

Dividend Announcement

17-Jul-06

9:55 AM



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

☒

DR Program: TAIWAN SEMICONDUCTOR

CUSIP: 874039100

ISIN: US8740391003

Ticker: TSM

Country: TAIWAN

Ratio (ADR:ORD): 1 : 5

Type of Distribution:

Stock

Ordinary Record Date: 26-Jun-06

ADR Record Date: 22-Jun-06

Ordinary Payable Date: 14-Jul-06

ADR Payable Date: 19-Jul-06

Ordinary Ex-Date: 20-Jun-06

Stock Rate: 2.999036615 %

Note: (1) & (2)

Tax Rate: 20%

Note: (3)

Note:

(1) The company has announced an 2.999036615% stock distribution whereby holders will receive 29.99036615 new shares for every 1,000 shares held as of record date. The resulting shares will rank pari-passu with existing shares. Cash in Lieu rate will be advised upon sale of fractional shares. Of the stock dividend 50% is taxable in the local market (Taiwan) and 50% is tax free, 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

(2) $741,900,740$ (ordinary shares to be issued as stock dividends) divided by $24,737,968,729$ (total outstanding ordinary shares) = 2.999036615% stock rate

(3) 2.999036615% (stock rate) $\times 5$ (5 ords: 1 ADR) $\times$ NT\$10 (par value) $\times 50\%$ (share amount taxable) $\times 20\%$ (withholding tax at source) divided by 32.405 (final conversion rate for withholding tax on stock dividend) = US\$0.0046274 withholding tax on stock dividend per record date share

Please note that 32.405 is a final conversion rate for withholding tax on stock dividend.

The 20% withholding tax at source for this distribution will be deducted from the concurrent ADR cash dividend. Both the stock and cash distribution are based on the same ADR record date of June 22, 2006.

Questions may be directed to Shawuan Samuels @ 212-657-8796

Dividend Announcement

17-Jul-06 12:07 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

Type of Distribution:

Ordinary Record Date: 26-Jun-06
ADR Record Date: 22-Jun-06
Ordinary Payable Date: 14-Jul-06
ADR Payable Date: 19-Jul-06
Ordinary Ex-Date: 20-Jun-06

Ordinary Rate: 2.49919717723 Note: (1)
Currency: NT\$
Conversion Rate: 32.593

Gross Rate \$: 0.3833947 Note: (2)
Tax Rate: 20 %
Cash Tax: 0.0766789 Note: (3)
Stock Dividend Tax \$: 0.0046274 Note: (4)
Dividend Fee \$: 0.0000000
Net Dividend Rate \$: 0.3020884

Note following formula:

- (1) NT\$61,825,061,618 (total cash dividends approved) divided by 24,737,968,729 (total outstanding ordinary shares) = NT\$2.49919717723 cash dividend per ordinary share
- (2) Gross rate = 2.49919717723 x 5 (5 ords : 1 ADR) divided by 32.593 (final conversion rate) = 0.3833947
- (3) 2.49919717723 (cash dividend per ordinary share) x 5 (5 ords : 1 ADR) x 20% (withholding tax at source) divided by 32.593 (final conversion rate) = US\$ 0.0766789 withholding tax on cash dividend per record date share
- (4) 2.999036615% (stock rate) x 5 (5 ords : 1 ADR) x NT\$10 (par value) x 50% (share amount taxable) x 20% (withholding tax at source) divided by 32.405 (final conversion rate for withholding tax on stock dividend) = USD\$0.0046274 withholding tax on stock dividend per record date share

The 20% withholding tax at source for the stock dividend distribution will be deducted from the concurrent ADR cash dividend. Both the stock and cash distribution are based on the same ADR record date of