

4. Capital and Shares

90% of TSMC's share capital comes from self-generated funds.

4.1 Capital and Shares

4.1.1 Capitalization

Unit: Share/NT\$

As of 02/28/2014

Month/Year	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Date of Approval & Approval Document No.
03/2013	10	28,050,000,000	280,500,000,000	25,924,435,668	259,244,356,680	Exercise of Employee Stock Options: NT\$23,880,900	None	03/11/2013 Yuan Shang Tzu No.1020007200
06/2013	10	28,050,000,000	280,500,000,000	25,928,232,685	259,282,326,850	Exercise of Employee Stock Options: NT\$37,970,170	None	06/06/2013 Yuan Shang Tzu No.1020016352
09/2013	10	28,050,000,000	280,500,000,000	25,928,305,829	259,283,058,290	Exercise of Employee Stock Options: NT\$731,440	None	09/03/2013 Yuan Shang Tzu No.1020026632
11/2013	10	28,050,000,000	280,500,000,000	25,928,390,990	259,283,909,900	Exercise of Employee Stock Options: NT\$851,610	None	11/29/2013 Yuan Shang Tzu No.1020037052

4.1.2 Capital and Shares

Unit: Share

As of 02/28/2014

Type of Stock	Authorized Share Capital				Total
	Issued Shares			Unissued Shares	
	Listed	Non-listed	Total		
Common Stock	25,929,049,937	-	25,929,049,937	2,120,950,063	28,050,000,000

Shelf Registration: None.

4.1.3 Composition of Shareholders

Common Share						As of 07/09/2013 (last record date)
Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	10	234	1,023	3,341	359,899	364,507
Shareholding	1,653,712,458	738,531,978	1,127,435,779	20,023,387,265	2,385,238,349	25,928,305,829
Holding Percentage (%)	6.38%	2.85%	4.35%	77.22%	9.20%	100.00%

Distribution Profile of Share Ownership

Common Share				As of 07/09/2013 (last record date)
Shareholder Ownership (Unit: Share)	Number of Shareholders	Ownership	Ownership (%)	
1 ~ 999	171,105	38,623,504	0.15%	
1,000 ~ 5,000	130,752	284,996,435	1.10%	
5,001 ~ 10,000	28,306	200,375,733	0.77%	
10,001 ~ 15,000	11,294	136,512,854	0.53%	
15,001 ~ 20,000	4,922	85,892,113	0.33%	
20,001 ~ 30,000	5,565	134,811,854	0.52%	
30,001 ~ 40,000	2,644	91,015,467	0.35%	
40,001 ~ 50,000	1,621	72,830,364	0.28%	
50,001 ~ 100,000	3,222	223,963,582	0.86%	
100,001 ~ 200,000	1,702	234,597,317	0.90%	
200,001 ~ 400,000	1,096	308,623,163	1.19%	
400,001 ~ 600,000	430	209,759,142	0.81%	
600,001 ~ 800,000	258	181,133,766	0.70%	
800,001 ~ 1,000,000	205	184,443,995	0.71%	
Over 1,000,001	1,385	23,540,726,540	90.80%	
Total	364,507	25,928,305,829	100.00%	

Preferred Share: None.

4.1.4 Major Shareholders

Common Share			As of 07/09/2013 (last record date)
Shareholders	Total Shares Owned	Ownership (%)	
ADR-Taiwan Semiconductor Manufacturing Company, Ltd.	5,456,754,818	21.05%	
National Development Fund, Executive Yuan	1,653,709,980	6.38%	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	854,162,727	3.29%	
Government of Singapore	540,394,959	2.08%	
JPMorgan Chase Bank N.A. Taipei Branch in custody for EuroPacific Growth Fund	425,265,136	1.64%	
JPMorgan Chase Bank N.A. Taipei Branch in custody for ABU DHABI Investment Authority	329,478,439	1.27%	
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	274,910,515	1.06%	
iShares MSCI Emerging Markets Index Fund	246,339,000	0.95%	
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	235,633,845	0.91%	
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	232,312,361	0.90%	

4.1.5 Net Change in Shareholding and Shares Pledged by Directors, Management and Shareholders with 10% Shareholdings or More

Title Name	2013		01/01/2014 ~ 02/28/2014	
	Net Change in Shareholding	Net Change in Shares Pledged (Note 1)	Net Change in Shareholding	Net Change in Shares Pledged (Note 1)
Chairman Morris Chang	-	-	2,000,000	-
Vice Chairman F.C. Tseng	(190,000)	-	-	-
Director National Development Fund, Executive Yuan Representative: Johnsee Lee	-	-	-	-
Director Rick Tsai (Note 2)	(930,000)	-	(50,000)	-
Independent Director Sir Peter Leahy Bonfield	-	-	-	-
Independent Director Stan Shih	-	-	-	-
Independent Director Thomas J. Engibous	-	-	-	-
Independent Director Gregory C. Chow	-	-	-	-
Independent Director Kok-Choo Chen	-	-	-	-
President and Co-Chief Executive Officer Mark Liu (Note 3)	(125,000)	-	(25,000)	-
President and Co-Chief Executive Officer C.C. Wei (Note 3)	276,882	-	-	-
Executive Vice President and Co-Chief Operating Officer Shang-yi Chiang (Note 4)	(50,000)	-	N/A	N/A
Senior Vice President and Chief Information Officer Information Technology, Materials Management and Risk Management Stephen T. Tso	(570,000)	-	(140,000)	-
Senior Vice President and General Counsel Legal Richard Thurston	(12,290)	-	-	-
Senior Vice President, Chief Financial Officer and Spokesperson Finance Lora Ho	-	-	-	-

(Continued)

Title Name	2013		01/01/2014 ~ 02/28/2014	
	Net Change in Shareholding	Net Change in Shares Pledged (Note 1)	Net Change in Shareholding	Net Change in Shares Pledged (Note 1)
Senior Vice President Worldwide Sales and Marketing Jason C.S. Chen (Note 5)	(105,000)	-	N/A	N/A
Senior Vice President Research and Development Wei-Jen Lo (Note 6)	(381,000)	-	(8,000)	-
Senior Vice President of TSMC and President of TSMC North America Rick Cassidy (Note 6)	-	-	-	-
Vice President Operations/Affiliate Fabs M.C. Tzeng	(26,000)	-	-	-
Vice President and Chief Technology Officer Research and Development Jack Sun	(34,000)	-	-	-
Vice President Operations/Product Development Y.P. Chin	(175,000)	-	(17,000)	-
Vice President Quality and Reliability N.S. Tsai	-	-	-	-
Vice President Human Resources L.C. Tu (Note 7)	(24,000)	-	N/A	N/A
Vice President Operations/Mainstream Fabs and Manufacturing Technology J.K. Lin	(9,000)	-	-	-
Vice President Operations/300mm Fabs J.K. Wang	-	-	-	-
Vice President Corporate Planning Organization Irene Sun	(179,000)	-	(70,000)	-
Vice President Research and Development Burn J. Lin	(244,000)	-	-	-
Vice President Research and Development Y.J. Mii	-	-	-	-
Vice President Research and Development Cliff Hou	(100,000)	-	-	-
Vice President Business Development Been-Jon Woo (Note 8)	20,000	-	15,000	-

Note 1: This refers to the creation of security interest over TSMC shares in favor of creditors, usually in connection with a shareholder's own financing activities.

Note 2: Dr. Rick Tsai resigned as a director of TSMC, effective January 27, 2014. His shareholding was not disclosed after that date.

Note 3: Executive Vice Presidents and Co-Chief Operating Officers Drs. Mark Liu and C.C. Wei were appointed as President and Co-Chief Executive Officer, effective November 12, 2013.

Note 4: Executive Vice President and Co-Chief Operating Officer Dr. Shang-yi Chiang voluntarily retired, effective November 1, 2013. His shareholding was not disclosed after that date.

Note 5: Senior Vice President of Worldwide Sales and Marketing Mr. Jason C.S. Chen resigned as the Executive Officer, effective November 23, 2013. His shareholding was not disclosed after that date.

Note 6: Dr. Wei-Jen Lo and Mr. Rick Cassidy were promoted to Senior Vice President, effective February 18, 2014.

Note 7: Vice President of Human Resources Mr. L.C. Tu was appointed as President of TSMC China, effective March 15, 2013. His shareholding was not disclosed after that date.

Note 8: Dr. Been-Jon Woo was promoted to Vice President, effective November 12, 2013. Her shareholding was disclosed starting from that date.

4.1.6 Stock Trade with Related Party: None.

4.1.7 Stock Pledge with Related Party: None.

4.1.8 Related Party Relationship among Our 10 Largest Shareholders

Common Share

As of 07/09/2013 (last record date)

Name	Current Shareholding		Spouse & Minor Shareholding		TSMC Shareholding by Nominee Arrangement		Name and Relationship between TSMC's Shareholders	
	Shares	%	Shares	%	Shares	%	Name	Relationship
ADR-Taiwan Semiconductor Manufacturing Company, Ltd.	5,456,754,818	21.05%	N/A	N/A	N/A	N/A	None	None
National Development Fund, Executive Yuan Representative: Johnsee Lee	1,653,709,980	6.38%	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	-	-	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Government of Singapore	854,162,727	3.29%	N/A	N/A	N/A	N/A	None	None
Government of Singapore	540,394,959	2.08%	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for EuroPacific Growth Fund	425,265,136	1.64%	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for ABU DHABI Investment Authority	329,478,439	1.27%	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	274,910,515	1.06%	N/A	N/A	N/A	N/A	None	None
iShares MSCI Emerging Markets Index Fund	246,339,000	0.95%	N/A	N/A	N/A	N/A	None	None
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	235,633,845	0.91%	N/A	N/A	N/A	N/A	None	None
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	232,312,361	0.90%	N/A	N/A	N/A	N/A	None	None

4.1.9 Long-term Investment Ownership

As of 12/31/2013

Long-term Investment	Ownership by TSMC (1)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
Equity Method:						
TSMC Partners, Ltd.	988,268,244	100%	-	-	988,268,244	100%
TSMC Global Ltd.	1,284	100%	-	-	1,284	100%
TSMC North America	11,000,000	100%	-	-	11,000,000	100%
TSMC Europe B.V.	200	100%	-	-	200	100%
TSMC Japan Limited	6,000	100%	-	-	6,000	100%
TSMC Korea Limited	80,000	100%	-	-	80,000	100%
TSMC China Company Limited	Not Applicable (Note 1)	100%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	100%
TSMC Guang Neng Investment, Ltd.	Not Applicable (Note 1)	100%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	100%
TSMC Solar Ltd.	1,118,000,000	98.58%	6,749,800	0.60%	1,124,749,800	99.18%
TSMC Solid State Lighting Ltd.	554,674,437	92.32%	9,181,173	1.53%	563,855,610	93.85%
Systems on Silicon Manufacturing Co. Pte. Ltd.	313,603	38.79%	-	-	313,603	38.79%
Vanguard International Semiconductor Corp.	628,223,493	39.36%	278,100,295	17.42% (Note 2)	906,323,788	56.78%
Xintec Inc.	94,950,005	40.16%	-	-	94,950,005	40.16%
Global UniChip Corporation	46,687,859	34.84%	-	-	46,687,859	34.84%
Emerging Alliance Fund, L.P.	Not Applicable (Note 1)	99.50%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	99.50%
VentureTech Alliance Fund II, L.P.	Not Applicable (Note 1)	98.00%	Not Applicable (Note 1)	-	Not Applicable (Note 1)	98.00%
VentureTech Alliance Fund III, L.P.	Not Applicable (Note 1)	50.35%	Not Applicable (Note 1)	48.63%	Not Applicable (Note 1)	98.98%

Note 1: Not applicable. These firms do not issue shares. TSMC's investment is measured as a percentage of ownership.

Note 2: TSMC's Director, National Development Fund of Executive Yuan, holds 17.17% while other Directors and Management hold 0.25%.

4.1.10 Share Information

TSMC's earnings per share increased 13.3% in 2013 to NT\$7.26 per share. The following table details TSMC's net worth, earnings, dividends and market price per common share, as well as other data regarding return on investment.

Net Worth, Earnings, Dividends, and Market Price Per Common Share

Unit: NT\$, except for weighted average shares and return on investment ratios

Item	2012	2013	01/01/2014 ~ 02/28/2014
Market Price Per Share (Note 1)			
Highest Market Price	99.20	115.50	108.50
Lowest Market Price	74.30	94.40	100.50
Average Market Price	84.08	104.09	105.34
Net Worth Per Share			
Before Distribution	27.79	32.69	-
After Distribution	24.79	(Note 5)	-
Earnings Per Share			
Weighted Average Shares (thousand shares)	25,927,936	25,929,603	-
Diluted Earnings Per Share	6.41	7.26 (Note 5)	-
Dividends Per Share			
Cash Dividends	3.00	3.00 (Note 5)	-
Accumulated Undistributed Dividend	-	-	-
Return on Investment			
Price/Earnings Ratio (Note 2)	13.12	(Note 5)	-
Price/Dividend Ratio (Note 3)	28.03	(Note 5)	-
Cash Dividend Yield (Note 4)	4%	(Note 5)	-

Note 1: Referred to TWSE website
 Note 2: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share
 Note 3: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share
 Note 4: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price
 Note 5: Pending for shareholders' approval

4.1.11 Dividend Policy

TSMC's profits may be distributed by way of cash dividend and/or stock dividend. The preferred method of distributing profits is by way of an annual cash dividend. Under TSMC's Articles of Incorporation, stock dividends shall not exceed 50% of the total dividend distribution in any given fiscal year. TSMC does not pay dividends when there is no profit or retained earnings. TSMC has distributed cash dividends every year to its shareholders since 2004 and maintained dividends per share (DPS) at NT\$3.0 every year since 2007. TSMC intends to maintain a stable dividend policy, and will consider raising DPS when the free cash flow significantly exceeds NT\$3.0 per share.

4.1.12 Distribution of Profit

The Board adopted a proposal for 2013 profit distribution at its meeting on February 18, 2013. The proposal will be effected according to the relevant regulations, upon the approval of shareholders at the Annual Shareholders' Meeting on June 24, 2014.

In addition, according to the Company's Articles of Incorporation, TSMC shall allocate no more than 0.3% of earnings available for distribution (net income after a regulatory required deduction for prior years' losses and contributions to legal and special reserves) as compensation to directors, and not less than 1% as a bonus to employees. Profit sharing to employees, to be distributed after the 2014 Annual Shareholders' Meeting, was recorded as a charge to earnings of approximately 6.7% of net income in year 2013; compensation to directors was expensed based on the estimated amount of payment. The proposal will be effected according to the relevant regulations, upon the approval of shareholders at the Annual Shareholders' Meeting on June 24, 2014. If the actual amounts subsequently resolved by the shareholders differ from the above estimated amounts, the differences will be recorded in the year of shareholders' resolution as a change in accounting estimate.

Proposal to Distribute 2013 Profits

Unit: NT\$

Cash Dividends to Common Shareholders (NT\$3.0 per share)	77,785,851,420
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Note: Employees' cash bonus and profit sharing and compensation to directors for the year 2013 which have been expensed under the Company's income statements are listed below:

- NT\$12,634,664,804 distributed employees' cash bonus
- NT\$12,634,664,804 employees' cash profit sharing to be distributed after 2014 Annual Shareholders' Meeting
- NT\$104,136,580 directors' compensation

2012 Directors' Compensation and Employee Profit Sharing

	Board Resolution (02/05/2013)	Actual Result (Note)
	Amount (NT\$)	Amount (NT\$)
Directors' Compensation (Cash)	71,351,700	71,351,700
Employee's Cash Profit Sharing	11,115,239,772	10,859,687,110
Total	11,186,591,472	10,931,038,810

Note: The above Directors' Compensation and Employee's Cash Profit Sharing were expensed under the Company's 2012 income statements and the same amounts were approved by the Board of Directors at its meeting on February 5, 2013. The Employee's Cash Profit Sharing was distributed after the approval of the same by shareholders at 2013 Annual Shareholders' Meeting on June 11, 2013. Due to employee turnover, Employee's Cash Profit Sharing in the amount of NT\$255,552,662 was undistributed, and related expense was reversed in 2013.

4.1.13 Impact to 2014 Business Performance and EPS Resulting from Stock Dividend Distribution: Not applicable.

4.1.14 Buyback of Common Stock: None.

4.2 Issuance of Corporate Bonds

4.2.1 Corporate Bonds

NTD Corporate Bonds

As of 02/28/2014

Issuance	Domestic Unsecured Bond (100-1)	Domestic Unsecured Bond (100-2)	Domestic Unsecured Bond (101-1)	Domestic Unsecured Bond (101-2)	Domestic Unsecured Bond (101-3)	Domestic Unsecured Bond (101-4)	Domestic Unsecured Bond (102-1)	Domestic Unsecured Bond (102-2)	Domestic Unsecured Bond (102-3)	Domestic Unsecured Bond (102-4)
Issuing Date	09/28/2011	01/11/2012	08/02/2012	09/26/2012	10/09/2012	01/04/2013	02/06/2013	07/16/2013	08/09/2013	09/25/2013
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Offering Price	Par	Par	Par	Par	Par	Par	Par	Par	Par	Par
Total Amount	NT\$18,000,000,000	NT\$17,000,000,000	NT\$18,900,000,000	NT\$21,700,000,000	NT\$4,400,000,000	NT\$23,600,000,000	NT\$21,400,000,000	NT\$13,700,000,000	NT\$12,500,000,000	NT\$15,000,000,000
Coupon	Tranche A: 1.40% p.a. Tranche B: 1.63% p.a.	Tranche A: 1.29% p.a. Tranche B: 1.46% p.a.	Tranche A: 1.28% p.a. Tranche B: 1.40% p.a.	Tranche A: 1.28% p.a. Tranche B: 1.39% p.a.	1.53% p.a.	Tranche A: 1.23% p.a. Tranche B: 1.35% p.a. Tranche C: 1.49% p.a.	Tranche A: 1.23% p.a. Tranche B: 1.38% p.a. Tranche C: 1.50% p.a.	Tranche A: 1.50% p.a. Tranche B: 1.70% p.a.	Tranche A: 1.34% p.a. Tranche B: 1.52% p.a.	Tranche A: 1.35% p.a. Tranche B: 1.45% p.a. Tranche C: 1.60% p.a. Tranche D: 1.85% p.a. Tranche E: 2.05% p.a. Tranche F: 2.10% p.a.
Tenor and Maturity Date	Tranche A: 5 years Maturity: 09/28/2016 Tranche B: 7 years Maturity: 09/28/2018	Tranche A: 5 years Maturity: 01/11/2017 Tranche B: 7 years Maturity: 01/11/2019	Tranche A: 5 years Maturity: 08/02/2017 Tranche B: 7 years Maturity: 08/02/2019	Tranche A: 5 years Maturity: 09/26/2017 Tranche B: 7 years Maturity: 09/26/2019	Tenor: 10 years Maturity: 10/09/2022	Tranche A: 5 years Maturity: 01/04/2018 Tranche B: 7 years Maturity: 01/04/2020 Tranche C: 10 years Maturity: 01/04/2023	Tranche A: 5 years Maturity: 02/06/2018 Tranche B: 7 years Maturity: 02/06/2020 Tranche C: 10 years Maturity: 02/06/2023	Tranche A: 7 years Maturity: 07/16/2020 Tranche B: 10 years Maturity: 07/16/2023	Tranche A: 4 years Maturity: 08/09/2017 Tranche B: 6 years Maturity: 08/09/2019	Tranche A: 3 years Maturity: 09/25/2016 Tranche B: 4 years Maturity: 09/25/2017 Tranche C: 5.5 years Maturity: 03/25/2019 Tranche D: 7.5 years Maturity: 03/25/2021 Tranche E: 9.5 years Maturity: 03/25/2023 Tranche F: 10 years Maturity: 09/25/2023
Guarantor	None	None	None	None	None	None	None	None	None	None
Trustee	Mega International Commercial Bank	Mega International Commercial Bank	Mega International Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Underwriter	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Legal Counsel	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office	Modern Law Office
Auditor	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche	Deloitte & Touche
Repayment	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet
Outstanding	NT\$18,000,000,000	NT\$17,000,000,000	NT\$18,900,000,000	NT\$21,700,000,000	NT\$4,400,000,000	NT\$23,600,000,000	NT\$21,400,000,000	NT\$13,700,000,000	NT\$12,500,000,000	NT\$15,000,000,000
Redemption or Early Repayment Clause	None	None	None	None	None	None	None	None	None	None
Covenants	None	None	None	None	None	None	None	None	None	None
Credit Rating	twAAA (Taiwan Ratings Corporation, 08/24/2011)	twAAA (Taiwan Ratings Corporation, 12/06/2011)	twAAA (Taiwan Ratings Corporation, 07/02/2012)	twAAA (Taiwan Ratings Corporation, 08/23/2012)	twAAA (Taiwan Ratings Corporation, 09/04/2012)	twAAA (Taiwan Ratings Corporation, 11/29/2012)	twAAA (Taiwan Ratings Corporation, 12/18/2012)	twAAA (Taiwan Ratings Corporation, 05/16/2013)	twAAA (Taiwan Ratings Corporation, 07/15/2013)	twAAA (Taiwan Ratings Corporation, 08/06/2013)
Other Rights of Bondholders	Conversion Right	None	None	None	None	None	None	None	None	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders	None	None	None	None	None	None	None	None	None	None
Custodian	None	None	None	None	None	None	None	None	None	None

USD Corporate Bonds

As of 02/28/2014

Issuance	Senior Unsecured Notes (Note)
Issuing Date	04/03/2013
Denomination	US\$200,000 and integral multiples of US\$1,000 in excess thereof
Listing	Singapore Exchange
Offering Price	2016 Notes: 99.988% 2018 Notes: 99.933%
Total Amount	US\$1,500,000,000
Coupon	2016 Notes: 0.950% p.a. 2018 Notes: 1.625% p.a.
Tenor and Maturity Date	2016 Notes: 3 years Maturity: 04/03/2016 2018 Notes: 5 years Maturity: 04/03/2018
Guarantor	TSMC
Trustee	Citicorp International Limited
Underwriter	Goldman Sachs International

(Continued)

Legal Advisor	Jones Day Maples and Calder	
Auditor	Deloitte & Touche	
Repayment	Bullet	
Outstanding	US\$1,500,000,000	
Redemption or Early Repayment Clause	At issuer's option	
Covenants	Limitations on (1) liens and (2) sale and leaseback transactions	
Credit Rating	A1 (Moody's Investors Service, 03/15/2013) A+ (Standard & Poor's Rating Services, 03/15/2013)	
Other Rights of Bondholders	Conversion Right	None
	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders	None	
Custodian	None	

Note: Issued by TSMC's wholly-owned subsidiary, TSMC Global Ltd., and unconditionally and irrevocably guaranteed by TSMC.

4.2.2 Convertible Bond: None.

4.2.3 Exchangeable Bond: None.

4.2.4 Shelf Registration: None.

4.2.5 Bond with Warrants: None.

4.3 Preferred Shares

4.3.1 Preferred Share: None.

4.3.2 Preferred Share with Warrants: None.

4.4 Issuance of American Depositary Shares

Issuing Date	10/08/1997	11/20/1998	01/12/1999 - 01/14/1999	07/15/1999	08/23/1999 - 09/09/1999	02/22/2000 - 03/08/2000	04/17/2000	06/07/2000 - 06/15/2000	05/14/2001 - 06/11/2001	06/12/2001	11/27/2001	02/07/2002 - 02/08/2002	11/21/2002 - 12/19/2002	07/14/2003 - 07/21/2003	11/14/2003	08/10/2005 - 09/08/2005	05/23/2007
Issuance and Listing	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE	NYSE
Total Amount (US\$)	594,720,000	184,554,440	35,500,000	296,499,641	158,897,089	379,134,599	224,640,000	1,167,873,850	240,999,660	297,649,640	320,600,000	1,001,650,000	160,097,914	908,514,880	1,077,000,000	1,402,036,500	2,563,200,000
Offering Price Per ADS (US\$)	24.78	15.26	17.75	24.516	28.964	57.79	56.16	35.75	20.63	20.63	16.03	16.75	8.73	10.40	10.77	8.6	10.68
Units Issued	24,000,000	12,094,000	2,000,000	12,094,000	5,486,000	6,560,000	4,000,000	32,667,800	11,682,000	14,428,000	20,000,000	59,800,000	18,348,000	87,357,200	100,000,000	163,027,500	240,000,000
Underlying Securities	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders (Pursuant to ADR Conversion Sale Program)	TSMC Common Shares from Selling Shareholders (Pursuant to ADR Conversion Sale Program)	TSMC Common Shares from Selling Shareholders	Cash Offering and TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders (Pursuant to ADR Conversion Sale Program)	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders (Pursuant to ADR Conversion Sale Program)	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders	TSMC Common Shares from Selling Shareholders
Common Shares Represented	120,000,000	60,470,000	10,000,000	60,470,000	27,430,000	32,800,000	20,000,000	163,339,000	58,410,000	72,140,000	100,000,000	299,000,000	91,740,000	436,786,000	500,000,000	815,137,500	1,200,000,000
Rights and Obligations of ADS Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders	Same as those of Common Share Holders
Trustee	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Depository Bank	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York	Citibank, N.A. – New York
Custodian Bank (Note 1)	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch	Citibank, N.A. – Taipei Branch
ADs Outstanding (Note 2)	24,000,000	46,222,650	48,222,650	71,407,859	76,893,859	83,453,859	87,453,859	144,608,739	156,290,739	170,718,739	259,006,235	318,806,235	369,019,413	485,898,166	585,898,166	864,210,597	1,128,739,639
Apportionment of Expenses for Issuance and Maintenance	(Note 3)							(Note 4)							(Note 3)		
Terms and Conditions in the Deposit Agreement and Custody Agreement	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details	See Deposit Agreement and Custody Agreement for Details
Closing Price Per ADS (US\$)	2013	High	19.66														
		Low	15.75														
		Average	17.55														
	01/01/2014 - 02/28/2014	High	18.15														
		Low	16.46														
		Average	17.36														

Note 1: Citibank, N.A., Taipei Branch has changed its name to "Citibank Taiwan Limited" on August 1, 2009.

Note 2: TSMC has in aggregate issued 813,544,500 ADSs since 1997, which, if taking into consideration stock dividends distributed over the period, would amount to 1,147,835,205 ADSs. Stock dividends distributed in 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009 were 45%, 23%, 28%, 40%, 10%, 8%, 14.08668%, 4.9971%, 2.99903%, 0.49991%, 0.50417% and 0.49998%, respectively. As of February 28, 2014, total number of outstanding ADSs was 1,077,494,287 after 70,340,918 ADSs were redeemed.

Note 3: All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of ADSs were borne by the selling shareholders, while maintenance expenses such as annual listing fees and accountant fees were borne by TSMC.

Note 4: All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of ADSs were borne by TSMC and the selling shareholders, while maintenance expenses such as annual listing fees and accountant fees were borne by TSMC.

4.5 Status of Employee Stock Option Plan

4.5.1 Issuance of Employee Stock Options

As of 02/28/2014

ESOP Granted	First Grant	Second Grant	Third Grant	Fourth Grant	Fifth Grant	Sixth Grant	Seventh Grant	Eighth Grant	Ninth Grant
Approval Date by The Securities & Futures Bureau	06/25/2002	06/25/2002	06/25/2002	06/25/2002	10/29/2003	10/29/2003	10/29/2003	10/29/2003	01/06/2005
Issue (Grant) Date	08/22/2002	11/08/2002	03/07/2003	06/06/2003	12/03/2003	02/19/2004	05/11/2004	08/11/2004	05/17/2005
Number of Options Granted	18,909,700	1,085,000	6,489,514	23,090,550	842,900	15,720	11,167,817	135,300	10,742,350
Percentage of Shares Exercisable to Outstanding Common Shares	0.10154%	0.00583%	0.03485%	0.12399%	0.00416%	0.00008%	0.05510%	0.00058%	0.04620%
Option Duration	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Source of Option Shares	New Common Share	New Common Share	New Common Share	New Common Share	New Common Share	New Common Share	New Common Share	New Common Share	New Common Share
Vesting Schedule	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%	2nd Year: up to 50% 3rd Year: up to 75% 4th Year: up to 100%
Shares Exercised	20,585,621	1,416,203	7,584,554	24,838,979	583,111	15,416	10,143,247	128,014	7,087,842
Value of Shares Exercised (NT\$)	696,435,850	45,875,186	174,820,504	849,375,434	29,807,359	744,182	449,012,664	4,982,968	371,734,875
Shares Unexercised	-	-	-	-	-	-	201,281	-	1,129,240
Original Grant Price Per Share (NT\$)	NT\$53.0	NT\$51.0	NT\$41.6	NT\$58.5	NT\$66.5	NT\$63.5	NT\$57.5	NT\$43.8	NT\$54.3
Adjusted Exercise Price Per Share (NT\$)	NT\$25.6	NT\$24.6	NT\$20.2	NT\$28.3	NT\$50.1	NT\$47.8	NT\$43.2	NT\$38.0	NT\$47.2
Percentage of Shares Unexercised to Outstanding Common Shares	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00078%	0.00000%	0.00436%
Impact to Shareholders' Equity	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited	Dilution to Shareholders' Equity is limited

4.5.2 Employee Stock Options Granted to Management Team and to Top 10 Employees

As of 02/28/2014

	Title	Name	Number of Options Granted (Note 6)	% of Shares Exercisable to Outstanding Common Shares	Exercised				Unexercised			
					Shares Exercised	Exercise Price Per Share	Value of Shares Exercised (NT\$)	% of Shares Exercised to Outstanding Common Shares	Shares Unexercised	Adjusted Grant Price Per Share	Value of Shares Unexercised (NT\$)	% of Shares Unexercised to Outstanding Common Shares
Officers	Chairman	Morris Chang (Note 1 & 2)	5,610,424	0.02164%	5,610,424	24.8	139,177,343	0.02164%	-	-	-	0.00000%
	President and Co-Chief Executive Officer	Mark Liu (Note 1 & 3)										
	President and Co-Chief Executive Officer	C.C. Wei (Note 1 & 3)										
	Senior Vice President and Chief Information Officer	Stephen T. Tso (Note 1)										
	Senior Vice President and General Counsel	Richard Thurston (Note 1)										
	Senior Vice President of TSMC and President of TSMC North America	Rick Cassidy (Note 4)										
	Vice President and Chief Technology Officer	Jack Sun (Note 1)										
	President of TSMC China	L.C. Tu (Note 1 & 5)										
	Vice President	J.K. Lin (Note 1)										
Employees	Vice President	Burn J. Lin (Note 1)	7,674,288	0.02960%	7,232,603	43.7	316,303,631	0.02789%	441,685	47.2	20,847,555	0.00170%
	Director	Jessica Chou										
	Director	Lie-Szu Juang										
	Sr. Vice President of TSMC North America	Pan-Wei Lai										
	Sr. Vice President of TSMC North America	Bradford Paulsen										
	Sr. Vice President of TSMC North America	David Keller										
	Vice President of TSMC North America	Sajiv Dalal										
	President of WaferTech	Kuo Chin Hsu										
	Director of WaferTech	Charlton Ku										
Director of WaferTech	Wayne Yeh											
Deputy Fab Manager of WaferTech	Tsung Kuo											

Note 1: TSMC granted options to certain of its officers (as listed above) as a result of their voluntary selection to exchange part of their profit sharing for stock options in 2003. This includes a voluntary exchange by Chairman Morris Chang in his capacity as Chief Executive Officer.

Note 2: Effective November 12, 2013, Chairman and Chief Executive Officer Dr. Morris Chang retired as Chief Executive Officer. Executive Vice Presidents and Co-Chief Operating Officers Drs. Mark Liu and C.C. Wei assumed the role as Co-Chief Executive Officers.

Note 3: Executive Vice Presidents and Co-Chief Operating Officers Drs. Mark Liu and C.C. Wei were appointed as President and Co-Chief Executive Officer, effective November 12, 2013.

Note 4: Mr. Rick Cassidy was promoted to Senior Vice President, effective February 18, 2014.

Note 5: Vice President of Human Resources Mr. L.C. Tu was appointed as President of TSMC China, effective March 15, 2013.

Note 6: Number of options granted includes the additional shares due to stock dividends distributed in 2004, 2005, 2006, 2007, 2008 and 2009.

4.6 Status of Employee Restricted Stock

TSMC did not issue employee restricted stock in 2013, and as of the date of this Annual Report.

4.6.1 Status of Employee Restricted Stock: Not applicable.

4.6.2 Employee Restricted Stock Granted to Management Team and to Top 10 Employees: Not applicable.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions

TSMC neither issued new shares in connection with mergers or acquisitions during 2013, nor as of the date of this Annual Report.

4.8 Financing Plans and Implementation: Not applicable.