

**TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.****UNCONSOLIDATED INCOME STATEMENT**

For the Six Months Ended June 30, 2001 and 2000

(Expressed in Millions New Taiwan Dollars (NTD) and U.S. Dollars (USD) <sup>(1)</sup>)

Except for Per Share Amounts and Shares Outstanding)

Attachment C

|   | 6 months ended June 30 |          |        |          |         |
|---|------------------------|----------|--------|----------|---------|
|   | 2001                   |          | % of   | 2000     | YoY     |
|   | USD                    | NTD      | Sales  | NTD      | Chg %   |
| Net Sales   | 1,995                  | 65,818   | 100.0% | 64,915   | 1.4%    |
| Cost of Sales   | -1,435                 | -47,342  | -71.9% | -38,092  | 24.3%   |
| Gross Margin  | 560                    | 18,476   | 28.1%  | 26,823   | -31.1%  |
| Operating Expenses                                      |                        |          |        |          |         |
| General and Administrative Expenses                     | -83                    | -2,754   | -4.2%  | -2,574   | 7.0%    |
| Selling and Marketing Expenses                          | -36                    | -1,197   | -1.8%  | -1,243   | -3.7%   |
| Research and Development Expenses                       | -151                   | -4,984   | -7.6%  | -2,240   | 122.5%  |
| Total Operating Expenses                                | -271                   | -8,935   | -13.6% | -6,057   | 47.5%   |
| Income from Operations                                  | 289                    | 9,541    | 14.5%  | 20,766   | -54.1%  |
| Net Non-operating Income (Expenses)                     | -7                     | -225     | -0.3%  | 2,294    | -       |
| Investment Income (Loss)                                | -84                    | -2,755   | -4.2%  | 343      | -       |
| Income before Income Tax                                | 199                    | 6,561    | 10.0%  | 23,403   | -72.0%  |
| Income Tax Credit (Expenses)                            | 66                     | 2,172    | 3.3%   | 173      | 1157.0% |
| Net Income  | 265                    | 8,733    | 13.3%  | 23,576   | -63.0%  |
| Diluted Earnings Per Ordinary Share <sup>(5)</sup>      | 0.02                   | 0.51     |        | 1.47     | -65.7%  |
| Earnings Per ADR <sup>(3)</sup>                         | 0.08                   | 2.53     |        | 7.37     |         |
| Weighted Average Outstanding Shares ('M) <sup>(4)</sup> |                        | 16,832.6 |        | 15,998.3 |         |

Note: (1) New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.99 per U.S. dollar for the first half of 2001.

(2) 1H'01: Post-merger; 1H'00: Post-merger

(3) 1 ADR equals 5 ordinary shares.

(4) Earnings per share for 2Q00 have been restated to reflect a 40% stock dividend of 4,444,006k shares and employee benefit of 444,276K shares on July 2, 2001.

Total weighted average outstanding shares were 16,832,553K in 2Q01 and 15,998,298K in 2Q00.

(5) The dividend of preferred stock, NT\$13,000 million at 3.5% of annual rate, was deducted before EPS calculation in 2001.