

SMIC Settles All Pending Lawsuits with TSMC: Anticipates No Disruption to Customers

SHANGHAI [2009-11-10]

Semiconductor Manufacturing International Corporation (the "Company" or "SMIC") today announced that it entered into a settlement agreement with Taiwan Semiconductor Manufacturing Company, Ltd. (the "Acquiror" or "TSMC") to resolve all pending lawsuits between the parties, including the legal action filed by TSMC in California (the "California Case") for which a verdict was returned by the jury against SMIC on 4 November 2009 and the legal action filed by SMIC in Beijing (the "Beijing Case").

SETTLEMENT AGREEMENT

SMIC and TSMC have entered into a settlement agreement on 9 November 2009 to settle and dismiss the California Case, including all claims and defenses of SMIC yet to be decided in that case and SMIC's appeal in the Beijing Case, thus concluding all pending court litigation between the parties.

Key provisions of this settlement include:

- (a) mutual release of all claims that were or could have been brought in the pending lawsuits;
- (b) termination of SMIC's obligation to make remaining payments under the prior settlement agreement between the parties (approximately US\$40 million);
- (c) payment to TSMC of an aggregate of US\$200 million (with US\$15 million paid upon execution, funded from SMIC's existing cash balances, and the remainder to be paid in installments over a period of four years - US\$15 million payable by 31 December, 2009, US\$80 million payable by 31 December, 2010, US\$30 million payable by 31 December, 2011, US\$30 million payable by 31 December, 2012 and US\$30 million payable by 31 December, 2013);
- (d) grant to TSMC of 1,789,493,218 shares of SMIC (representing approximately 8% of SMIC's issued share capital as of October 31, 2009) and a warrant (exercisable within three years of issuance) to subscribe for 695,914,030 shares of SMIC, subject to adjustment, at a purchase price of HK\$1.30 per share (which would allow TSMC to obtain total ownership of approximately 10% of SMIC's issued share capital

after giving effect to the share issuances), subject to receipt of required government and regulatory approvals; and
(e) certain remedies in the event of breach of this settlement.

In connection with its acquisition of the securities, TSMC has agreed to certain standstill, voting, and transfer restrictions for so long as they own any of the securities. TSMC will not be granted representation on SMIC's Board of Directors, will vote its shares in favor of the actions (including recommended Directors) recommended by SMIC's Board (except as to certain change in control transactions), and will not be involved in the day-to-day operations of SMIC. TSMC is welcomed as a new shareholder.

SMIC will have no continuing payment obligations to TSMC other than those under this settlement agreement, and SMIC may continue to use the trade secrets and technology disputed in the California Case, subject to confidentiality restrictions, under a covenant not to sue. SMIC anticipates no disruption in its wafer foundry service to its customers, or in its independent management of the company as a result of the settlement.

SMIC believes this settlement is a win-win for the parties, resolving uncertainty for their employees, mutual customers, and other stakeholders.

With new certainty, opportunity, and synergy for our customers and management, SMIC looks forward to improving shareholder value.

About SMIC

Semiconductor Manufacturing International Corporation ("SMIC"; NYSE: SMI; SEHK: 981) is one of the leading semiconductor foundries in the world and the largest and most advanced foundry in Mainland China, providing integrated circuit (IC) foundry and technology services at 0.35um to 45nm. Headquartered in Shanghai, China, SMIC has a 300mm wafer fabrication facility (fab) and three 200mm wafer fabs in its Shanghai mega-fab, two 300mm wafer fabs in its Beijing mega-fab, a 200mm wafer fab in Tianjin, a 200mm fab under construction in Shenzhen, and an in-house assembly and testing facility in Chengdu. SMIC also has customer service and marketing offices in the U.S., Europe, and Japan, and a representative office in Hong Kong. In addition, SMIC manages and operates a 200mm wafer fab in Chengdu owned by Cension Semiconductor Manufacturing Corporation and a 300mm wafer fab in Wuhan owned by Wuhan Xinxin Semiconductor Manufacturing Corporation. For more information, please visit <http://www.smics.com> .

SAFE HARBOUR STATEMENTS

(Under the Private Securities Litigation Reform Act of 1995)

This press release contains, in addition to historical information, "forward-looking statements" within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including statements regarding the new the expected benefits of the settlement are based on SMIC's current assumptions, expectations and projections about future events. SMIC uses words like "believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements involve significant risks, both known and unknown, uncertainties and other factors that may cause SMIC's actual performance, financial condition or results of operations to be materially different from those suggested by the forward-looking statements, including among others risks associated with the current global financial crisis, orders or judgments from pending litigation and financial stability in end markets.

Investors should consider the information contained in SMIC's filings with the U.S. Securities and Exchange Commission (SEC), including its Annual Report on Form 20-F filed with the SEC on June 22, 2009, especially in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections, and such other documents that SMIC may file with the SEC or SEHK from time to time, including on Form 6-K. Other unknown or unpredictable factors also could have material adverse effects on SMIC's future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this press release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this press release. Except as may be required by law, SMIC undertakes no obligation and does not intend to update any forward-looking statement, whether as a result of new information, future events or otherwise.

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