

2. Company Profile

To carve elaborate images on eggshells is an art that requires excellence in craftsmanship. With its competitive advantages of technology leadership, manufacturing excellence, and customer trust, TSMC pays precise attention to every detail, and moves forward with full commitment.



2.1 An Introduction to TSMC

Founded on February 21, 1987, and headquartered in Hsinchu, Taiwan, TSMC pioneered the foundry business model by focusing solely on manufacturing customers' semiconductor designs. As a pure-play semiconductor foundry, the Company does not design, manufacture, or market semiconductor products under its own brand name, ensuring that TSMC does not compete directly with its customers. Today, TSMC is the world's largest pure-play semiconductor foundry, manufacturing 8,876 different products using 210 different technologies for 453 different customers in 2014.

With a diverse global customer base, TSMC-manufactured semiconductors are used in a wide variety of applications covering various segments of the computer, communications, consumer, industrial and standard semiconductor markets.

Annual capacity of the manufacturing facilities managed by TSMC and its subsidiaries totaled 8.18 million 12-inch equivalent wafers in 2014. TSMC's managed manufacturing facilities include three 12-inch wafer GIGAFAB™ facilities, four 8-inch wafer fabs, and one 6-inch wafer fab in Taiwan, as well as two 8-inch wafer fabs at wholly owned subsidiaries: WaferTech in the United States and TSMC China Company Limited.

TSMC provides customer service through its account management and engineering services offices in North America, Europe, Japan, China, South Korea, and India. The Company employed more than 43,000 people worldwide at the end of 2014.

By leveraging the successful mass production of 28nm, including 28HP, 28HPM, 28HPL and 28LP, TSMC continuously delivered a highly competitive performance/cost solution 28HPC (High Performance Compact) in 2014. This process is seamlessly applicable to the 28nm ecosystem, accelerating time-to-market for customers. Furthermore, 20nm System-on-Chip technology (20SoC) entered the production stage with smooth ramping and stable yield performance. By introducing the advanced patterning technique, this process provides better density and power value for both performance-driven products and mobile computing applications migration. In addition, 16nm FinFET Plus (16FF+) process passed full reliability qualification on schedule in the fourth quarter of 2014, and nearly 60 customer designs are currently scheduled for tape-out by the end of 2015. Due to rapid progress in yield and performance, 16FF+ volume ramp is expected to begin around July in 2015. TSMC's comprehensive 16FF+ design ecosystem supports a wide variety of EDA tools and hundreds of process design kits with more than 100 IPs, and all have been silicon validated. Also, 10nm technology is under development and on track to start risk production in the fourth quarter of 2015. The Company anticipates customer tape-out in the fourth quarter of 2015 and volume production in 2016. In addition to general-purpose logic process technology, TSMC supports the wide-ranging needs of its customers with embedded non-volatile memory, embedded DRAM, Mixed Signal/RF, high voltage, CMOS image sensor, MEMS, silicon germanium technologies and automotive service packages.

TSMC's subsidiaries TSMC Solid State Lighting Ltd. and TSMC Solar Ltd. engage in researching, developing, designing, manufacturing and selling solid state lighting devices and related products and systems, and solar-related technologies and products, respectively. In January 2015, TSMC announced a sale of all TSMC SSL shares held by TSMC and TSMC's subsidiary to Epistar Corp. After this transaction, TSMC completely exited TSMC SSL.

The Company is listed on the Taiwan Stock Exchange (TWSE) under ticker number 2330, and its American Depositary Shares trade on the New York Stock Exchange (NYSE) under the symbol "TSM".

2.2 Market/Business Summary

2.2.1 TSMC Achievements

In 2014, TSMC maintained its leading position in the total foundry segment of the global semiconductor industry, with an estimated market segment share of 54%. TSMC achieved this result amid intense competition from both established players and relatively new entrants to the business.

Leadership in advanced process technologies is a key factor in TSMC's strong market position. In 2014, 42% of TSMC's wafer revenue came from manufacturing processes with geometries of 28nm and below.

With TSMC's focus on customer trust, the Company strengthened its Open Innovation Platform® (OIP) initiative in 2014 with additional services. During the 2014 Open Innovation Platform® Ecosystem Forum, the Company revealed 16nm FinFET Plus Reference Flow (both full-chip and IP Design), to highlight the success of design enablement through OIP. The OIP Ecosystem Forum, which was held October 2014 in San Jose, California, was well attended by both customers and ecosystem partners to demonstrate the value of collaboration through OIP to foster innovations.

TSMC offers the foundry segment's widest technology portfolio and continues to invest in advanced technologies and specialty technologies, which is a key differentiator from our competitors and provides customers more added value.

Technologies that the Company either developed or rolled out in 2014 include:

Advanced Technology

- 10nm FinFET technology is under development to keep TSMC's technology leadership position in the industry. It is expected to be ready for risk production in the fourth quarter of 2015. 10nm FinFET can provide the best density/cost benefit with the desired speed/power performance to meet customers' expectations. It can serve customers from all different applications, such as APU (Accelerated Processing Unit), CPU (Central Processing Unit), FPGA (Field-Programmable Gate Array), GPU (Graphics Processing Unit), Networking and mobile computing applications, including smartphones, tablets and high-end SoC devices.

- 16nm FinFET Plus technology (16FF+) passed full reliability qualification on-schedule in the fourth quarter of 2014. This enhanced version of TSMC's 16FF technology operates 40% faster than planar 20nm System-on-Chip technology (20SoC) or consumes 50% less power at the same speed. It offers customers a new level of performance and power optimization targeted at the next generation of high-end mobile computing, networking, and consumer applications.
- 20nm System-on-Chip technology entered production with smooth ramping and stable yield performance. It provides better density and power value than 28nm by introducing advanced patterning technique for both performance-driven products and mobile computing applications migration.
- 28nm High Performance (28HP) technology for performance-driven markets like CPU, GPU, APU, FPGA and high-speed networking applications.
- 28nm High Performance Mobile Computing (28HPM) technology for tablets, smartphones, SoC applications with outstanding performance.
- 28nm High Performance Compact Mobile Computing (28HPC) technology for mainstream smartphones, DTV, Storage and SoC applications. 28HPC enables circuit design to use smaller die size, less over-design and extraordinary power reduction with excellent process control and optimized design rules.
- 28nm Low Power (28LP and 28HPL) and RF (28HPL-RF and 28LP-RF) technology for entry-level smartphones, application processors, tablets, home entertainment and digital consumer applications.
- 40nm general purpose (40G) technology for performance-driven markets like CPU, GPU, FPGA, HDD, Game Console, Network Processor and Gigabit Ethernet applications.
- 40nm Low Power (40LP and 40LP+) and RF technology for smartphones, DTV (Digital Television), STB (Set-Top-Box), game and wireless connectivity applications.
- 40nm ultra-low power technology is under development. It is expected to be ready for production in 2015. It can serve customers from Internet of Things (IoT) and wearable devices related applications, such as wireless connectivity, wearable AP, and sensor hub applications.
- Compared to 55nm Low Power (55LP) process, TSMC's 55nm Ultra-Low Power (55ULP) process can further reduce operating voltages by 20% to 30% to lower both active power and standby power consumption and to enable

significant increases in battery life by 2 to 10 times. In addition, 55ULP integrates RF and EmbFlash to enable customers' SoC designs.

Specialty Technology

- 28HPM passed automotive grade qualification and entered risk production for automotive applications.
- 40nm eFlash is under development for general offerings. Solution will be ready in the second half of 2015 for applications such as high endurance security MCU, wireless MCU, high performance MCU, etc.
- 55nm eFlash technology is in production for such applications as FPGA, general purpose MCU, etc.
- 55nm Ultra-Low Power (ULP) eFlash is under development and will be available in early 2015 for battery-powered applications like wireless MCUs, IoT, wearable devices, and general-purpose MCUs.
- 55/65/90nm customized eFlash technologies were all qualified and entered production for automotive applications.
- 55nm high voltage process entered production with the industry's smallest SRAM bit cell offering to support narrow border design of Super Retina display driver IC for high-end mobile phones.
- 65nm TSI CIS (TSMC Stacked Illumination CMOS Image Sensor) technology was fully qualified, and is ready for customer tape-outs in the first quarter of 2015.
- 0.13-micron BCD process is ready for production on both 8" and 12" wafers. This process is expected to extend qualification for automotive AEC-Q100 Grade-0 in the first half of 2015.
- 0.18μm BCD second generation entered into production with multiple products from multiple customers. The technology also passed automotive process qualification criteria. It offers worldwide competitive power LDMOS Rds(on) performance with wide voltage spectrum from 6V to 70V for multiple applications in Computing, Communication, Consumer, wearable devices and automotive markets.
- 0.18μm eFlash technology is ready for 18V device integration for analog-intensive applications such as touch screen controllers.
- 0.5μm GaN on Silicon 100V Enhancement Mode HEMT process was qualified for power discrete applications. 650V GaN on Silicon processes are expected to be qualified in

2015. GaN-on-Silicon technology offers the values of less conduction and switching loss for energy efficient power delivery.

- 28HPC with 5V LDMOS is available for high precision analog products with amplifiers integrated.
- Successfully produced the world's smallest CMOS-MEMS monolithic accelerometer for customers.

2.2.2 Market Overview

TSMC estimates that the worldwide semiconductor market in 2014 reached US\$354 billion in revenue, a 10% growth compared to 2013. Total foundry, a manufacturing sub-segment of the semiconductor industry, generated total revenues of US\$42 billion in 2014, or 14% YoY growth.

2.2.3 Industry Outlook, Opportunities and Threats

Industry Demand and Supply Outlook

Following 11% growth in 2013, the foundry segment again posted double-digit growth, to 14% in 2014, mainly driven by fabless market share gains over IDM and by process technology advancement.

TSMC forecasts total semiconductor market to grow mid single digit in 2015. Over the longer term, due to increasing semiconductor content in electronics devices, fabless companies' continuing market share gains, and increasing in-house Application-Specific Integrated Circuits (ASIC) from system companies, foundry segment revenue growth is expected to be much stronger than the projected 4% compound annual growth rate (CAGR) for the total semiconductor industry from 2014 through 2019.

As an upstream supplier in the semiconductor supply chain, the condition of the foundry segment is tightly correlated with the market health of the 3Cs: communications, computer and consumer.

• Communications

The communications sector, particularly the handset segment, posted a modest 4% growth in unit shipments for 2014. Smartphones, which have much stronger 25% growth and higher semiconductor content, have been leading the growth of the sector.

The continuing transition to 4G/LTE and LTE-Advanced handsets will bring double digits growth to the market. Smartphones with increasing performance, lower power and more intelligent features continue to propel buying interest for new handsets in 2015. The growing popularity of mid- to low-end smartphones in emerging countries is also a new catalyst driving the growth of the sector.

Low power IC is an essential requirement among handset manufacturers. The SoC design for more optimized cost, power and form-factor (i.e. device footprint), plus the appetite for higher performance to run complicated software, will continue to accelerate the migration to advanced process technologies in which TSMC is already the leader.

• Computer

The computer sector's unit shipments dropped 1% YoY in 2014, after a 10% decline in 2013. Slowing decline was driven by replacement cycles, Windows XP expiration, and the slowdown in tablet sales.

The personal computer (PC) market is expected to decline low to mid single digit in 2015, with increasing variety (e.g. Convertible, Ultrabook and Chromebook), the introduction of new operating systems, and consumer replacement expected to stimulate PC demand.

Requirements of lower power, higher performance and integration for key computer components such as CPU, GPU, Chipset, etc., should drive product design demand for leading process technologies.

• Consumer

The consumer sector's unit shipments declined 3% in 2014, as growth from TV game console and set-top-boxes was offset by the decline on digital cameras, MP3 players, and handheld game consoles, as well as the result of smartphone cannibalization.

Consumer electronics will be flat to slightly decline in 2015. The 4K UHD TVs will also continue the high growth within the otherwise flattening TV market in 2015. TSMC will be able to capitalize on these trends with advanced technologies for 4K UHD TV market.

Supply Chain

The electronics industry consists of a long and complex supply chain, the elements of which are highly dependent and correlated with each other. At the upstream IC manufacturing level, it is important for IC vendors to have sufficient and flexible supply to support the dynamic market situation. The foundry vendors are playing an important role to ensure the health of the supply chain. As a leader in the foundry segment, TSMC provides leading technologies and large-scale capacity to complement the innovations created along the downstream chain.

2.2.4 TSMC Position, Differentiation and Strategy

Position

TSMC is the semiconductor foundry leader for both advanced and specialty process technologies. As a result, the Company commanded a 54% market share in 2014. In terms of TSMC's net revenue geographic distribution, 69% came from North America; 13% from the Asia Pacific region, excluding China and Japan; 7% from China; 6% from Europe; and 5% from Japan. By end product application, 10% of TSMC's net revenue came from the computer sector, 59% from communications, 10% from consumer products, and 21% from industrial and standard products.

Differentiation

TSMC's leadership position is based on three defining strengths and a business strategy rooted in the Company's heritage. TSMC distinguishes itself from the competition through its technology leadership, manufacturing excellence and customer trust.

As a technology leader, TSMC is consistently first among dedicated foundries to develop next-generation leading-edge technologies. The Company has also established its technology leadership on more mature technology nodes by applying the lessons learned on leading-edge technology development to enrich its specialty technologies to more advanced process nodes. Beyond process technology, TSMC has established front-end and back-end integration capabilities that result in faster time-to-production and creates the best power, performance and area sweet spot.

TSMC has gained manufacturing acclaim for its industry-leading management, and is extending that leadership through its Open Innovation Platform® and Grand Alliance initiatives. The TSMC Open Innovation Platform® initiative hastens the pace of innovation among the semiconductor design community, its ecosystem partners and TSMC's IP, design implementation and design for manufacturing capabilities, process technology and backend services. A key element is a set of ecosystem interfaces and collaborative components initiated and supported by TSMC that more efficiently empower innovation throughout the supply chain and that drive the creation and sharing of newly created revenue and profits. The TSMC Grand Alliance is one of the most powerful forces for innovation in the semiconductor industry, bringing together customers, electronic design automation (EDA) partners, IP partners, and key equipment and materials suppliers at a new, higher level of collaboration. Its objectives are to help customers, the alliance members and TSMC win business and stay competitive.

The foundation for customer trust is a commitment TSMC made when it first opened for business over a quarter century ago: to never compete with our customers. As a result, TSMC has never owned nor marketed a single semiconductor product design, but rather has focused all of its resources on becoming the trusted foundry for our customers.

Strategy

TSMC is confident that its differentiating strengths will enable it to leverage the foundry segment's attractive growth opportunities. TSMC has invested heavily in leading-edge 20nm System-on-Chip technology (20SoC) and 16nm FinFET Plus (16FF+) technologies. 20SoC technology entered the production stage with smooth ramping and stable yield performance. 16FF+ technology passed full reliability qualification on schedule in the fourth quarter of 2014, and is expected to begin volume ramp around July 2015. Also, the even more leading 10nm technology is under development and on track to start risk production in the fourth quarter of

2015. TSMC maintains technology leadership by collaborating in the development process through early engagement and technology definition that provides a smooth transition for TSMC's advanced technology customers. At the same time, the Company maintains its leadership in specialty technologies by broadening its offerings and expanding their integration into more advanced process nodes.

Numerous other efforts to ensure manufacturing excellence through product grade enhancements and manufacturing technology innovation are underway.

To address challenges inherent in the electronic product life cycle and increased competition from other semiconductor manufacturing companies, TSMC continually strengthens its core competitiveness and deploys both short-term and long-term technology and business development plans to meet Return on Investment (ROI) and growth objectives.

• Short Term Semiconductor Business Development Plan

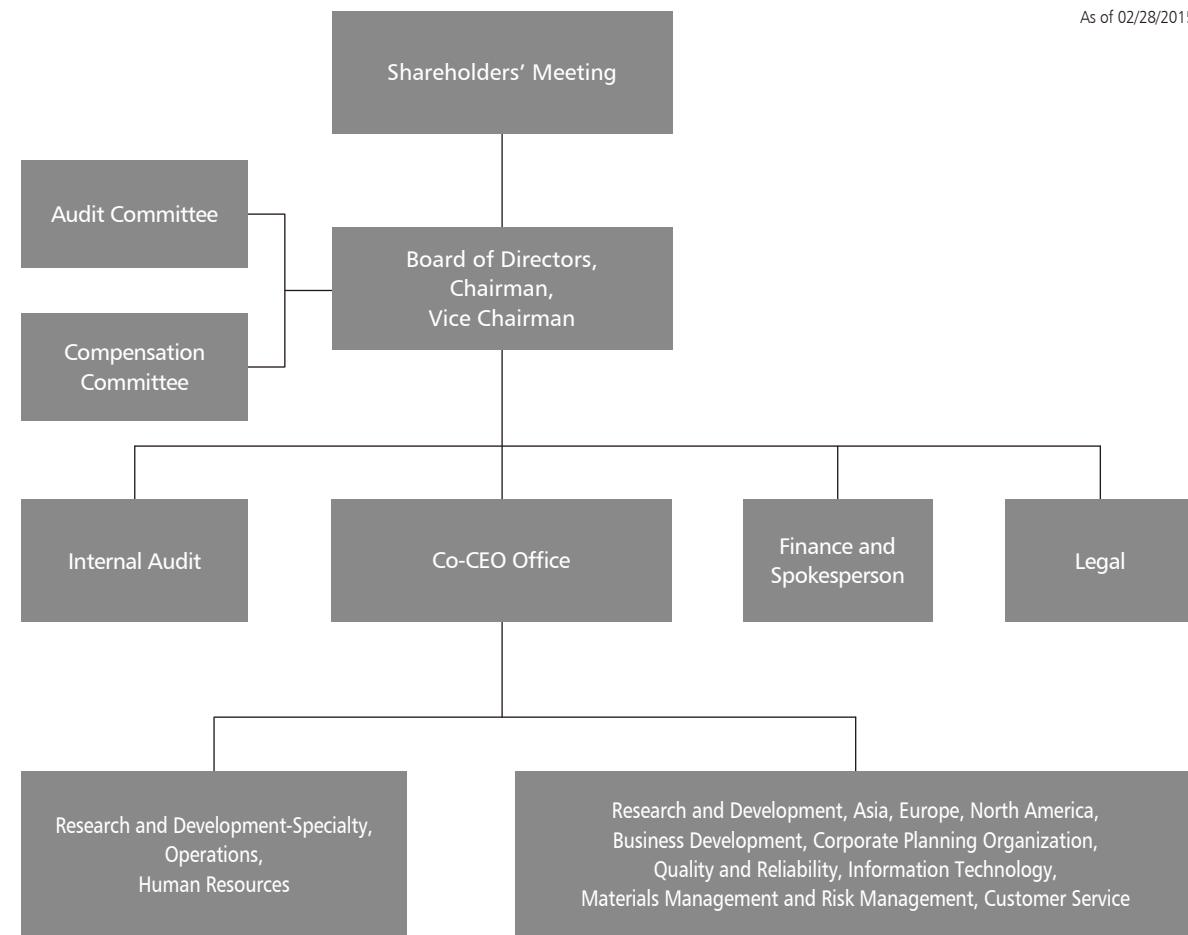
1. Substantially ramp the business and sustain advanced technology market share through increased capacity investment.
2. Maintain mainstream technology market share by expanding business into new customers and market segments with off-the-shelf technologies.
3. Further expand TSMC's business and service infrastructure into emerging and developing markets.

• Long Term Semiconductor Business Development Plan

1. Continue developing leading-edge technologies consistent with Moore's Law.
2. Broaden specialty business contributions by further developing derivative technologies.
3. Provide more integrated services, covering system-level integration design, design technology definition, design tool preparation, wafer processing, and backend services, that deliver more value to customers through optimization solutions.

2.3 Organization

2.3.1 Organization Chart



2.3.2 Major Corporate Functions

Operations

- In charge of operations of 150mm, 200mm and 300mm Fabs, as well as affiliate fabs; product development, manufacturing technology, as well as back-end technology, and service are part of the organization's responsibility

Human Resources

- Includes human resources management and organizational development, as well as proprietary information protection (PIP) and physical security management

Research and Development

- Includes advanced and specialty technology development, exploratory research and advanced development, as well as design and technology platform development

Asia

- In charge of the sales operations, market development, field technical support and service for Asia customers

Europe

- In charge of technical marketing, field technical support and service for European customers

North America

- In charge of sales operations, market development, field technical support and service for North America customers

Business Development

- Includes business development for electronic products, identification of new applications, as well as development of markets for specialty technology; exploring and developing new markets, strengthening the relationship with customers, as well as managing the Company's brand are handled by the organization

Corporate Planning Organization

- In charge of the planning for operational resources, as well as for production and demand; the integration of business process, corporate pricing and market analysis and forecast are also part of the organization's responsibility

Quality and Reliability

- In charge of ensuring and managing the quality and reliability of the Company's products

Information Technology

- Responsible for the integration of the Company's technology & business IT systems; developing IT infrastructure, providing communication services, ensuring IT security and service quality are also part of the organization's responsibility

Materials Management and Risk Management

- Includes procurement, warehousing, import and export, and logistics support; the organization is also responsible for environmental protection, industrial safety, occupational health, and risk management

Customer Service

- Provides support and service for customers in North America, Europe, and Asia

Internal Audit

- Inspect and review whether TSMC's internal control system is adequate in design and effective in operation with independent risk assessment to ensure compliance with TSMC's policies and procedures as well as external regulations

Finance and Spokesperson

- In charge of corporate finance, accounting and corporate communication; Chief Financial Officer, the head of the organization, also serves as company spokesperson

Legal

- Responsible for corporate legal affairs, including litigation, commercial transactions, patents and management of other intellectual properties; and compliance with relevant domestic and international laws and regulations

2.4 Board Members

2.4.1 Information Regarding Board Members

As of 02/28/2015

Title/Name	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
					Shares	%	Shares	%	Shares	%		
Chairman Morris Chang	U.S.A.	06/12/2012	06/11/2015	12/10/1986	123,137,914	0.48%	125,137,914	0.48%	135,217	0.00%	Bachelor Degree in Mechanical Engineering, MIT Master Degree in Mechanical Engineering, MIT Ph.D. in Electrical Engineering, Stanford University Former Group Vice-President, Texas Instruments Inc. Former President & COO, General Instrument Corporation Former Chairman, Industrial Technology Research Institute Former CEO, TSMC Member of National Academy of Engineering, U.S.A. Life Member Emeritus of MIT Corporation Fellow of the Computer History Museum, U.S.A.	None
Vice Chairman F.C. Tseng	R.O.C.	06/12/2012	06/11/2015	05/13/1997	34,662,675	0.13%	34,472,675	0.13%	132,855	0.00%	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 Former President, Vanguard International Semiconductor Corp. Former President, TSMC Former Deputy CEO, TSMC Chairman, TSMC Education and Culture Foundation Director, National Culture and Arts Foundation, R.O.C.	Chairman of: - TSMC China Company Ltd. - Global Unichip Corp. Vice Chairman, Vanguard International Semiconductor Corp. Director of: - TSMC Solar Ltd. - TSMC Solid State Lighting Ltd. Independent Director, Chairman of Audit Committee & Compensation Committee member, Acer Inc.
Director National Development Fund, Executive Yuan (Note 1) Representative: Johnsee Lee	R.O.C.	06/12/2012	06/11/2015	12/10/1986 08/06/2010 (Note 2)	1,653,709,980	6.38%	1,653,709,980	6.38%	-	-	Ph.D. in Chemical Engineering, Illinois Institute of Technology MBA, University of Chicago Graduate of Harvard Business School's Advanced Management Program Former Principal Investigator, Argonne National Laboratory Former Senior Manager, Johnson Matthey Inc. Former President, Industrial Technology Research Institute Former Chairman, Development Center for Biotechnology Managing Director, Development Center for Biotechnology Honorary Chairman, Taiwan Bio Industry Organization	CEO, Personal Genomics, Inc. Independent Director of: - Far Eastern New Century Corp. - Zhen Ding Technology Holding Ltd.
Independent Director Sir Peter Leahy Bonfield	UK	06/12/2012	06/11/2015	05/07/2002	-	-	-	-	-	-	Bachelor Degree in Engineering, Loughborough University Honours Degree in Engineering, Loughborough University Former CEO and Chairman of the Executive Committee, British Telecommunications Plc Former Chairman and CEO, ICL Plc Former Vice President, the British Quality Foundation Fellow of the Royal Academy of Engineering Chair of Council and Senior Pro-Chancellor, Loughborough University, UK	Chairman, NXP Semiconductors N.V., the Netherlands Director of: - L.M. Ericsson, Sweden - Mentor Graphics Corporation Inc., Oregon, U.S.A. - Global Logic Inc., U.S.A. Member of: - The Longreach Group Advisory Board - New Venture Partners LLP Advisory Board Board Mentor, CMI Senior Advisor to Rothschild, London
Independent Director Stan Shih	R.O.C.	06/12/2012	06/11/2015	04/14/2000	1,480,286	0.01%	1,480,286	0.01%	16,116	0.00%	BSEE, National Chiao Tung University MSEE, National Chiao Tung University Honorary EE Ph.D., National Chiao Tung University Honorary Doctor of Technology, The Hong Kong Polytechnic University Honorary Fellowship, University of Wales, Cardiff, UK Honorary Doctor of International Law, Thunderbird, American Graduate School of International Management, U.S.A. Co-Founder, Chairman Emeritus, Acer Group Former Chairman & CEO, Acer Group Chairman, National Culture and Arts Foundation, R.O.C. Director, Public Television Service Foundation, R.O.C. Council member of Asian Corporate Governance Associate (ACGA)	Group Chairman, iD SoftCapital Director & Honorary Chairman, Acer Inc. Director of: - Qisda Corp. - Wistron Corp. - Nan Shan Life Insurance Co., Ltd. - Egis Technology Inc. - Digitimes Inc.
Independent Director Thomas J. Engibous	U.S.A.	06/12/2012	06/11/2015	06/10/2009	-	-	-	-	-	-	Bachelor Degree in Electrical Engineering, Purdue University Master Degree in Electrical Engineering, Purdue University Honorary Doctorate in Engineering, Purdue University Former Executive Vice President and President of the Semiconductor Group, Texas Instruments Inc. Former President and CEO, Texas Instruments Inc. Former Chairman of the Board, Texas Instruments Inc. Former Chairman of the Board of Catalyst Member of National Academy of Engineering Member of Texas Business Hall of Fame Woodrow Wilson Award Honorary Director of Catalyst Honorary Trustee, Southwestern Medical Foundation	Chairman, J. C. Penney Company Inc.

(Continued)

Title/Name	Nationality or Place of Registration	Date Elected	Term Expires	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at TSMC and Other Companies
					Shares	%	Shares	%	Shares	%		
Independent Director Gregory C. Chow	U.S.A.	06/12/2012	06/11/2015	06/09/2011	-	-	-	-	-	-	Bachelor Degree in Economics, Cornell University, 1951 Master Degree in Economics, The University of Chicago, 1952 Ph.D. in Economics, The University of Chicago, 1955 Academician, Academia Sinica, R.O.C. Member, American Philosophical Society Fellow of the American Statistical Association Fellow of the Econometric Society Former President, Society of Economic Dynamics and Control Honorary Doctor's, Sun Yat-Sen University L.L.D., Lingnan University Hon. Dr. of Business Adm, The University of Hong Kong of Science and Technology Honorary Professor of Fudan, Guangxi, Hainan, Nankai, Shandong, Remin, Huazhong University of Science and Technology, Graduate University of Management of Chinese Academy of Sciences, Sun Yat-Sen Universities and City University of Hong Kong Assistant Professor, MIT., 1955-1959 Associate Professor, Cornell University, 1959-1962 Research Staff Member and Manager of Economics Research, IBM Thomas Watson Research Center, 1962-1970 Adjunct Professor, Columbia University, 1964-1970 Professor and Director, Econometric Research Program, Princeton University, 1970-2001 (In 2001 Princeton University renamed the Program the Gregory C. Chow Econometric Research Program in his honor.) Class of 1913 Professor of Political Economy, Princeton University, 1976-2001 Chairman of the American Economic Association's Committee on Exchanges in Economics with the People's Republic of China, 1981-1994 Co-chairman of the U.S. Committee on Economics Education and Research in China, 1985-1994 Advisor to Prime Ministers and Chairmen of the Economic Planning and Development Council of the Executive Yuan in Taiwan on economic policy from the mid 1960's to the early 1980's Advisor to the Prime Minister and the State Commission for Restructuring the Economic System on economic reform in China, 1985-1989 Professor of Economics and Class of 1913 Professor of Political Economy, Emeritus, Princeton University, 2001-Present	None
Independent Director Kok-Choo Chen	R.O.C.	06/12/2012	06/11/2015	06/09/2011	-	-	-	-	5,120	0.00%	Inns of Court School of Law, England Barrister-at-law, England Advocate & Solicitor, Singapore Attorney-at-law, California, U.S.A. Former Senior Vice-President & General Counsel, TSMC Former President, National Culture & Arts Foundation, R.O.C. Former Vice-President, Echo Publishing, Taiwan Partner, Chen & Associates Law Offices, Taiwan Partner, Ding & Ding Law Offices, Taiwan Lawyer, Heller, Erhman, White & McAuliffe, San Francisco, California, U.S.A. Lawyer, Sullivan & Cromwell, New York, U.S.A. Lawyer, Tan, Rajah & Cheah, Singapore Professor, Soochow University Professor, National Chengchi University Chair Professor, National Tsing Hua University Associate Professor, Soochow University Lecturer, Nanyang University, Singapore Chairman, National Performing Arts Center Advisor, Executive Yuan, R.O.C. Sponsor and Founder, Taipei Story House Director, National Culture and Arts Foundation, R.O.C. Director, Republic of China Female Cancer Foundation	None

Remarks:

1. No member of the Board of Directors held TSMC shares by nominee arrangement.
2. No member of the Board of Directors had a spouse or relative within two degrees of consanguinity serving as a manager or director at TSMC.

Note 1: Major Shareholder of TSMC's Director that is an Institutional Shareholder.

Director that is an Institutional Shareholder of TSMC	Top 10 Shareholders
National Development Fund, Executive Yuan	Not Applicable

Major institutional shareholders of National Development Fund: Not applicable.

Note 2: Mr. Johnsee Lee was appointed as the representative of National Development Fund on August 6, 2010.

2.4.2 Remuneration Paid to Directors (Note 1)

Unit: NT\$ thousands

Title/Name	Director's Remuneration								Compensation Earned by a Director Who is an Employee of TSMC or of TSMC's Consolidated Entities										Total Compensation (A+B+C+D+E+F+G) as a % of 2014 Net Income (Note 8)		Compensation Paid to Directors from Non-consolidated Affiliates (J)							
	Base Compensation (A)		Severance Pay and Pensions (B) (Note 3)		Compensation to Directors (C)		Allowances (D) (Note 5)		Total Remuneration (A+B+C+D) as a % of 2014 Net Income		Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F) (Note 3)		Employee Profit Sharing (G)				Exercisable Employee Stock Options (H) (Note 6)			Granted Employee Restricted Stock (I) (Note 7)						
	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC (Note 4)	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC		From All Consolidated Entities		From TSMC	From All Consolidated Entities		From TSMC	From All Consolidated Entities					
Chairman Morris Chang																												
Vice Chairman F.C. Tseng																												
Director Rick Tsai (Note 2)																												
Independent Director Sir Peter Leahy Bonfield																												
Independent Director Stan Shih	32,586	32,586	864	864	406,854	406,854	3,806	3,806	0.17%	0.17%	-	1,942	-	32,011	-	-	-	-	-	-	-	-	-	-	-	0.17%	0.18%	2,842
Independent Director Thomas J. Engibous																												
Independent Director Gregory C. Chow																												
Independent Director Kok-Choo Chen																												
Director National Development Fund, Executive Yuan Representative: Johnsee Lee																												

Note 1: Remuneration policies, standards/packages, procedures, the linkage to operating performance and future risk exposure: The base compensation for the Chairman, Vice-Chairman and directors are determined in accordance with the procedures set forth in TSMC's Articles of Incorporation. The Articles of Incorporation also provides that the compensation to directors shall be no more than 0.3% of earnings available for distribution and directors who also serve as executive officers of TSMC are not entitled to receive compensation to directors. The distribution of compensation to directors shall be made in accordance with TSMC's "Rules for Distribution of Compensation to Directors".

Note 2: Dr. Rick Tsai resigned as a director of TSMC effective January 27, 2014 and thereafter as directors and executives of TSMC's subsidiaries.

Note 3: Pensions funded/paid according to applicable law.

Note 4: TSMC Board adopted a proposal that includes 2014 compensation to TSMC's directors in the amount of NT\$ 406,854 thousand at its meeting on February 10, 2015. The amount is preliminary.

Note 5: The above-mentioned figures include expenses for Company cars and gasoline reimbursement, but do not include compensation paid to Company drivers (total NT\$ 4,441 thousand).

Note 6: Represents the number of cumulative employee stock options exercisable as of the date of this Annual Report.

Note 7: TSMC did not issue employee restricted stock in 2014, and as of the date of this Annual Report.

Note 8: Total remuneration and compensation paid to TSMC's directors in 2013 was NT\$339,617 thousand, accounting for 0.18% of 2013 net income.

Remuneration Paid to Directors

	2014			
	Total Remuneration (A+B+C+D)		Total Compensation (A+B+C+D+E+F+G+J)	
	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities and Non-consolidated Affiliates
NT\$0 ~ NT\$2,000,000	None	Rick Tsai	None	
NT\$2,000,000 ~ NT\$4,999,999	None		None	
NT\$5,000,000 ~ NT\$9,999,999	National Development Fund, Executive Yuan		National Development Fund, Executive Yuan	
NT\$10,000,000 ~ NT\$14,999,999	Sir Peter Leahy Bonfield, Stan Shih, Thomas J. Engibous, Gregory C. Chow, Kok-Choo Chen		Sir Peter Leahy Bonfield, Stan Shih, Thomas J. Engibous, Gregory C. Chow, Kok-Choo Chen	
NT\$15,000,000 ~ NT\$29,999,999	F.C. Tseng		F.C. Tseng	
NT\$30,000,000 ~ NT\$49,999,999	None		None	Rick Tsai
NT\$50,000,000 ~ NT\$99,999,999	None		None	
Over NT\$100,000,000	Morris Chang		Morris Chang	
Total	9		9	

2.5 Management Team

2.5.1 Information Regarding Management Team

As of 02/28/2015

Title Name (Note 1)	Nationality	On-board Date (Note 2)	Shareholding		Spouse & Minor		TSMC Shareholding by Nominee Arrangement (Shares)	Education & Selected Past Positions	Selected Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
			Shareholding	%	Shareholding	%				Title	Name	Relation
President and Co-Chief Executive Officer Mark Liu	R.O.C.	11/15/1993	12,977,114	0.05%	-	-	-	Ph.D., Electrical Engineering & Computer Science, University of California, Berkeley, U.S. Executive Vice President and Co-Chief Operating Officer, TSMC Senior Vice President, Operations, TSMC Senior Vice President, Advanced Technology Business, TSMC President, Worldwide Semiconductor Manufacturing Corp.	None	None	None	None
President and Co-Chief Executive Officer C.C. Wei	R.O.C.	02/01/1998	7,179,207	0.03%	261	0.00%	-	Ph.D., Electrical Engineering, Yale University, U.S. Executive Vice President and Co-Chief Operating Officer, TSMC Senior Vice President, Business Development, TSMC Senior Vice President, Mainstream Technology Business, TSMC Senior Vice President, Chartered Semiconductor Manufacturing Ltd.	None	None	None	None
Senior Vice President and Chief Information Officer Information Technology, Materials Management and Risk Management Stephen T. Tso	R.O.C.	12/16/1996	13,237,064	0.05%	-	-	-	Ph.D., Materials Science & Engineering, University of California, Berkeley, U.S. President, WaferTech, LLC Senior Vice President, Operations, TSMC General Manager of CVD Products, Applied Material	Director, TSMC subsidiaries	None	None	None
Senior Vice President, Chief Financial Officer and Spokesperson Finance Lora Ho	R.O.C.	06/01/1999	6,381,080	0.02%	110,268	0.00%	-	Master, Business Administration, National Taiwan University, Taiwan Senior Director, Accounting, TSMC Vice President & CFO, TI-Acer Semiconductor Manufacturing Corp.	Director and/or Supervisor, TSMC subsidiaries Director, TSMC affiliates President, TSMC subsidiaries	None	None	None
Senior Vice President Research and Development Wei-Jen Lo (Note 3)	R.O.C.	07/01/2004	1,468,127	0.01%	-	-	-	Ph.D., Solid State Physics and Surface Chemistry, University of California, Berkeley, U.S. Vice President, Research and Development, TSMC Vice President, Operations/ Manufacturing Technology, TSMC Vice President, Advanced Technology Business, TSMC Vice President, Operation II, TSMC Director, Advanced Technology Development and CTM Plant Manager, Intel	None	None	None	None
Senior Vice President of TSMC and President of TSMC North America Rick Cassidy (Note 3)	U.S.A.	11/14/1997	-	-	-	-	-	Bachelor, Engineering Technology, United States Military Academy at West Point, U.S. Vice President of TSMC North America Account Management	Director, TSMC North America	None	None	None
Vice President Operations/Affiliate Fabs M.C. Tzeng	R.O.C.	01/01/1987	7,592,595	0.03%	-	-	-	Master, Applied Chemistry, Chungyuan University, Taiwan Vice President, Mainstream Technology Business, TSMC Senior Director, Fab 2 Operation, TSMC	Director, TSMC subsidiaries Director, TSMC affiliate	Deputy Director	M.J. Tzeng	Siblings
Vice President and Chief Technology Officer Research and Development Jack Sun	R.O.C.	06/02/1997	4,290,831	0.02%	-	-	-	Ph.D., Electrical Engineering, University of Illinois at Urbana-Champaign, U.S. Vice President, Research and Development, TSMC Senior Director, Logic Technology Division, TSMC Senior Manager of R&D, International Business Machines (IBM)	None	None	None	None
Vice President Operations/Product Development Y.P. Chin	R.O.C.	01/01/1987	7,273,122	0.03%	2,194,107	0.01%	-	Master, Electrical Engineering, National Cheng Kung University, Taiwan Vice President, Advanced Technology and Business, TSMC Senior Director, Product Engineering & Services, TSMC	None	None	None	None
Vice President Quality and Reliability N.S. Tsai	R.O.C.	03/01/2000	2,051,180	0.01%	1,103,253	0.00%	-	Ph.D., Material Science, Massachusetts Institute of Technology, U.S. Senior Director, Assembly Test Technology & Service, TSMC Vice President, Operations, Vanguard International Semiconductor Corp.	None	None	None	None
Vice President Operations/Mainstream Fabs and Manufacturing Technology J.K. Lin	R.O.C.	01/01/1987	12,498,018	0.05%	1,321,036	0.01%	-	Bachelor, Science, National Changhua University of Education, Taiwan Senior Director, Mainstream Fabs, TSMC	Director, TSMC affiliates	None	None	None
Vice President Operations/300mm Fabs J.K. Wang	R.O.C.	02/11/1987	2,553,947	0.01%	160,844	0.00%	-	Master, Chemical Engineering, National Cheng Kung University, Taiwan Senior Director, 300mm fab operations, TSMC	None	Manager	J.J. Wang	Siblings
Vice President Corporate Planning Organization Irene Sun	R.O.C.	10/01/2003	420,709	0.00%	-	-	-	Ph.D., Materials Science and Engineering, Cornell University, U.S. Senior Director, Corporate Planning Organization, TSMC	None	None	None	None

(Continued)

Title Name (Note 1)	Nationality	On-board Date (Note 2)	Shareholding		Spouse & Minor		TSMC Shareholding by Nominee Arrangement (Shares)	Education & Selected Past Positions	Selected Current Positions at Other Companies	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
			Shareholding	%	Shareholding	%				Title	Name	Relation
Vice President Research and Development Burn J. Lin	R.O.C.	04/26/2000	2,654,746	0.01%	1,024,933	0.00%	-	Ph.D., Electrical Engineering, Ohio State University, U.S. Senior Director, Nanopatterning Technology Division, TSMC	None	None	None	None
Vice President Research and Development Y.J. Mii	R.O.C.	11/14/1994	1,000,419	0.00%	-	-	-	Ph.D., Electrical Engineering, University of California, Los Angeles, U.S. Senior Director, R&D Platform I Division, TSMC	None	None	None	None
Vice President Research and Development Cliff Hou	R.O.C.	12/15/1997	652,532	0.00%	60,802	0.00%	-	Ph.D., Electrical Engineering, Syracuse University, U.S. Senior Director, Design and Technology Platform, TSMC	Director, TSMC subsidiaries Director, TSMC affiliate President, TSMC subsidiaries	None	None	None
Vice President Business Development Been-Jon Woo	R.O.C.	04/30/2009	220,000	0.00%	45,000	0.00%	-	Ph.D., Chemistry, University of Southern California, U.S. Director of Business Development, TSMC Vice President of R&D, Grace Semiconductor Manufacturing Corp. Director of Technology Integration, Intel Corp.	None	None	None	None
Vice President and General Counsel Legal Sylvia Fang (Note 4)	R.O.C.	03/20/1995	700,285	0.00%	419,112	0.00%	34,000	Master of Comparative Law, School of Law, University of Iowa Associate General Counsel, TSMC Taiwan International Patent and Law Office (TIPLLO)	Director, TSMC subsidiaries Director, TSMC affiliate	None	None	None
Vice President Human Resources Connie Ma (Note 4)	R.O.C.	06/01/2014	40,000	0.00%	-	-	-	EMBA, International Business Management, National Taiwan University Director of Human Resources, TSMC Senior Vice President of Global Human Resources, Trend Micro Inc.	None	None	None	None

Note 1: Senior Vice President and General Counsel Dr. Richard Thurston voluntarily retired, effective July 16, 2014.

Note 2: On-board date means the official date joining TSMC.

Note 3: Dr. Wei-Jen Lo and Mr. Rick Cassidy were promoted to Senior Vice President, effective February 18, 2014.

Note 4: Ms. Sylvia Fang and Ms. Connie Ma were promoted to Vice President, effective August 12, 2014.

2.5.2 Compensation Paid to CEO, President and Vice Presidents (Note 1)

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pensions (B) (Note 5)		Bonuses and Allowances (C) (Note 6)		Employee Profit Sharing (D) (Note 7)				Total Compensation as a % of 2014 Net Income (A+B+C+D) (Note 8)		Exercisable Employee Stock Options (K shares) (Note 9)		Exercisable Employee Restricted Stock (K shares) (Note 10)		Compensation Received from Non-consolidated Affiliates	
		From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC		From All Consolidated Entities		From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities	From TSMC	From All Consolidated Entities		
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)								
President and Co-Chief Executive Officer	Mark Liu																		
President and Co-Chief Executive Officer	C.C. Wei																		
Senior Vice President and Chief Information Officer Information Technology, Materials Management and Risk Management	Stephen T. Tso																		
Senior Vice President and General Counsel Legal	Richard Thurston (Note 2)																		
Senior Vice President, Chief Financial Officer and Spokesperson Finance	Lora Ho																		
Senior Vice President Research and Development	Wei-Jen Lo (Note 3)																		
Senior Vice President of TSMC and President of TSMC North America	Rick Cassidy (Note 3)																		
Vice President Operations/Affiliate Fabs	M.C. Tzeng																		
Vice President and Chief Technology Officer Research and Development	Jack Sun																		
Vice President Operations/Product Development	Y.P. Chin																		
Vice President Quality and Reliability	N.S. Tsai	79,813	95,215	13,537	13,883	609,582	659,230	580,533	-	580,533	-	0.49%	0.51%	-	-	-	-	-	250
Vice President Operations/Mainstream Fabs and Manufacturing Technology	J.K. Lin																		
Vice President Operations/300mm Fabs	J.K. Wang																		
Vice President Corporate Planning Organization	Irene Sun																		
Vice President Research and Development	Burn J. Lin																		
Vice President Research and Development	Y.J. Mii																		
Vice President Research and Development	Cliff Hou																		
Vice President Business Development	Been-Jon Woo																		
Vice President and General Counsel Legal	Sylvia Fang (Note 4)																		
Vice President Human Resources	Connie Ma (Note 4)																		

Note 1: Compensation Policy: The cash compensation and profit sharing paid to Chief Executive Officer and each executive officer are also reviewed by the Compensation Committee individually based on their job responsibility, contribution, and projected future risks the Company will face before the compensation and profit sharing proposals are submitted to the Board of Directors for approval.

Note 2: Senior Vice President and General Counsel Dr. Richard Thurston voluntarily retired, effective July 16, 2014.

Note 3: Dr. Wei-Jen Lo and Mr. Rick Cassidy were promoted to Senior Vice President, effective February 18, 2014.

Note 4: Ms. Sylvia Fang and Ms. Connie Ma were promoted to Vice President, effective August 12, 2014.

Note 5: Pensions funded/paid according to applicable law.

Note 6: The above-mentioned figures include the expense for the employees' cash bonuses distributed in May, August, November 2014 and February 2015, Company cars and gasoline reimbursement, but does not include compensation paid to Company drivers (totaled NT\$3,206 thousand).

Note 7: The above-mentioned figures are preliminary and the proposed employee profit sharing distribution will be processed after the approval of the same by shareholders at the Annual Shareholders' Meeting on June 9, 2015.

Note 8: Total compensation paid to TSMC's Chief Executive Officer and Executive Officers in 2013 was NT\$1,203,742 thousand, accounting for 0.64% of 2013 net income.

Note 9: Represents cumulative employee stock options exercisable as of the date of this Annual Report.

Note 10: TSMC did not issue employee restricted stock in 2014, and as of the date of this Annual Report.

Compensation Paid to CEO, President and Vice Presidents

	2014	
	From TSMC	From All Consolidated Entities and Non-consolidated Affiliates
NT\$0 ~ NT\$2,000,000	Rick Cassidy	None
NT\$2,000,000 ~ NT\$4,999,999	None	None
NT\$5,000,000 ~ NT\$9,999,999	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None
NT\$15,000,000 ~ NT\$29,999,999	Sylvia Fang, Connie Ma	Sylvia Fang, Connie Ma
NT\$30,000,000 ~ NT\$49,999,999	Richard Thurston, Burn J. LIN, N.S. Tsai, J.K. Lin, Cliff Hou, Been-Jon Woo, J.K. Wang, Irene Sun	Richard Thurston, Burn J. LIN, N.S. Tsai, J.K. Lin, Cliff Hou, Been-Jon Woo, J.K. Wang, Irene Sun
NT\$50,000,000 ~ NT\$99,999,999	Wei-Jen Lo, Lora Ho, Jack Sun, M.C. Tzeng, Y.P. Chin, Y.J. Mii	Wei-Jen Lo, Lora Ho, Rick Cassidy, Jack Sun, M.C. Tzeng, Y.P. Chin, Y.J. Mii
Over NT\$100,000,000	Mark Liu, C.C. Wei, Stephen T. Tso	Mark Liu, C.C. Wei, Stephen T. Tso
Total	20	20

2.5.3 Employee Profit Sharing Granted to Management Team (Note 1)

Unit: NT\$ thousands

Title	Name	Stock (Fair Market Value)	Cash	Total Employee Profit Sharing	Total Employee Profit Sharing Paid to Management Team as a % of 2014 Net Income
President and Co-Chief Executive Officer	Mark Liu				
President and Co-Chief Executive Officer	C.C. Wei				
Senior Vice President and Chief Information Officer Information Technology, Materials Management and Risk Management	Stephen T. Tso				
Senior Vice President and General Counsel Legal	Richard Thurston (Note 2)				
Senior Vice President, Chief Financial Officer and Spokesperson Finance	Lora Ho				
Senior Vice President Research and Development	Wei-Jen Lo (Note 3)				
Senior Vice President of TSMC and President of TSMC North America	Rick Cassidy (Note 3)				
Vice President Operations/Affiliate Fabs	M.C. Tzeng				
Vice President and Chief Technology Officer Research and Development	Jack Sun				
Vice President Operations/Product Development	Y.P. Chin				
Vice President Quality and Reliability	N.S. Tsai		580,533	580,533	0.22%
Vice President Operations/Mainstream Fabs and Manufacturing Technology	J.K. Lin				
Vice President Operations/300mm Fabs	J.K. Wang				
Vice President Corporate Planning Organization	Irene Sun				
Vice President Research and Development	Burn J. Lin				
Vice President Research and Development	Y.J. Mii				
Vice President Research and Development	Cliff Hou				
Vice President Business Development	Been-Jon Woo				
Vice President and General Counsel Legal	Sylvia Fang (Note 4)				
Vice President Human Resources	Connie Ma (Note 4)				

Note 1: The above-mentioned figures are preliminary and the proposed employee profit sharing distribution will be processed after the approval of the same by shareholders at the Annual Shareholders' Meeting on June 9, 2015.

Note 2: Senior Vice President and General Counsel Dr. Richard Thurston voluntarily retired, effective July 16, 2014.

Note 3: Dr. Wei-Jen Lo and Mr. Rick Cassidy were promoted to Senior Vice President, effective February 18, 2014.

Note 4: Ms. Sylvia Fang and Ms. Connie Ma were promoted to Vice President, effective August 12, 2014.