

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: June 7, 2007
 Re: Taiwan Semiconductor Manufacturing Company Ltd. (TSM) - 0.49991748% Stock Dividend***REVISION***

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'
 2) Cash in lieu of 0.49991748 fractional TSM ADS's

For previously adjusted YQZ options, the deliverable will be adjusted to receive 107 TSM ADS's plus \$11.24 cash **plus cash in lieu of .5349117 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 .50991583 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 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 (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 - 2009 Leap (OLB)
(Beginning 6/8/2007)
(See new deliverable above)

			Calls	Put
<u>OLB</u>	JAN	7 1/2	AU	MU
<u>OLB</u>	JAN	10	AB	MB
<u>OLB</u>	JAN	12 1/2	AV	MV
<u>OLB</u>	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 Co. Ltd - 2010 Leap (WPD)
(Beginning 6/8/2007)
(See new deliverable above)

			Calls	Put
<u>WPD</u>	JAN	5	AA	MA
<u>WPD</u>	JAN	7 1/2	AU	MU
<u>WPD</u>	JAN	10	AB	MB
<u>WPD</u>	JAN	12 1/2	AV	MV
<u>WPD</u>	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.