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TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form F-3ASR

May 08, 2007

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As filed with the Securities and Exchange Commission on May 8, 2007
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
(Exact Name of Registrant as Specified in Its Charter)
Taiwan Semiconductor
Manufacturing Company Limited
(Translation of Registrant's Name into English)

Republic of China
*(State or Other Jurisdiction of Incorporation or
Organization)*

None
(I.R.S. Employer Identification No.)

**No. 8, Li-Hsin Road 6
Hsinchu Science Park
Hsinchu, Taiwan
(886-3) 563-6688**
(Address and Telephone Number of Registrant's Principal Executive Offices)

**TSMC North America
2585 Junction Avenue
San Jose, CA 95134, USA
(408) 382-8000**
(Name, Address and Telephone Number of Agent For Service)
With copies to:

**David Meredith, Esq.
Anthony S. Wang, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
(1) 212 310-8000**

**David W. Hirsch, Esq.
Sebastian R. Sperber, Esq.
Cleary Gottlieb Steen & Hamilton LLP
Bank of China Tower
One Garden Road, Central
Hong Kong
(852) 2521-4122**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of

the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Securities and Exchange Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/Proposed maximum aggregate offering price per unit/Proposed maximum aggregate offering price	Amount of registration fee
Common Shares, par value NT\$10 per share ⁽¹⁾	(2)	\$0 ⁽²⁾

(1) American depositary shares evidenced by American depositary receipts issuable upon deposit of the common shares registered hereby have been registered pursuant to a separate registration statement on Form F-6 (File No. 333-126397) and a separate registration statement on Form F-6 filed as of the date hereof. Each American depositary share represents the right to receive five common shares.

(2) An indeterminate number of shares of common stock to be offered at indeterminate prices is being registered pursuant to this registration statement. The registrant is deferring payment of the registration fee pursuant to Rule 456(b) and is omitting this information in reliance on Rule 456(b) and Rule 457(r).

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The information in this preliminary prospectus is not complete and may be changed. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated May 8, 2007.

Taiwan Semiconductor Manufacturing Company Limited

(Incorporated as a company limited by shares in the Republic of China)

240,000,000 American Depositary Shares
Representing
1,200,000,000 Common Shares

This is a global offering of 240,000,000 American depositary shares, or ADSs, representing common shares of Taiwan Semiconductor Manufacturing Company Limited, or Taiwan Semiconductor. Koninklijke Philips Electronics N.V., or Philips, our selling shareholder, is selling all of the ADSs being offered in this offering. We will not receive any proceeds from the sale of ADSs by Philips. The ADSs are not being offered in the Republic of China, or R.O.C. Each ADS represents five common shares, par value NT\$10 per share, of Taiwan Semiconductor. The ADSs are evidenced by American depositary receipts, or ADRs. Some of the underwriters are expected to offer the ADSs through their respective selling agents.

Our ADSs are listed on The New York Stock Exchange under the symbol TSM . The last reported sale price of the ADSs on The New York Stock Exchange on May 7, 2007 was US\$10.70 per ADS. Our outstanding common shares are listed on the Taiwan Stock Exchange under the symbol 2330 . The closing price of our common shares on the Taiwan Stock Exchange on May 7, 2007 was NT\$68.50 per share, which is equivalent to approximately US\$2.06, assuming an exchange rate of NT\$33.21=US\$1.00.

See *Risk Factors* beginning on page 15 to read about factors you should consider before buying the ADSs.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Initial price to public	US\$	US\$
Underwriting discount	US\$	US\$
Proceeds, before expenses ⁽¹⁾ , to the selling shareholder	US\$	US\$

(1) The underwriters have agreed to pay certain expenses of Taiwan Semiconductor and the selling shareholder in connection with this offering. For more information, see *Underwriting* .

The underwriters expect to deliver the ADRs evidencing the ADSs through the book-entry transfer facilities of The Depository Trust Company against payment in U.S. dollars in New York, New York on or about May , 2007.

Sole Global Coordinator
Goldman Sachs International

Joint Bookrunners

Goldman Sachs International

JPMorgan

Prospectus dated _____, 2007.

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THESE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF CHINA, EXCEPT AS PERMITTED BY APPLICABLE LAW OF THE REPUBLIC OF CHINA.

In any member states of the European Economic Area (EEA) that has implemented Directive 2003/71/ EC (together with any applicable implementing measures in any member state, the Prospectus Directive), this communication is only addressed to and is only directed at qualified investors in that member state within the meaning of the Prospectus Directive.

This prospectus has been prepared on the basis that all offers of ADSs will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the ADSs. Accordingly any person making or intending to make any offer within the EEA of the ADSs should only do so in circumstances in which no obligation arises for us, the selling shareholder or the underwriters to produce a prospectus for such offer. None of such persons have authorized, nor do they authorize, the making of any offer of ADSs through any financial intermediary, other than offers made by the underwriters which constitute the final placement of ADSs contemplated in this prospectus.

Each person in a member state of the EEA that has implemented the Prospectus Directive (each, a Relevant Member State) who receives any communication in respect of, or who acquires any ADSs under, the offers contemplated in this prospectus will be deemed to have represented, warranted and agreed to and with each underwriter, the selling shareholder and us that:

It is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive;

In the case of any ADSs acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

The ADSs acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Goldman Sachs International has been given to the offer or resale; or

Where ADSs have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those ADSs to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an offer to the public in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for the ADSs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/ EC and includes any relevant implementing measure in each Relevant Member State.

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to Qualified Investors who are (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000, (Financial Promotion) Order 2005 as amended (the Order) or (b) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The ADSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ADSs

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will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

All references to we, us, our and our company in this prospectus are to Taiwan Semiconductor Manufacturing Company Limited. All references to shares and common shares are to our common shares, par value NT\$10 per share, and to ADSs are to our American depositary shares, each of which represents five of our common shares. The ADSs are issued under the Amended and Restated Deposit Agreement, dated as of November 30, 2005, among Taiwan Semiconductor Manufacturing Company Limited, Citibank, N.A., as depositary and the holders and beneficial owners from time to time of American Depositary Receipts issued thereunder.

This prospectus, including the information summarized below, contains translations of some NT dollar amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations of financial data from NT dollars to U.S. dollars and from U.S. dollars to NT dollars were made at the noon buying rate in The City of New York for cable transfers in NT dollars per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rate, as of March 30, 2007, which was NT\$33.01 to US\$1.00. We make no representation that the NT dollar or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or NT dollars, as the case may be, at any particular rate or at all. On May 7, 2007, the noon buying rate was NT\$33.21 to US\$1.00.

In connection with this offering, Goldman Sachs International and J.P. Morgan Securities Ltd., or any person acting for them, may overallocate or effect transactions with a view to supporting the market price of the ADSs and, subject to applicable R.O.C. Laws, the common shares at a level higher than that which might otherwise prevail for a limited period of time after the issue date. However, there is no obligation on Goldman Sachs International, J.P. Morgan Securities Ltd., or their agents, to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. See Underwriting .

All references in this prospectus to silicon wafer quantities are specified in 200 mm wafer equivalents, unless otherwise specified. When we refer to the capacity of wafer fabrication facilities, we are referring to the installed capacity based on specifications established with the manufacturer of the equipment used in those facilities. We can exceed 100% of these capacity levels through, for example, enhanced productivity beyond that assumed when these specifications were initially established.

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PROSPECTUS SUMMARY

In addition to this summary, you should read the entire prospectus carefully, especially the discussion of the risks of investing in our ADSs described under Risk Factors, before deciding whether to invest in our ADSs. Financial and other information about us is set forth in our annual report on Form 20-F for the year ended December 31, 2006 and other documents incorporated herein by reference, copies of which may be obtained as indicated under Where You Can Find More Information .

Our Business

We believe we are currently the world's largest dedicated IC foundry in the semiconductor industry. We were founded in 1987 as a joint venture among the R.O.C. government, Koninklijke Philips Electronics N.V., or Philips, and other private investors and were incorporated in the R.O.C. on February 21, 1987. Our common shares have been listed on the Taiwan Stock Exchange since September 5, 1994 and our ADSs have been listed on The New York Stock Exchange since October 8, 1997.

As a foundry, we manufacture semiconductors using our advanced production processes for our customers based on their own or third parties' proprietary integrated circuit designs. We offer a comprehensive range of leading edge wafer fabrication processes, including processes to manufacture CMOS logic, mixed-signal, radio frequency and embedded memory and BiCMOS mixed-signal and other semiconductors. IC Insights (The McClean Report 2007 Edition) estimates that our revenue market share among dedicated foundries worldwide was 50% in 2005 and 49% in 2006. We also offer design, mask making, probing, testing and assembly services.

We believe that we are the technology leader among the dedicated foundries in terms of our net sales of advanced semiconductors with a resolution of 0.13 micron and below, and are one of the leaders in the semiconductor industry generally. For example, in 2004, our industry-leading low-k technology entered commercial production and we were the first semiconductor foundry with proven low-k technology in commercial production, in both the 0.13 micron process technology and the 90 nanometer NexsysSM technology. The 90-nanometer NexsysSM technology was the first process technology based entirely on low-k dielectrics. In 2005, we entered full commercial production of 80-nanometer NexsysSM process technology. Our 65-nanometer NexsysSM technology is the third-generation TSMC process to employ low-k dielectrics. In 2006, we fully qualified our 65-nanometer process technology and commenced full commercial production. We also believe that our large capacity, particularly for advanced technologies, is a major competitive advantage.

We currently operate one 150mm wafer fab, seven 200mm wafer fabs and two 300 mm wafer fabs, including Fab 14, where we commenced production in the fourth quarter of 2004. As of December 31, 2006, our monthly capacity (200mm equivalent wafers) was 654,831 wafers, compared to 555,084 wafers at the end of 2005. This increase was primarily due to the expansion of our 0.15/0.18 micron, 90-nanometer and 65-nanometer advanced technologies.

We count among our customers many of the world's leading semiconductor companies, ranging from fabless semiconductor and systems companies such as Altera Corporation, Broadcom Corporation, Marvell Semiconductor Inc., nVidia Corporation, Qualcomm Incorporated and VIA Technologies, Inc., to integrated device manufacturing companies such as Advanced Micro Devices, Analog Devices, Inc., Freescale Semiconductor Inc., Philips and NXP. Fabless semiconductor/system companies and integrated device manufacturers accounted for approximately 72% and 28%, respectively, of our net sales in 2006.

Our principal executive office is currently located at No. 8, Li-Hsin Road 6, Hsinchu Science Park, Taiwan, Republic of China. Our telephone number at that office is (886-3) 563-6688. Our web site is www.tsmc.com. Information contained on our web site does not constitute part of this prospectus.

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THE OFFERING

See Selling Shareholder Offering Price	on page 30 for a description of Philips. US\$ per ADS
ADSs offered by the selling shareholder	240,000,000 ADSs
ADSs outstanding after this offering	1,128,739,639 ADSs
Common shares outstanding after this offering	25,832,959,219 common shares
ADS:common share ratio	1:5
Trading market for the common shares	The only trading market for the common shares is the Taiwan Stock Exchange. The common shares have been listed on the Taiwan Stock Exchange since 1994 under the symbol 2330 .
New York Stock Exchange symbol for ADSs	TSM
ADS Depository	Citibank, N.A.
Use of proceeds	We will not receive any proceeds from the sale of ADSs by the selling shareholder.
Timing and settlement for the ADSs	The ADSs are expected to be delivered against payment on or about May , 2007.
	The ADSs will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company in New York, New York. In general, beneficial interests in the ADSs will be shown on, and transfers of these beneficial interests will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./ N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme.

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The summary financial information below should be read in conjunction with Item 5. Operating and Financial Reviews and Prospects and the consolidated financial statements, notes to the consolidated financial statements and other financial information included in our annual report on Form 20-F for the year ended December 31, 2006, incorporated by reference in this prospectus. The summary income statement data and cash flow data for the years ended December 31, 2004, 2005 and 2006 and the summary balance sheet data as of December 31, 2005 and 2006 set forth below are derived from our audited consolidated financial statements included in our Form 20-F for the year ended December 31, 2006, incorporated by reference in this prospectus, and should be read in conjunction with, and are qualified in their entirety by reference to, these consolidated financial statements, including the notes to those consolidated financial statements. The summary income statement data and cash flow data for the years ended December 31, 2002 and 2003 and the summary balance sheet data as of December 31, 2002, 2003 and 2004 set forth below are derived from our audited consolidated financial statements not included in our Form 20-F for the year ended December 31, 2006. The consolidated financial statements set forth below have been prepared and presented in accordance with generally accepted accounting principles in the Republic of China, also called R.O.C. GAAP, which differ in some material respects from generally accepted accounting principles in the United States of America, also called U.S. GAAP. Please see note 30 to our audited consolidated financial statements included in our Form 20-F for the year ended December 31, 2006, incorporated by reference in this prospectus, for a description of the principal differences between R.O.C. GAAP and U.S. GAAP for the periods covered by these financial statements.

Year ended and as of December 31,

	2002	2003	2004	2005	2006	2006⁽¹⁾
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$

**(In millions, except for percentages,
earnings per share and per ADS, and operating data)**

Income Statement Data:**R.O.C. GAAP**

Net sales	162,301	202,997	257,213	266,565	317,407	9,615
Cost of sales	(109,988)	(128,113)	(141,394)	(148,362)	(161,597)	(4,895)
Gross profit	52,313	74,884	115,819	118,203	155,810	4,720
Operating expenses	(20,724)	(23,583)	(27,337)	(27,234)	(28,545)	(865)
Income from operations	31,589	51,301	88,482	90,969	127,265	3,855
Non-operating income and gains ⁽²⁾	2,350	5,669	8,581	9,399	9,705	294
Non-operating expenses and losses ⁽²⁾	(6,717)	(5,791)	(5,097)	(6,105)	(3,608)	(109)
Income before income tax and minority interest	27,222	51,179	91,966	94,263	133,362	4,040
Income tax benefit (expense)	(5,637)	(3,923)	363	(630)	(7,774)	(235)
Income before cumulative effect of changes in accounting principles	21,585	47,256	92,329	93,633	125,588	3,805
Cumulative effect of changes in accounting principles					1,607	48

Income before minority interest	21,585	47,256	92,329	93,633	127,195	3,853
Minority interest in loss (income) of subsidiaries	25	3	(13)	(58)	(185)	(5)
Net income attributable to shareholders of the parent	21,610	47,259	92,316	93,575	127,010	3,848
Basic earnings per share ⁽³⁾	0.82	1.82	3.58	3.63	4.93	0.15
Diluted earnings per share ⁽³⁾	0.82	1.82	3.58	3.63	4.92	0.15

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	Year ended and as of December 31,					
	2002	2003	2004	2005	2006	2006 ⁽¹⁾
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$
	(In millions, except for percentages, earnings per share and per ADS, and operating data)					
Basic earnings per ADS equivalent ⁽³⁾	4.09	9.09	17.89	18.16	24.63	0.75
Diluted earnings per ADS equivalent ⁽³⁾	4.09	9.09	17.88	18.15	24.60	0.75
Basic weighted average shares outstanding ⁽³⁾	25,880	25,883	25,804	25,763	25,789	25,789
Diluted weighted average shares outstanding ⁽³⁾	25,880	25,893	25,810	25,776	25,813	25,813
U.S. GAAP						
Net sales	162,990	203,600	260,035	267,028	317,979	9,633
Cost of sales	(115,374)	(133,493)	(154,785)	(161,808)	(179,175)	(5,428)
Operating expenses ⁽⁴⁾	(21,154)	(27,369)	(32,191)	(32,764)	(37,050)	(1,122)
Income from operations	26,462	42,738	73,059	72,456	101,754	3,083
Income before income tax and minority interest	20,210	42,441	76,838	75,983	106,647	3,231
Income tax expense	(5,638)	(3,881)	(508)	(483)	(10,954)	(332)
Cumulative effect of changes in accounting principles					38	1
Net income	14,534	38,661	76,253	75,418	95,711	2,900
Cumulative preferred dividends	(455)	(184)				
Income attributable to common shareholders	14,079	38,477	76,253	75,418	95,711	2,900
Basic earnings per share ⁽⁵⁾	0.57	1.55	3.04	2.98	3.73	0.11
Diluted earnings per share ⁽⁵⁾	0.57	1.55	3.04	2.98	3.73	0.11
Basic earnings per ADS equivalent ⁽⁵⁾	2.85	7.74	15.22	14.90	18.67	0.57
Diluted earnings per ADS equivalent ⁽⁵⁾	2.85	7.74	15.22	14.89	18.66	0.57
Basic weighted average shares outstanding ⁽⁵⁾	24,691	24,847	25,044	25,308	25,629	25,629
Diluted weighted average shares outstanding ⁽⁵⁾	24,691	24,857	25,050	25,320	25,650	25,650
Balance Sheet Data:						
R.O.C. GAAP						
Working capital ⁽²⁾⁽⁶⁾	62,705	136,121	120,574	177,179	213,457	6,466
Long-term investments ⁽²⁾	10,635	10,748	38,058	42,383	53,895	1,633
Properties	246,498	211,854	258,911	244,823	254,094	7,697
Goodwill	10,159	8,721	7,116	6,011	5,985	181

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Total assets	390,542	407,401	499,454	519,510	587,485	17,797
Long-term bank borrowing	11,051	8,800	1,915	663	654	20
Long-term bonds payable	35,000	30,000	19,500	19,500	12,500	379
Guaranty deposit-in and other liabilities ⁽⁶⁾⁽⁷⁾	8,710	8,876	15,079	17,986	18,333	555
Total liabilities	94,594					