

Taiwan Semiconductor Manufacturing Company Limited Compensation Committee Charter

1.0 Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Taiwan Semiconductor Manufacturing Company Limited (the "Company") is to assist the Board in discharging its responsibilities relating to the compensation and benefit policies, plans and programs of the Company, and the evaluation and compensation of the Company's executives.

2.0 Committee Membership and Meetings

2.1 Membership

The Committee shall consist of no fewer than three members of the Board. The Chairman and members of the Committee shall be appointed by the Chairman of the Board in consultation with the Board. The Chairman of the Board is a non-voting member of the Committee and is excused from the Committee's discussion of his own compensation.

2.2 Meetings

Committee meetings generally will be held in conjunction with Board meetings. Special meetings of the Committee (in person, videoconference, or telephonic) may be called by the Committee Chairman or by any Committee member. The Committee may also take action by the unanimous written consent of all of its members.

2.3 Quorum

At least two voting members of the Committee must be present for any meeting to be properly constituted and have the power to take any actions.

2.4 Decisions

The Committee shall act by majority decision unless a higher requirement is otherwise agreed by all members of the Committee. Any action by written consent must be signed by all members of the Committee. The Committee's decisions become its recommendations to the Board.

3.0 Committee Duties & Responsibilities

3.1 Company Compensation Policies, Plans and Programs

The Committee will recommend the Company's compensation policies, plans and programs to the Board, keeping in mind that the overall goal of such policies, plans and programs is to attract, motivate, reward and retain talent for the Company.

3.2 Chairman and Vice-Chairman Salaries

The Committee shall annually recommend to the Board the salary of the Chairman and Vice-Chairman of the Board.

3.3 CEO Compensation

The Committee shall annually review and recommend to the Board CEO's compensation in the light of his performance and the worldwide competitive environment in compensation.

3.4 Compensation of Officers and Managers

The CEO shall annually recommend to the Committee and the Committee shall review and recommend to the Board actions affecting salaries, bonuses, stock options, benefits and other compensation arrangements with respect to compensation for all of the Company's executive officers other than the CEO and generally with respect to employees.

3.5 Employee Stock Option and Profit Sharing Plans

The Committee is responsible for reviewing and making recommendations to the Board (where Board approval is required) concerning the institution, revision, interpretation, and termination of the Company's employee stock option, profit sharing and other incentive plans.

3.6 Reporting to the Board

The Committee shall submit reports to the Board from time-to-time and shall prepare an annual report on executive compensation for inclusion in the Company's annual reports to be filed with relevant government oversight authorities (e.g., the ROC SFC and the U.S. SEC).

3.7 Miscellaneous

(a) **Management Participation**

The Committee shall have the authority to invite members of the Company's management to attend its meetings. However, an executive shall not be present when his compensation is discussed.

(b) **Minutes**

Written minutes of the proceedings of each meeting or consent action by written consent of the Committee shall be prepared and circulated to each member of the Committee.

(c) **Compensation Consultant**

The Committee is authorized to retain an independent consultant, from time-to-time, to assist in the evaluation of CEO, or executive officer compensation and shall have the sole authority to retain and terminate such consulting services, including the sole authority to approve the consulting firm's fees and other retention terms and conditions.

4.0 The Committee Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.