>	<u>2</u>
INCOME BEFORE INCOME TAX	301,023,163	40	215,716,550	37
INCOME TAX EXPENSE (Note 27)	<u>37,124,369</u>	<u>5</u>	<u>27,569,760</u>	<u>5</u>
NET INCOME	<u>263,898,794</u>	<u>35</u>	<u>188,146,790</u>	<u>32</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 12, 19, 21 and 27)				
Exchange differences arising on translation of foreign operations	\$ 11,784,245	1	\$ 3,655,675	1
Changes in fair value of available-for-sale financial assets	30,183	-	(214,935)	-
Share of other comprehensive income (loss) of subsidiaries and associates	(227,390)	-	13,472,874	2
Actuarial gain (loss) from defined benefit plans	268,682	-	(671,774)	-
Income tax benefit (expense) related to components of other comprehensive income	<u>(37,373)</u>	<u>-</u>	<u>117,152</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>11,818,347</u>	<u>1</u>	<u>16,358,992</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 275,717,141</u>	<u>36</u>	<u>\$ 204,505,782</u>	<u>35</u>
EARNINGS PER SHARE (NT\$, Note 28)				
Basic earnings per share	<u>\$ 10.18</u>		<u>\$ 7.26</u>	
Diluted earnings per share	<u>\$ 10.18</u>		<u>\$ 7.26</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock - Common Stock		Retained Earnings				Others					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain/Loss from Available-for-sale Financial Assets	Cash Flow Hedges Reserve	Total	Total Equity
BALANCE, JANUARY 1, 2013	25,924,435	\$ 259,244,357	\$ 55,675,340	\$ 115,820,123	\$ 7,606,224	\$ 284,985,121	\$ 408,411,468	\$ (10,753,806)	\$ 7,973,321	\$ -	\$ (2,780,485)	\$ 720,550,680
Appropriations of prior year's earnings	-	-	-	16,615,880	-	(16,615,880)	-	-	-	-	-	-
Legal capital reserve	-	-	-	-	(4,820,483)	4,820,483	-	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	-	(77,773,307)	(77,773,307)	-	-	-	-	(77,773,307)
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	(4,820,483)	(89,568,704)	(77,773,307)	-	-	-	-	(77,773,307)
Total	-	-	-	16,615,880	(4,820,483)	(89,568,704)	(77,773,307)	-	-	-	-	(77,773,307)
Net income in 2013	-	-	-	-	-	188,146,790	188,146,790	-	-	-	-	188,146,790
Other comprehensive income in 2013, net of income tax	-	-	-	-	-	(591,799)	(591,799)	3,613,444	13,337,460	(113)	16,950,791	16,358,992
Total comprehensive income in 2013	-	-	-	-	-	187,554,991	187,554,991	3,613,444	13,337,460	(113)	16,950,791	204,505,782
Issuance of stock from exercise of employee stock options	4,182	41,814	82,756	-	-	-	-	-	-	-	-	124,570
Adjustments to share of changes in equities of associates	-	-	38,084	-	-	-	-	-	-	-	-	38,084
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	62,446	-	-	-	-	-	-	-	-	62,446
BALANCE, DECEMBER 31, 2013	25,928,617	259,286,171	55,858,626	132,436,003	2,785,741	382,971,408	518,193,152	(7,140,362)	21,310,781	(113)	14,170,306	847,508,255
Appropriations of prior year's earnings	-	-	-	18,814,679	-	(18,814,679)	-	-	-	-	-	-
Legal capital reserve	-	-	-	-	(2,785,741)	2,785,741	-	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	-	(77,785,851)	(77,785,851)	-	-	-	-	(77,785,851)
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	(2,785,741)	(93,814,789)	(77,785,851)	-	-	-	-	(77,785,851)
Total	-	-	-	18,814,679	(2,785,741)	(93,814,789)	(77,785,851)	-	-	-	-	(77,785,851)
Net income in 2014	-	-	-	-	-	263,898,794	263,898,794	-	-	-	-	263,898,794
Other comprehensive income in 2014, net of income tax	-	-	-	-	-	239,362	239,362	11,642,475	(63,298)	(192)	11,578,985	11,818,347
Total comprehensive income in 2014	-	-	-	-	-	264,138,156	264,138,156	11,642,475	(63,298)	(192)	11,578,985	275,717,141
Issuance of stock from exercise of employee stock options	1,045	10,453	36,602	-	-	-	-	-	-	-	-	47,055
Disposal of investments accounted for using equity method	-	-	(2,273)	-	-	-	-	-	-	-	-	(2,273)
Adjustments to share of changes in equities of associates	-	-	93,459	-	-	-	-	-	-	-	-	93,459
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	(8)	-	-	(32,793)	(32,793)	-	-	-	-	(32,801)
From share of changes in equities of subsidiaries	-	-	3,516	-	-	-	-	-	-	-	-	3,516
BALANCE, DECEMBER 31, 2014	25,929,662	\$ 259,296,624	\$ 55,989,922	\$ 151,250,682	\$ -	\$ 553,261,982	\$ 704,512,664	\$ 4,502,113	\$ 21,247,483	\$ (305)	\$ 25,749,291	\$1,045,548,501

The accompanying notes are an integral part of the parent company only financial statements.

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 301,023,163	\$ 215,716,550
Adjustments for:		
Depreciation expense	191,590,059	147,266,825
Amortization expense	2,487,860	2,072,926
Finance costs	2,512,231	2,092,236
Share of profits of subsidiaries and associates	(9,292,150)	(9,530,933)
Interest income	(1,029,508)	(1,011,301)
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	(21,331)	64,753
Impairment loss of financial assets	90,774	-
Gain on disposal of available-for-sale financial assets, net	(127,161)	(846,709)
Gain on disposal of financial assets carried at cost, net	(5,397)	(42,664)
Loss (gain) on disposal of investments accounted for using equity method	(2,028,643)	656
Gain on deconsolidation of subsidiary	-	(293,578)
Unrealized (realized) gross profit on sales to subsidiaries and associates	(31,547)	35,577
Loss on foreign exchange, net	3,615,493	315,098
Dividend income	(112,376)	(71,125)
Changes in operating assets and liabilities:		
Derivative financial instruments	381,070	(6,076)
Notes and accounts receivable, net	(5,360,307)	(2,193,483)
Receivables from related parties	(35,450,110)	(11,982,359)
Other receivables from related parties	(44,800)	(257,810)
Inventories	(28,280,226)	53,330
Other financial assets	(1,797,351)	68,313
Other current assets	(399,739)	(266,929)
Accounts payable	5,095,232	182,965
Payables to related parties	596,749	961,579
Salary and bonus payable	2,149,698	847,330
Accrued profit sharing to employees and bonus to directors	5,314,019	1,552,210
Accrued expenses and other current liabilities	6,469,226	3,422,182
Provisions	2,742,486	1,484,593
Accrued pension cost	59,872	14,224
Cash generated from operations	440,147,286	349,648,380
Income taxes paid	(29,636,283)	(14,365,054)
Net cash generated by operating activities	<u>410,511,003</u>	<u>335,283,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets carried at cost	-	(2,177)
Held to maturity financial assets	(5,882,316)	(1,795,949)
Property, plant and equipment	(283,231,097)	(285,889,575)
Intangible assets	(3,846,384)	(2,727,399)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	\$ 190,886	\$ 1,830,424
Held-to-maturity financial assets	3,200,000	700,000
Financial assets carried at cost	10,843	59,222
Investments accounted for using equity method	3,471,883	-
Property, plant and equipment	117,578	162,068
Cash received from other long-term receivables	161,900	-
Interest received	1,043,898	1,057,553
Other dividends received	112,376	71,125
Dividends received from investments accounted for using equity method	2,664,207	2,151,373
Refundable deposits paid	(57,351)	(96,072)
Refundable deposits refunded	<u>2,290,791</u>	<u>112,204</u>
Net cash used in investing activities	<u>(279,752,786)</u>	<u>(284,367,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	18,563,525	(19,636,240)
Proceeds from issuance of bonds	-	86,200,000
Interest paid	(2,504,871)	(1,286,296)
Guarantee deposits received	30,140,940	40,729
Guarantee deposits refunded	(7,075)	(111,313)
Proceeds from exercise of employee stock options	47,055	124,570
Payment of partial acquisition of interests in subsidiaries	(60,904,793)	(1,357,222)
Proceeds from partial disposal of interests in subsidiaries	113,317	170,914
Cash dividends	<u>(77,785,851)</u>	<u>(77,773,307)</u>
Net cash used in financing activities	<u>(92,337,753)</u>	<u>(13,628,165)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,420,464	37,287,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>146,438,768</u>	<u>109,150,810</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 184,859,232</u>	<u>\$ 146,438,768</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

Profit Allocation Proposal

December 31, 2014

	Unit: NT\$
Net Income of 2014 ^(Note)	263,898,794,122
Less:	
- 10% Legal Reserve	-26,389,879,412
Earnings in 2014 Available for Distribution	237,508,914,710
Plus:	
- Unappropriated Retained Earnings of Previous Years	289,156,618,153
- Actuarial gain from defined benefit plans	239,362,350
Less:	
- Adjustment arising from investments accounted for using equity method	-32,792,722
Retained Earnings Available for Distribution as of December 31, 2014	526,872,102,491
 Distribution Item:	
- Cash Dividends to Common Share Holders (NT\$4.5 per share)	-116,683,480,962
 Unappropriated Retained Earnings	 410,188,621,529

Note :

After expensing the following:

- Employees' cash bonus and profit sharing of NT\$35,291,932,128, including
 - NT\$17,645,966,064 cash bonus already distributed; and
 - NT\$17,645,966,064 cash profit sharing to be distributed after 2015 Annual Shareholders' Meeting
- Directors' compensation of NT\$406,853,980

List of Director (Including Independent Director) Candidates

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Director Morris Chang</p>	<p>125,137,914</p>	<ul style="list-style-type: none"> ● Bachelor Degree in Mechanical Engineering, MIT, 1952 ● Master Degree in Mechanical Engineering, MIT, 1953 ● Ph.D. in Electrical Engineering, Stanford University, 1964 ● Member of National Academy of Engineering, USA ● Life Member Emeritus of MIT Corporation ● Fellow of the Computer History Museum, USA ● Recipient of the IEEE Medal of Honor, 2011 ● Recipient of the “Exemplary Leadership Award” from the Global Semiconductor Alliance (GSA), 1999 ● Recipient of the IEEE Robert N. Noyce Medal for Exceptional 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Group Vice President, Texas Instruments Inc. ● President & COO, General Instrument Corporation ● Chairman, Industrial Technology Research Institute ● CEO, TSMC <p>Current Position :</p> <ul style="list-style-type: none"> ● Chairman, TSMC

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
		<p>Contributions to Microelectronics Industry, 2000</p> <ul style="list-style-type: none"> ● Recipient of the Nikkei Asia Prize, 2005 ● Recipient of the “Robert N. Noyce Award”, highest honor of the Semiconductor Industry Association, 2008 ● Recipient of <i>EE Times</i> “Lifetime Achievement Award”, 2009 ● Recipient of the ROC Order of the Brilliant Star, 2011 ● Recipient of the SEMI Akira Inoue Award for green management, 2011 ● Laureate of the Industrial Technology Research Institute, 2012 ● Awarded Businessman of the Year by <i>Forbes Asia magazine</i>, 2012 ● World’s 30 best CEOs by <i>Barron’s magazine</i>, 2013 ● Stanford Engineering Hero of Stanford University, 2014 ● Recipient of the “Visionary Award” from SPIE (the international society for optics and photonics), 2014 	

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Director F. C. Tseng</p>	<p>34,472,675</p>	<ul style="list-style-type: none"> ● Bachelor Degree in Electrical Engineering, National Chengkung University ● Master Degree in Electrical Engineering, National Chiao Tung University ● Ph.D. in Electrical Engineering, National Chengkung University ● Honorary Ph.D., National Chiao Tung University 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● President, Vanguard International Semiconductor Corp. ● President, TSMC ● Deputy CEO, TSMC <p>Current Positions :</p> <ul style="list-style-type: none"> ● Vice Chairman, TSMC ● Chairman of: <ul style="list-style-type: none"> - TSMC China Company Ltd. - Global Unichip Corp. - TSMC Education and Culture Foundation ● Vice Chairman, Vanguard International Semiconductor Corp. ● Director of: <ul style="list-style-type: none"> - TSMC Solar Ltd. - National Culture and Arts Foundation, ROC ● Independent Director, Chairman of Audit Committee & Compensation Committee member, Acer Inc.

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Director National Development Fund, Executive Yuan Representative: Johnsee Lee</p>	<p>1,653,709,980</p>	<ul style="list-style-type: none"> ● Ph.D. in Chemical Engineering, Illinois Institute of Technology ● MBA, University of Chicago ● Graduate of Harvard Business School's Advanced Management Program 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● President, Industrial Technology Research Institute ● Chairman, Development Center for Biotechnology ● Principal Investigator, Argonne National Laboratory ● Senior Manager, Johnson Matthey Inc. <p>Current Positions :</p> <ul style="list-style-type: none"> ● Managing Director, Development Center for Biotechnology ● Honorary Chairman, Taiwan Bio Industry Organization ● CEO, Personal Genomics, Inc. ● Independent Director of : <ul style="list-style-type: none"> - Far Eastern New Century Corp. - Zhen Ding Technology Holding Ltd.

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Independent Director Sir Peter Leahy Bonfield</p>	<p>-</p>	<ul style="list-style-type: none"> ● Bachelor Degree in Engineering, Loughborough University ● Honours Degree in Engineering, Loughborough University ● Fellow of The Royal Academy of Engineering ● Chair of Council and Senior Pro-Chancellor, Loughborough University ● Knighted, 1996 ● Awarded Commander of the Order of the British Empire (CBE), 1989 ● Awarded the Order of the Lion of Finland ● Awarded the Gold Medal from the Institute of Management ● Awarded the Mountbatten Medal from the National Electronics Council 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● CEO and Chairman of the Executive Committee, British Telecommunications Plc ● Chairman and CEO, ICL Plc ● Vice President, the British Quality Foundation <p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman of NXP Semiconductors N.V., The Netherlands ● Director of: <ul style="list-style-type: none"> - Mentor Graphics Corporation Inc., Oregon, USA - Global Logic Inc., USA ● Member of: <ul style="list-style-type: none"> - The Longreach Group Advisory Board - New Venture Partners LLP Advisory Board ● Board Mentor, CMI ● Senior Advisor to Rothschild, London

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Independent Director</p> <p>Stan Shih</p>	<p>1,480,286</p>	<ul style="list-style-type: none"> ● BSEE, National Chiao Tung University, 1968 ● MSEE, National Chiao Tung University, 1971 ● Honorary EE Ph.D., National Chiao Tung University, 1992 ● Honorary Doctor of Technology, The Hong Kong Polytechnic University, 1997 ● Honorary Fellowship, University of Wales, Cardiff, UK, 1998 ● Honorary Doctor of International Law, Thunderbird, American Graduate School of International Management, USA, 2000 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Co-Founder, Chairman Emeritus, Acer Group ● Chairman and Chief Executive Officer, Acer Group, 1976 ~ 2004 <p>Current Positions :</p> <ul style="list-style-type: none"> ● Group Chairman, iD SoftCapital ● Director & Honorary Chairman, Acer Inc. ● Director of: <ul style="list-style-type: none"> - Qisda Corp. - Wistron Corp. - Nan Shan Life Insurance Co., Ltd. - Egis Technology Inc. - Digitimes Inc. ● Chairman, National Culture and Arts Foundation, ROC ● Director, Public Television Service Foundation, ROC ● Council member of Asian Corporate Governance Associate (ACGA)

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Independent Director Thomas J. Engibous</p>	<p>-</p>	<ul style="list-style-type: none"> ● Bachelor Degree in Electrical Engineering, Purdue University, 1975 ● Master Degree in Electrical Engineering, Purdue University, 1976 ● Honorary Doctorate in Engineering, Purdue University ● Member of National Academy of Engineering ● Honorary Director of Catalyst ● Member of Texas Business Hall of Fame ● Woodrow Wilson Award 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Executive Vice President and President of the Semiconductor Group, Texas Instruments Inc., 1993 ~ 1996 ● President and CEO, Texas Instruments Inc., 1996 ~ 2004 ● Chairman of the Board, Texas Instruments Inc., 1998 ~ 2008 ● Chairman of the Board of Catalyst <p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman, J. C. Penney Company Inc. ● Honorary Trustee, Southwestern Medical Foundation

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Independent Director Kok-Choo Chen</p>	<p>-</p>	<ul style="list-style-type: none"> ● Inns of Court School of Law, England ● Barrister-at-law, England ● Advocate & Solicitor, Singapore ● Attorney-at-law, California, USA 	<p>Professional Experience:</p> <ul style="list-style-type: none"> ● Lawyer, Tan, Rajah & Cheah, Singapore, 1969 ~ 1970 ● Lawyer, Sullivan & Cromwell, New York, USA, 1971-1974 ● Lawyer, Heller, Erhman, White & McAuliffe, San Francisco, California, USA, 1974 ~ 1975 ● Partner, Ding & Ding Law Offices, Taiwan, 1975 ~ 1988 ● Partner, Chen & Associates Law Offices, Taiwan, 1988 ~ 1992 ● Vice-President, Echo Publishing, Taiwan, 1992 ~ 1995 ● President, National Culture & Arts Foundation, ROC, 1995 ~ 1997 ● Senior Vice-President & General Counsel, TSMC, 1997 ~ 2001 <p>Academic Experience:</p> <ul style="list-style-type: none"> ● Lecturer, Nanyang University, Singapore, 1970 ~ 1971 ● Associate Professor, Soochow University, 1981 ~ 1998 ● Chair Professor, National Tsing Hua University, 1999 ~ 2002

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
			<p>● Professor, National Chengchi University, 2001 ~ 2004</p> <p>● Professor, Soochow University, 2001 ~ 2008</p> <p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman, National Performing Arts Center ● Sponsor and Founder, Taipei Story House ● Advisor, Executive Yuan, ROC ● Director of: <ul style="list-style-type: none"> - National Culture and Arts Foundation, ROC - Republic of China Female Cancer Foundation

Title / Name	Shareholdings (shares)	Education & Professional Qualifications	Major Past Positions & Current Positions
<p>Independent Director Michael R. Splinter</p>	<p>-</p>	<ul style="list-style-type: none"> ● Bachelor Degree in Electrical Engineering, University of Wisconsin Madison, 1972 ● Master Degree in Electrical Engineering, University of Wisconsin Madison, 1974 ● Honorary Ph.D. in Engineering, University of Wisconsin Madison, to be bestowed May 16th 2015 ● Awarded 2013 Robert N. Noyce Award by Semiconductor Industry Association 	<p>Major Past Positions :</p> <ul style="list-style-type: none"> ● Executive Vice President of Technology and Manufacturing group, Intel Corporation, 1996 ~ 2001 ● Executive Vice President of Sales and Marketing, Intel Corporation, 2001 ~ 2003 ● CEO, Applied Materials, Inc., 2003 ~ 2012 <p>Current Positions :</p> <ul style="list-style-type: none"> ● Chairman, Applied Materials, Inc. ● Director of: <ul style="list-style-type: none"> - The NASDAQ OMX Group, Inc. - Pica8, Inc. - Silicon Valley Leadership Group (non profit) - Semiconductor Equipment and Materials International (SEMI) (non profit) - University of Wisconsin Foundation (non profit) ● General Partner, WISC Partners LP

IV. APPENDIX

Taiwan Semiconductor Manufacturing Company Limited
Rules and Procedures of Shareholders' Meeting

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations.

2. Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.

The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.

3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.

4. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.

Persons handling affairs of the Meeting shall wear identification cards or badges.

5. The process of the Meeting shall be taperecorded or videotaped and these tapes shall be preserved for at least one year.

6. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.

7. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet

constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China. The aforesaid tentative resolutions shall be executed in accordance with relevant provisions of the Company Law of the Republic of China.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

8. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

9. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at Meeting place.
10. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting.
11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance

Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself/herself or appoint an appropriate person to respond.

12. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.
13. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
14. Except otherwise specified in the Company Law of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.
15. During the Meeting, the chairman may, at his discretion, set time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the Meeting and announce, depending on the situation, when the Meeting will resume or, by resolution

of the shareholders present at the Meeting, the chairman may resume the Meeting within five days without further notice or public announcement.

16. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
17. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
18. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

**ARTICLES OF INCORPORATION
OF
TAIWAN SEMICONDUCTOR MANUFACTURING
COMPANY LIMITED**

Section I - General Provisions

Article 1

The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 台灣積體電路製造股份有限公司 in the Chinese language, and Taiwan Semiconductor Manufacturing Company Limited in the English language.

Article 2

The scope of business of the Corporation shall be as follows:

1. Manufacturing and sales of integrated circuits and assembly of other semiconductor devices in wafer form at the order of and pursuant to product design specifications provided by customers.
Provision of packaging and testing services related to the above services.
Providing computer assisted design services and technology for integrated circuits.
Providing mask making and mask design services.
(CC01080 Electronic Parts and Components Manufacturing)
2. Researching, developing, designing, manufacturing and selling LED lighting devices and related applications products and systems.
(CC01080 Electronic Parts and Components Manufacturing)
(CC01040 Electric Wires and Cables Manufacturing)
3. Researching, developing, designing, manufacturing and selling renewable energy and efficiency related technologies and products, including solar cells, solar photovoltaic modules and their related systems and applications.
(CC01080 Electronic Parts and Components Manufacturing)
(IG03010 Energy Technical Services)
(CC01090 Batteries Manufacturing)

Article 3

The Corporation shall have its head office in Science Based Industrial Park, Hsin Chu, Taiwan, Republic of China, and shall be free, upon approval of government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to

carry out any or all of its activities.

Article 4

Public announcements of the Corporation shall be made in accordance with the Company Law and other relevant rules and regulations of the Republic of China.

Article 5

The Corporation may provide endorsement and guarantee and act as a guarantor.

Article 6

The total amount of the Corporation's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation's paid-up capital as provided in Article 13 of the Company Law. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Section II - Capital Stock

Article 7

The total capital stock of the Corporation shall be in the amount of 280,500,000,000 New Taiwan Dollars, divided into 28,050,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments.

The Corporation may issue employee stock options from time to time. A total of 500,000,000 shares among the above total capital stock should be reserved for issuing employee stock options.

Article 8

The Corporation may issue shares without printing share certificate(s). If the Corporation decides to print share certificates for shares issued, the Corporation shall

comply with relevant provisions of the Company Law and relevant rules and regulations of the Republic of China.

Article 9

The share certificates of the Corporation shall all be name-bearing share certificates, and issued in accordance with the Company Law and relevant rules and regulations of the Republic of China.

Article 10

All transfer of stocks, pledge of rights, loss, succession, gift, loss of seal, amendment of seal, change of address or similar stock transaction conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations for Public Companies” unless specified otherwise by law and securities regulations.

Article 11

Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

Article 12

Shareholders’ meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 13

Written notices shall be sent to all shareholders at their latest places of residence as registered with the Corporation for the convening of shareholders’ meetings, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings. The purpose(s) for convening any such meeting shall be clearly stated in the written notices sent out to the shareholders. Notices shall be written in Chinese, and English when necessary.

Article 14

Except as provided in the Company Law of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. According to regulatory requirements, shareholders may also vote via an electronic voting system, and those who do shall be deemed as attending the shareholders' meeting in person; electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 15

Each share of stock shall be entitled to one vote.

Article 16

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the meeting, in accordance with Article 177 of the Company Law of the Republic of China. A representative does not need to be a shareholder of the Corporation.

Article 17

The shareholders' meeting shall be presided over by the Chairman of the Board of Directors of the Corporation. In his absence, either the Vice Chairman of the Board of Directors, or one of the Directors shall preside in accordance with Article 208 of the Company Law of the Republic of China.

Article 18

The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting. Such minutes, together with the attendance list and proxies, shall be filed and kept at the head office of the Corporation. The minutes shall be drafted in both the Chinese language and the English language.

Section III - Directors

Article 19

The Corporation shall have seven to nine Directors. The Board of Directors is authorized to determine the number of Directors.

The aforesaid Board of Directors must have at least three independent directors.

Article 19-1

For the election of Directors, each share has the same voting rights equal to the number of Directors to be elected, and a shareholder may cast all his/her voting rights to one candidate or among several candidates; those candidates receiving more voting rights shall be elected as Directors.

Directors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the ROC Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the ROC Company Law and Securities and Exchange Law. The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 19-2

In compliance with Articles 14-4 of the ROC Securities and Exchange Law, the Corporation shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Law and other relevant regulations.

Article 20

The term of office for Directors shall be three (3) years, and all Directors shall be eligible for re-election.

Article 21

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting.

Article 22

The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman shall not have a second or casting vote at any meeting of the Board of Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 23

Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least fourteen days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. The meeting of the Board of Directors shall be held at least once every quarter. Such prescribed notices may be waived in writing by any Director, either before or after the meeting. The meetings of the Board of Directors may be convened, at any time, without such prescribed notice in case of urgent circumstances. Notices shall be written in both the Chinese language and the English language. Personal attendance at a meeting will represent a waiver of the notice. Any Director attending the meeting via video conference shall be deemed attending the meeting in person.

Article 24

The Chairman of the Board of Directors shall preside over all meetings of the Board of Directors. In addition, the Chairman shall have the right to execute documents in accordance with the resolutions of the Board of Directors in the name and on behalf of the Corporation as well as acting on behalf of the Board pursuant to Board resolutions and the Corporation's objectives when the Board is not in session. In his absence, the Vice Chairman of the Board of Directors, or any one of the Directors shall be acting for him according to Article 208 of the Company Law of the Republic of China.

Article 25

A Director may, by written authorization, appoint another Director to attend on his behalf any meeting of the Board of Directors, and to vote for him on all matters presented at such meeting, but no Director may act as proxy for more than one other Director.

Article 26

The Directors shall exercise their functions by resolutions adopted at meetings of Shareholders and the Board of Directors.

Article 27

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. Except for the election of new Directors across the board, the new Directors shall serve the remaining term of the predecessors.

Article 28

The Board of Directors is authorized to determine the compensation for the Chairman, Vice-Chairman and Directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas.

Section IV - Management of the Corporation

Article 29

The Corporation may, by resolution of the Board of Directors, appoint one or more Chief Executive Officer(s), President(s), Vice President(s) or such other officers to meet the Corporation's operational or managerial needs.

The Chief Executive Officer(s) shall cause to be prepared and furnished to the Board of Directors of the Corporation a balance sheet of the Corporation and related statements of income

and loss, as of the end of each calendar month, quarter and year. Quarterly statements shall be furnished no more than forty-five (45) days after the end of each quarter, and year-end statements shall be furnished no more than ninety (90) days after the end of each year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied in the Republic of China on a consistent basis. Such statements shall be accompanied by a certification of the Corporation that such statements have been so prepared. Subject to the policies of the Corporation, the officers as stated in the previous paragraph shall be responsible for the overall control of allocated business and operation of the Corporation and shall make reports to the Board of Directors, and shall also supervise and control day-to-day business and operation of the Corporation in accordance with the policies of the Board of Directors headed by the Chairman. The Vice President-Finance shall have special responsibility for the financial affairs and accounting of the Corporation.

Article 30

The Chief Executive Officer(s) reports to the Chairman of the Board of Directors. The President(s), Vice President(s) and other officers shall perform such duties as designated by the Chairman or the Board of Directors.

Article 31

Subject to the provisions of the Company Law of the Republic of China and these Articles of Incorporation, all actions of the Corporation's employees shall be in conformance with, and in furtherance of, the directions of the Board of Directors.

Section V - Financial Reports

Article 32

The fiscal year for the Corporation shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements;
3. Proposal Concerning Appropriation of Net Profits or Covering of Losses.

Article 33

This Corporation shall not pay dividends or bonuses when there is no profit. When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Corporation; then set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge; and then set aside not more than 0.3% of the balance as bonus to directors and not less than 1% as bonus to employees of this Corporation. Directors who also serve as executive officers of this Corporation are not entitled to receive bonus to directors. This Corporation may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors. Any balance left over shall be allocated according to the following principles per resolution of the shareholders' meeting:

Profits may be distributed in total after taking into consideration financial, business and operational factors. Profits of this Corporation may be distributed by way of cash dividend and/or stock dividend. Since this Corporation is in a capital-intensive industry at the steady growth stage of its business, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not exceed 50% of total distribution.

In case there is no profit for distribution in a certain year, or the profit of a certain year is far less than the profit actually distributed by this Corporation in the previous year, or considering the financial, business or operational factors of this Corporation, this Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge.

Section VI - Supplementary Provisions

Article 34

The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.

Article 35

In regard to all matters not provided for in these Articles of Incorporation, the Company Law of the Republic of China shall govern.

Article 36

These Articles of Incorporation are agreed to and signed on December 10, 1986 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on April 28, 1987, the second Amendment on November 27, 1989, the third Amendment on May 28, 1991, the fourth Amendment on May 18, 1993, the fifth Amendment on January 28, 1994, the sixth Amendment on May 12, 1995, the seventh Amendment on April 8, 1996, and the eighth Amendment on May 13, 1997, the ninth Amendment on May 12, 1998, the tenth Amendment on May 11, 1999, the eleventh Amendment on April 14, 2000, the twelfth Amendment on September 5, 2000, the thirteenth Amendment on May 15, 2001, the fourteenth Amendment on May 7, 2002, the fifteenth Amendment on June 3, 2003, the sixteenth Amendment on December 21, 2004, the seventeenth Amendment on May 10, 2005, the eighteenth Amendment on May 16, 2006, the nineteenth Amendment on May 7, 2007, the twentieth Amendment on June 15, 2010, and the twenty-first Amendment on June 12, 2012.

Taiwan Semiconductor Manufacturing Company Limited

Rules For Election of Directors

Article 1

Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.

Article 2

Election of directors of this Company shall be held at the shareholders' meeting. This Company shall prepare ballots and note the number of voting rights.

Article 3

In the election of directors of this Company, the names of voters may be represented by shareholders' numbers.

Article 4

This Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the ROC Company Law.

Article 5

In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.

Article 6

In the election of directors of this Company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

Article 7

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.

Article 8

The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting.

Article 9

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number, and the number of votes cast for such candidate. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column.

Article 10

Ballots shall be deemed void under the following conditions:

- (1) Ballots not placed in the ballot box;
- (2) Ballots not prepared by this Company;
- (3) Blank ballots not completed by the voter;
- (4) If the candidate is a shareholder of this Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (5) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
- (6) Illegible writing;
- (7) Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
- (8) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
- (9) The total votes cast by the voter exceeding the total voting rights of such voter; or
- (10) The number of candidates filled in the ballot exceeding the number of the seats to be elected.

Article 11

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 12

This Company shall issue notifications to the directors elected.

Article 13

These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

Directors' Compensation and Employees' Profit Sharing

The Board of Directors adopted a proposal for 2014 compensation to Directors and employees' cash profit sharing at its Meeting on February 10, 2015. The proposal will be effected upon the approval of shareholders at the Annual Shareholders' Meeting on June 9, 2015.

1. Employees' cash profit sharing: NT\$17,645,966,064.
2. Directors' compensation: NT\$406,853,980.
3. The amounts of the aforementioned items, which were expensed in 2014, do not differ from the amounts proposed by the Board of Directors.

Taiwan Semiconductor Manufacturing Company Limited
Shareholdings of All Directors

Record Date : April 11, 2015

Title	Name	Current Shareholding (Shares)
Chairman	Morris Chang	125,137,914
Vice Chairman	F.C. Tseng	34,472,675
Director	National Development Fund, Executive Yuan Representative: Johnsee Lee	1,653,709,980
Independent Director	Sir Peter Leahy Bonfield	-
Independent Director	Stan Shih	1,480,286
Independent Director	Thomas J. Engibous	-
Independent Director	Gregory C. Chow	-
Independent Director	Kok-Choo Chen	-
Total		1,814,800,855

Note 1: Total shares issued as of 4/11/2015: 25,930,380,458 Common Shares.

Note 2: As TSMC has a majority of independent directors, and has established the audit committee that satisfies the requirements of the Securities and Exchange Act, the minimum shareholding requirements for directors and supervisors do not apply.