

**Procedures for Endorsement & Guarantee  
of  
Taiwan Semiconductor Manufacturing Company Limited  
(The "Company")**

**Article 1**

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in the Procedures means the equity attributable to owners of the parent in the balance sheet.

**Article 2**

The party to whom the Company may provide endorsement and/or guarantee include the following:

1. Any company who has business relationship with the Company.
2. Any subsidiary whose voting shares are fifty percent (50%) or more owned, directly or indirectly by the Company.
3. Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's voting shares.

Subsidiaries whose voting shares are at least 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other, and the total amount of such endorsement/guarantee shall not exceed 10% of the Company's net worth. The limit restriction shall not apply to endorsement/guarantee when such subsidiaries' voting shares are 100% owned, directly or indirectly, by the Company.

**Article 3**

The words "endorsement and/or guarantee" used herein are defined as:

1. Financing endorsement and/or guarantee, including:
  - (1) Endorsement/guarantee to customers' notes for cash financing with a discount;
  - (2) Endorsement/guarantee for another company for its financing needs;

- (3) Endorsement/guarantee to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
2. Endorsement/guarantee of customs duties due from the Company.
3. Other endorsements/guarantees which are not included under paragraphs 1 and 2.

The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

#### **Article 4**

The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries is subject to the following limits:

1. The total amount of endorsement/guarantee shall not exceed twenty-five percent (25%) of the Company's net worth.
2. The total amount of the endorsement/guarantee provided by the Company to any individual entity shall not exceed ten percent (10%) of the Company's net worth, or the net worth of such entity, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned 10% limit and the limit of net worth for any individual entity may be lifted for endorsement/guarantee provided by the Company for the benefit of the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned by the Company.

The total endorsement/guarantee amount for the Company and its subsidiaries and the amount for any single entity should follow the paragraph set forth herein.

In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.

The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

**Article 5**

If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 2 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a corrective plan shall be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified in the plan.

**Article 6**

The procedures and authority level for providing endorsement and/or guarantee are defined as follows:

Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies" announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification.

Material endorsements and/or guarantees shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for a resolution.

In case the Company or its subsidiary desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, Finance and related Departments shall evaluate the relevant risks, establish risk control measures and exercise implementation review, as well as regularly report the same to the Audit Committee. For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving any TSMC or TSMC subsidiaries endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.

The Company shall establish and maintain a reference book to record all endorsement/guarantee-related information in accordance with the relevant regulations.

The Company shall assess and recognize, if any, contingent losses brought about by the endorsement/guarantee, to adequately disclose information in the financial statements, and to provide external auditors with necessary information for conducting due auditing and issuing auditing report.

#### **Article 7**

When providing endorsement/guarantee to another company, the Company may require the endorsee/guarantee company to provide collaterals.

#### **Article 8**

Notes used for issuing endorsement/guarantee and seals of the Company shall be kept separately by persons appointed and authorized by the Chairman. Internal procedures must be followed for sealing and note issuance purposes. The seals for endorsement/guarantee should be the official corporate seals registered with the Ministry of Economic Affairs.

When providing endorsement/guarantee to a foreign company, the endorsement/guarantee letter should be executed and signed by the Chairman or the person delegated by the Chairman.

#### **Article 9**

Should there be any endorsement/guarantee which is required to be reported to the governmental authority-in-charge or to be publicly announced, such report or public announcement shall be made by the Company in accordance with the relevant laws, rules and regulations. If there is any reporting and announcement required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of its subsidiary.

#### **Article 10**

When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall mandate the subsidiary to establish relevant procedures for endorsement/guarantee. Such procedures shall be approved by the Audit Committee and/or the Board of Directors and/or Shareholders' Meeting of the subsidiary, and become effective thereafter. Relevant information of the endorsement/guarantee extended by the Company's subsidiary should be provided regularly to the Company for inspection. The Company should also mandate the

subsidiary to handle endorsement/guarantee in accordance with its procedures.

The endorsement/guarantee made between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall be submitted to the Board of Directors for approval in advance, provided, however, this approval requirement shall not apply to endorsement/guarantee made between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares.

#### **Article 11**

Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.

#### **Article 12**

The Company's managers and persons-in-charge shall follow the Procedures in order to prevent the 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 the Company.

#### **Article 13**

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.