

**Taiwan Semiconductor Manufacturing
Company Limited**

**Financial Statements for the
Nine Months Ended September 30, 2007 and 2006 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Semiconductor Manufacturing Company Limited

We have reviewed the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of September 30, 2007 and 2006, and the related statements of income and cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be 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.

October 9, 2007

Notice to Readers

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

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

Taiwan Semiconductor Manufacturing Company Limited

BALANCE SHEETS

SEPTEMBER 30, 2007 AND 2006

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

(Reviewed, Not Audited)

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)	\$ 76,504,025	13	\$ 77,785,750	14	Financial liabilities at fair value through profit or loss (Notes 2, 3 and 6)	\$ 130,828	-	\$ 458,808	-
Financial assets at fair value through profit or loss (Notes 2, 3 and 6)	366,445	-	45,295	-	Accounts payable	8,722,415	1	6,641,641	1
Available-for-sale financial assets (Notes 2, 3 and 7)	19,945,922	4	35,749,909	7	Payables to related parties (Note 24)	3,308,642	1	3,894,488	1
Held-to-maturity financial assets (Notes 2 and 8)	12,168,201	2	6,220,737	1	Income tax payable (Notes 2 and 17)	7,395,744	1	6,535,446	1
Receivables from related parties (Note 24)	23,833,351	4	22,030,420	4	Accrued expenses and other current liabilities (Notes 15 and 26)	11,163,015	2	7,477,769	2
Notes and accounts receivable	20,622,354	4	19,339,939	4	Payables to contractors and equipment suppliers	10,711,333	2	15,299,614	3
Allowance for doubtful receivables (Notes 2 and 5)	(688,972)	-	(975,705)	-	Current portion of bonds payable (Note 14)	4,500,000	1	2,500,000	-
Allowance for sales returns and others (Notes 2 and 5)	(3,739,026)	(1)	(5,012,934)	(1)					
Other receivables from related parties (Note 24)	505,914	-	1,042,223	-	Total current liabilities	45,931,977	8	42,807,766	8
Other financial assets	476,026	-	747,755	-					
Inventories, net (Notes 2 and 9)	22,013,215	4	18,369,130	3	LONG-TERM LIABILITIES				
Deferred income tax assets (Notes 2 and 17)	3,068,708	1	2,683,412	1	Bonds payable (Note 14)	12,500,000	2	17,000,000	3
Prepaid expenses and other current assets	967,180	-	704,492	-	Other long-term payables (Note 15)	1,021,824	-	1,291,484	-
					Other payables to related parties (Notes 24 and 26)	-	-	409,588	-
Total current assets	176,043,343	31	178,730,423	33	Total long-term liabilities	13,521,824	2	18,701,072	3
LONG-TERM INVESTMENTS (Notes 2, 7, 8, 10 and 11)					OTHER LIABILITIES				
Investments accounted for using equity method	111,895,495	20	84,640,267	15	Accrued pension cost (Notes 2 and 16)	3,621,795	1	3,502,475	1
Available-for-sale financial assets	4,134,882	1	4,893,355	1	Guarantee deposits (Note 26)	2,560,554	1	3,680,687	1
Held-to-maturity financial assets	16,167,443	3	30,747,122	6	Deferred credits (Notes 2 and 24)	1,003,256	-	1,275,872	-
Financial assets carried at cost	747,206	-	769,411	-					
Total long-term investments	132,945,026	24	121,050,155	22	Total other liabilities	7,185,605	2	8,459,034	2
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)					Total liabilities	66,639,406	12	69,967,872	13
Cost					CAPITAL STOCK - NT\$10 PAR VALUE				
Buildings	100,832,628	18	95,576,337	17	Authorized: 28,050,000 thousand shares in 2007				
Machinery and equipment	578,009,705	102	508,975,810	92	27,050,000 thousand shares in 2006				
Office equipment	9,095,417	1	8,443,812	2	Issued: 26,426,202 thousand shares in 2007	264,262,018	47	258,258,398	47
	687,937,750	121	612,995,959	111	25,825,840 thousand shares in 2006				
Accumulated depreciation	(469,874,398)	(83)	(401,098,736)	(73)	CAPITAL SURPLUS (Notes 2 and 19)	53,713,165	9	53,857,667	10
Advance payments and construction in progress	20,940,284	4	21,069,769	4	RETAINED EARNINGS (Note 19)				
Net property, plant and equipment	239,003,636	42	232,966,992	42	Appropriated as legal capital reserve	56,406,684	10	43,705,711	8
INTANGIBLE ASSETS					Appropriated as special capital reserve	629,550	-	640,742	-
Goodwill (Note 2)	1,567,756	-	1,567,756	-	Unappropriated earnings	127,343,560	22	124,866,387	22
Deferred charges, net (Notes 2 and 13)	5,166,482	1	5,639,776	1					
Total intangible assets	6,734,238	1	7,207,532	1	Total retained earnings	184,379,794	32	169,212,840	30
OTHER ASSETS					OTHERS (Notes 2, 3, 21 and 23)				
Deferred income tax assets (Notes 2 and 17)	10,436,868	2	10,989,791	2	Cumulative translation adjustments	(690,056)	-	223,105	-
Refundable deposits	2,688,320	-	83,738	-	Unrealized gain on financial instruments	528,024	-	502,192	-
Assets leased to others, net (Note 2)	62,845	-	68,579	-	Treasury stock: 34,096 thousand shares in 2007	(918,075)	-	(918,075)	-
Others	-	-	6,789	-	33,926 thousand shares in 2006	(1,080,107)	-	(192,778)	-
Total other assets	13,188,033	2	11,148,897	2	Total shareholders' equity	501,274,870	88	481,136,127	87
TOTAL	\$ 567,914,276	100	\$ 551,103,999	100	TOTAL	\$ 567,914,276	100	\$ 551,103,999	100

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

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 24)	\$ 226,395,474		\$ 245,148,192	
SALES RETURNS AND ALLOWANCES (Note 2)	<u>3,736,354</u>		<u>5,202,252</u>	
NET SALES	222,659,120	100	239,945,940	100
COST OF SALES (Notes 18 and 24)	<u>128,356,018</u>	<u>58</u>	<u>123,155,982</u>	<u>51</u>
GROSS PROFIT	94,303,102	42	116,789,958	49
UNREALIZED GROSS PROFIT FROM AFFILIATES (Note 2)	<u>285,784</u>	-	-	-
REALIZED GROSS PROFIT	<u>94,017,318</u>	<u>42</u>	<u>116,789,958</u>	<u>49</u>
OPERATING EXPENSES (Notes 18 and 24)				
Research and development	11,476,303	5	11,206,265	5
General and administrative	5,929,869	3	5,348,876	2
Marketing	<u>911,225</u>	-	<u>1,360,794</u>	<u>1</u>
Total operating expenses	<u>18,317,397</u>	<u>8</u>	<u>17,915,935</u>	<u>8</u>
INCOME FROM OPERATIONS	<u>75,699,921</u>	<u>34</u>	<u>98,874,023</u>	<u>41</u>
NON-OPERATING INCOME AND GAINS				
Equity in earnings of equity method investees, net (Notes 2 and 10)	3,931,127	2	4,696,522	2
Interest income (Note 2)	1,989,402	1	2,734,401	1
Technical service income (Notes 24 and 26)	527,868	-	514,995	1
Settlement income (Note 26)	491,385	-	483,734	-
Rental income (Note 24)	290,660	-	153,059	-
Foreign exchange gain, net (Note 2)	231,584	-	28,165	-
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 24)	214,918	-	480,944	-
Valuation gain on financial instruments, net (Notes 2, 6 and 23)	201,767	-	-	-
Others (Note 24)	<u>335,694</u>	-	<u>189,175</u>	-
Total non-operating income and gains	<u>8,214,405</u>	<u>3</u>	<u>9,280,995</u>	<u>4</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<u>2007</u>		<u>2006</u>	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Provision for litigation loss (Note 26j)	\$ 1,008,635	-	\$ -	-
Loss on settlement and disposal of financial instruments, net (Notes 2, 6 and 23)	717,329	-	1,395,264	1
Interest expense	450,023	-	495,900	-
Valuation loss on financial instruments, net (Notes 2, 6 and 23)	-	-	413,514	-
Loss on disposal of property, plant and equipment (Note 2)	4,778	-	225,781	-
Others (Note 2)	45,175	-	129,031	-
Total non-operating expenses and losses	<u>2,225,940</u>	<u>-</u>	<u>2,659,490</u>	<u>1</u>
INCOME BEFORE INCOME TAX	81,688,386	37	105,495,528	44
INCOME TAX EXPENSE (Notes 2 and 17)	<u>6,996,070</u>	<u>3</u>	<u>6,151,303</u>	<u>3</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	74,692,316	34	99,344,225	41
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES, NET OF TAX BENEFIT OF \$82,062 THOUSAND (Note 3)	<u>-</u>	<u>-</u>	<u>(246,186)</u>	<u>-</u>
NET INCOME	<u>\$ 74,692,316</u>	<u>34</u>	<u>\$ 99,098,039</u>	<u>41</u>
	<u>2007</u>		<u>2006</u>	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	<u>\$ 3.10</u>	<u>\$ 2.83</u>	<u>\$ 3.99</u>	<u>\$ 3.76</u>
Diluted earnings per share	<u>\$ 3.09</u>	<u>\$ 2.83</u>	<u>\$ 3.98</u>	<u>\$ 3.75</u>

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

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

	2007	2006
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>\$ 74,794,078</u>	<u>\$ 99,426,545</u>
NET INCOME	<u>\$ 74,794,078</u>	<u>\$ 99,180,359</u>
EARNINGS PER SHARE (NT\$)		
Basic earnings per share	<u>\$ 2.83</u>	<u>\$ 3.76</u>
Diluted earnings per share	<u>\$ 2.83</u>	<u>\$ 3.75</u>

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

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 74,692,316	\$ 99,098,039
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54,359,150	48,809,141
Unrealized gross profit from affiliates	285,784	-
Amortization of premium/discount of financial assets	(90,347)	16,004
Loss (gain) on disposal of available-for-sale financial assets, net	(260,367)	11,258
Equity in earnings of equity method investees, net	(3,931,127)	(4,696,522)
Dividends received from equity method investees	677,147	626,367
Gain on disposal of property, plant and equipment and other assets, net	(210,140)	(255,163)
Deferred income tax	87,551	99,752
Loss on idle assets	-	37,283
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	(201,767)	1,560,139
Receivables from related parties	(6,963,842)	(979,816)
Notes and accounts receivable	(4,344,190)	1,251,879
Allowance for doubtful receivables	(1,959)	(639)
Allowance for sales returns and others	987,961	742,965
Other receivables from related parties	(56,648)	688,353
Other financial assets	177,286	105,781
Inventories	(2,861,001)	(2,111,175)
Prepaid expenses and other current assets	254,019	467,281
Increase (decrease) in:		
Accounts payable	2,578,736	(1,410,465)
Payables to related parties	(18,274)	(38,596)
Income tax payable	(454,674)	2,719,558
Accrued expenses and other current liabilities	2,319,917	(513,289)
Accrued pension cost	91,679	41,083
Deferred credits	26,592	(71,808)
Net cash provided by operating activities	<u>117,143,802</u>	<u>146,197,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(9,547,253)	(78,666,694)
Held-to-maturity financial assets	-	(16,141,019)
Investments accounted for using equity method	(7,220,679)	(1,495,552)
Financial assets carried at cost	(35,379)	(11,921)
Property, plant and equipment	(62,643,771)	(59,945,807)

(Continued)

Taiwan Semiconductor Manufacturing Company Limited

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	\$ 18,344,519	\$ 57,874,205
Held-to-maturity financial assets	9,200,400	8,512,000
Financial assets carried at cost	-	50,000
Property, plant and equipment and others	21,080	927,200
Proceeds from return of capital by investees	207,172	162,354
Increase in deferred charges	(2,028,206)	(755,982)
Increase in refundable deposits	<u>(1,382,086)</u>	<u>(96)</u>
Net cash used in investing activities	<u>(55,084,203)</u>	<u>(89,491,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bonds payable	(2,500,000)	-
Increase (decrease) in guarantee deposits	(1,249,407)	787,742
Cash dividends	(77,489,064)	(61,825,061)
Cash bonus paid to employees	(4,572,798)	(3,432,129)
Bonus to directors and supervisors	(285,800)	(257,410)
Proceeds from exercise of employee stock options	<u>401,786</u>	<u>422,927</u>
Net cash used in financing activities	<u>(85,695,283)</u>	<u>(64,303,931)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,635,684)	(7,597,833)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>100,139,709</u>	<u>85,383,583</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 76,504,025</u>	<u>\$ 77,785,750</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 420,000</u>	<u>\$ 420,000</u>
Income tax paid	<u>\$ 7,285,717</u>	<u>\$ 3,146,676</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant, and equipment	\$ 62,685,581	\$ 66,386,191
Increase in payables to contractors and equipment suppliers	<u>(41,810)</u>	<u>(6,440,384)</u>
Cash paid	<u>\$ 62,643,771</u>	<u>\$ 59,945,807</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of bonds payable	<u>\$ 4,500,000</u>	<u>\$ 2,500,000</u>
Current portion of other payables to related parties (under payables to related parties)	<u>\$ -</u>	<u>\$ 699,195</u>
Current portion of other long-term payables (under accrued expenses and other current liabilities)	<u>\$ 1,488,860</u>	<u>\$ 971,596</u>
Transfer of available-for-sale financial assets and other net assets to investments accounted for using equity method (Note 7)	<u>\$ -</u>	<u>\$ 26,821,648</u>

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

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

NOTES TO FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

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

(Reviewed, Not Audited)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Limited (the Company or 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).

The Company 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 September 30, 2007 and 2006, the Company had 20,523 and 20,266 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The 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 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 financial statements shall prevail.

Significant accounting policies are summarized as follows:

Use of Estimates

The preparation of 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 and corporate notes 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 are initially recognized at fair value, with transaction costs expensed as incurred. The derivatives 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 estimated 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.

Except structured time deposits whose fair value is estimated using valuation techniques, fair values of open-end mutual funds and publicly traded stocks are determined using the net assets value and the closing-price at the end of the period, respectively. For debt securities, fair value is determined using the 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

Debt 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 the 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 manufacturing 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 Accounted for Using the Equity Method" (SFAS No. 5), the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually. If the fair value of identifiable net assets acquired exceeds the cost of investment, the excess shall be proportionately allocated as reductions to fair values of non-current assets (except for financial assets other than investments accounted for using the equity method and deferred income tax assets). 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; while investment discounts continue to be amortized over the remaining periods. 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. The entire amount of the gains or losses on sales to investees over which the Company has a controlling interest is deferred until such gains or losses are realized through subsequent sales of the related products to 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. Gains or losses on sales between equity method investees are deferred in proportion to the Company's weighted-average ownership percentages in the investees with which the Company has a controlling interest. In transactions between equity method investees with which the Company has no controlling interest, gains or losses on sales are deferred in proportion to the multiplication of the Company's weighted-average ownership percentages in the investees. Such gains or losses are recorded until they are realized through transactions with third parties.

If an investee's functional currency is a foreign currency, differences will result from the translation of the investee's financial statements into the reporting currency of the Company. Such differences are charged or credited to cumulative translation adjustments, 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 and Assets Leased to Others

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. 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: Buildings - 10 to 20 years; machinery and equipment - 5 years; and office equipment - 3 to 5 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.

Intangible Assets

Goodwill represents the excess of the consideration paid for 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 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 - 3 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.

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. 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.

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 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 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 of the Republic of China. 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

The Company's stock held by its 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 the Company 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.

Recent Accounting Pronouncements

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued an interpretation that requires companies to record the bonus paid to directors, supervisors and employees as an expense rather than an appropriation of earnings. This interpretation should be applied to financial statements for the fiscal year beginning on or after January 1, 2008.

The Accounting Research and Development Foundation of the Republic of China also issued Statement of Financial Accounting Standards No. 39, "Accounting for Share-based Payment" (SFAS No.39) in August 2007, which requires companies to record share-based payment transactions in the financial statements at fair value. SFAS No.39 should be applied to financial statements for the fiscal year beginning on or after January 1, 2008.

3. ACCOUNTING CHANGES

On January 1, 2006, the Company adopted the newly released Statements 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 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	\$ (246,186)	\$ -
Available-for-sale financial assets	<u>-</u>	<u>-</u>
	<u>\$ (246,186)</u>	<u>\$ -</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\$167,328 thousand, a decrease in net income of NT\$413,514 thousand, and a decrease in basic earnings per share (after income tax) of NT\$0.02, for the nine months ended September 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 financial statements as of and for the nine months ended September 30, 2006.

4. CASH AND CASH EQUIVALENTS

	September 30	
	2007	2006
Cash and deposits in banks	\$ 44,552,995	\$ 56,452,326
Repurchase agreements collateralized by government bonds	31,354,207	21,200,915
Asset-backed commercial papers	596,823	-
Corporate notes	<u>-</u>	<u>132,509</u>
	<u>\$ 76,504,025</u>	<u>\$ 77,785,750</u>

5. ALLOWANCES FOR DOUBTFUL RECEIVABLES, SALES RETURNS AND OTHERS

Movements of the allowance for doubtful receivables were as follows:

	Nine Months Ended September 30	
	2007	2006
Balance, beginning of period	\$ 690,931	\$ 976,344
Write-off	<u>(1,959)</u>	<u>(639)</u>
Balance, end of period	<u>\$ 688,972</u>	<u>\$ 975,705</u>

Movements of the allowance for sales returns and others were as follows:

	Nine Months Ended September 30	
	2007	2006
Balance, beginning of period	\$ 2,751,065	\$ 4,269,969
Provision	3,736,354	5,202,252
Write-off	<u>(2,748,393)</u>	<u>(4,459,287)</u>
Balance, end of period	<u>\$ 3,739,026</u>	<u>\$ 5,012,934</u>

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

	September 30	
	2007	2006
<u>Derivatives - financial assets</u>		
Forward exchange contracts	\$ -	\$ 45,295
Cross currency swap contracts	<u>366,445</u>	<u>-</u>
	<u>\$ 366,445</u>	<u>\$ 45,295</u>
<u>Derivatives - financial liabilities</u>		
Forward exchange contracts	\$ 127,588	\$ -
Cross currency swap contracts	<u>3,240</u>	<u>458,808</u>
	<u>\$ 130,828</u>	<u>\$ 458,808</u>

The Company entered into derivative contracts during the nine months ended September 30, 2007 and 2006 to manage exposures due to 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 exchange contracts as of September 30, 2007 and 2006:

	Maturity Date	Contract Amount (in Thousands)
<u>September 30, 2007</u>		
Sell EUR/buy NT\$	October 2007 to July 2008	EUR 70,040
<u>September 30, 2006</u>		
Sell NT\$/buy US\$	October 2006 to November 2006	US\$ 145,000

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

Maturity Date	Contract Amount (in Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
<u>September 30, 2007</u>			
October 2007 to November 2007	US\$ 930,000	3.76%-5.80%	1.6%-3.69%
<u>September 30, 2006</u>			
October 2006 to November 2006	US\$ 1,550,000	3.34%-5.50%	0.60%-2.72%

For the nine months ended September 30, 2007 and 2006, net losses arising from derivative financial instruments were NT\$775,929 thousand (including realized settlement losses of NT\$977,696 thousand and valuation gains of NT\$201,767 thousand) and NT\$1,797,738 thousand (including realized settlement losses of NT\$1,384,224 thousand and valuation losses of NT\$413,514 thousand), respectively.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>September 30</u>	
	<u>2007</u>	<u>2006</u>
Open-end mutual funds	\$ 15,403,622	\$ 21,781,496
Government bonds	4,139,554	1,200,097
Corporate bonds	4,039,041	9,137,742
Structured time deposits	498,587	499,549
Agency bonds	-	4,786,766
Corporate issued asset-backed securities	-	3,237,614
	<u>24,080,804</u>	<u>40,643,264</u>
Current portion	<u>(19,945,922)</u>	<u>(35,749,909)</u>
	<u>\$ 4,134,882</u>	<u>\$ 4,893,355</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. In the second half year of 2006, the Company transferred investment portfolios managed by the fund managers of US\$1,277,789 thousand to TSMC Global Ltd. (TSMC Global), a subsidiary of TSMC. The transferred investment portfolios held by TSMC Global are still being managed by the same fund managers in accordance with the aforementioned investment guidelines and terms.

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

	Principal Amount	Carrying Amount	Interest Rate	Maturity Date
<u>September 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>498,587</u>	1.76%	March 2008
<u>September 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ <u>500,000</u>	\$ <u>499,549</u>	1.76%	March 2008

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

8. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>September 30</u>	
	<u>2007</u>	<u>2006</u>
Corporate bonds	\$ 11,540,506	\$ 14,670,013
Structured time deposits	8,726,720	11,281,560
Government bonds	<u>8,068,418</u>	<u>11,016,286</u>
	28,335,644	36,967,859
Current portion	<u>(12,168,201)</u>	<u>(6,220,737)</u>
	<u>\$ 16,167,443</u>	<u>\$ 30,747,122</u>

As of September 30, 2007 and 2006, 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>September 30, 2007</u>				
Step-up callable deposits				
Domestic deposits	\$ 3,500,000	\$ 13,340	1.69%-1.83%	October 2007 to October 2008
Callable range accrual deposits				
Domestic deposits	3,266,700	14,265	(See below)	October 2009 to December 2009
Foreign deposits	<u>1,960,020</u>	<u>6,016</u>	(See below)	October 2009 to December 2009
	<u>\$ 8,726,720</u>	<u>\$ 33,621</u>		
<u>September 30, 2006</u>				
Step-up callable deposits				
Domestic deposits	\$ 4,000,000	\$ 35,459	1.40%-2.01%	June 2007 to March 2009
Callable range accrual deposits				
Domestic deposits	3,971,760	15,004	(See below)	September 2009 to December 2009
Foreign deposits	<u>3,309,800</u>	<u>7,585</u>	(See below)	October 2009 to January 2010
	<u>\$ 11,281,560</u>	<u>\$ 58,048</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 contracts, 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 September 30, 2007 and 2006, the principal of the deposits that resided in banks located in Hong Kong amounted to US\$40,000 thousand and US\$80,000 thousand, respectively; the principal of those resided in banks located in Singapore amounted to US\$20,000 thousand each.

9. INVENTORIES, NET

	<u>September 30</u>	
	<u>2007</u>	<u>2006</u>
Finished goods	\$ 3,711,693	\$ 4,499,585
Work in process	17,183,031	12,806,387
Raw materials	1,508,536	1,403,443
Supplies and spare parts	<u>460,266</u>	<u>483,892</u>
	22,863,526	19,193,307
Allowance for losses	<u>(850,311)</u>	<u>(824,177)</u>
	<u>\$ 22,013,215</u>	<u>\$ 18,369,130</u>

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>September 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Carrying Amount</u>	<u>% of Owner- ship</u>	<u>Carrying Amount</u>	<u>% of Owner- ship</u>
TSMC Global (Note 7)	\$ 44,234,333	100	\$ 28,423,113	100
TSMC International Investment Ltd. (TSMC International)	27,553,919	100	27,017,212	100
Vanguard International Semiconductor Corporation (VIS)	10,760,885	36	5,359,803	27
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	8,674,862	39	5,611,199	32
TSMC (Shanghai) Company Limited (TSMC-Shanghai)	8,567,668	100	9,250,288	100
TSMC Partners, Ltd. (TSMC Partners)	4,667,437	100	4,397,781	100
TSMC North America (TSMC-North America)	2,227,896	100	1,876,355	100
Xintec Inc. (Xintec)	1,429,804	43	-	-
VentureTech Alliance Fund II, L.P. (VTAF II)	1,026,700	98	717,136	98
VentureTech Alliance Fund III, L.P. (VTAF III)	786,064	98	224,580	98
Global UniChip Corporation (GUC)	750,200	37	468,150	44
Emerging Alliance Fund, L.P. (Emerging Alliance)	683,002	99	908,370	99
Chi Cherng Investment Co., Ltd. (Chi Cherng)	170,542	36	115,347	36
Hsin Ruey Investment Co., Ltd. (Hsin Ruey)	168,918	36	114,548	36
TSMC Japan Limited (TSMC-Japan)	102,257	100	97,810	100
Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC-Europe)	74,994	100	44,143	100
TSMC Korea Limited (TSMC-Korea)	<u>16,014</u>	100	<u>14,432</u>	100
	<u>\$ 111,895,495</u>		<u>\$ 84,640,267</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 and the Company's percentage of ownership increased from 32% to 39%.

In January 2007, the Company acquired 90,526 thousand shares in Xintec, representing 43% of its total common shares, for NT\$1,357,890 thousand.

In August 2007, the Company acquired 169,600 thousand shares in VIS for NT\$4,927,865 thousand; after the acquisition, the Company's percentage of ownership in VIS increased from 27% to 36%.

For the nine months ended September 30, 2007 and 2006, net equity in earnings of NT\$3,931,127 thousand and NT\$4,696,522 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 reviewed financial statements of the investees for the same periods as the Company.

11. FINANCIAL ASSETS CARRIED AT COST

	<u>September 30</u>	
	<u>2007</u>	<u>2006</u>
Non-publicly traded stocks	\$ 364,913	\$ 422,500
Funds	<u>382,293</u>	<u>346,911</u>
	<u>\$ 747,206</u>	<u>\$ 769,411</u>

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Nine Months Ended September 30, 2007</u>				
	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Office Equipment</u>	<u>Advance Payments and Construction in Progress</u>	<u>Total</u>
Cost					
Balance, beginning of period	\$ 96,961,851	\$ 527,850,728	\$ 8,659,225	\$ 12,230,805	\$ 645,702,609
Addition	3,899,788	49,970,603	612,079	8,203,111	62,685,581
Deduction	(31,835)	(332,641)	(164,684)	-	(529,160)
Reclassification	<u>2,824</u>	<u>521,015</u>	<u>(11,203)</u>	<u>506,368</u>	<u>1,019,004</u>
Balance, end of period	<u>100,832,628</u>	<u>578,009,705</u>	<u>9,095,417</u>	<u>20,940,284</u>	<u>708,878,034</u>
Accumulated depreciation					
Balance, beginning of period	49,595,917	361,401,800	6,469,533	-	417,467,250
Addition	5,879,548	45,786,652	734,081	-	52,400,281
Deduction	(30,958)	(316,480)	(164,527)	-	(511,965)
Reclassification	<u>1,036</u>	<u>520,161</u>	<u>(2,365)</u>	<u>-</u>	<u>518,832</u>
Balance, end of period	<u>55,445,543</u>	<u>407,392,133</u>	<u>7,036,722</u>	<u>-</u>	<u>469,874,398</u>
Balance, end of period, net	<u>\$ 45,387,085</u>	<u>\$ 170,617,572</u>	<u>\$ 2,058,695</u>	<u>\$ 20,940,284</u>	<u>\$ 239,003,636</u>

Nine Months Ended September 30, 2006

	Buildings	Machinery and Equipment	Office Equipment	Advance Payments and Construction in Progress	Total
Cost					
Balance, beginning of period	\$ 90,769,622	\$ 459,850,773	\$ 7,850,035	\$ 14,867,032	\$ 573,337,462
Addition	5,751,950	53,627,240	804,264	6,202,737	66,386,191
Deduction	(941,642)	(4,235,410)	(169,313)	-	(5,346,365)
Reclassification	(3,593)	(266,793)	(41,174)	-	(311,560)
Balance, end of period	<u>95,576,337</u>	<u>508,975,810</u>	<u>8,443,812</u>	<u>21,069,769</u>	<u>634,065,728</u>
Accumulated depreciation					
Balance, beginning of period	42,902,526	310,626,317	5,662,986	-	359,191,829
Addition	5,504,100	40,755,310	746,943	-	47,006,353
Deduction	(725,584)	(3,931,539)	(169,184)	-	(4,826,307)
Reclassification	(177)	(265,921)	(7,041)	-	(273,139)
Balance, end of period	<u>47,680,865</u>	<u>347,184,167</u>	<u>6,233,704</u>	<u>-</u>	<u>401,098,736</u>
Balance, end of period, net	<u>\$ 47,895,472</u>	<u>\$ 161,791,643</u>	<u>\$ 2,210,108</u>	<u>\$ 21,069,769</u>	<u>\$ 232,966,992</u>

No interest was capitalized during the nine months ended September 30, 2007 and 2006.

13. DEFERRED CHARGES, NET

Nine Months Ended September 30, 2007

	Technology License Fees	Software and System Design Costs	Others	Total
Balance, beginning of period	\$ 4,038,551	\$ 1,517,575	\$ 36,942	\$ 5,593,068
Addition	825,075	789,738	413,393	2,028,206
Amortization	(1,250,158)	(631,054)	(73,357)	(1,954,569)
Deduction	-	(51)	-	(51)
Reclassification	(296,451)	(500,172)	296,451	(500,172)
Balance, end of period	<u>\$ 3,317,017</u>	<u>\$ 1,176,036</u>	<u>\$ 673,429</u>	<u>\$ 5,166,482</u>

Nine Months Ended September 30, 2006

	Technology License Fees	Software and System Design Costs	Others	Total
Balance, beginning of period	\$ 4,985,806	\$ 1,623,276	\$ 72,062	\$ 6,681,144
Addition	373,054	382,928	-	755,982
Amortization	(985,343)	(786,171)	(26,974)	(1,798,488)
Reclassification	-	1,138	-	1,138
Balance, end of period	<u>\$ 4,373,517</u>	<u>\$ 1,221,171</u>	<u>\$ 45,088</u>	<u>\$ 5,639,776</u>

14. BONDS PAYABLE

	<u>September 30</u>	
	<u>2007</u>	<u>2006</u>
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 September 30, 2007, future principal repayments for the bonds payable were as follows:

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

15. OTHER LONG-TERM PAYABLES

Most of the payables resulted from license agreements for certain semiconductor-related patents. As of September 30, 2007, future payments for other long-term payables were as follows:

Year of Payment	Amount
2007 (4th quarter)	\$ 459,496
2008	1,029,364
2009	422,711
2010	337,777
2011	<u>261,336</u>
	2,510,684
Current portion (classified under accrued expenses and other current liabilities)	<u>(1,488,860)</u>
	<u>\$ 1,021,824</u>

16. PENSION PLANS

The Labor Pension Act (the Act) became effective on July 1, 2005. The employees 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 the Company 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, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts starting from July 1, 2005, and recognized pension costs of NT\$458,523 thousand and NT\$468,808 thousand for the nine months ended September 30, 2007 and 2006, respectively.

The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's service years and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the pension fund monitoring committee (the Committee) and deposited in the Committee's name in Bank of Taiwan (originally the Central Trust of China, which was dissolved after merger with Bank of Taiwan on July 1, 2007). The Company recognized pension costs of NT\$243,466 thousand and NT\$229,046 thousand for the nine months ended September 30, 2007 and 2006, respectively.

Movements of the Fund and accrued pension cost under the defined benefit plan were as follows:

	Nine Months Ended	
	September 30	
	2007	2006
The Fund		
Balance, beginning of period	\$ 1,913,002	\$ 1,658,864
Contributions	154,573	183,810
Interest	46,279	34,383
Payments	-	(7,407)
Balance, end of period	<u>\$ 2,113,854</u>	<u>\$ 1,869,650</u>
Accrued pension cost		
Balance, beginning of period	\$ 3,530,116	\$ 3,461,392
Accruals	<u>91,679</u>	<u>41,083</u>
Balance, end of period	<u>\$ 3,621,795</u>	<u>\$ 3,502,475</u>

17. 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:

	Nine Months Ended	
	September 30	
	2007	2006
Income tax expense based on "income before income tax" at statutory rate (25%)	\$ 20,422,097	\$ 26,373,882
Tax effect of the following:		
Tax-exempt income	(5,167,274)	(8,871,751)
Temporary and permanent differences	(380,451)	(1,347,129)
Additional tax at 10% on unappropriated earnings	2,686,561	1,156,130
Cumulative effect of changes in accounting principles	-	(82,062)
Income tax credits used	<u>(10,279,817)</u>	<u>(10,799,894)</u>
Income tax currently payable	<u>\$ 7,281,116</u>	<u>\$ 6,429,176</u>

b. Income tax expense consisted of the following:

	Nine Months Ended	
	September 30	
	2007	2006
Income tax currently payable	\$ 7,281,116	\$ 6,429,176
Other income tax adjustments	(372,597)	(377,625)
Net change in deferred income tax assets		
Investment tax credits	2,745,686	4,483,230
Temporary differences	(1,275,433)	(1,822,230)
Valuation allowance	<u>(1,382,702)</u>	<u>(2,561,248)</u>
Income tax expense	<u>\$ 6,996,070</u>	<u>\$ 6,151,303</u>

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

	September 30	
	2007	2006
Current deferred income tax assets		
Investment tax credits	<u>\$ 3,068,708</u>	<u>\$ 2,683,412</u>
Noncurrent deferred income tax assets		
Investment tax credits	\$ 14,142,498	\$ 16,699,129
Temporary differences	2,115,897	1,139,960
Valuation allowance	<u>(5,821,527)</u>	<u>(6,849,298)</u>
	<u>\$ 10,436,868</u>	<u>\$ 10,989,791</u>

d. Integrated income tax information:

The balance of the imputation credit account as of September 30, 2007 and 2006 was NT\$2,784,514 thousand and NT\$746,437 thousand, respectively.

The creditable ratio for distribution of earnings of 2006 and 2005 was 5.23% (estimate) and 2.88%, respectively.

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

e. All earnings generated prior to December 31, 1997 have been appropriated.

f. As of September 30, 2007, investment tax credits consisted of the following:

Law/Statute	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 238,012	\$ -	2007
		3,177,526	-	2008
		6,029,482	3,003,151	2009
		6,463,688	6,463,688	2010
		<u>3,032,860</u>	<u>3,032,860</u>	2011
		<u>\$ 18,941,568</u>	<u>\$ 12,499,699</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 1,245,142	\$ -	2007
		2,560,454	-	2008
		1,486,845	1,486,845	2009
		1,781,376	1,781,376	2010
		<u>1,276,100</u>	<u>1,276,100</u>	2011
		<u>\$ 8,349,917</u>	<u>\$ 4,544,321</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$ 16,197	\$ -	2007
		16,155	-	2008
		46,130	46,130	2009
		<u>41,252</u>	<u>41,252</u>	2010
		<u>\$ 119,734</u>	<u>\$ 87,382</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 are exempt from income tax for a four-year or five-year period:

	Tax-Exemption Period
Construction of Fab 12 - Module A	2004 to 2007
Construction of Fab 14 - Module A	2006 to 2010

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

18. LABOR COST, DEPRECIATION AND AMORTIZATION

	Nine Months Ended September 30, 2007		
	Classified as	Classified as	
	Cost of Sales	Operating Expenses	Total
Labor cost			
Salary	\$ 6,634,163	\$ 3,282,577	\$ 9,916,740
Labor and health insurance	445,387	244,836	690,223
Pension	452,851	249,138	701,989
Meal	323,299	123,426	446,725
Welfare	159,946	96,478	256,424
Others	<u>116,956</u>	<u>8,591</u>	<u>125,547</u>
	<u>\$ 8,132,602</u>	<u>\$ 4,005,046</u>	<u>\$ 12,137,648</u>
Depreciation	<u>\$ 49,558,115</u>	<u>\$ 2,812,106</u>	<u>\$ 52,370,221</u>
Amortization	<u>\$ 1,353,135</u>	<u>\$ 600,537</u>	<u>\$ 1,953,672</u>
	Nine Months Ended September 30, 2006		
	Classified as	Classified as	
	Cost of Sales	Operating Expenses	Total
Labor cost			
Salary	\$ 7,383,078	\$ 3,140,749	\$ 10,523,827
Labor and health insurance	514,883	262,833	777,716
Pension	462,022	235,806	697,828
Meal	335,397	117,518	452,915
Welfare	141,602	76,398	218,000
Others	<u>167,104</u>	<u>17,644</u>	<u>184,748</u>
	<u>\$ 9,004,086</u>	<u>\$ 3,850,948</u>	<u>\$ 12,855,034</u>
Depreciation	<u>\$ 44,547,208</u>	<u>\$ 2,454,035</u>	<u>\$ 47,001,243</u>
Amortization	<u>\$ 1,075,802</u>	<u>\$ 711,017</u>	<u>\$ 1,786,819</u>

19. SHAREHOLDERS' EQUITY

As of September 30, 2007, 1,134,382 thousand ADSs of the Company 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 the Company's paid-in capital.

Capital surplus consisted of the following:

	September 30	
	2007	2006
From merger	\$ 24,003,546	\$ 24,003,546
Additional paid-in capital	19,500,470	19,860,644
From convertible bonds	9,360,424	9,360,424
From treasury stock transactions	490,950	389,188
From long-term investments	357,720	243,810
Donations	<u>55</u>	<u>55</u>
	<u>\$ 53,713,165</u>	<u>\$ 53,857,667</u>

The Company's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Company 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 the Company'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 the Company of not more than 0.3% and not less than 1% of the remainder, respectively. Directors who also serve as executive officers of the Company are not entitled to receive the bonus to directors. The Company 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.

The Company's Articles of Incorporation also provide that profits of the Company 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.

The Company 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 the Company'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 the Company has no unappropriated earnings and the reserve balance has exceeded 50% of the Company's paid-in capital. The Company Law also prescribes that, when the reserve has reached 50% of the Company'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 the 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>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>	<u>(NT\$)</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	<u>285,800</u>	<u>257,410</u>		
	<u>\$ 100,126,835</u>	<u>\$ 80,428,051</u>		

The 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 the 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 the Company's total outstanding common shares as of December 31, 2006 and 2005, respectively.

The information about appropriations of the bonus 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 the Company on earnings generated since January 1, 1998.

20. STOCK-BASED COMPENSATION PLANS

The Company's Employee Stock Option Plans, consisting of the 2004 Plan, 2003 Plan and 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 2004 Plan, 2003 Plan and 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 the Company or any of its domestic or foreign subsidiaries, in which the Company'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 equal to the closing price of the Company'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 September 30, 2007.

Information about outstanding options for the nine months ended September 30, 2007 and 2006 was as follows:

	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
<u>Nine months ended September 30, 2007</u>		
Balance, beginning of period	52,814	\$37.9
Options granted	1,094	37.9
Options exercised	(10,086)	39.8
Options canceled	<u>(781)</u>	45.4
Balance, end of period	<u>43,041</u>	37.5
<u>Nine months ended September 30, 2006</u>		
Balance, beginning of period	67,758	\$39.4
Options granted	2,758	40.1
Options exercised	(10,701)	39.5
Options canceled	<u>(3,020)</u>	44.0
Balance, end of period	<u>56,795</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 September 30, 2007, information about 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	29,146	3.41	\$ 33.1	29,146	\$ 33.1
\$38.9-\$51.3	<u>13,895</u>	5.15	46.6	<u>8,537</u>	46.2
	<u>43,041</u>		37.5	<u>37,683</u>	36.1

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

	Nine Months Ended	
	September 30	
	2007	2006
Assumptions:		
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
Net income:		
Net income as reported	\$ 74,692,316	\$ 99,098,039
Pro forma net income	74,655,212	99,010,630
Earnings per share (EPS) - after income tax (NT\$):		
Basic EPS as reported	\$2.83	\$3.76
Pro forma basic EPS	2.83	3.75
Diluted EPS as reported	2.83	3.75
Pro forma diluted EPS	2.83	3.75

21. TREASURY STOCK

(Shares in Thousands)

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

As of September 30, 2007 and 2006, the book value of the treasury stock was NT\$918,075 thousand each; the market value was NT\$2,158,271 thousand and NT\$2,025,401 thousand, respectively. The Company's common shares held by subsidiaries were treated as treasury stock and the holders are entitled to the rights of shareholders, with the exception of voting rights.

22. EARNINGS PER SHARE

	Nine Months Ended September 30			
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS (NT\$)				
Income before cumulative effect of changes in accounting principles	\$ 3.10	\$ 2.83	\$ 4.00	\$ 3.77
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Income for the period	<u>\$ 3.10</u>	<u>\$ 2.83</u>	<u>\$ 3.99</u>	<u>\$ 3.76</u>
Diluted EPS (NT\$)				
Income before cumulative effect of changes in accounting principles	\$ 3.09	\$ 2.83	\$ 3.99	\$ 3.76
Cumulative effect of changes in accounting principles	-	-	(0.01)	(0.01)
Income for the period	<u>\$ 3.09</u>	<u>\$ 2.83</u>	<u>\$ 3.98</u>	<u>\$ 3.75</u>

EPS is computed as follows:

	Amounts (Numerator)		Number of Shares (Denominator) (in Thousands)	EPS (NT\$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Nine months ended September 30, 2007</u>					
Basic EPS					
Income available to shareholders	\$ 81,688,386	\$ 74,692,316	26,387,270	<u>\$ 3.10</u>	<u>\$ 2.83</u>
Effect of dilutive potential common shares - stock options	-	-	<u>22,882</u>		
Diluted EPS					
Income available to shareholders (including effect of dilutive potential common shares)	<u>\$ 81,688,386</u>	<u>\$ 74,692,316</u>	<u>26,410,152</u>	<u>\$ 3.09</u>	<u>\$ 2.83</u>
<u>Nine months ended September 30, 2006</u>					
Basic EPS					
Income available to shareholders	\$ 105,167,280	\$ 99,098,039	26,372,979	<u>\$ 3.99</u>	<u>\$ 3.76</u>
Effect of dilutive potential common shares - stock options	-	-	<u>22,289</u>		
Diluted EPS					
Income available to shareholders (including effect of dilutive potential common shares)	<u>\$ 105,167,280</u>	<u>\$ 99,098,039</u>	<u>26,395,268</u>	<u>\$ 3.98</u>	<u>\$ 3.75</u>

23. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	September 30			
	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value				
through profit or loss	\$ 366,445	\$ 366,445	\$ 45,295	\$ 45,295
Available-for-sale financial assets	24,080,804	24,080,804	40,643,264	40,643,264
Held-to-maturity financial assets	28,335,644	28,218,688	36,967,859	36,799,837
Investments accounted for using equity method (with market price)	11,511,085	29,157,704	5,359,803	9,375,950
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss	130,828	130,828	458,808	458,808
Bonds payable (including current portion)	17,000,000	17,202,682	19,500,000	19,851,716
Other long-term payables (including current portion)	2,510,684	2,510,684	3,371,863	3,371,863

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

- 1) The aforementioned financial instruments do not include cash and cash equivalents, receivables, other financial assets, 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 were determined using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.
 - 3) Fair values of available-for-sale and held-to-maturity financial assets were based on their quoted market prices, except for structured time deposits of which the fair values were estimated using valuation techniques.
 - 4) Fair value of bonds payable was based on their quoted market price.
 - 5) Fair value of other long-term payables was based on the present value of expected cash flows, which approximates their carrying amount.
- c. The changes in fair value during the nine months ended September 30, 2007 and 2006 of derivatives estimated using valuation techniques were recognized as gains of NT\$201,767 thousand and losses of NT\$413,514 thousand, respectively.
- d. As of September 30, 2007 and 2006, financial assets exposed to fair value interest rate risk were NT\$52,782,893 thousand and NT\$77,656,418 thousand, respectively; financial liabilities exposed to fair value interest rate risk were NT\$130,828 thousand and NT\$458,808 thousand, respectively, and financial assets exposed to cash flow interest rate risk were NT\$5,226,720 thousand and NT\$7,281,560 thousand, respectively.

- e. Movements of the unrealized gain on financial instruments for the nine months ended September 30, 2007 and 2006 were as follows:

	<u>Nine Months Ended September 30, 2007</u>		
	Valuation Gain on Available- for-sale Financial Assets	Equity in Valuation Gain on Available-for- sale Financial Assets Held by Investees	Total
Balance, beginning of period	\$ 242,248	\$ 319,367	\$ 561,615
Recognized directly in shareholders' equity	224,877	1,899	226,776
Removed from shareholders' equity and recognized in earnings	<u>(260,367)</u>	<u>-</u>	<u>(260,367)</u>
Balance, end of period	<u>\$ 206,758</u>	<u>\$ 321,266</u>	<u>\$ 528,024</u>

	<u>Nine Months Ended September 30, 2006</u>		
	Valuation Gain on Available- for-sale Financial Assets	Equity in Valuation Gain on Available-for- sale Financial Assets Held by Investees	Total
Balance, beginning of period	\$ -	\$ -	\$ -
Recognized directly in shareholders' equity	149,691	341,243	490,934
Removed from shareholders' equity and recognized in losses	<u>11,258</u>	<u>-</u>	<u>11,258</u>
Balance, end of period	<u>\$ 160,949</u>	<u>\$ 341,243</u>	<u>\$ 502,192</u>

- f. Information about financial risks

- 1) Market risk. 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 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 will result in changes in fair values of these debt securities.
- 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company 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 and bonds payable. 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.

24. RELATED PARTY TRANSACTIONS

The Company engages in business transactions with the following related parties:

- a. Philips, a major shareholder of the Company, which became a non-related party since March 2007.

- b. Subsidiaries

TSMC-North America
TSMC-Europe
TSMC-Japan
TSMC-Shanghai
TSMC-Korea

- c. Investees

GUC (with a controlling interest)
VIS (accounted for using equity method)
SSMC (accounted for using equity method)

- d. Indirect subsidiaries

WaferTech, LLC (WaferTech)
TSMC Technology, Inc. (TSMC Technology)
TSMC Design Technology Canada, Inc. (TSMC Canada)

- e. Indirect investee

VisEra Technology Company, Ltd. (VisEra), an indirect investee accounted for using equity method

- f. Others

Related parties over which the Company has control or exercises significant influence but with which the Company had no material transactions.

Transactions with the aforementioned parties, other than those disclosed in other notes, are summarized as follows:

	2007		2006	
	Amount	%	Amount	%
<u>Nine months ended September 30</u>				
Sales				
TSMC-North America	\$ 134,957,821	60	\$ 144,616,913	59
Philips	-	-	3,225,151	1
Others	783,463	-	583,671	-
	\$ 135,741,284	60	\$ 148,425,735	60

	2007		2006	
	Amount	%	Amount	%
Purchases				
WaferTech	\$ 7,419,547	21	\$ 9,695,565	27
SSMC	3,971,517	11	5,555,044	16
TSMC-Shanghai	3,947,089	11	3,099,850	9
VIS	2,956,489	8	2,818,795	8
Others	990	-	-	-
	<u>\$ 18,295,632</u>	<u>51</u>	<u>\$ 21,169,254</u>	<u>60</u>
Manufacturing expenses				
VisEra	\$ 28,496	-	\$ -	-
Philips	-	-	566,928	1
	<u>\$ 28,496</u>	<u>-</u>	<u>\$ 566,928</u>	<u>1</u>
Marketing expenses - commissions				
TSMC-Europe	\$ 216,545	24	\$ 184,306	14
TSMC-Japan	166,971	18	204,592	15
TSMC-Korea	16,251	2	5,903	-
	<u>\$ 399,767</u>	<u>44</u>	<u>\$ 394,801</u>	<u>29</u>
General and administrative expenses - rental				
GUC	\$ 6,451	-	\$ 11,133	-
Research and development expenses				
TSMC Technology (primarily consulting fees)	\$ 264,868	2	\$ -	-
TSMC Canada (primarily consulting fees)	56,623	1	-	-
GUC	49,519	1	37,142	-
Others	36,828	-	-	-
	<u>\$ 407,838</u>	<u>4</u>	<u>\$ 37,142</u>	<u>-</u>
Sales of property, plant and equipment				
TSMC-Shanghai	\$ 2,378	11	\$ 401,332	48
Non-operating income and gains				
VIS (primarily technical service income, see Note 26h)	\$ 270,794	3	\$ 176,084	2
VisEra (primarily rental income)	254,125	3	187,189	2
TSMC-Shanghai (primarily technical service income)	251,421	3	197,400	2
SSMC (primarily technical service income, see Note 26e)	180,692	2	268,298	3
	<u>\$ 957,032</u>	<u>11</u>	<u>\$ 828,971</u>	<u>9</u>

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>As of September 30</u>				
Receivables				
TSMC-North America	\$ 23,713,567	100	\$ 21,680,057	98
Philips	-	-	224,516	1
Others	<u>119,784</u>	<u>-</u>	<u>125,847</u>	<u>1</u>
	<u>\$ 23,833,351</u>	<u>100</u>	<u>\$ 22,030,420</u>	<u>100</u>
Other receivables				
VIS	\$ 126,319	25	\$ 88,717	9
VisEra	98,418	19	-	-
TSMC-North America	91,029	18	228,451	22
SSMC	88,372	18	142,521	14
TSMC-Shanghai	81,808	16	482,542	46
Others	<u>19,968</u>	<u>4</u>	<u>99,992</u>	<u>9</u>
	<u>\$ 505,914</u>	<u>100</u>	<u>\$ 1,042,223</u>	<u>100</u>
Payables				
VIS	\$ 904,635	27	\$ 806,789	21
WaferTech	779,480	24	1,045,183	27
TSMC-Shanghai	733,801	22	545,706	14
SSMC	639,524	19	636,181	16
TSMC Technology	136,607	4	5,099	-
Philips	-	-	699,195	18
Others	<u>114,595</u>	<u>4</u>	<u>156,335</u>	<u>4</u>
	<u>\$ 3,308,642</u>	<u>100</u>	<u>\$ 3,894,488</u>	<u>100</u>
Other long-term payables				
Philips (Note 26a)	<u>\$ -</u>	<u>-</u>	<u>\$ 409,588</u>	<u>100</u>
Deferred credits				
TSMC-Shanghai	\$ 563,839	56	\$ 776,935	61
VisEra	<u>77,718</u>	<u>8</u>	<u>139,893</u>	<u>11</u>
	<u>\$ 641,557</u>	<u>64</u>	<u>\$ 916,828</u>	<u>72</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.

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

The Company leased part of its office space from GUC and also leased certain buildings and facilities to VisEra. The related rental expense and rental income were classified under non-operating expenses and income, respectively. The lease terms and prices were determined in accordance with mutual agreements.

25. SIGNIFICANT LONG-TERM LEASES

The Company leases several parcels of land from the Science Park Administration. These operating leases expire on various dates from December 2007 to December 2026 and can be renewed upon expiration.

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

Year	Amount
2007 (4th quarter)	\$ 85,359
2008	301,926
2009	292,960
2010	243,762
2011	242,180
2012 and thereafter	<u>1,820,594</u>
	<u>\$ 2,986,781</u>

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

- a. On June 20, 2004, the Company 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 the Company and Philips (now NXP B.V.) will survive the expiration of the amended Technical Cooperation Agreement. Under this amended Technical Cooperation Agreement, the Company will pay Philips (now NXP B.V.) royalties based on a fixed amount mutually agreed-on, rather than under a certain percentage of the Company's annual net sales. The Company and Philips (now NXP B.V.) agreed to cross license the patents owned by each party. The Company 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, the Company shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with the Company. As of September 30, 2007, the Company had a total of US\$76,933 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. The Company's equity interest in SSMC was 32%. Nevertheless, Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006. The Company 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, the Company and NXP B.V. currently own approximately 39% and 61% of the SSMC shares, respectively. The Company and Philips (now NXP B.V.) committed to buy specific percentages of the production capacity of SSMC. The Company and Philips (now NXP B.V.) are required, in the aggregate, to purchase up to 70% of SSMC's capacity, but the Company 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. The Company provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) entered into on May 12, 1999. The Company 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, the Company 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, the Company and National entered into a Termination Agreement whereby the TTA was terminated. Under the Termination Agreement, the Company will be relieved of any further obligation to transfer any additional technology. In addition, the Company 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, the Company entered into a Technology Development and License Agreement with Freescale Semiconductor, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. The Company 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, the Company will pay royalties to Freescale Semiconductor, Inc. and will share a portion of the costs associated with the joint development project.
- h. The Company provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into on April 1, 2004. The Company 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 the Company certain products at prices as agreed by the parties.
- i. TSMC, TSMC-North America and WaferTech filed a series of lawsuits in late 2003 and 2004 against Semiconductor Manufacturing International Corporation, SMIC (Shanghai) and SMIC Americas (aggregately referring to as "SMIC"). The lawsuits alleged that SMIC infringed multiple TSMC, TSMC-North America and WaferTech patents and misappropriated TSMC, TSMC-North America and WaferTech's trade secrets. These suits were settled out of court on January 30, 2005. As part of the settlement, Semiconductor Manufacturing International Corporation shall pay US\$175 million over six years to resolve TSMC, TSMC-North America and WaferTech's claims. As of September 30, 2007, SMIC had paid US\$75 million 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, TSMC-North America and WaferTech in the same court, alleging TSMC, TSMC-North America and WaferTech of breach of the settlement

agreement and implied covenant of good faith and fair dealing, in response to TSMC, TSMC-North America and WaferTech'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 California State Superior Court of Alameda County issued an Order on TSMC, TSMC-North America and WaferTech's pre-trial motion for a preliminary injunction against SMIC on September 7, 2007. In the Order, the Court found "TSMC has demonstrated a significant likelihood that it will ultimately prevail on the merits of its claim for breach of certain paragraphs of the (2005) Settlement Agreement" with SMIC. The Court also found "TSMC has demonstrated a significant probability of establishing that SMIC retains and is using TSMC Information in SMIC's 0.13um and smaller technologies, and there is significant threat of serious irreparable harm to TSMC if SMIC were to disclose or transfer that information before final resolution of the case." Therefore, the Court ordered that, effective immediately, SMIC must provide advance notice and an opportunity for TSMC, TSMC-North America and WaferTech to object before disclosing items enumerated in the Court Order to SMIC's third party partners. The Court, however, did not grant a preliminary injunction as requested by TSMC, TSMC-North America and WaferTech. The result of the above-mentioned litigation cannot be determined at this time.

- j. In April 2004, UniRAM Technology, Inc. filed an action with the US District Court in the Northern District of California against TSMC and TSMC North America, alleging patent infringement and trade secret misappropriation and seeking injunctive relief and damages. A jury in the District Court made a verdict in September 2007, awarding US\$30.5 million to the plaintiff. TSMC intends to pursue remedies against this verdict.
- k. Amounts available under unused letters of credit as of September 30, 2007 were NT\$6,480 thousand.

27. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company 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 or 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 of 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 on which the Company exercises significant influence: Please see Table 6 attached;
- j. Information about derivatives of investees over which the Company has a controlling interest:

TSMC-Shanghai entered into forward exchange contracts during the nine months ended September 30, 2007 to manage exposures due to foreign exchange rate fluctuations.

Outstanding forward exchange contracts as of September 30, 2007:

	Maturity Date	Contract Amount (in Thousands)
Sell US\$/buy JPY	October 2007	JPY 12,000

For the nine months ended September 30, 2007, net gains arising from forward exchange contracts of TSMC-Shanghai were NT\$1,572 thousand (including realized settlement gains of NT\$1,458 thousand and valuation gains of NT\$114 thousand).

Xintec entered into forward exchange contracts during the nine months ended September 30, 2007 to manage exposures due to foreign exchange rate fluctuations.

Outstanding forward exchange contracts as of September 30, 2007:

	Maturity Date	Contract Amount (in Thousands)
Sell US\$/buy NT\$	October 2007	US\$ 2,000

For the nine months ended September 30, 2007, net losses arising from forward exchange contracts of Xintec were NT\$1,064 thousand (including realized settlement losses of NT\$1,820 thousand and valuation gains of NT\$756 thousand).

k. 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 investee: 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 Note 24.

Taiwan Semiconductor Manufacturing Company Limited and Investees

MARKETABLE SECURITIES HELD

SEPTEMBER 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	September 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>Open-end mutual funds</u>							
	NITC Bond Fund	-	Available-for-sale financial assets	12,239	\$ 2,037,514	N/A	\$ 2,037,514	
	Fuh Hwa Bond	-	"	144,073	1,943,446	N/A	1,943,446	
	NITC Taiwan Bond	-	"	103,016	1,468,675	N/A	1,468,675	
	ING Taiwan Bond Fund	-	"	85,581	1,304,561	N/A	1,304,561	
	Prudential Financial Bond Fund	-	"	83,306	1,231,721	N/A	1,231,721	
	President James Bond	-	"	77,128	1,203,732	N/A	1,203,732	
	ING Taiwan Income Fund	-	"	63,947	1,024,476	N/A	1,024,476	
	JF Taiwan Bond Fund	-	"	59,049	911,461	N/A	911,461	
	Dresdner Bond DAM Fund	-	"	71,368	836,828	N/A	836,828	
	Taishin Lucky Fund	-	"	68,945	715,509	N/A	715,509	
	AIG Taiwan Bond Fund	-	"	54,469	702,353	N/A	702,353	
	Cathay Bond	-	"	60,126	701,010	N/A	701,010	
	JF Taiwan First Bond Fund	-	"	35,324	502,101	N/A	502,101	
	HSBC Taiwan Money Management	-	"	27,416	411,812	N/A	411,812	
	INVESCO Bond Fund	-	"	27,176	408,423	N/A	408,423	
	<u>Government bond</u>							
	2003 Government Bond Series B	-	Available-for-sale financial assets	-	2,346,950	N/A	2,346,950	
	2004 Government Bond Series B	-	"	-	1,194,550	N/A	1,194,550	
	2006 Government Bond Series D	-	"	-	399,200	N/A	399,200	
	2004 Government Bond Series G	-	"	-	198,854	N/A	198,854	
	2006 Government Bond Series D	-	Held-to-maturity financial assets	-	3,653,229	N/A	3,642,704	
	2003 Government Bond Series B	-	"	-	1,647,923	N/A	1,645,861	
	2003 Asian Development Bank Govt. Bond	-	"	-	850,276	N/A	875,103	
	2003 Government Bond Series F	-	"	-	798,605	N/A	795,194	
	2003 Government Bond Series H	-	"	-	400,927	N/A	399,782	
	European Investment Bank Bonds	-	"	-	377,938	N/A	400,000	
	2004 Kaohsiung Municipal Series B	-	"	-	249,998	N/A	250,004	
	2003 European Bank for Reconstruction and Development Govt. Bond Series A	-	"	-	89,522	N/A	90,000	
	<u>Corporate bond</u>							
	Hua Nan Bank	-	Available-for-sale financial assets	-	1,566,347	N/A	1,566,347	
	Cathay Bank	-	"	-	1,175,130	N/A	1,175,130	
	Taiwan Power Company	-	"	-	898,630	N/A	898,630	
	Formosa Petrochemical Corporation	-	"	-	398,934	N/A	398,934	
	Formosa Petrochemical Corporation	-	Held-to-maturity financial assets	-	3,577,937	N/A	3,542,148	
	Taiwan Power Company	-	"	-	3,078,978	N/A	3,078,790	
	Nan Ya Plastics Corporation	-	"	-	2,003,029	N/A	1,994,730	
	CPC Corporation, Taiwan	-	"	-	1,200,368	N/A	1,199,372	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	China Steel Corporation	-	Held-to-maturity financial assets	-	\$ 1,000,000	N/A	\$ 986,583	
	Formosa Plastic Corporation	-	"	-	389,056	N/A	388,927	
	Shanghai commercial & Saving Bank	-	"	-	291,138	N/A	291,067	
	<u>Stocks</u>							
	TSMC Global	Subsidiary	Investment accounted for using equity method	1	44,234,333	100	44,234,333	
	TSMC International	Subsidiary	"	987,968	27,553,919	100	27,553,919	
	SSMC	Investee accounted for using equity method	"	463	8,674,862	39	7,656,468	
	VIS	Investee accounted for using equity method	"	616,240	10,760,885	36	18,025,034	
	TSMC Partners	Subsidiary	"	300	4,667,437	100	4,667,437	
	TSMC-North America	Subsidiary	"	11,000	2,227,896	100	2,227,896	
	Xintec	Investee with a controlling financial interest	"	91,703	1,429,804	43	1,339,493	
	GUC	Investee with a controlling financial interest	"	42,572	750,200	37	11,132,670	
	TSMC-Japan	Subsidiary	"	6	102,257	100	102,257	
	TSMC-Europe	Subsidiary	"	-	74,994	100	74,994	
	TSMC-Korea	Subsidiary	"	80	16,014	100	16,014	
	United Industrial Gases Co., Ltd.	-	Financial assets carried at cost	16,783	193,584	10	282,525	
	Shin-Etsu Handotai Taiwan Co., Ltd.	-	"	10,500	105,000	7	292,174	
	W.K. Technology Fund IV	-	"	4,000	40,000	2	56,641	
	Hontung Venture Capital Co., Ltd.	-	"	2,633	26,329	10	24,196	
	<u>Fund</u>							
	Horizon Ventures Fund	-	Financial assets carried at cost	-	312,950	12	312,950	
	Crimson Asia Capital	-	"	-	69,344	1	69,344	
	<u>Capital</u>							
	TSMC-Shanghai	Subsidiary	Investment accounted for using equity method	-	8,567,668	100	8,565,232	
	VTAF II	Subsidiary	"	-	1,026,700	98	1,022,244	
	VTAF III	Subsidiary	"	-	786,064	98	777,625	
	Emerging Alliance	Subsidiary	"	-	683,002	99	683,002	
	Chi Cheng	Subsidiary	"	-	170,542	36	629,106	Treasury stock of NT\$458,564 thousand is deducted from the carrying value
	Hsin Ruey	Subsidiary	"	-	168,918	36	628,429	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	1,078,125	-	1,078,125	
	VIS	Investments accounted for using equity method	Investee accounted for using equity method	5,082	106,841	-	148,646	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
Hsin Ruey	Stocks TSMC VIS	Parent Company Investee accounted for using equity method	Available-for-sale financial assets Investments accounted for using equity method	17,064	\$ 1,080,146	-	\$ 1,080,146	
				3,748	83,524	-	109,617	
TSMC International	Stocks InveStar InveStar II TSMC Development TSMC Technology	Subsidiary Subsidiary Subsidiary Subsidiary	Investments accounted for using equity method " " " "	9,207	US\$ 46,802	97	US\$ 46,802	
				51,300	US\$ 60,456	97	US\$ 60,456	
				1	US\$ 668,997	100	US\$ 668,997	
				1	US\$ 6,444	100	US\$ 6,444	
TSMC Development	WaferTech	Subsidiary	Investments accounted for using equity method	-	US\$ 264,777	100	US\$ 264,777	
TSMC Partners	Common stock VisEra Holding Company TSMC Canada	Investee accounted for using equity method Investee accounted for using equity method	Investments accounted for using equity method "	43,000	US\$ 65,629	49	US\$ 65,629	
				2,300	US\$ 2,622	100	US\$ 2,622	
Emerging Alliance	Common stock NetLogic Microsystems, Inc. Ikanos Communication, Inc. Global Investment Holding, Inc. RichWave Technology Corp. Pixim, Inc. SiRF Technology Holdings Preferred stock Pixim, Inc. Mosaic Systems, Inc. Miradia, Inc. Axiom Microdevices, Inc. Optichron, Inc. NuCORE Technology Inc. Next IO, Inc. Audience, Inc. Teknovus, Inc. Optimal Corporation Mobilygen	- - - - - - - - - - - - - - - -	Financial assets at fair value through profit or loss Available-for-sale financial assets Financial assets carried at cost " " " " " " " " " " " " " "	18	US\$ 650	-	US\$ 650	
				280	US\$ 1,568	1	US\$ 1,568	
				10,800	\$ 100,000	6	\$ 100,000	
				4,247	US\$ 1,648	13	US\$ 1,648	
				1,036	US\$ 275	-	US\$ 275	
				93	US\$ 1,743	3	US\$ 1,743	
				3,606	US\$ 862	2	US\$ 862	
				2,481	US\$ 12	6	US\$ 12	
				3,040	US\$ 1,000	3	US\$ 1,000	
				1,000	US\$ 1,000	1	US\$ 1,000	
				714	US\$ 1,000	4	US\$ 1,000	
				2,254	US\$ 1,388	2	US\$ 1,388	
				800	US\$ 500	2	US\$ 500	
				1,654	US\$ 250	1	US\$ 250	
				6,977	US\$ 1,327	3	US\$ 1,327	
				583	US\$ 600	4	US\$ 600	
1,415	US\$ 750	1	US\$ 750					
VTAF II	Common stock Yobon Sentelic Leadtrend RichWave Technology Corp.	- - - - -	Financial assets carried at cost " " " "	1,875	US\$ 919	13	US\$ 919	
				1,200	US\$ 2,040	15	US\$ 2,040	
				1,265	US\$ 660	5	US\$ 660	
				500	US\$ 231	2	US\$ 231	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 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>								
	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.	-	"	3,416	US\$ 3,106	3	US\$ 3,106		
	Axiom Microdevices, Inc.	-	"	5,044	US\$ 2,088	4	US\$ 2,088		
	Next IO, Inc.	-	"	216	US\$ 182	-	US\$ 182		
	Ageia Technologies, Inc.	-	"	2,030	US\$ 2,074	2	US\$ 2,074		
	Audience, Inc.	-	"	2,988	US\$ 664	1	US\$ 664		
	GemFire Corporation	-	"	600	US\$ 68	1	US\$ 68		
	Optichron, Inc.	-	"	1,050	US\$ 1,844	2	US\$ 1,844		
	Xceive	-	"	714	US\$ 1,000	2	US\$ 1,000		
	5V Technologies, Inc.	-	"	2,357	US\$ 1,768	11	US\$ 1,768		
	Power Analog Microelectronics	-	"	3,039	US\$ 2,409	13	US\$ 2,409		
	Impinj, Inc.	-	"	475	US\$ 1,000	-	US\$ 1,000		
	Beceem Communications	-	"	650	US\$ 1,600	1	US\$ 1,600		
	Teknovus, Inc.	-	"	1,599	US\$ 454	-	US\$ 454		
	Aquantia Corporation	-	"	1,786	US\$ 2,273	5	US\$ 2,273		
	Pixim, Inc.	-	"	3,279	US\$ 641	2	US\$ 641		
		<u>Common stock</u>							
		Mutual-Pak, Technology Co. LTD	-	Investment accounted for using equity method	4,090	US\$ 1,240	45	US\$ 1,240	
		<u>Preferred stock</u>							
		Quellan, Inc.	-	Financial assets carried at cost	2,991	US\$ 3,498	7	US\$ 3,498	
		M2000, Inc.	-	"	1,500	US\$ 1,500	4	US\$ 1,500	
	Exclara, Inc. (Formerly SynDiTec, Inc.)	-	"	14,477	US\$ 2,412	19	US\$ 2,412		
	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		
	Auramicro, Inc.	-	"	2,500	US\$ 750	17	US\$ 750		
	<u>Convertible 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	1,352	US\$ 34,337	4	US\$ 34,337		
	Advanced Power Electronics Corp.	-	Available-for-sale financial assets	58	US\$ 19	-	US\$ 19		
	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	2,872	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		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
InveStar II	<u>Common stock</u> Monolithic Power Systems, Inc.	-	Financial assets at fair value through profit or loss	864	US\$ 21,958	3	US\$ 21,958	
	Geo Vision, Inc.	-	"	6	US\$ 55	-	US\$ 55	
	Rich Tek Technology Corp.	-	"	152	US\$ 1,819	-	US\$ 1,819	
	Geo Vision, Inc.	-	Available-for-sale financial assets	15	US\$ 127	-	US\$ 127	
	Rich Tek Technology Corp.	-	"	261	US\$ 3,133	-	US\$ 3,133	
	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.	-	"	6,931	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\$ 2,950	15	US\$ 2,950	
	<u>Convertible bond</u> eLCOS Microdisplay Technology, Ltd.	-	Financial assets carried at cost	-	US\$ 200	N/A	US\$ 200	
	TSMC Global	<u>Agency bonds</u> Fed Hm Ln Pc Pool 1b1107	-	Available-for-sale financial assets	-	US\$ 558	N/A	US\$ 558
		Fed Hm Ln Pc Pool 1b1150	-	"	-	US\$ 1,043	N/A	US\$ 1,043
		Fed Hm Ln Pc Pool 1b1225	-	"	-	US\$ 145	N/A	US\$ 145
		Fed Hm Ln Pc Pool 1b2566	-	"	-	US\$ 170	N/A	US\$ 170
Fed Hm Ln Pc Pool 1b2632		-	"	-	US\$ 185	N/A	US\$ 185	
Fed Hm Ln Pc Pool 1b2642		-	"	-	US\$ 249	N/A	US\$ 249	
Fed Hm Ln Pc Pool 1b2776		-	"	-	US\$ 347	N/A	US\$ 347	
Fed Hm Ln Pc Pool 1b2792		-	"	-	US\$ 234	N/A	US\$ 234	
Fed Hm Ln Pc Pool 1b2810		-	"	-	US\$ 305	N/A	US\$ 305	
Fed Hm Ln Pc Pool 1g0038		-	"	-	US\$ 306	N/A	US\$ 306	
Fed Hm Ln Pc Pool 1g0053		-	"	-	US\$ 381	N/A	US\$ 381	
Fed Hm Ln Pc Pool 1g0104		-	"	-	US\$ 148	N/A	US\$ 148	
Fed Hm Ln Pc Pool 1g1282		-	"	-	US\$ 4,199	N/A	US\$ 4,199	
Fed Hm Ln Pc Pool 1g1411		-	"	-	US\$ 3,829	N/A	US\$ 3,829	
Fed Hm Ln Pc Pool 1g1616		-	"	-	US\$ 4,451	N/A	US\$ 4,451	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 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 1g1921	-	Available-for-sale financial assets	-	US\$ 4,353	N/A	US\$ 4,353	
	Fed Hm Ln Pc Pool 1g2162	-	"	-	US\$ 5,787	N/A	US\$ 5,787	
	Fed Hm Ln Pc Pool 1g2593	-	"	-	US\$ 5,595	N/A	US\$ 5,595	
	Fed Hm Ln Pc Pool 1h2520	-	"	-	US\$ 2,753	N/A	US\$ 2,753	
	Fed Hm Ln Pc Pool 1h2524	-	"	-	US\$ 2,062	N/A	US\$ 2,062	
	Fed Hm Ln Pc Pool 1j0410	-	"	-	US\$ 5,881	N/A	US\$ 5,881	
	Fed Hm Ln Pc Pool 780870	-	"	-	US\$ 765	N/A	US\$ 765	
	Fed Hm Ln Pc Pool 781959	-	"	-	US\$ 4,264	N/A	US\$ 4,264	
	Fed Hm Ln Pc Pool 782785	-	"	-	US\$ 264	N/A	US\$ 264	
	Fed Hm Ln Pc Pool 782837	-	"	-	US\$ 518	N/A	US\$ 518	
	Fed Hm Ln Pc Pool 782968	-	"	-	US\$ 1,182	N/A	US\$ 1,182	
	Fed Hm Ln Pc Pool 783022	-	"	-	US\$ 551	N/A	US\$ 551	
	Fed Hm Ln Pc Pool 783026	-	"	-	US\$ 315	N/A	US\$ 315	
	Fed Hm Ln Pc Pool 847628	-	"	-	US\$ 3,299	N/A	US\$ 3,299	
	Fed Hm Ln Pc Pool B19205	-	"	-	US\$ 7,288	N/A	US\$ 7,288	
	Fed Hm Ln Pc Pool E89857	-	"	-	US\$ 1,361	N/A	US\$ 1,361	
	Fed Hm Ln Pc Pool G11295	-	"	-	US\$ 1,167	N/A	US\$ 1,167	
	Fed Hm Ln Pc Pool G12009	-	"	-	US\$ 3,760	N/A	US\$ 3,760	
	Fed Hm Ln Pc Pool M80855	-	"	-	US\$ 3,037	N/A	US\$ 3,037	
	Fed Home Ln Bank	-	"	-	US\$ 5,081	N/A	US\$ 5,081	
	Federal Farm Cr Bks	-	"	-	US\$ 3,446	N/A	US\$ 3,446	
	Federal Home Ln Bks	-	"	-	US\$ 8,928	N/A	US\$ 8,928	
	Federal Home Ln Bks	-	"	-	US\$ 8,891	N/A	US\$ 8,891	
	Federal Home Ln Bks	-	"	-	US\$ 4,938	N/A	US\$ 4,938	
	Federal Home Ln Bks	-	"	-	US\$ 5,939	N/A	US\$ 5,939	
	Federal Home Ln Bks	-	"	-	US\$ 4,956	N/A	US\$ 4,956	
	Federal Home Ln Bks	-	"	-	US\$ 3,029	N/A	US\$ 3,029	
	Federal Home Ln Bks	-	"	-	US\$ 6,183	N/A	US\$ 6,183	
	Federal Home Ln Bks	-	"	-	US\$ 5,450	N/A	US\$ 5,450	
	Federal Home Ln Bks	-	"	-	US\$ 5,982	N/A	US\$ 5,982	
	Federal Home Ln Bks	-	"	-	US\$ 4,552	N/A	US\$ 4,552	
	Federal Home Ln Bks	-	"	-	US\$ 9,008	N/A	US\$ 9,008	
	Federal Home Ln Bks	-	"	-	US\$ 8,205	N/A	US\$ 8,205	
	Federal Home Ln Mtg	-	"	-	US\$ 5,671	N/A	US\$ 5,671	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,380	N/A	US\$ 1,380	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,531	N/A	US\$ 3,531	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,234	N/A	US\$ 2,234	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 856	N/A	US\$ 856	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,532	N/A	US\$ 3,532	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 76	N/A	US\$ 76	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,574	N/A	US\$ 2,574	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,992	N/A	US\$ 2,992	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,414	N/A	US\$ 2,414	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 1,183	N/A	US\$ 1,183	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 7,278	N/A	US\$ 7,278	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 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 Corp.	-	Available-for-sale financial assets	-	US\$ 2,296	N/A	US\$ 2,296	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,953	N/A	US\$ 3,953	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 2,332	N/A	US\$ 2,332	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,589	N/A	US\$ 3,589	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,588	N/A	US\$ 3,588	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,500	N/A	US\$ 3,500	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,354	N/A	US\$ 3,354	
	Federal Home Ln Mtg Corp.	-	"	-	US\$ 3,900	N/A	US\$ 3,900	
	Federal Home Ln Mtg Disc Nts	-	"	-	US\$ 22,161	N/A	US\$ 22,161	
	Federal Home Loan Bank	-	"	-	US\$ 4,556	N/A	US\$ 4,556	
	Federal Home Loan Bank	-	"	-	US\$ 3,460	N/A	US\$ 3,460	
	Federal Home Loan Bank	-	"	-	US\$ 8,121	N/A	US\$ 8,121	
	Federal National Mort Assoc	-	"	-	US\$ 3,035	N/A	US\$ 3,035	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,439	N/A	US\$ 4,439	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,230	N/A	US\$ 2,230	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,400	N/A	US\$ 2,400	
	Federal Natl Mtg Assn	-	"	-	US\$ 1,298	N/A	US\$ 1,298	
	Federal Natl Mtg Assn	-	"	-	US\$ 5,011	N/A	US\$ 5,011	
	Federal Natl Mtg Assn	-	"	-	US\$ 6,515	N/A	US\$ 6,515	
	Federal Natl Mtg Assn	-	"	-	US\$ 8,550	N/A	US\$ 8,550	
	Federal Natl Mtg Assn	-	"	-	US\$ 5,019	N/A	US\$ 5,019	
	Federal Natl Mtg Assn	-	"	-	US\$ 5,027	N/A	US\$ 5,027	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,349	N/A	US\$ 3,349	
	Federal Natl Mtg Assn	-	"	-	US\$ 2,006	N/A	US\$ 2,006	
	Federal Natl Mtg Assn	-	"	-	US\$ 3,703	N/A	US\$ 3,703	
	Federal Natl Mtg Assn	-	"	-	US\$ 4,503	N/A	US\$ 4,503	
	Federal Natl Mtg Assn	-	"	-	US\$ 48	N/A	US\$ 48	
	Federal Natl Mtg Assn Gtd	-	"	-	US\$ 1,844	N/A	US\$ 1,844	
	Federal Natl Mtg Assn Medium	-	"	-	US\$ 3,473	N/A	US\$ 3,473	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 2,962	N/A	US\$ 2,962	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 3,152	N/A	US\$ 3,152	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 5,383	N/A	US\$ 5,383	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 3,766	N/A	US\$ 3,766	
	Federal Natl Mtg Assn Mtn	-	"	-	US\$ 3,027	N/A	US\$ 3,027	
	Fnma Pool 254507	-	"	-	US\$ 1,254	N/A	US\$ 1,254	
	Fnma Pool 254834	-	"	-	US\$ 1,236	N/A	US\$ 1,236	
	Fnma Pool 255883	-	"	-	US\$ 3,189	N/A	US\$ 3,189	
	Fnma Pool 555549	-	"	-	US\$ 1,409	N/A	US\$ 1,409	
	Fnma Pool 555715	-	"	-	US\$ 176	N/A	US\$ 176	
	Fnma Pool 632399	-	"	-	US\$ 391	N/A	US\$ 391	
	Fnma Pool 662401	-	"	-	US\$ 586	N/A	US\$ 586	
	Fnma Pool 667766	-	"	-	US\$ 1,332	N/A	US\$ 1,332	
	Fnma Pool 680932	-	"	-	US\$ 1,142	N/A	US\$ 1,142	
	Fnma Pool 681393	-	"	-	US\$ 2,431	N/A	US\$ 2,431	
	Fnma Pool 685116	-	"	-	US\$ 600	N/A	US\$ 600	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Fnma Pool 691283	-	Available-for-sale financial assets	-	US\$ 3,512	N/A	US\$ 3,512	
	Fnma Pool 694287	-	"	-	US\$ 22	N/A	US\$ 22	
	Fnma Pool 703711	-	"	-	US\$ 476	N/A	US\$ 476	
	Fnma Pool 725095	-	"	-	US\$ 1,043	N/A	US\$ 1,043	
	Fnma Pool 730033	-	"	-	US\$ 1,245	N/A	US\$ 1,245	
	Fnma Pool 740934	-	"	-	US\$ 1,160	N/A	US\$ 1,160	
	Fnma Pool 742232	-	"	-	US\$ 24	N/A	US\$ 24	
	Fnma Pool 750798	-	"	-	US\$ 22	N/A	US\$ 22	
	Fnma Pool 773246	-	"	-	US\$ 235	N/A	US\$ 235	
	Fnma Pool 790828	-	"	-	US\$ 2,120	N/A	US\$ 2,120	
	Fnma Pool 793025	-	"	-	US\$ 2,006	N/A	US\$ 2,006	
	Fnma Pool 793932	-	"	-	US\$ 485	N/A	US\$ 485	
	Fnma Pool 794040	-	"	-	US\$ 678	N/A	US\$ 678	
	Fnma Pool 795548	-	"	-	US\$ 275	N/A	US\$ 275	
	Fnma Pool 799664	-	"	-	US\$ 101	N/A	US\$ 101	
	Fnma Pool 799868	-	"	-	US\$ 32	N/A	US\$ 32	
	Fnma Pool 804764	-	"	-	US\$ 408	N/A	US\$ 408	
	Fnma Pool 804852	-	"	-	US\$ 346	N/A	US\$ 346	
	Fnma Pool 804962	-	"	-	US\$ 401	N/A	US\$ 401	
	Fnma Pool 805163	-	"	-	US\$ 419	N/A	US\$ 419	
	Fnma Pool 806642	-	"	-	US\$ 1,025	N/A	US\$ 1,025	
	Fnma Pool 806721	-	"	-	US\$ 652	N/A	US\$ 652	
	Fnma Pool 813641	-	"	-	US\$ 3,134	N/A	US\$ 3,134	
	Fnma Pool 814418	-	"	-	US\$ 347	N/A	US\$ 347	
	Fnma Pool 815626	-	"	-	US\$ 2,408	N/A	US\$ 2,408	
	Fnma Pool 816594	-	"	-	US\$ 1,888	N/A	US\$ 1,888	
	Fnma Pool 819423	-	"	-	US\$ 556	N/A	US\$ 556	
	Fnma Pool 821129	-	"	-	US\$ 530	N/A	US\$ 530	
	Fnma Pool 825395	-	"	-	US\$ 2,542	N/A	US\$ 2,542	
	Fnma Pool 825398	-	"	-	US\$ 3,756	N/A	US\$ 3,756	
	Fnma Pool 841069	-	"	-	US\$ 2,425	N/A	US\$ 2,425	
	Fnma Pool 879906	-	"	-	US\$ 1,378	N/A	US\$ 1,378	
	Fnma Pool 888249	-	"	-	US\$ 4,543	N/A	US\$ 4,543	
	Fnma Pool 888388	-	"	-	US\$ 6,367	N/A	US\$ 6,367	
	Fnma Pool 888499	-	"	-	US\$ 2,688	N/A	US\$ 2,688	
	Fnma Pool 888502	-	"	-	US\$ 244	N/A	US\$ 244	
	Fnma Pool 888507	-	"	-	US\$ 934	N/A	US\$ 934	
	Fnma Pool 888515	-	"	-	US\$ 2,109	N/A	US\$ 2,109	
	Fnma Pool 888519	-	"	-	US\$ 128	N/A	US\$ 128	
	Fnma Pool 888527	-	"	-	US\$ 71	N/A	US\$ 71	
	Fnma Pool 900296	-	"	-	US\$ 3,366	N/A	US\$ 3,366	
	Gnma Ii Pool 081150	-	"	-	US\$ 500	N/A	US\$ 500	
	Gnma Ii Pool 081153	-	"	-	US\$ 1,602	N/A	US\$ 1,602	
	Tennessee Valley Auth	-	"	-	US\$ 6,062	N/A	US\$ 6,062	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 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>Corporate bonds</u>							
	Abbott Labs	-	Available-for-sale financial assets	-	US\$ 1,508	N/A	US\$ 1,508	
	Abbott Labs	-	"	-	US\$ 2,541	N/A	US\$ 2,541	
	Allstate Life Global Fdg Secd	-	"	-	US\$ 2,994	N/A	US\$ 2,994	
	American Gen Fin Corp.	-	"	-	US\$ 3,190	N/A	US\$ 3,190	
	American Gen Fin Corp.	-	"	-	US\$ 3,475	N/A	US\$ 3,475	
	American Gen Fin Corp.	-	"	-	US\$ 1,980	N/A	US\$ 1,980	
	American Honda Fin Corp. Mtn	-	"	-	US\$ 9,371	N/A	US\$ 9,371	
	Ameritech Capital Funding Co.	-	"	-	US\$ 2,820	N/A	US\$ 2,820	
	Amgen Inc.	-	"	-	US\$ 2,938	N/A	US\$ 2,938	
	Anz Cap Tr I	-	"	-	US\$ 973	N/A	US\$ 973	
	Associates Corp. North Amer	-	"	-	US\$ 2,549	N/A	US\$ 2,549	
	Atlantic Richfield Co.	-	"	-	US\$ 2,206	N/A	US\$ 2,206	
	Axa Finl Inc.	-	"	-	US\$ 2,132	N/A	US\$ 2,132	
	Bank One Corp.	-	"	-	US\$ 1,474	N/A	US\$ 1,474	
	Bank One Corp.	-	"	-	US\$ 2,015	N/A	US\$ 2,015	
	Bank Utd Houston Tx Mtn	-	"	-	US\$ 519	N/A	US\$ 519	
	Beneficial Corp. Mtn Bk Entry	-	"	-	US\$ 2,279	N/A	US\$ 2,279	
	Bp Cap Mkts Plc	-	"	-	US\$ 4,515	N/A	US\$ 4,515	
	Burlington Res Inc.	-	"	-	US\$ 3,642	N/A	US\$ 3,642	
	Chase Manhattan Corp. New	-	"	-	US\$ 5,068	N/A	US\$ 5,068	
	Chase Manhattan Corp. New	-	"	-	US\$ 2,103	N/A	US\$ 2,103	
	Chubb Corp.	-	"	-	US\$ 2,127	N/A	US\$ 2,127	
	Citi Group Hldgs Inc.	-	"	-	US\$ 2,973	N/A	US\$ 2,973	
	Citi Group Inc. New	-	"	-	US\$ 2,436	N/A	US\$ 2,436	
	Citigroup Fdg Inc.	-	"	-	US\$ 4,589	N/A	US\$ 4,589	
	Cogentrix Energy Inc.	-	"	-	US\$ 3,710	N/A	US\$ 3,710	
	Consolidated Edison Inc.	-	"	-	US\$ 2,974	N/A	US\$ 2,974	
	Countrywide Fdg Corp. Mtn	-	"	-	US\$ 1,899	N/A	US\$ 1,899	
	Credit Suisse First Boston USA	-	"	-	US\$ 2,209	N/A	US\$ 2,209	
	Daimlerchrysler North Amer	-	"	-	US\$ 994	N/A	US\$ 994	
	Dayton Hudson Corp.	-	"	-	US\$ 2,021	N/A	US\$ 2,021	
	Deere John Cap Corp.	-	"	-	US\$ 5,975	N/A	US\$ 5,975	
	Deere John Cap Corp. Mtn Bk Ent	-	"	-	US\$ 2,187	N/A	US\$ 2,187	
	Dell Computer Corp.	-	"	-	US\$ 2,812	N/A	US\$ 2,812	
	Diageo Plc	-	"	-	US\$ 3,498	N/A	US\$ 3,498	
	Emerson Elec Co.	-	"	-	US\$ 3,225	N/A	US\$ 3,225	
	European Invt Bk	-	"	-	US\$ 6,219	N/A	US\$ 6,219	
	Fifth Third Bk Cincinnati Oh	-	"	-	US\$ 2,470	N/A	US\$ 2,470	
	Fleet Boston Corp.	-	"	-	US\$ 2,633	N/A	US\$ 2,633	
	Ge Global Ins Hldg Corp.	-	"	-	US\$ 1,900	N/A	US\$ 1,900	
	General Dynamics Corp.	-	"	-	US\$ 2,084	N/A	US\$ 2,084	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 3,946	N/A	US\$ 3,946	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 11,365	N/A	US\$ 11,365	
	General Elec Cap Corp. Mtn	-	"	-	US\$ 4,820	N/A	US\$ 4,820	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	General Elec Cap Corp. Mtn	-	Available-for-sale financial assets	-	US\$ 2,108	N/A	US\$ 2,108	
	General Re Corp.	-	"	-	US\$ 3,262	N/A	US\$ 3,262	
	Genworth Finl Inc.	-	"	-	US\$ 3,265	N/A	US\$ 3,265	
	Greenpoint Finl Corp.	-	"	-	US\$ 991	N/A	US\$ 991	
	Hancock John Global Fdg II Mtn	-	"	-	US\$ 2,968	N/A	US\$ 2,968	
	Hancock John Global Fdg II Mtn	-	"	-	US\$ 5,159	N/A	US\$ 5,159	
	Hancock John Global Fdg Mtn	-	"	-	US\$ 995	N/A	US\$ 995	
	Hartford Finl Svcs Group Inc.	-	"	-	US\$ 5,018	N/A	US\$ 5,018	
	Hartford Finl Svcs Group Inc.	-	"	-	US\$ 1,334	N/A	US\$ 1,334	
	Hbos Plc Medium Term Sr Nts	-	"	-	US\$ 2,997	N/A	US\$ 2,997	
	Heller Finl Inc.	-	"	-	US\$ 1,934	N/A	US\$ 1,934	
	Hewlett Packard Co.	-	"	-	US\$ 1,864	N/A	US\$ 1,864	
	Household Fin Corp.	-	"	-	US\$ 2,929	N/A	US\$ 2,929	
	Household Fin Corp.	-	"	-	US\$ 3,071	N/A	US\$ 3,071	
	HSBC Fin Corp.	-	"	-	US\$ 4,466	N/A	US\$ 4,466	
	Huntington National Bank	-	"	-	US\$ 1,853	N/A	US\$ 1,853	
	Ing Sec Life Instl Fdg	-	"	-	US\$ 2,527	N/A	US\$ 2,527	
	International Business Machs	-	"	-	US\$ 3,502	N/A	US\$ 3,502	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 2,952	N/A	US\$ 2,952	
	Intl Lease Fin Corp. Mtn	-	"	-	US\$ 4,164	N/A	US\$ 4,164	
	J P Morgan Chase + Co.	-	"	-	US\$ 3,289	N/A	US\$ 3,289	
	Key Bk Na Med Term Nts Bk Entr	-	"	-	US\$ 4,440	N/A	US\$ 4,440	
	Keycorp Mtn Book Entry	-	"	-	US\$ 3,036	N/A	US\$ 3,036	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 1,167	N/A	US\$ 1,167	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 1,634	N/A	US\$ 1,634	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 487	N/A	US\$ 487	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 984	N/A	US\$ 984	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 3,074	N/A	US\$ 3,074	
	Lehman Brothers Hldgs Inc.	-	"	-	US\$ 1,063	N/A	US\$ 1,063	
	Marshall + Ilsley Corp.	-	"	-	US\$ 8,488	N/A	US\$ 8,488	
	Massmutual Global Fdg II Mtn	-	"	-	US\$ 3,673	N/A	US\$ 3,673	
	Mbna America Bank Na Y	-	"	-	US\$ 6,498	N/A	US\$ 6,498	
	Metropolitan Life Global Mtn	-	"	-	US\$ 3,455	N/A	US\$ 3,455	
	Metropolitan Life Golbal Mtn	-	"	-	US\$ 3,376	N/A	US\$ 3,376	
	Mgic Invt Corp.	-	"	-	US\$ 1,164	N/A	US\$ 1,164	
	Mizuho Fin(Cayman)	-	"	-	US\$ 2,170	N/A	US\$ 2,170	
	Monumental Global Fdg II	-	"	-	US\$ 1,488	N/A	US\$ 1,488	
	Monunmetal Global Fdg II	-	"	-	US\$ 1,987	N/A	US\$ 1,987	
	Mony Group Inc.	-	"	-	US\$ 2,142	N/A	US\$ 2,142	
	Morgan Stanley	-	"	-	US\$ 1,955	N/A	US\$ 1,955	
	Morgan Stanley	-	"	-	US\$ 5,534	N/A	US\$ 5,534	
	National City Corp.	-	"	-	US\$ 3,465	N/A	US\$ 3,465	
	National Westminster Bk Plc	-	"	-	US\$ 1,300	N/A	US\$ 1,300	
	Nationwide Life Global Fdg I	-	"	-	US\$ 3,573	N/A	US\$ 3,573	
	Oracle Corp/Ozark Hldg Inc.	-	"	-	US\$ 1,999	N/A	US\$ 1,999	
	Pepsico Inc Mtn Book Entry	-	"	-	US\$ 3,623	N/A	US\$ 3,623	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Popular North Amer Inc.	-	Available-for-sale financial assets	-	US\$ 2,910	N/A	US\$ 2,910	
	Praxair Inc.	-	"	-	US\$ 3,125	N/A	US\$ 3,125	
	Premark Intl Inc.	-	"	-	US\$ 2,636	N/A	US\$ 2,636	
	Pricoa Global Fdg I Mtn	-	"	-	US\$ 3,443	N/A	US\$ 3,443	
	Principal Finl Group Australia	-	"	-	US\$ 1,010	N/A	US\$ 1,010	
	Principal Life Global Fdg I Gl	-	"	-	US\$ 1,179	N/A	US\$ 1,179	
	Protective Life Secd Trs	-	"	-	US\$ 2,956	N/A	US\$ 2,956	
	Protective Life Secd Trs Mtn	-	"	-	US\$ 3,436	N/A	US\$ 3,436	
	Public Svc Elec Gas Co.	-	"	-	US\$ 3,744	N/A	US\$ 3,744	
	Regions Finl Corp. New	-	"	-	US\$ 2,391	N/A	US\$ 2,391	
	Sbc Communications Inc.	-	"	-	US\$ 3,353	N/A	US\$ 3,353	
	Sbc Communications Inc.	-	"	-	US\$ 706	N/A	US\$ 706	
	Simon Ppty Group LP	-	"	-	US\$ 2,185	N/A	US\$ 2,185	
	Simon Ppty Group LP	-	"	-	US\$ 999	N/A	US\$ 999	
	Sp Powerasests Ltd. Global	-	"	-	US\$ 994	N/A	US\$ 994	
	St Paul Cos Inc. Mtn Bk Ent	-	"	-	US\$ 2,543	N/A	US\$ 2,543	
	Suntrust Bk Atlanta Ga Medium	-	"	-	US\$ 3,477	N/A	US\$ 3,477	
	Us Bk Natl Assn Cincinnati Oh	-	"	-	US\$ 2,960	N/A	US\$ 2,960	
	Vodafone Airtouch Plc	-	"	-	US\$ 1,670	N/A	US\$ 1,670	
	Wachovia Corp. New	-	"	-	US\$ 3,152	N/A	US\$ 3,152	
	Wachovia Corp. New	-	"	-	US\$ 3,479	N/A	US\$ 3,479	
	Washington Mut Inc.	-	"	-	US\$ 1,701	N/A	US\$ 1,701	
	Washington Post Co.	-	"	-	US\$ 3,025	N/A	US\$ 3,025	
	Wells Fargo + Co. New	-	"	-	US\$ 2,979	N/A	US\$ 2,979	
	Wells Fargo + Co. New Med Trm	-	"	-	US\$ 4,344	N/A	US\$ 4,344	
	Westfield Cap Corp. Ltd.	-	"	-	US\$ 2,001	N/A	US\$ 2,001	
	<u>Corporate issued asset-backed securities</u>							
	Adjustable Rate Mortgage Trust	-	Available-for-sale financial assets	-	US\$ 44	N/A	US\$ 44	
	American Home Mtg Invt Tr	-	"	-	US\$ 39	N/A	US\$ 39	
	Americredit Auto Rec Tr	-	"	-	US\$ 1,004	N/A	US\$ 1,004	
	Americredit Automobile Rec Tr	-	"	-	US\$ 1,527	N/A	US\$ 1,527	
	Americredit Automobile Rec Tr	-	"	-	US\$ 3,257	N/A	US\$ 3,257	
	Americredit Automobile Receiva	-	"	-	US\$ 1,910	N/A	US\$ 1,910	
	Atlantic City Elc Trns Fdglc	-	"	-	US\$ 241	N/A	US\$ 241	
	Banc Amer Coml Mtg Inc.	-	"	-	US\$ 4,605	N/A	US\$ 4,605	
	Banc Amer Fdg 2006 I Tr	-	"	-	US\$ 3,885	N/A	US\$ 3,885	
	Bear Stearns Adjustable Rate	-	"	-	US\$ 113	N/A	US\$ 113	
	Bear Stearns Alt A Tr	-	"	-	US\$ 486	N/A	US\$ 486	
	Bear Stearns Arm Tr	-	"	-	US\$ 3,148	N/A	US\$ 3,148	
	Bear Stearns Arm Tr	-	"	-	US\$ 1,954	N/A	US\$ 1,954	
	Bear Stearns Arm Tr	-	"	-	US\$ 252	N/A	US\$ 252	
	Bear Stearns Coml Mtg Secs Inc.	-	"	-	US\$ 3,440	N/A	US\$ 3,440	
	Bear Stearns Coml Mtg Secs Inc.	-	"	-	US\$ 5,259	N/A	US\$ 5,259	
	Capital Auto Receivables Asset	-	"	-	US\$ 2,250	N/A	US\$ 2,250	
	Capital Auto Receivables Asset	-	"	-	US\$ 3,249	N/A	US\$ 3,249	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Capital One Auto Fin Tr	-	Available-for-sale financial assets	-	US\$ 2,637	N/A	US\$ 2,637	
	Capital One Auto Fin Tr	-	"	-	US\$ 1,927	N/A	US\$ 1,927	
	Capital One Auto Fin Tr	-	"	-	US\$ 4,620	N/A	US\$ 4,620	
	Capital One Multi Asset Execut	-	"	-	US\$ 3,974	N/A	US\$ 3,974	
	Capital One Multi Asset Execut	-	"	-	US\$ 2,980	N/A	US\$ 2,980	
	Capital One Prime Auto Rec	-	"	-	US\$ 3,995	N/A	US\$ 3,995	
	Capital One Prime Auto Receiva	-	"	-	US\$ 3,500	N/A	US\$ 3,500	
	Capital One Prime Auto Receiv	-	"	-	US\$ 906	N/A	US\$ 906	
	Caterpillar Finl Asset Tr	-	"	-	US\$ 3,278	N/A	US\$ 3,278	
	Cbass Tr	-	"	-	US\$ 3,458	N/A	US\$ 3,458	
	Cendant Rent Car Fdg Aesop Llc	-	"	-	US\$ 9,399	N/A	US\$ 9,399	
	Chase Mtg Fin Tr	-	"	-	US\$ 902	N/A	US\$ 902	
	Chase Mtg Fin Tr	-	"	-	US\$ 1,825	N/A	US\$ 1,825	
	Chase Mtg Fin Tr	-	"	-	US\$ 2,684	N/A	US\$ 2,684	
	Chase Mtge Finance Corp.	-	"	-	US\$ 2,629	N/A	US\$ 2,629	
	Chase Mtge Finance Corp.	-	"	-	US\$ 1,732	N/A	US\$ 1,732	
	Citi Equip Coll Tr	-	"	-	US\$ 462	N/A	US\$ 462	
	Citi Equip Coll Tr	-	"	-	US\$ 4,018	N/A	US\$ 4,018	
	Citicorp Mtg Secs	-	"	-	US\$ 309	N/A	US\$ 309	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 3,235	N/A	US\$ 3,235	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 7,206	N/A	US\$ 7,206	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 237	N/A	US\$ 237	
	Credit Suisse First Boston Mtg	-	"	-	US\$ 6,879	N/A	US\$ 6,879	
	Cwabs	-	"	-	US\$ 3,113	N/A	US\$ 3,113	
	Cwabs Inc.	-	"	-	US\$ 116	N/A	US\$ 116	
	Cwalt Inc.	-	"	-	US\$ 396	N/A	US\$ 396	
	Cwabs Inc.	-	"	-	US\$ 310	N/A	US\$ 310	
	Cwabs Inc.	-	"	-	US\$ 69	N/A	US\$ 69	
	Cwabs Inc.	-	"	-	US\$ 358	N/A	US\$ 358	
	Cwabs Inc.	-	"	-	US\$ 744	N/A	US\$ 744	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 4,323	N/A	US\$ 4,323	
	Daimlerchrysler Auto Tr	-	"	-	US\$ 1,698	N/A	US\$ 1,698	
	Deere John Owner Tr	-	"	-	US\$ 2,469	N/A	US\$ 2,469	
	Drive Auto Receivables Tr	-	"	-	US\$ 1,778	N/A	US\$ 1,778	
	First Franklin Mtg Ln Tr	-	"	-	US\$ 3,694	N/A	US\$ 3,694	
	First Horizon	-	"	-	US\$ 47	N/A	US\$ 47	
	First Horizon Abs Tr	-	"	-	US\$ 402	N/A	US\$ 402	
	First Un Natl Bk Coml Mtg Tr	-	"	-	US\$ 2,790	N/A	US\$ 2,790	
	First Un Natl Bk Coml Mtg Tr	-	"	-	US\$ 5,225	N/A	US\$ 5,225	
	First Un Natl Bk Coml Mtg Tr	-	"	-	US\$ 2,199	N/A	US\$ 2,199	
	First Union Lehman Bros Mtg Tr	-	"	-	US\$ 161	N/A	US\$ 161	
	Ford Credit Auto Owner Trust	-	"	-	US\$ 4,328	N/A	US\$ 4,328	
	Ge Cap Cr Card Master Nt Tr	-	"	-	US\$ 2,853	N/A	US\$ 2,853	
	Gs Mtg Secs Corp.	-	"	-	US\$ 3,402	N/A	US\$ 3,402	
	Harley Davidson Motorcycle Tr	-	"	-	US\$ 4,337	N/A	US\$ 4,337	
	Hertz Veh Fing Llc	-	"	-	US\$ 5,342	N/A	US\$ 5,342	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Home Equity Mortgage Trust	-	Available-for-sale financial assets	-	US\$ 3,390	N/A	US\$ 3,390	
	Home Equity Mtg Tr 2006 4	-	"	-	US\$ 2,656	N/A	US\$ 2,656	
	Honda Auto Receivables	-	"	-	US\$ 3,379	N/A	US\$ 3,379	
	Hsbc Automotive Tr	-	"	-	US\$ 2,188	N/A	US\$ 2,188	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 3,413	N/A	US\$ 3,413	
	Hyundai Auto Receivables Tr	-	"	-	US\$ 3,824	N/A	US\$ 3,824	
	JP Morgan Mtg Tr	-	"	-	US\$ 908	N/A	US\$ 908	
	JP Morgan Mtg Tr	-	"	-	US\$ 919	N/A	US\$ 919	
	JP Morgan Mtg Tr	-	"	-	US\$ 882	N/A	US\$ 882	
	JP Morgan Mtg Tr	-	"	-	US\$ 884	N/A	US\$ 884	
	Lb Ubs Coml Mtg Tr	-	"	-	US\$ 3,237	N/A	US\$ 3,237	
	Luminent Mtg Tr	-	"	-	US\$ 707	N/A	US\$ 707	
	Mastr Asset Backed	-	"	-	US\$ 3,152	N/A	US\$ 3,152	
	Merrill Lynch Mtg Invs Inc.	-	"	-	US\$ 5,094	N/A	US\$ 5,094	
	Morgan Stanley Ixis Estate Tr	-	"	-	US\$ 2,741	N/A	US\$ 2,741	
	Nomura Asset Accep Corp.	-	"	-	US\$ 3,669	N/A	US\$ 3,669	
	Onyx Accep Owner Tr	-	"	-	US\$ 2,011	N/A	US\$ 2,011	
	Pg+E Energy Recovery Fdg Llc	-	"	-	US\$ 2,797	N/A	US\$ 2,797	
	Residential Accredit Lns Inc.	-	"	-	US\$ 1,814	N/A	US\$ 1,814	
	Residential Asset Mtg Prods	-	"	-	US\$ 2,289	N/A	US\$ 2,289	
	Residential Asset Sec Mtg Pass	-	"	-	US\$ 712	N/A	US\$ 712	
	Residential Fdg Mtg Secs I Inc.	-	"	-	US\$ 1,670	N/A	US\$ 1,670	
	Residential Fdg Mtg Secs I Inc.	-	"	-	US\$ 3,573	N/A	US\$ 3,573	
	Sequoia Mtg Tr	-	"	-	US\$ 389	N/A	US\$ 389	
	Sequoia Mtg Tr	-	"	-	US\$ 312	N/A	US\$ 312	
	Sequoia Mtg Tr	-	"	-	US\$ 512	N/A	US\$ 512	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 1,036	N/A	US\$ 1,036	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 349	N/A	US\$ 349	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 36	N/A	US\$ 36	
	Structured Adj Rate Mtg Ln Tr	-	"	-	US\$ 221	N/A	US\$ 221	
	Structured Asset Secs Corp.	-	"	-	US\$ 120	N/A	US\$ 120	
	Terwin Mtg Tr	-	"	-	US\$ 3,847	N/A	US\$ 3,847	
	Tiaa Seasoned Coml Mtg Tr	-	"	-	US\$ 4,055	N/A	US\$ 4,055	
	Txu Elec Delivery Transition	-	"	-	US\$ 1,863	N/A	US\$ 1,863	
	Usaa Auto Owner Tr	-	"	-	US\$ 4,249	N/A	US\$ 4,249	
	Usaa Auto Owner Tr	-	"	-	US\$ 4,999	N/A	US\$ 4,999	
	Wamu Mtg	-	"	-	US\$ 3,439	N/A	US\$ 3,439	
	Wamu Mtg	-	"	-	US\$ 848	N/A	US\$ 848	
	Wamu Mtg Pass Through Cdfs	-	"	-	US\$ 170	N/A	US\$ 170	
	Wamu Mtg Pass Thru Cdfs Tr	-	"	-	US\$ 4,143	N/A	US\$ 4,143	
	Washington Mut Mtg Secs Corp.	-	"	-	US\$ 2,537	N/A	US\$ 2,537	
	Wells Fargo Finl Auto Owner Tr	-	"	-	US\$ 4,953	N/A	US\$ 4,953	
	Wells Fargo Mtg Backed Secs	-	"	-	US\$ 3,940	N/A	US\$ 3,940	
	Wells Fargo Mtg Backed Secs	-	"	-	US\$ 3,948	N/A	US\$ 3,948	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 2,231	N/A	US\$ 2,231	
	Wells Fargo Mtg Bkd Secs	-	"	-	US\$ 3,085	N/A	US\$ 3,085	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2007				Note
				Shares/Units (in Thousands)	Carrying Value (US\$ in Thousands)	Percentage of Ownership	Market Value or Net Asset Value (US\$ in Thousands)	
	Wells Fargo Mtg Bkd Secs Tr	-	Available-for-sale financial assets	-	US\$ 2,244	N/A	US\$ 2,244	
	Wfs Finl 2004 4 Owner Tr	-	"	-	US\$ 114	N/A	US\$ 114	
	Wfs Finl 2005 2 Oner Tr	-	"	-	US\$ 2,233	N/A	US\$ 2,233	
	Whole Auto Ln Tr	-	"	-	US\$ 386	N/A	US\$ 386	
	Whole Auto Ln Tr	-	"	-	US\$ 2,420	N/A	US\$ 2,420	
	<u>Government bonds</u>							
	United States Treas Nts	-	Available-for-sale financial assets	-	US\$ 26,447	N/A	US\$ 26,447	
	United States Treas Nts	-	"	-	US\$ 6,919	N/A	US\$ 6,919	
	United States Treas Nts	-	"	-	US\$ 13,841	N/A	US\$ 13,841	
	United States Treas Nts	-	"	-	US\$ 13,038	N/A	US\$ 13,038	
	United States Treas Nts	-	"	-	US\$ 6,969	N/A	US\$ 6,969	
	United States Treas Nts	-	"	-	US\$ 100,944	N/A	US\$ 100,944	
	United States Treas Nts	-	"	-	US\$ 11,288	N/A	US\$ 11,288	
	United States Treas Nts	-	"	-	US\$ 20,919	N/A	US\$ 20,919	
	United States Treas Nts	-	"	-	US\$ 12,740	N/A	US\$ 12,740	
	United States Treas Nts	-	"	-	US\$ 22,415	N/A	US\$ 22,415	
	United States Treas Nts	-	"	-	US\$ 1,758	N/A	US\$ 1,758	
	United States Treas Nts	-	"	-	US\$ 9,637	N/A	US\$ 9,637	
	United States Treas Nts	-	"	-	US\$ 9,810	N/A	US\$ 9,810	
	United States Treas Nts	-	"	-	US\$ 4,949	N/A	US\$ 4,949	
	United States Treas Nts	-	"	-	US\$ 2,517	N/A	US\$ 2,517	
	<u>Corporate issued notes</u>							
	Barclays London	-	Available-for-sale financial assets	-	US\$ 5,000	N/A	US\$ 5,000	
	Royal Bk Scotland Plc Ny	-	"	-	US\$ 5,000	N/A	US\$ 5,000	
	<u>Money market funds</u>							
	Ssga Cash Mgmt Global Offshore	-	Available-for-sale financial assets	-	US\$ 32,635	N/A	US\$ 32,635	

(Concluded)

TABLE 2

Taiwan Semiconductor Manufacturing Company Limited and Investees

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 NINE MONTHS ENDED SEPTEMBER 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 (Note2)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) or Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 3)
The Company	Open-end mutual fund 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	\$ 2,037,514
	ING Taiwan Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	175,156	2,639,459	85,581	1,300,000	175,156	2,656,012	2,604,862	51,150	85,581	1,304,561
	Fuh Hwa Bond	"	Fuh Hwa Investment Trust Co., Ltd.	-	125,122	1,667,908	41,290	556,000	22,339	300,000	295,611	4,389	144,073	1,943,446
	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	1,231,721
	Cathay Bond	"	Cathay Securities Investment Trust Co., Ltd.	-	109,720	1,265,092	60,126	700,000	109,720	1,271,995	1,251,264	20,731	60,126	701,010
	NITC Taiwan Bond	"	National Investment Trust Co., Ltd.	-	93,312	1,314,669	23,884	340,000	14,180	200,000	197,557	2,443	103,016	1,468,675
	JF Taiwan Bond Fund	"	JF Asset Management (Taiwan) Ltd.	-	85,145	1,299,088	32,507	500,000	58,603	900,000	883,347	16,653	59,049	911,461
	Dresdner Bond DAM Fund	"	Allianz Global Investors Taiwan Ltd.	-	95,553	1,107,206	17,082	200,000	41,267	480,000	472,022	7,978	71,368	836,828
	JF Taiwan First Bond Fund	"	JF Asset Management (Taiwan) Limited	-	66,826	939,082	42,360	600,000	73,862	1,044,083	1,026,603	17,480	35,324	502,101
	ING Taiwan Select Bond Fund	"	ING Securities Investment Trust Co., Ltd.	-	76,593	868,076	-	-	76,593	872,639	857,682	14,957	-	-
	Shinkong Chi-Shin Fund	"	Shinkong Investment Trust Co., Ltd.	-	62,183	890,660	-	-	62,183	896,299	879,940	16,359	-	-
	President James Bond	"	Uni-President Assets Management Corp.	-	65,496	1,010,426	77,128	1,200,000	65,496	1,016,917	1,000,599	16,318	77,128	1,203,732
	Taishin Lucky Fund	"	Taishin Investment Trust Co., Ltd.	-	78,624	806,386	-	-	9,679	100,000	98,476	1,524	68,945	715,509
	HSBC Taiwan Money Management	"	HSBC Asset Management (Taiwan) Ltd.	-	34,093	506,250	-	-	6,677	100,000	98,059	1,941	27,416	411,812
	TIIM High Yield Fund	"	Taiwan International Investment management	-	44,685	554,863	-	-	44,685	557,263	550,724	6,539	-	-
	AIG Taiwan Bond Fund	"	AIG Global Asset management Corporation (Taiwan) Ltd.	-	78,629	1,002,595	54,469	700,000	78,629	1,008,733	1,000,000	8,733	54,469	702,353
	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	-	-
	Mega Diamond Bond Fund	"	Mega Investment Trust Co., Ltd.	-	139,333	1,602,947	94,744	1,100,000	234,077	2,721,023	2,700,000	21,023	-	-
	Polaris De-Bao Fund	"	Polaris International Securities Investment Trust Co., Ltd.	-	63,273	701,069	17,862	200,000	81,135	909,936	900,000	9,936	-	-
	Government bond 2004 Government Bond Series B	Available-for-sale financial assets	Chung Shing Bills Finance Corp. and several financial institutions	-	-	999,779	-	200,280	-	-	-	-	-	1,194,550
	2003 Government Bond Series B	"	"	-	-	998,288	-	1,348,634	-	-	-	-	-	2,346,950
	2004 Government Bond Series G	"	"	-	-	-	-	201,561	-	-	-	-	-	198,854
	2006 Government Bond Series D	"	"	-	-	-	-	400,778	-	-	-	-	-	399,200
	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	-	-	-
	2004 Kaohsiung Municipal Series B	"	"	-	-	620,000	-	-	-	620,000	620,000	-	-	-

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note2)				Ending Balance		
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) or Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 3)	
	<u>Corporate bond</u>														
	Taiwan Power Company	Available-for-sale financial assets	Chung Shing Bills Finance Corp.	-	-	\$ 1,046,799	-	\$ -	-	\$ 150,000	\$ 150,000	\$ -	-	\$ 898,630	
	Taiwan Power Company	Held-to-maturity financial assets	"	-	-	4,080,391	-	-	-	1,010,000	1,010,000	-	-	3,078,978	
	Formosa Plastic Corporation	"	"	-	-	516,663	-	-	-	136,000	136,000	-	-	389,056	
	Nan Ya Plastics Corporation	"	"	-	-	2,773,810	-	-	-	772,000	772,000	-	-	2,003,029	
	CPC Corporation, Taiwan	"	"	-	-	1,451,378	-	-	-	250,000	250,000	-	-	1,200,368	
	<u>Stock</u>														
	Xintec	Investee accounted for using equity method	-	Investee with a controlling interest	-	-	90,526	1,357,890	-	-	-	-	-	91,703	1,429,804
	VIS	"	-	Investment accounted for using equity method	442,262	5,741,870	169,600	4,927,865	-	-	-	-	-	616,240	10,760,885
	<u>Capital</u>														
	VTAF II	Investee accounted for using equity method	-	Subsidiary	-	733,130	-	310,157	-	-	-	-	-	-	1,026,700
	VTAT III	"	-	Subsidiary	-	228,005	-	591,908	-	-	-	-	-	-	786,064
Emerging Alliance	<u>Common stock</u>														
	SiRF Technology Holdings	Financial assets carried at cost	-	-	1,325	US\$ 1,800	183	US\$ 3,437	1,415	US\$ 7,607	US\$ 3,494	US\$ 4,112	93	US\$ 1,743	
VTAF III	<u>Preferred stock</u>														
	Neoconix, Inc.	Financial assets carried at cost	-	-	-	-	2,458	US\$ 4,000	-	-	-	-	2,458	US\$ 4,000	
TSMC Global	<u>Agency bonds</u>														
	Fed Hm Ln Pc Pool 1g1282	Available-for-sale financial assets	-	-	-	-	-	US\$ 4,378	-	-	-	-	-	US\$ 4,199	
	Fed Hm Ln Pc Pool 1g1411	"	-	-	-	-	-	US\$ 4,424	-	-	-	-	-	US\$ 3,829	
	Fed Hm Ln Pc Pool 1g1616	"	-	-	-	-	-	US\$ 4,436	-	-	-	-	-	US\$ 4,451	
	Fed Hm Ln Pc Pool 1g1921	"	-	-	-	-	-	US\$ 4,404	-	-	-	-	-	US\$ 4,353	
	Fed Hm Ln Pc Pool 1g2162	"	-	-	-	-	-	US\$ 5,757	-	-	-	-	-	US\$ 5,787	
	Fed Hm Ln Pc Pool 1g2593	"	-	-	-	-	-	US\$ 5,600	-	-	-	-	-	US\$ 5,595	
	Fed Hm Ln Pc Pool 1j0410	"	-	-	-	-	-	US\$ 6,024	-	-	-	-	-	US\$ 5,881	
	Fed Hm Ln Pc Pool G12009	"	-	-	-	-	-	US\$ 3,935	-	-	-	-	-	US\$ 3,760	
	Fed Home Ln Bank	"	-	-	-	-	-	US\$ 5,035	-	-	-	-	-	US\$ 5,081	
	Federal Farm Cr Bks	"	-	-	-	-	-	US\$ 3,411	-	-	-	-	-	US\$ 3,446	
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 5,365	-	-	-	-	-	US\$ 5,450	
	Federal Home Ln Bks	"	-	-	-	US\$ 4,920	-	-	US\$ 4,938	US\$ 4,872	US\$ 66	-	-	-	
	Federal Home Ln Bks	"	-	-	-	US\$ 12,279	-	-	US\$ 12,367	US\$ 12,233	US\$ 134	-	-	-	
	Federal Home Ln Bks	"	-	-	-	US\$ 6,905	-	-	US\$ 6,947	US\$ 6,881	US\$ 66	-	-	-	
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 8,137	-	-	-	-	-	US\$ 8,205	
	Federal Home Ln Bks	"	-	-	-	US\$ 7,506	-	-	US\$ 7,500	US\$ 7,490	US\$ 10	-	-	-	
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 4,494	-	-	-	-	-	US\$ 4,552	
	Federal Home Ln Bks	"	-	-	-	-	-	US\$ 8,983	-	-	-	-	-	US\$ 9,008	
	Federal Home Ln Mtg	"	-	-	-	-	-	US\$ 6,513	-	-	-	-	-	US\$ 5,671	
	Federal Home Ln Mtg Corp.	"	-	-	-	US\$ 6,440	-	-	US\$ 6,453	US\$ 6,410	US\$ 43	-	-	-	
	Federal Home Ln Mtg Corp.	"	-	-	-	US\$ 5,948	-	-	US\$ 5,966	US\$ 5,930	US\$ 36	-	-	-	
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 6,000	US\$ 6,000	US\$ 6,000	-	-	-	-	
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 3,868	-	-	-	-	-	US\$ 3,588	
	Federal Home Ln Mtg Corp.	"	-	-	-	-	-	US\$ 4,354	-	-	-	-	-	US\$ 3,900	
	Federal Home Ln Mtg Disc Nts	"	-	-	-	-	-	US\$ 21,985	-	-	-	-	-	US\$ 22,161	
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 4,518	-	-	-	-	-	US\$ 4,556	
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 5,083	US\$ 4,981	US\$ 5,083	US\$ (102)	-	-	-	
	Federal Home Loan Bank	"	-	-	-	-	-	US\$ 3,453	-	-	-	-	-	US\$ 3,460	
	Federal National Mort Assoc	"	-	-	-	-	-	US\$ 3,250	-	-	-	-	-	US\$ 3,035	

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note2)				Ending Balance	
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) or Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 3)
	Federal Natl Mtg Assn	Available-for-sale financial assets	-	-	-	US\$ -	-	US\$ 4,982	-	US\$ -	US\$ -	US\$ -	-	US\$ 5,011
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 6,500	-	-	-	-	-	US\$ 6,515
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 8,458	-	-	-	-	-	US\$ 8,550
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,997	-	-	-	-	-	US\$ 5,019
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,500	-	-	-	-	-	US\$ 4,503
	Federal Natl Mtg Assn	"	-	-	-	US\$ 14,973	-	-	-	US\$ 14,993	US\$ 14,931	US\$ 62	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,368	-	US\$ 4,319	US\$ 4,368	US\$ (49)	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 6,511	-	-	-	US\$ 6,514	US\$ 6,516	US\$ (2)	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 5,915	-	-	-	US\$ 5,933	US\$ 5,885	US\$ 48	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 7,868	-	-	-	US\$ 7,926	US\$ 7,834	US\$ 92	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 3,943	-	-	-	US\$ 3,957	US\$ 3,950	US\$ 7	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 19,766	-	-	-	US\$ 19,844	US\$ 19,702	US\$ 142	-	-
	Federal Natl Mtg Assn	"	-	-	-	US\$ 10,467	-	-	-	US\$ 10,477	US\$ 10,459	US\$ 18	-	-
	Federal Natl Mtg Assn	"	-	-	-	-	-	US\$ 4,994	-	-	-	-	-	US\$ 5,027
	Federal Natl Mtg Assn Mtn	"	-	-	-	-	-	US\$ 3,733	-	-	-	-	-	US\$ 3,766
	Fnma Pool 691283	"	-	-	-	-	-	US\$ 3,486	-	-	-	-	-	US\$ 3,512
	Fnma Pool 888249	"	-	-	-	-	-	US\$ 4,822	-	-	-	-	-	US\$ 4,543
	Fnma Pool 888388	"	-	-	-	-	-	US\$ 6,530	-	-	-	-	-	US\$ 6,367
	Fnma Pool 900296	"	-	-	-	-	-	US\$ 4,336	-	-	-	-	-	US\$ 3,366
	<u>Corporate bonds</u>													
	American Express Co.	Available-for-sale financial assets	-	-	-	US\$ 3,452	-	-	-	US\$ 3,466	US\$ 3,432	US\$ 34	-	-
	American Honda Fin Corp. Mtn	"	-	-	-	US\$ 3,092	-	US\$ 6,220	-	-	-	-	-	US\$ 9,371
	Bear Stearns Cos Inc.	"	-	-	-	US\$ 3,379	-	-	-	US\$ 3,395	US\$ 3,340	US\$ 55	-	-
	Bp Cap Mkts Plc	"	-	-	-	-	-	US\$ 4,496	-	-	-	-	-	US\$ 4,515
	Burlington Res Inc.	"	-	-	-	-	-	US\$ 3,648	-	-	-	-	-	US\$ 3,642
	Citigroup Fdg Inc.	"	-	-	-	-	-	US\$ 4,587	-	-	-	-	-	US\$ 4,589
	Credit Suisse First Boston USA	"	-	-	-	-	-	US\$ 3,175	-	US\$ 3,105	US\$ 3,175	US\$ (70)	-	-
	Deere John Cap Corp.	"	-	-	-	US\$ 4,928	-	-	-	US\$ 4,945	US\$ 4,899	US\$ 46	-	-
	Deere John Cap Corp.	"	-	-	-	-	-	US\$ 5,900	-	-	-	-	-	US\$ 5,975
	European Inv't Bk	"	-	-	-	US\$ 3,970	-	-	-	US\$ 3,973	US\$ 3,930	US\$ 43	-	-
	Federal Home Ln Bks	"	-	-	-	US\$ 7,937	-	-	-	US\$ 7,964	US\$ 7,937	US\$ 27	-	-
	General Elec Cap Corp. Mtn	"	-	-	-	US\$ 8,759	-	-	-	US\$ 8,793	US\$ 8,716	US\$ 77	-	-
	General Elec Cap Corp. Mtn	"	-	-	-	-	-	US\$ 4,816	-	-	-	-	-	US\$ 4,820
	Genworth Finl Inc.	"	-	-	-	-	-	US\$ 3,250	-	-	-	-	-	US\$ 3,265
	Goldman Sachs Group 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	-	-
	Hbos Plc Medium Term Sr Nts	"	-	-	-	US\$ 3,205	-	-	-	US\$ 3,215	US\$ 3,182	US\$ 33	-	-
	Household Fin Corp.	"	-	-	-	-	-	US\$ 3,120	-	-	-	-	-	US\$ 3,071
	HSBC Fin Corp.	"	-	-	-	-	-	US\$ 4,468	-	-	-	-	-	US\$ 4,466
	HSBC Fin Corp.	"	-	-	-	US\$ 3,028	-	-	-	US\$ 3,028	US\$ 3,028	-	-	-
	HSBC Fin Corp. Mtn	"	-	-	-	US\$ 5,096	-	-	-	US\$ 5,114	US\$ 5,066	US\$ 48	-	-
	International Business Machs	"	-	-	-	-	-	US\$ 3,496	-	-	-	-	-	US\$ 3,502
	Lehman Brothers Hldgs Inc.	"	-	-	-	-	-	US\$ 3,150	-	-	-	-	-	US\$ 3,074
	Lehman Brothers Hldgs Inc.	"	-	-	-	US\$ 3,150	-	-	-	US\$ 3,152	US\$ 3,150	US\$ 2	-	-
	Massmutual Global Fdg Ii Mtn	"	-	-	-	-	-	US\$ 3,647	-	-	-	-	-	US\$ 3,673
	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	-	-
	Metropolitan Life Golbal Mtn	"	-	-	-	-	-	US\$ 3,325	-	-	-	-	-	US\$ 3,376
	Morgan Stanley	"	-	-	-	US\$ 2,126	-	US\$ 3,337	-	-	-	-	-	US\$ 5,534
	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\$ 3,563	US\$ 3,582	US\$ (19)	-	-
	Wachovia Corp New	"	-	-	-	-	-	US\$ 3,100	-	-	-	-	-	US\$ 3,152
	Washington Mut Bk Fa	"	-	-	-	US\$ 3,997	-	-	-	US\$ 3,998	US\$ 4,000	US\$ (2)	-	-

(Continued)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal (Note2)				Ending Balance		
					Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Shares/Units (in Thousands) (Note 1)	Amount (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands)	Carrying Value (US\$ in Thousands)	Gain (Loss) or Disposal (US\$ in Thousands)	Shares/Units (in Thousands)	Amount (US\$ in Thousands) (Note 3)	
	Corporate issued asset-backed securities														
	Ba Cr Card Tr	Available-for-sale financial assets	-	-	-	US\$ 4,300	-	US\$ -	-	US\$ 4,260	US\$ 4,350	US\$ (90)	-	US\$ -	
	Banc Amer Coml Mtg Inc.	"	-	-	-	-	-	US\$ 4,591	-	-	-	-	-	US\$ 4,605	
	Bear Stearns Coml Mtg Secs Inc.	"	-	-	-	-	-	US\$ 5,259	-	-	-	-	-	US\$ 5,259	
	Capital One Prime Auto Receivea	"	-	-	-	-	-	US\$ 3,500	-	-	-	-	-	US\$ 3,500	
	Caterpillar Finl Asset Tr	"	-	-	-	US\$ 8,142	-	-	US\$ 4,940	US\$ 4,904	US\$ 36	-	US\$ 3,278		
	Credit Suisse First Boston Mtg	"	-	-	-	-	-	US\$ 7,613	-	-	-	-	-	US\$ 7,206	
	Credit Suisse First Boston Mtg	"	-	-	-	-	-	US\$ 7,637	-	-	-	-	-	US\$ 6,879	
	First Un Natl Bk Coml Mtg Tr	"	-	-	-	-	-	US\$ 5,188	-	-	-	-	-	US\$ 5,225	
	Gsamp Tr	"	-	-	-	US\$ 4,251	-	-	US\$ 3,868	US\$ 4,241	US\$ (373)	-	-		
	Honda Auto Receivables	"	-	-	-	-	-	US\$ 3,373	-	-	-	-	-	US\$ 3,379	
	Mbna Cr Card Master Nt Tr	"	-	-	-	-	-	US\$ 4,500	-	US\$ 4,449	US\$ 4,500	US\$ (51)	-	-	
	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	-	-		
	Tiaa Seasoned Coml Mtg Tr	"	-	-	-	-	-	US\$ 4,171	-	-	-	-	-	US\$ 4,055	
	Tw Hotel Fdg 2005 Llc	"	-	-	-	US\$ 4,103	-	-	US\$ 3,325	US\$ 3,338	US\$ (13)	-	-		
	Usaa Auto Owner Tr	"	-	-	-	-	-	US\$ 4,999	-	-	-	-	-	US\$ 4,999	
	Wamu Mtg	"	-	-	-	-	-	US\$ 3,656	-	-	-	-	-	US\$ 3,439	
	Wamu Mtg Pass Thru Cifs Tr	"	-	-	-	-	-	US\$ 4,854	-	-	-	-	-	US\$ 4,143	
	Wells Fargo Finl Auto Owner Tr	"	-	-	-	US\$ 4,986	-	-	US\$ 3,535	US\$ 3,515	US\$ 20	-	-		
	Wells Fargo Mtg Backed Secs	"	-	-	-	-	-	US\$ 3,935	-	-	-	-	-	US\$ 3,940	
	<u>Government Bond</u>														
	United States Treas Nts	Available-for-sale financial assets	-	-	-	-	-	US\$ 5,059	-	US\$ 5,007	US\$ 5,059	US\$ (52)	-	-	
	United States Treas Nts	"	-	-	-	-	-	US\$ 42,302	-	US\$ 16,173	US\$ 16,174	US\$ (1)	-	US\$ 26,447	
	United States Treas Nts	"	-	-	-	-	-	US\$ 6,837	-	-	-	-	-	US\$ 6,919	
	United States Treas Nts	"	-	-	-	US\$ 5,936	-	-	US\$ 5,936	US\$ 5,944	US\$ (8)	-	-		
	United States Treas Nts	"	-	-	-	-	-	US\$ 12,876	-	-	-	-	-	US\$ 13,038	
	United States Treas Nts	"	-	-	-	-	-	US\$ 18,758	-	US\$ 4,989	US\$ 4,962	US\$ 27	-	US\$ 13,841	
	United States Treas Nts	"	-	-	-	US\$ 12,350	-	-	US\$ 12,363	US\$ 12,295	US\$ 68	-	-		
	United States Treas Nts	"	-	-	-	US\$ 4,009	-	-	US\$ 4,019	US\$ 3,996	US\$ 23	-	-		
	United States Treas Nts	"	-	-	-	-	-	US\$ 271,758	-	US\$ 271,969	US\$ 271,758	US\$ 211	-	-	
	United States Treas Nts	"	-	-	-	-	-	US\$ 34,573	-	US\$ 34,574	US\$ 34,573	US\$ 1	-	-	
	United States Treas Nts	"	-	-	-	US\$ 56,526	-	US\$ 131,185	-	US\$ 187,636	US\$ 187,804	US\$ (168)	-	-	
	United States Treas Nts	"	-	-	-	US\$ 60,929	-	-	US\$ 60,813	US\$ 61,165	US\$ (352)	-	-		
	United States Treas Nts	"	-	-	-	-	-	US\$ 133,758	-	US\$ 112,103	US\$ 111,594	US\$ 509	-	US\$ 22,415	
	United States Treas Nts	"	-	-	-	-	-	US\$ 16,788	-	US\$ 15,007	US\$ 15,043	US\$ (36)	-	US\$ 1,758	
	United States Treas Nts	"	-	-	-	-	-	US\$ 20,692	-	-	-	-	-	US\$ 20,919	
	United States Treas Nts	"	-	-	-	-	-	US\$ 41,816	-	US\$ 30,716	US\$ 30,586	US\$ 130	-	US\$ 11,288	
	United States Treas Nts	"	-	-	-	-	-	US\$ 29,438	-	US\$ 20,089	US\$ 19,959	US\$ 130	-	US\$ 9,637	
	United States Treas Nts	"	-	-	-	-	-	US\$ 19,628	-	US\$ 7,025	US\$ 7,007	US\$ 18	-	US\$ 12,740	
	United States Treas Nts	"	-	-	-	-	-	US\$ 26,131	-	US\$ 26,501	US\$ 26,131	US\$ 370	-	-	
	United States Treas Nts	"	-	-	-	-	-	US\$ 109,310	-	US\$ 8,496	US\$ 8,494	US\$ 2	-	US\$ 100,944	
	United States Treas Nts	"	-	-	-	-	-	US\$ 6,957	-	-	-	-	-	US\$ 6,969	
	United States Treas Nts	"	-	-	-	-	-	US\$ 14,102	-	US\$ 4,392	US\$ 4,400	US\$ (8)	-	US\$ 9,810	

Note 1: The shares/units and amount of marketable securities acquired do not include stock dividends from investees.

Note 2: The data for marketable securities disposed, exclude bonds maturities.

Note 3: The ending balance includes the amortization of premium/discount on bonds investments, unrealized valuation gains/losses on financial assets or equity of earnings of equity method investees.

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 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	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

TABLE 4

Taiwan Semiconductor Manufacturing Company Limited and Investees

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 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
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price (Note)	Payment Terms (Note)	Ending Balance	% to Total	
The Company	TSMC-North America GUC	Subsidiary	Sales	\$ 134,957,821	60	Net 30 days after invoice date	-	-	\$ 23,713,567	53	
		Investee with a controlling financial interest	Sales	631,008	-	Net 30 days after monthly closing	-	-	119,455	-	
	WaferTech SSMC	Indirect subsidiary	Purchases	7,419,547	21	Net 30 days after monthly closing	-	-	(779,480)	6	
		Investee accounted for using equity method	Purchases	3,971,517	11	Net 30 days after monthly closing	-	-	(639,524)	5	
	TSMC-Shanghai VIS	Subsidiary	Purchases	3,947,089	11	Net 30 days after monthly closing	-	-	(733,801)	6	
		Investee accounted for using equity method	Purchases	2,956,489	8	Net 30 days after monthly closing	-	-	(904,635)	8	
GUC	TSMC-North America	Same parent company	Purchases	1,277,963	73	Net 30 days after invoice date/Net 45 days after monthly closing	-	-	(184,387)	19	
Xintec	VisEra OmniVision	Same president	Sales	1,040,411	43	Net 45 days after shipping	-	-	3,785	1	
		Parent company of director (represented for Xintec)	Sales	943,594	39	Net 45 days after shipping	-	-	406,555	73	

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 Investees

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 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-North America VIS	Subsidiary	\$ 23,804,596	41	\$ 5,839,079	-	\$ 9,238,950	\$ -
		Investee accounted for using equity method	126,319	-	10,332	Accelerate demand on account receivable	-	-
	GUC	Investee with a controlling financial interest	119,455	60	341	-	26,883	-
Xintec	VisEra OmniVision	Same president	3,785	52	865	Accelerate demand on account receivable	-	-
		Parent company of director (represented for Xintec)	406,555	59	114,803	-	156,286	-

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

TABLE 6

Taiwan Semiconductor Manufacturing Company Limited

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 SEPTEMBER 30, 2007
 (Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2007			Net Income (Losses) of the Investee	Equity in the Earnings (Losses) (Note 2)	Note
				September 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	\$ 44,234,333	\$ 1,612,188	\$ 1,612,188	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	27,553,919	867,644	867,644	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	8,567,668	(833,730)	(831,295)	Subsidiary
	SSMC	Singapore	Fabrication and supply of integrated circuits	8,840,895	8,840,895	463	39	8,674,862	2,205,314	707,645	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	13,047,681	8,119,816	616,240	36	10,760,885	3,137,149	752,321	Investee accounted for using equity method
	TSMC Partners	Tortola, British Virgin Islands	Investment activities	10,350	10,350	300	100	4,667,437	216,716	216,716	Subsidiary
	TSMC-North America	San Jose, California, U.S.A.	Sales and marketing of integrated circuits and semiconductor devices	333,718	333,718	11,000	100	2,227,896	210,599	210,599	Subsidiary
	Xintec	Taoyuan, Taiwan	Wafer level chip size packaging service	1,357,890	-	91,703	43	1,429,804	312,653	110,548	Investee with a controlling financial interest
	VTAF II	Cayman Islands	Investing in new start-up technology companies	1,095,622	785,465	-	98	1,026,700	(15,755)	(15,440)	Subsidiary
	VTAF III	Cayman Islands	Investing in new start-up technology companies	835,453	243,545	-	98	786,064	(28,711)	(28,136)	Subsidiary
	Emerging Alliance	Cayman Islands	Investing in new start-up technology companies	1,245,420	1,418,717	-	99	683,002	116,761	116,178	Subsidiary
	GUC	Hsin-Chu, Taiwan	Researching, developing, manufacturing, testing and marketing of integrated circuits	386,568	386,568	42,572	37	750,200	516,187	177,680	Investee with a controlling financial interest
	Chi Cherng	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	170,542	56,068	5,235	Subsidiary
	Hsin Ruey	Taipei, Taiwan	Investment activities	300,000	300,000	-	36	168,918	55,588	4,659	Subsidiary
	TSMC-Japan	Yokohama, Japan	Marketing activities	83,760	83,760	6	100	102,257	3,003	3,003	Subsidiary
TSMC-Europe	Amsterdam, the Netherlands	Marketing activities	15,749	15,749	-	100	74,994	20,445	20,445	Subsidiary	
TSMC-Korea	Seoul, Korea	Marketing activities	13,656	13,656	80	100	16,014	1,137	1,137	Subsidiary	

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

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

Taiwan Semiconductor Manufacturing Company Limited

INFORMATION OF INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 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 September 30, 2007 (US\$ in Thousand)	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of September 30, 2007	Accumulated Inward Remittance of Earnings as of September 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%	\$(831,295)	\$8,567,668	\$ -

Accumulated Investment in Mainland China as of September 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 reviewed financial statements.