

## Raw Materials Supply

Major Materials	Major Suppliers	Market Status	Procurement Strategy
Raw Wafers	F.S.T. MEMC S.E.H. Siltronic SUMCO	These five suppliers together provide over 90% of the world's wafer supply.  Each supplier has multiple manufacturing sites in order to meet customer demand, including plants in North America, Asia, and Europe.	<ul style="list-style-type: none"> <li>TSMC's suppliers of silicon wafers are required to pass stringent quality certification procedures.</li> <li>TSMC procures wafers from multiple sources to ensure adequate supplies for volume manufacturing and to appropriately manage supply risk.</li> <li>TSMC maintains competitive price and service agreements with its wafer suppliers, and, when necessary, enters into strategic and collaborative agreements with key suppliers.</li> <li>TSMC regularly reviews the quality, delivery, cost and service performance of its wafer suppliers. The results of these reviews are incorporated into TSMC's subsequent purchasing decisions.</li> <li>A periodic audit of each wafer supplier's quality assurance systems ensures that TSMC can maintain the highest quality in its own products.</li> </ul>
Chemicals	Air Products ATMI BASF Dow KANTO-PPC MGC	These six companies are the major suppliers for bulk and specialty chemicals.	<ul style="list-style-type: none"> <li>Most suppliers have relocated many of their operations closer to TSMC's major manufacturing facilities, thereby significantly improving procurement logistics.</li> <li>The suppliers' products are regularly reviewed to ensure that TSMC's specifications are met and product quality is satisfactory.</li> </ul>
Litho Materials	AZ Dow JSR Nissan Shin-Etsu Chemical Sumitomo T.O.K.	These seven companies are the major suppliers for worldwide litho materials	<ul style="list-style-type: none"> <li>TSMC works closely with its suppliers to develop materials able to meet application and cost requirements.</li> <li>TSMC and suppliers periodically conducts improvement programs of their quality, delivery, sustainability and green policy, to ensure continuous progress of TSMC's supply chain.</li> </ul>
Gases	Air Liquide Air Products Linde Taiyo Nippon Sanso	These four companies are the major suppliers of specialty gases.	<ul style="list-style-type: none"> <li>The majority of the four suppliers are located in different geographic locations, minimizing supply risk to TSMC.</li> <li>TSMC conducts periodic audits of the suppliers' quality assurance systems to ensure that they meet TSMC's standards.</li> </ul>
Slurry, Pad, Disk	Asahi Glass Cabot Microelectronics DA Nano Dow Chemical Fujifilm Planar Solutions Fujimi Hitachi Chemical Kinik 3M	These nine companies are the major suppliers for CMP materials.	<ul style="list-style-type: none"> <li>TSMC works closely with its suppliers to develop materials able to meet application and cost requirements.</li> <li>TSMC and suppliers periodically conducts improvement programs of their quality, delivery, sustainability and green policy, to ensure continuous progress of TSMC's supply chain.</li> </ul>

## Suppliers Accounted for at Least 10% of Annual Consolidated Net Procurement

Unit: NT\$ thousands

Supplier	2012			2011		
	Procurement Amount	As % of 2012 Total Net Procurement	Relation to TSMC	Procurement Amount	As % of 2011 Total Net Procurement	Relation to TSMC
Company A	6,708,942	16%	None	5,549,444	22%	None
Company B	5,846,449	14%	None	3,035,441	12%	None
VIS	4,475,674	11%	Investee accounted for using equity method	5,597,895	22%	Investee accounted for using equity method
SSMC	3,638,633	9%	Investee accounted for using equity method	3,949,176	16%	Investee accounted for using equity method
Others	20,710,694	50%		6,775,433	28%	
Total Net Procurement	41,380,392	100%		24,907,389	100%	