

**Procedures for Acquisition or Disposal of Assets
of
Taiwan Semiconductor Manufacturing Company Limited**

Article 1

This Company's acquisition or disposal of assets should be made in accordance with the following Procedures. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2

1. "Assets" used herein should mean:
 - (1) long/short term security investments (including stocks, bonds, corporate bonds, bank indentures, fund securities, depository receipts, warrants, beneficiary securities, asset-based securities, etc.);
 - (2) real estate and other fixed assets;
 - (3) membership;
 - (4) patent, copyright, trademark, charter right, any intangible assets, etc.;
 - (5) derivatives products;
 - (6) assets that are acquired or disposed through merger, spin-off, acquisition or share transfer, and other major assets.

2. "Date of the Event" used herein should mean, in principle, the contracting day, the payment day, the transaction day, the title transferring day, the day of board resolution or other date when the transaction party and the transaction amount can be ascertained (whichever is earlier); for investments required to be approved by government authority, the Date of the Event will be any of the above-mentioned dates or the date on which the approval letter of government authority is received, whichever is earlier.

3. "Professional Appraiser" used herein should mean any appraisers/appraisal institutions specialized in real estate or other lawful appraisers/appraisal institutions of real estate and other fixed assets.

4. "Subsidiaries" used herein should mean the following local or overseas companies directly or indirectly owned by this Company:
 - (1) the company of which stock directly held by this Company is over 50% of its outstanding stock with voting right;
 - (2) the company of which stock held indirectly by this Company through a subsidiary is over 50% of its outstanding stock with voting right;
 - (3) the company of which stock directly held by and indirectly held through a subsidiary of this Company is over 50% of its outstanding stock with voting right.

5. "Within one year" used herein should mean within one year backwards from the date of the event of the subject acquisition or disposal of assets. The transactions having been published should be excluded.

6. "Latest Financial Statements" used herein should mean the financial statements of this Company audited or examined by certified public accountant which has been published in accordance with applicable regulation before the subject acquisition or disposal of assets.

Any unspecified terms in the Procedures shall be subject to the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the securities regulatory authority.

Article 3

The procedures for acquisition or disposal of assets by this Company and the limitation of amounts thereof should be as follows:

1. The acquisition or disposal of long term security investment should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board of Directors (the "Board"), while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis.

2. The acquisition or disposal of short term security investment should be reviewed and appraised by the department responsible therefor and implemented within the limits of amount set forth in Item 6 of this Article.

3. The acquisition or disposal of real estate should be reviewed and appraised by the department responsible therefor and implemented after approval by the Board, while the Board can authorize the Chairman to handle the matter and report to the Board for recognition on an after-the-event basis.
4. The acquisition of other fixed assets should be handled by the department responsible therefor in accordance with relevant internal rules of this Company after approval by the Board. The disposal of other fixed assets should be directly handled by the department responsible therefor in accordance with relevant internal rules of this Company.
5. Responsible Departments
 - For acquisition or disposal of long/short term security investment, the departments responsible therefor should be Finance Division or other related department.
 - For acquisition or disposal of real estate and other fixed assets, the departments responsible therefor should be Material Management Division, Accounting Division or other related department.
6. Limits of Amounts
 - The acquisition of real estate by this Company for non-operating purpose should not exceed 15% of this Company's net worth. The acquisition of real estate for non-operating purpose by each Subsidiary of this Company should not exceed 5% of this Company's net worth.
 - The total amount of all long/short term security investments by this Company should not exceed 70% of this Company's net worth. The total amount of all long/short term security investments by each Subsidiary of this Company should not exceed 30% of this Company's net worth.
 - The amount of investment by this Company in each respective security should not exceed 30% of this Company's net worth. The amount of investment by each Subsidiary of this Company in each respective security should not exceed 20% of this Company's net worth.
7. Material asset transactions shall be approved by the Audit Committee in accordance with relevant regulations and be approved by the Board of Directors.

Article 4

Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two days from the Date of the Event:

1. acquisition of real estate from affiliates;
2. execution of investments in Mainland China;
3. merger, spin-off, acquisition or share transfer;
4. the assets acquisition or disposal other than those mentioned above, of which one of the following amounts reaches 20% of the Company's paid-in capital or exceeds NT\$300 million:
 - the amount of each single transaction for acquisition or disposal of assets;
 - the accumulated amount of several transactions with the same party for acquisition or disposal of the same kind of assets within one year;
 - the accumulated amount for acquisition or disposal (acquisition and disposal should be cumulated separately) of real estate under the same development project within one year; or
 - the accumulated amount for acquisition or disposal (acquisition and disposal should be cumulated separately) of the same security within one year.

The following situations should not be subject to the above filing/publishing requirements:

1. buying or selling bonds;
2. buying or selling bonds under re-purchase/re-sale conditions;
3. acquisition or disposal of operation-purpose machinery and equipment with non-related parties in an amount not exceeding NT\$ 500 million;
4. acquisition of real estate by way of contracting third parties to construct on land owned by this Company, distribution of building under joint construction project, distribution of profit under joint construction project, or selling building under joint construction project, and the amount of transaction not exceeding NT\$ 500 million (based on the amount this Company plans to contribute).

Article 5

The contents of filing and public announcement of asset acquisition or disposal as required in Article 4 shall be in compliance with the relevant regulations.

Article 6

The evaluation procedures of the Company's asset acquisition or disposal are as follows:

1. Except transactions with government institutions, contracting third parties to construct on land owned or rented by this Company, or acquisition of machinery and equipment for operation purpose, for acquisition or disposal of real estate or other fixed assets by this Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained in advance and the following provisions should be complied with:
 - (1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board of Directors in advance. The above procedures should also be followed in case the transaction terms are changed subsequently.
 - (2) If the discrepancy between the result of the appraisal report of Professional Appraiser and the transaction price exceeds 20%, this Company should request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and comment on the reason for the discrepancy and the fairness of the transaction price. The discrepancy between the appraisal result and the transaction price should be calculated based on the transaction price.
 - (3) If the transaction price is over NT\$ 1 billion, this Company should retain at least two Professional Appraisers to perform the appraisal. In case the discrepancy between the two appraisal reports is over 10% of the transaction price, this Company should request a certified public accountant to handle the matter in accordance with the provision of Auditing Standard No.20 and comment on the reason for the discrepancy and the fairness of the transaction price.
 - (4) If the appraisal is made prior to the contract date, the appraisal report should be issued within 3 months before the contract date; provided that if the object's publicly announced value is still the same and the appraisal report was issued no longer than 6 months, the original Professional Appraiser may present supplemental opinions.

2. Before the acquisition or disposal of securities, the latest financial statements of the object company audited or reviewed by certified public accountant should be acquired for the assessment and reference of transaction price. Should the transaction price reaches 20% of this Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price have to be sought from certified public accountant; provided however, these requirements are not applicable if such securities have a public price from an active market or if the regulatory authorities require otherwise.
3. If this Company's acquisition or disposal of membership or intangible assets reaches 20% of this Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price shall be sought from certified public accountant. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No.20.
4. For acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.
5. Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters whom this Company has acquired appraisal reports and opinions from, shall not be a related party of this Company or the other party of the transaction.

Article 7

1. Acquisition or disposal of assets by this Company's Subsidiary should follow the procedures of Article 6 hereof.
2. If the acquisition or disposal of assets by this Company's Subsidiary reaches the reporting standard specified in Article 4 hereof and such Subsidiary is not a domestic public company, this Company should publish and report for such Subsidiary.

3. This Company should key in the published data through internet reporting system for Subsidiary's acquisition or disposal of assets if such Subsidiary has published and reported by itself or through this Company in accordance with these Procedures.
4. This Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets. Such procedures shall be approved by the Subsidiaries' Audit Committee and/or Boards of Directors and/or Shareholders' Meetings. Information relating to any acquisition or disposal of assets by the Subsidiaries shall be provided regularly to this Company for inspection.

Article 8

In addition to the Procedures, if the Company acquires real estate from a related party, the transaction should be made in accordance with the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the securities regulatory authority.

Article 9

Any acquisition or disposal of assets through merger, spin-off, acquisition or share transfer by this Company shall comply with the Procedures and the "Guidelines for Handling Acquisition or Disposal of Assets by Public Companies" announced by the securities regulatory authority.

Article 10

This Company's financial derivatives transactions shall be in compliance with this Company's "Policies and Procedures for Financial Derivatives Transactions".

Article 11

All items should be published again if any item required to be disclosed is missing during the original publication.

Should any of the following conditions occur after the filing and public announcement of transactions, this Company needs to file and make public announcement accordingly within two days from the Date of the Event

1. amendment, termination or cancellation of the original agreement;
2. merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.

Article 12

This Company should disclose its publication in the footnote of its financial statements if the acquisition or disposal of assets reaches the standard required for publication as specified in Article 4 hereof and the counter party of the transaction is a related party.

Article 13

The contracts, memorandum, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with this Company's acquisition or disposal of assets shall, except as otherwise specified by relevant laws, be kept in this Company for at least five years.

Article 14

This Company's managers and persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related Personnel Articles of this Company.

Article 15

The Procedures shall be approved by the Audit Committee, the Board of Directors, and the Shareholders' Meeting. Any amendment is subject to the same procedures.