

TSMC

2009 Second Quarter Investor Conference

July 30, 2009

Agenda

- **Welcome** Elizabeth Sun
- **2Q09 Financial Results and 3Q09 Outlook** Lora Ho
- **CEO Comments** Morris Chang
- **Q&A** Morris Chang /
Lora Ho

Safe Harbor Notice

- TSMC's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Information as to those factors that could cause actual results to vary can be found in TSMC's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") on April 17, 2009 and such other documents as TSMC may file with, or submit to, the SEC from time to time.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

2Q09 Financial Highlights

<i>(In NT billions except otherwise noted)</i>	2Q09	2Q09 Guidance	1Q09 Actual	2Q08 Actual	QoQ	YoY
Net Sales	74.21	71 - 74	39.50	88.14	87.9%	-15.8%
Gross Margin	46.2%	43.5% - 45.5%	18.9%	45.6%	+27.3 ppt	+0.6 ppt
Operating Margin	33.9%	30.5% - 32.5%	3.1%	34.5%	+30.8 ppt	-0.6 ppt
EPS - Diluted (NT\$)⁽¹⁾	0.94		0.06	1.09	1466.5%	-13.9%
Free Cash Flow	17.10		21.17	22.78	-19.2%	-24.9%
ROE (%)⁽²⁾	21.4%		1.3%	24.2%	+20.1 ppt	-2.8 ppt
Shipment (Kpcs, 8"-equiv. Wafer)	1,971		892	2,329	121.0%	-15.4%
Average Exchange Rate--NTD/USD	33.10		33.92	30.44	-2.4%	8.8%

(1) Total outstanding shares were 25,626mn units on 6/30/09

(2) Annualized ROE for the quarter based on average equity attributable to shareholders of the parent.

Income Statements

(In NT billions except otherwise noted)

	2Q09	1Q09	2Q08	QoQ	YoY
Net Sales	74.21	39.50	88.14	87.9%	-15.8%
Gross Margin	46.2%	18.9%	45.6%	+27.3 ppt	+0.6 ppt
Operating Expenses	(9.17)	(6.27)	(9.85)	46.2%	-6.9%
Operating Margin	33.9%	3.1%	34.5%	+30.8 ppt	-0.6 ppt
Non-Operating Items	1.15	0.35	1.72	228.9%	-32.9%
Long-Term Investment Gains (Losses)	0.11	(0.81)	0.28	-113.0%	-62.1%
Taxes	(1.94)	0.74	(3.50)	-362.9%	-44.5%
Net Income	24.44	1.56	28.77	1467.9%	-15.0%
Net Margin	32.9%	3.9%	32.6%	+29.0 ppt	+0.3 ppt
EPS (NT Dollar)	0.94	0.06	1.09	1466.5%	-13.9%

Gross Margin Analysis

Gross Margin Analysis - QoQ

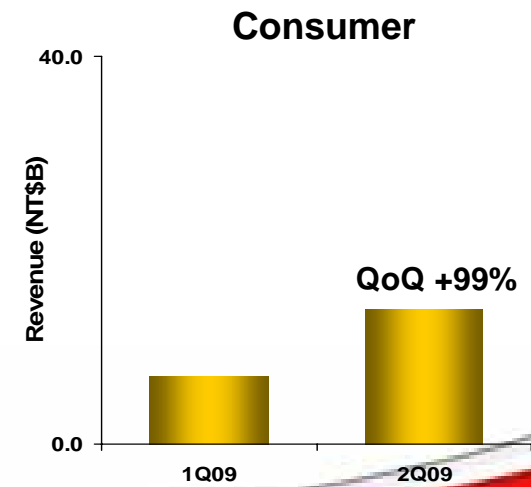
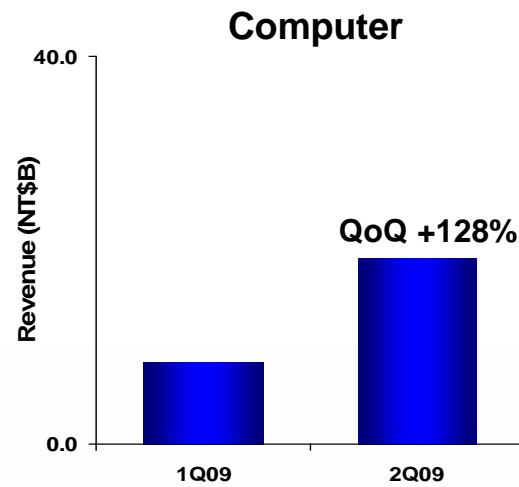
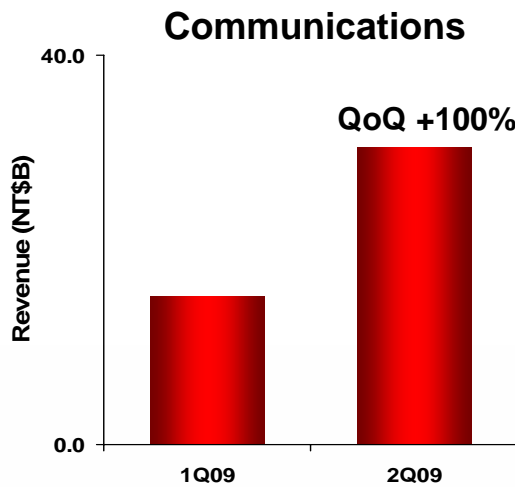
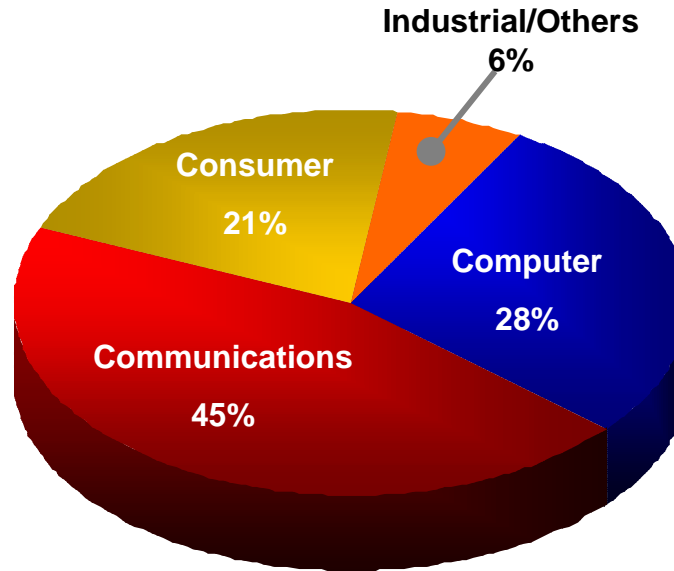
1Q09 Gross Margin	18.9%
Impact to Gross Margin	ppts
Higher utilization	48.2
Less non-wafer-related business	-8.4
One-time and miscellaneous	-6.7
Higher profit sharing expense	-2.0
Inventory valuation impact*	-1.5
Declined standard margin	-1.4
Price decline: -1.7 ppts	
Cost improvement: +1.4 ppts	
Unfavorable mix: -1.1 ppts	
Unfavorable FX rate	-0.9
2Q09 Gross Margin	46.2%

Gross Margin Analysis - YoY

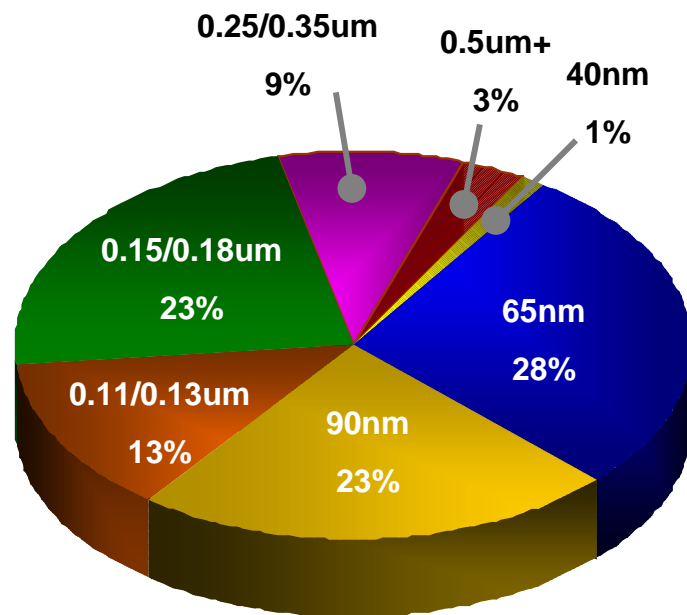
2Q08 Gross Margin	45.6%
Impact to Gross Margin	ppts
Favorable FX rate	3.7
One-time and miscellaneous	2.8
Lower utilization	-4.1
Inventory valuation impact*	-1.5
Declined standard margin	-0.3
Price decline: -5.1 ppts	
Cost improvement: +5.9 ppts	
Unfavorable mix: -1.1 ppts	
2Q09 Gross Margin	46.2%

*Inventory valuation impacted by the adoption of ROC SFAS No. 10

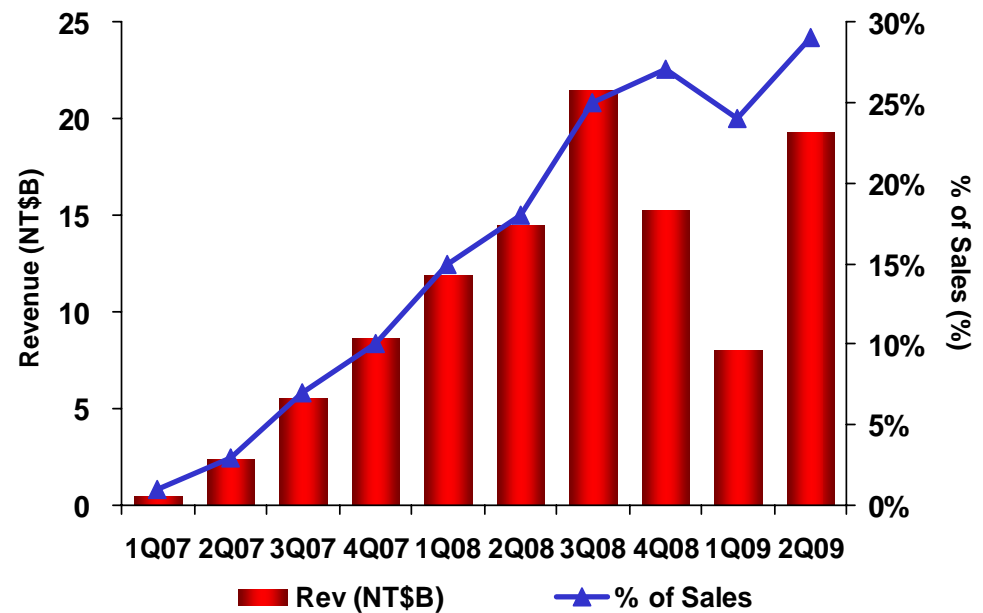
2Q09 Revenue by Applications



2Q09 Revenue by Technology



65nm/40nm Revenue



Balance Sheets & Key Indices

Selected Items from Balance Sheets

(In NT billions excepted otherwise noted)

	2Q09		1Q09		2Q08	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	246.77	42.0%	229.79	41.6%	223.99	36.4%
Accounts Receivable - Trade	33.38	5.7%	13.82	2.5%	41.86	6.8%
Inventory	18.97	3.2%	14.78	2.7%	23.36	3.8%
Long-Term Investment	32.50	5.5%	35.68	6.5%	31.94	5.2%
Net PP&E	225.07	38.3%	227.08	41.1%	262.20	42.6%
Total Assets	587.54	100.0%	552.78	100.0%	615.22	100.0%
Current Liabilities	129.63	22.1%	45.37	8.2%	146.98	23.9%
Long-Term Interest-bearing Debt	14.58	2.5%	15.72	2.8%	14.64	2.4%
Total Liabilities	150.19	25.6%	67.46	12.2%	168.54	27.4%
Total Shareholders' Equity	437.35	74.4%	485.32	87.8%	446.68	72.6%
Key Indices						
A/R Turnover Days	30		38		42	
Inventory Turnover Days	42		44		47	
Current Ratio (x)	2.4		5.9		2.0	
Asset Productivity (x) ⁽¹⁾	1.3		0.7		1.3	

(1) Asset productivity = Annualized net sales / Average net fixed assets.

Cash Flows

(In NT billions except otherwise noted)

	2Q09	1Q09	2Q08
Beginning Balance	223.26	194.61	144.28
Cash from operating activities	24.52	26.79	45.05
Capital expenditures	(7.42)	(5.62)	(22.27)
Share buyback	0.00	0.00	(6.62)
Repayment of corporate bonds	0.00	(8.00)	0.00
Short-term investments/others	(0.84)	15.48	24.91
Ending Balance	239.52	223.26	185.35
Free Cash Flow ⁽¹⁾	17.10	21.17	22.78

(1) Free cash flow = Operating cash flow – Capital expenditures.

Installed Capacity

2009 Overall Capacity +6%; Advanced Capacity +10%

FAB / (Wafer size)	2008 (A)	1Q09 (A)	2Q09 (A)	3Q09 (F)	4Q09 (F)	2009 (F)
Fab-2 (6") ⁽¹⁾	1,056	274	280	283	283	1,121
Fab-3 (8")	1,100	286	289	292	283	1,150
Fab-5 (8")	650	162	149	144	144	599
Fab-6 (8")	1,082	295	284	287	287	1,154
Fab-8 (8")	1,076	275	271	265	255	1,066
Fab-12 (12") ⁽²⁾	840	218	219	199	241	878
Fab-14 (12") ⁽²⁾	818	238	238	237	240	952
WaferTech (8")	420	106	107	109	109	431
TSMC China (8")	453	128	134	135	135	531
TSMC & Subsidiaries (8" Equivalent Kpcs)	9,104	2,431	2,419	2,373	2,455	9,678
SSMC (8")	272	64	65	65	65	259
Total TSMC-managed (8" Equivalent Kpcs)	9,377	2,495	2,483	2,438	2,520	9,937

(1) Figures represent number of 6" wafers. Conversion to 8"-equivalent wafers is obtained by dividing this number by 1.78.

(2) Figures represent number of 12" wafers. Conversion to 8"-equivalent wafers is obtained by multiplying this number by 2.25.

Capital Expenditures

<i>(In US millions)</i>	1Q09	2Q09	YTD
TSMC	161	218	379
XinTec and GUC	2	3	5
TSMC China & WaferTech	3	3	6
Other TSMC Subsidiaries	0	0	0
TSMC Consolidated	166	224	390

Note: 2009 CapEx was based on the weighted average exchange rate of NT\$33.384 per US dollar.

3Q09 Guidance

- Revenue is expected to be between NT\$88 billion and NT\$90 billion, at a forecast exchange rate of 32.84 NT dollars to 1 US dollar averaged over 3Q09.
- Gross profit margin is expected to be between 46.5% and 48.5 %.
- Operating profit margin is expected to be between 35 % and 37 %.
- 2009 capital expenditure will be increased to around US\$2.3 billion

Recap of Recent Major Events

- TSMC Enhances 0.13 μ m Family to Enable Area Reduction and Performance Gain with Slim Platform for Analog and Power Management System-on-Chip Applications (2009/06/29)
- TSMC Sets July 21 as Record Date and July 15th as Ex-dividend Date for Common Share Dividends (2009/06/25 and 2009/6/30)
- TSMC Reports Foundry's First 28 Nanometer Low Power Platform Technology with Fully Functional 64Mb SRAM (2009/06/17)
- TSMC Board of Directors Unanimously Re-elects and Appoints Dr. Morris Chang as Chairman. Dr. Chang Returns as Chief Executive Officer, Effective June 12, 2009. (2009/06/11)
- TSMC Shareholders Approve NT\$3.0 Cash and 0.5% Stock Dividend, and Elect TSMC's 11th Board of Directors , Including Four Independent Directors (2009/06/10)
- TSMC Launches Unified Interconnect Modeling Format for Advanced Process Technologies (2009/05/27)
- Fujitsu Microelectronics and TSMC to Collaborate on Leading-edge Process Technology (2009/04/30)
- TSMC Launches Integrated Sign-Off Flow To Shorten Design Cycle, Enhance Tape-Out Quality (2009/04/21)
- TSMC Announces Foundry's First Mixed Signal/RF Referenced Design Kit (2009/04/21)
- TSMC/GUC 65LP ARM 1176JZF hardened cores Open Doors for 65nm Designers (2009/04/20)

* Please visit TSMC's Web site (<http://www.tsmc.com>) for details and other announcements.

<http://www.tsmc.com>
invest@tsmc.com