



TSMC Announces Settlement of SMIC Trade Secret Litigation

Hsinchu, Taiwan, R.O.C., November 10, 2009 –Taiwan Semiconductor Manufacturing Company (“TSMC”) (TWSE: 2330, NYSE: TSM) today announced that TSMC and Semiconductor Manufacturing International Corp. (SMIC) have reached a settlement of the action brought in California State Court by TSMC against SMIC in 2006 related to SMIC’s misappropriation of TSMC trade secrets and breach of a 2005 settlement agreement between the two companies. The litigation and settlement have resulted in the full protection of TSMC’s trade secrets in the possession of SMIC.

Pursuant to the new settlement agreement, the parties have agreed to the entry of a stipulated judgment in favor of TSMC in the California action and to the dismissal of the SMIC appeal against the Beijing Higher Court’s finding in favor of TSMC. Under the new settlement agreement and the related stipulated judgment, SMIC has agreed to make cash payments to TSMC totaling \$200 million, which are in addition to \$135 million previously paid to TSMC under the 2005 settlement agreement, and to provide TSMC with other valuable consideration. Both parties also agreed to terminate the patent cross-licensing agreement signed in 2005.

“We are pleased to have amicably resolved all of our pending litigation with SMIC in California and Beijing and to have fully protected TSMC’s valuable trade secrets and technologies. We believe the settlement serves the best interests of TSMC and our shareholders,” said Dr. Morris Chang, Chairman of TSMC.

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