

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED
2009 ANNUAL GENERAL SHAREHOLDERS' MEETING
MINUTES
(Translation)

Time and Date: 9:00 a.m., June 10, 2009

Place: TSMC Fab 12 (No. 8, Li-Hsin Road 6, Hsinchu Science Park, Hsin-Chu, Taiwan, R.O.C.)

Total outstanding TSMC shares: 25,626,311,653 shares

Total shares represented by shareholders present in person or by proxy: 22,520,686,457 shares

Percentage of shares held by shareholders present in person or by proxy: 87.88 %

Chairman: Dr. Morris Chang, the Chairman of the Board of Directors

Recorder: Sylvia Fang

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

A. Chairman's Address (omitted)

B. Report Items

- I. Reported the business of 2008. (see Attachment I)
- II. Audit Committee's review report. (see Attachment II)
- III. Reported the implementation of shares buyback.

Explanatory Notes: TSMC completed two share buyback programs in 2008:

Date of Board resolution	05/13/2008	08/12/2008
Purpose of the buyback	For the shareholders' interest	
Method of buyback	Buying back shares from Taiwan Stock Exchange	
Buyback period	05/14/2008~07/13/2008	08/13/2008~10/12/2008
Number of shares bought back	216,674,000 common shares	278,875,000 common shares
Number of shares bought back as a percentage of TSMC's total outstanding shares	0.85%	1.07%
Total value of shares bought back	NT\$13,927,422,800	NT\$16,499,990,000
The average buyback price per share	NT\$64.28	NT\$59.17
Number of shares cancelled	216,674,000 common shares	278,875,000 common shares

IV. Reported TSMC's merger of its 100% subsidiary - Hsin Ruey Investment Co. Ltd.

- Explanatory Notes: (1) In order to simplify TSMC's corporate structure and reduce relevant operating cost, TSMC Board of Director approved to merge its 100% owned subsidiary, Hsin Ruey Investment Co., Ltd. A short-form merger was conducted pursuant to the R.O.C. Business Mergers and Acquisitions Law and the R.O.C. Company Act with TSMC being the surviving company. The merger record date was August 21, 2008.
- (2) On September 23, 2008, Science Park Administration has approved the merger and subsequent cancellation of TSMC shares previously held by Hsin Ruey Investment Co. Ltd. A total of 34,267,815 of TSMC shares previously held by Hsin Ruey Investment Co., Ltd. was cancelled accordingly and TSMC's paid-in

capital as a result was reduced by NT\$342,678,150.

A Shareholder suggested that TSMC should allow shareholders to "vote by poll (ballot)" with regard to each resolution starting from the next shareholders' meeting. Chairman's response: We will seriously consider the suggestion.

C. Resolutions

- I. The 2008 Business Report and Financial Statements were submitted at the meeting for acceptance. (Proposed by the Board of Directors)

Explanatory Notes:

1. TSMC's 2008 Financial Statements, including Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity, and Cash Flow Statement were audited by independent auditors, Ricky Lin and Messrs. Jackson Huang, of Deloitte & Touche.
2. The 2008 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements were attached hereto as Attachments I, III and IV.
3. Please accept the above-mentioned Business Report and Financial Statements.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the 2008 Business Report and Financial Statements be and hereby were accepted as submitted.

- II. A proposal to approve the distribution of 2008 profits was submitted at the meeting for discussion and approval. (Proposed by the Board of Directors)

Explanatory Notes:

1. The proposed profit distribution was allocated from 2008 Retained Earnings Available for Distribution. Each common share holder would be entitled to receive a cash dividend of NT\$3 per share, and a stock dividend of 2 shares for each 1,000 shares held by such shareholders. In addition, each common shareholder would be entitled to receive, for each 1,000 shares held,

3 shares from the proposed capitalization of capital surplus to be discussed in the next resolution; and, together with the 2 shares of stock dividend as mentioned above, 5 shares in total for each 1,000 shares held by such shareholder. If the above-mentioned distributions included any fractional shares which were less than one full share, the shareholders concerned may arrange for pooling together their fractional shares to form one full share and register the same within 5 days after the record date. For the fractional shares which could not be pooled, the distribution would be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares would be purchased by persons arranged by the Chairman as authorized by the Board of Directors of TSMC.

The total amount of outstanding common shares might change and the ultimate cash and stock to be distributed to each common share might need to be adjusted accordingly should TSMC subsequently repurchase its common shares or issue new common shares to its employees as a result of their exercising of stock options. It was proposed that the Chairman of the Board of Directors of TSMC be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed and capital surplus resolved to be capitalized, and the number of actual outstanding common shares on the record date for distribution.

2. The 2008 Profit Allocation Proposal was attached hereto as Attachment V.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the above proposals be and hereby were approved as proposed.

- III. A proposal to approve the capitalization of 2008 dividends, 2008 employee profit sharing, and capital surplus was submitted at the meeting for discussion and approval. (Proposed by the Board of Directors)

- Explanatory Notes:
1. For purposes of machinery purchase and production capacity expansion, it was proposed that TSMC's capital stock be increased by capitalizing (i) capital surplus generated from the excess of the issue price over the par value of capital stock in the amount of NT\$ 768,763,120, equivalent to 76,876,312 common shares at par value of NT\$10 each share; (ii) the stock dividends to common shareholders of NT\$512,508,750, equivalent to 51,250,875 common shares at par value of NT\$10 each share, allocated from 2008 Retained Earnings Available for Distribution; and (iii) employee profit sharing in stock of NT\$7,494,987,578. The number of shares to be issued as employee profit sharing should be calculated based on the closing price one day prior to the 2009 Annual Shareholders' Meeting on ex-dividend basis. The fractional share, which was less than one full share, would be distributed in cash. New shares to be issued are common shares. (A total of 141,869,914 common shares should be issued as employee profit sharing based on price of NT\$52.83 per share, ex-dividend of the closing price NT\$56.1 per share as of June 9, 2009. The fractional share which is less than one full share, equivalent to NT\$21, would be distributed in cash. A total of 269,997,101 new common shares would be issued as capital stock increase for 2008 dividend, 2008 employee profit sharing and capital surplus.)
 2. The shareholder's rights and obligations of the new shares were the same as those of the existing shares. After being approved by the government authority in charge, the new shares would be distributed on a record date to be determined by the Board of Directors or its designee(s).
 3. As of April 12, 2009 (the first day of book-close period

for registration of share transfer before the Annual General Shareholders' Meeting), the number of exercisable shares of employees' stock options that TSMC granted was approximately 35,233,000 shares. In accordance with TSMC's Employee Stock Options Plans, TSMC had to adjust upwards the number of outstanding employees' stock options in proportion to the proposed capital increase. It was estimated that the number of such additional employees' stock options was approximately 176,000 shares.

4. Since the additional employees' stock options were issued in proportion to the increase of capital stock, it should not cause any material impact to the shareholders' interest. There were sufficient common shares reserved in the Articles of Incorporation for granting the aforesaid additional employees' stock options.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the capitalization of 2008 dividends, 2008 employee profit sharing, and capital surplus be and hereby were approved as proposed.

- IV. It was proposed to approve revisions to internal policies and rules as follows:
 - (1) Procedures for Lending Funds to Other Parties
 - (2) Procedures for Endorsement and Guarantee(Proposed by the Board of Directors)

Explanatory Notes: 1. On January 15, 2009, the Financial Supervisory Commission of the Executive Yuan has amended its "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies" (the "Guidelines"). TSMC's "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee" should be amended to reflect the regulatory changes. In addition, certain minor wording changes were also made to make the relevant statements more clear and consistent.

2. Comparison tables for the above-mentioned internal policies and rules before and after revisions were attached hereto as Attachment VI and VII.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the above proposals be and hereby were approved as proposed.

D. Director Election

Election of eight Directors (including four independent directors) (Proposed by the Board of Directors)

Result of the Election: Eight directors (including four independent directors) were elected by the shareholders present. The tenure of the newly elected directors commences on June 10, 2009 and shall expire on June 9, 2012. The list of the newly elected directors with indication of votes received by each was attached hereto as Attachment VIII.

E. Special Motion

(Questions raised by the shareholders and the management's responses were omitted)

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

Morris Chang
Chairman of the Board of Directors

Sylvia Fang
Recorder

ATTACHMENT I

Business Report

2008 was a year of rapid change. TSMC's business remained vibrant in the first three quarters of the year, but saw demand slowing by the middle of the third quarter. Fourth quarter revenue substantially declined and showed no sign of recovery by the year-end.

With the sharp decline in the demand for semiconductors in the last quarter of 2008, revenue of the worldwide semiconductor market for the full year is estimated to have declined by about 3 percent from its 2007 level. Pure-play foundry segment is estimated to have outperformed the semiconductor industry and registered an annual growth rate of approximately 2 percent. TSMC outperformed its peers, delivered 7.9 percent revenue growth in US dollars, and gained market share to reach 51 percent among pure-play foundries during 2008. The outperformance is particularly pronounced in the advanced process technologies where TSMC successfully ramped its 65-nanometer process technology from 10 percent of wafer revenue at the beginning of the year to 27 percent by year-end, taking a share of more than 80 percent for that technology among the logic foundries.

Financial Results

Total consolidated revenue for 2008 was NT\$ 333.16 billion, a 3.3 percent increase compared with NT\$322.63 billion in 2007. Mainly due to the implementation of a new accounting rule that requires expensing of employee profit sharing in the Company's financial statements starting in 2008, net income decreased 8.5 percent to NT\$99.93 billion, compared with 2007 net income of NT\$109.18 billion. Similarly, diluted earnings per share decreased 5.7 percent to NT\$3.83, compared with NT\$4.06 a year earlier. Had the accounting rules remained the same and employee profit sharing had not been expensed, net income in 2008 would have been NT\$112.42 billion and EPS NT\$4.31. In US dollars, TSMC's 2008 revenue was US\$10.61 billion and net income was US\$3.18 billion.

Among other highlights in 2008, TSMC achieved:

- Total average capacity utilization of 90 percent;
- Average gross profit margin of 42.5 percent; and
- Average operating profit margin of 31.4 percent.

During the year, TSMC shipped 8.47 million eight-inch equivalent wafers, representing about 8 percent of global IC wafer shipments, up from 7.5 percent a year ago.

Technology Innovation

As a technology leader, TSMC is committed to investing in long-term growth by delivering continual innovation. Despite a challenging economic environment, 2008 was characterized by significant technological progress. TSMC led the foundry segment with qualification and delivery of 40-nanometer high performance and low-power technologies, using advanced immersion lithography, performance enhancing silicon strains and extreme low-k inter-metal dielectric material. TSMC also demonstrated the foundry's first 32-nanometer technology which supported both analog and digital functionalities. TSMC is the first foundry to announce the 28-nanometer process as a full node technology that will include a choice of silicon oxynitride and high-k/metal gate transistor options. Our paper on high-k/metal gate published in the 2008 International Electron Device Meeting proceedings was featured as a conference highlight.

In order to enable efficient implementation of innovations among the semiconductor design community, and its ecosystem partners, along with TSMC's own IP, design services and process technologies, TSMC unveiled its Open Innovation Platform™ (OIP) in early 2008. Central to the platform is a set of ecosystem interfaces and collaborative components initiated and supported by TSMC that can more efficiently empower innovation throughout the supply chain and yield benefit to all participants.

Corporate Developments

Early in 2008 TSMC reorganized and established the Advanced Technology Business Organization and the Mainstream Technology Business Organization by merging operation with technology and service marketing. These two new organizations will respectively take responsibility for formulation, development, and execution of advanced technology and mainstream technology business objectives, with dedicated human resources and more flexibility.

In August 2008, Royal Philips Electronics NV completed a four-phased plan and exited from its TSMC shareholding. As part of the plan, and subsequently for the purpose of partially offsetting the dilution from employee profit sharing, the Company repurchased, in two separate programs, a total of 495,549 thousand common shares in the open market of the Taiwan Stock Exchange, accounting for approximately 1.92% of its total outstanding shares, at an average price of NT\$61.40 per share. The repurchased shares were cancelled subsequently.

Honors and Awards

In recognition of his distinguished career and significant contributions to the U.S. semiconductor industry, the Semiconductor Industry Association (SIA), in November, honored TSMC's Chairman Dr. Morris Chang as the 2008 recipient of the Robert N. Noyce Memorial Award, the Association's highest honor.

TSMC, in 2008, continued to receive recognition and awards from around the world as a corporate role model. TSMC's disclosure and transparency and its focus on shareholder value have won top honors from *AsiaMoney Magazine*, *The Asset Magazine*, *Corporate Governance Asia*, *FinanceAsia*, and *Institutional Investors* in the areas of Corporate Governance, Management, and Investor Relations. *IR Magazine* announced TSMC as the winner of Grand Prix for Best Overall Investor Relations 6 years in a row, while *CommonWealth Magazine* voted TSMC the Most Admired Company in Taiwan for the 12th consecutive year, and also awarded us with "Excellence in Corporate Social Responsibility". As a leader in good corporate citizenship, TSMC was included in the Dow Jones Sustainability Index for the 8th consecutive year, and is the only company from Taiwan included in the Carbon Disclosure Leadership Index. TSMC has received certificate of National Industrial Safety and Health Award given by the Taiwan Executive Yuan, and its Fab 14 Phase III has been certified by the US Green Building Council as a Leader in Energy and Environmental Design (LEED).

Outlook

As we enter 2009, the global economy is in the midst of a deep recession and the timing of a recovery is uncertain. TSMC's Management understands that the strong headwinds brought by the global recession will likely result in a long period of slower business recovery. However, TSMC's solid balance sheet and strong cash position should enable us to weather the storm well. We will continue to invest wisely in our future to enhance our technologies and capabilities. TSMC's trinity of strengths: technology leadership, manufacturing excellence and customer partnership, will continue to enable us to become the most advanced, innovative, and largest provider of foundry services.

Historically, TSMC has leveraged periodic challenges to become stronger. The challenges of 2009 are clear, and all TSMC employees are committed to do our utmost to emerge from this global economic crisis stronger than ever.

ATTACHMENT II

Audit Committee's Report

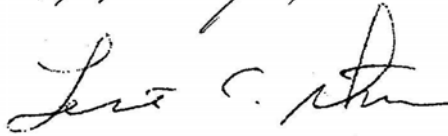
The Board of Directors has prepared the Company's 2008 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit TSMC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the undersigned, the Audit Committee members of Taiwan Semiconductor Manufacturing Company Limited. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Taiwan Semiconductor Manufacturing Company Limited


Independent Director Sir Peter Leahy Bonfield



Independent Director Lester Carl Thurow



Independent Director Stan Shih



Independent Director Carleton (Carly) S. Fiorina



February 10, 2009

ATTACHMENT III

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Semiconductor Manufacturing Company Limited as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective January 1, 2008, Taiwan Semiconductor Manufacturing Company Limited adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the Accounting Research and Development Foundation of the Republic of China and relevant requirements promulgated by the Financial Supervisory Commission of the Executive Yuan.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the years ended December 31, 2008 and 2007, and expressed an unqualified opinion with an explanatory paragraph relating to the adoption of Interpretation 2007-052 and an unqualified opinion, respectively, on such consolidated financial statements.

January 17, 2009

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 138,208,360	26	\$ 72,422,102	13	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 23)	\$ 83,618	-	\$ 247,646	-
Financial assets at fair value through profit or loss (Notes 2, 5 and 23)	42,460	-	42,083	-	Accounts payable	4,314,265	1	9,485,818	2
Available-for-sale financial assets (Notes 2, 6 and 23)	-	-	22,267,223	4	Payables to related parties (Note 24)	1,202,350	-	2,999,630	-
Held-to-maturity financial assets (Notes 2, 7 and 23)	5,881,999	1	11,526,946	2	Income tax payable (Notes 2 and 17)	9,222,811	2	10,977,963	2
Receivables from related parties (Note 24)	11,728,204	2	26,701,648	5	Bonuses payable to employees and directors (Notes 3 and 19)	15,148,057	3	-	-
Notes and accounts receivable	11,441,176	2	17,911,328	3	Payables to contractors and equipment suppliers	7,574,891	1	5,389,740	1
Allowance for doubtful receivables (Notes 2 and 8)	(436,746)	-	(688,972)	-	Accrued expenses and other current liabilities (Note 15)	7,553,475	1	14,700,013	3
Allowance for sales returns and others (Notes 2 and 8)	(5,868,582)	(1)	(3,856,685)	-	Current portion of bonds payable (Note 14)	8,000,000	2	-	-
Other receivables from related parties (Note 24)	489,742	-	525,308	-					
Other financial assets	711,755	-	331,698	-	Total current liabilities	53,099,467	10	43,800,810	8
Inventories, net (Notes 2 and 9)	12,807,936	2	20,987,142	4					
Deferred income tax assets (Notes 2 and 17)	3,650,700	1	5,268,000	1	LONG-TERM LIABILITIES				
Prepaid expenses and other current assets	1,192,475	-	861,465	-	Bonds payable (Note 14)	4,500,000	1	12,500,000	3
					Other long-term payables (Note 15)	931,252	-	1,501,462	-
Total current assets	179,849,479	33	174,299,286	32	Total long-term liabilities	5,431,252	1	14,001,462	3
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 23)					OTHER LIABILITIES				
Investments accounted for using equity method	109,871,178	20	113,048,081	21	Accrued pension cost (Notes 2 and 16)	3,710,009	1	3,657,679	1
Available-for-sale financial assets	2,032,658	1	1,397,186	-	Guarantee deposits (Note 26)	1,479,152	-	2,240,677	-
Held-to-maturity financial assets	11,761,325	2	8,697,726	2	Deferred credits (Notes 2 and 24)	462,256	-	980,593	-
Financial assets carried at cost	519,502	-	748,160	-	Total other liabilities	5,651,417	1	6,878,949	1
Total long-term investments	124,184,663	23	123,891,153	23	Total liabilities	64,182,136	12	64,681,221	12
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)					CAPITAL STOCK - NTS10 PAR VALUE (Notes 19 and 21)				
Cost					Authorized: 28,050,000 thousand shares				
Buildings	114,014,588	21	101,907,892	18	Issued: 25,625,437 thousand shares in 2008				
Machinery and equipment	635,008,261	118	589,131,625	107	26,427,104 thousand shares in 2007	256,254,373	47	264,271,037	48
Office equipment	9,748,869	2	9,167,107	2	CAPITAL SURPLUS (Notes 2 and 19)	49,875,255	9	53,732,682	10
	758,771,718	141	700,206,624	127	RETAINED EARNINGS (Note 19)				
Accumulated depreciation	(557,247,254)	(103)	(486,725,019)	(88)	Appropriated as legal capital reserve	67,324,393	13	56,406,684	10
Advance payments and construction in progress	17,758,038	3	21,082,953	4	Appropriated as special capital reserve	391,857	-	629,550	-
Net property, plant and equipment	219,282,502	41	234,564,558	43	Unappropriated earnings	102,337,417	19	161,828,337	29
INTANGIBLE ASSETS					Total retained earnings	170,053,667	32	218,864,571	39
Goodwill (Note 2)	1,567,756	-	1,567,756	-	OTHERS (Notes 2, 21 and 23)				
Deferred charges, net (Notes 2, 13 and 24)	6,401,461	1	7,172,413	1	Cumulative translation adjustments	481,158	-	(1,072,853)	-
Total intangible assets	7,969,217	1	8,740,169	1	Unrealized gain (loss) on financial instruments	(287,342)	-	680,997	-
OTHER ASSETS					Treasury stock: 834,096 thousand shares	-	-	(49,385,032)	(9)
Deferred income tax assets (Notes 2 and 17)	6,497,972	1	7,241,933	1	Total other assets	193,816	-	(49,776,888)	(9)
Refundable deposits	2,719,737	1	2,741,538	-	Total shareholders' equity	476,377,111	88	487,091,402	88
Others (Note 2)	55,677	-	293,986	-	TOTAL	\$ 540,559,247	100	\$ 551,772,623	100
Total other assets	9,273,386	2	10,277,457	1					
TOTAL	\$ 540,559,247	100	\$ 551,772,623	100					

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 24)	\$ 330,228,027		\$ 319,167,299	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	<u>8,460,944</u>		<u>5,519,655</u>	
NET SALES	321,767,083	100	313,647,644	100
COST OF SALES (Notes 18 and 24)	<u>183,589,540</u>	<u>57</u>	<u>176,223,224</u>	<u>56</u>
GROSS PROFIT	138,177,543	43	137,424,420	44
REALIZED (UNREALIZED) GROSS PROFIT FROM AFFILIATES (Note 2)	<u>72</u>	<u>-</u>	<u>(265,106)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>138,177,615</u>	<u>43</u>	<u>137,159,314</u>	<u>44</u>
OPERATING EXPENSES (Notes 18 and 24)				
Research and development	19,737,038	6	15,913,834	5
General and administrative	9,895,617	3	7,660,776	3
Marketing	<u>2,254,728</u>	<u>1</u>	<u>1,332,657</u>	<u>-</u>
Total operating expenses	<u>31,887,383</u>	<u>10</u>	<u>24,907,267</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>106,290,232</u>	<u>33</u>	<u>112,252,047</u>	<u>36</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 2)	2,728,892	1	2,634,636	1
Foreign exchange gain, net (Note 2)	1,113,406	1	71,128	-
Settlement income (Note 26)	951,180	-	985,114	-
Technical service income (Notes 24 and 26)	619,237	-	712,162	-
Gain on settlement and disposal of financial assets, net (Notes 2 and 23)	452,159	-	271,094	-
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 24)	298,772	-	305,201	-
Equity in earnings of equity method investees, net (Notes 2 and 10)	72,568	-	5,468,230	2
Others (Note 24)	<u>489,411</u>	<u>-</u>	<u>658,227</u>	<u>-</u>
Total non-operating income and gains	<u>6,725,625</u>	<u>2</u>	<u>11,105,792</u>	<u>3</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Valuation loss on financial instruments, net (Notes 2, 5 and 23)	\$ 1,230,966	1	\$ 924,316	-
Interest expense	355,056	-	584,736	-
Loss on impairment of financial assets (Notes 2 and 11)	247,488	-	-	-
Loss on impairment of idle assets (Note 2)	210,477	-	-	-
Provision for litigation loss (Note 26h)	99,126	-	1,008,635	-
Others (Note 2)	113,926	-	88,746	-
Total non-operating expenses and losses	2,257,039	1	2,606,433	-
INCOME BEFORE INCOME TAX	110,758,818	34	120,751,406	39
INCOME TAX EXPENSE (Notes 2 and 17)	(10,825,650)	(3)	(11,574,313)	(4)
NET INCOME	\$ 99,933,168	31	\$ 109,177,093	35
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	\$ 4.27	\$ 3.86	\$ 4.49	\$ 4.06
Diluted earnings per share	\$ 4.24	\$ 3.83	\$ 4.49	\$ 4.06

Certain pro forma information (after income tax) is shown as follows, based on the assumption that the Company's stock held by subsidiaries is treated as available-for-sale financial assets instead of treasury stock (Notes 2 and 21):

	2008	2007
NET INCOME	\$ 100,035,447	\$ 109,278,855
EARNINGS PER SHARE (NT\$)		
Basic earnings per share	\$ 3.86	\$ 4.06
Diluted earnings per share	\$ 3.83	\$ 4.06

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Cumulative Translation Adjustments	Others		Total Shareholders' Equity	
	Shares (in Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings		Total	Unrealized Gain (Loss) on Financial Instruments		Treasury Stock
BALANCE, JANUARY 1, 2007	25,829,688	\$ 258,296,879	\$ 54,107,498	\$ 43,705,711	\$ 640,742	\$ 152,778,079	\$ 197,124,532	\$ (1,191,165)	\$ 561,615	\$ (918,075)	\$ 507,981,284
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	12,700,973	-	(12,700,973)	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	(11,192)	11,192	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(4,572,798)	(4,572,798)	-	-	-	(4,572,798)
Bonus to employees - in stock	457,280	4,572,798	-	-	-	(4,572,798)	(4,572,798)	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(77,489,064)	(77,489,064)	-	-	-	(77,489,064)
Stock dividends to shareholders - NT\$0.02 per share	51,659	516,594	-	-	-	(516,594)	(516,594)	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	(285,800)	(285,800)	-	-	-	(285,800)
Capital surplus transferred to capital stock	77,489	774,891	(774,891)	-	-	-	-	-	-	-	-
Net income in 2007	-	-	-	-	-	109,177,093	109,177,093	-	-	-	109,177,093
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	(28,639)	-	-	-	-	-	-	-	(28,639)
Translation adjustments	-	-	-	-	-	-	-	118,312	-	-	118,312
Issuance of stock from exercising stock options	10,988	109,875	326,952	-	-	-	-	-	-	-	436,827
Cash dividends received by subsidiaries from the Company	-	-	101,762	-	-	-	-	-	-	-	101,762
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	24,325	-	24,325
Equity in the valuation gain on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	95,057	-	95,057
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	(48,466,957)	(48,466,957)
BALANCE, DECEMBER 31, 2007	26,427,104	264,271,037	53,732,682	56,406,684	629,550	161,828,337	218,864,571	(1,072,853)	680,997	(49,385,032)	487,091,402
Appropriations of prior year's earnings											
Legal capital reserve	-	-	-	10,917,709	-	(10,917,709)	-	-	-	-	-
Reversal of special capital reserve	-	-	-	-	(237,693)	237,693	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(3,939,883)	(3,939,883)	-	-	-	(3,939,883)
Bonus to employees - in stock	393,988	3,939,883	-	-	-	(3,939,883)	(3,939,883)	-	-	-	-
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(76,881,311)	(76,881,311)	-	-	-	(76,881,311)
Stock dividends to shareholders - NT\$0.02 per share	51,254	512,542	-	-	-	(512,542)	(512,542)	-	-	-	-
Bonus to directors	-	-	-	-	-	(176,890)	(176,890)	-	-	-	(176,890)
Capital surplus transferred to capital stock	76,881	768,813	(768,813)	-	-	-	-	-	-	-	-
Net income in 2008	-	-	-	-	-	99,933,168	99,933,168	-	-	-	99,933,168
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	(137,063)	-	-	-	-	-	-	-	(137,063)
Translation adjustments	-	-	-	-	-	-	-	1,554,011	-	-	1,554,011
Issuance of stock from exercising stock options	6,027	60,266	166,884	-	-	-	-	-	-	-	227,150
Cash dividends received by subsidiaries from the Company	-	-	102,279	-	-	-	-	-	-	-	102,279
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(233,915)	-	(233,915)
Equity in the valuation loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	(734,424)	-	(734,424)
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	(30,427,413)	(30,427,413)
Treasury stock retired	(1,329,817)	(13,298,168)	(3,220,714)	-	-	(63,293,563)	(63,293,563)	-	-	79,812,445	-
BALANCE, DECEMBER 31, 2008	25,625,437	\$ 256,254,373	\$ 49,875,255	\$ 67,324,393	\$ 391,857	\$ 102,337,417	\$ 170,053,667	\$ 481,158	\$ (287,342)	\$ -	\$ 476,377,111

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 99,933,168	\$ 109,177,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,569,562	72,820,579
Unrealized (realized) gross profit from affiliates	(72)	265,106
Amortization of premium/discount of financial assets	(97,381)	(117,159)
Loss on impairment of financial assets	247,488	-
Gain on disposal of available-for-sale financial assets, net	(443,404)	(271,094)
Gain on disposal of financial assets carried at cost, net	(8,755)	-
Equity in earnings of equity method investees, net	(72,568)	(5,468,230)
Dividends received from equity method investees	1,804,351	677,147
Gain on disposal of property, plant and equipment and other assets, net	(298,769)	(300,387)
Loss on impairment of idle assets	210,477	-
Deferred income tax	2,361,261	1,083,194
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	(164,405)	239,413
Receivables from related parties	14,973,444	(9,832,139)
Notes and accounts receivable	6,470,152	(1,633,164)
Allowance for doubtful receivables	(252,226)	(1,959)
Allowance for sales returns and others	2,011,897	1,105,620
Other receivables from related parties	43,835	(76,042)
Other financial assets	(380,057)	321,762
Inventories	8,179,206	(1,834,928)
Prepaid expenses and other current assets	(330,664)	359,734
Increase (decrease) in:		
Accounts payable	(5,171,553)	3,342,139
Payables to related parties	(1,797,280)	(327,286)
Income tax payable	(1,766,153)	3,127,545
Bonuses payable to employees and directors	15,148,057	-
Accrued expenses and other current liabilities	(3,142,500)	1,259,738
Accrued pension cost	52,330	127,563
Deferred credits	(129,494)	72,747
Net cash provided by operating activities	<u>211,949,947</u>	<u>174,116,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	(56,766,192)	(81,303,047)
Available-for-sale financial assets	(23,697,000)	(9,547,253)
Held-to-maturity financial assets	(12,371,965)	-
Investments accounted for using equity method	(494,765)	(7,358,685)
Financial assets carried at cost	(20,681)	(36,333)
Cash from merger of subsidiaries	270,650	-

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	\$ 45,584,934	\$ 18,844,520
Held-to-maturity financial assets	15,004,000	17,325,120
Financial assets carried at cost	10,606	-
Property, plant and equipment and other assets	2,042,899	54,509
Proceeds from return of capital by investees	2,465,293	433,551
Increase in deferred charges	(3,199,813)	(2,685,610)
Decrease (increase) in refundable deposits	21,801	(1,435,304)
Increase in other assets	<u>-</u>	<u>(232,575)</u>
Net cash used in investing activities	<u>(31,150,233)</u>	<u>(65,941,107)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bonds payable	-	(7,000,000)
Decrease in guarantee deposits	(761,525)	(1,569,284)
Proceeds from exercise of employee stock options	227,150	436,827
Cash dividends	(76,881,311)	(77,489,064)
Cash bonus paid to employees	(3,939,883)	(4,572,798)
Bonus to directors and supervisors	(176,890)	(285,800)
Repurchase of treasury stock	<u>(33,480,997)</u>	<u>(45,413,373)</u>
Net cash used in financing activities	<u>(115,013,456)</u>	<u>(135,893,492)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	65,786,258	(27,717,607)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>72,422,102</u>	<u>100,139,709</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 138,208,360</u>	<u>\$ 72,422,102</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 355,056</u>	<u>\$ 661,200</u>
Income tax paid	<u>\$ 10,282,464</u>	<u>\$ 7,330,401</u>
INVESTING AND FINANCING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant, and equipment	\$ 58,951,343	\$ 76,023,264
Decrease (increase) in payables to contractors and equipment suppliers	<u>(2,185,151)</u>	<u>5,279,783</u>
Cash paid	<u>\$ 56,766,192</u>	<u>\$ 81,303,047</u>
Disposal of property, plant and equipment and other assets	\$ 2,051,168	\$ 54,509
Increase in other receivables from related parties	<u>(8,269)</u>	<u>-</u>
Cash received	<u>\$ 2,042,899</u>	<u>\$ 54,509</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Repurchase of treasury stock	\$ 30,427,413	\$ 48,466,957
Decrease (increase) in accrued expenses and other current liabilities	<u>3,053,584</u>	<u>(3,053,584)</u>
Cash paid	<u>\$ 33,480,997</u>	<u>\$ 45,413,373</u>
 NON-CASH FINANCING ACTIVITIES		
Current portion of bonds payable	<u>\$ 8,000,000</u>	<u>\$ -</u>
Current portion of other long-term payable (under accrued expenses and other current liabilities)	<u>\$ 1,026,421</u>	<u>\$ 3,673,182</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

(Concluded)

ATTACHMENT IV

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have audited the accompanying consolidated balance sheets of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of December 31, 2008 and 2007, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements, effective January 1, 2008, Taiwan Semiconductor Manufacturing Company Limited and subsidiaries adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the Accounting Research and Development Foundation of the Republic of China and relevant requirements promulgated by the Financial Supervisory Commission of the Executive Yuan.

January 17, 2009

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 194,613,752	35	\$ 94,986,488	16	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 24)	\$ 85,187	-	\$ 249,313	-
Financial assets at fair value through profit or loss (Notes 2, 5 and 24)	55,730	-	1,632,387	-	Accounts payable	5,553,151	1	11,574,882	2
Available-for-sale financial assets (Notes 2, 6 and 24)	10,898,715	2	66,688,368	12	Payables to related parties (Note 25)	489,857	-	1,503,376	1
Held-to-maturity financial assets (Notes 2, 7 and 24)	5,881,999	1	11,526,946	2	Income tax payable (Notes 2 and 18)	9,331,825	2	11,126,128	2
Receivables from related parties (Note 25)	407	-	10,885	-	Bonuses payable to employees, directors and supervisors (Notes 3 and 20)	15,369,730	3	-	-
Notes and accounts receivable	25,023,321	4	47,204,126	8	Payables to contractors and equipment suppliers	7,998,773	1	6,256,732	1
Allowance for doubtful receivables (Notes 2 and 8)	(455,751)	-	(701,807)	-	Accrued expenses and other current liabilities (Notes 16 and 28)	9,755,835	2	17,714,763	3
Allowance for sales returns and others (Notes 2 and 8)	(6,071,026)	(1)	(4,089,035)	(1)	Current portion of bonds payable and bank loans (Notes 14, 15 and 26)	8,222,398	1	280,813	-
Other receivables from related parties (Note 25)	99,918	-	243,620	-					
Other financial assets (Note 26)	1,911,699	-	1,515,527	-	Total current liabilities	56,806,756	10	48,706,007	9
Inventories, net (Notes 2 and 9)	14,876,645	3	23,862,260	4					
Deferred income tax assets, net (Notes 2 and 18)	3,969,330	1	5,572,334	1	LONG-TERM LIABILITIES				
Prepaid expenses and other current assets	1,813,692	-	1,370,230	-	Bonds payable (Note 14)	4,500,000	1	12,500,000	2
					Long-term bank loans (Notes 15 and 26)	1,420,476	-	1,722,196	-
Total current assets	252,618,431	45	249,822,329	42	Other long-term payables (Notes 16 and 28)	9,548,226	2	9,409,978	2
					Obligations under capital leases (Note 2)	722,339	-	652,296	-
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10, 11 and 24)					Total long-term liabilities	16,191,041	3	24,284,470	4
Investments accounted for using equity method	18,907,158	3	22,517,289	4					
Available-for-sale financial assets	2,032,658	-	1,400,691	-	OTHER LIABILITIES				
Held-to-maturity financial assets	15,426,252	3	8,697,726	2	Accrued pension cost (Notes 2 and 17)	3,701,584	1	3,665,522	1
Financial assets carried at cost	3,615,447	1	3,845,619	1	Guarantee deposits (Note 28)	1,484,495	-	2,243,009	-
					Deferred credits (Notes 2 and 25)	316,537	-	1,236,873	-
Total long-term investments	39,981,515	7	36,461,325	7	Others	43,709	-	43,774	-
					Total other liabilities	5,546,325	1	7,189,178	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 26)					Total liabilities	78,544,122	14	80,179,655	14
Cost									
Land and land improvements	953,857	-	942,197	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Buildings	132,249,996	24	118,640,027	21	Capital stock - \$10 par value (Notes 20 and 22)				
Machinery and equipment	697,498,743	125	646,419,427	113	Authorized: 28,050,000 thousand shares				
Office equipment	12,430,800	2	11,829,640	2	Issued: 25,625,437 thousand shares in 2008				
Leased assets	722,339	-	652,296	-	26,427,104 thousand shares in 2007	256,254,373	46	264,271,037	46
	843,855,735	151	778,483,587	136	Capital surplus (Notes 2 and 20)	49,875,255	9	53,732,682	9
Accumulated depreciation	(618,816,267)	(110)	(540,099,567)	(94)					
Advance payments and construction in progress	18,605,882	3	21,868,167	4	Retained earnings (Note 20)				
					Appropriated as legal capital reserve	67,324,393	12	56,406,684	10
Net property, plant and equipment	243,645,350	44	260,252,187	46	Appropriated as special capital reserve	391,857	-	629,550	-
					Unappropriated earnings	102,337,417	18	161,828,337	28
INTANGIBLE ASSETS						170,053,667	30	218,864,571	38
Goodwill (Note 2)	6,044,392	1	5,987,582	1	Others (Notes 2, 22 and 24)				
Deferred charges, net (Notes 2 and 13)	7,125,828	1	7,923,601	2	Cumulative translation adjustments	481,158	-	(1,072,853)	-
					Unrealized gain/loss on financial instruments	(287,342)	-	680,997	-
Total intangible assets	13,170,220	2	13,911,183	3	Treasury stock: 834,096 thousand shares	-	-	(49,385,032)	(8)
						193,816	-	(49,776,888)	(8)
OTHER ASSETS					Equity attributable to shareholders of the parent	476,377,111	85	487,091,402	85
Deferred income tax assets, net (Notes 2 and 18)	6,636,873	1	7,313,283	1					
Refundable deposits	2,767,199	1	2,777,769	1	MINORITY INTERESTS (Note 2)				
Others (Note 2)	97,001	-	327,150	-	Total shareholders' equity	480,372,467	86	490,685,571	86
Total other assets	9,501,073	2	10,418,202	2	TOTAL	\$ 558,916,589	100	\$ 570,865,226	100
TOTAL	\$ 558,916,589	100	\$ 570,865,226	100					

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 25)	\$ 341,983,355		\$ 328,336,172	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	<u>8,825,695</u>		<u>5,705,576</u>	
NET SALES	333,157,660	100	322,630,596	100
COST OF SALES (Notes 19 and 25)	<u>191,408,099</u>	<u>58</u>	<u>180,280,385</u>	<u>56</u>
GROSS PROFIT	<u>141,749,561</u>	<u>42</u>	<u>142,350,211</u>	<u>44</u>
OPERATING EXPENSES (Notes 19 and 25)				
Research and development	21,480,937	7	17,946,322	5
General and administrative	11,096,599	3	8,963,836	3
Marketing	<u>4,736,657</u>	<u>1</u>	<u>3,718,146</u>	<u>1</u>
Total operating expenses	<u>37,314,193</u>	<u>11</u>	<u>30,628,304</u>	<u>9</u>
INCOME FROM OPERATIONS	<u>104,435,368</u>	<u>31</u>	<u>111,721,907</u>	<u>35</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 2)	5,373,823	2	5,651,700	2
Foreign exchange gain, net (Note 2)	1,227,653	1	80,922	-
Technical service income (Notes 25 and 28)	1,181,966	-	590,391	-
Settlement income (Note 28)	951,180	-	985,114	1
Gain on settlement and disposal of financial assets, net (Notes 2 and 24)	721,050	-	874,670	-
Equity in earnings of equity method investees, net (Notes 2 and 10)	701,533	-	2,507,869	1
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 25)	100,874	-	91,210	-
Subsidy income (Note 2)	8,029	-	364,321	-
Valuation gain on financial instruments, net (Notes 2, 5 and 24)	-	-	63,017	-
Others (Note 25)	<u>555,341</u>	<u>-</u>	<u>724,589</u>	<u>-</u>
Total non-operating income and gains	<u>10,821,449</u>	<u>3</u>	<u>11,933,803</u>	<u>4</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Shareholders of the Parent													Minority Interests	Total Shareholders' Equity
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings				Cumulative Translation Adjustments	Others		Treasury Stock	Others Total	Total		
	Shares (in Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Instruments	Total					
BALANCE, JANUARY 1, 2007	25,829,688	\$ 258,296,879	\$ 54,107,498	\$ 43,705,711	\$ 640,742	\$ 152,778,079	\$ 197,124,532	\$ (1,191,165)	\$ 561,615	\$ (918,075)	\$ (1,547,625)	\$ 507,981,284	\$ 1,156,832	\$ 509,138,116	
Appropriations of prior year's earnings															
Legal capital reserve	-	-	-	12,700,973	-	(12,700,973)	-	-	-	-	-	-	-	-	
Reversal of special capital reserve	-	-	-	-	(11,192)	11,192	-	-	-	-	-	-	-	-	
Bonus to employees - in cash	-	-	-	-	-	(4,572,798)	(4,572,798)	-	-	-	-	(4,572,798)	-	(4,572,798)	
Bonus to employees - in stock	457,280	4,572,798	-	-	-	(4,572,798)	(4,572,798)	-	-	-	-	-	-	-	
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(77,489,064)	(77,489,064)	-	-	-	-	(77,489,064)	-	(77,489,064)	
Stock dividends to shareholders - NT\$0.02 per share	51,659	516,594	-	-	-	(516,594)	(516,594)	-	-	-	-	-	-	-	
Bonus to directors and supervisors	-	-	-	-	-	(285,800)	(285,800)	-	-	-	-	(285,800)	-	(285,800)	
Capital surplus transferred to capital stock	77,489	774,891	(774,891)	-	-	-	-	-	-	-	-	-	-	-	
Net income in 2007	-	-	-	-	-	109,177,093	109,177,093	-	-	-	-	109,177,093	755,307	109,932,400	
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	(28,639)	-	-	-	-	-	-	-	-	(28,639)	31,862	3,223	
Translation adjustments	-	-	-	-	-	-	-	118,312	-	-	118,312	118,312	(99,318)	18,994	
Issuance of stock from exercising employee stock options	10,988	109,875	326,952	-	-	-	-	-	-	-	-	436,827	-	436,827	
Cash dividends received by subsidiaries from parent company	-	-	101,762	-	-	-	-	-	-	-	-	101,762	-	101,762	
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	241,821	-	241,821	241,821	19,487	261,308	
Equity in the valuation loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	(122,439)	-	(122,439)	(122,439)	-	(122,439)	
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	(48,466,957)	(48,466,957)	(48,466,957)	-	(48,466,957)	
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	1,729,999	1,729,999	
BALANCE, DECEMBER 31, 2007	26,427,104	264,271,037	53,732,682	56,406,684	629,550	161,828,337	218,864,571	(1,072,853)	680,997	(49,385,032)	(49,776,888)	487,091,402	3,594,169	490,685,571	
Appropriations of prior year's earnings															
Legal capital reserve	-	-	-	10,917,709	-	(10,917,709)	-	-	-	-	-	-	-	-	
Reversal of special capital reserve	-	-	-	-	(237,693)	237,693	-	-	-	-	-	-	-	-	
Bonus to employees - in cash	-	-	-	-	-	(3,939,883)	(3,939,883)	-	-	-	-	(3,939,883)	-	(3,939,883)	
Bonus to employees - in stock	393,988	3,939,883	-	-	-	(3,939,883)	(3,939,883)	-	-	-	-	-	-	-	
Cash dividends to shareholders - NT\$3.00 per share	-	-	-	-	-	(76,881,311)	(76,881,311)	-	-	-	-	(76,881,311)	-	(76,881,311)	
Stock dividends to shareholders - NT\$0.02 per share	51,254	512,542	-	-	-	(512,542)	(512,542)	-	-	-	-	-	-	-	
Bonus to directors	-	-	-	-	-	(176,890)	(176,890)	-	-	-	-	(176,890)	-	(176,890)	
Capital surplus transferred to capital stock	76,881	768,813	(768,813)	-	-	-	-	-	-	-	-	-	-	-	
Net income in 2008	-	-	-	-	-	99,933,168	99,933,168	-	-	-	-	99,933,168	590,069	100,523,237	
Adjustment arising from changes in percentage of ownership in equity method investees	-	-	(137,063)	-	-	-	-	-	-	-	-	(137,063)	11,700	(125,363)	
Translation adjustments	-	-	-	-	-	-	-	1,554,011	-	-	1,554,011	1,554,011	(68,792)	1,485,219	
Issuance of stock from exercising employee stock options	6,027	60,266	166,884	-	-	-	-	-	-	-	-	227,150	-	227,150	
Cash dividends received by subsidiaries from parent company	-	-	102,279	-	-	-	-	-	-	-	-	102,279	-	102,279	
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(826,251)	-	(826,251)	(826,251)	(17,048)	(843,299)	
Equity in the valuation loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	(142,088)	-	(142,088)	(142,088)	-	(142,088)	
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	(30,427,413)	(30,427,413)	(30,427,413)	-	(30,427,413)	
Treasury stock retired	(1,329,817)	(13,298,168)	(3,220,714)	-	-	(63,293,563)	(63,293,563)	-	-	79,812,445	79,812,445	-	-	-	
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(114,742)	(114,742)	
BALANCE, DECEMBER 31, 2008	25,625,437	\$ 256,254,373	\$ 49,875,255	\$ 67,324,393	\$ 391,857	\$ 102,337,417	\$ 170,053,667	\$ 481,158	\$ (287,342)	\$ -	\$ 193,816	\$ 476,377,111	\$ 3,995,356	\$ 480,372,467	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to shareholders of the parent	\$ 99,933,168	\$ 109,177,093
Net income attributable to minority interests	590,069	755,307
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81,512,191	80,005,395
Amortization of premium/discount of financial assets	(93,393)	(117,159)
Loss on impairment of financial assets	1,560,055	54,208
Gain on disposal of available-for-sale financial assets, net	(637,219)	(610,167)
Gain on disposal of financial assets carried at cost, net	(83,831)	(264,503)
Equity in earnings of equity method investees, net	(701,533)	(2,507,869)
Dividends received from equity method investees	1,661,134	625,130
Gain on disposal of property, plant and equipment and other assets, net	(100,285)	(85,020)
Loss on impairment of idle assets	210,477	-
Deferred income tax	2,279,414	943,797
Net changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	1,412,531	(187,084)
Receivables from related parties	10,478	629,467
Notes and accounts receivable	22,180,805	(12,134,176)
Allowance for doubtful receivables	(246,056)	(48,126)
Allowance for sales returns and others	1,981,991	1,205,277
Other receivables from related parties	143,702	13,243
Other financial assets	(425,937)	842,136
Inventories	8,985,615	(2,226,106)
Prepaid expenses and other current assets	(443,462)	290,434
Increase (decrease) in:		
Accounts payable	(6,021,731)	3,218,255
Payables to related parties	(1,013,519)	(375,731)
Income tax payable	(1,794,303)	3,179,655
Bonuses payable to employees, directors and supervisors	15,369,730	-
Accrued expenses and other current liabilities	(3,954,427)	913,872
Accrued pension cost	36,062	125,462
Deferred credits	(858,161)	343,878
Net cash provided by operating activities	<u>221,493,565</u>	<u>183,766,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property, plant and equipment	(59,222,654)	(84,000,985)
Available-for-sale financial assets	(85,273,867)	(87,550,197)
Held-to-maturity financial assets	(16,523,275)	-
Investments accounted for using equity method	(55,871)	(5,803,826)
Financial assets carried at cost	(463,211)	(911,323)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	\$ 138,515,023	\$ 94,908,666
Held-to-maturity financial assets	15,634,620	17,325,120
Financial assets carried at cost	199,424	410,465
Property, plant and equipment and other assets	194,940	60,535
Proceeds from return of capital by investees	2,345,867	-
Increase in deferred charges	(3,395,287)	(3,059,155)
Decrease (increase) in refundable deposits	10,570	(1,434,895)
Net cash paid for acquisition of subsidiaries	-	(404,445)
Increase in other assets	<u>(8,163)</u>	<u>(228,747)</u>
Net cash used in investing activities	<u>(8,041,884)</u>	<u>(70,688,787)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	-	(89,720)
Proceeds from long-term bank loans	98,400	653,000
Repayments of:		
Long-term bank loans	(468,313)	(196,173)
Bonds payable	-	(7,000,000)
Decrease in guarantee deposits	(758,514)	(1,574,131)
Cash dividends	(76,779,032)	(77,387,302)
Cash bonus paid to employees	(3,939,883)	(4,572,798)
Bonus to directors and supervisors	(176,890)	(285,800)
Proceeds from exercise of employee stock options	227,150	436,827
Repurchase of treasury stock	(33,480,997)	(45,413,373)
Increase (decrease) in minority interests	<u>(114,742)</u>	<u>19,004</u>
Net cash used in financing activities	<u>(115,392,821)</u>	<u>(135,410,466)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	98,058,860	(22,332,585)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,568,404	(518,119)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>94,986,488</u>	<u>117,837,192</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 194,613,752</u>	<u>\$ 94,986,488</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 676,318</u>	<u>\$ 922,079</u>
Income tax paid	<u>\$ 10,477,018</u>	<u>\$ 7,585,727</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
INVESTING AND FINANCING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	\$ 60,978,527	\$ 78,889,954
Decrease (increase) in payables to contractors and equipment suppliers	(1,742,041)	5,111,031
Increase in obligations under capital leases	(13,832)	-
Cash paid	<u>\$ 59,222,654</u>	<u>\$ 84,000,985</u>
Repurchase of treasury stock	\$ 30,427,413	\$ 48,466,957
Decrease (increase) in accrued expenses and other current liabilities	3,053,584	(3,053,584)
Cash paid	<u>\$ 33,480,997</u>	<u>\$ 45,413,373</u>
NONCASH FINANCING ACTIVITIES		
Current portion of bonds payable and long-term liabilities	<u>\$ 8,222,398</u>	<u>\$ 280,813</u>
Current portion of other long-term payables (under accrued expenses and other current liabilities)	<u>\$ 1,126,546</u>	<u>\$ 3,735,875</u>

The Company acquired controlling interests in XinTec Inc. (XinTec) and Mutual-Pak Technology Co., Ltd. (Mutual-Pak) in March 2007 and July 2007, respectively, and consolidated the revenue/income and expenses/losses of these two subsidiaries from the respective acquisition dates. Fair values of assets acquired and liabilities assumed at acquisition were as follows:

Current assets	\$ 3,101,718	
Property, plant and equipment	2,339,546	
Other assets	436,692	
Current liabilities	(1,937,407)	
Long-term liabilities	<u>(701,855)</u>	
Net amount	<u>\$ 3,238,694</u>	
Purchase price for XinTec and Mutual-Pak	\$ 1,413,585	
Less: Cash balance of XinTec and Mutual-Pak at acquisition	<u>(1,009,140)</u>	
Net cash paid for acquisition of XinTec and Mutual-Pak	<u>\$ 404,445</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 17, 2009)

(Concluded)

ATTACHMENT V

TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED PROFIT ALLOCATION PROPOSAL

December 31, 2008

	Unit: NT\$
Net Income of 2008 ^(Note)	99,933,167,701
Subtract:	
- 10% Legal Reserve	9,993,316,770
Add:	
- Reversal of Special Reserve	391,856,749
Retained Earnings in 2008 Available for Distribution	90,331,707,680
Add:	
- Unappropriated Retained Earnings of Previous Years	2,404,248,940
Retained Earnings Available for Distribution as of December 31, 2008	92,735,956,620
Distribution Items:	
- Cash Dividends to Common Share Holders (NT\$3.0 per share)	76,876,311,768
- Stock Dividends to Common Share Holders (NT\$0.02 per share at par value, i.e., 2 shares for each 1,000 shares owned)	512,508,750
Total Distribution	77,388,820,518
Unappropriated Retained Earnings	15,347,136,102
(Note) :	
After expensing employees' profit sharing (in cash) of	7,494,987,577
After expensing employees' profit sharing (in stock*) of	7,494,987,578
After expensing bonus to directors of	158,080,488

* the number of shares shall be calculated based on the closing price one day prior to the 2009 Annual General Shareholders' Meeting on an ex-dividend basis. The fractional share, which is less than one full share, would be distributed in cash.

ATTACHMENT VI

Comparison Table for the "Procedures for Lending Funds to Other Parties"
Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 2</p> <p>The party to whom the Company may lend its funds shall be limited to:</p> <p>(1) Companies having business relationship with the Company; or</p> <p>(2) Companies in need of funds for a short-term period. For the purpose of this Procedure, "short-term period" shall mean the period of one (1) year.</p> <p>Fund-lending to companies having business relationship with the Company shall be limited to the circumstance that the said companies need working capital. Fund-lending to companies which need funds for a short-term period shall be limited to subsidiaries in which the Company directly or indirectly holds more than fifty percent (50%) of the shares.</p>	<p>Article 2</p> <p>The party to whom the Company may lend its funds shall be limited to:</p> <p>(1) Companies having business relationship with the Company; or</p> <p>(2) Companies in need of funds for a short-term period. For the purpose of this Procedure, "short-term period" shall mean the period of one (1) year.</p> <p>Fund-lending to companies having business relationship with the Company shall be limited to the circumstance that the said companies need working capital. Fund-lending to companies which need funds for a short-term period shall be limited to subsidiaries in which the Company directly or indirectly holds more than fifty percent (50%) of the voting shares.</p>
<p>Article 3</p> <p>The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.</p>	<p>Article 3</p> <p>The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.</p>
<p>The total amount for lending to a company</p>	<p>The total amount for lending to a company</p>

<p>having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher). The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. In addition, the total amount lendable to any one borrower shall not exceed ten percent (10%) of the paid-in capital of the Company and shall be no more than thirty percent (30%) of the borrower's paid-in capital.</p> <p>Article 6</p> <p>Except for subsidiaries in which the Company directly or indirectly holds more than fifty percent (50%) of the shares, any</p>	<p>having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of twelve (12) months prior to the time of lending (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher), and shall not exceed ten percent (10%) of the net worth of the Company. The total amount for lending to a company for funding for a short-term period shall not exceed ten percent (10%) of the net worth of the Company. In addition, the total amount lendable to any one borrower shall not exceed ten percent (10%) of the paid-in capital of the Company and shall be no more than thirty percent (30%) of the borrower's paid-in capital net worth, provided that this restriction will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company.</p> <p>The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the limit of twenty percent (20%) of the net worth of the lending subsidiary.</p> <p>Article 6</p> <p>Except for subsidiaries in which the Company directly or indirectly holds more than fifty percent (50%) of the voting</p>
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<p>other borrower shall provide a promissory note, collateral and/or other guarantee as requested by the Company in an amount equivalent to that of the loan when making an application in accordance with Article 5. If any collateral is provided, legal procedures for mortgage and/or lien must be fulfilled to protect the Company's interest.</p>	<p>shares, any other borrower shall provide a promissory note, collateral and/or other guarantee as requested by the Company in an amount equivalent to that of the loan when making an application in accordance with Article 5. If any collateral is provided, legal procedures for mortgage and/or lien must be fulfilled to protect the Company's interest.</p>
<p>Article 14</p> <p>Should there be any excess over the lending limit due to unexpected changes of the Company, a plan to correct the situation has to be provided to the Audit Committee.</p>	<p>Article 14</p> <p>Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or these Procedures or there be any excess over the lending limit due to unexpected changes of the Company, a corrective plan to correct the situation has to be provided to the Audit Committee. and the proposed correction actions should be implemented within the period specified in such plan.</p>
<p>Article 15</p> <p>When fund-lending to other parties is contemplated by the Company's subsidiary, the Company shall supervise the subsidiary to establish relevant procedures for lending funds to other parties. Such procedures shall be approved by the subsidiary's Audit Committee and/or Board of Directors and/or Shareholders' Meeting, and become effective thereafter.</p>	<p>Article 15</p> <p>When fund-lending to other parties is contemplated by the Company's subsidiary, the Company shall supervise mandate the subsidiary to establish relevant procedures for lending funds to other parties. Such procedures shall be approved by the subsidiary's Audit Committee and/or Board of Directors and/or Shareholders' Meeting, and become effective thereafter. The Company should also mandate the subsidiary to handle</p>

<p>When fund-lending to other parties is contemplated by the subsidiary of the Company, a credit assessment report and comments, together with the proposed terms and conditions of lending, should be submitted to and approved by the Audit Committee and/or the Board of Directors of the subsidiary.</p>	<p>fund-lending in accordance with its procedures.</p> <p>When fund-lending to other parties is contemplated by the subsidiary of the Company, a credit assessment report and comments, together with the proposed terms and conditions of lending, should be submitted to and approved by the Audit Committee and/or the Board of Directors of the subsidiary.</p>
<p>Relevant information of any fund-lending granted by the Company's subsidiary shall be provided regularly to the Company for inspection.</p>	<p>Relevant information of any fund-lending granted by the Company's subsidiary shall be provided regularly to the Company for inspection.</p>

ATTACHMENT VII

Comparison Table for the "Procedures for Endorsement & Guarantee" Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
<p>Article 2</p> <p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> 1. Any company who has business relationship with the Company. 2. Any subsidiary whose common shares are fifty percent (50%) or more owned directly by the Company. 3. Any company in which the Company invests and whose common shares are fifty percent (50%) or more owned collectively by the Company and its subsidiaries. 4. Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's common shares. 	<p>Article 2</p> <p>The party to whom the Company may provide endorsement and/or guarantee include the following:</p> <ol style="list-style-type: none"> 1. Any company who has business relationship with the Company. 2. Any subsidiary whose common voting shares are fifty percent (50%) or more owned directly by the Company. 3. Any company in which the Company invests and whose common voting shares are fifty percent (50%) or more owned collectively by the Company and its subsidiaries. 4. Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's common voting shares. <p style="color: red;">Subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other.</p>
<p>Article 4</p> <p>The amount of endorsement/guarantee</p>	<p>Article 4</p> <p>The amount of endorsement/guarantee</p>

<p>provided by the Company is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee provided by the Company is limited to twenty-five percent (25%) of its net worth. For any one endorsee/guarantee company, the limit shall not exceed ten percent (10%) of the Company's net worth, nor the total paid-in capital of the endorsee/guarantee company, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned limit for any one endorsee/guarantee company and the limit of total paid-in capital of the endorsee/guarantee company may be lifted for endorsement/guarantee provided to one hundred percent (100%) directly or indirectly owned subsidiaries of the Company. 2. 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 	<p>provided by the Company is subject to the following limits:</p> <ol style="list-style-type: none"> 1. The total amount of endorsement/guarantee provided by the Company is limited to twenty-five percent (25%) of its net worth. For any one endorsee/guarantee company, the limit shall not exceed ten percent (10%) of the Company's net worth, nor the total paid-in capital net worth of the endorsee/guarantee company, whichever is lower. Subject to the approval of the Board of Directors, the aforementioned limit for any one endorsee/guarantee company and the limit of total paid-in capital net worth of the endorsee/guarantee company may be lifted for endorsement/guarantee provided to the subsidiaries whose voting shares are one hundred percent (100%) directly or indirectly owned subsidiaries of by the Company. 2. 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
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<p>containing a timetable to withdraw the excess portion.</p>	<p>the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion.</p>
<p>Article 5</p> <p>If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer qualifies 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 plan to correct the said situations shall be provided to the Audit Committee.</p>	<p>Article 5</p> <p>If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer qualifiessatisfies 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 to correct the said situations shall be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified in the plan.</p>
<p>Article 9</p> <p>The Company shall report and make public announcement on the total outstanding endorsement/guarantee amount of the Company and its subsidiaries for the previous month in accordance with relevant regulations. When the outstanding amount of endorsement/guarantee reaches any one of the following limits, the Company shall additionally report and make public announcement within two days:</p> <ol style="list-style-type: none"> 1. When the total outstanding 	<p>Article 9</p> <p>The Company shall report and make public announcement on the total outstanding endorsement/guarantee amount of the Company and its subsidiaries for the previous month in accordance with relevant regulations. When the outstanding amount of endorsement/guarantee reaches any one of the following limits, the Company shall additionally report and make public announcement within two days:</p> <ol style="list-style-type: none"> 1. When the total outstanding

<p>endorsement/guarantee amount exceeds fifty percent (50%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>2. When the outstanding endorsement/guarantee amount provided to a single entity exceeds twenty percent (20%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>3. When the outstanding endorsement/guarantee amount provided to a single entity exceeds ten (10) million New Taiwan Dollars and the sum of the outstanding amount of endorsement/guarantee, long-term investment and loan made to that particular company exceeds thirty percent (30%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>4. When the outstanding amount of the endorsement/guarantee deriving from</p>	<p>endorsement/guarantee amount exceeds fifty percent (50%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>2. When the outstanding endorsement/guarantee amount provided to a single entity exceeds twenty percent (20%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>3. When the outstanding endorsement/guarantee amount provided to a single entity exceeds ten (10) million New Taiwan Dollars and the sum of the outstanding amount of endorsement/guarantee, long-term investment and loan made to that particular company exceeds thirty percent (30%) of the Company's net worth as of the latest financial statements date, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>4. When the outstanding amount of the endorsement/guarantee deriving from</p>
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<p>business relationship exceeds the total dollar amount of business transactions between the Company and the endorsed/guaranteed party over the most recent year, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>If there is any reporting and announcement, as aforesaid, required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of the subsidiary.</p> <p>Article 10</p> <p>When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall</p>	<p>business relationship exceeds the total dollar amount of business transactions between the Company and the endorsed/guaranteed party over the most recent year, or when the outstanding increment, after the report and public announcement, exceeds five percent (5%) of the Company's net worth as of the latest financial statements date.</p> <p>If there is any reporting and announcement, as aforesaid, required for the Company's subsidiary which is not a domestic public company, the Company will follow the requirement on behalf of the subsidiary.</p> <p>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.</p> <p>Article 10</p> <p>When endorsement/guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall</p>
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<p>supervise 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.</p>	<p>supervisemandate 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.</p>
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ATTACHMENT VIII**Taiwan Semiconductor Manufacturing Company Limited**

List of Elected Directors (including Independent Directors)

Shareholder No. (or Passport No.)	Title	Name	Votes Received
4515	Director	Morris Chang	19,298,901,156
104	Director	F.C. Tseng	17,075,797,002
7252	Director	Rick Tsai	17,075,635,006
1	Director	National Development Fund, Executive Yuan Representative: Tain-Jy Chen	17,075,595,666
093180657	Independent Director	Sir Peter Leahy Bonfield	17,075,582,072
534770	Independent Director	Stan Shih	17,075,530,814
438012153	Independent Director	Carleton Sneed Fiorina	17,075,508,198
135021464	Independent Director	Thomas J. Engibous	17,075,499,879