FOR IMMEDIATE RELEASE

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Taiwan Semiconductor Manufacturing Company Ltd. Announces First Quarter Results for the Period Ended March 31, 2000

Hsin-Chu, Taiwan, R.O.C., April 25, 2000 – Taiwan Semiconductor Manufacturing Company Ltd. (TAIEX: 2330, NYSE: TSM), (“TSMC” or “the Company”) the world’s largest dedicated semiconductor foundry company, today announced the results of its operations for the first quarter ended March 31, 2000. All figures were prepared in accordance with generally accepted accounting principles in Taiwan.

Main Topics Discussed in This Release

- 1Q00 Results: Year-over-Year Comparison (YoY)
- 1Q00 Results: Sequential Comparison (QoQ)
- Planned capital expenditure and capacity

1Q00 Results: Year-over-Year Comparison Highlights

- Net sales increased 126% to NT$28,278 million.
- Quarterly unit sales\(^1\) set a new record high at 642K units of 8” equivalent wafers.
- Capacity utilization was historically high at 113% due to strong demand.
- Operating income increased 130% YoY to NT$10,297 million.
- Net income rose 147% YoY to NT$10,091 million.
- Diluted earnings per common share (EPS) increased 143% to NT$1.32 from NT$0.54, or US$0.21 versus US$0.08 per ADR.\(^2\)

\(^1\) Including resale of wafers outsourced to joint ventures; WaferTech, Vanguard and TSMC-Acer.
\(^2\) Earnings per share for 1Q99 have been restated to reflect a 24.8% increase in shares outstanding in June 1999. Total weighted number of shares were 7,548,483k shares, 7,572,598k shares and 7,670,882k shares for 1Q99, 4Q99 and 1Q00 respectively.
Net Sales:
Net sales in the first quarter of 2000 were up 126% from the previous year to NT$28,278 million (including NT$5,318 million contributed from TSMC’s joint ventures), as a combined result of higher unit sales and higher average selling price (ASP). The unit shipments of 8-inch equivalent wafers, including JV sales, grew 95% to a new record high of 642K units in 1Q00 compared to 329K in 1Q99. The average selling price (ASP)\(^3\) in NT dollars increased by 9% to NT$39.5K in 1Q00 from NT$36.2K in 1Q99 as a combined result of a 14.5% favorable increase in product mix and a 5% unfavorable movement in foreign exchange rate. The ASP in US dollars was US$1,277, 14.7% higher than US$1,112 a year ago. The New Taiwan dollar appreciated to NT$30.95 in 1Q00 from NT$32.58 in 1Q99.

Sales breakdown by application, technology, customer types and geography for 1Q00 and 1Q99 is summarized in Table 1. For consistency, historical numbers are changed to reflect current definitions. As a result, classifications may differ from those released earlier.

Table 1: Sales Breakdown (Including JV, YoY)

<table>
<thead>
<tr>
<th>Segment: Application (Unit)</th>
<th>1Q00</th>
<th>1Q99</th>
<th>Segment: Technology (Unit)</th>
<th>1Q00</th>
<th>1Q99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer</td>
<td>36%</td>
<td>40%</td>
<td>X ≤ 0.18 μ</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Communication</td>
<td>38%</td>
<td>26%</td>
<td>0.18 μ &lt; X ≤ 0.25 μ</td>
<td>29%</td>
<td>20%</td>
</tr>
<tr>
<td>Consumer</td>
<td>15%</td>
<td>18%</td>
<td>0.25 μ &lt; X ≤ 0.35 μ</td>
<td>40%</td>
<td>35%</td>
</tr>
<tr>
<td>Industrial / Others</td>
<td>3%</td>
<td>4%</td>
<td>X ≥ 0.50 μ</td>
<td>30%</td>
<td>45%</td>
</tr>
<tr>
<td>Memory</td>
<td>8%</td>
<td>12%</td>
<td>Geography (Revenue)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>North America</td>
<td>67%</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Asia Pacific</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Europe</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Japan</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Gross Margin:
The gross profit increased significantly by 119% to NT$12,705 million from NT$5,811 million a year ago. It was mainly due to higher ASP and average capacity utilization. Capacity utilization was at 113% in 1Q00 compared to 90% in 1Q99. Gross margin declined by 1.6% to 44.9% in 1Q00. Excluding margin effect from sales to joint ventures, gross margins for TSMC only production was 54.1% in 1Q00 versus 49.8% in 1Q99.

Operating Expenses:
Operating expenses rose 82% or NT $ 1,082 million to NT$2,408 million in 1Q00 from NT$1,326 million a year ago due to higher start-up costs for Fab 6 which just began operations in February 2000. As a percentage of total sales, operating expenses were at 8.5% in 1Q00 compared to 10.6% in 1Q99.

Non-Operating Income/Expenses:
Net non-operating income was NT$15 million in 1Q00 compared to a net non-operating income loss of NT$148 million in 1Q99. This was mainly due to a NT$110 million insurance claim accrued for the September 21 earthquake and NT$84 million of proceeds from short-term investment disposal in 1Q00.

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\(^3\) Including resale of wafers outsourced to joint ventures.
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Investment Income/Losses:
Investment loss was reduced by NT$170 million to a NT$55 million loss in 1Q00 compared to NT$226 million loss in 1Q99 due primarily to appreciation in equity value of InveStar4 and improvements at WaferTech. TSMC-Acer Manufacturing Company (TASMC)5 recorded a NT$33 million investment loss and a NT$147 million loss of purchase premium amortization in 1Q00. WaferTech6 recorded a NT$80 million loss in 1Q00 versus a NT$174 million loss in 1Q99. Vanguard International Semiconductor Company (VISC) increased their investment loss to NT$80 million in 1Q00 compared to an investment loss of NT$34 million loss in 1Q99.7

Net Income:
Net income increased 147% year-over-year to NT$10,091 million in 1Q00 compared to NT$4,090 million a year ago. Net margin rose slightly to 35.7% in 1Q00 from 32.7% in 1Q99. Diluted earnings per share rose by 143% or NT$0.77 to NT$1.32 in 1Q00 from NT$0.54 one year ago. Net income tax expenses for 1Q00 were a NT$165 million, (NT$595 million of tax expenses and NT$430 million of tax credits), up from NT$23 million a year ago.

Operations Highlights:
Average capacity utilization based on wafers produced (or "out utilization"), excluding joint ventures, increased to 113% in 1Q00 from 90% in 1Q99. Installed capacity of TSMC was up 30YoY in 1Q99 to 476K 8-inch equivalent wafers. Capacity managed by TSMC including joint ventures was up 58% YoY to 618K 8-inch equivalent wafers.

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4 TSMC owns 97.09% of InveStar.
5 TSMC owns 32.00% of TASMC.
6 TSMC owns 67.56% of WaferTech.
7 TSMC owns 25.28% of VISC.
1Q00 Results: Sequential Comparison Highlights

- Net sales rose 19.4% while unit sales rose 16.7% QoQ.
- Average Selling Price (ASP) in US dollars rose 4.1% QoQ.
- Gross margin improved to 44.9% from 41.1% in 4Q99.
- Operating income increased 34.1% QoQ.
- Net income increased 21.4% QoQ.
- Diluted earnings per common share (EPS) were NT$1.32, up 19.9% from NT$1.10 in 4Q99, or US$0.21 versus US$0.17 per ADR.

Net Sales:

Net sales in 1Q00 totaled NT$28,278 million, up 19.4% from NT$23,691 in 4Q99, primarily due to the growth in unit shipments and unit price. Including TSMC’s joint venture partner contributions, the unit sales of 8-inch equivalent wafers grew by 16.7% to 642K units in 1Q00 from 551K in 4Q99. The average selling price (ASP) in both US dollars and New Taiwan dollars increased due to product mix and price increase. In US dollars, the quarterly ASP, including joint venture contributions, was US$1,277 per 8-inch equivalent wafer compared to US$1,226 in 4Q99. The New Taiwan dollars appreciated in terms of US dollars to NT$30.95 in 1Q00 from NT$31.73 in 4Q99.

Sales breakdown by application, technology, customer types and geography for 1Q00 and 4Q99 is summarized in Table 2. For consistency, historical numbers are changed to reflect current definitions. As a result, classifications may differ from those released earlier.

Table 2: Sales Breakdown (Including JV, QoQ)

<table>
<thead>
<tr>
<th>Segment: Application (Unit)</th>
<th>1Q00</th>
<th>4Q99</th>
<th>Segment: Customer Type (Revenue)</th>
<th>1Q00</th>
<th>4Q99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application</td>
<td></td>
<td></td>
<td>Customer Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fabless</td>
<td>61%</td>
<td>63%</td>
</tr>
<tr>
<td>Computer</td>
<td>36%</td>
<td>40%</td>
<td>IDM</td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td>Communication</td>
<td>38%</td>
<td>33%</td>
<td>System</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Consumer</td>
<td>15%</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial / Others</td>
<td>3%</td>
<td>4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memory</td>
<td>8%</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology (Unit)</th>
<th>1Q00</th>
<th>4Q99</th>
<th>Geography (Revenue)</th>
<th>1Q00</th>
<th>4Q99</th>
</tr>
</thead>
<tbody>
<tr>
<td>X ≤ 0.18 µ</td>
<td>1%</td>
<td>0%</td>
<td>North America</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>0.18 µ &lt; X ≤ 0.25 µ</td>
<td>29%</td>
<td>31%</td>
<td>Asia Pacific</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>0.25 µ &lt; X ≤ 0.35 µ</td>
<td>40%</td>
<td>39%</td>
<td>Europe</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>X ≥ 0.50 µ</td>
<td>30%</td>
<td>30%</td>
<td>Japan</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Gross Margin:

Gross profit increased by 30.8% or NT$2,993 million to NT$12,705 million in 1Q00 from NT$9,712 million in 4Q99 due to increased capacity utilization. Capacity utilization rose from 107% to 113% during this quarter. Gross margin increased by 3.9% from 41.0% in 4Q99 to 44.9% in 1Q00. Excluding margin effect from sales to joint ventures, gross margins for TSMC only production was 54.1% in 1Q00 versus 47.1% in 1Q99.
Operating Expenses:
Operating expenses rose 18.5% or NT$376 million to NT$2,408 million in 1Q00 from NT$2,032 million in 4Q99, due to higher Feb 6 start up expenses as well as research and development expenses. As a percentage of sales, operating expenses were maintained at 8.5% of sales.

Non-Operating Income/Expenses:
Non-operating income was NT$15 million compared to non-operating income of NT$382 million in 4Q99. Insurance claim from 9/21 earthquake was NT$110 million compared with NT$578 million in 4Q99.

Investment Income/Losses:
Investment loss in 1Q00 was NT$55 million versus gain of NT$263 million in 4Q99, during which TSMC recorded an investment gain of NT$687 million from TASMC. Appreciation in equity value for InveStar was NT$309 million in 1Q00.

Net Income:
Net income rose 21.4% or NT$1,780 million to NT$10,091 million in 1Q00 compared with net income of NT$8,311 million in 4Q99. Net margin rose slightly to 35.7% in 1Q00 from 35.1% in 4Q99. Diluted earnings per common share rose by 19.9% or NT$0.22 to NT$1.32 in 1Q00 from NT$1.10 in 4Q99.
Tax expenses for 1Q00 were NT$165 million (including NT$595 million of tax expenses and NT$430 million of tax credits), up from a tax expense total of NT$15 million in 4Q99.

Operations Highlights:
Average capacity utilization rate of TSMC based on wafer produced (or “out utilization”) improved even further in 1Q00 to 113% from 107%, due to strong customer demand across the board. Installed capacity of TSMC was up 2% QoQ in 1Q00 to 476K 8-inch equivalent wafers. Capacity managed by TSMC, including joint ventures, was up 9% QoQ to 618k 8-inch equivalent wafers.

Liquidity and Capital Resource:
During 1Q00, TSMC generated NT$16.5 billion in net cash from operating activities. Depreciation and amortization were NT$5.5 billion for 1Q00. Net cash used for investing activities totaled NT$8.1 billion for 1Q00, reduced from NT$9.8 billion in the previous quarter. The net cash used was primary for Fab 5 and 6. Net cash generated from financing activities was NT$340 million, the result of a decrease in guarantee deposits. As of March 31, 2000, TSMC had NT$24.7 billion of cash equivalent on hand, increased by NT$8.1 billion during 1Q00. Liability to assets ratio increased to 26% in 1Q00 from 25% as of 4Q99.

Major announcements by TSMC during this period included:
- Approval of 28% stock dividend paid for the year 1999 in AGM (04/14/00);
- Announcement of grand opening of Fab 6 (03/30/00);
- Announcement of 0.13-micron design starts (03/28/00);
- Delivering the first 0.15-micron technology (03/16/00);

8 TSMC expects total shares outstanding to reach 11,574,364,587 shares after 28% stock dividends (2,147,846,881 shares), employee profit sharing (172,120,825 shares), merger of WSMC (1,150,000,000 shares) and merger of TSMC-Acer (433,515,164 shares).
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- Strategic alliance with MIPS Technologies to deliver first-ever “hard” versions of MIPS 32- and 64-bit processor cores (03/21/00);
- Introduction of first DesignWare® standard design cell libraries with Synopsys (03/21/00);
- Unveiling of design service alliance and setting standard for foundry library, IP and IC design implementation partners. (03/21/00); and
- Appointment of Dr. Edward Ross as President of TSMC North America (02/25/00).

Please visit the TSMC website (http://www.tsmc.com) for details of the announcements.

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**Planned Capital Expenditure and Capacity**

**Highlights**

- Capital expenditure for TSMC group post merger currently stands at US$3.79 billion in 2000.
- Capital expenditure for TSMC affiliates is likely to reach US$1.07 billion in 2000.
- Total installed capacity managed by TSMC after mergers is expected to reach 3.41 million in 8” equivalent wafers in 2000, up 80% YoY.

**Capital Expenditures in 2000:**

Post merger capital expenditure is likely to reach US$3.79 billion, which includes:

- US$2,283 million for original pre-merger TSMC;
- US$1,029 million for WSMC; and
- US$473 million for TSMC-Acer.

Capital expenditure by TSMC affiliates is likely to reach US$1,074 million, which includes:

- US$363 million for WaferTech, where TSMC is entitled to 100% of WaferTech capacity;
- US$230 million for VIS (logic foundry spending US$76 million), where TSMC is entitled to 22K wafers per month; and
- US$481 million for SSMC, where TSMC is entitled to 40% of SSMC capacity.

**Planned Capacity:**

Total installed capacity managed by TSMC after mergers have been completed is expected to reach approximately 3.41 million in 8” equivalent wafers in year 2000, up 80% YoY. The 3.41 million wafers include 151K wafers from WSMC in 1H2000, which will be consolidated into TSMC revenue under pooling of interests method after merger is completed in June 30, 2000. However, available capacity for foundry use is 3.26 million as WSMC capacity is undergoing qualification by TSMC and customers of TSMC. Details of capacity plan for 2000 are summarized in Table 3. In the year 2001, capacity is estimated to be around 4.76 million in 8” equivalent wafers.
### Table 3: Planned Capacity Managed by TSMC

<table>
<thead>
<tr>
<th>Fab</th>
<th>Install Capacity: Annual (Monthly at Year End)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1999</td>
</tr>
<tr>
<td>Fab 1 6”</td>
<td>252.3 (21.2)</td>
</tr>
<tr>
<td>Fab 2A 6”</td>
<td>452.0 (38.0)</td>
</tr>
<tr>
<td>Fab 2B 6”</td>
<td>488.0 (41.0)</td>
</tr>
<tr>
<td>Fab 3 8”</td>
<td>478.4 (41.0)</td>
</tr>
<tr>
<td>Fab 4 8”</td>
<td>353.0 (31.0)</td>
</tr>
<tr>
<td>Fab 5 8”</td>
<td>116.0 (13.0)</td>
</tr>
<tr>
<td>Fab 6 8”</td>
<td>158.4 (32.0)</td>
</tr>
<tr>
<td>Fab 7 (TSMC-Acer) 8”</td>
<td>26.0 (10.0)</td>
</tr>
<tr>
<td>Fab 8 (WSMC) 8”</td>
<td>30.0 (9.0)</td>
</tr>
<tr>
<td>Total Capacity 8” eq</td>
<td>1,643.2</td>
</tr>
<tr>
<td>Annual Growth Rate</td>
<td>39%</td>
</tr>
</tbody>
</table>

**Company Description:**

TSMC is the world's largest dedicated semiconductor foundry, providing the industry’s leading process technology, library, IP options and other leading-edge foundry services.

TSMC operates seven eight-inch wafer fabs (Fab 3, 4, 5, 6, TSMC-Acer, WSMC and WaferTech), and two six-inch wafer fabs (Fabs 1 and 2). In addition, the company has begun construction of a $1.2 billion joint venture fab with Philips Semiconductor, which is scheduled to open in Singapore in 2000. TSMC recently broke ground for Fab 12 and 14, the company’s first 12-inch wafer fabs. TSMC is currently in the process of acquiring all of the TSMC-Acer and Worldwide Semiconductor Manufacturing Corporation.

In year 2000, TSMC expects to have the capacity for 3.4 million 8-inch equivalent wafers. Fabrication processes offered by TSMC include CMOS logic, mixed-mode, volatile and non-volatile memory and BiCMOS. TSMC’s corporate headquarters are in Hsin-Chu, Taiwan.

**Corporate Headquarters:**

Taiwan Semiconductor Manufacturing Company Ltd.
No. 121, Park Avenue III, Hsin-Chu Science-Based Industrial Park
Hsin-Chu, Taiwan, R. O. C.