

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

May 05, 2008

1934 Act Registration No. 1-14700

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the month of April 2008
Taiwan Semiconductor Manufacturing Company Ltd.
(Translation of Registrant's Name Into English)
No. 8, Li-Hsin Rd. 6,
Hsinchu Science Park,
Taiwan
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes

No

(If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82: _____.)

**Taiwan Semiconductor Manufacturing
Company Limited
Financial Statements for the
Three Months Ended March 31, 2008 and 2007 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS REVIEW REPORT

The Board of Directors and Shareholders

Taiwan Semiconductor Manufacturing Company Limited

We have reviewed the accompanying balance sheets of Taiwan Semiconductor Manufacturing Company Limited as of March 31, 2008 and 2007, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China. As discussed in Note 3 to the financial statements, effective January 1, 2008, Taiwan Semiconductor Manufacturing Company Limited adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the Accounting Research and Development Foundation of the Republic of China and relevant requirements promulgated by the Financial Supervisory Commission of the Executive Yuan.

We have also reviewed, in accordance with Statement on Auditing Standards No. 36, the consolidated financial statements of Taiwan Semiconductor Manufacturing Company Limited and subsidiaries as of and for the three months ended March 31, 2008 and 2007, and have issued thereon an unqualified review report with an explanatory paragraph relating to the adoption of Interpretation 2007-052 and an unqualified review report, respectively.

April 9, 2008

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the accountants' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' review report and financial statements shall prevail.

-2-

Taiwan Semiconductor Manufacturing Company Limited
BALANCE SHEETS
MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 115,869,440	20	\$ 119,752,168	20
Financial assets at fair value through profit or loss (Notes 2 and 5)	160,249		159	
Available-for-sale financial assets (Notes 2 and 6)	18,591,721	4	26,325,390	4
Held-to-maturity financial assets (Notes 2 and 7)	9,976,745	2	6,523,668	1
Receivables from related parties (Note 24)	24,687,419	4	19,157,572	3
Notes and accounts receivable	16,099,860	3	14,682,899	3
Allowance for doubtful receivables (Notes 2 and 8)	(687,619)		(690,931)	
Allowance for sales returns and others (Notes 2 and 8)	(4,167,643)	(1)	(2,476,287)	
Other receivables from related parties (Note 24)	2,221,204		487,266	
Other financial assets	395,342		686,670	
Inventories, net (Notes 2 and 9)	19,252,120	4	19,933,360	3
Deferred income tax assets (Notes 2 and 17)	8,094,973	1	9,486,631	2
Prepaid expenses and other current assets	809,189		1,362,053	
Total current assets	211,303,000	37	215,230,618	36
LONG-TERM INVESTMENTS (Notes 2, 6, 7, 10 and 11)				
Investments accounted for using equity method	107,596,741	19	105,135,305	18
Available-for-sale financial assets			6,466,605	1
Held-to-maturity financial assets	8,023,394	1	26,697,128	5
Financial assets carried at cost	748,160		746,405	
Total long-term investments	116,368,295	20	139,045,443	24
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)				
Cost				
Buildings	102,763,591	18	98,752,832	17
Machinery and equipment	598,750,110	103	538,459,403	91

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Office equipment	9,424,541	2	8,722,604	1
	710,938,242	123	645,934,839	109
Accumulated depreciation	(503,748,572)	(87)	(435,129,667)	(73)
Advance payments and construction in progress	28,503,739	5	11,740,887	2
Net property, plant and equipment	235,693,409	41	222,546,059	38
INTANGIBLE ASSETS				
Goodwill (Note 2)	1,567,756		1,567,756	
Deferred charges, net (Notes 2 and 13)	6,781,759	1	5,593,638	1
Total intangible assets	8,349,515	1	7,161,394	1
OTHER ASSETS				
Deferred income tax assets (Notes 2 and 17)	3,916,735	1	5,001,596	1
Refundable deposits	2,748,142		2,576,685	
Others (Note 2)	295,217		65,712	
Total other assets	6,960,094	1	7,643,993	1
TOTAL	\$ 578,674,313	100	\$ 591,627,507	100

	2008		2007	
	Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 239,893		\$ 133,802	
Accounts payable	7,491,302	1	6,811,587	1
Payables to related parties (Note 24)	1,986,731		2,377,933	
Income tax payable (Notes 2 and 17)	13,743,060	3	9,801,787	2
Accrued bonuses to employees and directors (Notes 3 and 19)	4,321,538	1		
Accrued expenses and other current liabilities (Note 15)	9,925,414	2	8,497,965	1
Payables to contractors and equipment suppliers	11,413,544	2	8,694,304	2
Current portion of bonds payable (Note 14)	8,000,000	1	4,500,000	1
Total current liabilities	57,121,482	10	40,817,378	7

LONG-TERM LIABILITIES

Bonds payable (Note 14)	4,500,000	1	12,500,000	2
Other long-term payables (Note 15)	1,335,996		1,623,181	

Total long-term liabilities	5,835,996	1	14,123,181	2
-----------------------------	-----------	---	------------	---

OTHER LIABILITIES

Accrued pension cost (Notes 2 and 16)	3,666,177	1	3,546,228	1
Guarantee deposits (Note 26)	1,869,126		3,424,737	1
Deferred credits (Notes 2 and 24)	887,838		1,090,364	

Total other liabilities	6,423,141	1	8,061,329	2
-------------------------	-----------	---	-----------	---

Total liabilities	69,380,619	12	63,001,888	11
-------------------	------------	----	------------	----

CAPITAL STOCK \$10 PAR VALUE

Authorized: 28,050,000 thousand shares in 2008

27,050,000 thousand shares in 2007

Issued: 25,629,242 thousand shares in 2008

25,832,959 thousand shares in 2007	256,292,416	44	258,329,592	44
------------------------------------	-------------	----	-------------	----

CAPITAL SURPLUS (Notes 2 and 19)	51,696,165	9	54,231,465	9
----------------------------------	------------	---	------------	---

RETAINED EARNINGS (Note 19)

Appropriated as legal capital reserve	56,406,684	10	43,705,711	7
---------------------------------------	------------	----	------------	---

Appropriated as special capital reserve	629,550		640,742	
---	---------	--	---------	--

Unappropriated earnings	151,596,813	26	171,616,718	29
-------------------------	-------------	----	-------------	----

	208,633,047	36	215,963,171	36
--	-------------	----	-------------	----

OTHERS (Notes 2, 21 and 23)

Cumulative translation adjustments	(6,810,720)	(1)	299,332	
------------------------------------	-------------	-----	---------	--

Unrealized gains on financial instruments	400,861		720,134	
---	---------	--	---------	--

Treasury stock: 34,096 thousand shares in 2008	(918,075)		(918,075)	
--	-----------	--	-----------	--

33,926 thousand shares in 2007	(7,327,934)	(1)	101,391	
--------------------------------	-------------	-----	---------	--

Total shareholders' equity	509,293,694	88	528,625,619	89
----------------------------	-------------	----	-------------	----

TOTAL	\$ 578,674,313	100	\$ 591,627,507	100
-------	----------------	-----	----------------	-----

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche review report dated April 9, 2008)

-3-

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 24)	\$ 86,911,072		\$ 64,054,647	
SALES RETURNS AND ALLOWANCES (Notes 2 and 8)	1,680,969		708,058	
NET SALES	85,230,103	100	63,346,589	100
COST OF SALES (Notes 18 and 24)	47,864,496	56	39,378,386	62
GROSS PROFIT	37,365,607	44	23,968,203	38
UNREALIZED GROSS PROFIT FROM AFFILIATES (Note 2)	63,912		198,973	
REALIZED GROSS PROFIT	37,301,695	44	23,769,230	38
OPERATING EXPENSES (Notes 18 and 24)				
Research and development	4,912,037	6	3,479,141	5
General and administrative	2,388,738	3	1,617,600	3
Marketing	586,390		310,529	1
Total operating expenses	7,887,165	9	5,407,270	9
INCOME FROM OPERATIONS	29,414,530	35	18,361,960	29
NON-OPERATING INCOME AND GAINS				
Gain on settlement and disposal of financial instruments, net (Notes 2, 5 and 23)	1,638,057	2		
Equity in earnings of equity method investees, net (Notes 2 and 10)	1,043,790	1	853,184	1
Interest income	642,460	1	652,231	1
Technical service income (Notes 24 and 26)	205,295		161,161	

Valuation gain of financial instruments, net (Notes 2, 5 and 23)	125,919			
Gain on disposal of property, plant and equipment and other assets (Notes 2 and 24)	77,850		69,982	
Rental income (Note 24)	64,549		55,614	
Foreign exchange gain, net (Note 2)			440,867	1
Others (Note 24)	81,042		114,532	
Total non-operating income and gains	3,878,962	4	2,347,571	3

(Continued)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
NON-OPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	\$ 1,774,578	2	\$	
Interest expense	88,750		151,922	
Loss on settlement and disposal of financial instruments, net (Notes 2, 5 and 23)			480,826	1
Valuation loss on financial instruments, net (Notes 2, 5 and 23)			167,493	
Others	23,009		14,382	
Total non-operating expenses and losses	1,886,337	2	814,623	1
INCOME BEFORE INCOME TAX EXPENSE	31,407,155	37	19,894,908	31
INCOME TAX EXPENSE (Notes 2 and 17)	3,263,773	4	1,056,269	1
NET INCOME	\$ 28,143,382	33	\$ 18,838,639	30

	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NT\$, Note 22)				
Basic earnings per share	\$ 1.23	\$ 1.10	\$ 0.75	\$ 0.71
Diluted earnings per share	\$ 1.23	\$ 1.10	\$ 0.75	\$ 0.71

Certain pro forma information (after income tax) is shown as follows, based on the assumption that the Company's stock held by subsidiaries is treated as available-for-sale financial assets instead of treasury stock (Notes 2 and 21):

	2008	2007
NET INCOME	\$ 28,143,382	\$ 18,838,639

EARNINGS PER SHARE (NT\$)

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Basic earnings per share	\$	1.10	\$	0.71
Diluted earnings per share	\$	1.10	\$	0.71

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated April 9,
2008)

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 28,143,382	\$ 18,838,639
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,041,872	18,488,096
Unrealized gross profit from affiliates	63,912	198,973
Amortization of premium/discount of financial assets	(25,931)	(31,517)
Gain on disposal of available-for-sale financial assets, net	(23,271)	(29,611)
Equity in earnings of equity method investees, net	(1,043,790)	(853,184)
Dividends received from equity method investees	589,071	
Gain on disposal of property, plant and equipment and other assets, net	(77,850)	(67,949)
Deferred income tax	498,225	(895,100)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets and liabilities at fair value through profit or loss	(125,919)	167,493
Receivables from related parties	2,014,229	(2,288,063)
Notes and accounts receivable	1,811,468	1,595,265
Allowance for doubtful receivables	(1,353)	
Allowance for sales returns and others	310,958	(274,778)
Other receivables from related parties	64,957	(38,000)
Other financial assets	(63,644)	(33,210)
Inventories	1,735,022	(781,146)
Prepaid expenses and other current assets	52,276	(140,854)
Increase (decrease) in:		
Accounts payable	(1,994,516)	667,908
Payables to related parties	(1,012,899)	(948,983)
Income tax payable	2,765,097	1,951,369
Accrued bonuses to employees and directors	4,321,538	
Accrued expenses and other current liabilities	(1,581,849)	343,035
Accrued pension cost	8,498	16,112
Deferred credits	(23,937)	(23,936)
Net cash provided by operating activities	54,445,546	35,860,559
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets		(2,151,253)
Financial assets carried at cost		(33,562)
Investments accounted for using equity method	(217,348)	(1,631,986)

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Property, plant and equipment	(14,294,648)	(13,783,013)
Proceeds from disposal or redemption of:		
Available-for-sale financial assets	5,154,736	2,080,000
Held-to-maturity financial assets	2,238,000	4,282,320
Property, plant and equipment and other assets	1,157	1,165
		(Continued)

-6-

Taiwan Semiconductor Manufacturing Company Limited
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2008	2007
Proceeds from return of capital by investees	\$ 55,056	\$ 14,068
Increase in deferred charges	(584,370)	(992,173)
Increase in refundable deposits	(6,604)	(1,270,451)
 Net cash used in investing activities	 (7,654,021)	 (13,484,885)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term bonds payable		(2,500,000)
Decrease in guarantee deposits	(371,551)	(385,224)
Proceeds from exercise of employee stock options	80,948	122,009
Payment for repurchase of treasury stock	(3,053,584)	
 Net cash used in financing activities	 (3,344,187)	 (2,763,215)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 43,447,338	 19,612,459
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	 72,422,102	 100,139,709
 CASH AND CASH EQUIVALENTS, END OF PERIOD	 \$ 115,869,440	 \$ 119,752,168
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 355,000	\$ 420,000
Income tax paid	\$ 63,801	\$ 52,670
 INVESTING AND FINANCING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	\$ 20,318,452	\$ 11,807,794
Decrease (increase) in payables to contractors and equipment suppliers	(6,023,804)	1,975,219
 Cash paid	 \$ 14,294,648	 \$ 13,783,013

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Disposal of property, plant and equipment and other assets	\$ 1,762,010	\$ 1,165
Increase in other payables to related parties	(1,760,853)	
Cash received	\$ 1,157	\$ 1,165

NON-CASH INVESTMENT AND FINANCING ACTIVITIES

Current portion of bonds payable	\$ 8,000,000	\$ 4,500,000
Current portion of other long-term payables (under accrued expenses and other current liabilities)	\$ 3,308,040	\$ 2,371,524

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated April 9, 2008)

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Reviewed, Not Audited)

1. GENERAL

Taiwan Semiconductor Manufacturing Company Limited (the Company or TSMC), a Republic of China (R.O.C.) corporation, was incorporated as a venture among the Government of the R.O.C., acting through the Development Fund of the Executive Yuan; Philips Electronics N.V. and certain of its affiliates (Philips); and certain other private investors. On September 5, 1994, its shares were listed on the Taiwan Stock Exchange (TSE). On October 8, 1997, TSMC listed some of its shares of stock on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs).

The Company is engaged mainly in the manufacturing, selling, packaging, testing and computer-aided designing of integrated circuits and other semiconductor devices and the manufacturing of masks.

As of March 31, 2008 and 2007, the Company had 20,519 and 20,222 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Significant accounting policies are summarized as follows:

Use of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines, law and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. The actual results may differ from management's estimates.

Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Cash Equivalents

Repurchase agreements collateralized by government bonds and asset-backed commercial papers acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Derivatives that do not meet the criteria for hedge accounting are initially recognized at fair value, with transaction costs expensed as incurred. The derivatives are remeasured at fair value subsequently with changes in fair value recognized in earnings. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

Fair value is estimated using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Changes in fair value from subsequent remeasurement are reported as a separate component of shareholders' equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

The fair value of structured time deposits is estimated using valuation techniques. Fair value of open-end mutual funds is determined using the net assets value at the end of the period. For debt securities, fair value is determined using the average of bid and asked prices at the end of the period.

Any difference between the initial carrying amount of a debt security and the amount due at maturity is amortized using the effective interest method, with the amortization recognized in earnings.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases, for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity; for debt securities, the amount of the decrease is recognized in earnings, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

Held-to-maturity Financial Assets

Debt securities for which the Company has a positive intention and ability to hold to maturity are categorized as held-to-maturity financial assets and are carried at amortized cost under the effective interest method except for structured time deposits which are carried at acquisition cost. Those financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Gains or losses are recognized at the time of derecognition, impairment or amortization. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is clearly attributable to an event which occurred after the impairment loss was recognized, the previously recognized impairment loss is reversed to the extent of the decrease. The reversal may not result in a carrying amount that exceeds the amortized cost that would have been determined as if no impairment loss had been recognized.

Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided based on a review of the collectibility of notes and accounts receivable. The Company determines the amount of the allowance for doubtful receivables by examining the aging analysis of outstanding notes and accounts receivable and current trends in the credit quality of its customers as well as its internal credit policies.

Revenue Recognition and Allowance for Sales Returns and Others

The Company recognizes revenue when evidence of an arrangement exists, the rewards of ownership and significant risk of the goods has been transferred to the buyer, price is fixed or determinable, and collectibility is reasonably assured. Provisions for estimated sales returns and others are recorded in the period the related revenue is recognized, based on historical experience, management's judgment, and any known factors that would significantly affect the allowance.

Sales prices are determined using fair value taking into account related sales discounts agreed to by the Company and its customers. Sales agreements typically provide that payment is due 30 days from invoice date for a majority of the customers and 30 to 45 days after the end of the month in which sales occur for some customers. Since the receivables from sales are collectible within one year and such transactions are frequent, fair value of the receivables is equivalent to the nominal amount of the cash to be received.

Inventories

Inventories are stated at the lower of cost or market value. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the balance sheet date. Market value represents replacement cost for raw materials, supplies and spare parts and net realizable value for work in process and finished goods. The Company assesses the impact of changing technology on its inventories on hand and writes off inventories that are considered obsolete. Period-end inventories are evaluated for estimated excess quantities and obsolescence based on a demand forecast within a specific time horizon, which is generally 180 days or less. Estimated losses on scrap and slow-moving items are recognized and included in the allowance for losses.

Investments Accounted for Using Equity Method

Investments in companies wherein the Company exercises significant influence over the operating and financial policy decisions are accounted for using the equity method. The Company's share of the net income or net loss of an investee is recognized in the equity in earnings/losses of equity method investees, net account. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standards No. 5, "Long-term Investments Accounted for Using the Equity Method", the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually. If the fair value of identifiable net assets acquired exceeds the cost of investment, the excess shall be proportionately allocated as reductions to fair values of non-current assets (except for financial assets other than investments accounted for using the equity method and deferred income tax assets). The accounting treatment for the investment premiums paid before January 1, 2006 is the same as that for goodwill which is no longer being amortized; while investment discounts continue to be amortized over the remaining periods. When an indication of impairment is identified, the carrying amount of the investment is reduced, with the related impairment loss recognized in earnings.

When the Company subscribes for additional investee's shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs from the amount of the Company's share of the investee's equity. The Company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Gains or losses on sales from the Company to equity method investees are deferred in proportion to the Company's ownership percentages in the investees until such gains or losses are realized through transactions with third parties. The entire amount of the gains or losses on sales to investees over which the Company has a controlling interest is deferred until such gains or losses are realized through subsequent sales of the related products to third parties. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company's

ownership percentages in the investees until they are realized through transactions with third parties. Gains or losses on sales between equity method investees over each of which the Company has control are deferred in proportion to the Company's weighted-average ownership percentage in the investee which records gains or losses. In transactions between equity method

-10-

investees over either or both of which the Company has no control, gains or losses on sales are deferred in proportion to the multiplication of the Company's weighted-average ownership percentages in the investees. Such gains or losses are recorded until they are realized through transactions with third parties.

If an investee's functional currency is a foreign currency, differences will result from the translation of the investee's financial statements into the reporting currency of the Company. Such differences are charged or credited to cumulative translation adjustments, a separate component of shareholders' equity.

Financial Assets Carried at Cost

Investments for which the Company does not exercise significant influence and that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, such as non-publicly traded stocks and mutual funds, are carried at their original cost. The costs of non-publicly traded stocks and mutual funds are determined using the weighted-average method. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

Cash dividends are recognized as investment income upon resolution of shareholders of an investee but are accounted for as a reduction to the original cost of investment if such dividends are declared on the earnings of the investee attributable to the period prior to the purchase of the investment. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated based on the new total number of shares.

Property, Plant and Equipment, Assets Leased to Others and Idle Assets

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss had been recognized. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated service lives: buildings 10 to 20 years; machinery and equipment 5 years; and office equipment 3 to 5 years.

Upon sale or disposal of property, plant and equipment and assets leased to others, the related cost and accumulated depreciation are deducted from the corresponding accounts, with any gain or loss recorded as non-operating gains or losses in the period of sale or disposal.

When property, plant and equipment are determined to be idle or useless, they are transferred to idle assets at the lower of the net realizable value or carrying amount. Depreciation on the idle assets is provided continuously, and the idle assets are tested for impairment on a periodical basis.

Intangible Assets

Goodwill represents the excess of the consideration paid for acquisition over the fair value of identifiable net assets acquired. Prior to January 1, 2006, goodwill was amortized using the straight-line method over the estimated life of 10 years. Effective January 1, 2006, pursuant to the newly revised Statement of Financial Accounting Standards No. 25, Business Combinations - Accounting Treatment under Purchase Method, goodwill is no longer amortized and instead is tested for impairment annually. If an event occurs or circumstances change which indicated that the

fair value of goodwill is more likely than not below its carrying amount, an impairment loss is recognized. A subsequent reversal of such impairment loss is not allowed.

-11-

Deferred charges consist of technology license fees, software and system design costs and other charges. The amounts are amortized over the following periods: Technology license fees the shorter of the estimated life of the technology or the term of the technology transfer contract; software and system design costs and other charges 3 years. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the previously recognized impairment loss would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, as if no impairment loss had been recognized.

Expenditures related to research activities and those related to development activities that do not meet the criteria for capitalization are charged to expenses when incurred.

Pension Costs

For employees who participate in defined contribution pension plans, pension costs are recorded based on the actual contributions made to employees individual pension accounts during their service periods. For employees who participate in defined benefit pension plans, pension costs are recorded based on actuarial calculations.

Income Tax

The Company applies an inter-period allocation for its income tax whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures, and investments in important technology-based enterprises are recognized using the flow-through method.

Adjustments of prior years tax liabilities are added to or deducted from the current period s tax provision.

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

The R.O.C. government enacted the Alternative Minimum Tax Act (AMT Act), which became effective on January 1, 2006. The alternative minimum tax (AMT) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT includes most of the tax-exempt income under various laws and statutes. The Company has considered the impact of the AMT Act in the determination of its tax liabilities.

Stock-based Compensation

Employee stock options that were modified or granted in the period from January 1, 2004 to December 31, 2007 are accounted for by the interpretations issued by the Accounting Research and Development Foundation of the Republic of China. The Company adopted the intrinsic value method and any compensation cost determined using this method is recognized in earnings over the employee vesting period. Employee stock option plans that were

granted or modified after December 31, 2007 are accounted for using fair value method in accordance with Statement of Financial Accounting Standards No. 39, Accounting for Share-based Payment . The Company did not grant or modify employee stock options during the three months ended March 31, 2008.

-12-

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. When the Company retires treasury stock, the treasury stock account is reduced and the common stock as well as the capital surplus and additional paid-in capital are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of the par value and additional paid-in capital, the difference is charged to capital surplus, treasury stock transactions and to retained earnings for any remaining amount.

The Company's stock held by its subsidiaries is treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock. The gains resulted from disposal of the treasury stock held by subsidiaries and cash dividends received by subsidiaries from the Company are recorded under capital surplus, treasury stock transactions.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

Recent Accounting Pronouncements

The Accounting Research and Development Foundation (ARDF) of the R.O.C. revised Statement of Financial Accounting Standards No. 10, Accounting for Inventories (SFAS No. 10) in November 2007, which requires inventories to be stated at the lower of cost or net realizable value item by item. Inventories are recorded by the specific identification method, first-in, first-out method or weighted average method. The last-in, first-out method is no longer permitted. The revised SFAS No. 10 should be applied to financial statements for the fiscal years beginning on or after January 1, 2009. Early adoption is permitted.

3. ACCOUNTING CHANGES

Effective January 1, 2008, the Company adopted Interpretation 2007-052, Accounting for Bonuses to Employees, Directors and Supervisors issued in March 2007 by the ARDF, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than as an appropriation of earnings. The adoption of this interpretation resulted in a decrease in net income and earnings per share (after income tax) of NT\$3,586,877 thousand and NT\$0.14, respectively, for the three months ended March 31, 2008.

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 39, Accounting for Share-based Payment, which requires companies to record share-based payment transactions in the financial statements at fair value. Such a change in accounting principle did not have any effect on the Company's financial statements as of and for the three months ended March 31, 2008.

4. CASH AND CASH EQUIVALENTS

	March 31	
	2008	2007
Cash and deposits in banks	\$ 109,361,907	\$ 77,169,400
Repurchase agreements collateralized by government bonds	5,995,378	41,985,407
Asset-backed commercial papers	512,155	597,361
	\$ 115,869,440	\$ 119,752,168

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31	
	2008	2007
Derivatives - financial assets		
Cross currency swap contracts	\$ 160,249	\$ 159
Derivatives - financial liabilities		
Forward exchange contracts	\$ 121,599	\$ 18,717
Cross currency swap contracts	118,294	115,085
	\$ 239,893	\$ 133,802

The Company entered into derivative contracts during the three months ended March 31, 2008 and 2007 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the Company did not meet the criteria for hedge accounting. Therefore, the Company did not apply hedge accounting treatment for its derivative contracts.

Outstanding forward exchange contracts as of March 31, 2008 and 2007:

	Maturity Date	Contract Amount (in Thousands)
March 31, 2008		
Sell EUR/Buy NT\$	April 2008 to July 2008	EUR 44,500
March 31, 2007		
Sell EUR/Buy US\$	April 2007	EUR 23,000

Outstanding cross currency swap contracts as of March 31, 2008 and 2007:

Maturity Date	Contract Amount (in Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
March 31, 2008			
April 2008	US \$883,000	2.60%-3.75%	1.28%-2.42%
March 31, 2007			
April 2007 to June 2007	US \$835,000	2.65%-5.35%	1.65%-5.16%

For the three months ended March 31, 2008 and 2007, gains and losses arising from derivative financial instruments were net gains of NT\$1,740,705 thousand (including realized settlement gains of NT\$1,614,786 thousand and valuation gains of NT\$125,919 thousand) and net losses of NT\$677,929 thousand (including realized settlement losses of NT\$510,436 thousand and valuation losses of NT\$167,493 thousand), respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2008	2007
Open-end mutual funds	\$ 14,126,171	\$ 23,976,854
Corporate bonds	4,065,233	4,163,115
Government bonds	400,317	4,152,738
Structured time deposits		499,288
	18,591,721	32,791,995
Current portion	(18,591,721)	(26,325,390)
	\$	\$ 6,466,605

As of March 31, 2007, structured time deposits categorized as available-for-sale financial assets consisted of the following:

	Principal Amount	Carrying Amount	Interest Rate	Maturity Date
Step-up callable deposits				
Domestic deposits	\$ 500,000	\$ 499,288	1.76%	March 2008

The interest rate of the step-up callable deposits was pre-determined by the Company and the banks.

7. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31	
	2008	2007
Corporate bonds	\$ 10,908,455	\$ 13,426,614
Government bonds	6,091,684	8,676,382
Structured time deposits	1,000,000	11,117,800
	18,000,139	33,220,796
Current portion	(9,976,745)	(6,523,668)
	\$ 8,023,394	\$ 26,697,128

As of March 31, 2008 and 2007, structured time deposits categorized as held-to-maturity financial assets consisted of the following:

	Principal Amount	Interest Receivable	Range of Interest Rates	Maturity Date
March 31, 2008				
Step-up callable deposits				
Domestic deposits	\$ 1,000,000	\$ 3,844	1.77%-1.83%	April 2008 to October 2008
March 31, 2007				
Step-up callable deposits				
Domestic deposits	\$ 4,500,000	\$ 13,593	1.50%-1.83%	June 2007 to October 2008
Callable range accrual deposits				
Domestic deposits	3,970,680	14,752	(See below)	September 2009 to December 2009
Foreign deposits	2,647,120	7,390	(See below)	October 2009 to December 2009
	\$ 11,117,800	\$ 35,735		

The amount of interest earned by the Company for the callable range accrual deposits is based on a pre-defined range as determined by the 3-month or 6-month LIBOR plus an agreed upon rate ranging between 2.10% and 3.45%. Based on the terms of the contracts, if the 3-month or 6-month LIBOR moves outside of the pre-defined range, the interest paid to the Company is at a fixed rate between zero and 1.5%. Under the terms of the contracts, the bank has the right to cancel the contracts prior to the maturity date.

As of March 31, 2008, no structured time deposit resided in banks located in foreign countries. As of March 31, 2007, the principal of the deposits that resided in banks located in Hong Kong and Singapore amounted to US\$60,000 thousand and US\$20,000 thousand, respectively.

8. ALLOWANCES FOR DOUBTFUL RECEIVABLES, SALES RETURNS AND OTHERS

Movements of the allowance for doubtful receivables were as follows:

	Three Months Ended	
	March 31	
	2008	2007
Balance, beginning of period	\$ 688,972	\$ 690,931
Write-off	(1,353)	
Balance, end of period	\$ 687,619	\$ 690,931

Movements of the allowance for sales returns and others were as follows:

	Three Months Ended	
	March 31	
	2008	2007
Balance, beginning of period	\$ 3,856,685	\$ 2,751,065
Provision	1,680,969	708,058
Write-off	(1,370,011)	(982,836)
Balance, end of period	\$ 4,167,643	\$ 2,476,287

9. INVENTORIES, NET

	March 31	
	2008	2007
Finished goods	\$ 3,884,951	\$ 3,477,094
Work in process	14,335,798	15,567,178
Raw materials	1,217,429	1,197,164
Supplies and spare parts	604,237	449,237
Allowance for losses	20,042,415 (790,295)	20,690,673 (757,313)
	\$ 19,252,120	\$ 19,933,360

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31			
	2008		2007	
	Carrying	% of	Carrying	% of
	Amount	Owner-	Amount	Owner-
		ship		ship
TSMC Global Ltd. (TSMC Global)	\$ 41,971,629	100	\$ 43,771,405	100
TSMC International Investment Ltd. (TSMC International)	27,063,207	100	26,934,392	100
Vanguard International Semiconductor Corporation (VIS)	11,183,477	36	5,999,943	27
Systems on Silicon Manufacturing Company Pte Ltd. (SSMC)	8,352,727	39	8,134,439	39
TSMC (Shanghai) Company Limited (TSMC Shanghai)	7,895,259	100	9,127,747	100
TSMC Partners, Ltd. (TSMC Partners)	3,528,732	100	4,572,167	100
TSMC North America	2,184,900	100	2,107,864	100
XinTec Inc. (XinTec)	1,483,429	43	1,370,453	43

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

VentureTech Alliance Fund II, L.P. (VTAF II)	1,039,699	98	801,222	98
VentureTech Alliance Fund III, L.P. (VTAF III)	1,037,387	98	438,480	98
Global UniChip Corporation (GUC)	891,488	37	692,434	38
Emerging Alliance Fund, L.P. (Emerging Alliance)	390,518	99	779,280	99
Chi Cherng Investment Co., Ltd. (Chi Cherng)	175,689	36	118,167	36

(Continued)

-17-

	March 31			
	2008	% of	2007	% of
	Carrying	Owner-	Carrying	Owner-
	Amount	ship	Amount	ship
Hsin Ruey Investment Co., Ltd. (Hsin Ruey)	\$ 173,804	36	\$ 116,793	36
TSMC Japan Limited (TSMC Japan)	112,111	100	98,799	100
Taiwan Semiconductor Manufacturing Company Europe B.V. (TSMC Europe)	97,152	100	56,633	100
TSMC Korea Limited (TSMC Korea)	15,533	100	15,087	100
	\$ 107,596,741		\$ 105,135,305	

(Concluded)

In January 2007, the Company acquired 90,526 thousand shares in XinTec, representing 43% of its total common shares, for NT\$1,357,890 thousand.

In August 2007, the Company acquired additional 169,600 thousand shares in VIS for NT\$4,927,865 thousand; after the acquisition, the Company's percentage of ownership in VIS increased from 27% to 36%.

For the three months ended March 31, 2008 and 2007, net equity in earnings of equity method investees of NT\$1,043,790 thousand and NT\$853,184 thousand was recognized, respectively. The related equity in earnings of equity method investees was determined based on the reviewed financial statements of the investees for the same periods as the Company.

As of March 31, 2008 and 2007, fair value of publicly traded stocks in investments accounted for using equity method was NT\$22,267,805 thousand and NT\$23,975,319 thousand, respectively.

Movements of the difference between the cost of investments and the Company's share in investees' net assets allocated to depreciable assets for the three months ended March 31, 2008 and 2007 were as follows:

	Three Months Ended	
	March 31	
	2008	2007
Balance, beginning of period	\$ 2,677,388	\$ 943,277
Additions		105,000
Depreciation/Amortization	(156,034)	(49,959)
Balance, end of period	\$ 2,521,354	\$ 998,318

Movements of the aforementioned difference allocated to goodwill for the three months ended March 31, 2008 and 2007 were as follows:

	Three Months Ended	
	March 31	
	2008	2007
Balance, beginning of period	\$ 987,349	\$ 213,984

Additions

Balance, end of period	\$ 987,349	\$ 213,984
------------------------	------------	------------

-18-

11. FINANCIAL ASSETS CARRIED AT COST

	March 31	
	2008	2007
Non-publicly traded stocks	\$ 364,913	\$ 364,913
Mutual funds	383,247	381,492
	\$ 748,160	\$ 746,405

12. PROPERTY, PLANT AND EQUIPMENT

	Three Months Ended March 31, 2008				
	Balance, Beginning of Period	Additions	Disposals	Reclassification	Balance, End of Period
Cost					
Buildings	\$ 101,907,892	\$ 856,009	\$	\$ (310)	\$ 102,763,591
Machinery and equipment	589,131,625	11,778,538	(2,145,226)	(14,827)	598,750,110
Office equipment	9,167,107	263,119	(5,875)	190	9,424,541
	700,206,624	\$ 12,897,666	\$ (2,151,101)	\$ (14,947)	710,938,242
Accumulated depreciation					
Buildings	57,349,828	1,935,317	\$	\$ (4)	59,285,141
Machinery and equipment	422,278,071	15,254,323	(392,248)	2	437,140,148
Office equipment	7,097,120	232,012	(5,875)	26	7,323,283
	486,725,019	\$ 17,421,652	\$ (398,123)	\$ 24	503,748,572
Advance payments and construction in progress	21,082,953	\$ 7,420,786	\$	\$	28,503,739
Net	\$ 234,564,558				\$ 235,693,409

	Three Months Ended March 31, 2007				
	Balance, Beginning of Period	Additions (Deductions)	Disposals	Reclassification	Balance, End of Period
Cost					
Buildings	\$ 96,961,851	\$ 1,822,770	\$ (31,789)	\$	\$ 98,752,832
Machinery and equipment	527,850,728	10,618,588	(9,866)	(47)	538,459,403
Office equipment	8,659,225	182,745	(118,556)	(810)	8,722,604

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

	633,471,804	\$ 12,624,103	\$ (160,211)	\$ (857)	645,934,839
Accumulated depreciation					
Buildings	49,595,917	\$ 1,918,600	\$ (30,911)	\$	51,483,606
Machinery and equipment	361,401,800	15,633,685	(8,764)	(47)	377,026,674
Office equipment	6,469,533	268,360	(118,553)	47	6,619,387
	417,467,250	\$ 17,820,645	\$ (158,228)	\$	435,129,667
Advance payments and construction in progress	12,230,805	\$ (816,309)	\$	\$ 326,391	11,740,887
Net	\$ 228,235,359				\$ 222,546,059

No interest was capitalized during the three months ended March 31, 2008 and 2007.

13. DEFERRED CHARGES, NET**Three Months Ended March 31, 2008**

	Balance, Beginning of Period	Additions	Amortization	Disposals	Reclassification	Balance, End of Period
Technology license fees	\$ 5,349,937	\$	\$ (390,922)	\$	\$	\$ 4,959,015
Software and system design costs	1,309,272	215,826	(181,138)		(74)	1,343,886
Others	513,204		(34,346)			478,858
	\$ 7,172,413	\$ 215,826	\$ (606,406)	\$	\$ (74)	\$ 6,781,759

Three Months Ended March 31, 2007

	Balance, Beginning of Period	Additions	Amortization	Disposals	Reclassification	Balance, End of Period
Technology license fees	\$ 4,038,551	\$ 825,550	\$ (438,247)	\$	\$	\$ 4,425,854
Software and system design costs	1,517,575	166,623	(221,146)	(51)	(325,534)	1,137,467
Others	36,942		(6,625)			30,317
	\$ 5,593,068	\$ 992,173	\$ (666,018)	\$ (51)	\$ (325,534)	\$ 5,593,638

14. BONDS PAYABLE

	March 31	
	2008	2007
Domestic unsecured bonds:		
Issued in December 2000 and repayable in December 2007, 5.36% interest payable annually	\$	\$ 4,500,000
Issued in January 2002 and repayable in January 2009 and 2012 in two installments, 2.75% and 3.00% interest payable annually, respectively	12,500,000	12,500,000
	12,500,000	17,000,000
Current portion	(8,000,000)	(4,500,000)
	\$ 4,500,000	\$ 12,500,000

As of March 31, 2008, future principal repayments for the Company's bonds were as follows:

Year of Repayment	Amount
2009	\$ 8,000,000
2012	4,500,000
	\$ 12,500,000

15. OTHER LONG-TERM PAYABLES

Most of the payables resulted from license agreements for certain semiconductor-related patents. As of March 31, 2008, future payments for other long-term payables were as follows:

Year of Payment	Amount
2008 (2 nd to 4 th quarter)	\$ 3,236,893
2009	545,466
2010	466,412
2011	395,265
	4,644,036
Current portion (classified under accrued expenses and other current liabilities)	(3,308,040)
	\$ 1,335,996

16. PENSION PLANS

The Labor Pension Act (the Act) became effective on July 1, 2005. The employees who were subject to the Labor Standards Law prior to July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act with their seniority as of July 1, 2005 retained or continue to be subject to the pension mechanism under the Labor Standards Law. Employees who joined the Company after July 1, 2005 can only be subject to the pension mechanism under the Act.

The pension mechanism under the Act is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts starting from July 1, 2005, and recognized pension cost of NT\$164,396 thousand and NT\$148,533 thousand for the three months ended March 31, 2008 and 2007, respectively.

The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan (originally the Central Trust of China, which was merged into the Bank of Taiwan on July 1, 2007). The Company recognized pension cost of NT\$67,246 thousand and NT\$81,154 thousand for the three months ended March 31, 2008 and 2007, respectively. As of March 31, 2008 and 2007, the balance of the Fund was NT\$2,278,579 thousand and NT\$2,027,436 thousand, respectively.

17. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax at statutory rate and income tax currently payable was as follows:

	Three Months Ended March 31	
	2008	2007
Income tax expense based on income before income tax at statutory rate (25%)	\$ 7,851,789	\$ 4,973,727
Tax effect of the following:		
Tax-exempt income	(2,634,089)	(991,862)
Temporary and permanent differences	271,414	(79,127)
Others	41,235	
Income tax credits used	(2,764,800)	(1,951,369)
Income tax currently payable	\$ 2,765,549	\$ 1,951,369

- b. Income tax expense consisted of the following:

Income tax currently payable	\$ 2,765,549	\$ 1,951,369
Net change in deferred income tax assets		
Investment tax credits	1,457,032	509,910
Temporary differences	(51,527)	(708,401)
Valuation allowance	(907,281)	(696,609)
Income tax expense	\$ 3,263,773	\$ 1,056,269

- c. Net deferred income tax assets consisted of the following:

	March 31	
	2008	2007
Current deferred income tax assets		
Investment tax credits	\$ 8,094,974	\$ 9,486,631
Noncurrent deferred income tax assets, net		
Investment tax credits	\$ 5,284,749	\$ 9,960,351
Temporary differences	1,194,838	1,548,865
Valuation allowance	(2,562,852)	(6,507,620)
	\$ 3,916,735	\$ 5,001,596

- d. Integrated income tax information:

The balance of the imputation credit account as of March 31, 2008 and 2007 was NT\$3,012,848 thousand and NT\$828,612 thousand, respectively.

The estimated and actual creditable ratio for distribution of earnings of 2007 and 2006 was 1.86% and 5.23%, respectively.

The imputation credit allocated to shareholders is based on its balance as of the date of dividend distribution. The estimated creditable ratio may change when the actual distribution of the imputation credit is made.

- e. All earnings generated prior to December 31, 1997 have been appropriated.

-22-

f. As of March 31, 2008, investment tax credits consisted of the following:

Law/Statute	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 6,076,148	\$ 4,841,869	2010
		4,439,860	4,439,860	2011
		13,547	13,547	2012
		\$ 10,529,555	\$ 9,295,276	
Statute for Upgrading Industries	Research and development expenditures	\$ 1,508,726	\$	2009
		1,781,376	1,781,376	2010
		1,654,065	1,654,065	2011
		523,083	523,083	2012
		\$ 5,467,250	\$ 3,958,524	
Statute for Upgrading Industries	Personnel training expenditures	\$ 21,795	\$	2009
		46,119	46,119	2010
		\$ 67,914	\$ 46,119	
Statute for Upgrading Industries	Investments in important technology-based enterprises	\$ 79,804	\$ 79,804	2010

g. The profits generated from the following projects are exempt from income tax for a five-year period:

	Tax-Exemption Period
Construction of Fab 14 Module A	2006 to 2010
Construction of Fab 14 Module B	2007 to 2011

h. The tax authorities have examined income tax returns of the Company through 2005.

18. LABOR COST, DEPRECIATION AND AMORTIZATION

Three Months Ended March 31, 2008
Classified
as
Classified
as Operating

	Cost of Sales	Expenses	Total
Labor cost			
Salary	\$ 4,535,435	\$ 3,206,078	\$ 7,741,513
Labor and health insurance	171,065	96,691	267,756
Pension	147,988	83,654	231,642
Meal	110,622	44,839	155,461
Welfare	46,066	26,074	72,140
Others	48,224	1,251	49,475
	\$ 5,059,400	\$ 3,458,587	\$ 8,517,987
Depreciation	\$ 16,397,601	\$ 1,016,959	\$ 17,414,560
Amortization	\$ 448,400	\$ 158,006	\$ 606,406

	Three Months Ended March 31, 2007		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 2,219,384	\$ 1,048,077	\$ 3,267,461
Labor and health insurance	160,974	86,039	247,013
Pension	149,674	80,013	229,687
Meal	104,780	38,199	142,979
Welfare	55,674	31,019	86,693
Others	30,552	1,171	31,723
	\$ 2,721,038	\$ 1,284,518	\$ 4,005,556
Depreciation	\$ 16,857,622	\$ 957,405	\$ 17,815,027
Amortization	\$ 458,751	\$ 206,968	\$ 665,719

19. SHAREHOLDERS EQUITY

As of March 31, 2008, 1,110,083 thousand ADSs of the Company were traded on the NYSE. The number of common shares represented by the ADSs was 5,550,414 thousand (one ADS represents five common shares).

Capital surplus can only be used to offset a deficit under the Company Law. However, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers, convertible bonds and the surplus from treasury stock transactions) may be appropriated as stock dividends, which are limited to a certain percentage of the Company's paid-in capital.

Capital surplus consisted of the following:

	March 31	
	2008	2007
From merger	\$ 23,276,911	\$ 24,003,546
Additional paid-in capital	18,994,954	20,063,728
From convertible bonds	9,077,065	9,360,424
From long-term investments	347,180	414,524
Donations	55	55
From treasury stock transactions		389,188
	\$ 51,696,165	\$ 54,231,465

The Company's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and then set aside the following items accordingly:

- a. Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the Company's paid-in capital;

- b. Special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;

-24-

c. Bonus to directors and bonus to employees of the Company of not more than 0.3% and not less than 1% of the remainder, respectively. Directors who also serve as executive officers of the Company are not entitled to receive the bonus to directors. The Company may issue stock bonus to employees of an affiliated company meeting the conditions set by the Board of Directors or, by the person duly authorized by the Board of Directors;

d. Any balance left over shall be allocated according to the resolution of the shareholders' meeting.

The Company's Articles of Incorporation also provide that profits of the Company may be distributed by way of cash dividend and/or stock dividend. However, distribution of profits shall be made preferably by way of cash dividend. Distribution of profits may also be made by way of stock dividend; provided that the ratio for stock dividend shall not exceed 50% of the total distribution.

Any appropriations of the profits are subject to shareholders' approval in the following year.

For the three months ended March 31, 2008, the Company has recorded bonuses to employees and directors with a charge to earnings of approximately 15.3% of net income. Material differences between such estimated amounts and the amounts proposed by the Board of Directors subsequently are retroactively adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

The Company no longer has supervisors since January 1, 2007. The required duties of supervisors are being fulfilled by the Audit Committee.

The appropriation for legal capital reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends and bonuses for the portion in excess of 50% of the paid-in capital if the Company has no unappropriated earnings and the reserve balance has exceeded 50% of the Company's paid-in capital. The Company Law also prescribes that, when the reserve has reached 50% of the Company's paid-in capital, up to 50% of the reserve may be transferred to capital.

A special capital reserve equivalent to the net debit balance of the other components of shareholders' equity (for example, cumulative translation adjustments and unrealized loss on financial instruments, but excluding treasury stock) shall be made from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2007 and 2006 had been approved in a Board of Directors' meeting held on February 19, 2008 and a shareholders' meeting held on May 7, 2007, respectively. The appropriations and dividends per share were as follows:

	Appropriations of Earnings		Dividends Per Share	
			(NT\$)	
	For Fiscal Year 2007	For Fiscal Year 2006	For Fiscal Year 2007	For Fiscal Year 2006
Legal capital reserve	\$ 10,917,709	\$ 12,700,973		
Special capital reserve	(237,693)	(11,192)		
Bonus to employees in cash	3,939,883	4,572,798		
Bonus to employees in stock	3,939,883	4,572,798		
Cash dividends to shareholders	76,881,311	77,489,064	\$ 3.00	\$ 3.00
Stock dividends to shareholders	512,542	516,594	0.02	0.02
Bonus to directors and supervisors	176,890	285,800		
	\$ 96,130,525	\$ 100,126,835		

The Board of Directors meeting held on February 19, 2008 and the shareholders meeting held on May 7, 2007 also resolved to distribute stock dividends out of capital surplus in the amount of NT\$768,813 thousand and NT\$774,891 thousand, respectively.

The amounts of the appropriations of earnings for 2006 are consistent with the resolutions of the meeting of the Board of Directors held on February 6, 2007. The amounts of the appropriations of earnings for 2007 and the stock dividends to be distributed out of capital surplus have not yet been resolved by the shareholders. If the above bonuses to employees, directors and supervisors had been paid entirely in cash and charged to earnings of 2007 and 2006, the basic earnings per share (after income tax) for the years ended December 31, 2007 and 2006 shown in the respective financial statements would have decreased from NT\$4.14 to NT\$3.84 and NT\$4.93 to NT\$4.56, respectively. The shares distributed as a bonus to employees represented 1.49% and 1.77% of the Company's total outstanding common shares as of December 31, 2007 and 2006, respectively.

The information about the appropriations of bonuses to employees, directors and supervisors is available at the Market Observation Post System website.

Under the Integrated Income Tax System that became effective on January 1, 1998, R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by the Company on earnings generated since January 1, 1998.

20. STOCK-BASED COMPENSATION PLANS

The Company's Employee Stock Option Plans under the 2004 Plan, 2003 Plan and 2002 Plan were approved by the SFB on January 6, 2005, October 29, 2003 and June 25, 2002, respectively. The maximum number of options authorized to be granted under the 2004 Plan, 2003 Plan and 2002 Plan was 11,000 thousand, 120,000 thousand and 100,000 thousand, respectively, with each option eligible to subscribe for one common share when exercisable. The options may be granted to qualified employees of the Company or any of its domestic or foreign subsidiaries, in which the Company's shareholding with voting rights, directly or indirectly, is more than fifty percent (50%). The options of all the plans are valid for ten years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the options are granted at an exercise price equal to the closing price of the Company's common shares listed on the TSE on the grant date.

Options of the aforementioned plans that had never been granted or had been granted but subsequently cancelled had expired as of March 31, 2008.

Information about outstanding options for the three months ended March 31, 2008 and 2007 was as follows:

	Number of Options (in Thousands)	Weighted- Average Exercise Price (NT\$)
Three months ended March 31, 2008		
Balance, beginning of period	41,875	\$ 37.4
Options exercised	(2,138)	37.9
Options cancelled	(193)	46.8
Balance, end of period	39,544	37.3

(Continued)

	Number of Options (in Thousands)	Weighted- Average Exercise Price (NT\$)
Three months ended March 31, 2007		
Balance, beginning of period	52,814	\$ 39.6
Options exercised	(3,271)	37.3
Options cancelled	(252)	47.2
Balance, end of period	49,291	39.7

(Concluded)

The number of outstanding options and exercise prices have been adjusted to reflect the distribution of earnings in accordance with the plans.

As of March 31, 2008, information about outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)
\$25.9-\$36.4	27,070	4.91	\$33.0	27,070	\$33.0
38.9 51.3	12,474	6.65	46.6	6,162	46.4
	39,544		37.3	33,232	35.5

No compensation cost was recognized under the intrinsic value method for the three months ended March 31, 2008 and 2007. Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions and pro forma results of the Company for the three months ended March 31, 2008 and 2007 would have been as follows:

	Three Months Ended March 31 2008	2007
Assumptions:		
Expected dividend yield	1.00%-3.44%	1.00%-3.44%
Expected volatility	43.77%-46.15%	43.77%-46.15%
Risk free interest rate	3.07%-3.85%	3.07%-3.85%
Expected life	5 years	5 years
Net income:		

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Net income as reported	\$	28,143,382	\$	18,838,639
Pro forma net income		28,081,304		18,790,682
Earnings per share (EPS) after income tax (NT\$):				
Basic EPS as reported	\$	1.10	\$	0.71
Pro forma basic EPS		1.10		0.71
Diluted EPS as reported		1.10		0.71
Pro forma diluted EPS		1.10		0.71

-27-

21. TREASURY STOCK

(Shares in Thousands)

	Beginning Shares	Addition	Retirement	Ending Shares
Three months ended March 31, 2008				
Parent company stock held by subsidiaries	34,096			34,096
Repurchase under share buyback plan	800,000		800,000	
	834,096		800,000	34,096
Three months ended March 31, 2007				
Parent company stock held by subsidiaries	33,926			33,926

As of March 31, 2008 and 2007, the book value of the treasury stock was NT\$918,075 thousand each and its market value was NT\$2,151,452 thousand and NT\$2,303,596 thousand, respectively. The Company's common shares held by subsidiaries were treated as treasury stock and the holders are entitled to the rights of shareholders, with the exception of voting rights.

The Company held a meeting of the Board of Directors and approved a share buyback plan to repurchase the Company's common shares up to 800,000 shares listed on the TSE during the period from November 14, 2007 to January 13, 2008 for the buyback price in the range from NT\$43.2 to NT\$94.2. As of December 31, 2007, the Company had repurchased 800,000 thousand common shares. All the treasury stock repurchased was retired on February 27, 2008.

22. EARNINGS PER SHARE

EPS was computed as follows:

	Amounts (Numerator)		Number of Shares (Denominator) (in Thousands)	EPS (NT\$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
Three months ended March 31, 2008					
Basic EPS					
Income available to common shareholders	\$ 31,407,155	\$ 28,143,382	25,593,835	\$ 1.23	\$ 1.10
Effect of dilutive potential common stock stock options			16,225		
Diluted EPS					
Income available to common shareholders (including effect of	\$ 31,407,155	\$ 28,143,382	25,610,060	\$ 1.23	\$ 1.10

dilutive potential common stock)

Three months ended March 31,
2007

Basic EPS

Income available to common shareholders	\$ 19,894,908	\$ 18,838,639	26,384,121	\$ 0.75	\$ 0.71
--	---------------	---------------	------------	---------	---------

Effect of dilutive potential common stock stock options			21,538		
--	--	--	--------	--	--

Diluted EPS

Income available to common shareholders (including effect of dilutive potential common stock)	\$ 19,894,908	\$ 18,838,639	26,405,659	\$ 0.75	\$ 0.71
---	---------------	---------------	------------	---------	---------

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused each of the basic and diluted after income tax EPS for the three months ended March 31, 2007 to decrease from NT\$0.73 to NT\$0.71.

23. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	2008		March 31		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets						
Financial assets at fair value through profit or loss	\$ 160,249	\$ 160,249	\$ 159		\$ 159	
Available-for-sale financial assets	18,591,721	18,591,721	32,791,995		32,791,995	
Held-to-maturity financial assets	18,000,139	18,001,071	33,220,796		33,203,292	
Liabilities						
Financial liabilities at fair value through profit or loss	239,893	239,893	133,802		133,802	
Bonds payable (including current portion)	12,500,000	12,657,936	17,000,000		17,279,497	
Other long-term payables (including current portion)	4,644,036	4,644,036	3,994,705		3,994,705	

b. Methods and assumptions used in the estimation of fair values of financial instruments

- 1) The aforementioned financial instruments do not include cash and cash equivalents, receivables, other financial assets, payables, and payables to contractors and equipment suppliers. The carrying amounts of these financial instruments approximate their fair values due to their short maturities.
- 2) Fair values of financial assets/liabilities at fair value through profit or loss were estimated using valuation techniques incorporating estimates and assumptions that were consistent with prevailing market conditions.
- 3) Fair values of available-for-sale and held-to-maturity financial assets were based on their quoted market prices, except for structured time deposits of which fair values were estimated using valuation techniques.
- 4) Fair value of bonds payable was based on their quoted market price.
- 5) Fair value of other long-term payables was based on the present value of expected cash flows, which approximates their carrying amount.

c. The changes in fair value during the three months ended March 31, 2008 and 2007 of derivatives estimated using valuation techniques were recognized as gains of NT\$125,919 thousand and losses of NT\$167,493 thousand, respectively.

- d. As of March 31, 2008 and 2007, financial assets exposed to fair value interest rate risk were NT\$36,752,109 thousand and NT\$66,012,950 thousand, respectively, financial liabilities exposed to fair value interest rate risk were NT\$239,893 thousand and NT\$133,802 thousand, respectively, and financial assets exposed to cash flow interest rate risk were nil and NT\$6,617,800 thousand, respectively.
- e. Movements of unrealized gains or losses on financial instruments for the three months ended March 31, 2008 and 2007 were as follows:

	Three Months Ended March 31, 2008		
	Valuation Gain on Available- for-sale Financial Assets	Equity in Valuation Gain on Available-for- sale Financial Assets Held by Investees	Total
Balance, beginning of period	\$ 266,573	\$ 414,424	\$ 680,997
Recognized directly in shareholders' equity	69,584	(326,449)	(256,865)
Removed from shareholders' equity and recognized in earnings	(23,271)		(23,271)
Balance, end of period	\$ 312,886	\$ 87,975	\$ 400,861

	Three Months Ended March 31, 2007		
	Valuation Gain on Available- for-sale Financial Assets	Equity in Valuation Gain on Available-for- sale Financial Assets Held by Investees	Total
Balance, beginning of period	\$ 242,248	\$ 319,367	\$ 561,615
Recognized directly in shareholders' equity	93,451	94,679	188,130
Removed from shareholders' equity and recognized in earnings	(29,611)		(29,611)
Balance, end of period	\$ 306,088	\$ 414,046	\$ 720,134

f. Information about financial risks

- 1) Market risk. The derivative financial instruments categorized as financial assets/liabilities at fair value through profit or loss are mainly used to hedge the exchange rate fluctuations of foreign-currency assets and liabilities; therefore, the market risk of derivatives will be offset by the foreign exchange risk of these hedged items. Available-for-sale financial assets held by the Company are mainly fixed-interest-rate debt

securities; therefore, the fluctuations in market interest rates will result in changes in fair value of these debt securities.

- 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing financial instruments are reputable financial institutions, business organizations, and government agencies. Management believes that the Company's exposure to default by those parties is low.

-30-

- 3) Liquidity risk. The Company has sufficient operating capital to meet cash needs upon settlement of derivative financial instruments and bonds payable. Therefore, the liquidity risk is low.
- 4) Cash flow interest rate risk. The Company mainly invests in fixed-interest-rate debt securities. Therefore, cash flows are not expected to fluctuate significantly due to changes in market interest rates.

24. RELATED PARTY TRANSACTIONS

The Company engages in business transactions with the following related parties:

a. Subsidiaries

TSMC North America
 TSMC Shanghai
 TSMC Europe
 TSMC Japan
 TSMC Korea

b. Investees

GUC (with a controlling interest)
 VIS (accounted for using equity method)
 SSMC (accounted for using equity method)

c. Indirect subsidiaries

WaferTech, LLC (WaferTech)
 TSMC Technology, Inc. (TSMC Technology)
 TSMC Design Technology Canada Inc. (TSMC Canada) (established in May 2007)

d. Indirect investee

VisEra Technology Company, Ltd. (VisEra), an indirect investee accounted for using equity method.

e. Others

Related parties over which the Company has control or exercises significant influence but with which the Company had no material transactions.

Transactions with the aforementioned parties, other than those disclosed in other notes, are summarized as follows:

	2008		2007	
	Amount	%	Amount	%
For the three months ended March 31				
Sales				
TSMC North America	\$ 54,293,942	63	\$ 39,207,204	61
Others	345,421		209,901	1
	\$ 54,639,363	63	\$ 39,417,105	62

	2008		2007	
	Amount	%	Amount	%
Purchases				
WaferTech	\$ 2,378,352	21	\$ 2,359,717	23
SSMC	1,358,468	12	1,386,200	13
TSMC Shanghai	1,220,202	11	1,233,506	12
VIS	793,272	7	686,332	6
	\$ 5,750,294	51	\$ 5,665,755	54
Manufacturing expenses – outsourcing				
VisEra	\$ 315		\$	
Marketing expenses – commission				
TSMC Europe	\$ 76,949	13	\$ 53,775	17
TSMC Japan	45,186	8	45,512	15
TSMC Korea	5,198	1	4,197	1
	\$ 127,333	22	\$ 103,484	33
General and administrative expenses – rental				
GUC	\$ 262		\$ 3,473	
Research and development expenses				
TSMC Technology (primarily consulting fee)	\$ 89,660	2	\$ 17,346	1
TSMC Canada (primarily consulting fee)	53,937	1		
Others	10,118		6,456	
	\$ 153,715	3	\$ 23,802	1
Sales of property, plant and equipment				
TSMC Shanghai	\$ 1,760,853	99	\$	
Non-operating income and gains				
VIS (primarily technical service income, see Note 26h)	\$ 106,748	3	\$ 86,762	4
TSMC Shanghai (primarily technical service income)	88,760	2	76,455	3
SSMC (primarily technical service income, see Note 26e)	61,712	2	58,483	2

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

VisEra	55,225	1	42,089	2
	\$ 312,445	8	\$ 263,789	11

As of March 31

Receivables				
TSMC North America	\$ 24,508,626	99	\$ 18,993,076	99
Others	178,793	1	164,496	1
	\$ 24,687,419	100	\$ 19,157,572	100

-32-

	2008		2007	
	Amount	%	Amount	%
Other receivables				
TSMC Shanghai	\$ 1,942,566	87	\$ 144,605	30
VIS	108,629	5	155,657	32
SSMC	77,688	4	82,868	17
TSMC North America	44,392	2	51,251	10
VisEra	29,335	1	40,567	8
Others	18,594	1	12,318	3
	\$ 2,221,204	100	\$ 487,266	100
Payables				
WaferTech	\$ 602,332	30	\$ 627,230	26
VIS	476,214	24	438,785	18
SSMC	465,295	24	694,554	29
TSMC Shanghai	304,048	15	512,066	22
Others	138,842	7	105,298	5
	\$ 1,986,731	100	\$ 2,377,933	100
Deferred credits				
TSMC Shanghai	\$ 457,290	52	\$ 670,387	61
VisEra	46,631	5	108,806	10
	\$ 503,921	57	\$ 779,193	71

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, prices were determined in accordance with mutual agreements.

The Company deferred the gains (classified under deferred credits) derived from sales of property, plant and equipment to TSMC Shanghai and VisEra, and then recognized such gains (classified under the non-operating income and gains) over the depreciable lives of the disposed assets.

The Company leased part of its office space from GUC and also leased certain buildings and facilities to VisEra. The related rental expense and rental income were classified under non-operating expenses and income, respectively. The lease terms and prices were determined in accordance with mutual agreements.

25. SIGNIFICANT LONG-TERM LEASES

The Company leases several parcels of land from the Science Park Administration. These operating leases expire on various dates from December 2008 to December 2028 and can be renewed upon expiration.

As of March 31, 2008, future lease payments were as follows:

Year	Amount
2008 (2 nd to 4 th quarter)	\$ 262,988
2009	340,443
2010	291,245
2011	289,664
2012	289,664
2013 and thereafter	2,315,796
	\$ 3,789,800

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies of the Company as of March 31, 2008, except those disclosed in other notes, were as follows:

- a. On June 20, 2004, the Company and Philips (Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006) amended the Technical Cooperation Agreement, which was originally signed on May 12, 1997. The amended Technical Cooperation Agreement is for five years beginning from January 1, 2004. Upon expiration, this amended Technical Cooperation Agreement will be terminated and will not be automatically renewed; however, the patent cross license arrangement between the Company and Philips (now NXP B.V.) will survive the expiration of the amended Technical Cooperation Agreement. Under this amended Technical Cooperation Agreement, the Company will pay Philips (now NXP B.V.) royalties based on a fixed amount mutually agreed-on, rather than under a certain percentage of the Company's annual net sales. The Company and Philips (now NXP B.V.) agreed to cross license the patents owned by each party. The Company also obtained through Philips (now NXP B.V.) a number of cross patent licenses.
- b. Under a technical cooperation agreement with ITRI, the R.O.C. Government or its designee approved by the Company can use up to 35% of the Company's capacity if the Company's outstanding commitments to its customers are not prejudiced. The term of this agreement is for five years beginning from January 1, 1987 and is automatically renewed for successive periods of five years unless otherwise terminated by either party with one year prior notice.
- c. Under several foundry agreements, the Company shall reserve a portion of its production capacity for certain major customers that have guarantee deposits with the Company. As of March 31, 2008, the Company had a total of US\$60,730 thousand of guarantee deposits.
- d. Under a Shareholders Agreement entered into with Philips and EDB Investments Pte Ltd. on March 30, 1999, the parties formed a joint venture company, SSMC, which is an integrated circuit foundry in Singapore. The Company's equity interest in SSMC was 32%. Nevertheless, Philips parted with its semiconductor company which was renamed as NXP B.V. in September 2006. The Company and NXP B.V. purchased all the SSMC shares owned by EDB Investments Pte Ltd. pro rata according to the Shareholders Agreement on November 15, 2006. After the purchase, the Company and NXP B.V. currently own approximately 39% and 61% of the SSMC shares respectively. The Company and Philips (now NXP) committed to buy specific percentages of the production capacity of SSMC. The Company and Philips (now NXP B.V.) are required, in the aggregate, to purchase up to 70% of SSMC's capacity, but the Company alone is not required to purchase more than 28% of the capacity. If any party defaults on the commitment and the capacity utilization of SSMC fall below a specific percentage of its capacity, the defaulting party is required to compensate SSMC for all related unavoidable costs.
- e. The Company provides technical services to SSMC under a Technical Cooperation Agreement (the Agreement) effective March 30, 1999. The Company receives compensation for such services computed at a specific percentage of net selling price of all products sold by SSMC. The Agreement shall remain in force for ten years and may be automatically renewed for successive periods of five years each unless pre-terminated by either party under certain conditions.

- f. Under a Technology Transfer Agreement (TTA) with National Semiconductor Corporation (National) entered into on June 27, 2000, the Company shall receive payments for the licensing of certain technology to National. The agreement was to remain in force for ten years and could be automatically renewed for successive periods of two years thereafter unless either party gives written notice for early termination under certain conditions. In January 2003, the Company and National entered into a Termination Agreement whereby the TTA was terminated. Under the Termination Agreement, the Company would be relieved of any further obligation to transfer any additional technology. In addition, the Company granted National an option to request prior to January 2008 the transfer of certain technologies under the same terms and conditions as the terminated TTA. National did not make such request by the deadline, therefore the option expired in January 2008.
- g. In December 2003, the Company entered into a Technology Development and License Agreement with Freescale Semiconductor, Inc. to jointly develop 65-nm SOI (silicon on insulator) technology. The Company would also license related 90-nm SOI technology from Freescale Semiconductor, Inc. Any intellectual properties arising out of the co-development project shall be jointly owned by the parties. In accordance with the agreement, the Company would pay royalties to Freescale Semiconductor, Inc. and would share a portion of the costs associated with the joint development project. The agreement expired in December 2007. The Company did not capitalize related intellectual properties arising from the co-development project because those intellectual properties did not meet the capitalization criteria set forth in Statement of Financial Accounting Standards No. 37 Accounting for Intangible Assets .
- h. The Company provides a technology transfer to VIS under a Manufacturing License and Technology Transfer Agreement entered into on April 1, 2004. The Company receives compensation for such technology transfer in the form of royalty payments from VIS computed at specific percentages of net selling price of certain products sold by VIS. VIS agreed to reserve its certain capacity to manufacture for the Company certain products at prices as agreed by the parties.
- i. TSMC, TSMC North America and WaferTech filed a series of lawsuits in late 2003 and 2004 against Semiconductor Manufacturing International Corporation, SMIC (Shanghai) and SMIC Americas (aggregately referring to as SMIC). The lawsuits alleged that SMIC infringed multiple TSMC, TSMC North America and WaferTech patents and misappropriated TSMC, TSMC North America and WaferTech s trade secrets. These suits were settled out of court on January 30, 2005. As part of the settlement, Semiconductor Manufacturing International Corporation shall pay US\$175 million over six years to resolve TSMC, TSMC North America and WaferTech s claims. As of March 31, 2008, SMIC had paid US\$90 million in accordance with the terms of this settlement agreement. In August 2006, TSMC, TSMC North America and WaferTech filed a lawsuit against SMIC in Alameda County Superior Court in California for breach of aforementioned settlement agreement, breach of promissory notes and trade secret misappropriation, seeking injunctive relief and monetary damages. In September 2006, SMIC filed a cross-complaint against TSMC, TSMC North America and WaferTech in the same court, alleging TSMC, TSMC North America and WaferTech of breach of the settlement agreement and implied covenant of good faith and fair dealing, in response to TSMC, TSMC North America and WaferTech s August complaint. In November 2006, SMIC filed a complaint with Beijing People s High Court against TSMC, TSMC North America and WaferTech alleging defamation and breach of good faith. The California State Superior Court of Alameda County issued an Order on TSMC, TSMC North America and WaferTech s pre-trial motion for a preliminary injunction against SMIC on September 7, 2007. In the Order, the Court found TSMC has demonstrated a significant likelihood that it will ultimately prevail on the merits of its claim for breach of certain paragraphs of the (2005) Settlement Agreement with SMIC. The Court also found TSMC has demonstrated a significant probability of establishing that SMIC retains and is using TSMC Information in SMIC s 0.13um and smaller technologies, and there is significant threat of serious irreparable harm to TSMC if SMIC were to disclose or transfer that information before final resolution of the case. Therefore, the Court ordered that, effective immediately, SMIC must provide advance notice and

an opportunity for TSMC, TSMC North America and WaferTech to object before disclosing items enumerated in the Court Order to SMIC's third party partners. The Court, however, did not grant a preliminary injunction as requested by TSMC, TSMC North America and WaferTech. The result of the above-mentioned litigation cannot be determined at this time.

-35-

- j. In April 2004, UniRAM Technology, Inc. (UniRAM) filed an action against MoSys Inc., TSMC and TSMC North America in the U.S. District Court for the Northern District of California, alleging patent infringement and trade secret misappropriation and seeking injunctive relief and damages. UniRAM later dropped its patent infringement claims during the course of litigation, but TSMC's inequitable conduct counterclaim against UniRAM's asserted patents remained. In 2007, the trade secret misappropriation portion of the case went to trial, and in September 2007, a jury-rendered a verdict awarding US\$30.5 million to UniRAM Technology, Inc. The court held a separate bench trial on the inequitable conduct counterclaims in January 2008, but has yet to issue a decision as of March 25, 2008. During the January bench trial, UniRAM has also raised anew its motion to enjoin TSMC from offering certain technologies that UniRAM alleges to contain its confidential information. This issue has also not been decided. As a procedural matter, the jury verdict cannot be entered into the record while the inequitable conduct issues remain undecided. Nevertheless, as a result of the verdict, TSMC has accrued the full amount of the jury award in September 2007 as part of the non-operating expenses. TSMC intends to continue to pursue remedies against this verdict.

27. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Company and its investees:

- a. Financing provided: None;
- b. Endorsement/guarantee provided: None;
- c. Marketable securities held: Please see Table 1 attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 2 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- i. Names, locations, and related information of investees on which the Company exercises significant influence: Please see Table 6 attached;

j. Information about derivatives of investees over which the Company has a controlling interest:

TSMC Shanghai entered into forward exchange contracts during the three months ended March 31, 2008 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contracts outstanding as of March 31, 2008:

	Maturity Date	Contract Amount (in Thousands)
Sell RMB/buy US\$	April 2008 to July 2008	RMB 369,259
Sell US\$/buy JPY	April 2008	US\$ 886

For the three months ended March 31, 2008, net losses arising from forward exchange contracts of TSMC Shanghai were NT\$2,151 thousand (including realized settlement gains of NT\$907 thousand and valuation losses of NT\$3,058 thousand).

XinTec entered into forward exchange contracts during the three months ended March 31, 2008 to manage exposures due to foreign exchange rate fluctuations. Outstanding forward exchange contract as of March 31, 2008:

	Maturity Date	Contract Amount (in Thousands)
Sell US\$/buy NT\$	April 2008	US \$5,000

For the three months ended March 31, 2008, net gains arising from forward exchange contracts of XinTec were NT\$12,727 thousand (including realized settlement gains of NT\$11,276 thousand and valuation gains of NT\$1,451 thousand).

k. Information on investment in Mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please see Note 24.

TABLE 1

Taiwan Semiconductor Manufacturing Company Limited and Investees
MARKETABLE SECURITIES HELD
MARCH 31, 2008
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

		March 31, 2008			
		Carrying	Percentage	Ass	
Marketable Securities		Shares/Units	Value	of	Val
Type and Name	Relationship with the Company	(in	(US\$ in Ownership	(%)	Thous
		Thousands)	Thousands)		Thous
ny Open-end mutual funds					
Fuh Hwa Bond	Available-for-sale financial assets	132,997	\$ 1,809,322	N/A	\$ 1,809,322
NITC Bond Fund		10,449	1,753,671	N/A	1,753,671
ING Taiwan Bond Fund		85,581	1,315,559	N/A	1,315,559
NITC Taiwan Bond		89,078	1,280,609	N/A	1,280,609
President James Bond		77,128	1,213,913	N/A	1,213,913
Prudential Financial Bond Fund		69,864	1,041,330	N/A	1,041,330
JF Taiwan Bond Fund		59,049	918,978	N/A	918,978
ING Taiwan Income Fund		54,621	882,358	N/A	882,358
Taishin Lucky Fund		68,945	721,555	N/A	721,555
Cathay Bond Fund		60,126	706,650	N/A	706,650
Dresdner Bond DAM Fund		54,319	642,089	N/A	642,089
AIG Taiwan Bond Fund		39,028	507,080	N/A	507,080
JF First Bond Fund		35,324	506,251	N/A	506,251
HSBC Taiwan Money Management Fund		27,416	415,187	N/A	415,187
INVESCO Bond Fund		27,176	411,619	N/A	411,619
Corporate bond					
Hua Nan Bank	Available-for-sale financial assets		1,580,206	N/A	1,580,206
Cathay Bank			1,185,660	N/A	1,185,660
Taiwan Power Company			899,778	N/A	899,778
Formosa Petrochemical Corporation			399,589	N/A	399,589
			3,585,384	N/A	3,585,384

Formosa Plastic Corporation Taiwan Power Company Nan Ya Plastics Corporation CPC Corporation, Taiwan China Steel Corporation Formosa Petrochemical Corporation Shanghai Commercial & Saving Bank	Held-to-maturity financial assets	2,631,183	N/A	2,631,183
		1,804,129	N/A	1,797,000
		1,200,269	N/A	1,199,000
		1,000,000	N/A	988,000
		393,200	N/A	393,200
		294,290	N/A	294,290
Government bond 2006 Government Bond Series D 2006 Government Bond Series D 2003 Asian Development Bank Govt. Bond 2003 Government Bond Series F 2003 Government Bond Series H European Investment Bank Bonds	Available-for-sale financial assets Held-to-maturity financial assets	400,317	N/A	400,317
		3,650,463	N/A	3,652,000
		859,900	N/A	893,000
		799,488	N/A	800,000
		400,493	N/A	401,000
		381,340	N/A	400,000

				March 31, 2008				
				Carrying Value		Percentage of Ownership		Market Value of Net Asset Value
Marketable Securities				Shares/Units (in Thousands)	Value (US\$ in Thousands)	(%)	(US\$ in Thousands)	(US\$ in Thousands)
Type and Name	Relationship with the Company	Financial Statement Account						
Stocks								
TSMC Global	Subsidiary	Investment accounted for using equity method	1	41,971,629	100	41,971,629		
TSMC International VIS	Subsidiary	Investee accounted for using equity method	987,968	27,063,207	100	27,063,207		
SSMC		Investee accounted for using equity method	616,240	11,183,477	36	13,434,000		
TSMC Partners	Subsidiary		463	8,352,727	39	7,432,800		
			300	3,528,732	100	3,528,732		

(Continued)

		March 31, 2008				
		Market Value or Net				
		Carrying Percentage				
Marketable Securities		Shares/Units (in Thousands)	Value (US\$ in Thousands)	of Ownership (%)	Asset Value (US\$ in Thousands)	
Type and Name	Relationship with the Company	Financial Statement Account				
SMC North America	Subsidiary	Investment accounted for using equity method	11,000	\$2,184,900	100	\$2,184,900
anTec	Investee with a controlling financial interest		91,703	1,483,429	43	1,407,700
UC	Investee with a controlling financial interest		42,572	891,488	37	8,833,700
SMC Japan	Subsidiary		6	112,111	100	112,111
SMC Europe	Subsidiary			97,152	100	97,152
SMC Korea	Subsidiary		80	15,533	100	15,533
United Industrial Gases Co., Ltd.		Financial assets carried at cost	16,783	193,584	10	312,800
Yamato-Etsu Handotai Taiwan Co., Ltd.			10,500	105,000	7	348,200
Y.K. Technology Fund			4,000	40,000	2	51,600
Yongtong Venture Capital Co., Ltd.			2,633	26,329	10	20,200
Yongtong Ventures Fund		Financial assets carried at cost		312,949	12	312,949
Yongtong Asia Capital				70,298	1	70,298
Yongtong Shanghai	Subsidiary	Investment accounted for using equity method		7,895,259	100	7,853,300
Yongtong TAF II	Subsidiary			1,039,699	98	1,035,200
Yongtong TAF III	Subsidiary			1,037,387	98	1,025,400
Yongtong Emerging Alliance	Subsidiary			390,518	99	390,518
Yongtong Chi Cheng	Subsidiary			175,689	36	634,200
Yongtong Sin Ruey	Subsidiary			173,804	36	633,300

ocks SMC	Parent company	Available-for-sale financial assets	17,032	1,074,719	1,074,7
S	Investee accounted for using equity method	Investments accounted for using equity method	5,082	111,992	110,7
ocks SMC	Parent company	Available-for-sale financial assets	17,064	1,076,733	1,076,7
S	Investee accounted for using equity method	Investments accounted for using equity method	3,748	87,295	81,6
ocks veStar emiconductor evelopment Fund, c. (ISDF)	Subsidiary	Investments accounted for using equity method	8,721 US\$	33,117	97 US\$ 33,1
veStar emiconductor evelopment Fund, c. (II) LDC. (ISDF)	Subsidiary		43,048 US\$	49,250	97 US\$ 49,2
SMC Development, c. (TSMC evelopment)	Subsidiary		1 US\$	675,384	100 US\$ 675,3
SMC Technology	Subsidiary		1 US\$	8,000	100 US\$ 8,0
ocks aferTech	Subsidiary	Investments accounted for using equity method		US\$ 235,394	100 US\$ 235,3
ommon stock					

			March 31, 2008			
					Market Value of Net	
					Carrying Percentage	
by Marketable Securities			Shares/Units	Value	of Ownership	Asset Value
Type and Name	Relationship with the Company	Financial Statement Account	(in thousands)	(US\$ in thousands)	(%)	(US\$ in thousands)
VisEra Holding Company	Investee accounted for using equity method	Investments accounted for using equity method	43,000	US\$72,628	49	US\$72,628
TSMC Canada	Subsidiary		2,300	US\$ 2,749	100	US\$ 2,749

(Continued)

		March 31, 2008					
				Carrying Value		Percentage of Asset Value	
Type	Marketable Securities	Shares/Units	(in Thousands)	Value (US\$ in Thousands)	(%)	Value (US\$ in Thousands)	Market Value or N/A
Type	Type and Name	Relationship with the Company	Financial Statement Account	(in Thousands)	Value (US\$ in Thousands)	(%)	Value (US\$ in Thousands)
	Common stock						
	Pixim, Inc.		Financial assets carried at cost	1,036	US\$ 275		US\$ 275
	RichWave Technology Corp.			4,247	US\$ 1,648	12	US\$ 1,648
	Global Investment Holding Inc.			10,800	\$100,000	6	\$100,000
	Preferred stock						
	Audience, Inc.		Financial assets carried cost	1,654	US\$ 250	1	US\$ 250
	Axiom Microdevices, Inc.			1,000	US\$ 1,000	1	US\$ 1,000
	Miradia, Inc.			3,040	US\$ 1,000	3	US\$ 1,000
	Mobilygen			1,415	US\$ 750	1	US\$ 750
	Mosaic Systems, Inc.			2,481	US\$ 12	6	US\$ 12
	Next IO, Inc.			800	US\$ 500	4	US\$ 500
	Optichron, Inc.			714	US\$ 1,000	3	US\$ 1,000
	Optimal Corporation				US\$ 229		US\$ 229
	Pixim, Inc.			3,606	US\$ 862	2	US\$ 862
	QST Holding, LLC				US\$ 131	3	US\$ 131
	Teknovus, Inc.			6,977	US\$ 1,327	2	US\$ 1,327
	Capital						
	VentureTech Alliance Holdings, L.L.C. (VTA Holdings)	Subsidiary	Investments accounted for using equity method			9	
	Common stock						
	Yobon		Financial assets carried at cost	1,875	US\$ 919	13	US\$ 919
	Sentelic			1,200	US\$ 2,040	15	US\$ 2,040
	Leadtrend			1,265	US\$ 660	5	US\$ 660
	RichWave Technology Corp.			1,043	US\$ 730	2	US\$ 730
	Preferred stock						
	5V Technologies, Inc.		Financial assets carried cost	2,357	US\$ 1,768	11	US\$ 1,768
	Aquantia Corporation			2,108	US\$ 2,573	5	US\$ 2,573
	Audience, Inc.			5,335	US\$ 1,390	2	US\$ 1,390
	Axiom Microdevices, Inc.			5,044	US\$ 2,088	4	US\$ 2,088
				650	US\$ 1,600	1	US\$ 1,600

Beceem Communications					
GemFire Corporation	600	US\$	68	1	US\$
Impinj, Inc.	475	US\$	1,000		US\$ 1,0
Miradia, Inc.	3,416	US\$	3,106	5	US\$ 3,1
Mobilygen	569	US\$	149	1	US\$ 1
Next IO, Inc.	1,915	US\$	607	2	US\$ 6
Optichron, Inc.	1,050	US\$	1,844	4	US\$ 1,8
Pixim, Inc.	6,348	US\$	1,141	2	US\$ 1,1
Power Analog Microelectronics	3,324	US\$	2,409	14	US\$ 2,4
QST Holding, LLC		US\$	145	3	US\$ 1
Teknovus, Inc.	1,599	US\$	454		US\$ 4
Tzero Technologies, Inc.	1,167	US\$	2,007	2	US\$ 2,0
Xceive	714	US\$	1,000	2	US\$ 1,0

				March 31, 2008					
				Carrying Value		Percentage of Ownership		Market Value or Net Asset Value	
Company	Marketable Securities	Type and Name	Relationship with the Company	Financial Statement Account	Shares/Units	Value		Value	
					(in thousands)	(US\$ in thousands)	(%)	(US\$ in thousands)	
	Capital	VTA Holdings	Subsidiary	Investments accounted for using equity method				10	
III	Common stock	Mutual-pak Technology Co., Ltd.	Subsidiary	Investments accounted for using equity method	4,590	US\$1,720	51	US\$1,720	
	Preferred stock	Advasense Sensors, Inc.		Financial assets carried at cost	1,929	US\$1,834	6	US\$1,834	

(Continued)

				March 31, 2008			Market Value or Net	
Held					Carrying	Percentage		
Company	Marketable Securities	Relationship with	Financial Statement Account	Shares/Units	Value	of	Asset Value	Not
Name	Type and Name	the Company		(in	(US\$ in	Ownership	(US\$ in	
				Thousands)	Thousands)	(%)	Thousands)	Not
	Auramicro, Inc.		Financial assets carried at cost	2,500	US\$ 750	17	US\$ 750	
	BridgeLux, Inc.			3,333	US\$ 5,000	3	US\$ 5,000	
	Exclara, Inc. (formerly Synpitech, Inc.)			14,513	US\$ 2,412	19	US\$ 2,412	
	GTBF, Inc.				US\$ 1,500	N/A	US\$ 1,500	
	M2000, Inc.			3,000	US\$ 3,000	5	US\$ 3,000	
	Neoconix, Inc.			2,458	US\$ 4,000	6	US\$ 4,000	
	Powervation, Ltd.			191	US\$ 2,930	19	US\$ 2,930	
	Quellan, Inc.			3,106	US\$ 3,500	6	US\$ 3,500	
	Silicon Technical Services, LLC			1,055	US\$ 1,208	2	US\$ 1,208	
	Tilera, Inc.			1,698	US\$ 2,360	3	US\$ 2,360	
	Validity Sensors, Inc.			6,424	US\$ 2,545	3	US\$ 2,545	
	Capital VTA Holdings	Subsidiary	Investments accounted for using equity method			81		
SDF	Common stock Monolithic Power Systems, Inc.		Financial assets at fair value through profit or loss	1,352	US\$23,833	4	US\$23,833	
	Memsic, Inc.		Available-for-sale financial assets	1,364	US\$ 8,195	6	US\$ 8,195	
	Capella Microsystems (Taiwan), Inc.		Financial assets carried at cost	530	US\$ 154	2	US\$ 154	
	Preferred stock Integrated Memory Logic, Inc.		Financial assets carried at cost	2,872	US\$ 1,221	9	US\$ 1,221	
	IP Unity, Inc.			1,008	US\$ 494	1	US\$ 494	
	NanoAmp Solutions, Inc.							

\$

911,213

Term Loan, 5.78%, Maturing May 23, 2009

\$

918,333

Buffets, Inc.

1,000,000

Term Loan, 5.70%, Maturing June 28, 2009

1,008,333

1,425,145

Term Loan, 6.27%, Maturing June 28, 2009

Carrols Corp.

605,000

Term Loan, 5.06%, Maturing May 31, 2010

616,091

CKE Restaurants, Inc.

2,849,470

Term Loan, 4.94%, Maturing May 1, 2010

2,892,212

Denny's, Inc.

2,550,000

Term Loan, 5.73%, Maturing September 21, 2009

2,617,736

Domino s, Inc.

7,044,450

Term Loan, 4.31%, Maturing June 25, 2010

7,160,387

Gate Gourmet Borrower, LLC

1,053,222

Term Loan, 9.50%, Maturing December 31, 2008 (2)

749,544

1,500,000

Term Loan, 10.50%, Maturing December 31, 2008

1,456,875

Jack in the Box, Inc.

992,481

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

Term Loan, 4.75%, Maturing January 8, 2011

1,007,059

Weight Watchers International, Inc.

4,488,750

Term Loan, 4.16%, Maturing March 31, 2010

4,541,120

\$

24,404,711

Food/Drug Retailers 2.7%

General Nutrition Centers, Inc.

1,022,632

Term Loan, 5.55%, Maturing December 5, 2009

1,037,971

Giant Eagle, Inc.

4,588,647

Term Loan, 4.39%, Maturing August 6, 2009

4,648,873

Rite Aid Corp.

6,965,000

Term Loan, 4.24%, Maturing September 22, 2009

7,032,477

The Jean Coutu Group (PJC), Inc.

6,069,500

Term Loan, 5.00%, Maturing July 30, 2011

6,184,723

The Pantry, Inc.

493,691

Term Loan, 4.83%, Maturing March 12, 2011

502,176

\$

19,406,220

Forest Products 2.6%			
		Appleton Papers, Inc.	
\$	3,880,500	Term Loan, 4.56%, Maturing June 11, 2010	\$ 3,926,581
		Boise Cascade Holdings, LLC	
	5,075,522	Term Loan, 4.84%, Maturing September 29, 2010	5,174,814
		Buckeye Technologies, Inc.	
	2,311,324	Term Loan, 4.71%, Maturing April 15, 2010	2,340,215
		Koch Cellulose, LLC	
	1,088,377	Term Loan, 4.39%, Maturing May 7, 2011	1,107,423
	4,330,870	Term Loan, 4.80%, Maturing May 7, 2011	4,406,661
		RLC Industries Co.	
	1,571,429	Term Loan, 4.08%, Maturing February 24, 2010	1,577,321
			\$ 18,533,015
Healthcare 9.5%			
		Accredo Health, Inc.	
	2,288,500	Term Loan, 4.48%, Maturing April 30, 2011	2,301,373
		Advanced Medical Optics, Inc.	
	1,754,607	Term Loan, 4.49%, Maturing June 25, 2009	1,774,896
		AMR Holdco, Inc.	
	865,000	Term Loan, 5.60%, Maturing February 10, 2012	881,489
		Ardent Health Services, Inc.	
	3,431,400	Term Loan, 4.80%, Maturing July 12, 2011	3,479,656
		Colgate Medical, Ltd.	
	734,450	Term Loan, 4.55%, Maturing December 30, 2008	745,007
		Community Health Systems, Inc.	
	9,709,690	Term Loan, 4.15%, Maturing August 19, 2011	9,831,819
		Concentra Operating Corp.	
	2,820,158	Term Loan, 5.05%, Maturing June 30, 2009	2,862,461
		Cross Country Healthcare, Inc.	
	313,249	Term Loan, 5.64%, Maturing June 5, 2009	317,165
		DaVita, Inc.	
	9,919,435	Term Loan, 4.52%, Maturing March 31, 2009	9,956,632
		DJ Orthopedics, Inc.	
	1,187,500	Term Loan, 4.83%, Maturing May 15, 2009	1,208,281
		Encore Medical IHC, Inc.	
	1,800,000	Term Loan, 5.42%, Maturing October 4, 2010	1,830,375

		Envision Worldwide, Inc.	
\$	1,396,111	Term Loan, 7.39%, Maturing September 30, 2010	\$ 1,399,601
		Express Scripts, Inc.	
	2,984,962	Term Loan, 3.70%, Maturing February 13, 2010	3,013,567
		Fhc Health Systems, Inc.	
	2,000,000	Term Loan, 11.77%, Maturing February 7, 2011	2,040,000
		Hanger Orthopedic Group, Inc.	
	2,487,403	Term Loan, 6.06%, Maturing September 30, 2009	2,509,168
		Iasis Healthcare, LLC	
	3,980,000	Term Loan, 4.81%, Maturing June 16, 2011	4,042,601
		Kinetic Concepts, Inc.	
	2,155,535	Term Loan, 4.31%, Maturing October 3, 2009	2,177,090
		Knowledge Learning Corp.	
	3,168,148	Term Loan, 5.05%, Maturing January 7, 2012	3,198,509
		Leiner Health Products, Inc.	
	2,487,500	Term Loan, 5.56%, Maturing May 27, 2011	2,524,812
		Magellan Health Services, Inc.	
	2,162,162	Term Loan, 4.68%, Maturing August 15, 2008	2,194,595
	3,675,676	Term Loan, 4.74%, Maturing August 15, 2008	3,730,811
		Medcath Holdings Corp.	
	1,557,175	Term Loan, 5.12%, Maturing July 2, 2011	1,580,047
		National Mentor, Inc.	
	922,688	Term Loan, 5.48%, Maturing September 30, 2011	940,565
		SFBC International, Inc.	
	460,000	Term Loan, 5.61%, Maturing December 21, 2011	468,050
		Vanguard Health Holding Co., LLC	
	1,371,563	Term Loan, 5.79%, Maturing September 23, 2011	1,399,423
		VWR International, Inc.	
	1,246,000	Term Loan, 5.17%, Maturing April 7, 2011	1,269,518
			\$ 67,677,511
Home Furnishings	2.2%		
		Jarden Corp.	
	2,885,000	Term Loan, 6.25%, Maturing January 24, 2012	2,932,481
		Juno Lighting, Inc.	
	1,373,498	Term Loan, 5.07%, Maturing November 21, 2010	1,400,968
		Knoll, Inc.	
	3,412,706	Term Loan, 5.40%, Maturing September 30, 2011	3,446,833
		Sealy Mattress Co.	
	2,487,050	Term Loan, 4.54%, Maturing April 6, 2012	2,526,427
		Simmons Co.	

5,354,815	Term Loan, 5.67%, Maturing December 19, 2011	5,455,218
		\$ 15,761,927

Industrial Equipment	1.6%		
		Alliance Laundry Holdings, LLC	
\$	590,000	Term Loan, 4.84%, Maturing January 27, 2012	\$ 597,621
		Bucyrus International, Inc.	
	737,500	Term Loan, 4.58%, Maturing July 28, 2010	752,250
		Douglas Dynamics Holdings, Inc.	
	1,017,115	Term Loan, 4.51%, Maturing December 16, 2010	1,024,743
		Gleason Corp.	
	585,000	Term Loan, 5.21%, Maturing July 27, 2011	592,312
	2,500,000	Term Loan, 8.10%, Maturing January 31, 2012	2,550,000
		Itron, Inc.	
	1,825,338	Term Loan, 4.83%, Maturing December 17, 2010	1,845,112
		Maxim Crane Works, L.P.	
	1,065,000	Term Loan, 10.00%, Maturing January 28, 2012	1,108,931
		SPX Corp.	
	2,870,333	Term Loan, 4.63%, Maturing September 30, 2009	2,888,990
			\$ 11,359,959
Insurance	1.8%		
		Alliant Resources Group, Inc.	
	1,497,475	Term Loan, 5.67%, Maturing August 31, 2011	1,499,347
		CCC Information Services Group	
	2,690,540	Term Loan, 5.56%, Maturing August 20, 2010	2,724,172
		Conseco, Inc.	
	6,225,564	Term Loan, 6.08%, Maturing June 22, 2010	6,353,966
		U.S.I. Holdings Corp.	
	977,557	Term Loan, 5.23%, Maturing August 11, 2007	982,750
	1,395,000	Term Loan, 5.27%, Maturing August 11, 2008	1,402,412
			\$ 12,962,647

Leisure Goods/Activities/Movies 7.7%			
		Alliance Atlantis Communications, Inc.	
\$	698,000	Term Loan, 4.29%, Maturing December 31, 2011	\$ 709,342
		Cinemark, Inc.	
	4,967,475	Term Loan, 4.35%, Maturing March 31, 2011	5,054,406
		Loews Cineplex Entertainment Corp.	
	8,582,241	Term Loan, 4.64%, Maturing July 30, 2011	8,731,091
		Metro-Goldwyn-Mayer Studios, Inc.	
	11,970,000	Term Loan, 5.06%, Maturing April 30, 2011	12,001,792
		Regal Cinemas Corp.	
	9,656,127	Term Loan, 4.56%, Maturing November 10, 2010	9,805,276
		Six Flags Theme Parks, Inc.	
	8,063,598	Term Loan, 4.90%, Maturing June 30, 2009	8,208,742
		Universal City Development Partners, Ltd.	
	2,080,000	Term Loan, 4.58%, Maturing June 9, 2011	2,116,400
		WMG Acquisition Corp.	
	5,959,875	Term Loan, 5.21%, Maturing February 28, 2011	6,062,313
		Yankees Holdings & YankeeNets, LLC	
	628,571	Term Loan, 4.77%, Maturing June 25, 2007	639,964
	1,371,429	Term Loan, 5.01%, Maturing June 25, 2007	1,396,286
			\$ 54,725,612
Lodging and Casinos 3.9%			
		Alliance Gaming Corp.	
	2,806,570	Term Loan, 4.90%, Maturing September 5, 2009	2,823,527
		Ameristar Casinos, Inc.	
	608,000	Term Loan, 4.63%, Maturing December 31, 2006	617,880
		Argosy Gaming Co.	
	2,369,063	Term Loan, 4.31%, Maturing June 30, 2011	2,386,091
		CNL Hospitality Partners, L.P.	
	1,111,261	Term Loan, 4.90%, Maturing October 13, 2006	1,133,486
		CNL Resort Hotel, L.P.	
	1,750,000	Term Loan, 5.59%, Maturing August 18, 2006	1,750,000

		Globalcash Access, LLC	
\$	947,420	Term Loan, 5.33%, Maturing March 10, 2010	\$ 954,525
		Isle of Capri Casinos, Inc.	
	2,530,000	Term Loan, 4.34%, Maturing February 4, 2012	2,566,369
		Marina District Finance Co., Inc.	
	4,575,000	Term Loan, 3.93%, Maturing October 14, 2011	4,626,469
		Pinnacle Entertainment, Inc.	
	1,600,000	Term Loan, 5.58%, Maturing August 27, 2010	1,624,000
		Seminole Tribe of Florida	
	700,000	Term Loan, 4.88%, Maturing September 30, 2011	707,000
		Venetian Casino Resort, LLC	
	3,770,887	Term Loan, 4.37%, Maturing June 15, 2011	3,803,882
		Wyndham International, Inc.	
	1,707,329	Term Loan, 8.19%, Maturing December 31, 2004	1,714,799
	2,135,063	Term Loan, 7.19%, Maturing June 30, 2006	2,147,295
		Wynn Las Vegas, LLC	
	685,000	Term Loan, 4.66%, Maturing December 14, 2011	696,881
			\$ 27,552,204
Nonferrous Metals/Minerals	2.5%		
		Consol Energy, Inc.	
	1,200,000	Term Loan, 4.89%, Maturing June 30, 2010	1,201,876
		Foundation Coal Corp.	
	6,033,032	Term Loan, 4.73%, Maturing July 30, 2011	6,137,856
		ICG, LLC	
	947,625	Term Loan, 5.36%, Maturing November 5, 2010	963,024
		International Mill Service, Inc.	
	2,000,000	Term Loan, 8.33%, Maturing October 26, 2011	2,035,000
		Magnequench, Inc.	
	1,417,043	Term Loan, 9.92%, Maturing September 30, 2009	1,427,671
	1,500,000	Term Loan, 13.42%, Maturing December 31, 2009	1,515,000
		Novelis, Inc.	
	1,440,000	Term Loan, 4.13%, Maturing January 6, 2012	1,464,120
	2,505,000	Term Loan, 4.13%, Maturing January 6, 2012	2,546,959
		Stillwater Mining Co.	
	469,655	Term Loan, 5.88%, Maturing June 30, 2007	480,222
			\$ 17,771,728

Oil and Gas 6.1%			
		Beldon & Blake Corp.	
\$	2,249,100	Term Loan, 4.79%, Maturing July 21, 2011	\$ 2,281,431
		Dresser Rand Group, Inc.	
	3,192,890	Term Loan, 4.56%, Maturing October 29, 2011	3,252,756
		Dresser, Inc.	
	2,873,171	Term Loan, 4.97%, Maturing April 10, 2009	2,910,881
		Dynegy Holdings, Inc.	
	6,967,494	Term Loan, 6.39%, Maturing May 28, 2010	7,098,134
		El Paso Corp.	
	3,661,545	Term Loan, 5.19%, Maturing November 23, 2009	3,730,199
	2,205,750	Term Loan, 5.27%, Maturing November 23, 2009	2,243,834
		Getty Petroleum Marketing, Inc.	
	4,350,000	Term Loan, 5.80%, Maturing May 19, 2010	4,434,281
		Lyondell-Citgo Refining, L.P.	
	3,482,500	Term Loan, 4.59%, Maturing May 21, 2007	3,521,678
		Magellan Midstream Holdings, L.P.	
	1,765,235	Term Loan, 5.09%, Maturing December 10, 2011	1,791,714
		Mainline, L.P.	
	1,400,000	Term Loan, 4.90%, Maturing December 17, 2011	1,422,750
		Pride Offshore, Inc.	
	2,090,850	Term Loan, 4.15%, Maturing July 7, 2011	2,128,312
		Semgroup, L.P.	
	1,241,888	Term Loan, 5.74%, Maturing August 27, 2010	1,260,128
		Universal Compression, Inc.	
	1,150,000	Term Loan, 4.34%, Maturing February 15, 2012	1,168,148
		Williams Production RMT Co.	
	6,464,849	Term Loan, 4.99%, Maturing May 30, 2007	6,572,599
			\$ 43,816,845

Publishing 8.4%			
		Advanstar Communications, Inc.	
\$	456,349	Term Loan, 7.08%, Maturing November 17, 2007	\$ 459,677
		Advertising Directory Solution	
	775,000	Term Loan, 6.23%, Maturing May 9, 2010	798,573
	1,500,000	Term Loan, 4.48%, Maturing November 9, 2011	1,521,875
		CBD Media, LLC	
	4,505,358	Term Loan, 5.09%, Maturing December 31, 2009	4,572,001
		Dex Media East, LLC	
	4,441,265	Term Loan, 4.14%, Maturing May 8, 2009	4,506,622
		Dex Media West, LLC	
	4,239,716	Term Loan, 4.45%, Maturing March 9, 2010	4,304,032
		Freedom Communications	
	4,500,000	Term Loan, 4.40%, Maturing May 18, 2012	4,574,813
		Herald Media, Inc.	
	1,000,000	Term Loan, 8.03%, Maturing January 22, 2012	1,019,375
		Journal Register Co.	
	5,000,000	Term Loan, 4.03%, Maturing August 12, 2012	5,039,065
		Lamar Media Corp.	
	3,500,000	Term Loan, 4.06%, Maturing June 30, 2010	3,546,484
		Medianews Group, Inc.	
	563,423	Term Loan, 4.08%, Maturing August 25, 2010	567,531
		Merrill Communications, LLC	
	5,522,770	Term Loan, 5.08%, Maturing February 9, 2009	5,600,437
		Morris Publishing Group, LLC	
	2,950,000	Term Loan, 4.31%, Maturing March 31, 2011	2,987,798
		Nebraska Book Co., Inc.	
	1,481,269	Term Loan, 4.67%, Maturing March 4, 2011	1,504,414
		Newspaper Holdings, Inc.	
	2,400,000	Term Loan, 4.31%, Maturing August 24, 2011	2,403,000
		R.H. Donnelley Corp.	
	315,631	Term Loan, 4.24%, Maturing December 31, 2009	319,103
	9,899,999	Term Loan, 4.28%, Maturing June 30, 2010	10,061,438
		Source Media, Inc.	
	527,000	Term Loan, 4.69%, Maturing November 8, 2011	534,246
	250,000	Term Loan, 7.94%, Maturing August 30, 2012	255,391
		Transwestern Publishing Co., LLC	
	1,985,003	Term Loan, 5.79%, Maturing February 25, 2011	2,008,162
	386,400	Term Loan, 4.56%, Maturing August 24, 2012	392,357
		Weekly Reader Corp.	
	1,000,000	Term Loan, 6.76%, Maturing March 18, 2009	999,375

Xerox Corp.			
2,000,000	Term Loan, 4.33%, Maturing September 30, 2008		2,023,438
		\$	59,999,207

Radio and Television 6.3%			
		Adams Outdoor Advertising, L.P.	
\$	3,980,000	Term Loan, 4.92%, Maturing October 15, 2011	\$ 4,048,822
		Canwest Media, Inc.	
	2,657,281	Term Loan, 4.75%, Maturing August 15, 2009	2,697,140
		Cumulus Media, Inc.	
	1,017,500	Term Loan, 4.25%, Maturing March 28, 2009	1,029,265
	3,283,500	Term Loan, 4.25%, Maturing March 28, 2010	3,334,122
		DirecTV Holdings, LLC	
	6,000,000	Term Loan, 4.47%, Maturing March 6, 2010	6,096,252
		Emmis Operating Co.	
	2,992,500	Term Loan, 4.17%, Maturing November 10, 2011	3,034,817
		Entravision Communications Co.	
	2,500,000	Term Loan, 4.31%, Maturing February 27, 2012	2,538,543
		Gray Television, Inc.	
	2,992,500	Term Loan, 4.31%, Maturing December 31, 2010	3,034,895
		NEP Supershooters, L.P.	
	1,562,271	Term Loan, 10.56%, Maturing August 3, 2011	1,550,554
		Nexstar Broadcasting, Inc.	
	1,932,336	Term Loan, 4.31%, Maturing December 31, 2010	1,940,790
	1,055,157	Term Loan, 4.31%, Maturing December 31, 2010	1,064,061
		Rainbow National Services, LLC	
	3,600,000	Term Loan, 5.19%, Maturing March 31, 2012	3,651,750
		Raycom National, LLC	
	4,000,000	Term Loan, 4.56%, Maturing February 24, 2012	4,050,000
		Raycom TV Broadcasting, Inc.	
	2,000,000	Term Loan, 3.81%, Maturing October 6, 2011	2,006,250
		Sinclair Television Group, Inc.	
	1,900,000	Term Loan, 4.33%, Maturing June 30, 2009	1,908,907
	3,100,000	Term Loan, 4.33%, Maturing December 31, 2009	3,129,063
			\$ 45,115,231

Rail Industries 0.8%			
		Kansas City Southern Industries, Inc.	
\$	765,000	Term Loan, 4.30%, Maturing March 30, 2008	\$ 777,527
		Railamerica, Inc.	
	4,125,163	Term Loan, 4.38%, Maturing September 29, 2011	4,200,789
	487,639	Term Loan, 4.38%, Maturing September 29, 2011	496,376
			\$ 5,474,692
Retailers (Except Food and Drug) 5.0%			
		Advance Stores Company, Inc.	
	165,163	Term Loan, 4.21%, Maturing September 30, 2010	167,692
	97,199	Term Loan, 4.22%, Maturing September 30, 2010	98,687
		Alimentation Couche-Tard, Inc.	
	3,654,774	Term Loan, 4.28%, Maturing December 17, 2010	3,711,880
		American Achievement Corp.	
	2,341,915	Term Loan, 6.75%, Maturing March 25, 2011	2,379,971
		Amscan Holdings, Inc.	
	995,000	Term Loan, 5.60%, Maturing April 30, 2012	1,001,219
		FTD, Inc.	
	1,861,186	Term Loan, 4.65%, Maturing February 28, 2011	1,891,430
		Harbor Freight Tools USA, Inc.	
	2,493,750	Term Loan, 4.75%, Maturing July 15, 2010	2,513,388
		Home Interiors & Gifts, Inc.	
	2,952,756	Term Loan, 7.17%, Maturing March 31, 2011	2,873,031
		Jostens Corp.	
	1,125,000	Term Loan, 4.92%, Maturing October 4, 2010	1,137,656
	5,606,600	Term Loan, 4.81%, Maturing December 6, 2011	5,697,707
		Oriental Trading Co., Inc.	
	2,286,831	Term Loan, 5.38%, Maturing August 4, 2010	2,299,219
	2,000,000	Term Loan, 8.63%, Maturing January 8, 2011	2,035,416
		Rent-A-Center, Inc.	
	3,989,975	Term Loan, 4.46%, Maturing June 30, 2010	4,046,333
		Riddell Bell Holdings, Inc.	
	997,500	Term Loan, 4.76%, Maturing September 30, 2011	1,015,164
		Savers, Inc.	
	816,317	Term Loan, 6.77%, Maturing August 4, 2009	822,950
	1,500,000	Term Loan, 10.48%, Maturing August 4, 2010	1,518,750
		Travelcenters of America, Inc.	
	2,184,000	Term Loan, 4.32%, Maturing October 1, 2008	2,209,935
			\$ 35,420,428

Surface Transport 1.1%			
		Horizon Lines, LLC	
\$	3,009,875	Term Loan, 5.39%, Maturing July 7, 2011	\$ 3,047,498
		NFIL Holdings Corp.	
	634,201	Term Loan, 4.50%, Maturing February 27, 2010	646,092
	1,851,946	Term Loan, 4.61%, Maturing February 27, 2010	1,880,883
		Sirva Worldwide, Inc.	
	2,524,118	Term Loan, 4.58%, Maturing December 31, 2010	2,495,721
			\$ 8,070,194
Telecommunications 8.6%			
		Alaska Communications Systems Holdings, Inc.	
	1,105,000	Term Loan, 4.64%, Maturing February 1, 2012	1,116,913
		American Tower, L.P.	
	1,492,500	Term Loan, 4.23%, Maturing August 31, 2011	1,514,304
		Cellular South, Inc.	
	1,741,250	Term Loan, 4.54%, Maturing May 4, 2011	1,768,457
		Centennial Cellular Operating Co., LLC	
	4,962,406	Term Loan, 4.95%, Maturing February 9, 2011	5,049,248
		Consolidated Communications, Inc.	
	3,974,994	Term Loan, 4.95%, Maturing October 14, 2011	4,014,744
		D&E Communications, Inc.	
	1,487,343	Term Loan, 4.42%, Maturing December 31, 2011	1,500,357
		Fairpoint Communications, Inc.	
	2,485,000	Term Loan, 4.75%, Maturing February 8, 2012	2,525,769
		Iowa Telecommunications Service	
	688,000	Term Loan, 4.59%, Maturing November 23, 2005	696,743
		Nextel Partners Operation Corp.	
	6,500,000	Term Loan, 4.94%, Maturing May 31, 2011	6,598,079

		nTelos, Inc.	
\$	1,355,000	Term Loan, 5.12%, Maturing February 18, 2011	\$ 1,375,325
		Qwest Corp.	
	10,000,000	Term Loan, 7.39%, Maturing June 4, 2007	10,435,160
		SBA Senior Finance, Inc.	
	4,482,488	Term Loan, 4.91%, Maturing October 31, 2008	4,553,459
		Spectrasite Communications, Inc.	
	2,524,000	Term Loan, 4.03%, Maturing May 23, 2012	2,552,133
		Stratos Global Corp.	
	628,000	Term Loan, 4.75%, Maturing December 3, 2010	638,598
		Triton PCS, Inc.	
	1,715,000	Term Loan, 5.75%, Maturing November 18, 2009	1,741,529
		USA Mobility, Inc.	
	380,000	Term Loan, 4.83%, Maturing November 16, 2006	382,850
		Valor Telecom Enterprise, LLC	
	2,740,000	Term Loan, 5.99%, Maturing February 14, 2012	2,788,520
		Viasystems, Inc.	
	2,000,000	Term Loan, 6.49%, Maturing September 30, 2009	2,020,416
		Westcom Corp.	
	975,000	Term Loan, 5.41%, Maturing December 17, 2010	991,453
	1,000,000	Term Loan, 9.66%, Maturing May 17, 2011	1,040,000
		Western Wireless Corp.	
	7,960,000	Term Loan, 5.52%, Maturing May 28, 2011	8,027,166
			\$ 61,331,223
Utilities	3.3%		
		Allegheny Energy Supply Co., LLC	
	5,066,427	Term Loan, 4.80%, Maturing October 28, 2011	5,176,621
		Coleto Creek WLE, L.P.	
	3,485,000	Term Loan, 4.83%, Maturing June 30, 2011	3,562,688
		Murray Energy Corp.	
	480,000	Term Loan, 5.94%, Maturing January 28, 2010	487,800
		NRG Energy, Inc.	
	2,503,114	Term Loan, 2.45%, Maturing December 20, 2011	2,539,096
	3,215,900	Term Loan, 4.52%, Maturing December 20, 2011	3,263,335
		Pike Electric, Inc.	
	3,298,241	Term Loan, 4.69%, Maturing July 1, 2012	3,356,992
		Reliant Energy, Inc.	
	2,630,000	Term Loan, 5.05%, Maturing December 22, 2010	2,673,442
		Texas Genco, LLC	
	2,374,959	Term Loan, 4.48%, Maturing December 14, 2011	2,415,697
			\$ 23,475,671

Total Senior, Floating Rate Interests (identified cost \$991,904,377)	\$ 997,851,499
--	-----------------------

Common Stocks 0.0%

Shares	Security	Value
57	Crown Castle International Corp. (3)	\$ 930
Total Common Stocks (identified cost, \$894)		\$ 930

Preferred Stocks 0.0%

Shares	Security	Value
1,159	Crown Castle International Corp., (PIK)	57,226
Total Preferred Stocks (identified cost, \$55,363)		\$ 57,226

Corporate Bonds & Notes 13.6%

Principal Amount (000 s omitted)	Security	Value
Aerospace and Defense 0.3%		
	Argo Tech Corp., Sr. Notes	
\$ 1,500	9.25%, 6/1/11	\$ 1,657,500
	BE Aerospace, Sr. Sub. Notes, Series B	
65	8.00%, 3/1/08	65,487
	Sequa Corp.	
500	8.875%, 4/1/08	547,500
	Standard Aero Holdings, Inc., Sr. Sub. Notes	
40	8.25%, 9/1/14 (4)	43,200
		\$ 2,313,687

Air Transport	0.0%			
		Northwest Airlines, Inc.		
\$	45	8.875%, 6/1/06	\$	41,175
			\$	41,175
Automotive	0.2%			
		Affinia Group, Inc.		
	110	9.00%, 11/30/14 (4)		111,925
		Cooper-Standard Automotive, Inc.		
	30	7.00%, 12/15/12 (4)		29,700
		Keystone Automotive Operations, Inc., Sr. Sub. Notes		
	520	9.75%, 11/1/13		556,400
		Metaldyne Corp., Sr. Notes		
	545	10.00%, 11/1/13 (4)		539,550
		Tenneco Automotive, Inc., Sr. Notes, Series B		
	45	10.25%, 7/15/13		53,100
		Tenneco Automotive, Inc., Sr. Sub. Notes		
	280	8.625%, 11/15/14 (4)		299,600
			\$	1,590,275
Broadcast Media	0.6%			
		Paxson Communications Corp., Variable Rate		
	4,500	5.41%, 1/15/10 (4)		4,623,750
			\$	4,623,750
Building and Development	0.4%			
		Coleman Cable, Inc., Sr. Notes		
	115	9.875%, 10/1/12 (4)		121,900
		Collins & Aikman Floor Cover		
	400	9.75%, 2/15/10		434,000
		Mueller Group, Inc., Sr. Sub. Notes		
	600	10.00%, 4/25/11		663,000
		Owens Corning		
	15	7.70%, 5/1/08 (2)		9,825
		Ply Gem Industries, Inc., Sr. Sub. Notes		
	1,115	9.00%, 2/15/12		1,120,575
		RMCC Acquisition Co., Sr. Sub. Notes		
	360	9.50%, 11/1/12 (4)		361,800
			\$	2,711,100

Business Equipment and Services	0.5%		
		Carriage Services, Inc.	
\$	70	7.875%, 1/15/15 (4)	\$ 73,675
		Coinmach Corp., Sr. Notes	
	32	9.00%, 2/1/10	33,600
		Knowledge Learning Center	
	180	7.75%, 2/1/15 (4)	181,800
		NSP Holdings LLC/NSP Holdings Capital Corp., Sr. Notes, (PIK)	
	120	11.75%, 1/1/12 (4)	125,400
		Rural/Metro Corp., Sr. Sub. Notes	
	60	9.875%, 3/15/15 (4)	61,650
		UGS Corp., Sr. Sub. Notes	
	2,075	10.00%, 6/1/12 (4)	2,355,125
		Williams Scotsman, Inc., Sr. Notes	
	1,015	10.00%, 8/15/08	1,113,962
			\$ 3,945,212
Cable and Satellite Television	0.2%		
		Charter Communications Holdings II, Sr. Notes	
	55	10.25%, 9/15/10	58,369
		Insight Communications, Sr. Disc. Notes	
	35	12.25%, 2/15/11	35,175
		Intelsat Bermuda Ltd., Sr. Notes, Variable Rate	
	440	7.805%, 1/15/12 (4)	454,300
		Kabel Deutschland GMBH	
	560	10.625%, 7/1/14 (4)	646,800
		Rogers Cable, Inc.	
	170	6.75%, 3/15/15	178,075
			\$ 1,372,719
Chemicals and Plastics	1.3%		
		Avecia Group PLC	
	57	11.00%, 7/1/09	60,135
		BCP Caylux Holdings, Sr. Sub. Notes	
	505	9.625%, 6/15/14 (4)	504,600
		Borden U.S. Finance/Nova Scotia Finance, Sr. Notes	
	1,115	9.00%, 7/15/14 (4)	1,246,012
		Crystal US Holdings/US Holdings 3, LLC, Sr. Disc. Notes	
	1,004	10.50%, 10/1/14 (4)	727,900
		Innophos, Inc., Sr. Sub. Notes	
	1,070	8.875%, 8/15/14 (4)	1,155,600
		Intertape Polymer US, Inc., Sr. Sub. Notes	

950

8.50%, 8/1/14

949,847

		Milacron Escrow Corp.	
\$	145	11.50%, 5/15/11	\$ 160,225
		OM Group, Inc.	
	2,010	9.25%, 12/15/11	2,170,800
		Polyone Corp.	
	775	10.625%, 5/15/10	887,375
		Rhodia SA, Sr. Notes	
	780	10.25%, 6/1/10	900,900
		Rockwood Specialties Group, Sr. Sub. Notes	
	450	10.625%, 5/15/11	513,000
			\$ 9,276,394
Clothing/Textiles	0.1%		
		GFSI, Inc., Sr. Sub. Notes, Series B	
	30	9.625%, 3/1/07	29,250
		Levi Strauss & Co., Sr. Notes	
	230	11.625%, 1/15/08	245,812
	270	12.25%, 12/15/12	310,500
			\$ 585,562
Coal	0.0%		
		Alpha Natural Resources, Sr. Notes	
	90	10.00%, 6/1/12 (4)	103,950
			\$ 103,950
Commercial Services	0.6%		
		Affinity Group, Inc., Sr. Sub. Notes	
	500	9.00%, 2/15/12	542,500
		Amerco, Inc.	
	2,115	9.00%, 3/15/09	2,241,900
		Norcross Safety Products LLC/Norcross Capital Corp., Sr. Sub. Notes, Series B	
	1,000	9.875%, 8/15/11	1,105,000
		Waste Services, Inc., Sr. Sub. Notes	
	660	9.50%, 4/15/14 (4)	681,450
			\$ 4,570,850
Conglomerates	0.2%		
		Amsted Industries, Inc., Sr. Notes	
	1,000	10.25%, 10/15/11 (4)	1,135,000
			\$ 1,135,000

Consumer Products	0.4%		
		Del Laboratories, Inc., Sr. Sub. Notes	
\$	145	8.00%, 2/1/12 (4)	\$ 143,912
		Fedders North America, Inc.	
	15	9.875%, 3/1/14	12,225
		Leslie s Poolmart, Sr. Notes	
	90	7.75%, 2/1/13 (4)	93,825
		Rayovac Corp., Sr. Sub. Notes	
	440	7.375%, 2/1/15 (4)	452,100
		Samsonite Corp., Sr. Sub. Notes	
	1,680	8.875%, 6/1/11	1,818,600
			\$ 2,520,662
Containers and Glass Products	0.2%		
		Owens-Illinois, Inc., Sr. Notes	
	135	8.10%, 5/15/07	143,775
		Plastipak Holdings, Inc.	
	180	10.75%, 9/1/11	204,300
		Pliant Corp.	
	915	11.125%, 9/1/09	992,775
			\$ 1,340,850
Drugs	0.0%		
		Elan Finance PLC/Elan Finance Corp., Sr. Notes	
	410	7.75%, 11/15/11 (4)	366,950
			\$ 366,950
Ecological Services and Equipment	0.1%		
		Allied Waste North America, Series B	
	340	8.875%, 4/1/08	368,050
	90	9.25%, 9/1/12	99,900
		IMCO Recycling Escrow Inc., Sr. Notes	
	110	9.00%, 11/15/14 (4)	116,050
			\$ 584,000
Electronics/Electrical	0.0%		
		CPI Holdco, Inc., Sr. Notes, Variable Rate	
	110	8.83%, 2/1/15 (4)	111,100
			\$ 111,100
Engineering	0.2%		
		Shaw Group, Inc., Sr. Notes	
	1,135	10.75%, 3/15/10	1,271,200
			\$ 1,271,200
Equipment Leasing	0.2%		
		United Rentals North America, Inc.	
	80	6.50%, 2/15/12	81,000
		United Rentals North America, Inc., Sr. Sub. Notes	
	1,000	7.75%, 11/15/13	1,007,500
	145	7.00%, 2/15/14	140,287

\$ 1,228,787

Financial Intermediaries 1.1%			
		Alzette, Variable Rate	
\$	750	8.691%, 12/15/20	\$ 750,000
		Avalon Capital Ltd. 3, Series 1A, Class D, Variable Rate	
	760	4.82%, 2/24/19 (4)	760,000
		Bryant Park CDO Ltd., Series 2005-1A, Class C, Variable Rate	
	1,000	4.941%, 1/15/19 (4)	1,000,000
		Centurion CDO 8 Ltd., Series 2005 8A, Class D, Variable Rate	
	1,000	8.297%, 3/8/17	1,000,000
		First CLO, Ltd., Sr. Sub. Notes, Variable Rate	
	1,000	5.00%, 7/27/16 (4)	1,000,000
		Refco Finance Holdings, LLC, Sr. Sub. Notes	
	2,005	9.00%, 8/1/12 (4)	2,195,475
		Stanfield Modena CLO Ltd., Series 2004-1A, Class D, Variable Rate	
	1,000	4.48%, 9/22/16 (4)	1,000,000
			\$ 7,705,475
Food Products 0.1%			
		ASG Consolidated, LLC/ASG Finance, Inc., Sr. Disc. Notes	
\$	440	11.50%, 11/1/11 (4)	311,300
		Pinnacle Foods Holding, Sr. Sub. Notes	
	20	8.25%, 12/1/13	18,300
		Pierre Foods, Inc., Sr. Sub. Notes	
	40	9.875%, 7/15/12 (4)	42,300
		WH Holdings Ltd./WH Capital Corp., Sr. Notes	
	300	9.50%, 4/1/11	333,000
			\$ 704,900
Forest Products 0.3%			
		Boise Cascade, LLC, Sr. Notes, Variable Rate	
	160	5.535%, 10/15/12 (4)	166,000
		Caraustar Industries, Inc., Sr. Sub. Notes	
	855	9.875%, 4/1/11	940,500
		JSG Funding PLC, Sr. Sub. Notes	
	160	7.75%, 4/1/15 (4)	160,800
		Neenah Paper, Inc., Sr. Notes	
	110	7.375%, 11/15/14 (4)	111,650
		Newark Group, Inc., Sr. Sub. Notes	
	550	9.75%, 3/15/14	577,500
			\$ 1,956,450

Healthcare 1.1%			
		AMR HoldCo, Inc./EmCare HoldCo, Inc., Sr. Sub. Notes	
\$	275	10.00%, 2/15/15 (4)	\$ 292,187
		HCA, Inc.	
	190	5.50%, 12/1/09	191,128
		Healthsouth Corp.	
	165	7.625%, 6/1/12	167,888
		Healthsouth Corp., Sr. Notes	
	1,050	8.375%, 10/1/11	1,105,125
		Inverness Medical Innovations, Inc., Sr. Sub. Notes	
	550	8.75%, 2/15/12 (4)	577,500
		Medical Device Manufacturing, Inc., Sr. Sub. Notes	
	230	10.00%, 7/15/12 (4)	251,850
		National Mentor, Inc., Sr. Sub. Notes	
	135	9.625%, 12/1/12 (4)	143,438
		Tenet Healthcare Corp., Sr. Notes	
	205	9.875%, 7/1/14 (4)	219,350
	300	9.25%, 2/1/15 (4)	309,000
		US Oncology, Inc., Sr. Notes	
	390	9.00%, 8/15/12 (4)	428,025
		US Oncology, Inc., Sr. Sub. Notes	
	1,840	10.75%, 8/15/14 (4)	2,125,200
		Vanguard Health HLD II, Sr. Sub. Notes	
	1,520	9.00%, 10/1/14	1,679,600
		Warner Chilcott Corp.	
	360	8.75%, 2/1/15 (4)	376,200
			\$ 7,866,491
Industrial Equipment 0.1%			
		Altra Industrial Motion	
	70	9.00%, 12/1/11 (4)	70,875
		Thermadyne Holdings Corp., Sr. Sub. Notes	
	750	9.25%, 2/1/14	735,000
			\$ 805,875

Leisure Goods/Activities/Movies 0.4%			
		AMC Entertainment, Inc., Sr. Sub. Notes	
\$	215	9.875%, 2/1/12	\$ 235,963
		LCE Acquisition Corp., Sr. Sub. Notes	
	1,880	9.00%, 8/1/14 (4)	1,978,700
		Marquee Holdings, Inc., Sr. Disc. Notes	
	385	12.00%, 8/15/14 (4)	267,575
		Universal City Development Partners, Sr. Notes	
	160	11.75%, 4/1/10	188,800
			\$ 2,671,038
Lodging and Casinos 0.4%			
		Inn of the Mountain Gods, Sr. Notes	
	1,000	12.00%, 11/15/10	1,190,000
		Majestic Star Casino LLC	
	500	9.50%, 10/15/10	531,875
		Mohegan Tribal Gaming, Sr. Sub. Notes	
	85	8.00%, 4/1/12	92,756
		Trump Atlantic City Associates, Inc.	
	590	11.25%, 5/1/06 (2)	584,100
		Waterford Gaming LLC, Sr. Notes	
	392	8.625%, 9/15/12 (4)	423,360
			\$ 2,822,091
Manufacturing 0.3%			
		Case New Holland, Inc., Sr. Notes	
	45	9.25%, 8/1/11 (4)	49,725
		MAAX Corp., Sr. Sub. Notes	
	750	9.75%, 6/15/12	795,000
		Oxford Industries, Inc., Sr. Notes	
	1,000	8.875%, 6/1/11	1,075,000
			\$ 1,919,725
Oil and Gas 0.5%			
		Coastal Corp., Sr. Debs.	
	245	9.625%, 5/15/12	280,525
		Dynergy Holdings, Inc., Sr. Debs.	
	45	7.625%, 10/15/26	38,475
		El Paso Corp.	
	200	6.95%, 12/15/07	208,000
		El Paso Production Holding Co.	
	1,245	7.75%, 6/1/13	1,341,488
		Giant Industries	
	90	8.00%, 5/15/14	94,725

Harvest Operations Corp., Sr. Notes

245

7.875%, 10/15/11

253,575

		Hanover Compressor Co., Sr. Sub. Notes	
\$	10	0.00%, 3/31/07	\$ 9,025
		Hanover Equipment Trust 01, Series B	
	55	8.75%, 9/1/11	59,950
		Parker Drilling Co., Sr. Notes	
	110	9.625%, 10/1/13	126,225
		Petrobras International Finance Co.	
	60	7.75%, 9/15/14	63,540
		Transmontaigne, Inc., Sr. Sub. Notes	
	625	9.125%, 6/1/10	675,000
		United Refining Co., Sr. Notes	
	255	10.50%, 8/15/12 (4)	269,025
	115	10.50%, 8/15/12 (4)	121,325
		Williams Cos Inc.	
	20	8.75%, 3/15/32	25,400
			\$ 3,566,278
Publishing	0.8%		
		Advanstar Communications, Inc.	
	1,000	10.75%, 8/15/10	1,137,500
		Advanstar Communications, Inc., Variable Rate	
	1,970	10.294%, 8/15/08	2,088,200
		Advertising Directory Solutions, Sr. Notes	
	90	9.25%, 11/15/12 (4)	95,513
		American Media Operations, Inc., Series B	
	35	10.25%, 5/1/09	36,575
		CBD Media, Inc., Sr. Sub. Notes	
	135	8.625%, 6/1/11	144,113
		Houghton Mifflin Co., Sr. Sub. Notes	
	560	9.875%, 2/1/13	595,000
		Primedia, Inc.	
	1,350	8.875%, 5/15/11	1,464,750
			\$ 5,561,651
Radio and Television	0.5%		
		Canwest Media, Inc., Sr. Sub. Notes	
	290	8.00%, 9/15/12 (4)	313,925
		CCO Holdings LLC / CCO Capital Corp., Sr. Notes	
	1,000	8.75%, 11/15/13	1,037,500
		Rainbow National Services, LLC, Sr. Notes	
	115	8.75%, 9/1/12 (4)	131,675
		Rainbow National Services, LLC, Sr. Sub. Debs.	
	1,565	10.375%, 9/1/14 (4)	1,870,175

REITS 0.0%			
		Meristar Hospitality Operations/Finance	
\$	275	10.50%, 6/15/09	\$ 299,750
			\$ 299,750
Retailers (Except Food and Drug) 0.0%			
		Home Interiors & Gifts, Inc.	
	45	10.125%, 6/1/08	38,025
		Riddell Bell Holdings, Sr. Sub. Notes	
	45	8.375%, 10/1/12 (4)	46,800
			\$ 84,825
Semiconductors 0.3%			
		Advanced Micro Devices, Inc., Sr. Notes	
	825	7.75%, 11/1/12 (4)	845,625
		Amkor Technologies, Inc.	
	65	5.75%, 6/1/06	62,644
		Amkor Technologies, Inc., Sr. Notes	
	235	7.125%, 3/15/11	205,625
	840	7.75%, 5/15/13	735,000
		STATS ChipPAC Ltd., Sr. Notes	
	145	6.75%, 11/15/11 (4)	143,550
			\$ 1,992,444
Surface Transport 0.4%			
		Horizon Lines, LLC	
	2,240	9.00%, 11/1/12 (4)	2,433,200
		OMI Corp., Sr. Notes	
	20	7.625%, 12/1/13	20,750
		Quality Distribution LLC/QD Capital Corp.	
	590	9.00%, 11/15/10 (4)	581,150
			\$ 3,035,100

Telecommunications 1.7%			
\$	120	AirGate PCS, Inc., Variable Rate 6.41%, 10/15/11 (4)	\$ 125,100
	160	Alamosa Delaware, Inc., Sr. Disc. Notes 12.00%, 7/31/09	175,200
	220	Alamosa Delaware, Inc., Sr. Notes 11.00%, 7/31/10	258,500
	75	8.50%, 1/31/12	81,750
	28	Centennial Cellular Operating Co., LLC, Sr. Sub. Notes 10.75%, 12/15/08	29,120
	600	Centennial Cellular Operating Co./Centennial Communications Corp., Sr. Notes 10.125%, 6/15/13	699,000
	1,125	Inmarsat Finance PLC 7.625%, 6/30/12	1,184,063
	125	LCI International, Inc., Sr. Notes 7.25%, 6/15/07	122,500
	215	New Skies Satellites NV, Sr. Notes, Variable Rate 7.438%, 11/1/11 (4)	226,556
	290	New Skies Satellites NV, Sr. Sub. Notes 9.125%, 11/1/12 (4)	303,050
	145	Nortel Networks Ltd. 4.25%, 9/1/08	139,381
	1,355	PanAmSat Corp. 9.00%, 8/15/14	1,497,275
	25	Qwest Capital Funding, Inc. 7.75%, 8/15/06	25,750
	1,090	Qwest Services Corp. 13.50%, 12/15/07 (4)	1,234,425
	690	Rogers Wireless, Inc. 7.50%, 3/15/15	759,000
	185	Rogers Wireless, Inc., Sr. Sub. Notes 8.00%, 12/15/12	201,419
	1,617	Rogers Wireless, Inc., Variable Rate 5.525%, 12/15/10	1,714,020
	85	Rural Cellular Corp. 8.25%, 3/15/12	90,950
	1,000	Rural Cellular Corp., Variable Rate 6.99%, 3/15/10	1,055,000
		UbiquiTel Operating Co., Sr. Notes	

Edgar Filing: TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD - Form 6-K

1,110	9.875%, 3/1/11	1,259,850
Western Wireless Corp., Sr. Notes		
1,065	9.25%, 7/15/13	1,242,056
		\$ 12,423,965

Utilities 0.1%			
		Calpine Corp., Sr. Notes	
\$	145	7.625%, 4/15/06	\$ 142,463
		NRG Energy, Inc., Sr. Notes	
	389	8.00%, 12/15/13 (4)	431,790
			\$ 574,253
Total Corporate Bonds & Notes (identified cost \$92,798,345)			\$ 97,036,809

Closed-End Investment Companies 1.2%

Shares	Security		Value
75,000	Citigroup Investments Corporate Loan Fund		1,056,000
218,600	First Trust/Four Corners Senior Floating Rate Income Fund II		4,190,562
130,400	Floating Rate Income Strategies Fund II, Inc.		2,534,976
27,200	Floating Rate Income Strategies Fund, Inc.		527,136
5,500	ING Prime Rate Trust		41,635
Total Closed-End Investment Companies (identified cost, \$8,186,914)			\$ 8,350,309

Commercial Paper 4.0%

Principal Amount	Maturity Date	Borrower	Rate	Amount
\$ 18,361,000	03/01/05	General Electric Capital Corp.	2.60%	\$ 18,361,000
10,000,000	03/04/05	Societe Generale	2.53%	9,997,892
Total Commercial Paper (at amortized cost)				\$ 28,358,892

Short-Term Investments 0.3%

Principal Amount	Maturity Date	Borrower	Rate	Amount
2,000,000	03/01/05	Investors Bank and Trust Company Time Deposit	2.60%	2,000,000
Total Short-Term Investments (at amortized cost)				\$ 2,000,000

Total Investments 158.9%
(identified cost \$1,123,304,785) \$ 1,133,655,665

Other Assets, Less Liabilities 2.1% \$ 15,332,789
Auction Preferred Shares Plus Cumulative Unpaid Dividends (61.0)% \$ (435,355,238)
Net Assets Applicable to Common Shares 100.0% \$ 713,633,216

Note: The Trust has made commitments to fund specified amounts under certain existing credit arrangements. Pursuant to the terms of these arrangements, the Trust had unfunded loan commitments of \$5,423,079 as of February 28, 2005.

PIK - Payment In Kind.

- (1) Senior floating-rate interests often require prepayments from excess cash flows or permit the borrower to repay at its election. The degree to which borrowers repay, whether as a contractual requirement or at their election, cannot be predicted with accuracy. As a result, the actual remaining maturity may be substantially less than the stated maturities shown. However, it is anticipated that the senior floating-rate interests will have an expected average life of approximately two to three years. The stated interest rate represents the weighted average interest rate of all contracts within the senior loan facility. Senior Loans typically have rates of interest which are redetermined either daily, monthly, quarterly or semi-annually by reference to a base lending rate, plus a premium. These base lending rates are primarily the London-Interbank Offered Rate (LIBOR), and secondarily the prime rate offered by one or more major United States banks (the Prime Rate) and the certificate of deposit (CD) rate or other base lending rates used by commercial lenders.
- (2) Defaulted security.
- (3) Non-income producing security.
- (4) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At February 28, 2005, the aggregate value of the securities is \$40,302,018 or 5.6% of the Trust's net assets.
- (5) Security valued at fair value using methods determined in good faith by or at the direction of the Trustees.

At February 28, 2005, the Trust had entered into a Credit Default Swap with Lehman Brothers dated September 24, 2004 whereby the Trust will receive 2.30% per year times the notional amount of \$4,000,000. The Trust makes payment only upon a default event on underlying loan assets (50 in total, each representing 2% of the notional value of the swap). At February 28, 2005, the Trust had sufficient cash segregated to cover potential obligations arising from open swap contracts.

The cost and unrealized appreciation (depreciation) in value of the investments owned at February 28, 2005, as computed on a federal income tax basis, were as follows:

Aggregate cost	\$	1,124,347,982
Gross unrealized appreciation	\$	11,177,897
Gross unrealized depreciation		(1,870,214)
Net unrealized appreciation	\$	9,307,683

Item 2. Controls and Procedures

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Floating Rate Income Trust

By: /s/ Payson F. Swaffield
Payson F. Swaffield
President and Principal Executive Officer

Date: April 14, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Payson F. Swaffield
Payson F. Swaffield
President and Principal Executive Officer

Date: April 14, 2005

By: /s/ Barbara E. Campbell
Barbara E. Campbell
Treasurer and Principal Financial Officer

Date: April 14, 2005
