

**Taiwan Semiconductor Manufacturing
Company Limited and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2007 and 2006 and
Independent Auditors' Report**

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 June 30, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months 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 June 30, 2007 and 2006, and the results of their consolidated operations and their consolidated cash flows for the six months 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.

July 12, 2007

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 consolidated financial statements shall prevail.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2007 AND 2006

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

ASSETS	2007		2006		LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 163,391,305	26	\$ 141,451,709	24	Short-term bank loans (Note 13)	\$ 98,580	-	\$ -	-
Financial assets at fair value through profit or loss (Notes 2, 3 and 5)	1,921,749	-	1,970,690	-	Financial liabilities at fair value through profit or loss (Notes 2, 3 and 5)	3,474	-	601,086	-
Available-for-sale financial assets (Notes 2, 3 and 6)	57,853,490	9	62,429,761	11	Accounts payable	9,635,834	1	8,676,146	2
Held-to-maturity financial assets (Notes 2 and 7)	9,909,497	2	5,738,737	1	Payables to related parties (Note 25)	1,521,372	-	1,605,514	-
Receivables from related parties (Note 25)	332,324	-	387,388	-	Income tax payable (Notes 2 and 18)	4,552,458	1	4,602,621	1
Notes and accounts receivable	40,247,300	7	44,231,283	8	Cash dividends and bonus payable (Note 20)	82,090,806	13	65,174,870	11
Allowance for doubtful receivables (Note 2)	(767,296)	-	(991,840)	-	Payables to contractors and equipment suppliers	17,010,117	3	17,214,474	3
Allowance for sales returns and others (Note 2)	(2,758,552)	(1)	(5,657,954)	(1)	Accrued expenses and other current liabilities (Note 16)	12,718,548	2	9,920,464	2
Other receivables from related parties (Note 25)	1,072,728	-	798,883	-	Current portion of bonds payable and long-term bank loans (Notes 14 and 15)	4,781,509	1	2,505,489	-
Other financial assets	1,839,292	-	1,625,406	-					
Inventories, net (Notes 2 and 8)	24,045,344	4	20,051,180	3	Total current liabilities	132,412,698	21	110,300,664	19
Deferred income tax assets (Notes 2 and 18)	5,896,785	1	6,258,263	1					
Prepaid expenses and other current assets	1,654,895	-	1,396,823	-	LONG-TERM LIABILITIES				
Total current assets	304,638,861	48	279,690,329	47	Bonds payable (Note 14)	12,500,000	2	17,000,000	3
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 9 and 10)					Long-term bank loans (Note 15)	1,238,094	-	651,604	-
Investments accounted for using equity method	16,179,072	2	11,011,139	2	Other long-term payables (Note 16)	8,997,855	2	8,466,995	2
Available-for-sale financial assets	4,521,756	1	4,955,849	1	Other payables to related parties (Notes 25 and 27)	-	-	1,085,366	-
Held-to-maturity financial assets	20,788,140	3	23,524,067	4	Obligations under capital leases (Note 2)	631,297	-	595,172	-
Financial assets carried at cost	3,664,311	1	3,287,050	-	Total long-term liabilities	23,367,246	4	27,799,137	5
Total long-term investments	45,153,279	7	42,778,105	7	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 11)					Accrued pension cost (Notes 2 and 17)	3,592,377	1	3,495,542	1
Cost					Guarantee deposits (Note 27)	3,011,372	-	3,357,528	-
Land and land improvements	949,763	-	839,539	-	Deferred credits (Notes 2 and 25)	1,111,710	-	1,219,120	-
Buildings	116,035,030	18	106,751,906	18	Others	66,145	-	71,794	-
Machinery and equipment	606,041,018	95	534,997,102	90	Total other liabilities	7,781,604	1	8,143,984	1
Office equipment	11,423,299	2	9,901,513	2	Total liabilities	163,561,548	26	146,243,785	25
Leased assets	631,297	-	595,172	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Accumulated depreciation	735,080,407	115	653,085,232	110	Capital stock - \$10 par value				
Advance payments and construction in progress	(502,494,821)	(79)	(429,993,526)	(72)	Authorized: 28,050,000 thousand shares in 2007				
Net property, plant and equipment	32,019,694	5	28,038,154	5	27,050,000 thousand shares in 2006				
INTANGIBLE ASSETS					Issued: 26,423,517 thousand shares in 2007	264,235,168	42	258,233,569	43
Goodwill (Note 2)	6,008,309	1	5,953,802	1	25,823,357 thousand shares in 2006	53,725,604	8	53,822,486	9
Deferred charges, net (Notes 2 and 12)	5,777,355	1	6,512,023	1	Capital surplus (Notes 2 and 20)				
Total intangible assets	11,785,664	2	12,465,825	2	Retained earnings (Note 20)				
OTHER ASSETS					Appropriated as legal capital reserve	56,406,684	9	43,705,711	7
Deferred income tax assets (Notes 2 and 18)	8,530,640	1	7,428,728	1	Appropriated as special capital reserve	629,550	-	640,742	-
Refundable deposits	2,592,974	1	106,600	-	Unappropriated earnings	96,973,825	15	92,376,976	16
Others	127,046	-	143,562	-	Others (Notes 2, 3, 22 and 24)	154,010,059	24	136,723,429	23
Total other assets	11,250,660	2	7,678,890	1	Cumulative translation adjustments	(613,674)	-	(1,145,616)	-
TOTAL	\$ 637,433,744	100	\$ 593,743,009	100	Unrealized gain on financial instruments	447,480	-	116,554	-
					Treasury stock (at cost), 34,096 thousand shares in 2007 and 33,926 thousand shares in 2006	(918,075)	-	(918,075)	-
						(1,084,269)	-	(1,947,137)	-
					Equity attributable to shareholders of the parent	470,886,562	74	446,832,347	75
					MINORITY INTERESTS (Note 2)	2,985,634	-	666,877	-
					Total shareholders' equity	473,872,196	74	447,499,224	75
					TOTAL	\$ 637,433,744	100	\$ 593,743,009	100

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007		2006	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 25)	\$ 141,909,970		\$ 163,304,513	
SALES RETURNS AND ALLOWANCES (Note 2)	<u>2,094,657</u>		<u>3,336,353</u>	
NET SALES	139,815,313	100	159,968,160	100
COST OF SALES (Notes 19 and 25)	<u>83,024,940</u>	<u>59</u>	<u>79,742,976</u>	<u>50</u>
GROSS PROFIT	<u>56,790,373</u>	<u>41</u>	<u>80,225,184</u>	<u>50</u>
OPERATING EXPENSES (Notes 19 and 25)				
Research and development	8,243,229	6	7,936,052	5
General and administrative	4,053,083	3	3,950,419	3
Marketing	<u>1,882,770</u>	<u>1</u>	<u>2,113,687</u>	<u>1</u>
Total operating expenses	<u>14,179,082</u>	<u>10</u>	<u>14,000,158</u>	<u>9</u>
INCOME FROM OPERATIONS	<u>42,611,291</u>	<u>31</u>	<u>66,225,026</u>	<u>41</u>
NON-OPERATING INCOME AND GAINS				
Interest income (Note 2)	2,923,331	2	2,136,142	1
Equity in earnings of equity method investees, net (Notes 2 and 9)	849,164	1	1,249,875	1
Valuation gain on financial instruments, net (Notes 2, 5 and 24)	750,558	1	-	-
Settlement income (Note 27)	491,385	-	483,840	-
Subsidy income (Note 2)	357,916	-	329,312	-
Technical service income (Notes 25 and 27)	293,617	-	302,720	-
Foreign exchange gain, net (Note 2)	212,058	-	-	-
Gain on settlement and disposal of financial instruments, net (Notes 2, 5 and 24)	-	-	812,356	1
Others (Note 25)	<u>563,958</u>	<u>1</u>	<u>404,198</u>	<u>-</u>
Total non-operating income and gains	<u>6,441,987</u>	<u>5</u>	<u>5,718,443</u>	<u>3</u>
NON-OPERATING EXPENSES AND LOSSES				
Loss on settlement and disposal of financial instruments, net (Notes 2, 5 and 24)	431,605	1	-	-
Interest expense	423,979	-	437,365	-
Loss on impairment of financial assets (Note 2)	56,684	-	171,394	-

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Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Shareholders of the Parent											Total Shareholders' Equity		
	Capital Stock		Capital Surplus	Retained Earnings			Cumulative Translation Adjustments	Others		Total	Minority Interests			
	Shares (Thousand)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings		Retained Earnings Total	Unrealized Gain (Loss) on Financial Instruments				Treasury Stock	Others 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)	-	-	-	-	-	-	-	-
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 for the six months ended June 30, 2007	-	-	-	-	-	44,322,581	44,322,581	-	-	-	-	44,322,581	268,378	44,590,959
Adjustment arising from changes in percentage of ownership in investees	-	-	68,411	-	-	-	-	-	-	-	-	68,411	11,582	79,993
Translation adjustments	-	-	-	-	-	-	-	577,491	-	-	577,491	577,491	(137,600)	439,891
Issuance of stock from exercising employee stock options	7,401	74,006	222,824	-	-	-	-	-	-	-	-	296,830	-	296,830
Cash dividends received by subsidiaries from parent company	-	-	101,762	-	-	-	-	-	-	-	-	101,762	-	101,762
Valuation gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	(114,326)	-	(114,326)	(114,326)	1,491	(114,835)
Equity in the valuation gain on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	191	-	191	191	-	191
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	1,684,951	1,684,951
BALANCE, JUNE 30, 2007	26,423,517	\$ 264,235,168	\$ 53,725,604	\$ 56,406,684	\$ 629,550	\$ 96,973,825	\$ 154,010,059	\$ (613,674)	\$ 447,480	\$ (918,075)	\$ (1,084,269)	\$ 470,886,562	\$ 2,985,634	\$ 473,872,196
BALANCE, JANUARY 1, 2006	24,730,025	\$ 247,300,246	\$ 57,117,886	\$ 34,348,208	\$ 2,226,427	\$ 106,196,399	\$ 142,771,034	\$ (640,742)	\$ -	\$ (918,075)	\$ (1,558,817)	\$ 445,630,349	\$ 608,359	\$ 446,238,708
Appropriations of prior year's earnings														
Legal capital reserve	-	-	-	9,357,503	-	(9,357,503)	-	-	-	-	-	-	-	-
Special capital reserve	-	-	-	-	(1,585,685)	1,585,685	-	-	-	-	-	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(3,432,129)	(3,432,129)	-	-	-	-	(3,432,129)	-	(3,432,129)
Bonus to employees - in stock	343,213	3,432,129	-	-	-	(3,432,129)	(3,432,129)	-	-	-	-	-	-	-
Cash dividends to shareholders- NT\$2.50 per share	-	-	-	-	-	(61,825,061)	(61,825,061)	-	-	-	-	(61,825,061)	-	(61,825,061)
Stock dividends to shareholders- NT\$0.15 per share	370,950	3,709,504	-	-	-	(3,709,504)	(3,709,504)	-	-	-	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	-	(257,410)	(257,410)	-	-	-	-	(257,410)	-	(257,410)
Capital surplus transferred to capital stock	370,950	3,709,504	(3,709,504)	-	-	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2006	-	-	-	-	-	66,608,628	66,608,628	-	-	-	-	66,608,628	53,264	66,661,892
Adjustment arising from changes in percentage of ownership in investees	-	-	87,920	-	-	-	-	-	-	-	-	87,920	-	87,920
Translation adjustments	-	-	-	-	-	-	-	(504,874)	-	-	(504,874)	(504,874)	8,765	(496,109)
Issuance of stock from exercising employee stock options	8,219	82,186	243,864	-	-	-	-	-	-	-	-	326,050	-	326,050
Cash dividends received by subsidiaries from parent company	-	-	82,320	-	-	-	-	-	-	-	-	82,320	-	82,320
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	102,614	-	102,614	102,614	4,614	107,228
Equity in the valuation gain on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	-	-	13,940	-	13,940	13,940	-	13,940
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(8,125)	(8,125)
BALANCE, JUNE 30, 2006	25,823,357	\$ 258,233,569	\$ 53,822,486	\$ 43,705,711	\$ 640,742	\$ 92,376,976	\$ 136,723,429	\$ (1,145,616)	\$ 116,554	\$ (918,075)	\$ (1,947,137)	\$ 446,832,347	\$ 666,877	\$ 447,499,224

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

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to shareholders of the parent	\$ 44,322,581	\$ 66,608,628
Net income attributable to minority interests	268,378	53,264
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,866,833	35,621,785
Amortization of premium/discount of financial assets	(64,051)	43,781
Loss on impairment of financial assets	56,684	171,394
Gain on disposal of available-for-sale financial assets, net	(231,130)	(51,671)
Equity in earnings of equity method investees, net	(849,164)	(1,249,875)
Gain on disposal of property, plant and equipment and other assets, net	(33,104)	(167,066)
Loss on idle assets	-	37,283
Deferred income tax	(601,291)	250,733
Net changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	(722,285)	166,562
Notes and accounts receivable	(5,177,350)	(1,149,008)
Receivables from related parties	308,028	305,878
Allowance for doubtful receivables	17,363	11,246
Allowance for sales returns and others	(125,206)	1,340,541
Other receivables from related parties	(815,865)	413,595
Other financial assets	518,223	(7,609)
Inventories	(2,409,190)	(2,322,877)
Prepaid expenses and other current assets	5,309	23,618
Increase (decrease) in:		
Accounts payable	1,279,612	(745,306)
Payables to related parties	(357,735)	(137,555)
Income tax payable	(3,394,015)	587,170
Accrued expenses and other current liabilities	1,011,436	(436,589)
Accrued pension cost	52,317	21,158
Deferred credits	(37,260)	(84,275)
Net cash provided by operating activities	<u>72,889,118</u>	<u>99,304,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(30,029,555)	(64,826,510)
Held-to-maturity financial assets	-	(7,754,790)
Financial assets carried at cost	(429,869)	(289,572)
Property, plant and equipment	(39,303,256)	(32,900,861)
Investments accounted for using equity method	-	(48,084)
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	42,446,786	44,169,400
Held-to-maturity financial assets	6,825,120	7,837,000

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Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Financial assets carried at cost	\$ 14,142	\$ -
Property, plant and equipment and other assets	11,074	247,133
Net cash paid for acquisition of Xintec	(422,098)	-
Increase in deferred charges	(1,430,388)	(739,933)
Decrease (increase) in refundable deposits	(1,250,108)	202
Decrease (increase) in other assets	<u>1,256</u>	<u>(55,749)</u>
Net cash used in investing activities	<u>(23,566,896)</u>	<u>(54,361,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	8,860	(328,500)
Increase of long-term bank loans	23,000	-
Proceeds from long-term bank loans	(71,945)	(2,745)
Repayment of bonds payable	(2,500,000)	-
Increase (decrease) in guarantee deposits	(805,768)	461,098
Proceeds from exercise of employee stock options	296,830	326,050
Bonus to directors and supervisors	(285,800)	(257,410)
Increase (decrease) in minority interests	<u>13,553</u>	<u>(8,125)</u>
Net cash provided by (used in) financing activities	<u>(3,321,270)</u>	<u>190,368</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,000,952	45,133,409
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(446,839)	(165,407)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>117,837,192</u>	<u>96,483,707</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 163,391,305</u>	<u>\$ 141,451,709</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 557,490</u>	<u>\$ 608,339</u>
Income tax paid	<u>\$ 7,566,329</u>	<u>\$ 3,391,986</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	\$ 45,237,664	\$ 41,049,299
Increase in payables to contractors and equipment suppliers	<u>(5,934,408)</u>	<u>(8,148,438)</u>
Cash paid	<u>\$ 39,303,256</u>	<u>\$ 32,900,861</u>

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Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
NON-CASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 4,781,509</u>	<u>\$ 2,505,489</u>
Current portion of other long-term payables (classified under accrued expenses and other current liabilities)	<u>\$ 2,433,227</u>	<u>\$ 940,123</u>

The Company acquired a controlling interest in Xintec Inc. (Xintec) in March 2007 and then commenced to include its income and expenses in consolidated financial statements. Fair values of assets acquired and liabilities assumed at acquisition were as follows:

Current assets	\$ 3,027,910
Property, plant and equipment	2,335,158
Other assets	432,937
Current liabilities	(1,936,266)
Long-term liabilities	<u>(701,855)</u>
Net amount	3,157,884
Percentage of ownership acquired	<u>43%</u>
Purchase price for Xintec	1,357,890
Less: Cash balance of Xintec at acquisition	<u>(935,792)</u>
Net cash paid for acquisition of Xintec	<u>\$ 422,098</u>

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

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Taiwan Semiconductor Manufacturing Company, Limited (TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

TSMC is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices and the manufacturing of masks.

As of June 30, 2007 and 2006, TSMC and its subsidiaries had 24,652 and 23,044 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 consolidated financial statements shall prevail.

Significant accounting policies are summarized as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of all directly and indirectly majority-owned subsidiaries of TSMC, and the accounts of investees in which TSMC's ownership percentage is less than 50% but over which TSMC has a controlling interest. All significant intercompany balances and transactions are eliminated upon consolidation.

The consolidated entities were as follows:

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Percentage of Ownership at June 30, 2007</u>	<u>Percentage of Ownership at June 30, 2006</u>	<u>Remark</u>
TSMC	TSMC North America (TSMC-NA)	100%	100%	-
	TSMC Japan Limited (TSMC-Japan)	100%	100%	-
	TSMC Korea Limited (TSMC-Korea)	100%	100%	-

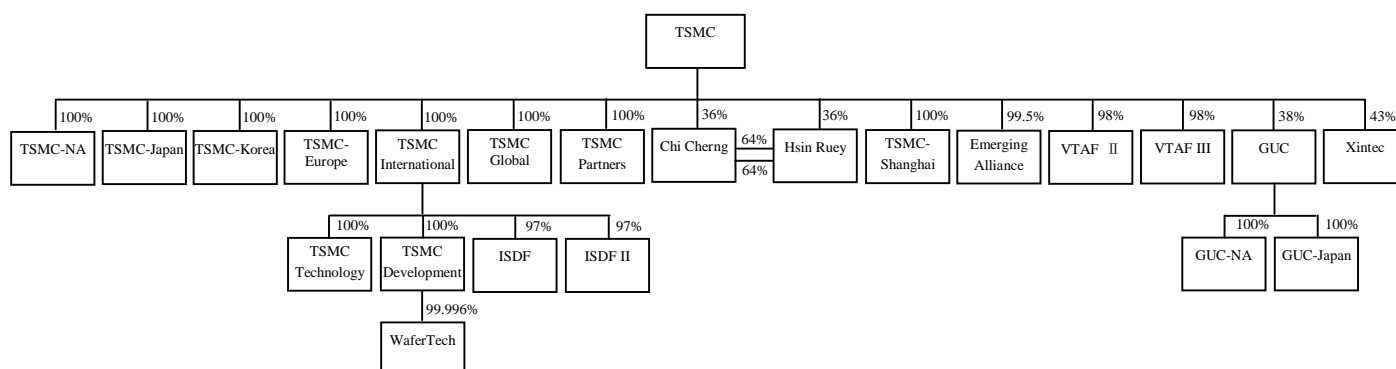
(Continued)

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Percentage of Ownership at June 30, 2007</u>	<u>Percentage of Ownership at June 30, 2006</u>	<u>Remark</u>
	Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC-Europe)	100%	100%	-
	TSMC International Investment Ltd. (TSMC International)	100%	100%	-
	TSMC Global, Ltd. (TSMC Global)	100%	-	TSMC Global was acquired in August 2006.
	TSMC Partners, Ltd. (TSMC Partners)	100%	100%	-
	Chi Cherng Investment Co., Ltd. (Chi Cherng)	36%	36%	TSMC and Hsin Ruey held in aggregate a 100% ownership of Chi Cherng. As of June 30, 2007, Chi Cherng held 17,032 thousand common shares in TSMC (approximately 0.06% of outstanding common shares).
	Hsin Ruey Investment Co., Ltd. (Hsin Ruey)	36%	36%	TSMC and Chi Cherng held in aggregate a 100% ownership of Hsin Ruey. As of June 30, 2007, Hsin Ruey held 17,064 thousand common shares in TSMC (approximately 0.06% of outstanding common shares).
	TSMC (Shanghai) Company Limited (TSMC-Shanghai)	100%	100%	-
	Emerging Alliance Fund, L.P. (Emerging Alliance)	99.5%	99.5%	-
	VentureTech Alliance Fund II, L.P. (VTAF II)	98%	98%	-
	VentureTech Alliance Fund III, L.P. (VTAF III)	98%	98%	-
	Global Unichip Corporation (GUC)	38%	45%	GUC became a consolidated entity of TSMC as GUC's president was assigned by TSMC and TSMC has control over the financial, operating and personnel hiring decisions of GUC.
	Xintec	43%	-	TSMC has obtained three out of five director positions since March 2007. Also Xintec's Chairman was assigned by TSMC and TSMC has control over Xintec.
TSMC International	TSMC Technology, Inc. (TSMC Technology)	100%	100%	-
	TSMC Development, Inc. (TSMC Development)	100%	100%	-

(Continued)

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Percentage of Ownership at June 30, 2007</u>	<u>Percentage of Ownership at June 30, 2006</u>	<u>Remark</u>
	InveStar Semiconductor Development Fund, Inc. (ISDF)	97%	97%	-
	InveStar Semiconductor Development Fund, Inc. (II) LDC. (ISDF II)	97%	97%	-
TSMC Development	WaferTech, LLC (WaferTech)	99.996%	99.996%	-
GUC	Global Unichip Corp.-North America (GUC-NA)	100%	100%	GUC-NA, a subsidiary of GUC, became a consolidated entity of TSMC since TSMC has control over GUC.
	Global Unichip Japan Co., Ltd. (GUC-Japan)	100%	100%	GUC-Japan, a subsidiary of GUC, became a consolidated entity of TSMC since TSMC has control over GUC. (Concluded)

The following diagram presents information regarding the relationship and ownership percentages between TSMC and its consolidated investees as of June 30, 2007:



TSMC-NA is engaged in selling and marketing of integrated circuits and semiconductor devices. TSMC-Japan, TSMC-Korea and TSMC-Europe are engaged mainly in marketing activities. TSMC International is engaged in investment in companies involved in the design, manufacture, and other related business in the semiconductor industry. TSMC Global, TSMC Partners, TSMC Development, Chi Cherng and Hsin Ruey are engaged in investing activities. TSMC-Shanghai is engaged in the manufacturing and selling of integrated circuits pursuant to the orders from and product design specifications provided by customers. Emerging Alliance, VTAF II, VTAF III, ISDF and ISDF II are engaged in investing in new start-up technology companies. TSMC Technology is engaged mainly in engineering support activities. WaferTech is engaged in the manufacturing, selling, testing and computer-aided designing of integrated circuits and other semiconductor devices. GUC is engaged in researching, developing, manufacturing, testing and marketing of integrated circuits. GUC-NA and GUC-Japan are engaged in providing products consulting in North America and Japan, respectively. Xintec is engaged in the provision of wafer packaging service.

TSMC together with its subsidiaries are hereinafter referred to collectively as the “Company”.

Minority interests in the aforementioned subsidiaries are presented as a separate component of shareholders' equity.

Use of Estimates

The preparation of consolidated financial statements in conformity with the aforementioned guidelines, law and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management's estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Repurchase agreements collateralized by government bonds, asset-backed commercial papers, corporate notes and treasury bills acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Derivatives that do not meet the criteria for hedge accounting and financial assets acquired principally for the purpose of selling them in the near term are initially recognized at fair value, with transaction costs expensed as incurred. The derivatives and financial assets are remeasured at fair value subsequently with changes in fair value recognized in earnings. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Fair value is determined as follows: Publicly-traded stocks - closing prices at the end of the period; and derivatives - using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include debt securities and equity securities. Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Changes in fair value from subsequent remeasurement are reported as a separate component of shareholders' equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Fair value is determined as follows: Structured time deposits - using valuation techniques; open-end mutual funds and money market funds - net asset value at the end of the period; publicly-traded stocks - closing prices at the end of the period; and other debt securities - average of bid and asked prices at the end of the period.

Cash dividends are recognized as investment income upon resolution of shareholders of an investee but are accounted for as a reduction to the original cost of investment if such dividends are declared on the earnings of the investee attributable to the period prior to the purchase of the investment. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated based on the new total number of shares. Any difference between the initial carrying amount of a debt security and the amount due at maturity is amortized using the effective interest method, with the amortization recognized in earnings.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases, for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity; for debt securities, the amount of the decrease is recognized in earnings, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

Held-to-maturity Financial Assets

Financial securities for which the Company has a positive intention and ability to hold to maturity are categorized as held-to-maturity financial assets and are carried at amortized cost under the effective interest method except for structured time deposits which are carried at acquisition cost. Those financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Gains or losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided based on a review of the collectibility of notes and accounts receivable. The Company determines the amount of allowance for doubtful receivables by examining the aging analysis of outstanding notes and accounts receivable and current trends in the credit quality of its customers as well as its internal credit policies.

Revenue Recognition and Allowance for Sales Returns and Others

The Company recognizes revenue when evidence of an arrangement exists, shipment is made, price is fixed or determinable, and collectibility is reasonably assured. Revenues from the design and manufacture of photo masks, which are used as manufacturing tools in the fabrication process, are recognized when the photo masks are qualified by customers. Provisions for estimated sales returns and others are generally recorded in the period the related revenue is recognized based on historical experience, management's judgment, and any known factors that would significantly affect the allowance.

Sales prices are determined using fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, fair value of the receivables is equivalent to the nominal amount of the cash to be received.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the balance sheet date. Market value represents replacement cost for raw materials, supplies and spare parts and net realizable value for work in process and finished goods. The Company assesses the impact of changing technology on its inventories on hand and writes off inventories that are considered obsolete. Period-end inventories are evaluated for estimated excess quantities and obsolescence based on a demand forecast within a specific time horizon, which is generally 180 days or less. Estimated losses on scrap and slow-moving items are recognized and included in the allowance for losses.

Investments Accounted for Using Equity Method

Investments in companies wherein the Company exercises significant influence over the operating and financial policy decisions are accounted for using the equity method. The Company's share of the net income or net loss of an investee is recognized in the "equity in earnings/losses of equity method investees, net" account. Prior to January 1, 2006, the difference, if any, between the cost of investment and the Company's proportionate share of the investee's equity was amortized by the straight-line method over five years, with the amortization recorded in the "equity in earnings/losses of equity method investees, net" account. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards No. 5, "Long-term Investments in Equity Securities" (SFAS No. 5), the cost of an investment shall be analyzed and the difference between the cost of investment and the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually. The accounting treatment for the investment premiums paid before January 1, 2006 is the same as that for goodwill which is no longer being amortized. When an indication of impairment is identified, the carrying amount of the investment is reduced, with the related impairment loss recognized in earnings.

When the Company subscribes for additional investee's shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs from the amount of the Company's share of the investee's equity. The Company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Gains or losses on sales from the Company to equity method investees are deferred in proportion to the Company's ownership percentage in the investees until such gains or losses are realized through transactions with third parties. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company's ownership percentages in the investees until they are realized through transactions with third parties.

If an investee's functional currency is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Financial Assets Carried at Cost

Investments for which the Company does not exercise significant influence and that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such as non-publicly traded stocks and mutual funds, are carried at their original cost. The costs of non-publicly traded stocks and mutual funds are determined using the weighted-average method. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

The accounting treatment for cash dividends and stock dividends arising from financial assets carried at cost is the same as that for cash and stock dividends arising from available-for-sale financial assets.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Properties covered by agreements qualifying as capital leases are carried at the lower of the leased equipment's market value or the present value of the minimum lease payments at the inception date of the lease, with the corresponding amount recorded as obligations under capital leases. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss had been recognized. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated service lives: land improvements - 20 years; buildings - 10 to 20 years; machinery and equipment - 3 to 10 years; office equipment - 3 to 15 years; and leased assets - 20 years.

Upon sale or disposal of property, plant and equipment, the related cost and accumulated depreciation are deducted from the corresponding accounts, with any gain or loss recorded as non-operating gains or losses in the period of sale or disposal.

Goodwill

Goodwill represents the excess of the consideration paid for an acquisition over the fair value of identifiable net assets acquired. Prior to January 1, 2006, goodwill was amortized using the straight-line method over the estimated life of 10 years. Effective January 1, 2006, pursuant to the newly revised Statement of Financial Accounting Standards No. 25, "Business Combinations - Accounting Treatment under Purchase Method" (SFAS No. 25), goodwill is no longer amortized and instead is tested for impairment annually. If an event occurs or circumstances change which indicated that the fair value of goodwill is more likely than not below its carrying amount, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

Deferred Charges

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized over the following periods: Technology license fees - the shorter of the estimated life of the technology or the term of the technology transfer contract; software and system design costs and other charges - 2 to 5 years. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the previously recognized impairment loss would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, as if no impairment loss had been recognized.

Research and Development

Expenditures related to research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

Pension Costs

For employees who participate in defined contribution pension plans, pension costs are recorded based on the actual contributions made to employees' individual pension accounts during their service periods. For employees who participate in defined benefit pension plans, pension costs are recorded based on actuarial calculations.

Government Subsidies

Income-related subsidies from governments are recognized in earnings when the requirements for subsidies are met.

Income Tax

The Company applies intra-period and inter-period allocations for its income tax, whereby (1) a portion of current period's income tax expense is allocated to the cumulative effect of changes in accounting principles; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, net operating loss carryforwards and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's tax provision.

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

The R.O.C. government enacted the Alternative Minimum Tax Act (the AMT Act), which became effective on January 1, 2006. The alternative minimum tax (AMT) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the tax-exempt income under various laws and statutes. The Company has considered the impact of the AMT Act in the determination of its tax liabilities.

Stock-based Compensation

Employee stock option plans that are amended or have options granted on or after January 1, 2004 are accounted for by the interpretations issued by the Accounting Research and Development Foundation. The Company adopted the intrinsic value method and any compensation cost determined using this method is recognized in earnings over the employee vesting period.

Treasury Stock

TSMC's stock held by subsidiaries is treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock. The gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from TSMC are recorded under capital surplus - treasury stock transactions.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

Translation of Foreign-currency Financial Statements

The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - spot rates at period-end; shareholders' equity - historical rates; income and expenses - average rates during the period. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Recent Accounting Pronouncement

Effective January 1, 2007, the Company adopted the newly released Statement of Financial Accounting Standards No. 37, "Accounting for Intangible Assets". The Company had reassessed the useful lives and the amortization method of its recognized intangible assets at the effective date. The adoption of the SFAS did not have an effect on the Company's consolidated financial statements as of and for the six months ended June 30, 2007.

3. ACCOUNTING CHANGES

On January 1, 2006, the Company adopted the newly released Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement" (SFAS No. 34) and No. 36, "Financial Instruments: Disclosure and Presentation".

The Company had categorized its financial assets and liabilities upon the initial adoption of the newly released SFASs. The adjustments made to the carrying amounts of the financial instruments categorized as financial assets or liabilities at fair value through profit or loss were included in the cumulative effect of changes in accounting principles; the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets were recognized as adjustments to shareholders' equity.

The effect of adopting the newly released SFASs is summarized as follows:

	Recognized as Cumulative Effect of Changes in Accounting Principles (Net of Tax)	Recognized as a Separate Component of Shareholders' Equity
Financial assets or liabilities at fair value through profit or loss	\$ 1,606,749	\$ -
Available-for-sale financial assets	<u>-</u>	<u>306,531</u>
	<u>\$ 1,606,749</u>	<u>\$ 306,531</u>

The adoption of the newly released SFASs resulted in a decrease in net income before cumulative effect of changes in accounting principles of NT\$839,900 thousand, an increase in net income of NT\$766,849 thousand, and an increase in basic earnings per share (after income tax) of NT\$0.03, for the six months ended June 30, 2006.

Effective January 1, 2006, the Company adopted the newly revised SFAS No. 5 and SFAS No. 25, which prescribe that investment premiums, representing goodwill, be assessed for impairment at least on an annual basis instead of being amortized. Such a change in accounting principle did not have a material effect on the Company's consolidated financial statements as of and for the six months ended June 30, 2006.

4. CASH AND CASH EQUIVALENTS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Cash and deposits in bank	\$ 103,698,865	\$ 81,433,005
Repurchase agreements collateralized by government bonds	58,429,635	59,351,764
Asset-backed commercial papers	597,361	-
Corporate notes	366,750	666,940
Treasury bills	<u>298,694</u>	<u>-</u>
	<u>\$ 163,391,305</u>	<u>\$ 141,451,709</u>

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
<u>Trading financial assets</u>		
Publicly-traded stocks	\$ 1,749,306	\$ 1,648,234
Forward exchange contracts	15,538	-
Cross currency swap contracts	<u>156,905</u>	<u>322,456</u>
	<u>\$ 1,921,749</u>	<u>\$ 1,970,690</u>
<u>Trading financial liabilities</u>		
Forward exchange contracts	\$ 3,474	\$ 9,442
Cross currency swap contracts	<u>-</u>	<u>591,644</u>
	<u>\$ 3,474</u>	<u>\$ 601,086</u>

The Company entered into derivative contracts during the six months ended June 30, 2007 and 2006 to manage exposures due to the fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting prescribed by SFAS No. 34. Therefore, the Company did not apply hedge accounting treatment for its derivative contracts.

Outstanding forward contracts as of June 30, 2007 and 2006:

	Maturity Date	Contract Amount (in Thousands)	
<u>June 30, 2007</u>			
Sell US\$/Buy NTD	July 2007	US\$	2,000
Sell EUR/Buy NTD	July 2007 to July 2008	EUR	50,700
Sell RMB/Buy EUR	July 2007	EUR	189
<u>June 30, 2006</u>			
Sell US\$/Buy NTD	July 2006	US\$	10,000
Sell EUR/Buy US\$	July 2006	EUR	10,000
Sell EUR/Buy US\$	July 2006	EUR	1,134
Sell JPY/Buy US\$	July 2006	JPY	13,500

Outstanding cross currency swap contracts as of June 30, 2007 and 2006:

Maturity Date	Contract Amount (in Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
<u>June 30, 2007</u>			
July 2007 to August 2007	US\$ 765,000	2.36%-5.43%	1.70%-4.21%
<u>June 30, 2006</u>			
July 2006 to September 2006	US\$ 2,266,000	2.40%-5.57%	0.60%-2.78%

For the six months ended June 30, 2007 and 2006, derivative transactions resulted in net losses of NT\$581,509 thousand (including realized settlement losses of NT\$716,745 thousand and valuation gains of NT\$135,236 thousand) and net gains of NT\$191,799 thousand (including realized settlement gains of NT\$470,429 thousand and valuation losses of NT\$278,630 thousand), respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2007	2006
Corporate bonds	\$ 15,313,054	\$ 14,297,001
Agency bonds	15,200,563	13,787,394
Open-end mutual funds	10,971,467	22,157,124
Government bonds	10,607,206	4,831,843
Corporate issued asset-backed securities	9,331,177	10,921,185
Structured time deposits	497,381	498,190
Publicly-traded stocks	249,608	409,253
Money market funds	204,790	385,937
Corporate notes	-	97,683
	<u>62,375,246</u>	<u>67,385,610</u>
Current portion	<u>(57,853,490)</u>	<u>(62,429,761)</u>
	<u>\$ 4,521,756</u>	<u>\$ 4,955,849</u>

In 2004, the Company entered into investment management agreements with three well-known financial institutions (fund managers) to manage its investment portfolios. In accordance with the investment guidelines and terms specified in these agreements, the securities invested by the fund managers cannot be below a pre-defined credit rating. As of June 30, 2007, the Company's investment portfolios managed by these fund managers aggregated to an original amount of US\$1,206,211 thousand. The investment portfolios included securities such as corporate bonds, agency bonds, government bonds, asset-backed securities and others. Securities acquired with maturities of less than three months from the date of purchase were classified as cash equivalents.

Structured time deposits categorized as available-for-sale financial assets consisted of the following:

	Principal Amount	Carrying Amount	Interest Rate	Maturity Date
<u>June 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>497,381</u>	1.76%	March 2008
<u>June 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>498,190</u>	1.76%	March 2008

The interest rate of the step-up callable deposits is pre-determined by the Company and the banks.

7. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Corporate bonds	\$ 11,968,229	\$ 12,895,132
Structured time deposits	10,047,000	11,127,780
Government bonds	<u>8,682,408</u>	<u>5,239,892</u>
	30,697,637	29,262,804
Current portion	<u>(9,909,497)</u>	<u>(5,738,737)</u>
	<u>\$ 20,788,140</u>	<u>\$ 23,524,067</u>

Structured time deposits categorized as held-to-maturity financial assets consisted of the following:

	Principal Amount	Interest Receivable	Range of Interest Rates	Maturity Date
<u>June 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ 3,500,000	\$ 13,267	1.69%-1.83%	October 2007 to October 2008
Callable range accrual deposits				
Domestic deposits	3,928,200	4,556	(See below)	September 2009 to December 2009
Foreign deposits	<u>2,618,800</u>	<u>4,828</u>	(See below)	October 2009 to December 2009
	<u>\$ 10,047,000</u>	<u>\$ 22,651</u>		
<u>June 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ 4,000,000	\$ 27,016	1.40%-2.01%	June 2007 to March 2009
Callable range accrual deposits				
Domestic deposits	3,887,880	4,725	(See below)	September 2009 to December 2009
Foreign deposits	<u>3,239,900</u>	<u>4,914</u>	(See below)	October 2009 to January 2010
	<u>\$ 11,127,780</u>	<u>\$ 36,655</u>		

The amount of interest earned from the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR plus an agreed upon rate ranging between 2.10% and 3.45%. Based on the terms of the deposits, if the 3-month or 6-month LIBOR moves outside of the pre-defined range, the interest paid to the Company is at a fixed rate ranging between zero and 1.5%. Under the terms of the contracts, the bank has the right to cancel the contracts prior to the maturity date.

As of June 30, 2007 and 2006, the principal of the deposits that resided in banks located in Hong Kong amounted to US\$60,000 thousand and US\$80,000 thousand, respectively; the principal of those resided in banks located in Singapore amounted to US\$20,000 thousand.

8. INVENTORIES, NET

	June 30	
	2007	2006
Finished goods	\$ 4,970,246	\$ 4,298,472
Work in process	17,709,335	14,439,386
Raw materials	1,492,129	1,299,483
Supplies and spare parts	<u>991,054</u>	<u>1,042,615</u>
	25,162,764	21,079,956
Allowance for losses	<u>(1,117,420)</u>	<u>(1,028,776)</u>
	<u>\$ 24,045,344</u>	<u>\$ 20,051,180</u>

9 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2007		2006	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	\$ 8,289,538	39	\$ 5,094,733	32
Vanguard International Semiconductor Corporation (VIS)	5,824,030	27	5,135,185	27
VisEra Holding Company	<u>2,065,504</u>	49	<u>781,221</u>	48
	<u>\$ 16,179,072</u>		<u>\$ 11,011,139</u>	

In November 2006, the Company acquired 81 thousand shares in SSMC for SGD115,227 thousand from EDB Investments Pte Ltd. under a Shareholders Agreement. After the acquisition, the number of SSMC shares owned by the Company increased to 463 thousand; the percentage of ownership increased from 32% to 39%.

For the six months ended June 30, 2007 and 2006, net equity in earnings of NT\$849,164 thousand and NT\$1,249,875 thousand was recognized, respectively. The carrying amounts of the investments accounted for using the equity method and the related equity in earnings or losses of equity method investees were determined based on the audited financial statements of the investees for the same periods as the Company.

10. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Non-publicly traded stocks	\$ 3,282,006	\$ 2,940,582
Funds	<u>382,305</u>	<u>346,468</u>
	<u>\$ 3,664,311</u>	<u>\$ 3,287,050</u>

11. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation consisted of the following:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Land improvements	\$ 250,222	\$ 218,267
Buildings	58,736,156	50,653,432
Machinery and equipment	435,008,740	371,700,414
Office equipment	8,384,576	7,342,367
Leased assets	<u>115,127</u>	<u>79,046</u>
	<u>\$ 502,494,821</u>	<u>\$ 429,993,526</u>

12. DEFERRED CHARGES, NET

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Technology license fees	\$ 4,005,187	\$ 4,809,479
Software and system design costs	1,332,089	1,552,297
Others	<u>440,079</u>	<u>150,247</u>
	<u>\$ 5,777,355</u>	<u>\$ 6,512,023</u>

13. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Unsecured loan:		
Repayable by October 2007, annual interest at 6.22%	<u>\$ 98,580</u>	<u>\$ -</u>

14. BONDS PAYABLE

	<u>June 30</u>	
	2007	2006
Domestic unsecured bonds:		
Issued in December 2000 and repayable in December 2007, 5.36% interest payable annually	\$ 4,500,000	\$ 4,500,000
Issued in January 2002 and repayable in January 2007, 2009 and 2012 in three installments, 2.60%, 2.75% and 3.00% interest payable annually, respectively	<u>12,500,000</u>	<u>15,000,000</u>
	17,000,000	19,500,000
Current portion	<u>(4,500,000)</u>	<u>(2,500,000)</u>
	<u>\$ 12,500,000</u>	<u>\$ 17,000,000</u>

As of June 30, 2007, future principal repayments for the bonds were as follows:

Year of Repayment	Amount
2007 (4 th quarter)	\$ 4,500,000
2009	8,000,000
2012	<u>4,500,000</u>
	<u>\$ 17,000,000</u>

15. LONG-TERM BANK LOANS

	<u>June 30</u>	
	2007	2006
Secured loans:		
US\$20,000 thousand, repayable from November 2008 in 5 semi-annual installments, annual interest at 5.77% in 2007 and 5.66% in 2006	\$ 654,780	\$ 648,123
Repayable from December 2007 in 8 semi-annual installments, annual interest at 2.39%-3.20%	522,000	-
Repayable from March 2007 in 12 quarterly installments, annual interest at 2.79%-3.02%	156,180	-
Repayable from May 2007 in 16 quarterly installments, annual interest at 2.48%-2.61%	63,047	-
Repayable from April 2005 in 16 quarterly installments, annual interest at 2.51%-2.61%	62,965	-
Repayable from February 2005 in 17 quarterly installments, annual interest at 2.65%-4.53%	57,150	-
Unsecured loans:		
Science Park Administration (SPA) SOC loan, repayable from October 2003 in 20 quarterly installments, interest-free	3,481	6,265
SPA DSP loan, repayable from July 2002 in 20 quarterly installments, interest-free	<u>-</u>	<u>2,705</u>
	1,519,603	657,093
Current portion	<u>(281,509)</u>	<u>(5,489)</u>
	<u>\$ 1,238,094</u>	<u>\$ 651,604</u>

As of June 30, 2007, certain assets of TSMC-Shanghai with an aggregate carrying amount of NT\$3,722,485 thousand (RMB865,896 thousand) and of Xintec with an aggregate carrying amount of NT\$1,167,299 thousand were provided as collateral for the aforementioned secured loans. Pursuant to the loan agreements, financial ratios calculated based on annual audited financial statements of TSMC-Shanghai as well as semi-annual and annual financial statements of Xintec must comply with certain financial covenants. As of June 30, 2007, TSMC-Shanghai and Xintec were in compliance with all such financial covenants.

As of June 30, 2007, future principal repayments for the long-term bank loans were as follows:

Year of Repayment	Amount
2007 (3 rd and 4 th quarter)	\$ 140,754
2008	411,769
2009	488,402
2010	409,225
2011	<u>69,453</u>
	<u>\$ 1,519,603</u>

16. OTHER LONG-TERM PAYABLES

	June 30	
	2007	2006
Payables for acquisition of property, plant and equipment (Note 27k.)	\$ 7,653,920	\$ 7,008,392
Payables for royalties	<u>3,777,162</u>	<u>2,398,726</u>
	11,431,082	9,407,118
Current portion (classified under accrued expenses and other current liabilities)	<u>(2,433,227)</u>	<u>(940,123)</u>
	<u>\$ 8,997,855</u>	<u>\$ 8,466,995</u>

The payables for royalties were primarily attributable to several license arrangements that the Company entered into for certain semiconductor-related patents.

As of June 30, 2007, future payments for other long-term payables were as follows:

Year of Payment	Amount
2007 (3 rd and 4 th quarter)	\$ 2,094,747
2008	743,575
2009	338,480
2010	338,480
2011	261,880
2012 and thereafter	<u>7,653,920</u>
	<u>\$ 11,431,082</u>

17. PENSION PLANS

The Labor Pension Act (the Act) became effective on July 1, 2005. The employees of TSMC, GUC and Xintec who were subject to the Labor Standards Law prior to July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act with their seniority as of July 1, 2005 retained or continue to be subject to the pension mechanism under the Labor Standards Law. Employees who joined TSMC, GUC or Xintec after July 1, 2005 can only be subject to the pension mechanism under the Act.

The pension mechanism under the Act is deemed a defined contribution plan. Pursuant to the Act, TSMC, GUC and Xintec have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts starting from July 1, 2005. Furthermore, TSMC-NA, TSMC-Shanghai and TSMC-Europe are required by local regulations to make monthly contributions at certain percentages of the basic salary of their employees. Pursuant to the aforementioned Act and local regulations, the Company recognized pension cost of NT\$349,974 thousand and NT\$347,709 thousand for the six months ended June 30, 2007 and 2006, respectively.

TSMC, GUC and Xintec have defined benefit plans under the Labor Standards Law that provide benefits based on an employee's service years and average monthly salary for the six-month period prior to retirement. TSMC, GUC and Xintec contribute an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the pension fund monitoring committees and deposited in the name of the committees in the Central Trust of China. The Company recognized pension cost of NT\$162,471 thousand and NT\$152,702 thousand for the six months ended June 30, 2007 and 2006, respectively.

Changes in the Funds and accrued pension cost under the defined benefit plans are summarized as follows:

	<u>Six Months Ended June 30</u>	
	<u>2007</u>	<u>2006</u>
The Funds		
Balance, beginning of period	\$ 1,942,850	\$ 1,669,102
Contributions	117,333	132,536
Interest	46,911	34,469
Payments	-	(4,677)
Balance, end of period	<u>\$ 2,107,094</u>	<u>\$ 1,831,430</u>
Accrued pension cost		
Balance, beginning of period	\$ 3,540,060	\$ 3,473,941
Accruals	<u>52,317</u>	<u>21,601</u>
Balance, end of period	<u>\$ 3,592,377</u>	<u>\$ 3,495,542</u>

18. INCOME TAX

- a. A reconciliation of income tax expense based on “income before income tax” at statutory rate and income tax currently payable was as follows:

	Six Months Ended June 30	
	2007	2006
Income tax expense based on “income before income tax” at statutory rate (25%)	\$ 12,194,593	\$ 18,266,397
Tax-exempt income	(2,797,992)	(6,411,975)
Temporary and permanent differences	22,136	(1,144,388)
Additional tax at 10% on unappropriated earnings	2,710,911	1,170,031
Cumulative effect of changes in accounting principles	-	(82,062)
Net operating loss carryforwards used	(394,260)	(6,785)
Investment tax credits used	<u>(7,326,453)</u>	<u>(7,462,975)</u>
Income tax currently payable	<u>\$ 4,408,935</u>	<u>\$ 4,328,243</u>

- b. Income tax expense consisted of the following:

Income tax currently payable	\$ 4,408,935	\$ 4,328,243
Other income tax adjustments	(353,921)	(445,618)
Net change in deferred income tax assets		
Investment tax credits	3,031,364	2,775,753
Net operating loss carryforwards	385,717	865,927
Temporary differences	(929,952)	(1,837,418)
Adjustments in valuation allowance	<u>(3,040,698)</u>	<u>(1,551,490)</u>
Income tax expense	<u>\$ 3,501,445</u>	<u>\$ 4,135,397</u>

- c. Net deferred income tax assets consisted of the following:

	June 30	
	2007	2006
Current deferred income tax assets		
Investment tax credits	\$ 5,705,247	\$ 6,104,899
Net operating loss carryforwards	-	9,040
Temporary differences	721,288	588,984
Valuation allowance	<u>(529,750)</u>	<u>(444,660)</u>
	<u>\$ 5,896,785</u>	<u>\$ 6,258,263</u>
Noncurrent deferred income tax assets		
Investment tax credits	\$ 11,604,631	\$ 15,196,138
Net operating loss carryforwards	4,419,258	5,303,080
Temporary differences	(2,606,878)	(3,882,178)
Valuation allowance	<u>(4,886,371)</u>	<u>(9,188,312)</u>
	<u>\$ 8,530,640</u>	<u>\$ 7,428,728</u>

As of June 30, 2007, the net operating loss carryforwards were generated by WaferTech, TSMC Development and TSMC Technology and would expire on various dates through 2026.

d. Integrated income tax information:

The balance of the imputation credit account (ICA) of TSMC as of June 30, 2007 and 2006 was NT\$2,759,715 thousand and NT\$743,590 thousand, respectively.

The creditable ratio for distribution of TSMC's earnings of 2006 and 2005 was 5.23% (expected) and 2.88%, respectively.

The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual distribution of imputation credit is made.

e. All of TSMC's earnings generated prior to December 31, 1997 have been appropriated.

f. As of June 30, 2007, investment tax credits of TSMC, GUC and Xintec consisted of the following:

Law/Statute	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 306,118	\$ 34,327	2007
		3,202,375	24,849	2008
		6,043,810	5,128,365	2009
		6,520,910	6,520,910	2010
		<u>832,614</u>	<u>832,614</u>	2011
		<u>\$ 16,905,827</u>	<u>\$ 12,541,065</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 1,295,681	\$ 13,930	2007
		1,666,179	39,084	2008
		1,593,991	1,593,991	2009
		2,050,574	2,050,574	2010
		<u>913,687</u>	<u>913,687</u>	2011
		<u>\$ 7,520,112</u>	<u>\$ 4,611,266</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$ 16,379	\$ 182	2007
		40,797	63	2008
		40,665	40,665	2009
		36,583	36,583	2010
		<u>250</u>	<u>250</u>	2011
		<u>\$ 134,674</u>	<u>\$ 77,743</u>	
Statute for Upgrading Industries	Investments in important technology-based enterprises	<u>\$ 79,804</u>	<u>\$ 79,804</u>	2010

g. The profits generated from the following projects of TSMC, GUC and Xintec are exempt from income tax:

	Tax-Exemption Periods
Construction of Fab 12 - Module A	2004 to 2007
Construction of Fab 14 - Module A	2006 to 2010
2003 plant expansion of GUC	2007 to 2011
2003 plant expansion of Xintec	2007 to 2011

h. The tax authorities have examined income tax returns of TSMC through 2004.

19. LABOR COST, DEPRECIATION AND AMORTIZATION

	<u>Six Months Ended June 30, 2007</u>		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 5,563,485	\$ 3,658,331	\$ 9,221,816
Labor and health insurance	308,652	185,827	494,479
Pension	315,671	196,774	512,445
Meal	225,688	85,861	311,549
Welfare	135,627	127,894	263,521
Others	<u>62,907</u>	<u>238,830</u>	<u>301,737</u>
	<u>\$ 6,612,030</u>	<u>\$ 4,493,517</u>	<u>\$ 11,105,547</u>
Depreciation	<u>\$ 36,367,346</u>	<u>\$ 2,055,785</u>	<u>\$ 38,423,131</u>
Amortization	<u>\$ 945,814</u>	<u>\$ 481,249</u>	<u>\$ 1,427,063</u>
	<u>Six Months Ended June 30, 2006</u>		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 6,081,251	\$ 3,231,766	\$ 9,313,017
Labor and health insurance	352,183	193,046	545,229
Pension	317,709	182,702	500,411
Meal	228,844	84,037	312,881
Welfare	114,761	85,204	199,965
Others	<u>104,187</u>	<u>138,639</u>	<u>242,826</u>
	<u>\$ 7,198,935</u>	<u>\$ 3,915,394</u>	<u>\$ 11,114,329</u>
Depreciation	<u>\$ 32,621,813</u>	<u>\$ 1,729,941</u>	<u>\$ 34,351,754</u>
Amortization	<u>\$ 725,722</u>	<u>\$ 532,234</u>	<u>\$ 1,257,956</u>

20. SHAREHOLDERS' EQUITY

As of June 30, 2007, 1,134,382 thousand ADSs of TSMC were traded on the NYSE. The number of common shares represented by the ADSs was 5,671,912 thousand (one ADS represents five common shares).

Capital surplus can only be used to offset a deficit under the Company Law. However, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus from treasury stock transactions) may be appropriated as stock dividends, which are limited to a certain percentage of TSMC's paid-in capital.

Capital surplus consisted of the following:

	June 30	
	2007	2006
From merger	\$ 24,003,546	\$ 24,003,546
Additional paid-in capital	19,422,365	19,788,594
From convertible bonds	9,360,424	9,360,424
From treasury stock transactions	490,950	389,188
From long-term investments	448,264	280,679
Donations	<u>55</u>	<u>55</u>
	<u>\$ 53,725,604</u>	<u>\$ 53,822,486</u>

TSMC's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, TSMC shall first offset its losses in previous years and then set aside the following items accordingly:

- a. Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled TSMC's paid-in capital;
- b. Special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- c. Bonus to directors and bonus to employees of TSMC of not more than 0.3% and not less than 1% of the remainder, respectively. Directors who also serve as executive officers of TSMC are not entitled to receive the bonus to directors. TSMC may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors;
- d. Any balance left over shall be allocated according to the resolution of the shareholders' meeting.

TSMC's Articles of Incorporation also provide that profits of TSMC may be distributed by way of cash dividend and/or stock dividend. However, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided that the ratio for stock dividend shall not exceed 50% of the total distribution.

Any appropriations of the profits are recorded in the year of shareholder approval and given effect to in the financial statements of that year.

TSMC no longer has supervisors since January 1, 2007. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals TSMC's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends and bonuses for the portion in excess of 50% of the paid-in capital if TSMC has no unappropriated earnings and the reserve balance has exceeded 50% of TSMC's paid-in capital. The Company Law also prescribes that, when the reserve has reached 50% of TSMC's paid-in capital, up to 50% of the reserve may be transferred to capital.

A special capital reserve equivalent to the net debit balance of the other components of shareholders' equity (for example, cumulative translation adjustments and unrealized loss on financial instruments, but excluding treasury stock) shall be made from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2006 and 2005 had been approved in TSMC's shareholders meetings held on May 7, 2007 and May 16, 2006, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u> <u>(NT\$)</u>	
	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>
Legal capital reserve	\$ 12,700,973	\$ 9,357,503		
Special capital reserve	(11,192)	(1,585,685)		
Bonus to employees - in cash	4,572,798	3,432,129		
Bonus to employees - in stock	4,572,798	3,432,129		
Cash dividends to shareholders	77,489,064	61,825,061	\$3.00	\$2.50
Stock dividends to shareholders	516,594	3,709,504	0.02	0.15
Bonus to directors and supervisors	285,800	257,410		
	<u>\$100,126,835</u>	<u>\$ 80,428,051</u>		

TSMC's shareholders meeting held on May 7, 2007 also resolved to distribute stock dividends out of capital surplus in the amount of NT\$774,891 thousand.

The amounts of the appropriations of earnings for 2006 and 2005 were consistent with the resolutions of the meetings of TSMC's Board of Directors held on February 6, 2007 and February 14, 2006, respectively. If the above bonus to employees, directors and supervisors had been paid entirely in cash and charged to earnings of 2006 and 2005, the basic earnings per share (after income tax) for the years ended December 31, 2006 and 2005 shown in the respective financial statements would have decreased from NT\$4.93 to NT\$4.56 and NT\$3.79 to NT\$3.50, respectively. The shares distributed as a bonus to employees represented 1.77% and 1.39% of TSMC's total outstanding common shares as of December 31, 2006 and 2005, respectively.

The information about the appropriations of bonuses to employees, directors and supervisors is available at the Market Observation Post System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, the R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by TSMC on earnings generated since January 1, 1998.

21. STOCK-BASED COMPENSATION PLANS

TSMC's Employee Stock Option Plans under the TSMC 2004 Plan, TSMC 2003 Plan and TSMC 2002 Plan were approved by the SFB on January 6, 2005, October 29, 2003 and June 25, 2002, respectively. The maximum number of options authorized to be granted under the TSMC 2004 Plan, TSMC 2003 Plan and TSMC 2002 Plan was 11,000 thousand, 120,000 thousand and 100,000 thousand, respectively, with each option eligible to subscribe for one common share when exercisable. The options may be granted to qualified employees of TSMC or any of its domestic or foreign subsidiaries, in which TSMC's shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The options of all the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the options are granted at an exercise price equals to the closing price of TSMC's common shares listed on the TSE on the grant date.

Options of the plans that had never been granted or had been granted but subsequently canceled had expired as of June 30, 2007.

Information about TSMC's outstanding stock options for the six months ended June 30, 2007 and 2006 was as follows:

	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
<u>Six months ended June 30, 2007</u>		
Balance, beginning of period	52,814	\$ 37.9
Options granted	1,094	37.9
Options exercised	(7,401)	40.1
Options canceled	<u>(598)</u>	45.2
Balance, end of period	<u>45,909</u>	37.6
<u>Six months ended June 30, 2006</u>		
Balance, beginning of period	67,758	\$ 39.4
Options granted	2,517	39.7
Options exercised	(8,219)	39.7
Options canceled	<u>(2,304)</u>	44.5
Balance, end of period	<u>59,752</u>	39.6

The number of outstanding options and exercise prices have been adjusted to reflect the distribution of dividends in accordance with the plans. The options granted were the result of the aforementioned adjustment.

As of June 30, 2007, information about TSMC's outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
\$25.9-\$36.4	30,754	3.66	\$33.2	30,754	\$33.2
\$38.9-\$51.3	<u>15,155</u>	5.41	46.6	<u>9,264</u>	46.3
	<u>45,909</u>		37.6	<u>40,018</u>	36.2

GUC's Employee Stock Option Plans, consisting of the GUC 2003 Plan and GUC 2002 Plan, were approved by its Board of Directors on January 23, 2003 and July 1, 2002, respectively. The maximum number of options authorized to be granted under the GUC 2003 Plan and GUC 2002 Plan was 7,535 and 5,000, respectively, with each option eligible to subscribe for one thousand common shares of GUC when exercisable. The options may be granted to qualified employees of GUC. The options of all the plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date.

Moreover, the GUC 2006 Plan and GUC 2004 Plan were approved by the SFB on July 3, 2006 and August 16, 2004 to grant a maximum of 3,665 options and 2,500 options, respectively, with each option eligible to subscribe for one thousand common shares of GUC when exercisable. The options may be granted to qualified employees of GUC or any of its subsidiaries. The options of the GUC 2006 Plan are valid until August 15, 2011 and the options of the GUC 2004 Plan are valid for six years. Options of both Plans are exercisable at certain percentages subsequent to the second anniversary of the grant date.

Information about GUC's outstanding stock options for the six months ended June 30, 2007 and 2006 was as follows:

	Number of Options	Weighted- average Exercise Prices (NT\$)
<u>Six months ended June 30, 2007</u>		
Balance, beginning of period	7,342	\$14.0
Options exercised	(935)	10.2
Options canceled	<u>(68)</u>	16.3
Balance, end of period	<u>6,339</u>	14.6
<u>Six months ended June 30, 2006</u>		
Balance, beginning of period	7,132	\$10.7
Options exercised	(629)	10.5
Options canceled	<u>(216)</u>	10.9
Balance, end of period	<u>6,287</u>	10.7

As of June 30, 2007, information about GUC's outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options	Weighted- average Exercise Price (NT\$)
\$10.0-\$18.4	6,339	1.08-4.25	\$14.6	835	\$10.4

Xintec's Employee Stock Option Plans, consisting of the Xintec 2007 Plan and Xintec 2006 Plan, were approved by the SFB on June 26, 2007 and July 3, 2006, respectively. The maximum number of options authorized to be granted under the Xintec 2007 Plan and Xintec 2006 Plan was 6,000 thousand each, with each option eligible to subscribe for one common share of Xintec when exercisable. The options may be granted to qualified employees of Xintec. The options of all the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date.

Information about Xintec's outstanding stock options for the six months ended June 30, 2007 was as follows:

	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
<u>Six months ended June 30, 2007</u>		
Balance, beginning of period	4,968	\$13.0
Options exercised	3,555	15.7
Options canceled	<u>(567)</u>	13.9
Balance, end of period	<u><u>7,956</u></u>	14.2

As of June 30, 2007, information about Xintec's outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
\$13.0 - \$16.0	7,956	9.25-10	\$14.2	-	\$ -

No compensation cost was recognized under the intrinsic value method for the six months ended June 30, 2007 and 2006. Had the Company used the fair value based method (based on the Black-Scholes model) to evaluate the options granted after January 1, 2004, the assumptions and pro forma results of the Company would have been as follows:

		Six Months Ended June 30	
		2007	2006
Assumptions:			
TSMC	Expected dividend yield	1.00%-3.44%	1.00%-3.44%
	Expected volatility	43.77%-46.15%	43.77%-46.15%
	Risk free interest rate	3.07%-3.85%	3.07%-3.85%
	Expected life	5 years	5 years
GUC	Expected dividend yield	-	-
	Expected volatility	22.65%-41.74%	22.65%-41.74%
	Risk free interest rate	2.23%-2.56%	2.56%
	Expected life	3-6 years	6 years
Xintec	Expected dividend yield	-	-
	Expected volatility	37.73%-47.42%	-
	Risk free interest rate	1.88%-1.94%	-
	Expected life	3 years	-
Net income attributable to shareholders of the parent:			
As reported		\$ 44,322,581	\$ 66,608,628
Pro forma		44,284,161	66,551,357

	<u>Six Months Ended June 30</u>	
	2007	2006
Earnings per share (EPS) - after income tax (NT\$):		
Basic EPS as reported	\$1.68	\$2.53
Pro forma basic EPS	1.68	2.52
Diluted EPS as reported	1.68	2.52
Pro forma diluted EPS	1.68	2.52

22. TREASURY STOCK

(Shares in Thousands)

	Beginning Shares	Stock Dividend	Disposal	Ending Shares
<u>Six months ended June 30, 2007</u>				
Parent company stock held by subsidiaries	<u>33,926</u>	<u>170</u>	-	<u>34,096</u>
<u>Six months ended June 30, 2006</u>				
Parent company stock held by subsidiaries	<u>32,938</u>	<u>988</u>	-	<u>33,926</u>

As of June 30, 2007 and 2006, the book value of the treasury stock was NT\$918,075 thousand each; the market value was NT\$2,417,400 thousand and NT\$1,952,452 thousand, respectively. TSMC's stock held by subsidiaries is treated as treasury stock and the holders are entitled to the rights of shareholders, with the exception of voting right.

23. EARNINGS PER SHARE

	<u>Six Months Ended June 30</u>			
	<u>2007</u>		<u>2006</u>	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS (NT\$)				
Income before cumulative effect of changes in accounting principles attributable to shareholders of the parent	\$ 1.81	\$ 1.68	\$ 2.62	\$ 2.47
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	-	-	0.06	0.06
Income attributable to shareholders of the parent	<u>\$ 1.81</u>	<u>\$ 1.68</u>	<u>\$ 2.68</u>	<u>\$ 2.53</u>
Diluted EPS (NT\$)				
Income before cumulative effect of changes in accounting principles attributable to shareholders of the parent	\$ 1.81	\$ 1.68	\$ 2.62	\$ 2.46
Cumulative effect of changes in accounting principles attributable to shareholders of the parent	-	-	0.06	0.06
Income attributable to shareholders of the parent	<u>\$ 1.81</u>	<u>\$ 1.68</u>	<u>\$ 2.68</u>	<u>\$ 2.52</u>

EPS for the six months ended June 30, 2007 and 2006 is computed as follows:

	<u>Amounts (Numerator)</u>		<u>Number of Shares (Denominator) (in Thousands)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Six months ended June 30, 2007</u>					
Basic EPS					
Income attributable to shareholders of the parent	\$ 47,816,720	\$ 44,322,581	26,385,050	<u>\$ 1.81</u>	<u>\$ 1.68</u>
Effect of dilutive potential common stock - stock options	-	-	23,482		
Diluted EPS					
Income attributable to shareholders of the parent (including effect of dilutive potential common stock)	<u>\$ 47,816,720</u>	<u>\$ 44,322,581</u>	<u>26,408,532</u>	<u>\$ 1.81</u>	<u>\$ 1.68</u>
<u>Six months ended June 30, 2006</u>					
Basic EPS					
Income attributable to shareholders of the parent	\$ 70,661,864	\$ 66,608,628	26,371,073	<u>\$ 2.68</u>	<u>\$ 2.53</u>
Effect of dilutive potential common stock - stock options	-	-	22,850		
Diluted EPS					
Income attributable to shareholders of the parent (including effect of dilutive potential common stock)	<u>\$ 70,661,864</u>	<u>\$ 66,608,628</u>	<u>26,393,923</u>	<u>\$ 2.68</u>	<u>\$ 2.52</u>

24. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 1,921,749	\$ 1,921,749	\$ 1,970,690	\$ 1,970,690
Available-for-sale financial assets	62,375,246	62,375,246	67,385,610	67,385,610
Held-to-maturity financial assets	30,697,637	30,616,918	29,262,804	28,857,510
Investments accounted for using equity method (with market price)	5,824,030	14,838,055	5,135,185	9,613,553
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	3,474	3,474	601,086	601,086
Bonds payable (including current portion)	17,000,000	17,241,349	19,500,000	19,888,147
Long-term bank loans (including current portion)	1,519,603	1,519,603	657,093	657,093
Other long-term payables (including current portion)	11,431,082	11,431,082	10,492,484	10,492,484
Obligations under capital leases	631,297	631,297	595,172	595,172

b. Methods and assumptions used in the determination of fair values of financial instruments

- 1) The aforementioned financial instruments do not include cash and cash equivalents, receivables, other financial assets, short-term bank loans, payables, and payables to contractors and equipment suppliers. The carrying amounts of these financial instruments approximate their fair values due to their short maturities.
- 2) Fair values of financial assets/liabilities at fair value through profit or loss, available-for-sale and held-to-maturity financial assets other than derivatives and structured time deposits were based on their quoted market prices.

- 3) Fair values of derivatives and structured time deposits were determined using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.
 - 4) Fair value of bonds payable was based on their quoted market price.
 - 5) Fair values of long-term bank loans, other long-term payables and obligations under capital leases were based on the present value of expected cash flows, which approximates their carrying amount.
- c. The changes in fair value during the six months ended June 30, 2007 and 2006 of financial assets/liabilities at fair value through profit or loss, including derivatives estimated using valuation techniques and publicly-traded stocks, were recognized as gains of NT\$750,558 thousand and losses of NT\$770,634 thousand, respectively.
- d. As of June 30, 2007 and 2006, financial assets exposed to fair value interest rate risk were NT\$92,995,718 thousand and NT\$96,561,617 thousand, respectively; financial liabilities exposed to fair value interest rate risk were NT\$3,474 thousand and NT\$601,086 thousand, respectively, and financial assets exposed to cash flow interest rate risk were NT\$6,547,000 thousand and NT\$7,127,780 thousand, respectively.
- e. The Company recognized an unrealized gain of NT\$118,295 thousand (NT\$115,935 thousand was attributable to shareholders of the parent and NT\$2,360 thousand was attributable to minority interests) and NT\$158,899 thousand (NT\$154,032 thousand was attributable to shareholders of the parent and NT\$4,867 thousand was attributable to minority interests) directly in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2007 and 2006, respectively. The Company recognized a gain of NT\$231,130 thousand (NT\$230,261 thousand was attributable to shareholders of the parent and NT\$869 thousand was attributable to minority interests) and NT\$51,671 thousand (NT\$51,418 thousand was attributable to shareholders of the parent and NT\$253 thousand was attributable to minority interests) which was removed from shareholders' equity and recognized in earnings for the six months ended June 30, 2007 and 2006, respectively. The Company also recognized unrealized gains of NT\$191 thousand and NT\$13,940 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets held by equity method investees for the six months ended June 30, 2007 and 2006, respectively.
- f. Information about financial risk
- 1) Market risk. The publicly-traded stocks categorized as financial assets at fair value through profit or loss are exposed to the market price fluctuations. The derivative financial instruments categorized as financial assets/liabilities at fair value through profit or loss are mainly used to hedge the exchange rate fluctuations of foreign-currency-denominated assets and liabilities; therefore, the market risk of derivatives will be offset by the foreign exchange risk of these hedged items. Available-for-sale financial assets held by the Company are mainly fixed-interest-rate debt securities; therefore, the fluctuations in market interest rates would result in changes in fair value of these debt securities.
 - 2) Credit risk. Credit risk represents the potential loss that would be incurred if the counter-parties or third-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing financial instruments are reputable financial institutions, business organizations and government agencies. Management believes that the Company's exposure to default by those parties is low.
 - 3) Liquidity risk. The Company has sufficient operating capital to meet cash needs upon settlement of derivative financial instruments, bonds payable and bank loans. Therefore, the liquidity risk is low.

- 4) Cash flow interest rate risk. The Company mainly invests in fixed-interest-rate debt securities. Therefore, cash flows are not expected to fluctuate significantly due to changes in market interest rates.

25. RELATED PARTY TRANSACTIONS

Except as disclosed in the consolidated financial statements and other notes, the following is a summary of significant related party transactions:

- a. Philips, a major shareholder of TSMC
- b. Investees of TSMC
 - VIS (accounted for using equity method)
 - SSMC (accounted for using equity method)
- c. VisEra Technology Company, Ltd. (VisEra), an indirect investee accounted for using equity method
- d. Others: Related parties over which the Company has control or exercises significant influence but with which the Company had no material transactions

	2007		2006	
	Amount	%	Amount	%
<u>Six months ended June 30</u>				
Sales				
VisEra	\$ 695,618	-	\$ 78,877	-
Philips	-	-	2,318,898	1
Others	<u>4,867</u>	<u>-</u>	<u>16,185</u>	<u>-</u>
	<u>\$ 700,485</u>	<u>-</u>	<u>\$ 2,413,960</u>	<u>1</u>
Purchases				
SSMC	\$ 2,765,116	3	\$ 3,718,466	5
VIS	1,692,673	2	1,712,082	2
VisEra	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,457,917</u>	<u>5</u>	<u>\$ 5,430,548</u>	<u>7</u>
Manufacturing expenses				
VisEra	\$ 68,949	-	-	-
VIS	366	-	-	-
Philips (technical assistance fees, see Note 27a)	<u>-</u>	<u>-</u>	<u>377,952</u>	<u>-</u>
	<u>\$ 69,315</u>	<u>-</u>	<u>\$ 377,952</u>	<u>-</u>
Research and development expenses				
VisEra	<u>\$ 25,436</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

	2007		2006	
	Amount	%	Amount	%
Non-operating income and gains				
VisEra	\$ 177,433	3	\$ 140,079	2
VIS (primarily technical service income; see Note 27h)	173,765	2	105,937	2
SSMC (primarily technical service income; see Note 27e)	<u>116,257</u>	<u>2</u>	<u>147,219</u>	<u>3</u>
	<u>\$ 467,455</u>	<u>7</u>	<u>\$ 393,235</u>	<u>7</u>
 <u>As of June 30</u>				
Receivables				
VisEra	\$ 332,324	100	\$ 237	-
Philips	-	-	382,251	99
Others	<u>-</u>	<u>-</u>	<u>4,900</u>	<u>1</u>
	<u>\$ 332,324</u>	<u>100</u>	<u>\$ 387,388</u>	<u>100</u>
Other receivables				
VIS	\$ 809,153	75	\$ 688,807	86
VisEra	165,598	16	17,376	2
SSMC	<u>97,977</u>	<u>9</u>	<u>92,700</u>	<u>12</u>
	<u>\$ 1,072,728</u>	<u>100</u>	<u>\$ 798,883</u>	<u>100</u>
Payables				
VIS	\$ 781,488	51	\$ 943,129	59
SSMC	728,808	48	662,385	41
VisEra	<u>11,076</u>	<u>1</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,521,372</u>	<u>100</u>	<u>\$ 1,605,514</u>	<u>100</u>
Other long-term payables				
Philips (see Note 27a)	<u>\$ -</u>	<u>-</u>	<u>\$ 1,085,366</u>	<u>100</u>
Deferred credits				
VisEra	<u>\$ 93,262</u>	<u>8</u>	<u>\$ 155,437</u>	<u>13</u>

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, prices were determined in accordance with mutual agreements.

TSMC deferred the gains (classified under deferred credits) derived from sales of property, plant and equipment to VisEra, and then recognized such gains (classified under non-operating income and gains) over the depreciable lives of the disposed assets.

TSMC leased certain buildings and facilities to VisEra. The related rental income was classified under non-operating income. The lease terms and prices were determined in accordance with mutual agreements.

26. SIGNIFICANT LONG-TERM LEASES

The Company leases several parcels of land and office premises from the SPA and Jhongli Industrial Park Service Center. These operating leases expire on various dates from December 2007 to December 2026 and can be renewed upon expiration.

The Company entered into lease agreements for its office premises and certain equipment located in North America, Japan and Shanghai. These operating leases expire between 2007 and 2011 and can be renewed upon expiration.

As of June 30, 2007, future lease payments were as follows:

Year	Amount
2007 (3 rd and 4 th quarter)	\$ 250,468
2008	451,783
2009	442,548
2010	369,514
2011	263,841
2012 and thereafter	<u>1,870,953</u>
	<u>\$ 3,649,107</u>

27. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies of the Company as of June 30, 2007, except as disclosed in other notes, were as follows:

- a. On June 20, 2004, TSMC and Philips (Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006) amended the Technical Cooperation Agreement, which was originally signed on May 12, 1997. The amended Technical Cooperation Agreement is for five years beginning from January 1, 2004. Upon expiration, this amended Technical Cooperation Agreement will be terminated and will not be automatically renewed; however, the patent cross license arrangement between TSMC and Philips (now NXP B.V.) will survive the expiration of the amended Technical Cooperation Agreement. Under this amended Technical Cooperation Agreement, TSMC will pay Philips (now NXP B.V.) royalties based on a fixed amount mutually agreed-on, rather than under a certain percentage of TSMC's annual net sales. TSMC and Philips (now NXP B.V.) agreed to cross license the patents owned by each party. TSMC also obtained through Philips (now NXP B.V.) a number of cross patent licenses.
- b. Under a technical cooperation agreement with ITRI, the R.O.C. Government or its designee approved by TSMC can use up to 35% of TSMC's capacity if TSMC's outstanding commitments to its customers are not prejudiced. The term of this agreement is for five years beginning from January 1, 1987 and is automatically renewed for successive periods of five years unless otherwise terminated by either party with one year prior notice. The agreement was automatically renewed in 1992, 1997, 2002 and on January 1, 2007.
- c. Under several foundry agreements, TSMC shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with TSMC. As of June 30, 2007, TSMC had a total of US\$90,985 thousand of guarantee deposits.

- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, which is an integrated circuit foundry in Singapore. TSMC's equity interest in SSMC was 32%. Nevertheless, Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006. TSMC and NXP B.V. purchased all the SSMC shares owned by EDB Investments Pte Ltd. pro rata according to the Shareholders Agreement on November 15, 2006. After the purchase, TSMC and NXP B.V. currently own approximately 39% and 61% of the SSMC shares, respectively. TSMC and Philips (now NXP B.V.) committed to buy specific percentages of the production capacity of SSMC. TSMC and Philips (now NXP B.V.) are required, in the aggregate, to purchase up to 70% of SSMC's capacity, but TSMC alone is not required to purchase more than 28% of the capacity. If any party defaults on the commitment and the capacity utilization of SSMC falls below a specific percentage of its capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- e. TSMC provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) entered into on May 12, 1999. TSMC receives compensation for such services computed at a specific percentage of net selling price of all products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.
- f. Under a Technology Transfer Agreement (TTA) with National Semiconductor Corporation (National) entered into on June 27, 2000, TSMC shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives written notice for early termination under certain conditions. In January 2003, TSMC and National entered into a Termination Agreement whereby the TTA was terminated. Under the Termination Agreement, TSMC will be relieved of any further obligation to transfer any additional technology. In addition, TSMC granted National an option to request the transfer of certain technologies under the same terms and conditions as the terminated TTA. The option will expire in January 2008.
- g. In December 2003, TSMC entered into a Technology Development and License Agreement with Freescale Semiconductor, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. TSMC will also license related 90-nm SOI technology from Freescale Semiconductor, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, TSMC will pay royalties to Freescale Semiconductor, Inc. and will share a portion of the costs associated with the joint development project.
- h. TSMC provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into on April 1, 2004. TSMC receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for TSMC certain products at prices as agreed by the parties.
- i. Effective January 1, 2006, The Company entered into the Joint Technology Cooperation Agreement with Philips (now NXP B.V.), Freescale Semiconductor, Inc. and STMicroelectronics to jointly develop 45-nm and beyond advanced CMOS Logic and e-DRAM technologies. The Company will contribute process technologies and share a portion of the costs associated with this joint development project. This agreement will expire on December 31, 2008.

- j. TSMC, TSMC-North America and WaferTech filed a series of lawsuits in late 2003 and 2004 against Semiconductor Manufacturing International Corporation (SMIC), SMIC (Shanghai) and SMIC Americas. The lawsuits alleged that SMIC companies infringed multiple TSMC patents and misappropriated TSMC's trade secrets. These suits were settled out of court on January 30, 2005. As part of the settlement, SMIC shall pay TSMC US\$175,000 thousand over six years to resolve TSMC's claims. As of June 30, 2007, SMIC had paid US\$75,000 thousand in accordance with the terms of this settlement agreement. In August 2006, TSMC, TSMC-North America and Wafertech filed a lawsuit against SMIC in Alameda County Superior Court in California for breach of aforementioned settlement agreement, breach of promissory notes and trade secret misappropriation, seeking injunctive relief and monetary damages. In September 2006, SMIC filed a cross-complaint against TSMC in the same court, alleging TSMC of breach of the settlement agreement and implied covenant of good faith and fair dealing, in response to TSMC's August complaint. In November 2006, SMIC filed a complaint with Beijing People's High Court against TSMC, TSMC-North America, and Wafertech, alleging defamation and breach of good faith. The result of the above-mentioned litigation cannot be determined at this time.
- k. TSMC-Shanghai entered into an agreement with a certain foreign company. In accordance with the agreement, TSMC-Shanghai is obligated to purchase certain property, plant and equipment at the agreed-upon price within the contract period. If the purchase is not completed, TSMC-Shanghai is obligated to compensate the counterparty for the loss incurred.
- l. Amounts available under unused letters of credit as of June 30, 2007 were NT\$134,477 thousand.

28. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for TSMC and its investees:

- a. Financing provided: None
- b. Endorsement/guarantee provided: None
- c. Marketable securities held: Please see Table 1 attached;
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 2 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- i. Names, locations, and related information of investees over which TSMC exercises significant influence: Please see Table 6 attached;

- j. Information on investment in Mainland China
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Table 7 attached.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Table 8 attached.
- k. Intercompany relationships and significant intercompany transactions: Please see Table 8 attached.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

MARKETABLE SECURITIES HELD

JUNE 30, 2007

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note	
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)		
The Company	<u>Government Bond</u>								
	2003 Government Bond Series B	-	Available-for-sale financial assets	-	\$ 2,344,207	N/A	\$ 2,344,207		
	2004 Government Bond Series B	-	"	-	1,192,161	N/A	1,192,161		
	2004 Government Bond Series G	-	"	-	198,586	N/A	198,586		
	2006 Government Bond Series D	-	"	-	398,579	N/A	398,579		
	2003 Government Bond Series F	-	Held-to-maturity financial assets	-	798,163	N/A	844,440		
	2006 Government Bond Series D	-	"	-	3,654,613	N/A	3,637,028		
	2003 Government Bond Series B	-	"	-	1,647,899	N/A	1,643,938		
	2003 Government Bond Series H	-	"	-	401,144	N/A	399,721		
	2004 Kaohsiung Municipal Series A	-	"	-	620,000	N/A	620,273		
	2004 Kaohsiung Municipal Series B	-	"	-	249,998	N/A	250,004		
	2003 Asian Development Bank Govt. Bond	-	"	-	845,464	N/A	875,103		
	European Investment Bank Bonds	-	"	-	376,047	N/A	400,000		
	2003 European Bank for Reconstruction and Development Govt. Bond Series A	-	"	-	89,080	N/A	90,000		
	<u>Open-end mutual funds</u>								
	NITC Bond Fund	-	Available-for-sale financial assets	12,239	2,028,897	N/A	2,028,897		
	Fuh Hwa Bond	-	"	102,783	1,380,442	N/A	1,380,442		
	Prudential Financial Bond Fund	-	"	83,306	1,226,681	N/A	1,226,681		
	NITC Taiwan Bond	-	"	79,132	1,123,358	N/A	1,123,358		
	ING Taiwan Income Fund	-	"	63,947	1,020,211	N/A	1,020,211		
	Mega Diamond Bond Fund	-	"	70,262	814,510	N/A	814,510		
	Taishin Lucky Fund	-	"	68,945	712,420	N/A	712,420		
	Polaris De-Bao Fund	-	"	63,273	706,359	N/A	706,359		
	Dresdner Bond DAM Fund	-	"	54,286	633,827	N/A	633,827		
	HSBC Taiwan Money Management	-	"	34,093	510,018	N/A	510,018		
	JF Taiwan Bond Fund	-	"	26,542	408,003	N/A	408,003		
	INVESCO Bond Fund	-	"	27,176	406,741	N/A	406,741		
	<u>Corporate Bond</u>								
	Hua Nan Bank	-	Available-for-sale financial assets	-	1,559,462	N/A	1,559,462		
	Cathay Bank	-	"	-	1,169,901	N/A	1,169,901		
	Taiwan Power Company	-	"	-	1,048,083	N/A	1,048,083		
	Formosa Petrochemical Corporation	-	"	-	398,611	N/A	398,611		
	Formosa Petrochemical Corporation	-	Held-to-maturity financial assets	-	3,574,211	N/A	3,555,654		
	Taiwan Power Company	-	"	-	3,262,876	N/A	3,262,707		
	Nan Ya Plastics Corporation	-	"	-	2,003,757	N/A	2,000,821		
	CPC Corporation, Taiwan	-	"	-	1,450,830	N/A	1,449,750		
	China Steel Corporation	-	"	-	1,000,000	N/A	996,986		
	Formosa Plastic Corporation	-	"	-	386,989	N/A	386,866		
	Shanghai commercial & Saving Bank	-	"	-	289,566	N/A	289,495		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	<u>Stocks</u>							
	TSMC Global	Subsidiary	Investment accounted for using equity method	1	\$ 43,613,633	100	\$ 43,613,633	
	TSMC International	Subsidiary	"	987,968	27,053,657	100	27,053,657	
	SSMC	Investee accounted for using equity method	"	463	8,289,538	39	7,221,894	
	VIS	Investee accounted for using equity method	"	442,262	5,637,861	27	14,550,413	
	TSMC Partners	Subsidiary	"	300	4,567,193	100	4,567,193	
	TSMC-NA	Subsidiary	"	11,000	2,207,039	100	2,207,039	
	Xintec	Investee with a controlling interest	"	90,526	1,366,816	43	1,271,218	
	GUC	Investee with a controlling interest	"	41,263	694,111	38	14,132,636	
	TSMC-Japan	Subsidiary	"	6	94,250	100	94,250	
	TSMC-Europe	Subsidiary	"	-	65,109	100	65,109	
	TSMC-Korea	Subsidiary	"	80	15,514	100	15,514	
	United Industrial Gases Co., Ltd.	-	Financial assets carried at cost	16,783	193,584	10	277,359	
	Shin-Etsu Handotai Taiwan Co., Ltd.	-	"	10,500	105,000	7	257,909	
	W.K. Technology Fund IV	-	"	4,000	40,000	2	57,472	
	Hontung Venture Capital Co., Ltd.	-	"	2,633	26,329	10	25,113	
	<u>Fund</u>							
	Horizon Ventures Fund	-	Financial assets carried at cost	-	312,950	12	312,950	
	Crimson Asia Capital	-	"	-	69,355	1	69,355	
	<u>Capital</u>							
	TSMC-Shanghai	Subsidiary	Investment accounted for using equity method	-	8,799,540	100	8,792,573	
	VTAF II	Subsidiary	"	-	858,453	98	855,775	
	VTAF III	Subsidiary	"	-	756,146	98	748,203	
	Emerging Alliance	Subsidiary	"	-	717,200	99	717,200	
	Chi Cheng	Subsidiary	"	-	168,359	36	626,923	Treasury stock of NT\$458,564 thousand is deducted from the carrying value
	Hsin Ruey	Subsidiary	"	-	166,857	36	626,368	Treasury stock of NT\$459,511 thousand is deducted from the carrying value
Chi Cherng	<u>Stocks</u>							
	TSMC	Parent Company	Available-for-sale financial assets	17,032	1,207,568	-	1,207,568	
	VIS	Investee accounted for using equity method	Investments accounted for using equity method	5,032	104,426	-	165,556	
Hsin Ruey	<u>Stocks</u>							
	TSMC	Parent Company	Available-for-sale financial assets	17,064	1,209,832	-	1,209,832	
	VIS	Investee accounted for using equity method	Investments accounted for using equity method	3,711	81,743	-	122,087	
TSMC International	<u>Stocks</u>							
	InveStar	Subsidiary	Investments accounted for using equity method	9,207	US\$ 36,466	97	US\$ 36,466	
	InveStar II	Subsidiary	"	51,300	US\$ 54,498	97	US\$ 54,498	
	TSMC Development	Subsidiary	"	1	US\$ 662,082	100	US\$ 662,082	
	TSMC Technology	Subsidiary	"	1	US\$ 6,286	100	US\$ 6,286	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
TSMC-Development	WaferTech	Subsidiary	Investments accounted for using equity method	-	US\$ 249,316	100	US\$ 249,316	
TSMC Partners	<u>Common stock</u> VisEra Holding Company	Investee accounted for using equity method	Investments accounted for using equity method	43,000	US\$ 63,098	49	US\$ 63,098	
Emerging Alliance	<u>Common stock</u> NetLogic Microsystems, Inc.	-	Financial assets at fair value through profit or loss	55	US\$ 1,767	-	US\$ 1,767	
	Ikanos Communication, Inc.	-	Available-for-sale financial assets	515	US\$ 3,917	2	US\$ 3,917	
	Global Investment Holding, Inc.	-	Financial assets carried at cost	10,800	\$ 100,000	6	\$ 100,000	
	RichWave Technology Corp.	-	"	4,247	US\$ 1,648	13	US\$ 1,648	
	Pixim, Inc.	-	"	1,036	US\$ 275	2	US\$ 275	
	<u>Preferred stock</u> Pixim, Inc.	-	Financial assets carried at cost	3,606	US\$ 862	-	US\$ 862	
	Mosaic Systems, Inc.	-	"	2,481	US\$ 12	6	US\$ 12	
	Reflectivity, Inc.	-	"	3,252	US\$ 102	4	US\$ 102	
	Miradia, Inc.	-	"	3,040	US\$ 1,000	3	US\$ 1,000	
	Axiom Microdevices, Inc.	-	"	1,000	US\$ 1,000	1	US\$ 1,000	
	Optichron, Inc.	-	"	714	US\$ 1,000	4	US\$ 1,000	
	NuCORE Technology, Inc.	-	"	2,254	US\$ 1,388	2	US\$ 1,388	
	Next IO, Inc.	-	"	800	US\$ 500	2	US\$ 500	
	Audience, Inc.	-	"	1,654	US\$ 250	1	US\$ 250	
	Centrality Communications	-	"	1,325	US\$ 1,800	3	US\$ 1,800	
	Teknovus, Inc.	-	"	6,977	US\$ 1,327	3	US\$ 1,327	
	Optimal Corporation	-	"	583	US\$ 600	4	US\$ 600	
	Mobilygen	-	"	1,415	US\$ 750	1	US\$ 750	
VTAF II	<u>Common stock</u> Yobon	-	Financial assets carried at cost	1,875	US\$ 919	13	US\$ 919	
	Sentelic	-	"	1,200	US\$ 2,040	15	US\$ 2,040	
	Leadtrend	-	"	1,150	US\$ 660	6	US\$ 660	
	RichWave Technology Corp.	-	"	500	US\$ 231	2	US\$ 231	
	<u>Preferred stock</u> Powerprecise Solutions, Inc.	-	Financial assets carried at cost	1,445	US\$ 1,400	11	US\$ 1,400	
	Tzero Technologies, Inc.	-	"	730	US\$ 1,500	2	US\$ 1,500	
	Miradia, Inc.	-	"	2,740	US\$ 2,424	3	US\$ 2,424	
	Axiom Microdevices, Inc.	-	"	4,142	US\$ 1,812	4	US\$ 1,812	
	Next IO, Inc.	-	"	216	US\$ 182	-	US\$ 182	
	Ageia Technologies, Inc.	-	"	2,030	US\$ 2,074	2	US\$ 2,074	
	Audience, Inc.	-	"	2,208	US\$ 474	1	US\$ 474	
	GemFire Corporation	-	"	600	US\$ 68	1	US\$ 68	
	Optichron, Inc.	-	"	353	US\$ 869	2	US\$ 869	
	Xceive	-	"	714	US\$ 1,000	2	US\$ 1,000	
	5V Technologies, Inc.	-	"	2,357	US\$ 1,768	11	US\$ 1,768	
	Power Analog Microelectronics	-	"	2,000	US\$ 1,500	13	US\$ 1,500	
	Impinj, Inc.	-	"	475	US\$ 1,000	-	US\$ 1,000	
	Beceem Communications	-	"	650	US\$ 1,600	1	US\$ 1,600	
	Teknovus, Inc.	-	"	518	US\$ 119	-	US\$ 119	
	Aquantia Corporation	-	"	1,264	US\$ 1,150	5	US\$ 1,150	
	Pixim, Inc.	-	"	3,279	US\$ 641	2	US\$ 641	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
VTAF III	<u>Preferred stock</u>							
	Mutual-Pak Limited	-	Financial assets carried at cost	370	US\$ 112	13	US\$ 112	
	Quellan, Inc	-	"	2,231	US\$ 2,500	7	US\$ 2,500	
	M2000, Inc.	-	"	1,500	US\$ 1,500	4	US\$ 1,500	
	SynDiTec, Inc.	-	"	4,296	US\$ 720	7	US\$ 720	
	Validity Sensors, Inc.	-	"	5,333	US\$ 2,000	7	US\$ 2,000	
	Silicon Technical Services, LLC	-	"	915	US\$ 1,000	2	US\$ 1,000	
	Neoconix, Inc.	-	"	2,458	US\$ 4,000	6	US\$ 4,000	
	Advasense Sensors, Inc.	-	"	1,624	US\$ 1,500	6	US\$ 1,500	
	Tilera, Inc.	-	"	1,698	US\$ 2,360	3	US\$ 2,360	
	<u>Corporate Bond</u>							
	GTBF, Inc.	-	Financial assets carried at cost	-	US\$ 1,500	N/A	US\$ 1,500	
Investar	<u>Common stock</u>							
	Monolithic Power Systems, Inc.	-	Financial assets at fair value through profit or loss	1,975	US\$ 34,458	7	US\$ 34,458	
	Advanced Power Electronics Corp.	-	Available-for-sale financial assets	58	US\$ 20	-	US\$ 20	
	Capella Microsystems (Taiwan), Inc.	-	Financial assets carried at cost	530	US\$ 154	2	US\$ 154	
		<u>Preferred stock</u>						
	Integrated Memory Logic, Inc.	-	Financial assets carried at cost	2,831	US\$ 1,221	9	US\$ 1,221	
	IP Unity, Inc.	-	"	1,008	US\$ 494	1	US\$ 494	
	Sonics, Inc.	-	"	1,843	US\$ 3,530	2	US\$ 3,530	
	NanoAmp Solutions, Inc.	-	"	541	US\$ 853	2	US\$ 853	
	Memsic, Inc.	-	"	2,727	US\$ 1,500	9	US\$ 1,500	
Investar II	<u>Common stock</u>							
	Monolithic Power Systems, Inc.	-	Financial assets at fair value through profit or loss	864	US\$ 15,085	3	US\$ 15,085	
	Geo Vision, Inc.	-	"	6	US\$ 40	-	US\$ 40	
	Rich Tek Technology Corp.	-	"	132	US\$ 2,088	-	US\$ 2,088	
	Geo Vision, Inc.	-	Available-for-sale financial assets	15	US\$ 91	-	US\$ 91	
	Rich Tek Technology Corp.	-	"	227	US\$ 3,597	-	US\$ 3,597	
	Ralink Technology (Taiwan), Inc.	-	Financial assets carried at cost	2,383	US\$ 791	3	US\$ 791	
	Capella Microsystems (Taiwan), Inc.	-	"	534	US\$ 210	2	US\$ 210	
	Auden Technology MFG. Co., Ltd.	-	"	1,049	US\$ 223	4	US\$ 223	
	EoNEX Technologies, Inc.	-	"	55	US\$ 3,048	5	US\$ 3,048	
	Goyatek Technology, Corp.	-	"	2,088	US\$ 545	7	US\$ 545	
	Trendchip Technologies Corp.	-	"	1,000	US\$ 574	4	US\$ 574	
	EON Technology, Corp.	-	"	4,243	US\$ 1,175	6	US\$ 1,175	
	eLCOS Microdisplay Technology, Ltd.	-	"	270	US\$ 27	1	US\$ 27	
	Epic Communication, Inc.	-	"	191	US\$ 37	1	US\$ 37	
	Sonics, Inc.	-	"	2,220	US\$ 32	3	US\$ 32	
		<u>Preferred stock</u>						
	Memsic, Inc.	-	Financial assets carried at cost	2,289	US\$ 1,560	7	US\$ 1,560	
	NanoAmp Solutions, Inc.	-	"	375	US\$ 1,500	1	US\$ 1,500	
	Kilopass Technology, Inc.	-	"	3,887	US\$ 2,000	6	US\$ 2,000	
FangTek, Inc.	-	"	6,930	US\$ 3,250	16	US\$ 3,250		
Sonics, Inc.	-	"	2,115	US\$ 3,082	3	US\$ 3,082		
eLCOS Microdisplay Technology, Ltd.	-	"	3,500	US\$ 3,500	8	US\$ 3,500		
Alchip Technologies Limited	-	"	6,128	US\$ 2,450	15	US\$ 2,450		

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
TSMC Global	<u>Government bonds</u>							
	United States Treas Nts	-	Available-for-sale financial assets	-	US\$ 300	N/A	US\$ 300	
	United States Treas Nts	-	"	-	US\$ 41,177	N/A	US\$ 41,177	
	United States Treas Nts	-	"	-	US\$ 16,896	N/A	US\$ 16,896	
	United States Treas Nts	-	"	-	US\$ 46,322	N/A	US\$ 46,322	
	United States Treas Nts	-	"	-	US\$ 5,724	N/A	US\$ 5,724	
	United States Treas Nt	-	"	-	US\$ 26,065	N/A	US\$ 26,065	
	United States Treas Nts	-	"	-	US\$ 20,611	N/A	US\$ 20,611	
	United States Treas Nts	-	"	-	US\$ 14,742	N/A	US\$ 14,742	
	United States Treas Nts	-	"	-	US\$ 5,829	N/A	US\$ 5,829	
	Us Treasury Nts	-	"	-	US\$ 4,841	N/A	US\$ 4,841	
	Us Treasury Nts	-	"	-	US\$ 2,480	N/A	US\$ 2,480	
	Us Treasury Nts	-	"	-	US\$ 2,483	N/A	US\$ 2,483	
	Us Treas Nts	-	"	-	US\$ 10,290	N/A	US\$ 10,290	
	<u>Corporate bonds</u>							
	Anz Cap Tr I	-	Available-for-sale financial assets	-	US\$ 970	N/A	US\$ 970	
	Axa Finl, Inc.	-	"	-	US\$ 2,118	N/A	US\$ 2,118	
	Abbott Labs	-	"	-	US\$ 2,538	N/A	US\$ 2,538	
	Abbott Labs	-	"	-	US\$ 1,503	N/A	US\$ 1,503	
	Allstate Life Global Fdg Secd	-	"	-	US\$ 2,978	N/A	US\$ 2,978	
	American Gen Fin Corp.	-	"	-	US\$ 3,198	N/A	US\$ 3,198	
	American Gen Fin Corp. Mtn	-	"	-	US\$ 3,458	N/A	US\$ 3,458	
	American Gen Fin Corp. Mtn	-	"	-	US\$ 1,970	N/A	US\$ 1,970	
	American Honda Fin Corp. Mtn	-	"	-	US\$ 9,310	N/A	US\$ 9,310	
	American Honda Fin Corp. Mtn	-	"	-	US\$ 800	N/A	US\$ 800	
	Amgen, Inc.	-	"	-	US\$ 2,909	N/A	US\$ 2,909	
	Associates Corp. North Amer	-	"	-	US\$ 2,529	N/A	US\$ 2,529	
	Atlantic Richfield Co	-	"	-	US\$ 2,168	N/A	US\$ 2,168	
	Bp Cap Mkts P L C	-	"	-	US\$ 4,447	N/A	US\$ 4,447	
	Bank New York, Inc.	-	"	-	US\$ 1,496	N/A	US\$ 1,496	
	Bank One Corp.	-	"	-	US\$ 2,017	N/A	US\$ 2,017	
	Bank One Corp.	-	"	-	US\$ 1,461	N/A	US\$ 1,461	
	Bank Utd Houston Tx Mtn	-	"	-	US\$ 522	N/A	US\$ 522	
	Beneficial Corp. Mtn Bk Entry	-	"	-	US\$ 2,286	N/A	US\$ 2,286	
	Burlington Res, Inc.	-	"	-	US\$ 3,639	N/A	US\$ 3,639	
Cit Group Hldgs, Inc.	-	"	-	US\$ 3,018	N/A	US\$ 3,018		
Cit Group, Inc. New	-	"	-	US\$ 2,504	N/A	US\$ 2,504		
Chase Manhattan Corp. New	-	"	-	US\$ 2,102	N/A	US\$ 2,102		
Chase Manhattan Corp. New	-	"	-	US\$ 5,059	N/A	US\$ 5,059		
Chubb Corp.	-	"	-	US\$ 2,123	N/A	US\$ 2,123		
Cogentrix Energy, Inc.	-	"	-	US\$ 3,701	N/A	US\$ 3,701		
Colonial Pipeline Co.	-	"	-	US\$ 1,479	N/A	US\$ 1,479		
Consolidated Edison, Inc.	-	"	-	US\$ 2,938	N/A	US\$ 2,938		
Countrywide Fdg Corp. Mtn	-	"	-	US\$ 2,026	N/A	US\$ 2,026		
Credit Suisse First Boston Usa	-	"	-	US\$ 3,119	N/A	US\$ 3,119		
Credit Suisse First Boston Usa	-	"	-	US\$ 2,185	N/A	US\$ 2,185		
Credit Suisse First Boston	-	"	-	US\$ 732	N/A	US\$ 732		
Daimlerchrysler North Amer	-	"	-	US\$ 988	N/A	US\$ 988		
Daimlerchrysler North Amer Hld	-	"	-	US\$ 751	N/A	US\$ 751		
Dayton Hudson Corp.	-	"	-	US\$ 2,014	N/A	US\$ 2,014		
Deere John Cap Corp. Mtn Bk Ent	-	"	-	US\$ 2,159	N/A	US\$ 2,159		
Deere John Cap Corp.	-	"	-	US\$ 5,927	N/A	US\$ 5,927		

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Dell Computer Corp.	-	Available-for-sale financial assets	-	US\$ 2,809	N/A	US\$ 2,809	
	Diageo Plc	-	"	-	US\$ 3,478	N/A	US\$ 3,478	
	Emerson Elec Co.	-	"	-	US\$ 3,208	N/A	US\$ 3,208	
	European Invt Bk	-	"	-	US\$ 6,054	N/A	US\$ 6,054	
	Federal Home Ln Bks	-	"	-	US\$ 7,937	N/A	US\$ 7,937	
	Fifth Third Bk Cinc. Innati Oh	-	"	-	US\$ 2,448	N/A	US\$ 2,448	
	Fleet Finl Group, Inc. New	-	"	-	US\$ 902	N/A	US\$ 902	
	Fleet Boston Corp.	-	"	-	US\$ 2,614	N/A	US\$ 2,614	
	Ge Global Ins Hldg Corp.	-	"	-	US\$ 1,893	N/A	US\$ 1,893	
	General Dynamics Corp.	-	"	-	US\$ 2,064	N/A	US\$ 2,064	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 1,167	N/A	US\$ 1,167	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 3,907	N/A	US\$ 3,907	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 2,094	N/A	US\$ 2,094	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 11,267	N/A	US\$ 11,267	
	General Re Corp.	-	"	-	US\$ 3,233	N/A	US\$ 3,233	
	Genworth Finl, Inc.	-	"	-	US\$ 3,245	N/A	US\$ 3,245	
	Greenpoint Finl Corp.	-	"	-	US\$ 980	N/A	US\$ 980	
	Hbos Plc Medium Term Sr Nts	-	"	-	US\$ 2,976	N/A	US\$ 2,976	
	Hancock John Global Fdg Ii Mtn	-	"	-	US\$ 5,065	N/A	US\$ 5,065	
	Hancock John Global Fdg Mtn	-	"	-	US\$ 982	N/A	US\$ 982	
	Hancock John Global Fdg Ii Mtn	-	"	-	US\$ 2,920	N/A	US\$ 2,920	
	Hartford Finl Svcs Group, Inc.	-	"	-	US\$ 1,338	N/A	US\$ 1,338	
	Hartford Finl Svcs Group, Inc.	-	"	-	US\$ 5,025	N/A	US\$ 5,025	
	Heller Finl, Inc.	-	"	-	US\$ 1,908	N/A	US\$ 1,908	
	Hewlett Packard Co.	-	"	-	US\$ 1,829	N/A	US\$ 1,829	
	Household Fin Corp.	-	"	-	US\$ 3,075	N/A	US\$ 3,075	
	Household Fin Corp.	-	"	-	US\$ 2,916	N/A	US\$ 2,916	
	Huntington National Bank	-	"	-	US\$ 1,862	N/A	US\$ 1,862	
	Ing Sec Life Instl Fdg	-	"	-	US\$ 2,478	N/A	US\$ 2,478	
	International Business Machs	-	"	-	US\$ 3,455	N/A	US\$ 3,455	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 2,951	N/A	US\$ 2,951	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 4,159	N/A	US\$ 4,159	
	J P Morgan Chase + Co.	-	"	-	US\$ 3,285	N/A	US\$ 3,285	
	Key Bk Na Med Term Nts Bk Entr	-	"	-	US\$ 4,423	N/A	US\$ 4,423	
	KeyCorp. Mtn Book Entry	-	"	-	US\$ 3,016	N/A	US\$ 3,016	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,067	N/A	US\$ 1,067	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 3,150	N/A	US\$ 3,150	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 486	N/A	US\$ 486	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 983	N/A	US\$ 983	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,162	N/A	US\$ 1,162	
	Lehman Brothers Hldgs, Inc.	-	"	-	US\$ 1,628	N/A	US\$ 1,628	
	Mbna America Bank Na Y	-	"	-	US\$ 6,418	N/A	US\$ 6,418	
	Mgic Invt Corp.	-	"	-	US\$ 1,197	N/A	US\$ 1,197	
	Ameritech Capital Funding Co.	-	"	-	US\$ 2,785	N/A	US\$ 2,785	
	Marshall + Ilsley Corp.	-	"	-	US\$ 8,435	N/A	US\$ 8,435	
	Massmutual Global Fdg Ii Mtn	-	"	-	US\$ 3,627	N/A	US\$ 3,627	
	Metropolitan Life Global Mtn	-	"	-	US\$ 3,415	N/A	US\$ 3,415	
	Monumental Global Fdg Ii	-	"	-	US\$ 1,471	N/A	US\$ 1,471	
	Monunmetal Global Fdg Ii	-	"	-	US\$ 1,959	N/A	US\$ 1,959	
	Mony Group, Inc.	-	"	-	US\$ 2,142	N/A	US\$ 2,142	
	Morgan Stanley	-	"	-	US\$ 1,931	N/A	US\$ 1,931	
	Morgan Stanley	-	"	-	US\$ 5,458	N/A	US\$ 5,458	

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	National City Corp.	-	Available-for-sale financial assets	-	US\$ 3,443	N/A	US\$ 3,443	
	National Westminster Bk Plc	-	"	-	US\$ 1,308	N/A	US\$ 1,308	
	Nationwide Life Global Fdg I	-	"	-	US\$ 3,477	N/A	US\$ 3,477	
	Oracle Corp. / Ozark Hldg, Inc.	-	"	-	US\$ 1,966	N/A	US\$ 1,966	
	Pnc Fdg Corp.	-	"	-	US\$ 1,001	N/A	US\$ 1,001	
	Pepsico, Inc. Mtn Book Entry	-	"	-	US\$ 3,616	N/A	US\$ 3,616	
	Popular North Amer, Inc.	-	"	-	US\$ 2,907	N/A	US\$ 2,907	
	Praxair, Inc.	-	"	-	US\$ 3,122	N/A	US\$ 3,122	
	Premark Intl, Inc.	-	"	-	US\$ 2,706	N/A	US\$ 2,706	
	Pricoa Global Fdg I Mtn	-	"	-	US\$ 3,421	N/A	US\$ 3,421	
	Principal Finl Group Australia	-	"	-	US\$ 1,001	N/A	US\$ 1,001	
	Principal Life Global Fdg I GI	-	"	-	US\$ 1,172	N/A	US\$ 1,172	
	Protective Life Secd Trs	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Protective Life Secd Trs Mtn	-	"	-	US\$ 3,403	N/A	US\$ 3,403	
	Public Svc Elec Gas Co.	-	"	-	US\$ 3,706	N/A	US\$ 3,706	
	Regions Finl Corp. New	-	"	-	US\$ 2,381	N/A	US\$ 2,381	
	Mizuho Fin(Cayman)	-	"	-	US\$ 2,167	N/A	US\$ 2,167	
	Sbc Communications, Inc.	-	"	-	US\$ 3,312	N/A	US\$ 3,312	
	Sbc Communications, Inc.	-	"	-	US\$ 695	N/A	US\$ 695	
	Sp Powerassests Ltd Global	-	"	-	US\$ 980	N/A	US\$ 980	
	Safeco Corp.	-	"	-	US\$ 711	N/A	US\$ 711	
	St Paul Cos, Inc. Mtn Bk Ent	-	"	-	US\$ 2,536	N/A	US\$ 2,536	
	Simon Ppty Group L P	-	"	-	US\$ 2,177	N/A	US\$ 2,177	
	Simon Ppty Group Lp	-	"	-	US\$ 998	N/A	US\$ 998	
	Suntrust Bk Atlanta Ga Medium	-	"	-	US\$ 3,454	N/A	US\$ 3,454	
	Us Bk Natl Assn Cincinnati Oh	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Vodafone Airtouch Plc	-	"	-	US\$ 1,662	N/A	US\$ 1,662	
	Wps Resources Corp.	-	"	-	US\$ 1,029	N/A	US\$ 1,029	
	Wachovia Corp. New	-	"	-	US\$ 3,479	N/A	US\$ 3,479	
	Wachovia Corp. New	-	"	-	US\$ 3,125	N/A	US\$ 3,125	
	Washington Mut, Inc.	-	"	-	US\$ 1,698	N/A	US\$ 1,698	
	Washington Post Co.	-	"	-	US\$ 3,001	N/A	US\$ 3,001	
	Wells Fargo + Co. New	-	"	-	US\$ 2,961	N/A	US\$ 2,961	
	Wells Fargo + Co. New Med Trm	-	"	-	US\$ 4,310	N/A	US\$ 4,310	
	Westfield Cap Corp. Ltd	-	"	-	US\$ 2,003	N/A	US\$ 2,003	
	<u>Corporate issued asset-backed securities</u>							
	American Home Mtg Invt Tr	-	Available-for-sale financial assets	-	US\$ 53	N/A	US\$ 53	
	Americredit Automobile Rec Tr	-	"	-	US\$ 3,253	N/A	US\$ 3,253	
	Americredit Automobile Rec Tr	-	"	-	US\$ 2,294	N/A	US\$ 2,294	
	Americredit Auto Rec Tr	-	"	-	US\$ 1,000	N/A	US\$ 1,000	
	Americredit Automobile Receivb	-	"	-	US\$ 1,996	N/A	US\$ 1,996	
	Americredit Automobile Receiva	-	"	-	US\$ 2,728	N/A	US\$ 2,728	
	Atlantic City Elc Trns Fdglc	-	"	-	US\$ 298	N/A	US\$ 298	
	Ba Cr Card Tr	-	"	-	US\$ 4,264	N/A	US\$ 4,264	
	Banc Amer Fdg 2006 I Tr	-	"	-	US\$ 4,044	N/A	US\$ 4,044	
	Bear Stearns Coml Mtg Secs, Inc.	-	"	-	US\$ 3,518	N/A	US\$ 3,518	
	Bear Stearns Alt A Tr	-	"	-	US\$ 532	N/A	US\$ 532	
	Bear Stearns Arm Tr	-	"	-	US\$ 3,259	N/A	US\$ 3,259	
	Bear Stearns Arm Tr	-	"	-	US\$ 1,943	N/A	US\$ 1,943	
	Cit Equip Coll Tr	-	"	-	US\$ 893	N/A	US\$ 893	
	Cit Equip Coll Tr	-	"	-	US\$ 3,986	N/A	US\$ 3,986	
	Cnh Equip Tr	-	"	-	US\$ 276	N/A	US\$ 276	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Cwabs, Inc.	-	Available-for-sale financial assets	-	US\$ 139	N/A	US\$ 139	
	Cwabs	-	"	-	US\$ 3,619	N/A	US\$ 3,619	
	Cwabs, Inc.	-	"	-	US\$ 784	N/A	US\$ 784	
	Capital Auto Receivables Asset	-	"	-	US\$ 3,236	N/A	US\$ 3,236	
	Capital Auto Receivables Asset	-	"	-	US\$ 2,238	N/A	US\$ 2,238	
	Capital One Auto Fin Tr	-	"	-	US\$ 2,628	N/A	US\$ 2,628	
	Capital One Auto Fin Tr	-	"	-	US\$ 2,995	N/A	US\$ 2,995	
	Capital One Auto Fin Tr	-	"	-	US\$ 4,997	N/A	US\$ 4,997	
	Capital One Multi Asset Execut	-	"	-	US\$ 3,961	N/A	US\$ 3,961	
	Capital One Multi Asset Execut	-	"	-	US\$ 2,965	N/A	US\$ 2,965	
	Capital One Prime Auto Receiv	-	"	-	US\$ 1,414	N/A	US\$ 1,414	
	Capital One Prime Auto Rec	-	"	-	US\$ 3,968	N/A	US\$ 3,968	
	Caterpillar Finl Asset Tr	-	"	-	US\$ 8,198	N/A	US\$ 8,198	
	Cbass Tr	-	"	-	US\$ 4,248	N/A	US\$ 4,248	
	Cendant Rent Car Fdg Aesop Llc	-	"	-	US\$ 9,361	N/A	US\$ 9,361	
	Chase Mtge Finance Corp.	-	"	-	US\$ 2,763	N/A	US\$ 2,763	
	Chase Mtg Fin Tr	-	"	-	US\$ 2,881	N/A	US\$ 2,881	
	Chase Mtge Finance Corp.	-	"	-	US\$ 1,831	N/A	US\$ 1,831	
	Chase Mtg Fin Tr	-	"	-	US\$ 950	N/A	US\$ 950	
	Chase Mtg Fin Tr	-	"	-	US\$ 1,900	N/A	US\$ 1,900	
	Citicorp Mtg Secs	-	"	-	US\$ 375	N/A	US\$ 375	
	Citibank Cr Card Issuance Tr	-	"	-	US\$ 9,970	N/A	US\$ 9,970	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 7,629	N/A	US\$ 7,629	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 7,677	N/A	US\$ 7,677	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 300	N/A	US\$ 300	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 3,563	N/A	US\$ 3,563	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 3,715	N/A	US\$ 3,715	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 1,694	N/A	US\$ 1,694	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 4,295	N/A	US\$ 4,295	
	Deere John Owner Tr	-	"	-	US\$ 2,447	N/A	US\$ 2,447	
	Drive Auto Receivables Tr	-	"	-	US\$ 2,306	N/A	US\$ 2,306	
	First Franklin Mtg Ln Tr	-	"	-	US\$ 4,187	N/A	US\$ 4,187	
	First Horizon Abs Tr	-	"	-	US\$ 422	N/A	US\$ 422	
	First Union Lehman Bros Mtg Tr	-	"	-	US\$ 795	N/A	US\$ 795	
	First Un Natl Bk Coml Mtg Tr	-	"	-	US\$ 2,854	N/A	US\$ 2,854	
	Ford Credit Auto Owner Trust	-	"	-	US\$ 4,299	N/A	US\$ 4,299	
	Ge Cap Cr Card Master Nt Tr	-	"	-	US\$ 2,827	N/A	US\$ 2,827	
	Gs Mtg Secs Corp.	-	"	-	US\$ 4,127	N/A	US\$ 4,127	
	Harley Davidson Motorcycle Tr	-	"	-	US\$ 4,943	N/A	US\$ 4,943	
	Hertz Veh Fing Llc	-	"	-	US\$ 5,320	N/A	US\$ 5,320	
	Home Equity Mtg Tr 2006 4	-	"	-	US\$ 4,167	N/A	US\$ 4,167	
	Honda Auto Receivables	-	"	-	US\$ 3,362	N/A	US\$ 3,362	
	Hsbc Automotive Tr	-	"	-	US\$ 2,690	N/A	US\$ 2,690	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 4,083	N/A	US\$ 4,083	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 3,941	N/A	US\$ 3,941	
	J P Morgan Mtg Tr	-	"	-	US\$ 955	N/A	US\$ 955	
	J P Morgan Mtg Tr	-	"	-	US\$ 943	N/A	US\$ 943	
	J P Morgan Mtg Tr	-	"	-	US\$ 938	N/A	US\$ 938	
	Jp Morgan Mtg Tr	-	"	-	US\$ 924	N/A	US\$ 924	
	Lb Ubs Coml Mtg Tr	-	"	-	US\$ 3,318	N/A	US\$ 3,318	
	Mbna Cr Card Master Nt Tr	-	"	-	US\$ 4,449	N/A	US\$ 4,449	
	Mastr Asset Backed	-	"	-	US\$ 3,510	N/A	US\$ 3,510	

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Merrill Lynch Mtg Invs, Inc.	-	Available-for-sale financial assets	-	US\$ 5,262	N/A	US\$ 5,262	
	Morgan Stanley Ixis Estate Tr	-	"	-	US\$ 3,113	N/A	US\$ 3,113	
	Nomura Asset Accep Corp.	-	"	-	US\$ 4,138	N/A	US\$ 4,138	
	Onyx Accep Owner Tr	-	"	-	US\$ 2,542	N/A	US\$ 2,542	
	Pg+E Energy Recovery Fdg Llc	-	"	-	US\$ 3,231	N/A	US\$ 3,231	
	Reliant Energy Transition Bd	-	"	-	US\$ 1,630	N/A	US\$ 1,630	
	Residential Asset Mtg Prods	-	"	-	US\$ 2,374	N/A	US\$ 2,374	
	Residential Asset Sec Mtg Pass	-	"	-	US\$ 1,096	N/A	US\$ 1,096	
	Residential Asset Sec Mtg Pass	-	"	-	US\$ 2,062	N/A	US\$ 2,062	
	Residential Fdg Mtg Secs I, Inc.	-	"	-	US\$ 1,770	N/A	US\$ 1,770	
	Residential Fdg Mtg Secs I, Inc.	-	"	-	US\$ 3,718	N/A	US\$ 3,718	
	Sequoia Mtg Tr	-	"	-	US\$ 560	N/A	US\$ 560	
	Sequoia Mtg Tr	-	"	-	US\$ 364	N/A	US\$ 364	
	Sequoia Mtg Tr	-	"	-	US\$ 422	N/A	US\$ 422	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 1,140	N/A	US\$ 1,140	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 387	N/A	US\$ 387	
	Txu Elec Delivery Transition	-	"	-	US\$ 1,844	N/A	US\$ 1,844	
	Terwin Mtg Tr	-	"	-	US\$ 4,068	N/A	US\$ 4,068	
	Usaa Auto Owner Tr	-	"	-	US\$ 4,221	N/A	US\$ 4,221	
	Wamu Mtg	-	"	-	US\$ 3,545	N/A	US\$ 3,545	
	Wamu Mtg Pass Thru Cifs Tr	-	"	-	US\$ 4,405	N/A	US\$ 4,405	
	Wfs Finl 2004 4 Owner Tr	-	"	-	US\$ 368	N/A	US\$ 368	
	Wfs Finl 2005 2 Oner Tr	-	"	-	US\$ 2,222	N/A	US\$ 2,222	
	Wamu Mtg	-	"	-	US\$ 925	N/A	US\$ 925	
	Washington Mut Mtg Secs Corp.	-	"	-	US\$ 2,626	N/A	US\$ 2,626	
	Wells Fargo Mtg Backed Secs	-	"	-	US\$ 4,066	N/A	US\$ 4,066	
	Wells Fargo Finl Auto Owner Tr	-	"	-	US\$ 4,922	N/A	US\$ 4,922	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 2,501	N/A	US\$ 2,501	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 3,152	N/A	US\$ 3,152	
	Wells Fargo Mtg Bkd Secs Tr	-	"	-	US\$ 2,334	N/A	US\$ 2,334	
	Whole Auto Ln Tr	-	"	-	US\$ 624	N/A	US\$ 624	
	Whole Auto Ln Tr	-	"	-	US\$ 2,982	N/A	US\$ 2,982	
	<u>Agency bonds</u>							
	Fed Hm Ln Pc Pool M80855	-	Available-for-sale financial assets	-	US\$ 3,099	N/A	US\$ 3,099	
	Fed Hm Ln Pc Pool G11295	-	"	-	US\$ 1,217	N/A	US\$ 1,217	
	Fed Hm Ln Pc Pool E89857	-	"	-	US\$ 1,401	N/A	US\$ 1,401	
	Fed Hm Ln Pc Pool 1b1107	-	"	-	US\$ 590	N/A	US\$ 590	
	Fed Hm Ln Pc Pool 1b1150	-	"	-	US\$ 1,121	N/A	US\$ 1,121	
	Fed Hm Ln Pc Pool 1b1225	-	"	-	US\$ 154	N/A	US\$ 154	
	Fed Hm Ln Pc Pool 1b2776	-	"	-	US\$ 365	N/A	US\$ 365	
	Fed Hm Ln Pc Pool 1b2792	-	"	-	US\$ 239	N/A	US\$ 239	
	Fed Hm Ln Pc Pool 1b2566	-	"	-	US\$ 176	N/A	US\$ 176	
	Fed Hm Ln Pc Pool 1b2632	-	"	-	US\$ 191	N/A	US\$ 191	
	Fed Hm Ln Pc Pool 1b2642	-	"	-	US\$ 264	N/A	US\$ 264	
	Fed Hm Ln Pc Pool 1b2810	-	"	-	US\$ 316	N/A	US\$ 316	
	Fed Hm Ln Pc Pool 847628	-	"	-	US\$ 3,467	N/A	US\$ 3,467	
	Fed Hm Ln Pc Pool 1j0410	-	"	-	US\$ 5,820	N/A	US\$ 5,820	
	Fed Hm Ln Pc Pool G12009	-	"	-	US\$ 3,900	N/A	US\$ 3,900	
	Fed Hm Ln Pc Pool 1g0038	-	"	-	US\$ 318	N/A	US\$ 318	
	Fed Hm Ln Pc Pool 1g0053	-	"	-	US\$ 403	N/A	US\$ 403	
	Fed Hm Ln Pc Pool 1g0104	-	"	-	US\$ 157	N/A	US\$ 157	
	Fed Hm Ln Pc Pool 1g1282	-	"	-	US\$ 4,388	N/A	US\$ 4,388	

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Fed Hm Ln Pc Pool 1g1411	-	Available-for-sale financial assets	-	US\$ 4,126	N/A	US\$ 4,126	
	Fed Hm Ln Pc Pool 1h2520	-	"	-	US\$ 2,861	N/A	US\$ 2,861	
	Fed Hm Ln Pc Pool 1h2524	-	"	-	US\$ 2,166	N/A	US\$ 2,166	
	Fed Hm Ln Pc Pool 1g2593	-	"	-	US\$ 5,554	N/A	US\$ 5,554	
	Fed Hm Ln Pc Pool 1g1921	-	"	-	US\$ 4,344	N/A	US\$ 4,344	
	Fed Hm Ln Pc Pool B19205	-	"	-	US\$ 7,598	N/A	US\$ 7,598	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,753	N/A	US\$ 3,753	
	Fed Hm Ln Pc Pool 780870	-	"	-	US\$ 825	N/A	US\$ 825	
	Fed Hm Ln Pc Pool 781959	-	"	-	US\$ 4,945	N/A	US\$ 4,945	
	Fed Hm Ln Pc Pool 782785	-	"	-	US\$ 280	N/A	US\$ 280	
	Fed Hm Ln Pc Pool 782837	-	"	-	US\$ 538	N/A	US\$ 538	
	Fed Hm Ln Pc Pool 782968	-	"	-	US\$ 1,219	N/A	US\$ 1,219	
	Fed Hm Ln Pc Pool 783022	-	"	-	US\$ 571	N/A	US\$ 571	
	Fed Hm Ln Pc Pool 783026	-	"	-	US\$ 334	N/A	US\$ 334	
	Fed Hm Ln Pc Pool 783058	-	"	-	US\$ 1,122	N/A	US\$ 1,122	
	Fnma Pool 254507	-	"	-	US\$ 1,355	N/A	US\$ 1,355	
	Fnma Pool 254834	-	"	-	US\$ 1,272	N/A	US\$ 1,272	
	Fnma Pool 255883	-	"	-	US\$ 3,258	N/A	US\$ 3,258	
	Fnma Pool 555549	-	"	-	US\$ 1,450	N/A	US\$ 1,450	
	Fnma Pool 555715	-	"	-	US\$ 182	N/A	US\$ 182	
	Fnma Pool 632399	-	"	-	US\$ 402	N/A	US\$ 402	
	Fnma Pool 662401	-	"	-	US\$ 602	N/A	US\$ 602	
	Fnma Pool 667766	-	"	-	US\$ 1,384	N/A	US\$ 1,384	
	Fnma Pool 681393	-	"	-	US\$ 2,498	N/A	US\$ 2,498	
	Fnma Pool 680932	-	"	-	US\$ 1,173	N/A	US\$ 1,173	
	Federal Natl Mtg Assn	-	"	-	US\$ 209	N/A	US\$ 209	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,888	N/A	US\$ 3,888	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,998	N/A	US\$ 1,998	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,625	N/A	US\$ 3,625	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,864	N/A	US\$ 3,864	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,339	N/A	US\$ 1,339	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,641	N/A	US\$ 2,641	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,684	N/A	US\$ 1,684	
	Federal Natl Mtg Assn Gtd	-	"	-	US\$ 1,960	N/A	US\$ 1,960	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,410	N/A	US\$ 2,410	
	Federal Natl Mtg Assn Gtd	-	"	-	US\$ 1,576	N/A	US\$ 1,576	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,688	N/A	US\$ 2,688	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,659	N/A	US\$ 1,659	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 504	N/A	US\$ 504	
	Federal National Mort Assoc	-	"	-	US\$ 3,192	N/A	US\$ 3,192	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,621	N/A	US\$ 3,621	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,675	N/A	US\$ 2,675	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,611	N/A	US\$ 3,611	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,247	N/A	US\$ 3,247	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,532	N/A	US\$ 2,532	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,778	N/A	US\$ 2,778	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,842	N/A	US\$ 3,842	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,517	N/A	US\$ 2,517	
	Federal Home Ln Mtg	-	"	-	US\$ 2,596	N/A	US\$ 2,596	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,876	N/A	US\$ 3,876	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 7,683	N/A	US\$ 7,683	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 4,119	N/A	US\$ 4,119	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Federal Home Ln Mtg	-	Available-for-sale financial assets	-	US\$ 5,996	N/A	US\$ 5,996	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,241	N/A	US\$ 1,241	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 4,359	N/A	US\$ 4,359	
	Fnma Pool 685116	-	"	-	US\$ 602	N/A	US\$ 602	
	Fnma Pool 694287	-	"	-	US\$ 25	N/A	US\$ 25	
	Fnma Pool 703711	-	"	-	US\$ 488	N/A	US\$ 488	
	Fnma Pool 725095	-	"	-	US\$ 1,077	N/A	US\$ 1,077	
	Fnma Pool 730033	-	"	-	US\$ 1,300	N/A	US\$ 1,300	
	Fnma Pool 740934	-	"	-	US\$ 1,172	N/A	US\$ 1,172	
	Fnma Pool 742232	-	"	-	US\$ 24	N/A	US\$ 24	
	Fnma Pool 750798	-	"	-	US\$ 22	N/A	US\$ 22	
	Fnma Pool 773246	-	"	-	US\$ 245	N/A	US\$ 245	
	Fnma Pool 790828	-	"	-	US\$ 2,244	N/A	US\$ 2,244	
	Fnma Pool 793025	-	"	-	US\$ 2,134	N/A	US\$ 2,134	
	Fnma Pool 793932	-	"	-	US\$ 521	N/A	US\$ 521	
	Fnma Pool 794040	-	"	-	US\$ 743	N/A	US\$ 743	
	Fnma Pool 795548	-	"	-	US\$ 301	N/A	US\$ 301	
	Fnma Pool 799664	-	"	-	US\$ 103	N/A	US\$ 103	
	Fnma Pool 799868	-	"	-	US\$ 33	N/A	US\$ 33	
	Fnma Pool 804764	-	"	-	US\$ 434	N/A	US\$ 434	
	Fnma Pool 804852	-	"	-	US\$ 370	N/A	US\$ 370	
	Fnma Pool 804962	-	"	-	US\$ 424	N/A	US\$ 424	
	Fnma Pool 805163	-	"	-	US\$ 438	N/A	US\$ 438	
	Fnma Pool 806642	-	"	-	US\$ 1,124	N/A	US\$ 1,124	
	Fnma Pool 806721	-	"	-	US\$ 679	N/A	US\$ 679	
	Fnma Pool 813641	-	"	-	US\$ 3,299	N/A	US\$ 3,299	
	Fnma Pool 814418	-	"	-	US\$ 368	N/A	US\$ 368	
	Fnma Pool 815626	-	"	-	US\$ 2,597	N/A	US\$ 2,597	
	Fnma Pool 816594	-	"	-	US\$ 1,932	N/A	US\$ 1,932	
	Fnma Pool 819423	-	"	-	US\$ 563	N/A	US\$ 563	
	Fnma Pool 821129	-	"	-	US\$ 568	N/A	US\$ 568	
	Fnma Pool 825395	-	"	-	US\$ 2,615	N/A	US\$ 2,615	
	Fnma Pool 825398	-	"	-	US\$ 3,864	N/A	US\$ 3,864	
	Fnma Pool 841069	-	"	-	US\$ 2,616	N/A	US\$ 2,616	
	Fnma Pool 879906	-	"	-	US\$ 1,484	N/A	US\$ 1,484	
	Fnma Pool 888388	-	"	-	US\$ 6,540	N/A	US\$ 6,540	
	Fnma Pool 888249	-	"	-	US\$ 4,672	N/A	US\$ 4,672	
	Fnma Pool 888527	-	"	-	US\$ 75	N/A	US\$ 75	
	Fnma Pool 888499	-	"	-	US\$ 2,884	N/A	US\$ 2,884	
	Fnma Pool 888502	-	"	-	US\$ 253	N/A	US\$ 253	
	Fnma Pool 888507	-	"	-	US\$ 960	N/A	US\$ 960	
	Fnma Pool 888515	-	"	-	US\$ 2,295	N/A	US\$ 2,295	
	Fnma Pool 888519	-	"	-	US\$ 146	N/A	US\$ 146	
	Fnma Pool 900296	-	"	-	US\$ 3,513	N/A	US\$ 3,513	
	Gnma li Pool 081150	-	"	-	US\$ 534	N/A	US\$ 534	
	Gnma li Pool 081153	-	"	-	US\$ 1,777	N/A	US\$ 1,777	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 5,946	N/A	US\$ 5,946	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 5,987	N/A	US\$ 5,987	
	Federal Farm Cr Bks	-	"	-	US\$ 3,380	N/A	US\$ 3,380	
	Federal Home Ln Bks	-	"	-	US\$ 4,877	N/A	US\$ 4,877	
	Federal Home Ln Bks	-	"	-	US\$ 2,374	N/A	US\$ 2,374	
	Federal Home Ln Bks	-	"	-	US\$ 5,352	N/A	US\$ 5,352	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Federal Home Ln Bks	-	Available-for-sale financial assets	-	US\$ 3,014	N/A	US\$ 3,014	
	Federal Home Ln Bks	-	"	-	US\$ 4,901	N/A	US\$ 4,901	
	Federal Home Ln Bks	-	"	-	US\$ 8,782	N/A	US\$ 8,782	
	Federal Home Ln Bks	-	"	-	US\$ 8,852	N/A	US\$ 8,852	
	Federal Home Ln Bks	-	"	-	US\$ 5,876	N/A	US\$ 5,876	
	Federal Home Ln Bks	-	"	-	US\$ 5,896	N/A	US\$ 5,896	
	Federal Home Ln Bks	-	"	-	US\$ 7,952	N/A	US\$ 7,952	
	Federal Home Ln Bks	-	"	-	US\$ 6,154	N/A	US\$ 6,154	
	Federal Home Ln Bks	-	"	-	US\$ 12,338	N/A	US\$ 12,338	
	Federal Home Ln Bks	-	"	-	US\$ 6,915	N/A	US\$ 6,915	
	Federal Home Ln Bks	-	"	-	US\$ 7,501	N/A	US\$ 7,501	
	Federal Home Loan Banks	-	"	-	US\$ 8,004	N/A	US\$ 8,004	
	Fed Home Ln Bank	-	"	-	US\$ 4,986	N/A	US\$ 4,986	
	Federal Home Ln Bks	-	"	-	US\$ 4,478	N/A	US\$ 4,478	
	Federal Home Ln Bks	-	"	-	US\$ 8,972	N/A	US\$ 8,972	
	Federal Home Loan Bank	-	"	-	US\$ 4,477	N/A	US\$ 4,477	
	Federal Home Loan Bank	-	"	-	US\$ 3,443	N/A	US\$ 3,443	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,983	N/A	US\$ 4,983	
	Federal Natl Mtg Assn	-	"	-	US\$ 6,485	N/A	US\$ 6,485	
	Federal Natl Mtg Assn	-	"	-	US\$ 8,477	N/A	US\$ 8,477	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,967	N/A	US\$ 4,967	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,470	N/A	US\$ 4,470	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,944	N/A	US\$ 1,944	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,297	N/A	US\$ 4,297	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,387	N/A	US\$ 4,387	
	Federal Natl Mtg Assn	-	"	-	US\$ 7,893	N/A	US\$ 7,893	
	Federal Natl Mtg Assn	-	"	-	US\$ 19,838	N/A	US\$ 19,838	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 2,945	N/A	US\$ 2,945	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 2,935	N/A	US\$ 2,935	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 3,111	N/A	US\$ 3,111	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 5,353	N/A	US\$ 5,353	
	Federal Natl Mtg Assn Medium	-	"	-	US\$ 3,414	N/A	US\$ 3,414	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,996	N/A	US\$ 4,996	
	Tennessee Valley Auth	-	"	-	US\$ 6,014	N/A	US\$ 6,014	
	<u>Money market funds</u>							
	Ssga Cash Mgmt Global Offshore	-	Available-for-sale financial assets	-	US\$ 6,256	N/A	US\$ 6,256	

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2007
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance		
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)	
The Company	<u>Government Bond</u>														
	2004 Government Bond Series B	Available-for-sale financial assets	Chung Shing Bills Finance Corp. and several financial institutions	-	-	\$ 999,779	-	\$ 200,280	-	\$ -	\$ -	\$ -	-	-	\$ 1,192,162
	2003 Government Bond Series B	"	"	-	-	998,288	-	1,348,634	-	-	-	-	-	-	2,344,207
	2004 Government Bond Series G	"	"	-	-	-	-	201,561	-	-	-	-	-	-	198,586
	2006 Government Bond Series D	"	"	-	-	-	-	400,778	-	-	-	-	-	-	398,578
	2005 Government Bond Series A	Held-to-maturity financial assets	"	-	-	3,049,919	-	-	-	3,050,000	3,050,000	-	-	-	-
	2002 Government Bond Series B	"	"	-	-	350,399	-	-	-	350,000	350,000	-	-	-	-
	<u>Open-end mutual funds</u>														
	NITC Bond Fund	Available-for-sale financial assets	National Investment Trust Co., Ltd.	-	22,219	3,655,939	-	-	9,980	1,650,000	1,621,826	28,174	12,239	2,028,897	
	ING Taiwan Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	175,156	2,639,459	-	-	175,156	2,656,012	2,604,862	51,150	-	-	
	Cathay Bond	"	Cathay Securities Investment Trust Co., Ltd.	-	109,720	1,265,092	-	-	109,720	1,271,995	1,251,264	20,731	-	-	
	NITC Taiwan Bond	"	National Investment Trust Co., Ltd.	-	93,312	1,314,669	-	-	14,180	200,000	197,557	2,443	79,132	1,123,358	
	Dresdner Bond DAM Fund	"	Allianz Global Investors Taiwan Ltd.	-	95,553	1,107,206	-	-	41,267	480,000	472,022	7,978	54,286	633,827	
	JF Taiwan First Bond Fund	"	JF Asset Management (Taiwan) Limited	-	66,826	939,082	-	-	66,826	944,083	926,945	17,138	-	-	
	JF Taiwan Bond Fund	"	JF Asset Management (Taiwan) Limited	-	85,145	1,299,088	-	-	58,603	900,000	883,347	16,653	26,542	408,003	
	ING Taiwan select Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	76,593	868,076	-	-	76,593	872,639	857,682	14,957	-	-	
	TIIM High Yield	"	Taiwan International Investment management	-	44,685	554,863	-	-	44,685	557,263	550,724	6,539	-	-	
	Prudential Financial Bond Fund	"	Prudential Financial Securities Investment Trust Enterprise	-	103,751	1,516,294	-	-	20,445	300,000	295,582	4,418	83,306	1,226,681	
	Jih Sun Bond Fund	"	Jih Sun Securities Investment Trust Co., Ltd.	-	88,165	1,202,901	-	-	88,165	1,209,618	1,200,000	9,618	-	-	
	AIG Taiwan Bond Fund	"	AIG Global Asset management Corporation(Taiwan) Ltd.	-	78,629	1,002,595	-	-	78,629	1,008,733	1,000,000	8,733	-	-	
	Shinkong Chi Shin Bond Fund	"	Shinkong Investment Trust Co., Ltd.	-	62,183	890,660	-	-	62,183	896,299	879,940	16,359	-	-	
	President James Bond	"	President Investment Trust Co., Ltd.	-	65,496	1,010,426	-	-	65,496	1,016,917	1,000,599	16,318	-	-	
	Mega Diamond Bond Fund	"	Mega Investment Trust Co., Ltd.	-	139,333	1,602,947	-	-	69,071	800,000	793,155	6,845	70,262	814,510	
	Fuh Hwa Bond	"	Fuh Hwa Investment Trust Co., Ltd.	-	125,122	1,667,908	-	-	22,339	300,000	295,611	4,389	102,783	1,380,442	
	Taishin Lucky Fund	"	Taishin Investment Trust Co., Ltd.	-	78,624	806,386	-	-	9,679	100,000	98,476	1,524	68,945	712,420	

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance					
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)				
TSMC Global	<u>Corporate Bond</u>	Held-to-maturity financial assets	Chung Shing Bills Finance Corp.	-	-	\$ 4,080,391	-	\$ -	-	\$ 825,000	\$ 825,000	\$ -	-	\$ 3,262,876				
	Taiwan Power Company				-	-	-	136,000	136,000	-	-	386,989						
	Formosa Plastic Corporation				-	-	-	772,000	772,000	-	-	2,003,757						
	Nan Ya Plastics Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-				
	<u>Stock</u>	Investment accounted for using equity method	-	Investee with a controlling interest	-	-	90,526	1,357,890	-	-	-	-	90,526	1,366,816				
	Xintec, Inc.				-	-	-	-	-	-	-	-	-	-	-			
	<u>Capital</u>	Investment accounted for using equity method	-	Subsidiary	-	733,130	-	134,165	-	-	-	-	-	-	858,453			
	VTAF II					-	-	-	-	-	-	-	-	-	-	-		
	VTAF III	-	-	Subsidiary	-	228,005	-	542,831	-	-	-	-	-	-	756,146			
	<u>Government Bond</u>	Available-for-sale financial assets	-	-	-	-	-	US\$ 5,059	-	US\$ 5,007	US\$ 5,059	US\$ (52)	-	-				
	United States Treas Nt					-	-	US\$ 42,302	-	US\$ 16,173	US\$ 16,174	US\$ (1)	-	US\$ 26,065				
	United States Treas Nt					-	-	US\$ 5,936	-	US\$ 5,936	US\$ 5,944	US\$ (8)	-	-				
	United States Treas Nts					-	-	US\$ 12,350	-	US\$ 9,860	US\$ 9,826	US\$ 34	-	US\$ 2,480				
	United States Treas Nts					-	-	US\$ 4,009	-	US\$ 4,019	US\$ 3,996	US\$ 23	-	-				
	United States Treas Nts					-	-	-	-	US\$ 204,525	US\$ 163,324	US\$ (207)	-	US\$ 41,177				
	United States Treas Nts					-	-	-	-	US\$ 34,573	US\$ 34,574	US\$ 1	-	-				
	United States Treas Nts					-	-	US\$ 56,526	-	US\$ 131,185	US\$ 187,804	US\$ (168)	-	-				
	United States Treas Nts					-	-	US\$ 60,929	-	US\$ 43,769	US\$ 44,153	US\$ (384)	-	US\$ 16,896				
	United States Treas Nts					-	-	-	-	US\$ 52,529	US\$ 5,997	US\$ 5,994	US\$ 3	-	US\$ 46,322			
	United States Treas Nts					-	-	-	-	US\$ 16,788	US\$ 11,017	US\$ 11,032	US\$ (15)	-	US\$ 5,724			
	United States Treas Nts					-	-	-	-	US\$ 20,692	-	-	-	-	US\$ 20,611			
	United States Treas Nts					-	-	-	-	US\$ 17,331	-	US\$ 2,562	US\$ 2,586	US\$ (24)	-	US\$ 14,742		
	United States Treas Nts					-	-	-	-	US\$ 17,464	-	US\$ 11,690	US\$ 11,656	US\$ 34	-	US\$ 5,829		
	Us Treas Nts					-	-	-	-	US\$ 14,102	-	US\$ 3,793	US\$ 3,801	US\$ (8)	-	US\$ 10,290		
	<u>Corporate Bonds</u>					Available-for-sale financial assets	-	-	-	US\$ 3,452	-	-	-	US\$ 3,466	US\$ 3,431	US\$ 35	-	-
	American Express Co.									-	-	US\$ 3,092	-	US\$ 6,220	-	-	-	US\$ 9,310
	American Honda Fin Corp. Mtn	-	-	US\$ 3,379	-					-	US\$ 3,340	US\$ 55	-	-				
	Bear Stearns Cos, Inc.	-	-	-	-					US\$ 4,496	-	-	-	US\$ 4,447				
	Bp Cap Mkts P L C	-	-	-	-					US\$ 3,648	-	-	-	US\$ 3,639				
	Burlington Res, Inc.	-	-	-	-					US\$ 3,175	-	-	-	US\$ 3,119				
	Credit Suisse First Boston Usa	-	-	-	-					US\$ 4,928	-	US\$ 4,945	US\$ 4,899	US\$ 46	-	-		
	Deere John Cap Corp.	-	-	-	-					-	US\$ 5,900	-	-	US\$ 5,927				
	Deere John Cap Corp.	-	-	US\$ 3,970	-					-	US\$ 3,973	US\$ 3,930	US\$ 43	-	-			
European Invt Bk	-	-	US\$ 8,759	-	-					US\$ 7,627	US\$ 7,559	US\$ 68	-	US\$ 1,167				
General Elec Cap Corp. Mtn	-	-	-	-	-					-	-	-	-	US\$ 3,245				
Genworth Finl, Inc.	-	-	US\$ 3,456	-	-					US\$ 3,471	US\$ 3,453	US\$ 18	-	-				
Goldman Sachs Group, Inc.	-	-	US\$ 4,989	-	-					US\$ 5,011	US\$ 4,941	US\$ 70	-	-				
Goldman Sachs Group, Inc.	-	-	US\$ 3,205	-	-					US\$ 3,215	US\$ 3,182	US\$ 33	-	-				
Hbos Plc Medium Term Sr Nts	-	-	-	-	US\$ 3,120					-	-	-	-	US\$ 3,075				
Household Fin Corp.	-	-	-	-	-					-	-	-	-	-	-	-		

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)
	Hsbc Fin Corp.	Available-for-sale financial assets	-	-	-	US\$ 3,028	-	US\$ -	-	US\$ 3,028	US\$ 3,028	US\$ -	-	US\$ -
	Hsbc Fin Corp. Mtn	"	-	-	-	US\$ 5,096	-	-	-	US\$ 5,114	US\$ 5,066	US\$ 48	-	-
	International Business Machs	"	-	-	-	-	-	US\$ 3,496	-	-	-	-	-	US\$ 3,455
	Lehman Brothers Hldgs, Inc.	"	-	-	-	-	-	US\$ 3,150	-	-	-	-	-	US\$ 3,150
	Lehman Brothers Hldgs, Inc.	"	-	-	-	US\$ 3,150	-	-	-	US\$ 3,152	US\$ 3,150	US\$ 2	-	-
	Massmutual Global Fdg Li Mtn	"	-	-	-	-	-	US\$ 3,647	-	-	-	-	-	US\$ 3,627
	Merrill Lynch + Co., Inc.	"	-	-	-	US\$ 3,453	-	-	-	US\$ 3,464	US\$ 3,426	US\$ 38	-	-
	Merrill Lynch + Co., Inc.	"	-	-	-	US\$ 4,865	-	-	-	US\$ 4,880	US\$ 4,842	US\$ 38	-	-
	Morgan Stanley	"	-	-	-	US\$ 2,126	-	US\$ 3,337	-	-	-	-	-	US\$ 5,458
	Nucor Corp.	"	-	-	-	US\$ 3,797	-	-	-	US\$ 3,790	US\$ 3,811	US\$ (21)	-	-
	Slm Corp. Medium Term Nts	"	-	-	-	US\$ 8,998	-	-	-	US\$ 9,008	US\$ 8,949	US\$ 59	-	-
	Wachovia Corp. New	"	-	-	-	-	-	US\$ 3,491	-	-	-	-	-	US\$ 3,479
	Wachovia Corp. New	"	-	-	-	US\$ 2,040	-	US\$ 1,534	-	US\$ 3,563	US\$ 3,582	US\$ (19)	-	-
	Wachovia Corp. New	"	-	-	-	-	-	US\$ 3,100	-	-	-	-	-	US\$ 3,125
	Washington Mut Bk Fa	"	-	-	-	US\$ 3,997	-	-	-	US\$ 3,998	US\$ 4,000	US\$ (2)	-	-
	Corporate issued asset-backed securities													
	Credit Suisse First Boston Mtg	Available-for-sale financial assets	-	-	-	-	-	US\$ 7,613	-	-	-	-	-	US\$ 7,629
	Credit Suisse First Boston Mtg	"	-	-	-	-	-	US\$ 7,654	-	-	-	-	-	US\$ 7,677
	Gsamp Tr	"	-	-	-	US\$ 4,251	-	-	-	US\$ 3,868	US\$ 4,241	US\$ (373)	-	-
	Honda Auto Receivables	"	-	-	-	-	-	US\$ 3,373	-	-	-	-	-	US\$ 3,362
	Mbna Cr Card Master Nt Tr	"	-	-	-	-	-	US\$ 4,500	-	-	-	-	-	US\$ 4,449
	Mbna Master Cr Card Tr Ii	"	-	-	-	US\$ 7,605	-	-	-	US\$ 7,552	US\$ 7,653	US\$ (101)	-	-
	Nissan Auto Receivables	"	-	-	-	US\$ 3,928	-	-	-	US\$ 3,928	US\$ 3,943	US\$ (15)	-	-
	Providian Gateway Owner Tr	"	-	-	-	US\$ 3,942	-	-	-	US\$ 3,961	US\$ 3,911	US\$ 50	-	-
	Tw Hotel Fdg 2005 Llc	"	-	-	-	US\$ 4,103	-	-	-	US\$ 3,325	US\$ 3,338	US\$ (13)	-	-
	Wamu Mtg	"	-	-	-	-	-	US\$ 3,656	-	-	-	-	-	US\$ 3,545
	Wamu Mtg Pass Thru Cdfs Tr	"	-	-	-	-	-	US\$ 4,854	-	-	-	-	-	US\$ 4,405
	Wells Fargo Finl Auto Owner Tr	"	-	-	-	US\$ 4,986	-	-	-	US\$ 3,535	US\$ 3,515	US\$ 20	-	-
	Agency Bonds													
	Fed Hm Ln Pc Pool 1g1282	Available-for-sale financial assets	-	-	-	-	-	US\$ 4,378	-	-	-	-	-	US\$ 4,388
	Fed Hm Ln Pc Pool 1g1411	"	-	-	-	-	-	US\$ 4,424	-	-	-	-	-	US\$ 4,126
	Fed Hm Ln Pc Pool 1g1921	"	-	-	-	-	-	US\$ 4,404	-	-	-	-	-	US\$ 4,344
	Fed Hm Ln Pc Pool 1g2593	"	-	-	-	-	-	US\$ 5,600	-	-	-	-	-	US\$ 5,554
	Fed Hm Ln Pc Pool 1j0410	"	-	-	-	-	-	US\$ 6,024	-	-	-	-	-	US\$ 5,820
	Fed Hm Ln Pc Pool G12009	"	-	-	-	-	-	US\$ 3,935	-	-	-	-	-	US\$ 3,900
	Federal Home Ln Mtg	"	-	-	-	-	-	US\$ 6,513	-	-	-	-	-	US\$ 5,996
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 3,868	-	-	-	-	-	US\$ 3,876
	Federal Home Ln Mtg Corp	"	-	-	-	-	-	US\$ 4,354	-	-	-	-	-	US\$ 4,119
	Federal National Mort Assoc	"	-	-	-	-	-	US\$ 3,250	-	-	-	-	-	US\$ 3,192
	Fnma Pool 888249	"	-	-	-	-	-	US\$ 4,822	-	-	-	-	-	US\$ 4,672
	Fnma Pool 888388	"	-	-	-	-	-	US\$ 6,530	-	-	-	-	-	US\$ 6,540
	Fnma Pool 900296	"	-	-	-	-	-	US\$ 4,336	-	-	-	-	-	US\$ 3,513
	Fed Home Ln Bank	"	-	-	-	-	-	US\$ 5,035	-	-	-	-	-	US\$ 4,986
	Federal Farm Cr Bks	"	-	-	-	-	-	US\$ 3,411	-	-	-	-	-	US\$ 3,380
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 5,365	-	-	-	-	-	US\$ 5,352

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note 1)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) on Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 2)
	Federal Home Ln Bks	Available-for-sale financial assets	-	-	-	US\$ 4,920	-	US\$ -	-	US\$ 4,938	US\$ 4,872	US\$ 66	-	US\$ -
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 4,494	-	-	-	-	-	US\$ 4,478
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 8,983	-	-	-	-	-	US\$ 8,972
	Federal Home Ln Mtg Corp.	"	-	-	-	US\$ 6,440	-	-	US\$ 6,453	US\$ 6,410	US\$ 43	-	-	-
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 6,000	-	-	-	-	-	US\$ 5,987
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 4,518	-	-	-	-	-	US\$ 4,477
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 5,083	-	US\$ 4,981	US\$ 5,083	US\$ (102)	-	-
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 3,453	-	-	-	-	-	US\$ 3,443
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,982	-	-	-	-	-	US\$ 4,983
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 6,500	-	-	-	-	-	US\$ 6,485
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 8,458	-	-	-	-	-	US\$ 8,477
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,997	-	-	-	-	-	US\$ 4,967
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,500	-	-	-	-	-	US\$ 4,470
	Federal Natl Mtg Assn	"	-	-	-	US\$ 14,973	-	-	-	US\$ 14,993	US\$ 14,931	US\$ 62	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,368	-	-	-	-	-	US\$ 4,297
	Federal Natl Mtg Assn	"	-	-	-	US\$ 6,511	-	-	-	US\$ 6,514	US\$ 6,516	US\$ (2)	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 3,943	-	-	-	US\$ 3,957	US\$ 3,950	US\$ 7	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 10,467	-	-	-	US\$ 10,477	US\$ 10,459	US\$ 18	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,994	-	-	-	-	-	US\$ 4,996
	Federal Natl Mtg Assn	"	-	-	-	US\$ 5,915	-	-	-	US\$ 5,933	US\$ 5,885	US\$ 48	-	-

Note 1: The proceeds of bond investments matured are excluded.

Note 2: The ending balance included the amortization of premium/discount on bonds investments, unrealized valuation gains/losses on financial assets or equity in earnings of equity method investees.

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2007
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	Fab 14	January 4, 2007	\$198,000	By the construction progress	Lead Fu Industry Corp.	-	N/A	N/A	N/A	N/A	Public bidding	Manufacturing purpose	None

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2007
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price (Note)	Payment Terms (Note)	Ending Balance	% to Total	
The Company	TSMC-NA GUC	Subsidiary Investee with a controlling interest	Sales	\$ 83,546,469	60	Net 30 days after invoice date	-	-	\$ 20,642,259	55	
			Sales	427,557	-	Net 30 days after monthly closing	-	-	32,762	-	
	WaferTech SSMC	Indirect subsidiary Investee accounted for using equity method	Purchases	4,804,106	21	Net 30 days after monthly closing	-	-	(804,285)	8	
			Purchases	2,765,116	12	Net 30 days after monthly closing	-	-	(728,808)	7	
	TSMC-Shanghai VIS	Subsidiary Investee accounted for using equity method	Purchases	2,485,579	11	Net 30 days after monthly closing	-	-	(611,054)	6	
			Purchases	1,681,324	8	Net 30 days after monthly closing	-	-	(780,221)	7	
GUC	TSMC-NA	Same parent company	Purchases	697,701	66	Net 30 days after invoice date/Net 45 days after monthly closing	-	-	(149,929)	33	
Xintec	VisEra OmniVision	Same president Director (represented for Xintec)	Sales	1,033,712	76	Net 45 days after shipping	-	-	332,178	66	
			Sales	110,776	8	Net 45 days after shipping	-	-	110,222	22	

Note: The terms of sales to related parties are not significantly different from those to third parties. For purchase transactions, prices are determined in accordance with the related contractual agreements and no other similar transaction could be compared with.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2007
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days (Note)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
The Company	TSMC-NA	Subsidiary	\$ 20,730,390	41	\$ 5,312,050	-	\$ 11,951,492	\$ -
	VIS	Investee accounted for using equity method	809,153	-	87,894	-		
	VisEra	Investee accounted for using equity method	147,332	30	-	-	-	-
Xintec	VisEra	Same president	332,178	64	133	Accelerate demand on account receivable	-	-
	OmniVision	Director (represented for Xintec)	110,222	91	-	-	-	-

Note: The calculation of turnover days excludes other receivables from related parties.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

JUNE 30, 2007

(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2007			Net Income (Losses) of the Investee	Equity in the Earnings (Losses) (Note 2)	Note
				June 30, 2007	December 31, 2006	Shares (in Thousands)	Percentage of Ownership	Carrying Value (Note 1)			
The Company	TSMC Global	Tortola, British Virgin Islands	Investment activities	\$ 42,327,245	\$ 42,327,245	1	100	\$ 43,613,633	\$ 1,014,649	\$ 1,014,649	Subsidiary
	TSMC International	Tortola, British Virgin Islands	Providing investment in companies involved in the design, manufacture, and other related business in the semiconductor industry	31,445,780	31,445,780	987,968	100	27,053,657	292,101	292,101	Subsidiary
	TSMC-Shanghai	Shanghai, China	Manufacturing and sales of integrated circuits at the order of and pursuant to product design specifications provided by customers	12,180,367	12,180,367	-	100	8,799,540	(503,187)	(496,220)	Subsidiary
	SSMC	Singapore	Fabrication and supply of integrated circuits	8,840,895	8,840,895	463	39	8,289,538	1,035,374	303,100	Investee accounted for using equity method
	VIS	Hsin-Chu, Taiwan	Research, design, development, manufacture, packaging, testing and sale of memory integrated circuits, LSI, VLSI and related parts	8,119,816	8,119,816	442,262	27	5,637,861	1,914,583	448,057	Investee accounted for using equity method
	TSMC Partners	Tortola, British Virgin Islands	Investment activities	10,350	10,350	300	100	4,567,193	127,093	127,093	Subsidiary
	TSMC-NA	San Jose, California, U.S.A.	Sales and marketing of integrated circuits and semiconductor devices	333,718	333,718	11,000	100	2,207,039	185,026	185,026	Subsidiary
	Xintec	Taoyuan, Taiwan	Wafer level chip size packaging service	1,357,890	-	90,526	43	1,366,816	117,703	33,550	Investee with a controlling interest
	VTAF II	Cayman Islands	Investing in new start-up technology companies	919,630	785,465	-	98	858,453	(10,994)	(10,774)	Subsidiary
	VTAF III	Cayman Islands	Investing in new start-up technology companies	786,376	243,545	-	98	756,146	(11,153)	(10,930)	Subsidiary
	Emerging Alliance	Cayman Islands	Investing in new start-up technology companies	1,394,208	1,418,717	-	99	717,200	(38,158)	(37,967)	Subsidiary
	GUC	Hsin-Chu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	386,568	386,568	41,263	38	694,111	332,078	115,990	Investee with a controlling interest
	Chi Cherng	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	168,359	52,759	1,926	Subsidiary
	Hsin Ruey	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	166,857	52,473	1,544	Subsidiary
	TSMC-Japan	Yokohama, Japan	Marketing activities	83,760	83,760	6	100	94,250	1,551	1,551	Subsidiary
TSMC-Europe	Amsterdam, the Netherlands	Marketing activities	15,749	15,749	-	100	65,109	14,011	14,011	Subsidiary	
TSMC-Korea	Seoul, Korea	Marketing activities	13,656	13,656	80	100	15,514	651	651	Subsidiary	

Note 1: The treasury stock is deducted from the carrying value.

Note 2: Equity in earnings/losses of investees have already deducted the effect of unrealized gross profit from affiliates.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

INFORMATION OF INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2007

(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2007 (US\$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007 (US\$ in Thousand)	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of June 30, 2007	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow (US\$ in Thousand)	Inflow					
TSMC (Shanghai) Company Limited	Manufacturing and sales of integrated circuits at the order of and pursuant to product design specifications provided by customers	\$12,180,367 (RMB3,070,623)	(Note 1)	\$12,180,367 (US\$371,000)	\$ -	\$ -	\$12,180,367 (US\$371,000)	100%	\$(496,220)	\$8,799,540	\$ -

Accumulated Investment in Mainland China as of June 30, 2007 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)
\$12,180,367 (US\$371,000)	\$12,180,367 (US\$371,000)	\$12,180,367 (US\$371,000)

Note 1: Direct investments US\$371,000 thousand in TSMC-Shanghai.

Note 2: Amount was recognized based on the audited financial statements.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

A. FOR THE SIX MONTHS ENDED JUNE 30, 2007

No.	Company Name	Counter Party	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets
0	TSMC	TSMC-NA	1	Sales	\$ 83,546,469	-	60%
				Receivables from related parties	20,642,259	-	3%
				Other receivables from related parties	88,131	-	-
				Payables to related parties	22,342	-	-
		TSMC-Shanghai	1	Sales	13,717	-	-
				Purchases	2,485,579	-	2%
				Gain on disposal of property, plant and equipment	108,802	-	-
				Technical service income	59,823	-	-
				Other receivables from related parties	60,263	-	-
				Payables to related parties	611,054	-	-
		TSMC-Japan	1	Marketing expenses - commission	115,663	-	-
				Payables to related parties	42,468	-	-
		TSMC-Europe	1	Marketing expenses - commission	146,354	-	-
				Payables to related parties	58,105	-	-
		TSMC-Korea	1	Marketing expenses - commission	10,713	-	-
		GUC	1	Sales	427,557	-	-
				General and administrative expenses - rental	3,473	-	-
				Research and development expenses	33,483	-	-
				Receivables from related parties	32,762	-	-
				Other receivables from related parties	52,817	-	-
Payables to related parties	6,910			-	-		
TSMC Technology	1	Payables to related parties	43,971	-	-		
		Research and development expenses	145,596	-	-		
WaferTech	1	Purchases	4,804,106	-	3%		
		Payables to related parties	804,285	-	-		
1	TSMC International	TSMC Technology	3	Deferred royalty income	646,424	-	-
2	TSMC Partners	TSMC International	3	Other receivables	9,990,661	-	2%
				Deferred revenue	8,852,419	-	1%
3	GUC	TSMC-NA	3	Purchases	697,701	-	-
				Manufacturing overhead	134,023	-	-
		GUC-NA	3	Payables to related parties	149,929	-	-
				Operating expenses	25,266	-	-

Note 1: No. 1 represents transactions between parent company to subsidiaries.
No. 3 represents transactions between subsidiaries.

Note 2: The terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices are determined in accordance with mutual agreements.

(Continued)

B. FOR THE SIX MONTHS ENDED JUNE 30, 2006

No.	Company Name	Counter Party	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets
0	TSMC	TSMC-NA	1	Sales	\$ 94,075,632	-	59%
				Receivables from related parties	22,374,338	-	4%
				Other receivables from related parties	205,327	-	-
				Payables to related parties	44,352	-	-
		TSMC-Shanghai	1	Sales	19,926	-	-
				Purchases	1,918,584	-	1%
				Gain on disposal of property, plant and equipment	82,010	-	-
				Technical service income	41,881	-	-
				Proceeds from disposal of property, plant and equipment	173,299	-	-
				Other receivables from related parties	167,585	-	-
				Payables to related parties	401,379	-	-
		TSMC-Japan	1	Marketing expenses - commission	125,553	-	-
				Payables to related parties	45,176	-	-
		TSMC-Europe	1	Marketing expenses - commission	116,934	-	-
				Payables to related parties	9,604	-	-
		GUC	1	Sales	332,080	-	-
				Research and development expenses	19,582	-	-
General and administrative expenses - rental	7,659			-	-		
Receivables from related parties	148,386			-	-		
TSMC Technology	1	Payables to related parties	12,804	-	-		
		Other receivables from related parties	485,449	-	-		
WaferTech	1	Payables to related parties	6,453	-	-		
		Purchases	6,505,148	-	4%		
1	TSMC International	TSMC Development	3	Interest income	7,963	-	-
		TSMC Technology	3	Deferred royalty income	639,789	-	-
2	TSMC Partners	TSMC International	3	Other receivables	9,943,193	-	2%
				Deferred revenue	8,761,555	-	1%
3	TSMC Technology	WaferTech	3	Management service income	6,719	-	-
4	GUC	TSMC-NA	3	Purchases	253,238	-	-
				Manufacturing overhead	186,954	-	-
		GUC-NA	3	Payables to related parties	75,348	-	-
				Operating expenses	19,534	-	-

Note 1: No. 1 represents transactions between parent company to subsidiaries.
No. 3 represents transactions between subsidiaries.

Note 2: The terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices are determined in accordance with mutual agreements.

(Concluded)