

MEMORANDUM

To: All Option Members, Member Organizations and ROTs  
 From: Market Watch  
 Date: June 6, 2007  
 Re: **Taiwan Semiconductor Manufacturing Company Ltd. (TSM) - 0.49991748% Stock Dividend**

Taiwan Semiconductor Manufacturing Company Ltd. (TSM) has declared a 0.49991748% stock dividend payable to ADS holders of record on Tuesday, June 12, 2007. Distribution date for the stock dividend will be Tuesday, July 10, 2007. Ex-distribution date for the stock dividend will be Friday, June 8, 2007. **Cash will be paid in lieu of fractional TSM ADS's.**

Accordingly, pursuant to OCC By-Laws, all TSM options on the ex-distribution date must be adjusted as follows:

**EFFECTIVE DATE:** Friday, June 8, 2007  
**SYMBOLS:** TSM/WBB/OFO becomes TBD/WPD/OLB respectively  
**STRIKE PRICES:** No Change  
**POS/EXERCISE LIMIT:** 265,000 contracts until the January 19, 2008; where the limits revert to 255,000 contract. The limits will remain at 255,000 contracts until January 2010 expiration; where the limits will revert to the standard limit of 250,000 contracts.  
**MULTIPLIER:** 100\*(eg., Premium of 1.00 = \$100)  
**NUMBER OF CONTRACTS:** No Change  
**NEW DELIVERABLE:** 1) 100 Taiwan Semiconductor Manufacturing Company Ltd. (TSM) ADS's  
 2) Cash in lieu of 0.49991748 fractional TSM ADS's

**For previously adjusted YOZ options, the deliverable will be adjusted to receive 107 TSM ADS's plus \$11.24 cash plus cash in lieu of .49991748 fractional TSM ADS's. The strike prices will remain unchanged. The multiplier will remain unchanged at 100 (due to a 4.99971% dividend on 6/13/2005).**

**For previously adjusted LBJ/ZPL options, the deliverable will be adjusted to receive 102 TSM ADS's plus \$8.05 cash plus cash in lieu of .49991748 fractional TSM ADS's. The strike prices will remain unchanged. The multiplier will remain unchanged at 100 (due to a 2.99903% dividend on 6/20/2006).**

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

Taiwan Semiconductor Mfg Company Ltd (TSM) (Before 6/8/2007) (100 shrs TSM)					Taiwan Semiconductor Mfg Company Ltd (TBD) (Beginning 6/8/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
TSM	JUN	5	FA	RA	TBD	JUN	5	FA	RA
TSM	JUN	7 1/2	FU	RU	TBD	JUN	7 1/2	FU	RU
TSM	JUN	10	FB	RB	TBD	JUN	10	FB	RB
TSM	JUN	12 1/2	FV	RV	TBD	JUN	12 1/2	FV	RV
TSM	JUN	15	FC	RC	TBD	JUN	15	FC	RC
TSM	JUL	5	GA	SA	TBD	JUL	5	GA	SA
TSM	JUL	7 1/2	GU	SU	TBD	JUL	7 1/2	GU	SU
TSM	JUL	10	GB	SB	TBD	JUL	10	GB	SB
TSM	JUL	12 1/2	GV	SV	TBD	JUL	12 1/2	GV	SV
TSM	JUL	15	GC	SC	TBD	JUL	15	GC	SC
TSM	OCT	5	JA	VA	TBD	OCT	5	JA	VA
TSM	OCT	7 1/2	JU	VU	TBD	OCT	7 1/2	JU	VU
TSM	OCT	10	JB	VB	TBD	OCT	10	JB	VB
TSM	OCT	12 1/2	JV	VV	TBD	OCT	12 1/2	JV	VV
TSM	OCT	15	JC	VC	TBD	OCT	15	JC	VC

Taiwan Semiconductor Mfg Company Ltd (TSM)  
(Before 6/8/2007)  
(100 shrs TSM)

			Calls	Puts
TSM	JAN	7 1/2	AU	MU
TSM	JAN	10	AB	MB
TSM	JAN	12 1/2	AV	MV
TSM	JAN	15	AC	MC

Taiwan Semiconductor Mfg Co. Ltd - 2009 Leap (OFO)  
(Before 6/8/2007)  
(100 shrs TSM)

			Calls	Put
OFO	JAN	7 1/2	AU	MU
OFO	JAN	10	AB	MB
OFO	JAN	12 1/2	AV	MV
OFO	JAN	15	AC	MC

Taiwan Semiconductor Mfg Co. Ltd - 2010 Leap (WBB)  
(Before 6/8/2007)  
(100 shrs TSM)

			Calls	Put
WBB	JAN	5	AA	MA
WBB	JAN	7 1/2	AU	MU
WBB	JAN	10	AB	MB
WBB	JAN	12 1/2	AV	MV
WBB	JAN	15	AC	MC

Taiwan Semiconductor Mfg Company Ltd (TBD)  
(Beginning 6/8/2007)  
(See new deliverable above)

			Calls	Puts
TBD	JAN	7 1/2	AU	MU
TBD	JAN	10	AB	MB
TBD	JAN	12 1/2	AV	MV
TBD	JAN	15	AC	MC

Taiwan Semiconductor Mfg Co. Ltd - 2009 Leap (WPD)  
(Beginning 6/8/2007)  
(See new deliverable above)

			Calls	Put
WPD	JAN	7 1/2	AU	MU
WPD	JAN	10	AB	MB
WPD	JAN	12 1/2	AV	MV
WPD	JAN	15	AC	MC

Taiwan Semiconductor Mfg Co. Ltd - 2010 Leap (OLB)  
(Beginning 6/8/2007)  
(See new deliverable above)

			Calls	Put
OLB	JAN	5	AA	MA
OLB	JAN	7 1/2	AU	MU
OLB	JAN	10	AB	MB
OLB	JAN	12 1/2	AV	MV
OLB	JAN	15	AC	MC

**Any additional TSM series that are added prior to the ex-date will also be adjusted in the manner described above**

The new TSM option contracts representing 100 shares of TSM, will be admitted to trading on Monday, June 11, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.