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Vice President & Chief Financial Officer

TSMC 2003 Fourth Quarter Report

Wafer Shipments and Net Sales Set Record Highs

Hsinchu, Taiwan, January 29, 2004 - Taiwan Semiconductor Manufacturing Company Ltd. (TAIEX: 2330, NYSE: TSM) (TSMC) today announced its financial results for the fourth quarter of 2003. Net sales for the fourth quarter of 2003 grew 5.3 percent sequentially, to a record high of NT\$57,780 million. Net income totaled NT\$16,002 million, representing a 5.5 percent increase over the previous quarter. Earnings per share for the fourth quarter of 2003 were NT\$0.79.

On a year-over-year basis, TSMC's fourth quarter of 2003 net sales grew 40.4 percent, while net income and earnings per share grew 526.9 percent and 553.9 percent, respectively.

Ms. Lora Ho, TSMC spokesperson, vice president and chief financial officer, noted that, "Due to continued growth in customer demand, TSMC's 2003 fourth quarter wafer shipments reached a record high of 1,127 thousand eight-inch-equivalent wafers, representing a 13.5 percent increase over the third quarter of 2003. The increase in fourth quarter revenue resulted from a 13.5 percent increase in wafer shipments, a 5.5 percent decline in wafer average selling price (ASP), and a weaker U.S. dollar exchange rate."

"During the fourth quarter, the average utilization rate for our fabs increased to 101 percent, compared to 98 percent in the previous quarter; gross margin improved slightly to 39.3 percent in the fourth quarter from 39.1 percent in the third quarter; net margin for the fourth quarter was 27.7 percent as compared to 27.6 percent for the previous quarter," Ms. Ho added.

For fiscal year 2003, ended December 31, the Company's net sales increased 25.4 percent over 2002, to a record NT\$201,904 million. Net income totaled NT\$47,259 million, representing a 118.7 percent growth over 2002. Earnings per share for the full year of 2003 were NT\$2.33. In addition, TSMC's total wafer shipments for 2003 also reached a new record high to 3.7 million eight-inch-equivalent wafers, representing a 38.2 percent growth over 2002.

Ms. Ho continued, "We are proud to be among the very few industry leaders whose 2003 top-line performance has surpassed levels achieved in the past. We expect the performance of the coming quarter to be at least as good as that of the fourth quarter of 2003."

All figures of TSMC's 2003 audited financial results are prepared in accordance with R.O.C. GAAP and are subject to approval by the TSMC Board of Directors.

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Table 1: TSMC's 2003 fourth quarter results

(Unit: NT\$million, except for EPS)

	4Q'03 Amount*	4Q'02 Amount	YoY Change	3Q'03 Amount	QoQ Chan
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Net sales	57,780	41,154	40.4%	54,877	5.3
Gross profit	22,707	10,682	112.6%	21,447	5.9
Income from operations	16,625	5,651	194.2%	16,487	0.8
Income before tax	17,568	3,078	470.8%	16,708	5.1
Net income	16,002	2,553	526.9%	15,169	5.5
EPS (NT\$)	0.79**	0.12***	553.9%	0.75****	5.2

* 2003 fourth quarter figures have not been approved by Board of Directors

** Based on 20,231,739 thousand weighted average outstanding shares

*** Based on 20,220,989 thousand weighted average outstanding shares

**** Based on 20,226,848 thousand weighted average outstanding share

Table 2: TSMC's 2003 results

(Unit: NT\$million, except for EPS)

	2003 Amount*	2002 Amount	YoY Chang
Net sales	201,904	160,961	25.4
Gross profit	72,892	51,967	40.3
Income from operations	52,648	34,176	54.0
Income before tax	51,028	27,112	88.2
Net income	47,259	21,610	118.7
EPS (NT\$)	2.33**	1.05***	122.4

* 2003 figures have not been approved by Board of Directors

** Based on 20,231,739 thousand weighted average outstanding shares

*** Based on 20,220,989 thousand weighted average outstanding shares

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