

Dividend Announcement

08-Jul-04

2:28 PM



To: New York Stock Exchange
Attn: Mr. Rich Ginivan
20 Broad St. - 8th Floor
New York, NY 10005

Please be advised of the following dividend information:

Approximate

Some users may need to
use A4 paper to properly
print this document.

Final

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DR Program: TAIWAN SEMICONDUCTOR

CUSIP: 874039100

ISIN: US8740391003

Ticker: TSM

Country: TAIWAN

Ratio (ADR:ORD): 1 : 5

Type of Distribution:

Ordinary Record Date: 20-Jun-04

ADR Record Date: 16-Jun-04

Ordinary Payable Date: 08-Jul-04

ADR Payable Date: 15-Jul-04

Ordinary Ex-Date:

(For stock dividends)

ADR Ex-Date:

Stock Rate: 14.086688947

Tax Rate: 20 %

NOTE: THE COMPANY HAS ANNOUNCED AN 14.086688947% STOCK DISTRIBUTION WHEREBY HOLDERS WILL RECEIVE 140.86688947 NEW SHARES FOR EVERY 1,000 OLD SHARES HELD AS OF THE RECORD DATE. THE RESULTING SHARES WILL RANK PARI PASSU WITH EXISTING SHARES.

THE FRACTIONAL SHARES ENTITLEMENT WILL BE DISREGARDED AND NO CASH

IN LIEU PAYMENT WILL BE MADE FOR THE FRACTIONS. THE STOCK DIVIDEND IS 100% TAXABLE IN THE LOCAL MARKET (TAIWAN), AND AT SOURCE WITHHOLDING WILL APPLY TO THE STOCK DISTRIBUTION

THE PAYMENT IS NOT TAXABLE IN THE U.S. ADR MARKET. HOWEVER, U.S. HOLDERS MAY BE ABLE TO CLAIM A TAX CREDIT FOR THE AT SOURCE WITHHOLDING PAID IN TAIWAN.

AT SOURCE WITHHOLDING WILL BE APPLIED AGAINST THE CONCURRENT CASH DIVIDEND BASED ON THE FORMULA BELOW:

FORMULA TO CALCULATE 20% WITHHOLDING TAX:

SHARE AWARD X 5 (5 ORDS: 1ADR) X NT 10 (PAR VALUE) X 100% (SHARE AMOUNT TAXABLE IN THE LOCAL MARKET)
x 20% (WITHHOLDING TAX AT SOURCE) DIVIDED BY 33.7590 (STOCK F/X RATE) / ADR SHARES HELD ON RECORD DATE =
\$0.0417272 WITHHOLDING TAX PER RECORD DATE SHARE.

NOTE: THE 20% WITHHOLDING TAX AT SOURCE FOR THIS DISTRIBUTION WILL BE DEDUCTED FROM THE CONCURRENT ADR CASH DIVIDEND. BOTH THE STOCK DISTRIBUTION AND CASH DISTRIBUTION ARE BASED ON THE SAME ADR RECORD DATE OF JUNE 16, 2004.

Questions may be directed to Ruth Cruz (212) 657-4728



Dividend Announcement

08-Jul-04

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Ordinary Ex-Date:

(For stock dividends)

ADR Ex-Date:

Ordinary Rate: 0.60371524

Currency: TWD

Cash Conversion Rate: 33.7502

Gross Rate \$: 0.0894387

Tax Rate: 20.00 %

Cash Tax: 0.0178877

***Stock Dividend Tax: 0.0417272 ***

Depository Fee \$: 0.0000000

Net Dividend Rate \$: 0.0298238

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x 20% (WITHHOLDING TAX AT SOURCE) DIVIDED BY 33.7590 (STOCK F/X RATE) / ADR SHARES HELD ON RECORD DATE =
\$0.0417272 WITHHOLDING TAX PER RECORD DATE SHARE.

NOTE: THE 20% WITHHOLDING TAX AT SOURCE FOR THE CONCURRENT STOCK DISTRIBUTION WILL BE DEDUCTED FROM
THE CASH DIVIDEND. BOTH THE STOCK DISTRIBUTION AND THE CASH DIVIDEND ARE BASED ON THE SAME ADR RECORD
OF JUNE 16, 2004.

Questions may be directed to Ruth Cruz (212) 657-4728