



Dividend Announcement

07-Jul-05 12:30 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
Final ☒ print this document.

DR Program: TAIWAN SEMICONDUCTOR

CUSIP: 874039100
ISIN: US8740391003
Ticker: TSM
Country: TAIWAN
Ratio (ADR:ORD): 1 : 5

Type of Distribution:

Ordinary Record Date: 19-Jun-05
ADR Record Date: 15-Jun-05
Ordinary Payable Date: 07-Jul-05
ADR Payable Date: 12-Jul-05
Ordinary Ex-Date:
(For stock dividends)
ADR Ex-Date:

Ordinary Rate: 1.99988671454 *
Currency: NT
Conversion Rate: 32.126036 **

Gross Rate \$: 0.3112563
Tax Rate: 20 %
Cash Tax: 0.0622512
Stock Dividend Tax: 0.0159383
Depositary Fee \$: 0.0000000
Net Dividend Rate \$: 0.2330668

Formula to Calculate 20% Withholding Tax

Withholding Tax on Cash Dividend Per Record Date Share in USD = .0622512

Cash Dividend Per Ordinary Share x 5 (5 ords : 1 ADR) x 20% (Withholding Tax at Source) Divided by 32.126036(FX /

Withholding Tax on Stock Dividend Per Record Date Share in USD = .0159383

Stock Rate x 5 (5 Ords to 1 ADR) x NT 10 (Par Value) x 20% (Withholding Tax at Source) Divided by 31.369(FX / Rate)

Note: the 20% Withholding Tax At Source For the Stock Dividend 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 15, 2005.

*Cash dividend per ordinary shares equals NT46,504,096,864 (total cash dividends) divided by 23,253,365,566 (total outstanding ordinary shares)
Note, the calculation was not rounded to the nearest 5th digit.

Questions may be directed to Stephanie Morgan (212) 657-4728

Dividend Announcement

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CUSIP: 874039100

ISIN: US8740391003

Ticker: TSM

Country: TAIWAN

Ratio (ADR:ORD): 1 : 5

Type of Distribution:

Stock

Ordinary Record Date: 19-Jun-05

ADR Record Date: 15-Jun-05

Ordinary Payable Date: 07-Jul-05

ADR Payable Date: 12-Jul-05

Ordinary Ex-Date:

(For stock dividends)

ADR Ex-Date:

Stock Rate: 4.99971 % *

Tax Rate: 20 %

Formula to Calculate 20% Withholding Tax

Withholding Tax on Cash Dividend Per Record Date Share in USD = .0622512

Cash Dividend Per Ordinary Share x 5 (5 ords : 1 ADR) x 20% (Withholding Tax at Source) Divided by 32.126036(FX / Rate)

Withholding Tax on Stock Dividend Per Record Date Share in USD = .0159383

Stock Rate x 5 (5 Ords to 1 ADR) x NT 10 (Par Value) x 20% (Withholding Tax at Source) Divided by 31.369(FX / Rate)

Note:

The Company has announced a 4.99971% stock distribution whereby holders will receive 49.9971 new shares for every 1,000 old shares held as of the record date. The resulting shares will rank pari passu with existing shares.

Cash In lieu rate will be advised upon sale of fractional shares.

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 US ADR market. However, US 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 mentioned above.

* Actual stock rate applied equals 1,162,602,422 (ordinary shares issued as stock dividends) divided by 23,253,365,566 (total outstanding ordinary shares)

Questions may be directed to Stephanie Morgan (212) 657-8796