

Taiwan Semiconductor Manufacturing Company Limited Compensation Committee Charter

1.0 Purpose

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Taiwan Semiconductor Manufacturing Company Limited (the "Company") is to assist the Board in discharging its responsibilities relating to the compensation and benefit policies, plans and programs of the Company, and the evaluation and compensation of the Company's executives.

2.0 Committee Membership and Meetings

2.1 Membership

The Committee shall consist of no fewer than three independent directors of the Board. The members of the Committee shall be nominated by the Chairman of the Board and approved by the Board; the tenure of office of the Committee members shall be the same as the tenure of the Board approving such Committee members. The Chairperson of the Committee shall be nominated by the Chairman of the Board and elected by the members of the Committee. The Chairman of the Board and the CEO shall be invited by the Committee to attend all meetings and are excused from the Committee's discussion of Chairman, Vice Chairman and CEO compensation.

2.2 Meetings

Committee meetings generally will be held in conjunction with Board meetings. Special meetings of the Committee may be called by the Committee Chairman or by a Committee member in accordance with applicable regulations.

2.3 Quorum

At least half of the members of the Committee must be present for any meeting to be properly constituted and have the power to take any actions.

2.4 Decisions

The Committee shall act by majority decision unless a higher requirement is otherwise agreed by all members of the Committee. The Committee's decisions become its recommendations to the Board.

3.0 Committee Duties & Responsibilities

3.1 Company Compensation Policies, Plans and Programs

The Committee will recommend the Company's compensation policies, plans and programs to the Board, keeping in mind that the overall goal of such policies, plans and programs is to attract, motivate, reward and retain talent for the Company.

3.2 Chairman and Vice Chairman Salaries

The Committee shall annually recommend to the Board the salary of the Chairman and Vice Chairman of the Board.

3.3 Directors Compensation

The compensation of the directors of the Board shall be determined in accordance with TSMC's "Rules for Distribution of Compensation to Directors".

3.4 CEO Compensation

The Committee shall annually review and recommend to the Board CEO's compensation in the light of his performance and the worldwide competitive environment in compensation. Each quarter, the Committee shall also confirm the amount of quarterly profit sharing bonus for the CEO.

3.5 Compensation of Executive Officers

The CEO shall annually recommend to the Committee and the Committee shall review and recommend to the Board actions affecting salaries, bonuses, stock options, benefits and other compensation arrangements with respect to compensation for all of the Company's executive officers and generally with respect to employees. Each quarter, the CEO shall also recommend to the Committee for the Committee to confirm the amount of quarterly profit sharing bonus for all of the Company's executive officers and generally with respect to employees.

3.6 Employee Stock Option and Profit Sharing Plans

The Committee is responsible for reviewing and making recommendations to the Board (where Board approval is required) concerning the institution, revision, interpretation, and termination of the Company's employee stock option, profit sharing and other incentive plans.

3.7 Reporting to the Board

The Committee shall submit reports to the Board from time-to-time and shall prepare an annual report on directors and executive compensation for inclusion in the Company's annual reports to be filed with relevant government oversight authorities (e.g., the ROC FSC and the U.S. SEC).

3.8 Miscellaneous

(a) **Management Participation**

The Committee shall have the authority to invite members of the Company's management to attend its meetings. However, an executive shall not be present when his compensation is discussed.

(b) **Minutes**

Written minutes of the proceedings of each meeting shall be prepared and circulated to each member of the Committee.

(c) **Compensation Consultant**

The Committee is authorized to retain an independent consultant, from time-to-time, to assist in the evaluation of CEO, or executive officer compensation and shall have the sole authority to retain and terminate such consulting services, including the sole authority to approve the consulting firm's fees and other retention terms and conditions.

4.0 The Committee Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. Any other matters not set forth in the Charter shall be dealt with in accordance with the applicable laws, rules, and regulations.