
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 quarter ended March 31, 2009

Commission File Number 000-27811

**CHARTERED SEMICONDUCTOR
MANUFACTURING LTD.**

(Exact name of registrant as specified in its charter)

Not Applicable

(Translation of registrant's name into English)

Republic of Singapore

(Jurisdiction of incorporation or organization)

60 Woodlands Industrial Park D

Street 2, Singapore 738406

(65) 6362-2838

(Address of principal executive offices)

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

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b). Not applicable.

	Page
<u>PART I — FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	3
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	31
<u>Item 4. Controls and Procedures</u>	32
<u>PART II — OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	33
<u>Item 2. Unregistered Sales of Equity and Use of Proceeds</u>	33
<u>Item 3. Defaults Upon Senior Securities</u>	33
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	33
<u>Item 5. Other Information</u>	33
<u>Item 6. Exhibits</u>	33
<u>SIGNATURES</u>	34

The Company is incorporating by reference the information and exhibits set forth in this Form 6-K into its registration statements on Form F-3 (Registration No. 333-155774); Form S-8 (Registration No. 333-89849); Form S-8 (Registration No. 333-63814); Form S-8 (Registration No. 333-63816); Form S-8 (Registration No. 333-116844) and Form S-8 (Registration No. 333-145081).

CURRENCY OF PRESENTATION AND CERTAIN DEFINED TERMS

In this document, unless otherwise indicated, all references to “Chartered”, the “Company”, “we”, “our” and “us” refer to Chartered Semiconductor Manufacturing Ltd., a limited liability company formed in the Republic of Singapore, and its subsidiaries. When we refer to “Singapore dollars”, “S\$” and “SGD” in this document, we are referring to Singapore dollars, the legal currency of Singapore. When we refer to “U.S. dollars”, “dollars”, “\$”, “US\$” and “USD” in this document, we are referring to United States dollars, the legal currency of the United States. When we refer to “Euro” in this document, we are referring to Euro, the legal currency of certain member states of the European Union. When we refer to “Yen” in this document, we are referring to Japanese Yen, the legal currency of Japan, and when we refer to “GBP” in this document, we are referring to Great British Pound, the legal currency of the United Kingdom.

FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

This Quarterly Report contains forward-looking statements, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, including, without limitation, statements relating to our belief that our sources of liquidity and projected cash flows will be sufficient to meet our expected capital and research and development expenditures, debt service obligations, investment and liquidity needs for at least the next twelve months, and our expected capital expenditures for 2009, reflect our current views with respect to future events and financial performance, and are subject to certain risks and uncertainties, which could cause actual results to differ materially from historical results or those anticipated. Among the factors that could cause actual results to differ materially are decreased consumer confidence, financial market turmoil and the deteriorating global economic conditions; the ability to access or renew existing or to obtain additional financing and the terms thereof; changes in the demands from our major customers; excess inventory, life cycle, market outlook and trends for specific products; demand and supply outlook in the semiconductor market; competition from existing foundries and new foundry companies resulting in pricing pressures; product mix; unforeseen delays, interruptions and performance level of our fabrication facilities; our progress on leading-edge products; changes in capacity plans, allocation and process technology mix; unavailability of materials, equipment, manpower and expertise; access to or delays in technological advances or our development of process technologies; the successful implementation of our partnership, technology and supply alliances (including our joint development agreements with IBM and the other joint development partners); the growth rate of fabless companies; the outsourcing strategy of integrated device manufacturers (“IDM”) and our expectation that IDMs will utilize foundry capacity more extensively. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained. In addition to the foregoing factors, a description of certain other risks and uncertainties which could cause actual results to differ materially can be found in “Item 3. Key Information — D. Risk Factors” in our 2008 annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. You are cautioned not to place undue reliance on these forward-looking statements which reflect management’s current analysis of future events. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	<u>As of</u>	
	<u>December 31, 2008</u>	<u>March 31, 2009</u>
ASSETS		
Cash and cash equivalents	\$ 524,501	\$ 453,921
Restricted cash	69,560	65,127
Marketable securities	950	1,142
Receivables, less allowances of \$2,451 in 2008 and \$3,244 in 2009	224,428	167,066
Inventories	189,498	165,492
Other investments	19,634	6,622
Other current assets	19,840	32,990
Total current assets	<u>1,048,411</u>	<u>892,360</u>
Investment in associated companies	28,924	27,097
Technology licenses and other intangible assets, net	48,178	44,085
Property, plant and equipment, net	2,845,668	2,786,851
Other non-current assets	53,992	57,448
Total assets	<u>\$ 4,025,173</u>	<u>\$ 3,807,841</u>
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERENCE SHARES AND TOTAL EQUITY		
Payables	\$ 311,264	\$ 202,972
Current installments of long-term debt and capital lease obligations	163,232	164,413
Other current liabilities	102,355	93,860
Total current liabilities	<u>576,851</u>	<u>461,245</u>
Long-term debt and capital lease obligations, excluding current installments	1,677,228	1,685,213
Other non-current liabilities	61,801	64,200
Total liabilities	<u>2,315,880</u>	<u>2,210,658</u>
Convertible redeemable preference shares	265,879	268,451
Ordinary share capital	2,706,244	2,705,198
Accumulated deficit	(1,208,166)	(1,306,939)
Accumulated other comprehensive loss	(54,664)	(54,098)
Total shareholders' equity of Chartered	<u>1,443,414</u>	<u>1,344,161</u>
Noncontrolling interest in CSP	—	(15,429)
Total equity	<u>\$ 1,443,414</u>	<u>\$ 1,328,732</u>
Total liabilities, convertible redeemable preference shares and total equity	<u>\$ 4,025,173</u>	<u>\$ 3,807,841</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except share units and per share data)

	Three Months Ended March 31,	
	2008	2009
Net revenue	\$388,230	\$ 243,935
Cost of revenue	<u>323,628</u>	<u>271,407</u>
Gross profit (loss)	64,602	(27,472)
Other revenue	5,610	1,816
OPERATING EXPENSES		
Research and development	45,445	48,008
Sales and marketing	17,592	12,843
General and administrative	10,794	10,598
Other operating expenses, net	<u>2,484</u>	<u>2,952</u>
Total operating expenses, net	76,315	74,401
Equity in income (loss) of associated companies, net	9,793	(1,630)
Other income, net	10,510	199
Interest income	5,057	1,160
Interest expense and amortization of debt discount	(15,634)	(15,062)
Income (loss) before income tax	3,623	(115,390)
Income tax expense (benefit)	<u>1,232</u>	<u>(1,165)</u>
Net income (loss)	2,391	(114,225)
Less: Net loss attributable to the noncontrolling interest in CSP	—	15,452
Net income (loss) attributable to Chartered	<u>\$ 2,391</u>	<u>\$ (98,773)</u>
Less: Accretion to redemption value of convertible redeemable preference shares	2,475	2,572
Net loss available to ordinary shareholders of Chartered	<u>\$ (84)</u>	<u>\$(101,345)</u>
Basic net loss per ordinary share*	(0.00)	(0.03)
Diluted net loss per ordinary share*	(0.00)	(0.03)
Basic net loss per ADS*	(0.00)	(0.26)
Diluted net loss per ADS*	(0.00)	(0.26)
Number of ordinary shares (in millions) used in computing:*		
Basic net loss per ordinary share	3,829.9	3,835.3
Diluted net loss per ordinary share	3,829.9	3,835.3
Number of ADS (in millions) used in computing:*		
Basic net loss per ADS	383.0	383.5
Diluted net loss per ADS	383.0	383.5

* As adjusted retroactively for the rights offering — see Note 4 of the unaudited condensed consolidated financial statements for more details.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
 COMPREHENSIVE INCOME (LOSS)
 (In thousands)

	Three Months Ended	
	March 31,	
	2008	2009
Net income (loss)	\$ 2,391	\$(114,225)
Other comprehensive income (loss):		
Net unrealized gains on change in cash flow hedging fair values	112	437
Reclassification of cash flow hedging (gains) losses into earnings	141	(207)
Foreign currency translation	32	(198)
Unrealized gains (losses) on available-for-sale securities	(1,080)	192
Reclassification of realized losses on available-for-sale securities into earnings	—	365
Other comprehensive income (loss), net	(795)	589
Comprehensive income (loss), net	1,596	(113,636)
Less: Comprehensive loss attributable to the noncontrolling interest in CSP	—	15,429
Comprehensive income (loss) attributable to Chartered	\$ 1,596	\$ (98,207)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF TOTAL EQUITY
 (In thousands)

	Shareholders of Chartered					Total Equity
	Ordinary Share Capital		Accumulated deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling interest in CSP	
	No	\$	\$	\$	\$	
Balance at January 1, 2008	2,539,626	2,710,006	(1,115,587)	(53,270)	—	1,541,149
Net loss	—	—	(92,579)	—	—	(92,579)
Other comprehensive loss	—	—	—	(1,394)	—	(1,394)
Accretion to redemption value of convertible redeemable preference shares	—	(10,042)	—	—	—	(10,042)
Issuance of shares arising from share-based awards	3,574	1,871	—	—	—	1,871
Employee share-based compensation	—	4,432	—	—	—	4,432
Non-employee share-based compensation	—	(23)	—	—	—	(23)
Balance at December 31, 2008	2,543,200	2,706,244	(1,208,166)	(54,664)	—	1,443,414
Net loss	—	—	(98,773)	—	(15,452)	(114,225)
Other comprehensive income	—	—	—	566	23	589
Accretion to redemption value of convertible redeemable preference shares	—	(2,572)	—	—	—	(2,572)
Issuance of shares arising from share-based awards	1,217	189	—	—	—	189
Employee share-based compensation	—	1,331	—	—	—	1,331
Non-employee share-based compensation	—	6	—	—	—	6
Balance at March 31, 2009	<u>2,544,417</u>	<u>2,705,198</u>	<u>(1,306,939)</u>	<u>(54,098)</u>	<u>(15,429)</u>	<u>1,328,732</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Three Months Ended	
	March 31, 2008	March 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 2,391	\$(114,225)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in (income) loss of associated companies, net	(9,793)	1,630
Cash dividends received from associated companies	8,972	—
Depreciation and amortization	133,247	125,390
Foreign exchange (gain) loss, net	(165)	1,233
(Gain) loss on disposal of property, plant and equipment, net	46	(202)
Others, net	4,385	2,999
Changes in assets and liabilities, net of effects from purchase of a subsidiary in 2008:		
Receivables	11,138	58,796
Inventories	823	24,006
Other assets	(1,312)	1,000
Payables and other liabilities	(7,734)	(41,922)
Net cash provided by operating activities	<u>\$ 141,998</u>	<u>\$ 58,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(95,498)	(146,718)
Payments for technology licenses	(3,986)	(1,364)
Purchase of a subsidiary, net of cash acquired of \$6,523	(234,602)	—
Refund of deposits placed with a vendor	400	257
Proceeds from sale of property, plant, equipment	2,715	3,539
Proceeds from redemption of other investments	30,048	5,627
Others, net	17	6
Net cash used in investing activities	<u>\$(300,906)</u>	<u>\$(138,653)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
Borrowings	230,151	89,890
Repayments	(307,013)	(78,683)
Capital lease payments	(1,117)	(1,349)
Refund of customer deposits	(5,609)	—
Issuance of ordinary shares	584	189
(Increase) decrease in cash restricted for debt repayment	(418)	4,433
Others, net	—	(321)
Net cash provided by (used in) financing activities	<u>\$ (83,422)</u>	<u>\$ 14,159</u>
Effect of exchange rate changes on cash and cash equivalents	4,249	(4,791)
Net decrease in cash and cash equivalents	(238,081)	(70,580)
Cash and cash equivalents at the beginning of the period	743,173	524,501
Cash and cash equivalents at the end of the period	<u>\$ 505,092</u>	<u>\$ 453,921</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CHARTERED SEMICONDUCTOR MANUFACTURING LTD. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

1. Basis of Presentation

The interim condensed consolidated financial statements have been prepared in accordance with United States of America (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) and, in the opinion of management, contain all adjustments necessary, all of which are of a normal recurring nature except for the rights offering completed in April 2009 which resulted in adjustments being made to the Company’s share plans and agreements as discussed in Note 2 and a retroactive adjustment to the net loss per ordinary share and ADS as discussed in Note 4, to present fairly the financial information included herein. The accompanying interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s annual report on Form 20-F for the year ended December 31, 2008.

The condensed consolidated balance sheet as of December 31, 2008 and the condensed consolidated statement of total equity for the year ended December 31, 2008 included herein are derived from the audited consolidated financial statements in the Company’s annual report on Form 20-F for the year ended December 31, 2008 and as reclassified upon adoption of Statement of Financial Accounting Standards (“SFAS”) No. 160 “Noncontrolling Interests in Consolidated Financial Statements — An Amendment of ARB No. 51”, which requires the presentation of noncontrolling interests within equity. The condensed consolidated balance sheet as of March 31, 2009, the condensed consolidated statement of total equity for the three months ended March 31, 2009, the condensed consolidated statements of operations, comprehensive income (loss) and cash flows for the three months ended March 31, 2008 and March 31, 2009 have not been audited.

The interim unaudited condensed consolidated financial statements reflect the accounts of Chartered Semiconductor Manufacturing Ltd. (“Chartered”) and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

On March 31, 2008, the Company completed the acquisition of 100% of the shares in Hitachi Semiconductor Singapore Pte. Ltd. from Hitachi, Ltd. and Hitachi Asia Ltd., for a total consideration of \$241,125 which consisted of cash and related direct costs of the acquisition. In June 2008, the closing working capital price adjustment was finalized as provided for in the purchase agreement, resulting in a revised purchase consideration of \$243,595. Upon completion of the acquisition, Hitachi Semiconductor Singapore Pte. Ltd. was renamed Chartered Semiconductor Manufacturing (Tampines) Pte. Ltd. (“CST” or “Fab 3E”). The interim condensed consolidated financial statements for the three months ended March 31, 2008 do not include the results of Fab 3E.

Supplemental pro forma financial information is presented below as if the acquisition of Fab 3E occurred as of the beginning of January 1, 2008. The pro forma information presented below does not purport to present what the actual results would have been had the acquisition in fact occurred at January 1, 2008 nor does the information project results for any future period.

	Three Months Ended March 31, 2008
	(In thousands, except per share data)
Pro forma net revenue	\$432,574
Pro forma net income	6,642
Pro forma net income available to ordinary shareholders of Chartered	4,167
Pro forma basic net earnings per ordinary share	0.00
Pro forma diluted net earnings per ordinary share	0.00
Pro forma basic net earnings per ADS	0.01
Pro forma diluted net earnings per ADS	0.01

Combined results for the Company and Fab 3E were adjusted for the following in order to present the pro forma results in the table above:

- Adjustment to revenue to reflect the lower selling prices under the manufacturing agreement entered into with Renesas Technology Corp. in connection with the acquisition;
- Reversal of interest expense relating to a loan from a company related to Hitachi, Ltd, that was recapitalized as Fab 3E shares in connection with the acquisition;
- Amortization charges relating to intangible assets acquired;
- Increase in depreciation charges based on the assigned fair values of property, plant and equipment acquired;
- Adjustments made to reflect the historical financial statements of Fab 3E in accordance with U.S. GAAP. Prior to

the acquisition by the Company, the financial statements of Fab 3E were prepared in accordance with Singapore Financial Reporting Standards;

- Adjustment to foreign currency translation due to the change in functional currency from the Singapore dollar to the U.S. dollar; and
- Income tax effects related to the above pro forma adjustments.

The results of Fab 3E's operations have been included in the Company's consolidated statement of operations from April 1, 2008.

Prior to the adoption of SFAS No. 160, none of Chartered Silicon Partners Pte Ltd's ("CSP") losses had been allocated to the noncontrolling interest in the consolidated statements of operations since the first quarter of 2003 onwards as the obligations of the noncontrolling interest were reduced to zero in that quarter due to cumulative losses. CSP subsequently reported profits in the first quarter of 2008 and the profits applicable to the noncontrolling interest in CSP were taken to the consolidated statements of operation until the noncontrolling interest's share of losses previously recorded in the consolidated statements of operations is fully recovered. The effect of not allocating profits of the noncontrolling interests in CSP in the first quarter of 2008 resulted in an increase to the net income attributable to Chartered by \$4,193 for the three months ended March 31, 2008.

The cumulative net losses not allocated to the noncontrolling shareholders of CSP according to their proportionate ownership as of December 31, 2008 is \$213,496.

SFAS No. 160 became effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. SFAS No. 160 requires that accounting and reporting for minority interests be recharacterized as noncontrolling interests and classified as a component of equity. SFAS No. 160 also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners.

Supplemental pro forma financial information is presented below as if SFAS No. 160 is not adopted in the current quarter.

	Three Months Ended March 31, 2009
	(In thousands, except per share data)
Pro forma net loss attributable to Chartered	114,225
Pro forma net loss available to ordinary shareholders of Chartered	116,797
Pro forma basic net loss per ordinary share	0.03
Pro forma diluted net loss per ordinary share	0.03
Pro forma basic net loss per ADS	0.30
Pro forma diluted net loss per ADS	0.30

2. Rights Offering

On March 9, 2009, the Company announced a rights offering of approximately 6,869,926,194 new ordinary shares ("Shares"), directly or in the form of American Depositary Shares ("ADSs").

Pursuant to the rights offering:

- 27 new Shares were offered for every 10 Shares held at S\$0.07 per rights share; and
- 27 new ADSs were offered for every 10 ADSs held at a price of US\$0.46 per rights ADS.

The rights offering was completed on April 15, 2009 and net proceeds from the rights offering were approximately \$300 million.

In connection with this offering, adjustments were made with respect to:

- the exercise price of, and number of ordinary shares issuable upon exercise of, outstanding options issued under the 1999 employee share option plan ("1999 Option Plan");
- the number of ordinary shares issuable upon vesting of awards issued under the restricted share unit plan ("RSU Plan") and the performance share unit plan ("PSU Plan");
- the conversion price of convertible redeemable preference shares ("CRPS"); and
- the strike prices and number of ordinary shares issuable under the call option with Goldman Sachs International ("GS").

(a) 1999 Option Plan

As a result of the rights offering in March 2009, changes were made on March 18, 2009, being the modification date, to both the exercise price and the number of outstanding share options granted under the 1999 Option Plan. The adjustments were made by multiplying each existing option exercise price by 0.6632 and multiplying the number of outstanding share options by 1.5078. The number of share options granted under the 1999 Option Plan increased by 51,146 options immediately after the modification.

The 1999 Option Plan expired on January 28, 2009.

(b) RSU Plan

As a result of the rights offering in March 2009, changes were made on March 18, 2009, being the modification date, to the number of outstanding RSUs granted under the RSU Plan. The adjustments were made by multiplying the number of outstanding RSUs by 1.5078. The number of RSUs granted under the RSU Plan increased by 5,468 RSUs immediately after the modification.

(c) PSU Plan

As a result of the rights offering in March 2009, changes were made on March 18, 2009, being the modification date, to the base number of outstanding PSUs granted under the PSU Plan. The adjustments were made by multiplying the base number of outstanding PSUs by 1.5078. The base number of outstanding PSUs granted under the PSU Plan increased by 2,234 PSUs immediately after the modification.

The modification to the above share-based compensation plans as a result of the rights offering in March 2009 did not result in any incremental compensation cost as the fair value of the modified awards equals the fair value of the original awards immediately before the modification.

(d) Convertible redeemable preference shares

As of March 31, 2009, there are 28 outstanding CRPS, each with a redemption price of US\$10. Holders of the CRPS may convert the CRPS into new Shares or, subject to certain limitations, ADSs at a conversion price of \$0.8719 per Share at any time before the close of business on the 7th business day prior to maturity or early redemption. Pursuant to the terms of the Articles of Association of the Company, such conversion price is required to be adjusted on account of the rights offering. Based on the number of Shares outstanding on the date of the rights offering announcement, the number of Shares which the aggregate subscription price of the rights offering would purchase at the average market price as of the date of the rights offering announcement and the number of Shares which were issued pursuant to the rights offering, the adjusted conversion price is US\$0.4120 per Share. This adjustment was made on March 18, 2009, being the modification date.

(e) Call option with GS

Pursuant to the provisions of the call option agreement with GS, GS is entitled to purchase up to 214,800 of new ordinary shares ("Options") at US\$1.408 per share ("Strike Price") and the Company may terminate the transaction early, in whole or in part, if the closing price of the Company's ordinary shares is equal to or higher than US\$1.76 (equivalent to 125% of the US\$1.408 exercise price termed as the Higher Soft Call Strike Price) on each of any 20 business days in any consecutive 30 business day period. As a result of the rights offering, the number of Options was adjusted from 214,800 to 323,883, the Strike Price was adjusted from US\$1.408 to US\$0.9338, and the Higher Soft Call Strike Price was adjusted from US\$1.76 to US\$1.1672 by GS on March 16, 2009.

3. Use of Estimates

The preparation of the interim unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure about contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective reporting periods. Significant items subject to judgment and estimate include the amount of income tax expense, the estimated useful lives and salvage values of long-lived assets, the recoverability of the carrying value of long-lived assets, other-than-temporary impairment assessments of other investments, available-for-sale securities and investments in other equity securities, the realization of deferred income tax assets, the valuation of accounts receivable and inventories, the determination of normal capacity of the Company's production facilities, the recognition of revenue, the recognition and measurement of sales credits and returns allowance, the likelihood of achieving the milestones attached to Government grants, management's projections of achievement of performance conditions for grants under the performance share units plan over the performance period, the fair value of share-based employee compensation awards and financial instruments, the

amount of asset retirement obligations and costs, and the valuation of net assets acquired from purchase business combinations. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets; volatile equity, foreign currency and energy markets; and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

During 2008, the Company revised the estimated useful lives of its twelve-inch process equipment and machinery from five years to eight years and the related mechanical and electrical installations from ten years to fifteen years. In addition, the estimated salvage values of the related process equipment and machinery were reduced to zero. These changes were made to better reflect the expected pattern of economic benefits from the use of the equipment and machinery over time based on an analysis of the expected technology lifecycle, historical usage experience and industry practices. The change in estimated useful lives and residual values is a change in accounting estimate that was applied prospectively from October 1, 2008. The impact of this change was a decrease in the Company's net loss by \$29,787 and a decrease in the Company's basic and diluted net loss per ADS by \$0.08 for the three months ended March 31, 2009. Basic and diluted net loss per ordinary share for the three months ended March 31, 2009 decreased by \$0.01.

During 2008, the Company changed the estimated useful lives for certain technology-related intangible assets classified under "Technology licenses" in the consolidated balance sheets from three to five years. The change was made to better reflect the expected pattern of economic benefits from the use of the intangible assets over time based on an analysis of the expected future usage of the underlying technology and historical usage experience. The change in estimated useful lives is a change in accounting estimate that was applied prospectively from October 1, 2008. The impact of this change was a decrease in the net loss of the Company by \$1,209 for the three months ended March 31, 2009. Basic and diluted net loss per ADS and ordinary share for the three months ended March 31, 2009 were not affected by the impact of this change.

4. Net Earnings (Loss) Per Ordinary Share

Basic net earnings (loss) per ordinary share is computed by deducting from (adding to) net income (loss) available to ordinary shareholders of Chartered the accretion to redemption value of the convertible redeemable preference shares and dividing the resulting amount of net income (loss) available to ordinary shareholders of Chartered by the weighted-average number of ordinary shares outstanding. Diluted net earnings (loss) per ordinary share is computed using the weighted-average number of ordinary shares outstanding plus potentially dilutive securities, which includes the dilutive effect of share options using the treasury stock method, the dilutive effect of restricted share units, the impact of contingently issuable share-based awards with performance conditions and the dilutive effect of ordinary shares issuable upon the assumed conversion of the Company's convertible securities. The accretion charges on convertible securities are added back to net income available to ordinary shareholders of Chartered when the related ordinary share equivalents are included in computing diluted net earnings (loss) per ordinary share.

As a result of the rights offering, the weighted average number of ordinary shares and ADS used in computing basic and diluted net loss per ordinary share and ADS, respectively, were adjusted to take effect of the bonus element contained within the rights offering as follows:

	Three Months Ended March 31,	
	2008	2009
Basic and diluted net loss per ordinary share		
— before adjustment for rights offering	(0.00)	(0.04)
— retroactive adjustment for rights offering	0.00	0.01
— after adjustment for rights offering	(0.00)	(0.03)
Basic and diluted net loss per ADS		
— before adjustment for rights offering	(0.00)	(0.40)
— retroactive adjustment for rights offering	0.00	0.14
— after adjustment for rights offering	(0.00)	(0.26)
Number of ordinary shares (in millions) used in computing basic and diluted net loss per ordinary share:		
— before adjustment for rights offering	2,540.0	2,543.6
— retroactive adjustment for rights offering	1,289.9	1,291.7
— after adjustment for rights offering	3,829.9	3,835.3
Number of ADS (in millions) used in computing basic and diluted net loss per ordinary share:		
— before adjustment for rights offering	254.0	254.4
— retroactive adjustment for rights offering	129.0	129.1
— after adjustment for rights offering	383.0	383.5

The Company excluded certain potentially dilutive securities for each period presented from its diluted net earnings (loss) per ordinary share computation because:

- i. The exercise price or conversion price of the securities exceeded the average fair value of the Company's share price; or
- ii. The total assumed proceeds under the treasury stock method resulted in negative incremental shares; or
- iii. The accretion to redemption value of convertible securities per ordinary share obtainable on conversion was higher than the basic net earnings per ordinary share, as adjusted for the effect of any potentially dilutive securities which were more dilutive than the convertible securities; or
- iv. The conditions for the vesting of the performance share units were not expected to be met; or
- v. The Company has net losses available to ordinary shareholders of Chartered.

The below information, including those of the comparative periods, reflect the effects of the rights offering.

A summary of the excluded potentially dilutive securities is as follows:

	Three Months Ended March 31,	
	2008	2009
Convertible redeemable preference shares	688,029	688,029
Call option with Goldman Sachs International	323,883	323,883
Employee share options	164,253	148,206
Performance share units	3,286	6,632
Restricted share units	5,841	16,236

As of March 31, 2009, the conversion price of the convertible redeemable preference shares, the per share exercise price of the call option with GS and the weighted-average exercise price of employee stock options outstanding was \$0.4120, \$0.9338 and \$1.21, respectively, as adjusted for the rights offering.

5. Jobs Credit Scheme

In the first quarter of 2009, to encourage employers to preserve jobs and help Singaporeans stay employed, the Singapore government introduced the Jobs Credit Scheme (“Scheme”) in the 2009 Budget. Employers will receive cash grants up to 12% on the first S\$2,500 of the qualifying monthly wages of each employee paid from October 2008 to September 2009 on a quarterly basis. The condition of the grant is that the employee must continue to be on the Company’s payroll in the following month subsequent to a quarter. Employers will then receive payments at the end of the subsequent quarter in March, June, September and December 2009. Such payments have been granted tax exemption by the Singapore government.

The Company will recognize the grant at the end of each quarter when there is reasonable assurance that the condition will be complied with and that the grant will be received. As the Scheme was only introduced in the first quarter of 2009, the grant relating to qualifying monthly wages paid from October 2008 to December 2008 was recognized in the first quarter of 2009, together with the grant relating to qualifying monthly wages paid from January 2009 to March 2009.

For the three months ended March 31, 2009, \$4,582 was recorded as a reduction of the related payroll expenses which the Scheme intended to reimburse, of which \$2,383 had been received on March 31, 2009 and the remaining amount is expected to be received in June 2009.

6. Inventories

Inventories consist of the following:

	As of	
	December 31, 2008	March 31, 2009
Raw materials	\$ 12,509	\$ 10,606
Work-in-progress	169,002	146,431
Consumable supplies and spares	7,987	8,455
	<u>\$ 189,498</u>	<u>\$165,492</u>

7. Other Investments

The Company has an investment in a private enhanced cash fund (“Fund”), which is managed by an external financial institution and consists primarily of corporate debt, mortgage-backed securities and asset-backed securities. Due to the nature of the securities that the Fund invests in, the Fund’s underlying securities have been exposed to adverse market conditions that have affected the value of the collateral and the liquidity of the Fund. As a result, in December 2007, the investment manager of the Fund halted demand redemptions and announced its intention to liquidate the Fund. The investment in the Fund, which was classified as cash equivalent since the time of placement in 2003, was reclassified to ‘Other investments’ as of December 31, 2007. As the redemption of a portion of the Fund is not expected to be within the next 12 months, \$7,393 was reclassified from “Other investments” to “Other non-current assets” as of March 31, 2009.

The Company received cash proceeds of \$30,048 and \$5,627 in redemptions from the Fund for the three months ended March 31, 2008 and three months ended March 31, 2009, resulting in a realized loss of \$52 and a realized gain of \$8 on the redemptions for the three months ended March 31, 2008 and three months ended March 31, 2009, respectively. The Company recorded an other-than-temporary impairment loss of \$1,037 for the three months ended March 31, 2008. No other-than-temporary impairment loss was recorded for the Fund for the three months ended March 31, 2009. As of December 31, 2008 and March 31, 2009, the fair value of the Company’s pro-rata share of the remaining investment in the Fund was \$19,634 and \$14,015, respectively.

8. Income Taxes

There is no significant change in the liability for unrecognized tax benefits, as provided under Financial Accounting Standards Board Interpretation (“FIN”) No. 48, as of March 31, 2009 as compared to December 31, 2008. The Company anticipates that the FIN 48 liabilities recorded for the Year of Assessment 2003 (fiscal year 2002) amounting to \$377 would be reversed out within the next 12 months as the statute of limitations for the Comptroller of Income Tax to raise any additional assessment for that tax year will lapse by December 31, 2009.

The Company is subject to taxation in Singapore and other foreign tax jurisdictions. A summary of the tax years that remain subject to examination in the Company's major tax jurisdictions are:

Major tax jurisdiction	Fiscal years that remain subject to examination as of March 31, 2009
Singapore	2005 and forward
United States of America	2006 and forward

9. Long-term Debt and Obligations under Capital Leases

Long-term debt consists of:

	As of	
	December 31, 2008	March 31, 2009
Floating rate loans:		
\$653,131 EXIM Guaranteed Loan	\$ 459,771	\$ 397,876
\$609,733 EXIM Guaranteed Loan	90,463	181,692
Société Générale Term Loan	119,234	107,311
JBIC/SMBC Term Loan (Tranche B)	71,841	71,841
5.645% JBIC/SMBC Term Loan (Tranche A)	71,841	71,841
5.75% senior notes due 2010	373,546	373,763
6.00% amortizing bonds due 2010	20,351	15,486
6.25% senior notes due 2013	298,125	298,220
6.375% senior notes due 2015	247,397	247,476
Others	7,775	7,312
	<u>1,760,344</u>	<u>1,772,818</u>
Less: Current installments of long-term debt	(157,512)	(157,808)
Long-term debt, excluding current installments	<u>\$ 1,602,832</u>	<u>\$ 1,615,010</u>

Obligations under capital leases:

	As of	
	December 31, 2008	March 31, 2009
Minimum future lease payments	\$ 121,497	\$ 115,106
Amount representing interest at rates of 5.9% to 7.8%	(41,381)	(38,298)
Present value of minimum future lease payments	80,116	76,808
Less: Current installments	(5,720)	(6,605)
Obligations under capital leases, excluding current installments	<u>\$ 74,396</u>	<u>\$ 70,203</u>

Current installments of:

Long-term debt	\$ 157,512	\$ 157,808
Obligations under capital leases	5,720	6,605
	<u>\$ 163,232</u>	<u>\$ 164,413</u>

Non-current portion, excluding current installments:

Long-term debt	\$ 1,602,832	\$ 1,615,010
Obligations under capital leases	74,396	70,203
	<u>\$ 1,677,228</u>	<u>\$ 1,685,213</u>

	Weighted Average Interest Rates as of	
	December 31, 2008	March 31, 2009
Debt obligations at floating rates	3.25%	1.66%
Debt obligations at fixed rates	6.05%	6.05%
Obligations under capital leases	7.10%	7.10%

In January 2009, the Company repaid \$61,895 of the drawdown from the \$653,131 Export-Import Bank of the United States (“EXIM”) Guaranteed Loan.

In February 2009, the Company made the second drawdown of \$91,229 from the first tranche of the \$609,733 EXIM Guaranteed Loan. The remaining amount available for drawdown under this facility is \$428,041.

In March 2009, the Company made a principal repayment of \$11,923 on tranche A of the \$189,871 term loan facility from Société Générale, with Atradius Dutch State Business NV (“Atradius”) as the export credit insurer.

10. Derivative Instruments and Hedging Activities

SFAS No. 161 “Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133” became effective for the financial statements issued for fiscal years and interim periods beginning after November 15, 2008. SFAS No. 161 requires enhanced disclosures about a company’s derivative activities and how the related hedged items affect a company’s financial position, financial performance and cash flows. To meet the objectives, SFAS No. 161 requires qualitative disclosures about the Company’s objectives and strategies for using derivative instruments and quantitative disclosures for fair value amounts of gains and losses associated with derivative instruments.

The Company’s exposure to financial market risks is derived primarily from changes in interest rates and foreign exchange rates. The Company assesses interest rate cash flow risk and currency exchange cash flow risk by identifying and monitoring changes in interest rate or currency exchange rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. To manage interest rate risk, the Company may utilize interest rate derivative instruments to modify the interest characteristics of its outstanding debts. To protect against volatility of future cash flows caused by changes in exchange rates, the Company may use forward exchange contracts, currency options and currency swap instruments for forecasted transactions such as operating expenses and capital purchases.

The Company is exposed to credit risk and market risk by using derivative instruments to hedge exposures of changes in foreign currency rates and interest rates. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, is not exposed to credit risk. The Company anticipates, however, that counterparties will be able to fully satisfy their obligations under the contracts. The Company does not obtain collateral or other security to support financial instruments subject to credit risk but monitors the credit standing of counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates or currency exchange rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The amounts related to derivative instruments which are subject to credit risk are generally limited to the amounts, if any, by which a counterparty’s obligations exceed the obligations of the Company with that counterparty.

On the date a derivative contract is entered into, the Company will consider if the derivative instrument is part of a hedging relationship. Once a hedging relationship is established, the Company designates the derivative as either a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (“fair value” hedge), a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow” hedge), or a foreign currency fair value or cash flow hedge (“foreign currency” hedge). The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, at the hedge’s inception. This process includes linking all derivatives that are designated as fair value, cash flow, or foreign currency hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, both at the hedge’s inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are highly effective and that are designated and qualify as fair value hedges are recorded in earnings, along with the loss or gain on the hedged assets or liabilities or unrecognized firm commitment of the hedged item that are attributable to the hedged risks. Changes in the fair value of derivatives that are highly effective and that are designated and qualify as cash flow hedges are recorded in other comprehensive income (loss) until earnings are affected by the variability in cash flows of the designated hedged items. Changes in the fair value of derivatives that are highly effective as hedges and that are designated

and qualify as foreign currency hedges are recorded in either earnings or other comprehensive income (loss), depending on whether the hedge transaction is a fair-value hedge or a cash flow hedge. Changes in the fair value of derivative instruments that are not designated as part of a hedging relationship are reported in current period earnings.

The Company discontinues hedge accounting prospectively when it determines that a derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, a hedged firm commitment no longer meets the definition of a firm commitment, or management determines that designation of the derivative as a hedging instrument is no longer appropriate. When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair-value hedge, the Company no longer adjusts the hedged asset or liability for changes in fair value. The adjustment of the carrying amount of the hedged asset or liability is accounted for in the same manner as other components of the carrying amount of that asset or liability. When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, the Company removes any asset or liability that was recorded pursuant to recognition of the firm commitment from the balance sheet and recognizes any gain or loss in earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur, gains and losses that were accumulated in other comprehensive income (loss) are recognized immediately in earnings. In all situations in which hedge accounting is discontinued, the Company continues to carry the derivative at its fair value on the balance sheet, and recognizes any changes in its fair value in earnings.

The Company uses foreign currency forward contracts to manage identified foreign currency risks resulting from its foreign currency purchase contracts or relating to groups of forecasted foreign currency denominated payments. Most of these foreign currency forward contracts are formally designated as foreign currency cash flow hedges which match the terms of the individual foreign currency exposures. As a result, any ineffectiveness of the Company's hedges is negligible. The maximum tenure for these transactions is 18 months. Amounts included in other comprehensive income (loss) related to hedges of foreign currency purchase contracts are reclassified into earnings ("Cost of revenue") upon the commencement of depreciation of the asset related to the purchase contracts over the remaining useful life of the asset.

There are certain foreign currency forward contracts and embedded foreign currency derivatives in purchase contracts which are not formally designated as hedges. These certain foreign currency forward contracts relate to groups of forecasted foreign currency denominated payments and a portion of the proceeds of the rights offerings which are primarily denominated in Singapore dollars. While the Company expects the forward contracts which have not been formally designated as hedges to be effective in hedging the variability in cash flows resulting from changes in foreign exchange rates, it does not believe it is practicable to formally document the hedging relationship and link the derivatives to specific forecasted transactions. The embedded foreign currency derivatives are in purchase contracts for which payments are denominated in currencies other than the functional currency or the local currency of the parties to the contracts or, in some cases, their parent company where the parent company provides the majority of resources required under the contract on behalf of the subsidiary who is a party to the contract. Gains and losses on these certain foreign currency forward contracts and embedded foreign currency derivatives in purchase contracts are included in "Other operating expenses, net". The Company does not have any fair value hedges as of March 31, 2009.

The table below provides information about the Company's derivatives instruments as of March 31, 2009.

Derivative Instrument as of March 31, 2009	Notional Amount	Average Rate/Price	Maturity
Forward Contracts			
(Receive Yen/Pay US\$)			
Yen Forward Contracts	939,021	95.2113/USD	2009
(Receive S\$/Pay US\$)			
SGD Forward Contracts	7,595	1.5191/USD	2009
(Receive US\$/Pay S\$)			
USD Forward Contracts *	181,611	1.5142/USD	2009
(Receive GBP/Pay US\$)			
GBP Forward Contracts	195	1.4265/USD	2009
Embedded derivatives			
Denominated in Yen	285,075	—	—
Denominated in Euro	23	—	—

Note:

* In March 2009, the Company entered into forward foreign currency agreements to manage the foreign currency risk relating to a portion of the proceeds of the rights offering which are primarily denominated in Singapore dollars.

The following table presents the fair values and locations of derivative instruments recorded in the balance sheet as of March 31, 2009:

	Fair Value of Derivative Instruments			
	Assets Derivatives		Liabilities Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
As of March 31, 2009				
Derivatives designated as hedging instruments under SFAS No. 133				
Forward foreign exchange contracts	Other current assets	\$ —	Other current liabilities	\$ 370
Total derivatives designated as hedging instruments under SFAS No. 133		\$ —		\$ 370
Derivatives not designated as hedging instruments under SFAS No. 133				
Forward foreign exchange contracts	Other current assets	\$ 1,084	Other current liabilities	\$ 52
Other contracts	Other current assets	92	Other current liabilities	80
Total derivatives not designated as hedging instruments under SFAS No. 133		\$ 1,176		\$ 132
Total derivatives		\$ 1,176		\$ 502

The following table presents the effect of derivative instruments on other comprehensive loss (“OCI”) and results of operations for the three months ended March 31, 2009:

**The Effect of Derivative Instruments on the Unaudited Condensed Consolidated Statement of Operations
for the Three Months Ended March 31, 2009**

	Amount of Gain (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)
Derivatives Designated as Hedging Instruments under SFAS No. 133 — Cash Flow Hedging Relationships					
Forward foreign exchange contracts	\$ (370)	Cost of revenue	\$ 207	Other operating expenses, net	\$ —
Total	\$ (370)		\$ 207		\$ —

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative
Derivatives Not Designated as Hedging Instruments under SFAS No. 133		
Forward foreign exchange contracts	Other operating expenses, net	\$ 1,032
Other contracts	Other operating expenses, net	12
Total		\$ 1,044

The components of accumulated other comprehensive loss related to derivative and hedging activities consist of the following:

	Three Months Ended March 31, 2009
Beginning	\$ (1,593)
Reclassification of cash flow hedging gains into earnings	(207)
Net unrealized gains on change in cash flow hedging derivative fair values	437
Ending	\$ (1,363)

11. Fair Value of Financial Instruments

In 2008, the Company adopted SFAS No. 157, except for certain non-financial assets and non-financial liabilities that are not recorded at fair value on a recurring basis as described in FASB Staff Position (“FSP”) SFAS No. 157-2. The Company adopted SFAS No. 157 for these non-financial assets and non-financial liabilities in 2009.

The adoption of SFAS No. 157 and its related FSPs did not have a material impact on the Company’s consolidated financial statements.

The following table presents the Company’s financial assets and financial liabilities measured at fair value on a recurring basis as of March 31, 2009 and the amounts as they correspond to the respective level within the fair value hierarchy established by SFAS No. 157.

	Fair Value Measurements as of March 31, 2009			
	Total	Quoted Prices Active Markets Identical Assets (Level 1)	Significant Observable (Level 2)	Significant Unobservable (Level 3)
Assets:				
Marketable securities	\$1,142	\$1,142	\$—	\$ —
Forward foreign exchange contracts	1,084	—	—	1,084
Embedded derivatives	92	—	—	92
Liabilities:				
Forward foreign exchange contracts	\$ 422	\$ —	\$—	\$ 422
Embedded derivatives	80	—	—	80

Marketable securities are recorded at fair value, which is based on quoted prices in active markets for identical assets.

The fair values of forward foreign exchange contracts are determined using quantitative models, which use multiple market inputs including interest rates, prices and maturity dates to generate pricing curves, which are used to value the positions. The market inputs are generally actively quoted and can be validated through external sources, including brokers. For forward foreign exchange contract asset and liability positions with maturity dates which fall between the dates of quoted prices, interpolation of rate or maturity scenarios are used in determining fair values.

The fair values of embedded derivatives are determined in a similar manner as forward foreign exchange contracts, except that the Company makes certain assumptions about the maturity dates of such embedded derivatives as maturity dates are generally not included in the host contracts.

The table below presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended March 31, 2009.

	Fair Value Measurements for the Three Months Ended March 31, 2009		
	Embedded derivatives	Forward Exchange Contracts (Net)	Total
Liabilities			
Balance, January 1, 2009:	\$ (469)	\$ (36)	\$ (505)
Total gain (losses) (realized/unrealized)			
Included in earnings (other operating expenses, net)	12	1,032	1,044
Included in other comprehensive income	—	(370)	(370)
Purchases, issuances, and settlement (net)	469	36	505
Balance, March 31, 2009:	<u>\$ 12</u>	<u>\$ 662</u>	<u>\$ 674</u>
Amount of total gains or losses for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at reporting date	<u>\$ 12</u>	<u>\$ 1,032</u>	<u>\$ 1,044</u>

There are no assets or liabilities measured at fair value on a non-recurring basis as of March 31, 2009.

12. Recently Issued Accounting Pronouncements Not Yet Adopted

In April 2009, the Financial Accounting Standards Board (“FASB”) issued FSP FAS No. 115-2 and FAS No. 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”, which is intended to provide greater clarity to investors about the credit and noncredit components of an other-than-temporary impairment (“OTTI”) event and to more effectively communicate when an OTTI event has occurred. This FSP amends the OTTI guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of OTTI on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to OTTI of equity securities. This FSP will be applied prospectively and retrospective application will not be permitted. This FSP will be effective for the Company for interim and annual periods ending after June 15, 2009, and its adoption is not expected to have a material impact on the Company’s consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly.” FSP FAS No. 157-4 provides additional guidance for estimating fair value in accordance with FAS No. 157, “Fair Value Measurements”, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP will be applied prospectively and retrospective application will not be permitted. This FSP will be effective for the Company for interim and annual periods ending after June 15, 2009, and its adoption is not expected to have a material impact on the Company’s consolidated financial statements.

In April 2009, the FASB issued FSP FAS No. 107-1 and Accounting Principles Board Opinion (“APB”) 28-1, “Interim Disclosures about Fair Value of Financial Instruments”, which will amend SFAS No. 107, Disclosures about Fair Value of Financial Instruments. This FSP will require an entity to provide disclosures about the fair value of financial instruments in interim financial information. The FSP would apply to all financial instruments within the scope of SFAS No. 107 and will require entities to disclose the method(s) and significant assumptions used to estimate the fair value of financial instruments, in both interim financial statements as well as annual financial statements. This FSP will be effective for the Company for interim and annual periods ending after June 15, 2009, and its adoption is not expected to have a material impact on the Company’s consolidated financial statements.

13. Workforce Re-sizing

On January 30, 2009, the Company announced that as a result of further decline in the utilization rate of manufacturing assets into the first quarter of 2009 and lack of visibility in the end markets, the Company would be reducing its workforce by approximately 500 people, or about 7% of its total employment.

The workforce re-sizing exercise was completed in the first quarter of 2009. Total costs incurred in the first quarter of 2009 for the employee termination benefits as a result of the workforce re-sizing were \$5,865. These costs were recognized as “other operating expenses, net” in the consolidated statement of operations.

14. Subsequent Event

On April 30, 2009, an Extraordinary General Meeting of shareholders was held and a “ten for one” share consolidation was approved. The purpose of the share consolidation is to help reduce certain fixed costs and volatility in the trading of the Company’s shares on the Singapore Exchange Securities Trading Limited, as well as to mitigate the risks of the Company being delisted from the Nasdaq Global Select Market on account of the trading price of the ADSs falling below US\$1.00 over a sustained period of time.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following table sets forth certain operating data as a percentage of net revenue for the periods indicated:

	Three Months Ended March 31,	
	2008	2009
Consolidated Statements of Operations data:		
Net revenue	100.0%	100.0%
Cost of revenue	<u>83.4</u>	<u>111.3</u>
Gross profit (loss)	<u>16.6</u>	<u>(11.3)</u>
Other revenue	1.4	0.7
OPERATING EXPENSES		
Research and development	11.7	19.7
Sales and marketing	4.5	5.3
General and administrative	2.8	4.3
Other operating expenses, net	<u>0.6</u>	<u>1.2</u>
Total operating expenses, net	<u>19.6</u>	<u>30.5</u>
Equity in income (loss) of associated companies, net	2.5	(0.6)
Other income, net	2.7	0.1
Interest income	1.3	0.5
Interest expense and amortization of debt discount	<u>(4.0)</u>	<u>(6.2)</u>
Income (loss) before income tax	0.9	(47.3)
Income tax expense (benefit)	<u>0.3</u>	<u>(0.5)</u>
Net income (loss)	<u>0.6%</u>	<u>(46.8)%</u>
Less: Net loss attributable to the noncontrolling interest in CSP	<u>—</u>	<u>6.3</u>
Net income (loss) attributable to Chartered	0.6	(40.5)
Less: Accretion to redemption value of convertible redeemable preference shares	<u>0.6</u>	<u>1.0</u>
Net loss available to ordinary shareholders of Chartered	(0.0)%	(41.5)%

The following table sets forth a breakdown of revenue by market sector for the periods indicated:

	Three Months Ended March 31,	
	2008	2009
Communications	48%	48%
Computer	16	8
Consumer	33	37
Other	3	7
Total	<u>100%</u>	<u>100%</u>

The following table sets forth a breakdown of revenue by geographical region for the periods indicated:

	Three Months Ended March 31,	
	2008	2009
Americas	68%	54%
Europe	9	8
Asia-Pacific	23	23
Japan	<u>—</u>	<u>15</u>
Total	<u>100%</u>	<u>100%</u>

The following table sets forth a breakdown of revenue by technology (micron) for the periods indicated:

	Three Months Ended March 31,	
	2008	2009
0.045 and below	—%	3%
Up to 0.065	11	22
Up to 0.09	7	1
Up to 0.13	37	39
Up to 0.15	—	1
Up to 0.18	10	17
Up to 0.25	15	5
Up to 0.35	12	6
Above 0.35	8	6
Total	<u>100%</u>	<u>100%</u>

THREE MONTHS ENDED MARCH 31, 2008 AND MARCH 31, 2009

Net revenue

We derive revenue primarily from fabricating semiconductor wafers and, to a lesser extent, from providing associated subcontracted assembly and test services as well as pre-fabrication services such as masks generation and engineering services. We enter into arrangements with our customers which typically include some or all of the above deliverables. As a dedicated foundry, our financial performance, including our revenue, largely depends on a number of factors including timeliness in introducing technology and manufacturing solutions, ability to enter into arrangements with diverse customers for high volume production of our wafers, utilization rate of our capacity, and external factors such as pricing and general semiconductor market conditions and industry cycles.

Net revenue decreased by 37.2% from \$388.2 million in the first quarter of 2008 to \$243.9 million in the first quarter of 2009, due primarily to a significant decline in semiconductor demand across all sectors. Fab 3E, which was acquired on March 31, 2008, contributed \$36.8 million in the first quarter of 2009. Excluding Fab 3E, revenues in first quarter of 2009 were down by 46.6% from first quarter of 2008. Total wafer shipments decreased by 45.6% from 424,848 wafers (eight-inch equivalent) in the first quarter of 2008 to 231,198 wafers (eight-inch equivalent) in the first quarter of 2009. Average selling price (“ASP”) increased by 4.0% from \$892 per wafer (eight-inch equivalent) to \$928 per wafer (eight-inch equivalent) over the same period, due primarily to a more favorable product mix arising from higher shipments of 65nm products, partially offset by lower selling prices.

Revenue from our 0.13um and below technologies represented 55% of our net revenue in the first quarter of 2008 as compared to 65% of our net revenue in the first quarter of 2009. In terms of absolute dollars, such revenue decreased by 26% between the first quarters of 2008 and 2009, due primarily to lower shipments of 90nm to 0.13um products. Revenue from our 65nm and below technologies increased from 11% of our net revenue in the first quarter of 2008 to 25% of our net revenue in the first quarter of 2009. Revenue from our technologies above 0.13um up to 0.18um increased from 10% of our net revenue in first quarter of 2008 to 18% of our net revenue in the first quarter of 2009, due primarily to the contribution from Fab 3E.

The communications sector was the highest contributor to our revenue for both the first quarters of 2008 and 2009, representing 48% of our net revenue for both the first quarters of 2008 and 2009. In terms of absolute dollars, such revenue decreased by 37% between the first quarters of 2008 and 2009, due primarily to lower demand for mobile phone handset-related devices, digital subscriber line (“DSL”), cards and local area network (“LAN”), switches, routers, hubs and related devices. Revenue from the consumer sector increased from 33% of our net revenue in the first quarter of 2008 to 37% of our net revenue in the first quarter of 2009. Despite the increase in percentage contribution to total net revenue, in terms of absolute dollars, this is a 30% decrease from our net revenue in the first quarter of 2008, due primarily to a decrease in demand for video game devices and set-top boxes, and to a lesser extent, a decrease in demand for audio players and related devices. Revenue from the computer sector decreased from 16% of our net revenue in the first quarter of 2008 to 8% of our net revenue in the first quarter of 2009, due primarily to a decrease in demand for personal computers peripherals, printers and monitors and, to a lesser extent, a decrease in demand for workstations, personal computers, motherboard devices and central processing units.

The Americas region was the highest contributor to our revenue in the first quarter of 2008, representing 68% of our net revenue. It continued to be the highest contributor to our revenue in the first quarter of 2009, representing 54% of our net revenue. The decrease in our net revenue from the first quarter of 2008 was due primarily to a decrease in demand for mobile phone handset-related devices and to a lesser extent, a decrease in demand for workstations, personal computers, motherboard devices and DSL cards. Revenue contribution from the Asia-Pacific region remained unchanged at 23% of our net revenue for both the first quarters of 2008 and 2009. In terms of absolute dollars, revenue from the Asia-Pacific region decreased 37% in the first quarter of 2009 as compared to the first quarter of 2008, due primarily to the decrease in demand for personal computers peripherals, printer and monitors and to a lesser extent, a decrease in demand for optical storages. Revenue from the Japan region contributed 15% of our net revenue for the first quarter of 2009 while it was immaterial in the first quarter of 2008. This increase in revenue contribution from the Japan region in the first quarter of 2009 was due primarily to the contribution from Fab 3E. Revenue from the Europe region remained similar in terms of percentage contribution to our net revenue at 9% and 8% for the first quarters of 2008 and 2009, respectively. Despite having similar percentage contribution to total net revenue, in terms of absolute dollars, there was a 44% decrease from our net revenue in the first quarter of 2008, due primarily to a decrease in demand for LAN, switches, routers, hubs, audio players and related devices.

Cost of revenue

Cost of revenue includes depreciation expense, attributed overheads, cost of labor and materials, subcontracted expenses for assembly and test services, mask generation costs and amortization of certain technology licenses. Generally, a large proportion of our cost of revenue is fixed in nature, which does not increase or decrease in proportion to any change in our shipments. The unit cost of a wafer decreases as fixed overhead charges, such as depreciation expense on the facility and semiconductor manufacturing equipment, are allocated over a larger number of wafers produced.

Cost of revenue decreased by 16.1% from \$323.6 million in the first quarter of 2008 to \$271.4 million in the first quarter of 2009, due primarily to the decrease in shipments by 45.6% over the same period, partially offset by costs incurred by Fab 3E. In the fourth quarter of 2008, we revised the estimated useful lives of our twelve-inch process equipment and machinery from five years to eight years, and the related mechanical and electrical installations from ten years to fifteen years. The expected salvage values of the related process equipment and machinery were reduced to zero to reflect the longer useful lives of this equipment. The change in estimated useful lives and salvage values is a change in accounting estimate that was applied prospectively from October 1, 2008. The impact of this change was a reduction to our cost of revenue by \$29.8 million for the first quarter of 2009.

Cost per wafer shipped increased by 53.8% from \$746 (eight-inch equivalent) in the first quarter of 2008 to \$1,147 (eight-inch equivalent) in the first quarter of 2009, due primarily to lower production volumes over which fixed costs are allocated, including the impact of significantly lower utilization of manufacturing assets. We recorded a net charge to earnings of \$24.2 million relating to unallocated overheads due to significantly lower utilization of manufacturing assets in the first quarter of 2009.

We record grants as a reduction of the expenses that the grants are intended to reimburse. The impact of such grants recorded as a reduction to our cost of revenue was \$0.8 million for both the first quarters of 2008 and 2009.

Gross profit (loss)

Our gross profit (loss) decreased from a profit of \$64.6 million, or 16.6% of our net revenue, in the first quarter of 2008 to a loss of \$27.5 million, or (11.3) % of our net revenue, in the first quarter of 2009. This was due primarily to lower revenues resulting from lower shipment and higher cost per wafer resulting from lower production volumes over which fixed costs are allocated, including the impact of significantly lower utilization of manufacturing assets. The revision in estimated useful lives of our twelve-inch process equipment and machinery and the related mechanical and electrical installations which was applied prospectively from October 1, 2008 as mentioned above reduced our gross loss by \$29.8 million in the first quarter of 2009.

Our gross profit (loss) was also impacted by grants of \$0.8 million for both the first quarters of 2008 and 2009, which were recorded as a reduction to our cost of revenue.

Other revenue

Other revenue consists primarily of rental income and management fees. Other revenue decreased from \$5.6 million in the first quarter of 2008 to \$1.8 million in the first quarter of 2009, due primarily to lower rental income from renewal of a rental agreement with SMP. The rental charged to SMP is arrived at based on the terms of the original joint-venture agreement, which is a function of recovering the cost of the building and facility machinery and equipment over the period of the joint-venture agreement. The lower rental starting from second quarter 2008 reflects our recovery of the majority of these costs over the initial 10 years of the joint venture agreement.

Research and development expenses

Research and development (“R&D”) expenses consist primarily of our share of expenses related to joint-development projects with IBM, Infineon, Samsung, ST Microelectronics and Toshiba, payroll-related costs for R&D personnel, depreciation of R&D equipment and expenses related to the development of design kits and intellectual property solutions for advanced technologies.

R&D expenses increased by 5.6% from \$45.4 million in the first quarter of 2008 to \$48.0 million in the first quarter of 2009. This was due primarily to lower reimbursement of expenses related to grants and higher cost of development activities related to the advanced 45nm and 32nm technology nodes. R&D expenses as a percentage of net revenue in the first quarters of 2008 and 2009 was 11.7% and 19.7%, respectively.

The impact of grants recorded as a reduction to our R&D expenses was \$3.7 million and \$1.2 million in the first quarters of 2008 and 2009, respectively.

Sales and marketing expenses

Sales and marketing expenses consist primarily of payroll-related costs for sales and marketing personnel, electronic design automation (“EDA”)-related expenses and costs related to pre-contract customer design validation activities. EDA-related expenses and costs related to pre-contract customer design validation activities relate to efforts to attract new customers and expand our penetration of existing customers.

Sales and marketing expenses decreased by 27.0% from \$17.6 million in the first quarter of 2008 to \$12.8 million in the first quarter of 2009, due primarily to lower payroll-related expenses and lower financial support for pre-contract customer design validation activities. Sales and marketing expenses as a percentage of net revenue in the first quarters of 2008 and 2009 were 4.5% and 5.3%, respectively.

In the fourth quarter of 2008, we revised the estimated useful lives of certain technology-related intangible assets from three to five years. The change was made to better reflect the expected pattern of economic benefits from the use of the assets over time based on an analysis of historical usage experience and the expected future usage of the underlying technology. The change in estimated useful lives is a change in accounting estimate that was applied prospectively from October 1, 2008. The impact of this change was a reduction to our sales and marketing expenses of \$1.2 million in the first quarter of 2009.

General and administrative expenses

General and administrative (“G&A”) expenses consist primarily of payroll-related costs for administrative personnel, external fees such as consultancy, legal, administrative, professional and regulatory fees, and depreciation of equipment used in G&A activities.

G&A expenses remained essentially flat at \$10.8 million and \$10.6 million in the first quarters of 2008 and 2009, respectively. G&A expenses as a percentage of net revenue in the first quarters of 2008 and 2009 was 2.8% and 4.3%, respectively.

Other operating expenses, net

Other operating expenses, net, increased from \$2.5 million in the first quarter of 2008 to \$3.0 million in the first quarter of 2009. The increase in other operating expenses, net, was due primarily to \$5.9 million of costs incurred for the employee termination benefits as a result of the workforce re-sizing, partially offset by higher foreign exchange gains by \$4.7 million and lower expenses by \$1.1 million related to rental property in the first quarter of 2009.

Equity in income (loss) of associated companies, net

Equity in income (loss) of SMP decreased from an income of \$9.9 million in the first quarter of 2008 to a loss of \$1.7 million in the first quarter of 2009, due primarily to lower revenues resulting from lower shipments and higher cost per wafer resulting from lower production volume over which fixed costs are allocated. As with the results of our majority-owned fabs, the equity in income of SMP can have a material effect on our results of operations. In the first quarter of 2008, the equity in income of SMP was \$9.9 million compared to our total income before income tax of \$3.6 million. The equity in loss of SMP was \$1.7 million compared to our total loss before income tax of \$115.4 million in the first quarter of 2009.

We have provided the following information on our total business base revenue, which includes our share of SMP revenue, for the first quarters of 2008 and 2009. Chartered’s share of SMP revenue, and net revenue including Chartered’s share of SMP, presented in the following table are non-U.S. GAAP financial measures. We have included this information because SMP can have a material effect on our consolidated statements of operations and we believe that it is useful to provide information on our share of SMP revenue in proportion to our total business base revenue. However, SMP is a minority-owned joint venture company that is not consolidated under U.S. GAAP. We account for our 49.0% investment in SMP using the equity method. Under our strategic alliance agreement with LSI Singapore, the parties do not share SMP’s net results in the same ratio as the equity holdings. Instead, each party is entitled to the gross profits (loss) from sales to the customers that it directs to SMP, after deducting its share of the overhead costs of SMP. Accordingly, we account for our share of SMP’s net results based on the gross profits (loss) from sales to the customers that we direct to SMP, after deducting our share of the overhead costs. The following table provides a reconciliation showing comparable data based on net revenue determined in accordance with U.S. GAAP, which does not include our share of SMP:

	Three Months Ended March 31,	
	2008	2009
	(In millions)	
Net revenue (U.S. GAAP)	\$388.2	\$243.9
Chartered's share of SMP revenue	\$ 25.9	\$ 9.6
Net revenue including Chartered's share of SMP	\$414.1	\$253.5

The following table provides information that indicates the effect of SMP's operations on some of our non-U.S. GAAP performance indicators:

	Three Months Ended March 31,			
	2008		2009	
	Excluding Chartered's Share of SMP	Including Chartered's Share of SMP	Excluding Chartered's Share of SMP	Including Chartered's Share of SMP
Shipments (in thousands)*	424.8	457.2	231.2	241.9
ASP per wafer	\$ 892	\$ 885	\$ 928	\$ 927

Note:

* Eight-inch equivalent wafers

In the first quarter of 2007, we acquired a 26.7% equity interest in Gateway Silicon Inc. ("GSI"). We account for the investment in GSI under the equity method. The equity in the loss of GSI was \$0.1 million in the first quarter of 2008. We discontinued applying the equity method for the share of losses in GSI from the first quarter of 2009 as the investment in GSI had been reduced to zero as of December 31, 2008. If GSI subsequently reports net income, we would resume applying the equity method only after our share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

In the second quarter of 2008, we acquired a 36.8% equity interest in Socle Technology Corporation ("Socle"). We have accounted for the investment in Socle under the equity method from June 2008 onwards. Socle's net operating results are shared between Chartered and Socle's shareholders in the same ratio as the equity holdings. The equity in the income of Socle in the first quarter of 2009 was insignificant.

Other income, net

Other income, net, was a net income of \$10.5 million in the first quarter of 2008 compared to a net income of \$0.2 million in the first quarter 2009. The net income in the first quarter of 2008 included the recognition of income of \$11.5 million arising from our acceptance of a licensing fee in connection with a technology licensing agreement by one of our technology partners which was concluded during the first quarter of 2008. The amount recorded was the present value of \$12 million, which we will receive as an offset against future payments due under a related technology agreement, and is not contingent upon any future performance requirements. The net income in the first quarter of 2008 also included other-than-temporary impairment losses of \$1.0 million on the Fund. The net income in the first quarter of 2009 included a gain of \$0.6 million arising from the termination of certain warrants held, partially offset by an other-than-temporary impairment loss of \$0.4 million on securities classified as available-for-sale.

Interest income

Interest income decreased by 77.1% from \$5.1 million in the first quarter of 2008 to \$1.2 million in the first quarter of 2009, due primarily to lower interest rates and to a lesser extent, lower average cash balances compared to the first quarter of 2008.

Interest expense and amortization of debt discount

Interest expense and amortization of debt discount decreased by 3.7% from \$15.6 million in the first quarter of 2008 to \$15.1 million in the first quarter of 2009, due primarily to lower interest rates on outstanding floating rate debt, partially offset by higher average outstanding debt balances and lower interest capitalization associated with capital expenditures related to our 65nm and below technologies.

Income tax expense (benefit)

We currently pay tax on (1) interest income, (2) rental income, (3) sales of wafers using technologies that do not benefit from preferential tax treatment and (4) other income not specifically exempted from income tax. In computing the income tax expense for each quarter (other than the last quarter of a fiscal year), we apply an estimated annual effective tax rate (“ETR”) to income (loss) before income tax to derive the income tax expense (benefit) for the quarter. ETR is calculated as a percentage of the forecast income tax expense for the year over the forecast income before income tax for the same period.

In the first quarter of 2008, we recorded an income tax expense of \$1.2 million on an income before income tax of \$3.6 million. In the first quarter of 2009, we recorded an income tax benefit of \$1.2 million on a loss before income tax of \$115.4 million. This income tax benefit was due primarily to certain deferred tax assets, arising from expected tax losses, for which no valuation allowance has been provided.

Net loss attributable to the noncontrolling interest in CSP

Net loss attributable to the noncontrolling interest in CSP in the first quarter of 2009 is due to the adoption of SFAS No. 160 which became effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Prior to the adoption of SFAS No. 160, none of CSP’s losses had been allocated to the noncontrolling interest in the consolidated statements of operations since the first quarter of 2003 onwards as the obligations of the noncontrolling interest were reduced to zero in that quarter due to cumulative losses.

Accretion to redemption value of convertible redeemable preference shares

In the third quarter of 2005, 30,000 convertible redeemable preference shares were issued. We accrete the carrying amounts of the convertible redeemable preference shares to their redemption values at maturity and record such accretion using the effective interest method over the remaining period until the maturity date on August 17, 2010. Such accretion adjusts net income (loss) available to ordinary shareholders of Chartered. Accretion charges were \$2.5 million and \$2.6 million in the first quarters of 2008 and 2009, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Current and expected liquidity

As of March 31, 2009, our principal sources of liquidity included \$519.0 million in cash and cash equivalents and restricted cash; and \$896.7 million of unutilized banking facilities consisting of loans and bank credit lines. Included in the \$896.7 million of unutilized banking facilities are \$41.7 million of uncommitted banking and credit facilities, \$150.0 million related to a revolving loan facility with Sumitomo Mitsui Banking Corporation (“SMBC”), which was renewed on July 1, 2008 and will be available until June 30, 2009, and \$50.0 million related to a revolving loan facility with Bank of America (“BOA”), which is available for three years from April 2007. The remaining unutilized banking facilities are available for drawdown only for purposes of financing the purchases of equipment from certain vendors in accordance with designated schedules set forth under the applicable facility agreements.

The following shows long-term debt outstanding as of December 31, 2008 and March 31, 2009:

	As of	
	December 31, 2008	March 31, 2009
	(In thousands)	
Floating rate loans:		
\$653,131 EXIM Guaranteed Loan	\$ 459,771	\$ 397,876
\$609,733 EXIM Guaranteed Loan	90,463	181,692
Société Générale Term Loan	119,234	107,311
JBIC/SMBC Term Loan (Tranche B)	71,841	71,841
5.645% JBIC/SMBC Term Loan (Tranche A)	71,841	71,841
5.75% senior notes due 2010	373,546	373,763
6.00% amortizing bonds due 2010	20,351	15,486
6.25% senior notes due 2013	298,125	298,220
6.375% senior notes due 2015	247,397	247,476
Others	7,775	7,312
Long-term debt outstanding	<u>\$ 1,760,344</u>	<u>\$1,772,818</u>

In January 2009, we repaid \$61.9 million of the drawdown from the \$653,131 EXIM Guaranteed Loan.

In February 2009, we made the second drawdown of \$91.2 million from the first tranche of the \$609,733 EXIM Guaranteed Loan. The remaining amount available for drawdown under this facility is \$428.0 million.

In March 2009, we made a principal repayment of \$11.9 million on tranche A of the \$189,871 term loan facility from Société Générale, with Atradius as the export credit insurer.

In the second quarter of 2006, 1,650 out of the originally issued 30,000 preference shares were converted into ordinary shares. Assuming no further conversion or any redemption of the preference shares until the maturity date on August 17, 2010, we will redeem, out of funds legally available for such payment, each remaining preference share at a redemption price equal to \$10,000 per preference share, or a total of \$283.5 million.

We have an investment in a Fund, which is managed by an external financial institution. The Fund consists primarily of corporate debt, mortgage-backed securities and asset-backed securities. Due to the nature of the securities that the Fund invests in, the Fund's underlying securities have been exposed to adverse market conditions that have affected the value of the collateral and the liquidity of the Fund. As a result, in December 2007, the investment manager of the Fund halted demand redemptions and announced its intention to liquidate the Fund. The fair value of the Fund is assessed by using market prices or, when such prices are not available, using a valuation approach based on the current investment ratings, valuation parameters and estimates of the underlying debt and securities, and redemptions of the Fund and the subsequent distribution of cash. Based on this assessment, we determined that the fair value of the Fund and its underlying debt and securities approximated the fair values provided by the investment manager of the Fund. As such, the amounts recorded in our consolidated financial statements are based on the fair values provided by the investment manager of the Fund. We received cash proceeds of \$5.6 million in further redemptions from the Fund in the first quarter of 2009. The net realized gain on the redemptions in the first quarter of 2009 was immaterial. As of March 31, 2009, the fair value of our pro-rata share of our remaining investment in the Fund was \$14.0 million. As of March 31, 2009, we had received total redemptions of approximately 81.3% of our pro-rata share of the investment in the Fund. The investment manager of the Fund stated that its expectation is to have a further 8% of our pro-rata share of the original investment in the Fund liquidated by December 2009. As the redemption of the remaining portion of the Fund is not expected to be within 12 months, \$7.4 million was reclassified from "Other investments" to "Other non-current assets" as of March 31, 2009. If the credit and liquidity issues in the markets relating to our investment and its underlying securities continue or worsen, we may recognize further losses in the value of our remaining investment in the Fund.

Working capital, which is calculated as the excess of current assets over current liabilities, was \$471.6 million and \$431.1 million as of December 31, 2008 and March 31, 2009, respectively.

On March 9, 2009, we announced a rights offering of approximately 6,869,926,194 new Shares, directly or in the form of ADSs.

Pursuant to the rights offering:

- 27 new Shares were offered for every 10 Shares held at S\$0.07 per rights share; and
- 27 new ADSs were offered for every 10 ADSs held at a price of US\$0.46 per rights ADS.

The rights offering was completed on April 15, 2009 and net proceeds from the rights offering were approximately \$300 million.

The rights offering strengthened our capital position, and will provide us with additional liquidity to manage its maturing indebtedness, fund planned and future capital expenditures, and meet general corporate purposes. The rights offering also improved our debt to equity leverage ratios and will further support us in executing our technology roadmap as well as long-term growth strategy. We also believe the strengthened capital position will preserve the confidence and commitment of our customer base.

Under the underwriting agreement we have with Citigroup Global Markets Singapore Pte. Ltd., Deutsche Bank AG, Singapore Branch and Morgan Stanley Asia (Singapore) Pte. Ltd. ("Underwriters") in relation to the rights offering, we have agreed that we will not issue any new ordinary shares for a period of 180 days from March 11, 2009 without the Underwriters' prior consent. This restriction does not prohibit us from issuing new ordinary shares pursuant to the exercise of employee share options under the 1999 Option Plan, the vesting of RSUs and PSUs, the conversion of CRPS or the exercise of the GS Call Option. In addition, this restriction does not apply to any strategic transaction (or public announcement thereof) involving us or any of our affiliates.

Based on our current level of operations, we believe that our cash on hand, existing working capital, planned use of existing credit facilities, credit terms with our vendors and projected cash flows from operations will be sufficient to meet our capital and R&D expenditures, debt service obligations, investment and current liquidity needs for at least the next twelve months. In light of the current uncertain market conditions, we are also taking additional steps to preserve our cash and liquidity. Depending on the pace of our future growth and technology upgrades and migration, we may require additional financing from time to time, including for purposes of funding the capital expenditures for our manufacturing facilities. See the "— Liquidity and Capital Resources — Historic investing cash flows and capital expenditures" section below for more details on our capital expenditures. We believe in maintaining maximum flexibility when it comes to financing our business. We regularly evaluate our current and future financing needs and may take advantage of favorable market conditions to raise additional financing.

The crisis in the financial markets and deteriorating economic conditions globally has adversely impacted many industries, including the semiconductor and foundry industries. It is currently uncertain how long the downturn will persist and if the situation will worsen in the coming months. In addition, the volatility in the credit markets has resulted in uncertainty in the availability of credit on reasonable terms. We cannot predict the timing, strength or duration of any economic deterioration or subsequent economic recovery, worldwide, or in the foundry industry. If the current economic or market conditions persist or deteriorate further, our business, financial condition and results of operations could be materially and adversely affected. Therefore there can be no assurance that our business will generate and continue to generate sufficient cash flow to fund our liquidity needs in the future as cash flow generation may be affected by, among other factors, sales levels, capacity utilization, industry business conditions as well as global economic conditions.

Moody's Global Credit Research revised our corporate and senior unsecured bond ratings down from Ba1 to Ba2 in March 2009 but continued to review the rating. The rating was confirmed in April 2009. The revisions in our ratings reflects expectations regarding our financial and competitive conditions and we cannot assure you that we will not be subject to further credit rating downgrades, particularly in view of the crisis in the financial markets and the deteriorating global economy. Our debt agreements do not have triggers in respect of any credit rating downgrades that would accelerate the maturity of our debt. However, subject to the achievement of certain production milestones specified in our debt agreements, we may be required to commence repayment of our debt earlier than the scheduled repayment dates set out in certain of our debt agreements. These production milestones relate to the production capacity and shipment of a certain number of wafers over a given time period as specified in the debt agreements. Credit rating downgrades, depending on their severity, could affect our ability to access or renew existing financing or to obtain additional financing as we may require from time to time depending on the pace of our future growth and technology upgrades and migration. Credit rating downgrades could also affect our ability to access the capital markets in the future on favorable terms, or at all. As a result our ability to compete effectively in our business relative to competitors with higher credit ratings could be affected. Furthermore, as a result of the current crisis in the financial markets and deteriorating global economy, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Where additional financing could be obtained, there can be no assurance that such additional financing will be available on terms satisfactory to us or that such additional financing will not be dilutive to our shareholders or creditors.

Historic cash flows

The following table sets forth the summary of our cash flows for the periods presented:

	Three Months Ended	
	March 31,	
	2008	2009
	(In thousands)	
Net cash provided by operating activities	\$ 141,998	\$ 58,705
Net cash used in investing activities	\$(300,906)	\$(138,653)
Net cash provided by (used in) financing activities	\$ (83,422)	\$ 14,159

Historic operating cash flows

Net cash provided by operating activities was \$142.0 million and \$58.7 million for the three months ended March 31, 2008 and 2009, respectively. The \$83.3 million decrease in cash flow from operating activities was due primarily to lower sales in the three months ended March 31, 2009, no refund of taxes arising from the revocation of the pioneer status of Fab 3 of \$48.3 million as occurred in the three months ended March 31, 2008 and no dividend received in the three months ended March 31, 2009, partially offset by lower payment of operating expenses, higher grant receipts and inclusion of CST's operating cash flow in the three months ended March 31, 2009.

Historic investing cash flows and capital expenditures

Net cash used in investing activities was \$300.9 million and \$138.7 million for the three months ended March 31, 2008 and 2009, respectively. Investing activities consisted primarily of capital expenditures totaling \$95.5 million and \$146.7 million in the three months ended March 31, 2008 and 2009, respectively. Capital expenditure for the three months ended March 31, 2008 and 2009 were primarily for increasing the capacity for our 65nm and below process geometry technologies. Investing activities for the three months ended March 31, 2008 also included \$234.6 million related to the purchase of 100 percent of the shares in Hitachi Semiconductor Singapore Pte. Ltd. for \$241.1 million which consisted of cash and related direct costs of the acquisition, less cash acquired of \$6.5 million, funded with existing available cash balances. We also received cash proceeds of \$30.0 million and \$5.6 million in further distributions from the Fund for the three months ended March 31, 2008 and 2009, respectively.

We expect our capital expenditures for 2009 to be approximately \$375 million. We expect to fund this through a combination of existing cash balance, cash flow from operations and use of credit facilities. Such expenditures will be primarily for increasing the capacity of our 65nm and below technologies. With the above capital expenditure, Fab 7 is expected to have equipment (installed or available for installation) that is equivalent to a capacity of 27,000 twelve-inch wafers per month by December 2009. In March 2009, Fab 7 was equipped with a capacity of 24,000 twelve-inch wafers per month. We expect Fab 7 to have a total capacity of 45,000 twelve-inch wafers per month covering 0.13um to 45nm technology nodes. The capacity plan will take several years to complete and depends on market conditions, customer demand, adoption of next generation technologies and our financial plans and capabilities. The total capital expenditure is expected to be approximately between \$4,200 million to \$4,500 million for the planned capacity of 45,000 twelve-inch wafers per month. As of December 31, 2008 and March 31, 2009, we have spent an accumulated total of \$2,465.8 million and \$2,580.4 million, respectively, on equipment for Fab 7. As of December 31, 2008 and March 31, 2009, we had commitments on contracts for capital expenditures of \$298.9 million and \$268.9 million, respectively. We may claim investment allowances on future qualifying capital expenditure, subject to a minimum level of investment in approved fixed capital

expenditure within the qualifying period.

The nature of our industry is such that, in the short-term, we may reduce our capital expenditures by delaying planned capital expenditures in response to a difficult business environment. However, the semiconductor market is characterized by rapid technological change and the importance of economies of scale, which we expect to result in significant capital expenditure requirements. Factors that may affect our level of future capital expenditures include the degree and the timing of technological changes within our industry, changes in demand for the use of our equipment and machinery as a result of changes to our customer base and the level of growth within our industry as discussed under “Item 3. Key Information — D. Risk Factors” and elsewhere in the Company’s annual report on Form 20-F for the year ended December 31, 2008.

Historic financing cash flows

Net cash used in financing activities was \$83.4 million for the three months ended March 31, 2008 as compared to net cash provided by financing activities of \$14.2 million for the three months ended March 31, 2009. Financing activities for the three months ended March 31, 2008 included a drawdown of \$119.2 million from the Société Générale Term Loan facility and \$113.1 million from the JBIC/SMBC Term Loan. We also made principal repayments totaling \$270.0 million for the BOA short-term credit and the revolving loan facilities, and the SMBC revolving loan facility, as well as loan repayment of \$32.4 million for the drawdown from the second tranche of the \$653,131 EXIM Guaranteed Loan.

Financing activities for the three months ended March 31, 2009 included a drawdown of \$91.2 million from the first tranche of the \$609,733 EXIM Guaranteed Loan. We also made principal repayments totaling \$61.9 million for the \$653,131 EXIM Guaranteed Loan and \$11.9 million for the Société Générale Term Loan facility.

The restricted cash relates to cash amounts reserved in a bank account and restricted for the purpose of semi-annual principal and interest repayments, and commitment fees related to the EXIM Guaranteed Loan. The decrease in restricted cash of \$4.4 million for the three months ended March 31, 2009 was due primarily to lower future interest payments.

INVESTMENT IN SMP

Our investment in SMP as of December 31, 2008 and March 31, 2009 is shown below:

	As of	
	December 31, 2008	March 31, 2009
	(In thousands)	
Cost (net of return of capital)	\$ 80,936	\$ 80,936
Share of retained post-formation gains	75,780	74,086
Dividends received	(135,397)	(135,397)
	<u>\$ 21,319</u>	<u>\$ 19,625</u>

Included in receivables and payables are amounts due from or to SMP:

	As of	
	December 31, 2008	March 31, 2009
	(In thousands)	
Amounts due from SMP	\$ 12,175	\$10,977
Amounts due to SMP	\$ 1,140	\$ 147

Summarized unaudited financial information for SMP is shown below:

	As of	
	December 31, 2008	March 31, 2009
	(In thousands)	
Current assets	\$ 48,079	\$ 43,350
Property, plant and equipment	20,369	19,241
Other assets	316	203
Current liabilities	(22,489)	(20,239)
Other liabilities	(157)	(201)
Shareholders' equity	<u>\$ 46,118</u>	<u>\$ 42,354</u>
	Three Months Ended	
	March 31,	
	2008	2009
	(In thousands)	
Net revenue	\$ 43,216	\$ 18,596
Gross profit (loss)	\$ 10,681	\$ (1,970)
Net income (loss)	\$ 9,913	\$ (3,763)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to financial market risks is derived primarily from the changes in interest rates and foreign exchange rates. To mitigate these risks, we utilize derivative financial instruments and natural hedging by maintaining foreign currency bank deposits, the application of which is intended for hedging purposes and not for speculative purposes.

Reference is made to Part I, “Item 11, Quantitative and Qualitative Disclosures About Market Risk”, in the Company’s annual report on Form 20-F for the year ended December 31, 2008 and to Note 10, “Derivative Instruments and Hedging Activities”, Note 11, “Fair Values of Financial Instruments” in the Notes to the Unaudited Condensed Consolidated Financial Statements included in this Form 6-k, for the quarter ended March 31, 2009. Apart from changes in our exposure to interest rate and foreign exchange risk which are presented in the tables below, there have been no other material changes to our exposures to market risk as reported in these sections.

Interest rate risk

The tables below provide information about our long-term debt that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates. Weighted average floating rates are based on prevailing floating interest rates related to the outstanding obligations as of March 31, 2009. There were no outstanding interest rate contracts as of March 31, 2009.

	As of March 31, 2009 Expected Maturity Date (In thousands, except interest rates)						Total	Fair Value
	2009	2010	2011	2012	2013	Thereafter		
Long-term debt:								
Floating rate debt (US\$)	\$73,818	\$165,806	\$198,343	\$133,488	\$104,021	\$ 83,244	\$ 758,720	\$ 758,720
Weighted average interest rate	1.656%	1.651%	1.645%	1.671%	1.694%	1.612%	1.655 ⁽¹⁾ %	
Fixed rate debt (US\$)	\$ 5,010	\$385,476	\$ 14,368	\$ 14,368	\$314,368	\$278,737	\$1,012,327	\$ 770,678
Weighted average interest rate	6.000%	5.757%	5.645%	5.645%	6.222%	6.300%	6.049 ⁽¹⁾ %	
Total	\$78,828	\$551,282	\$212,711	\$147,856	\$418,389	\$361,981	\$1,771,047	\$1,529,398

	As of December 31, 2008 (In thousands)	
	Total	Fair Value
Long-term debt:		
Floating rate debt	\$ 741,309	\$ 741,309
Fixed rate debt	1,017,192	816,544
Total	<u>\$1,758,501</u>	<u>\$1,557,853</u>

Notes:

(1) Average interest rates under “Total” are the weighted average interest rates of long-term debt outstanding as of March 31, 2009.

As of March 31, 2009, 57% and 43% of our interest rate payment obligations on long-term debt are at fixed rates and floating rates, respectively. We do not have cash flow and earnings exposure due to market interest rate changes for our fixed rate debt obligations, however we do have cash flow and earnings exposure due to market interest rate changes for our floating rate debt obligations. Based on our interest payment obligations as of March 31, 2009, a 0.5% increase in interest rates would increase our floating rate interest payments by 30.2% annually.

Foreign currency risk

The table below provides information about our foreign currency forward contracts and presents the information in U.S. dollar equivalents.

	As of March 31, 2009 Expected Maturity Date of Notional Amounts (In thousands, except exchange rates)			Fair Value	As of December 31, 2008 (In thousands)	
	2009	Thereafter	Total		Total	Fair Value
FORWARD FOREIGN EXCHANGE AGREEMENTS:						
(Receive Yen/Pay US\$)						
Contract Amount	\$ 9,623	—	\$ 9,623	\$ (408)	\$ 9,491	\$ (65)
Average Contractual Exchange Rate	95.2113					
(Receive S\$/Pay US\$)						
Contract Amount	\$ 5,033	—	\$ 5,033	\$ (14)	\$ 5,002	\$ 29
Average Contractual Exchange Rate	1.5191					
(Receive US\$/Pay S\$)						
Contract Amount	\$182,226 ⁽¹⁾	—	\$182,226	\$ 1,083	\$ —	\$ —
Average Contractual Exchange Rate	1.5142					
(Receive GBP/Pay US\$)						
Contract Amount	\$ 284	—	\$ 284	\$ —	\$ —	\$ —
Average Contractual Exchange Rate	1.4265					
Total Contract Amount	<u>\$197,166</u>	<u>—</u>	<u>\$197,166</u>	<u>\$ 661</u>	<u>\$14,493</u>	<u>\$ (36)</u>

Note:

- (1) In March 2009, we entered into forward foreign currency agreements to manage the foreign currency risk relating to a portion of the proceeds of the rights offering which are primarily denominated in Singapore dollars.

Item 4. Controls and Procedures

Not applicable.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not involved in any legal proceedings that we believe would be materially harmful to the Company.

Item 2. Unregistered Sales of Equity and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

- 99.1⁽¹⁾ Fourth Amended and Restated Participation Agreement dated April 13, 2009 by and between the Company and International Business Machines Corporation.
- 99.2⁽¹⁾ Joint Development Project Agreement for 28nm LP Bulk-Industry Standard Semiconductor Process Technology effective as of January 1, 2009 by and among International Business Machines Corporation, the Company and the applicable participating parties thereto.
- 99.3 Amendment Letter dated as of April 3, 2009 to the Facility Agreement dated December 23, 2004 by and among the Company as Borrower, JPMorgan Chase Bank, N.A. as Lender, Export-Import Bank of the United States as guarantor and JPMorgan Chase Bank, N.A. as Facility Agent.
- 99.4 Amendment Letter dated as of April 3, 2009 to the Facility Agreement dated May 16, 2007 by and among the Company as Borrower, JPMorgan Chase Bank, N.A. as Lender, Export-Import Bank of the United States as guarantor and JPMorgan Chase Bank, N.A. as Facility Agent.

⁽¹⁾ Certain portions of Exhibits 99.1 and 99.2 have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. The omitted portions have been separately filed with the Securities and Exchange Commission.

SIGNATURES

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

Date: May 7, 2009

CHARTERED SEMICONDUCTOR
MANUFACTURING LTD.

By: /s/ Chia Song Hwee
Name: Chia Song Hwee
Title: President and Chief Executive Officer

By: /s/ George Thomas
Name: George Thomas
Title: Senior Vice President and Chief Financial
Officer

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Exhibit 99.1

**FOURTH AMENDED AND RESTATED PARTICIPATION
AGREEMENT**

Between

INTERNATIONAL BUSINESS MACHINES CORPORATION

And

CHARTERED SEMICONDUCTOR MANUFACTURING LTD.

Dated

April 13, 2009

This **Fourth Amended and Restated Participation Agreement** (“Participation Agreement”) is dated and effective as of the 13th day of April 2009 (hereinafter referred to as the “Participation Effective Date”) by and between **International Business Machines Corporation** (“**IBM**”), incorporated under the laws of the State of New York, U.S.A. and having an office for the transaction of business at 2070 Route 52, Hopewell Junction, NY 12533, U.S.A, and **Chartered Semiconductor Manufacturing Ltd.**, (“**Company**”) incorporated under the laws of Singapore, and having an office for the transaction of business at 60 Woodlands Industrial Park D, Street 2, Singapore 738406 for the Development Projects referenced on Exhibit A attached hereto (collectively, the “Development Projects”) amends, restates and supercedes IBM and Company’s Third Amended and Restated Participation Agreement dated and effective as of the 26th day of March, 2008 (“Previous Participation Agreement”) in order to expand the scope of the development and implement other mutually agreeable modifications.

WHEREAS, IBM, Company, Samsung Electronics Co., Ltd. (“Samsung”), and Infineon Technologies, AG (“IFX”) previously entered into the “SF 65/45nm Process Development and Cost Sharing Agreement” of March 2004 (“4-Way Bulk Process Agreement”), for the development of 65nm and 45nm Bulk CMOS process technology; and IBM and Company entered into the SF Process Development and Cost Sharing Agreement dated November 26, 2002, as amended (“2-Way 65nm/45nm Process Agreement”);

WHEREAS, IBM, Company, IFX and Samsung previously entered into the 45nm Enablement Technology and Cost Sharing Agreement on June 1, 2006 (hereinafter “4-Way 45nm Enablement Agreement”) to develop certain technologies for enabling a common design platform for manufacture; and IBM and Company entered a 2-Way 45nm Enablement Agreement on June 1, 2006 to address certain related matters between them (“2-Way 45nm Enablement Agreement”);

WHEREAS, IBM, Company, and Samsung previously entered into the 65nm Enablement Technology and Cost Sharing Agreement on June 3, 2005 (hereinafter “3-Way 65nm Enablement Agreement”) to develop certain technologies for enabling a common design platform for manufacture; and IBM and Company entered a 2-Way 65nm Enablement Agreement on June 3, 2005 to address certain related matters between them (“2-Way 65nm Enablement Agreement”);

WHEREAS, IBM and Company desire to, with the necessary consents of IFX and Samsung, terminate the 45nm Bulk CMOS and 45nm Bulk CMOS Enablement development in the following agreements before their scheduled expirations in order to continue such development work using a new contract model with additional parties: the 4-Way Bulk Process Agreement, the 2-Way 65nm/45nm Process Agreement, 4-Way 45nm Enablement Agreement, and 2-Way 45nm Enablement Agreement (collectively, the “Prior Agreements”);

WHEREAS, (i) IBM, Company, and Samsung have entered into an agreement entitled “Early Customer and Technology Support (65nm/45nm Bulk SF Process) Development

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and Cost Sharing Agreement (hereinafter referred to as the "3-Way ECTS Agreement"), and (ii) IBM and Company have entered into a 2-Way ECTS Agreement to address certain matters between them alone pertaining to the 3-Way ECTS Agreement;

WHEREAS, IBM and Company have entered into an agreement entitled "Semiconductor Manufacturing Equipment Evaluation Agreement", together with its "Statement of Work No. 1" to enable IBM and Company to jointly evaluate third party semiconductor manufacturing equipment in support of each party's individual purchases;

WHEREAS, IBM and Company desire to resolve a certain matter regarding what XXXXX to Company as a result of IBM XXXXX;
XXXXX

WHEREAS, IBM is pursuing or intends to pursue each of the Development Projects alone or in conjunction with one or more Participating Parties, as such Development Projects are more particularly described in the Project Agreements;

WHEREAS, Company seeks to participate as a Participating Party in each of the Development Projects with IBM and the other applicable Participating Parties; and

WHEREAS, IBM seeks to permit such participation in each of the Development Projects based upon the terms and conditions set forth in (i) the applicable Project Agreement (including the Master Terms), which governs matters between and among all Parties, and (ii) this Participation Agreement, which governs certain supplemental matters between IBM and Company.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, as well as for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, IBM and Company agree as follows.

1. Additional Definitions. Unless expressly defined and used with an initial capital letter in this Participation Agreement, the Project Agreement, or the Master Terms, words shall have their normally accepted meanings. Each of the following terms has the meaning ascribed to it below:

"Annual Contribution Amount" is defined in Section 5(a).

"Altis" means the IFX subsidiary known as Altis Semiconductor, with a principle place of business at 224, Boulevard John Kennedy, 91005 Corbeil-Essonnes Cedex, France, but only so long as it remains an IFX Subsidiary.

"Bulk CMOS Licensee" means a direct or indirect IBM licensee of the Bulk CMOS from the 22nm Bulk Process Project, the XXXXX Bulk Process Project, the

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32nm Bulk Process Project or the 45nm Bulk Process Project other than a Foundry Company or a Pure Play Foundry.

"Bulk Project" means the 22nm Bulk Project, XXXXX Bulk Project, the 32nm Bulk Project or the 45nm Bulk Project.

"Bulk CMOS" means CMOS semiconductor manufacturing technology carried out on a wafer that is not a SOI Wafer.

"22nm Bulk Project" means, collectively, the Development Projects contained in the "22nm Bulk-Industry Standard Process Technology Project Agreement dated as of May 14, 2007", and "22nm Bulk-Industry Standard Enablement Technology Project Agreement dated as of March 26, 2008".

"XXXXXX Bulk Project" means, collectively, the Development Projects contained in the "XXXXXX Bulk-Industry Standard Process Technology Project Agreement dated as of January 1, 2009", and "XXXXXX Bulk-Industry Standard Enablement Technology Project Agreement dated as of January 1, 2009".

"32nm Bulk Project" means, collectively, the Development Projects contained in the "32nm Bulk-Industry Standard Process Technology Project Agreement dated as of December 15, 2006", and "32nm Bulk-Industry Standard Enablement Technology Project Agreement dated as of December 15, 2006" as amended.

"45nm Bulk Project" means, collectively, the Development Projects contained in the "45nm Bulk-Industry Standard Process Technology Project Agreement dated as of December 15, 2006", and "45nm Bulk-Industry Standard Enablement Technology Project Agreement dated as of December 15, 2006" as amended.

"22nm Bulk Process Project" means the Development Project contained in the "22nm Bulk-Industry Standard Process Technology Project Agreement dated as of May 14, 2007".

"XXXXXX Bulk Process Project" means the Development Project contained in the "XXXXXX Bulk-Industry Standard Process Technology Project Agreement dated as of January 1, 2009".

"32nm Bulk Process Project" means the Development Project contained in the "32nm Bulk-Industry Standard Process Technology Project Agreement dated as of December 15, 2006" as amended.

"45nm Bulk Process Project" means the Development Project contained in the "45nm Bulk-Industry Standard Process Technology Project Agreement dated as of December 15, 2006" as amended.

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“65nm DFM Project” means the Development Project contained in the “65nm Bulk-Industry Standard Design for Manufacturing Technology Project Agreement dated as of May 14, 2007”.

“45nm DFM Project” means the Development Project contained in the “45nm Bulk-Industry Standard Design for Manufacturing Technology Project Agreement dated as of May 14, 2007”.

“40nm G Enablement” means the alpha and beta kits developed for 40nm G Bulk CMOS XXXXX

“40nm G Bulk CMOS” means the 40nm G Bulk CMOS process that XXXXX For the avoidance of doubt, nothing in the Master Terms, the Project Agreements or this Participation Agreement shall XXXXX

“Change of Control” is deemed to have occurred if: (a) there shall be consummated (i) any consolidation or merger of Company in which such Company is not the continuing or surviving corporation, or pursuant to which shares of such Company’s common stock would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of such Company’s common stock immediately prior to the merger have substantially the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (ii) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of substantially all of the assets of such Company, but only if such sale, lease, exchange, or transfer would, by its nature, include an assignment of the rights or obligations under the Agreement; or (b) the stockholders of such Company shall approve any plan or proposal for the liquidation or dissolution of such Company; or (c) any transaction (such as a merger, tender or exchange offer, open market purchases, privately negotiated purchases, or otherwise) as a result of which (i) any person (as such term is used in section 13(d) and 14(d) (2) of the Securities Exchange Act of 1934 (the “Exchange Act”)) shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities representing more than fifty (50%) of voting securities of such Company having the voting power of such Company’s then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, or (ii) any person (as such term is used in section 13(d) and 14(d) (2) of the Exchange Act) that is a person who, either directly or through its subsidiaries derives more than fifty percent (50%) of its revenue (as measured as of the end of the most recent fiscal year of such person) from the manufacture and/or sale of

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Semiconductor Products becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities representing more than thirty percent (30%) of voting securities having the voting power of Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, provided however, that such transaction would not constitute a Change of Control if Temasek Holdings Pte Ltd, directly or indirectly continues to hold forty percent (40%) or more of the securities of Company. And further provided that in the case of both (c) (i) and (c) (ii) the transaction would not constitute a Change of Control if such person (i) on the Participation Effective Date, was already the beneficial owner of securities representing more than twenty percent (20%) of the voting power of Company, (ii) is an employee benefit plan (or representative of multiple plans) sponsored by Company, or (iii) is a financial institution that acquires and holds such securities as part of an underwriting for the issuance or sale of such securities.

"Chartered Jointly Owned Facility," means a corporation, company or other entity where at least XXXXX of whose outstanding shares or securities (such shares or securities representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by Company; or, if such entity does not have outstanding shares or securities, as may be the case in a partnership, joint venture, unincorporated association, or other entity, at least XXXXX of whose ownership interest representing the right to (i) make the decisions for such partnership, joint venture, unincorporated association, or other entity, or (ii) vote for, designate, or otherwise select members of the highest governing decision-making body, managing body or authority for such partnership, joint venture, unincorporated association or other entity, is, now or hereafter, owned or controlled, directly or indirectly, by Company. Provided, that such entity shall be considered a Chartered Jointly Owned Facility, and shall be entitled to retain the licenses and other benefits provided by the Agreement to such Chartered Jointly Owned Facility, only so long as such ownership or control exists.

"Chartered's Fab 7 Facility" means Company's 300mm fabrication facility situated in Chartered's Woodlands campus in Singapore.

"Company Participation Period(s)" is defined in Section 3.

"Company Unique XXXXX" is defined in Section 15(c).

"Company Qualification and Process Freeze" means the successful completion of foundry standard stress on a product and/or a product like vehicle with mixed signal, digital and SRAM elements and with manufacturing process routing defined, in a Company manufacturing facility for 300mm Wafers.

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"Development Projects" mean those particular Development Projects identified on Exhibit A. For the purpose of Exhibit F, 40nm G Enablement shall be deemed a Development Project.

"Development Schedule" means each of the Development Schedules identified in the Development Projects identified on Exhibit A.

"DFM Checking Deck Technology" is as defined in the Joint Development Project Agreement for "45nm Bulk-Industry Standard Enablement dated December 15, 2006" as amended.

"Dollar" or "\$" shall mean United States dollars.

"Enablement Agreements" means, collectively, the 22nm, XXXXX, 32nm and 45nm Bulk-Industry Standard Enablement Technology Development Project Agreements referenced on Exhibit A.

"Foundry Company" means XXXXX

"Foundry Product" means an Integrated Circuit wherein all the following conditions are met: (i) the design, or masks and/or mask build data, for such Integrated Circuit product are provided to the Foundry Company or Pure Play Foundry, whichever the case may be, by a third party; (ii) such Foundry Company or Pure Play Foundry, whichever the case may be, played no substantial role in any phase of the design of such product, however, such Foundry Company or Pure Play Foundry may provide standard primitive building blocks as part of their foundry offering (e.g., I/O, Embedded Memory, Bandgap, PLL, DLL, ADC, DAC, ESD elements, Embedded non-volatile devices, eFuse devices); and (iii) such Foundry Company or Pure Play Foundry, whichever the case may be is contractually bound to manufacture such product solely for, and to sell such product solely to, such third party or its distributor or other recipient solely for the benefit of such third party.

"Future Technology" means, with respect to a Project Agreement, the primary CMOS semiconductor logic generations with ground rules of less than the logic generation covered by that Development Project.

"Have-Made License" XXXXX

"Have-Made Manufacturer" means a Party or Third Party who receives Specific Results and/or Background Know-How solely for the purpose of having such manufacturer fabricate Semiconductor Products solely for the disclosing Party and its Subsidiaries.

"IBM Associates" means: XXXXX

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"IFX" means Infineon Technologies, AG, incorporated under the laws of Germany and having an office for the transaction of business at Am Campeon 85570 Neubiberg, Germany.

"Joint Development Partner" means a XXXXX, with whom a Participating Party has established a joint development relationship for the development of a Future Technology.

"Joint Manufacturing Entity" means XXXXX

"Joint Manufacturing Facility" means a Subsidiary of IFX that has as its primary business the manufacture of Bulk CMOS Integrated Circuits, XXXXX

"Key Information" means XXXXX

"LP-RF Product" means (i) a Semiconductor Product or any other form (e.g. wafer or die) containing an Integrated Circuit(s), and (ii) that was manufactured using one or more technologies, namely analog, mixed signal and RF CMOS, developed pursuant to the LP-RF CMOS Project.

"LP-RF CMOS Project" means the 65nm LP-RF CMOS Project, the 45nm LP-RF CMOS Project, the 32nm LP-RF CMOS Project, XXXXX

"32nm LP-RF Process Project" means the Development Project contained in the "32nm LP-RF CMOS Process Technology Project Agreement" dated as of May 14, 2007 as amended.

"45nm LP-RF Process Project" means the Development Project contained in the "45nm LP-RF CMOS Process Technology Project Agreement dated as of December 15, 2006" as amended.

"65nm LP-RF Process Project" means the Development Project contained in the "65nm LP-RF CMOS Process Technology Project Agreement dated as of December 15, 2006" as amended.

"32nm LP-RF CMOS Project" means, collectively, the Development Projects contained in the "32nm LP-RF Process Project", and "32nm LP-RF CMOS Enablement Technology Project Agreement dated as of March 26, 2008".

"45nm LP-RF CMOS Project" means, collectively, the Development Projects contained in the "45nm LP-RF Process Project" and "45nm LP-RF CMOS Enablement Technology Project Agreement dated as of December 15, 2006" as amended.

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"65nm LP-RF CMOS Project" means, collectively, the Development Projects contained in the "65nm LP-RF Process Project" and "65nm LP-RF CMOS Enablement Technology Project Agreement dated as of December 15, 2006" as amended.

"Master Terms" means the version of the Master IBM Joint Development Terms and Conditions that is incorporated by reference into the applicable Project Agreement.

"Net Selling Price" shall mean the gross consideration (whether in cash or kind) received from Sales of Semiconductor Products or any other form (e.g. wafer or die) containing an Integrated Circuit(s) less the following: (i) separately itemized normal and customary rebates, and cash and trade discounts actually taken, (ii) separately itemized sales, use and/or other excise taxes or duties actually paid, (iii) separately itemized cost of any packages and packaging, (iv) separately itemized insurance costs and outbound transportation charges prepaid or allowed, (v) separately itemized import and/or export duties actually paid, and (vi) separately itemized amounts allowed or credited due to returns. In addition, when a Semiconductor Product is Sold in a packaged or tested form, the gross consideration (whether in cash or kind) received by a Chartered Jointly Owned Facility for the purposes of calculating Net Selling Price shall be less the costs of packaging and testing.

"Participation Effective Date" means the date referenced as such in the preamble of this Participation Agreement.

"Participation Agreement" means this Participation Agreement between International Business Machines Corporation and Chartered Semiconductor Manufacturing Ltd.

"Previous Participation Agreement" is defined in the preamble of this Participation Agreement.

"Prior Agreements" is defined in the recitals.

"Project Agreement" means the Project Agreement governing the respective Development Project, as referenced on Exhibit A.

"Pure Play Foundry" means XXXXX

"Quarterly Contribution" is defined in Section 5(a).

"Restricted Period" means XXXXX

“Sale” or “Sold” shall mean the sale or other transfer of products, but excluding sales and transfers (i) that are provided and used as samples or prototypes (including prototypes containing multiple customer designs), without charge, or (ii) that are subsequently reversed for a refund/credit under a return material authorization, or (iii) to Company or a Company Subsidiary, provided that no such Semiconductor Products are subsequently sold or transferred to another party other than a Company Subsidiary.

“Total Contribution Amount” is defined in Section 5(a).

2. Binding Contract.

(a) By executing this Participation Agreement and the respective “Participating Party Notification” attached as Exhibit C, (i) Company joins each of the Development Projects as a Participating Party, (ii) Company and the other Participating Parties are each directly contracted to IBM and to each other based upon the terms and conditions of the respective Project Agreement (including the Master Terms), without the need for any additional documentation or signatures by any Party, and (iii) Company is estopped from contesting its direct privity of contract with the other Participating Parties and with IBM on such referenced terms and conditions. Exhibit D provides a list of the Participating Parties in each of the Development Projects as of the last date both IBM and Company sign this Participation Agreement. IBM will record updates to this list on the respective Project Database within seven (7) business days of receipt of such “Participating Party Notification”. IBM represents and warrants that each Participating Party who commits to participate in a Development Project is agreeing to the identical terms and conditions of the relevant Project Agreement and Master Terms that Company is agreeing to.

(b) IBM and Company agree that (A) the 45nm Bulk CMOS and 45nm Bulk CMOS Enablement development in the Prior Agreements (i) ends as of January 1, 2007, and (ii) the terms and conditions of the Prior Agreements with respect to such development are superceded and replaced by the terms and conditions of the following Project Agreements: 45nm Bulk-Industry Standard Semiconductor Process Technology and 45nm Bulk-Industry Standard Enablement Technology as of the first dates of such development; and (B) such 45nm Bulk CMOS and 45nm Bulk CMOS Enablement development shall, as of January 1, 2007, recommence pursuant to such Project Agreements.

(c) By executing this Participation Agreement, IBM and Company are amending, restating and superseding the Previous Participation Agreement.

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3. Company Participation Periods; Term. Company shall participate and is only authorized to participate in the Development Project(s), commencing on January 1, 2007 and continuing for the applicable periods detailed on Exhibit A attached hereto ("Company Participation Period(s)"), regardless of whether the applicable Project Term extends beyond a Company Participation Period for such Development Project. The term of this Participation Agreement shall commence on January 1, 2007 and, unless terminated prior to expiration as set forth elsewhere in the Agreement, shall remain in force until XXXXX.

4. Company Staffing. Company shall provide IBM with Representatives to work on the Development Projects in accordance with the minimum staffing levels detailed on Exhibit B attached hereto. If Company falls below such minimum staffing level, then Company shall, at IBM's request, either (i) make a compensating payment to IBM at a rate of XXXXX below the minimum staffing level set forth in Exhibit B, or (ii) develop another mutually agreeable resolution. In addition, Company shall be responsible for the specific tasks assigned on Exhibit H. Notwithstanding the preceding sentence, Company is excused from providing the minimum "Number of Representatives" for each of the Development Projects provided in Exhibit B to the extent and for so long as Company is unable to secure the necessary work visas or appropriate immigration related documents for such Representatives, despite its good faith efforts to secure the same. Company shall promptly advise IBM of any such anticipated problems with work visas or appropriate immigration related documents, together with the expected time-frame for the resolutions.

5. Company Contributions and Other Payments.

(a) Company shall, except as expressly provided herein, pay IBM a total XXXXX (the "Total Contribution Amount") in consideration for Company's right to participate in (i) the Development Projects listed in Exhibit A commencing as of the dates stated therein and (ii) the 3-Way ECTS Agreement commencing as of July 17, 2006. Both parties agree that Company's participation in the cost sharing fee with respect to the 3-Way ECTS Agreement is for costs incurred on and after 1 October, 2006 and with respect to the XXXXX Bulk Project is for costs incurred on and after April 13, 2009. Company shall, except as expressly provided herein, pay the Total Contribution Amount to IBM according to the following schedule of "Annual Contribution Amounts":

XXXXX

Specifically, Company shall pay each Annual Contribution Amount to IBM XXXXX

Company agrees to treat this Participation Agreement as an invoice from IBM for the Quarterly Contribution due on XXXXX and all other amounts due under this Participation Agreement.

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If Company extends its participation by entering into a new Development Project(s) with IBM for a Future Technology, both IBM and Company shall discuss in good faith and mutually agree on the cost sharing payments due from Company to IBM for such new Development Project(s).

The table in Exhibit I is added to summarize the fixed cost sharing payments for Company's participation in the various Development Projects as set forth in this Participation Agreement and any amendments thereto.

(b) All such contributions are XXXXX. In the event there is a delay in the Development Schedule for the 45nm Bulk Process Project, the 32nm Bulk Process Project, the XXXXX Bulk Process Project, the 22nm Bulk Process Project, the 65nm LP-RF Process Project, the 45nm LP-RF Process Project, or the 32nm LP-RF Process Project, then IBM and Company shall discuss in good faith and use good faith efforts to encourage the Management Committee for such Development Project to discuss a mutually agreeable and commercially reasonable recovery plan for such Development Project. XXXXX shall be solely responsible for any additional cost incurred in executing the commercially reasonable recovery plan established by the Management Committee but, for clarity, only to the extent such recovery plan occurs during the then-current Project Term for the Project Agreement. In the event that recovery plan extends beyond the then-current Project Term for the Project Agreement, parties hereto shall mutually agree on the additional costs, if any, to execute the recovery plan.

(c) All Company payments to IBM under this Participation Agreement shall be made by wire transfer to the IBM account listed below; shall be free of all banking charges; and shall be paid in U.S. dollars:

IBM Corporation
Director of Licensing
PNC BANK
500 First Avenue
Pittsburgh, PA 15219
Account No. 1017306369
ABA Routing No. 043000096
License Reference No. L065073

The following information shall be included in the wire detail:

Company Name
Reason for Payment
License Reference No. L065073

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(d) Company shall be liable for interest on any overdue payment under this Participation Agreement commencing on the date such payment becomes due at an annual rate equal to XXXXX. If such interest rate exceeds the maximum legal rate in the jurisdiction where a claim therefore is being asserted, the interest rate shall be reduced to such maximum legal rate.

(e) In further consideration for Company's right to participate in (i) the Development Projects commencing as of January 1, 2007, and (ii) the 3-Way ECTS Agreement commencing as of July 17, 2006, Company shall XXXXX

(f) Royalty Payments.

(i) Company shall, subject to the exceptions set forth below, pay IBM a royalty on each Sale of a LP-RF Product according to the tables below, XXXXX

(ii) Company shall pay to IBM all royalties accrued under this Section 5(f) within forty-five (45) days after the end of each calendar quarter in which such royalties accrued. In the event that Company is required to withhold taxes from the royalty payments due to IBM, Company shall be entitled to deduct such taxes from the payment due to IBM and to pay the same to the appropriate taxing authority. Company will provide IBM with documentation evidencing such payments with the applicable royalty payment. Company shall report to IBM the date of its first Sale of (i) an LP-RF Product within forty-five (45) days after its occurrence, and (ii) an LP-RF Qualified Product. Company shall provide IBM with a written report explaining how the amount of the payment was calculated, including the number of LP-RF Products Sold during the quarter, by customer, and by node and the aggregate amount of all royalties due; it being agreed that Company may mask the name of the individual companies. If Company is selling LP-RF Products other than in wafer form, Company shall also calculate and report the equivalent wafers based upon the chip size and the average yield (e.g. wafer final test and module final test) by customer, by product and by node. Company shall submit a written report to the IBM Director of Licensing at IBM Corporation, North Castle Drive, MD-NC119, Armonk, NY 10504-1785, USA; Facsimile: (914) 765-4380 setting forth the quantity of LP-RF Product Sold to Company's customers during the previous calendar quarter. Overdue amounts shall be subject to an interest charge of the lesser of eighteen percent (18%) of the total amount due, or the maximum percentage rate allowable by applicable law.

For three (3) years after royalties are payable pursuant to Section 5(f), Company shall maintain a complete, clear and accurate record of the number of LP-RF Products and type of LP-RF Products Sold by customer to determine whether Company is paying the correct royalty amount hereunder. To ensure compliance with Section 5(f), IBM shall have the right to inspect and audit periodically the relevant accounting and sales books and records of Company. The time period that is audited by IBM will not be

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subject to subsequent audits. The audit will be conducted by an independent certified public accounting firm mutually acceptable to the parties hereto, and shall be conducted following reasonable prior written notice during regular business hours at Company's offices and in such a manner as not to interfere with Company's normal business activities. As a condition of such audit, Company may, at its sole discretion, (i) require the auditor to sign a reasonable confidentiality agreement to protect the confidential information of Company, (ii) limit the auditor to providing IBM with a written report of the audit results, not any other Company confidential information, and (iii) require the auditor to provide Company with a copy of such auditor's report promptly. In no event shall audits be made hereunder more frequently than once every twelve (12) months, unless an audit reveals an issue, in which case such audits may be more frequent. If any audit should disclose any underpayment, Company shall promptly (but in any event within forty-five (45) days) pay the difference. The independent certified public accounting firm's fee will be paid by IBM unless the report of the independent certified public accounting firm determines that Company has underpaid royalties during the period of the audit in an amount exceeding five percent (5%) of the royalties owed. In the event such an underpayment is reported, IBM shall provide an original invoice to Company, and Company shall pay the independent certified public accounting firm's fee within forty-five (45) days of the receipt of such original invoice. In the event an overpayment is reported, IBM shall provide Company with a credit within forty-five (45) days in the amount of such overpayment to be applied against Company's future royalty obligations.

(g) IBM agrees to send a confirmation to Company substantially in the form attached hereto as Exhibit K within twenty-two (22) days following the end of the calendar quarter. If for any reason this date does not meet the needs of the parties hereto, the parties hereto shall mutually and promptly agree on a resolution.

6. Limitation Amount. Notwithstanding the Limitation Amount provided in each of the Project Agreements, the Limitation Amount as between IBM and Company for all Development Projects in the aggregate is a total of XXXXX

7. Confidentiality; Information Transfers; Licenses to Background Know-How.

(a) In addition to the disclosure rights of Company pursuant to Section 7 (Information Transfers) of the Master Terms and pursuant to the Project Agreement (including Section 4 of the Project Agreement), Company may disclose the Specific Results and Background Know-How from each of the Bulk Projects and LP-RF CMOS Projects as provided on Exhibit E.

(b) Notwithstanding anything contained in the Agreement, Company may not, without IBM's prior written agreement, which agreement is not to be unreasonably withheld, use IBM's Background Know-How for the Enablement Agreements relating to DFM

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Checking Deck Technology to aid in the creation of Foundry Products using any 90 nm Bulk CMOS process technology.

(c) Notwithstanding IBM's disclosure rights pursuant to Section 7.9 of the Master Terms, IBM's rights to disclose Specific Results and Background Know-How from the 22nm Bulk Process Project, the XXXXX Bulk Process Project, the 32nm Bulk Process Project, the 45nm Bulk Process Project and 40nm G Enablement to Foundry Companies and Pure Play Foundries are limited as set forth in Exhibit F; provided, however, such limitation does not preclude IBM from granting IFX the disclosure and use rights identified in Exhibit G. In addition and for clarification purposes, IBM's disclosure rights under Section 7.9 of the Master Terms are subject to appropriate confidentiality terms that, at a minimum, have a term of confidentiality consistent with those imposed on IBM under the Agreement and that limit such Third Party's use of such Specific Results and Background Know-How in accordance with the terms and conditions consistent with those in the Agreement.

(c) Notwithstanding IBM's disclosure rights pursuant to Section 7.9 of the Master Terms, IBM shall not disclose the Company Unique XXXXX without Company's prior written consent.

(d) Company shall not disclose to any Third Party the identity of any other Participating Party unless and until IBM or such Participating Party grants Company permission to make such a disclosure.

(e) As between IBM and Company, Section 9.1 of the Master Terms is amended and restated as follows:

9.1 Notwithstanding any other provisions of the Agreement, to the extent that such use does not infringe the valid patents, patent applications, registered designs, or copyrights of another Party, and subject to the provisions of Section 7, each Party shall be free to use the residuals of Specific Results, another Party's Background Know-How, Proprietary Tools, if any, and other confidential information received pursuant to Section 7.2, above, for any purpose, including use in the development, manufacture, marketing, and maintenance of any products and services. The term "residuals" means that information in non-tangible form which is mentally retained by those Representatives of a Party who have had access to Specific Results, the Background Know-How, and/or Proprietary Tools, if any, of another Party, pursuant to the Agreement. The Parties agree that the receipt of Specific Results, the Background Know-How, and/or Proprietary Tools, if any, of another Party shall not create any obligation in any way limiting or restricting the assignment and/or reassignment of a Party's Representatives within that Party and its Wholly Owned Subsidiaries and in the case of Company, to any Chartered Jointly Owned Facility. For the avoidance of doubt, the foregoing residuals grant shall also apply to (i) employees of Chartered Jointly Owned Facilities, and (ii)

employees of other owners of such Chartered Jointly Owned Facilities; provided, however, that in the case of such employees of other owners of such Chartered Jointly Owned Facilities, disclosure of residuals shall be subject to Section 7.

8. Assignment. Neither IBM nor Company shall assign any of its rights or obligations under the Agreement without prior written consent of the other party. Notwithstanding the preceding sentence, IBM may assign or transfer its rights to receive payment under the Agreement to any party upon written notice to Company, and either IBM or Company may assign or transfer any of its rights and obligations to a Wholly Owned Subsidiary upon written notice to the other party, provided that (i) the assigning or transferring party agrees that such assignee or transferee will remain (and it does remain) a Wholly Owned Subsidiary of such party, (ii) such Wholly Owned Subsidiary is capable of performing, either directly or indirectly, all the obligations of the assigning party set forth in the Agreement, and (iii) the assigning party guarantees the performance of such Wholly Owned Subsidiary. Any attempted assignment in violation of this clause is null and void.

9. Termination. In addition to Section 12 of the Master Terms, the following termination terms and conditions apply as between IBM and Company:

(a) In the event IBM terminates Company's participation in one or more of such Development Projects pursuant to Sections 12.3, 12.4(b) or 12.4(c) of the Master Terms, then this Participation Agreement shall automatically cease to apply vis-à-vis such terminated Development Projects and all references to such terminated Development Projects shall be rendered void as of such termination. For the avoidance of doubt, the provisions of this Participation Agreement shall continue to be valid and binding upon the parties vis-à-vis the Development Projects which have not been terminated.

(b) IBM may immediately terminate the Company's right to participate in the Development Project(s) and terminate this Participation Agreement as to all Development Projects if Company suffers a Change of Control.

(c) The following Sections of this Participation Agreement shall survive and continue to bind IBM and Company and their legal representatives, successors and assigns after the expiration or termination of this Participation Agreement: 1, 2, 5(c), 5(d), 5(e), 5(f), 6, 7, 9, 10, 11, 12, Exhibit E, Sections 7.9.1 and 7.9.2 of Exhibit F, and Exhibit G (but in the case of Exhibit E, Sections 7.9.1 and 7.9.2 of Exhibit F and Exhibit G, only for termination by Company, or for expiration or termination by IBM pursuant to Section 9(b) of this Participation Agreement, and only with respect to any Bulk Project that has completed L2 prior to such expiration or termination of this Participation Agreement); provided, however, a Company's surviving license and disclosure rights pursuant to Section 7 only apply to the information as it existed at the end of its participation in the applicable Development Project. In addition, certain provisions of the Master Terms and Project Agreement survive, as detailed in each agreement, respectively. For the avoidance of doubt, Company's obligation to pay or to make further cost sharing payments pursuant to Section 5(a) of this Participation Agreement shall immediately

cease upon expiration or termination of this Participation Agreement for any reason whatsoever except such payments shall continue where the Parties have, prior to such expiration or termination, reached applicable L2 (or the applicable Development Project completion) for a Development Project before the end of the applicable Project Term.

(d) Notwithstanding any provision in this Participation Agreement to the contrary, if IBM is authorized, pursuant to Section 12.6 of the Master Terms, to terminate all licenses and disclosure rights it granted to Company, then IBM is also authorized to terminate all license and disclosure rights granted to Company pursuant to Section 7 and the remainder of this Participation Agreement.

(e) Termination of this Participation Agreement terminates Company's participation in all Development Projects covered by this Participation Agreement, but such termination does not, in and of itself, affect any other agreements between IBM and Company, including other development projects being pursued under other participation agreements.

10. Patent Licenses/No Patent Licenses. As contemplated in Section 8 of the Master Terms, Exhibit A sets forth whether Company is a Patent Participating Party for each of the respective Development Projects.

11. Company Information; Participating Parties. In connection with Company's execution of this Participation Agreement, Company shall also complete and execute one (1) Participating Party Notification attached as Exhibit C for each Development Project. IBM shall provide a copy of each such Participating Party Notification to the other respective Participation Parties in order to, among other things, demonstrate Company as a Participating Party in each such Development Project. Notwithstanding anything in the respective Agreement to the contrary, Company expressly permits IBM to share the following information with Third Parties who IBM believes may wish to participate in the subject Development Project(s): (i) the identity of the Company and (ii) whether Company is a Patent Participating Party for the applicable Development Project(s).

12. General.

(a) This Participation Agreement supplements the respective Project Agreement (including the Master Terms) and provides supplemental information as between IBM and the Company that was intentionally omitted from the respective Project Agreement. Therefore, this Participation Agreement is not a stand-alone agreement, but as between IBM and Company, merges with and becomes part of the terms and conditions of the Project Agreement. There are no intended third party beneficiaries to this Participation Agreement, including the other Participating Parties; provided, however, Company is executing and providing a Participating Party Notification for each Development Project, and such document is for the express benefit of all Participating Parties. Company agrees to execute and deliver to IBM after January 1, 2007 such other documents and agreements and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Participation Agreement and the rest of the Agreement.

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(b) This Participation Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but each of which together shall constitute one and the same agreement. Confirmed facsimile signatures shall have the same effect as original signatures for the purpose of executing or amending the Participation Agreement. Once signed by IBM and Company, any reproduction of this Participation Agreement by reliable means (e.g. a facsimile, electronic scanning, or photocopy) shall be considered an original.

XXXXX

22. Intentionally Omitted

XXXXX

26. Dispute Resolution. Notwithstanding Section 18.3 of the Master Terms, in the event of any dispute between the parties hereto relating to rights and obligations pursuant to this Participation Agreement, excluding items specific to a particular Project Agreement, and as a condition precedent to any party hereto filing suit, instituting a proceeding or seeking other judicial or governmental resolution in connection therewith, the parties hereto will attempt to resolve such dispute by negotiation in accordance with the following dispute resolution process. Excepting only that a party hereto may institute a proceeding seeking an order for payment of any sum properly due and unpaid, a preliminary injunction, temporary restraining order, or other equitable relief, if necessary in the opinion of that party hereto to avoid material harm to its property, rights, or other interests, before commencing or at any time during the course of, the dispute procedure in this Section 26.

26.1 Such negotiations shall first involve the following representatives, or the manager of strategic development for either party hereto, who will exercise reasonable efforts to resolve such dispute within thirty (30) days of their receipt of a written referral to them in a resolution of the dispute.

Chartered Representative: XXXXX

IBM Representative: XXXXX

26.2 If the negotiations between the aforementioned representatives do not result in a resolution of the dispute, the dispute will be referred in writing to the appropriate executives who shall discuss and meet in person, if necessary, in order to attempt to negotiate a resolution to the dispute. The following are the appropriate executives, who can be changed upon written notice by the respective parties hereto.

Chartered Executive: XXXXX

IBM Executive: XXXXX

26.3 Except as set forth above, neither party hereto shall file suit, institute a proceeding, or seek other judicial or governmental resolution of the dispute until at least thirty (30) days after the first meeting or discussion between the appropriate executives.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, IBM and Company have caused this Participation Agreement to be executed by their duly authorized representatives on the respective dates identified below, agreeing that this Participation Agreement is effective as of the Participation Effective Date.

**CHARTERED SEMICONDUCTOR
MANUFACTURING LTD.**

/s/ Chia Song Hwee

By (Sign)
Chia Song Hwee

Name (Print)
President and CEO

Title

13th April 2009

Date

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**INTERNATIONAL BUSINESS
MACHINES CORPORATION**

/s/ Michael Cadigan

By (Sign)
Michael Cadigan

Name (Print)
General Manager, Semiconductor

Solutions
Title
4.14.09

Date

IBM — Chartered Participation Agreement

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EXHIBIT A — DEVELOPMENT PROJECTS

XXXXX

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21

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EXHIBIT B — COMPANY STAFFING

XXXXX

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22

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EXHIBIT C — PARTICIPATING PARTY NOTIFICATION.

Re: Participating Party Notification — Joint Development Project Development Agreement for [] (“Development Project”) dated as of [].

To the Participating Parties (current and future) in the Development Project:

[] (“Company”) represents and warrants to IBM and the Participating Parties (for clarity, current and future) in the above-referenced Development Project that: (i) [] has joined the above-referenced Development Project as a Participating Party as of the date listed below by signing a Participation Agreement with IBM, and (ii) Company and the other Participating Parties are each directly contracted to IBM and to each other based upon the terms and conditions of the Project Agreement (including the Master Terms), without the need for any additional documentation or signatures by any Party, and (iii) Company is estopped from contesting its direct privity of contract between itself and the other Participating Parties, and between itself and IBM on such terms and conditions. All terms not defined herein are defined in the Project Agreement.

Below is specific information applicable to the Company for the above-referenced Development Project:

1. Company Name and Address: [].
2. Company [is] [is not] a “Patent-Participating Party” for the above-referenced Development Project (See Section 8.6 of the Master Terms).
3. “Notice Address” for the Company (See Section 13 of the Master Terms): []
4. Company “Designated Executive” and contact information (See Section 18 of the Master Terms): []
5. Company “Management Committee Member” and contact information (See Section 13 of the Master Terms): []
6. Company “Project Leader” and contact information (See Section 13 of the Master Terms): []
7. Company “Technical Coordinator” and contact information (See Section 13 of the Master Terms): []
8. Company “Steering Committee Member” and contact information (See Section [] of the Project Agreement): []

- 9. Company is currently scheduled to participate in the Development Project from _____ until _____, but the actual end date is subject to change without advance notice to the other Participating Parties.

Except for item 2 above, Company may update the representatives, contact, and notice information provided above. If Company elects to do so, it shall provide the revised information to the IBM Designated Executive for inclusion on the Project Database. No update is effective until reflected on the Project Database.

This document is non-confidential, and Company requests that IBM provide the above information to all Participating Parties and update the Project Database to reflect the above information.

[COMPANY NAME]

By: _____
 Name: _____
 Title: _____
 Date: _____

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EXHIBIT D — PARTICIPATING PARTIES (as of the Participation Effective Date)

DEVELOPMENT PROJECT	PARTICIPATING PARTIES
45nm Bulk-Industry Standard Semiconductor Process Technology	1. Freescale Semiconductor, Inc. 2. Infineon Technologies A.G. 3. Samsung Electronics Co., Ltd
32nm Bulk-Industry Standard Semiconductor Process Technology	1. Infineon Technologies A.G. 2. Samsung Electronics Co., Ltd 3. Toshiba Corporation 4. ST Microelectronics N.V. 5. GLOBALFOUNDRIES, Inc 6. NEC Electronics Corporation
22nm Bulk-Industry Standard Semiconductor Process Technology	1. ST Microelectronics N.V. 2. Samsung Electronics Co., Ltd 3. GLOBALFOUNDRIES, Inc
XXXXX Bulk-Industry Standard Semiconductor Process Technology	1. GLOBALFOUNDRIES, Inc 2. ST Microelectronics N.V. 3. Samsung Electronics Co., Ltd
45nm Bulk-Industry Standard Enablement Technology	1. Freescale Semiconductor, Inc. 2. Infineon Technologies A.G. 3. Samsung Electronics Co., Ltd
32nm Bulk-Industry Standard Enablement Technology	1. Infineon Technologies A.G. 2. Samsung Electronics Co., Ltd 3. ST Microelectronics N.V. 4. GLOBALFOUNDRIES, Inc 5. NEC Electronics Corporation. 6. Toshiba Corporation
XXXXX Bulk-Industry Standard Enablement Technology	1. GLOBALFOUNDRIES, Inc 2. ST Microelectronics N.V. 3. Samsung Electronics Co., Ltd
22nm Bulk-Industry Standard Enablement Technology	1. GLOBALFOUNDRIES, Inc
65nm LP-RF CMOS Semiconductor Process Technology	1. Samsung Electronics Co., Ltd
45nm LP-RF CMOS Semiconductor Process Technology	1. Samsung Electronics Co., Ltd
32nm LP-RF CMOS Semiconductor Process Technology	1. Samsung Electronics Co., Ltd
65nm LP-RF CMOS Enablement Technology	1. Samsung Electronics Co., Ltd
45nm LP-RF CMOS Enablement Technology	1. Samsung Electronics Co., Ltd
32nm LP-RF CMOS Enablement Technology	None
XXXXX	XXXXX
XXXXX	XXXXX

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DEVELOPMENT PROJECT	PARTICIPATING PARTIES
XXXXX	XXXXX
65nm Bulk-Industry Standard Design for Manufacturing Technology	1. Samsung Electronics Co., Ltd
45nm Bulk-Industry Standard Design for Manufacturing Technology	1. Samsung Electronics Co., Ltd

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26

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EXHIBIT E — ADDITIONAL CHARTERED DISCLOSURE RIGHTS RELATED TO THE BULK PROJECTS AND LP-RF CMOS PROJECTS.

1. Intentionally Omitted
2. Intentionally Omitted.
3. Intentionally Omitted.
4. Intentionally Omitted.
5. Intentionally Omitted.
6. Intentionally Omitted.

7.0 - 7.6 Intentionally Omitted.

7.7 In addition to Company’s right to disclose Specific Results and Background Know-How for each of the Bulk Projects and LP-RF CMOS Projects to its Wholly Owned Subsidiaries pursuant to Section 7.5 of the Master Terms, Company shall have the right to disclose the same to Chartered Jointly Owned Facilities, as set forth in this Section 7.7 of Exhibit E. Company may authorize Chartered Jointly Owned Facilities to whom it has disclosed such Specific Results and Background Know-How pursuant to this Section 7.7 of Exhibit E to exercise some or all of its rights to disclose Specific Results and Background Know-How under and in accordance with this Section 7.7 of this Exhibit E.

XXXXX

7.7.4 IBM shall have the following audit rights. IBM shall nominate three (3) independent auditors, from which Company shall select one, to conduct, within five (5) working days for all Chartered Jointly Owned Facilities except those described in Section 7.7.5 of this Exhibit E, below, for which the time period shall be ten (10) working days prior notice to Company and no more frequently than semiannually for all Chartered Jointly Owned Facilities except those described in Section 7.7.5 of this Exhibit E, for which the frequency shall be no more than once per year (or, at IBM’s option, as frequently as once a quarter should an audit uncover a material noncompliance), an audit of the Chartered Jointly Owned Facility(ies) which have received Specific Results and/or Background Know-How from Company to assure compliance with this Section 7.7 of this Exhibit E. Such auditor shall enter into a confidentiality agreement with Company and/or with IBM (in which case the agreement would include a provision

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under which Company would be granted third party beneficiary status (or the equivalent under whatever law applies to the agreement) with an independent right to enforce the applicable provisions of such confidentiality agreement as they pertain to Company's confidential information) sufficient to limit use and disclosure by such auditor solely to determine Company's compliance with its obligations under this Section 7.7 of this Exhibit E and shall not disclose to IBM any Company confidential information other than that necessary to understand any noncompliance situation. In the absence of a finding of noncompliance such auditor shall not be present at such Chartered Jointly Owned Facility for more than five (5) working days.

- 7.7.5 In the case of Chartered Jointly Owned Facilities Fab 5 and Fab 6, information that would disclose detailed aspects of the Specific Results and Background Know-How shall only be disclosed to those Company employees and employees of such Chartered Jointly Owned Facility (including those who may have been employees of one of the other owners) that in Company's opinion and sole discretion have a need to know for purposes of carrying out their duties in such Chartered Jointly Owned Facility. The foregoing information shall not be transferred to other owners(s) of such Chartered Jointly Owned Facilities, employees of such other owner(s) (except as set forth in the following sentence), or any other Third Party. Without limiting the foregoing, the Parties agree that incidental access to general aspects of Specific Results and Background Know-How (e.g. as part of normal operational briefings) by employees of such other owner(s) that are otherwise resident at or assigned to such Chartered Jointly Owned Facility shall not be considered a breach of this Section 7.7.5 of this Exhibit E.
- 7.7.6 In the case of Chartered Jointly Owned Facilities that are established after December 15, 2004 (including but not limited to Chartered's Fab 7 Facility if it becomes a Chartered Jointly Owned Facility), the following shall apply:
- 7.7.6.1 Other than Company, XXXXX (however, Company may add XXXXX with the prior written consent of IBM, which consent shall not be unreasonably withheld) (none of which are XXXXX) may be co-owners with Company in Chartered's Fab 7 Facility and one other Company fabrication facility established after December 15, 2004.

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(a) Provided, however, that the foregoing restrictions shall apply only if employees of a XXXXX are present and have access to or are exposed to any portion of Specific Results or Background Know-How (except as otherwise permitted pursuant to this Section 7.6 of this Exhibit E) at such Chartered Jointly Owned Facility.

(b) For purpose of this Section 7.7.6 of this Exhibit E, XXXXX means a Third Party who has a XXXXX; provided, however, that XXXXX does not include the following entities: XXXXX or one or more Participating Parties under such Bulk Project and LP-RF CMOS Projects (provided that such Participating Party has a license to the applicable Bulk Project and LP-RF CMOS Project information at the time the Specific Results and Background Know-How from such Project are utilized in such facility), or a Third Party who is merely a financial investor in such Chartered Jointly Owned Facility, and the restrictions set forth in Sections 7.7.6.1, 7.7.6.2 and 7.7.6.4 of this Exhibit E shall not apply to any such parties. In addition, XXXXX shall not include XXXXX

7.7.6.2 Company agrees that the access or exposure provided to the XXXXX employees described in Section 7.7.6.1 (a) of this Exhibit E, shall be limited to that necessary, in Company's reasonable opinion in order to carry out their responsibilities in such Chartered Jointly Owned Facility. Such employees of XXXXX shall have no right to take any portions of the Specific Results or Background Know-How (other than residuals as defined in Section 9.1 of the Master Terms, which shall still be considered confidential and subject to Section 7 of the Master Terms) outside the Chartered Jointly Owned Facility. In the event that such employees are present and regardless of the type and amount of such access by such employees as described in Section 7.7.6.1(a) of this Exhibit E, such Chartered Jointly Owned Facility shall pay a royalty of XXXXX Such royalty shall be split equally between Company and IBM. Such royalty shall be paid as follows:

(a) such royalty shall be due and payable, as set forth in Section 7.7.6.2 (c) of this Exhibit E, upon shipment to the XXXXX for all production wafers fabricated within XXXXX from the date of the first production shipment with purchase order (excluding shipment of prototypes and design evaluation hardware) of wafers to the XXXXX; and

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- (b) if any Specific Results are utilized in a Chartered Jointly Owned Facility then such royalty shall apply for XXXXX from the date of first production shipment of any wafers using the Bulk CMOS from the applicable Bulk Project and LP-RF CMOS Projects;
- (c) all such royalties payable to IBM shall be payable directly from such Chartered Jointly Owned Facility within forty five (45) days after the end of each calendar quarter to the account identified by IBM. In addition, Company shall or shall cause such Chartered Jointly Owned Facility to submit to IBM and Company a report setting forth the quantity of Semiconductor Products Sold to the XXXXX and total Net Selling Price for the previous quarter. Such report shall be submitted within forty five (45) days after the end of each calendar quarter to the Director of Licensing (in IBM's case) and to the Chief Financial Officer (in Company's case) at the address identified for each, whether or not any royalty is due for such quarter.

Should a XXXXX wish to receive (before such time as Company has the right to disclose directly to such XXXXX pursuant to Section 7.11 of this Exhibit E or other provisions of the Agreement) the Specific Results and Background Know-How, other than as set forth above, it may request a license to do so from IBM. Should IBM grant such a license to one of the XXXXX set forth in Section 7.7.6.1 of this Exhibit E (at any time before Company has the right to do so directly pursuant to Section 7.11 of this Exhibit E or the other provisions of the Agreement), which XXXXX was referred to IBM by Company, IBM agrees to XXXXX the license fee and royalty payments from such license with Company and Company's share of such license fee and royalty payments shall be paid directly to Company by the licensee; provided, however, that such obligation to share such fees and royalties shall not apply to (a) any amounts for related services such as technology transfer, support, and maintenance, or any amounts for other arrangements such as revenue from the Sales of Semiconductor Products any other form (e.g. wafer or die) containing an Integrated Circuit(s); (b) any license or other arrangement with such XXXXX entered into prior to the date it became an owner of such Chartered Jointly Owned facility, or any grant of license or other arrangement that does not include a license grant to the XXXXX for Specific Results and Background Know-How; or (c) any patent cross-license agreement between IBM and the XXXXX. In addition, IBM shall include a provision in the license agreement requiring the licensee to submit to Company a report setting forth the fees and royalties for the previous quarter and the method of calculation therefor. Such report shall be submitted within thirty (30) days after the end of each calendar quarter

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to the person designated and at the address designated by the party, whether or not any fees or royalties are due for such quarter.

7.7.6.3 Other than as set forth in Section 7.7.6.2 of this Exhibit E, information that would disclose detailed aspects of the Specific Results and Background Know-How, including but not limited to process recipes, tool settings, specific process flows, or manufacturing process specifications, shall only be disclosed to those Company employees and employees of such Chartered Jointly Owned Facility (including those who may have been employees of one of the other owners) that in Company's opinion and sole discretion have a need to know for purposes of carrying out their duties in such Chartered Jointly Owned Facility. The foregoing information shall not be transferred to other owners(s) of such Chartered Jointly Owned Facilities, employees of such other owner(s) (except as set forth in the following sentence), or any other Third Party. Without limiting the foregoing, the Parties agree that incidental access to general aspects of Specific Results and Background Know-How (e.g. as part of normal operational briefings) by employees of such other owner(s) that are otherwise resident at or assigned to such Chartered Jointly Owned Facility shall not be considered a breach of this Section 7.7.6.3 of this Exhibit E.

7.7.6.4 Company shall secure a written agreement with such XXXXX that are co-owners pursuant to Section 7.7.6.1 of this Exhibit E, by which the other owner agrees that it will abide by the applicable provisions of this Section 7.7 of this Exhibit E.

7.7.7 Should a Chartered Jointly Owned Facility cease to retain the licenses and other benefits provided by the Agreement for any reason, including by virtue of a) a reduction in the ownership percentage of Company, or b) a failure to abide by the provisions of this Section 7.7 of this Exhibit E, such entity shall retain such licenses notwithstanding such license cessation for a period of time as may be required to enable such entity to fulfill any purchase orders or other legally binding commitments existing as of the date of such license cessation, but such period of time shall not exceed XXXXX. As soon as reasonably practicable after such ownership change, such entity shall indicate in its web sites and other marketing communications channels that it shall no longer offer products made utilizing the rights licensed hereunder. After the date of such license cessation, such entity will not (unless otherwise authorized by IBM) enter into any new supply or other commitments that would require the exercise of rights granted to it by IBM under this Section 7.7 of this Exhibit E.

7.8-7.10 Intentionally Omitted.

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- 7.11 If the Parties do not enter into an agreement by XXXXX to jointly develop a Future Technology for XXXXX, then Company shall have the right (in addition to its other rights under the Agreement) to disclose Specific Results and/or Background Know-How from the Bulk Projects and LP-RF CMOS Projects, to Chartered Joint Development Partners for the purpose of jointly developing Future Technologies for Bulk CMOS, under the following conditions:
- (a) XXXXX
 - (b) the joint development relationship with the Company Joint Development Partner(s) must be set forth in a written agreement that includes
 - (i) XXXXX
 - (ii) XXXXX
 - (iii) a period of confidentiality consistent with that set forth herein; and
 - (iv) XXXXX
- 7.12 In addition to Company's rights under the 2-Way 65nm/45nm Process Agreement, the 4-Way Bulk Process Agreement, and Section 4 of the applicable Project Agreement, IBM has no objection if Company permits its customers who rightfully received certain aspects of Specific Results and/or Background Know-How pursuant to such Project or Process Agreement, to further disclose the following portions of such Specific Results and/or Background Know-How directly to contractor(s) who are retained to provide Integrated Circuit design services for such Company customer: XXXXX. Although Company is not required to enter into a direct written agreement with each such customer contractor, Company shall (a) require approval and approve each customer disclosure that is proposed pursuant to the preceding sentence; and (b) require that such disclosures cannot be made without a written agreement between Company's customer and such customer's contractor that, at a minimum, requires: (I) a term of confidentiality consistent with that set forth in the Agreement, and (II) limits such contractor's use of such information in accordance with terms and conditions consistent with those set forth in the Agreement.
- 7.13 Company shall have the right (in addition to its other rights under Section 7 of the Master Terms and Section 4 of the Project Agreements) to disclose XXXXX. Such disclosures cannot be made without a written agreement between such Third Party and Company that, at a minimum, shall have a term of confidentiality consistent with that set forth in this Agreement.

7.14 Company shall have the right to enable its authorized recipients of confidential information (including Specific Results and Background Know-How) from the Project Agreement pursuant to Section 4 of the Project Agreement to disclose such information to their related companies, subject to including wording substantially as follows into its confidential disclosure agreements with such authorized recipient:

“Recipient may disclose the confidential information disclosed to it hereunder to its Related Companies (those companies, corporations or other entities that owns or controls more than 50% of Recipient, or those companies, corporations or other entities that Recipient owns or controls by more than 50%, or those companies, corporations or other entities that are under common ownership or control (over 50%) as Recipient), on a need to know basis solely in furtherance of Recipient’s permitted uses of such information, on the condition that the Recipient will have executed or shall execute appropriate agreements with such Related Companies to enable it to comply with all the provision of the confidentiality agreement, including but not limited to a confidentiality term no less than that set forth herein.”

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EXHIBIT F — LIMITATIONS ON AND CONDITIONS OF CERTAIN XXXXX FROM THE 22NM BULK PROCESS PROJECT, XXXXX BULK PROCESS PROJECT, 32NM BULK PROCESS PROJECT, 45NM BULK PROCESS PROJECT AND THE 40NM G ENABLEMENT TO XXXXX

XXXXX

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34

IBM — Chartered Participation Agreement

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EXHIBIT G — ADDITIONAL IBM DISCLOSURE AND SUBLICENSE RIGHTS FOR THE BULK & ENABLEMENT TECHNOLOGIES.

1. Notwithstanding any limitations and conditions imposed upon IBM pursuant to Exhibit F, IBM retains the right to grant the disclosure and license rights specified below to IFX based upon the substantially similar terms and conditions. Subject to IFX being a Participating Party or Partial Participating Party in the applicable Bulk Process Project, if IBM grants the rights contemplated by the below Section 7.5.1 for the 22nm Bulk CMOS, the 32nm Bulk CMOS and the 45nm Bulk CMOS, XXXXX.

7.5 Rights of IFX to Disclose to Joint Manufacturing Facilities and Third Parties.

7.5.1 IFX shall have the right to disclose Specific Results and Background Know-How from a Bulk Project to XXXXX Joint Manufacturing Facilities, XXXXX. Such disclosure of Specific Results and/or Background Know-How shall not occur prior to L1 of the applicable Bulk CMOS, and must be subject to a written agreement between IFX and such recipient Third Party that, at a minimum, shall have a term of confidentiality consistent with that set forth the Agreement, and that limits such recipient's use of such information in accordance with terms and conditions consistent to those set forth in the Agreement.

(a) IFX on behalf of itself and its Subsidiaries hereby agrees to treat XXXXX (the "ROFR Members") as preferred suppliers for Semiconductor Products fabricated using such Specific Results and Background Know-How, which means that IFX and its Subsidiaries shall provide to each of the ROFR Members a rolling, long range capacity/production forecasts for such products. As part of such status as preferred suppliers, prior to any disclosure of such Specific Results and Background Know-How to such Joint Manufacturing Facility, IFX and its Subsidiaries shall offer to each of the ROFR Members the opportunity to fabricate the Semiconductor Products in question. IFX has to take reasonable steps in order to allow each of the ROFR Members a reasonable opportunity to manufacture Semiconductor Products for IFX that are based on such technology. IFX shall negotiate in good faith with each of the ROFR Members to establish a manufacturing agreement that specifies the necessary conditions to satisfy IFX's manufacturing requirements, e.g., lead time sufficient to install and qualify the Semiconductor Products, commitment on volume, and yield plans. If one or more of the ROFR Members responds in a reasonable period of time to the IFX requests for a quote for such Semiconductor Products and offers IFX or its Subsidiary price, quantity, availability, and quality terms for such production that are in the aggregate competitive to those offered to

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IFX or its Subsidiary, as the case may be, by another semiconductor manufacturer, then IFX shall not carry out such disclosure to such Joint Manufacturing Facility.

(b) Information that would disclose detailed aspects of Specific Results and Background Know-How for a given Bulk Project, including but not limited to process recipes, tool settings, specific process flows, or manufacturing process specifications, shall be disclosed only to those IFX employees in such Joint Manufacturing Facility, and employees of such Joint Manufacturing Facility itself (including those who may have been employees of the other owner of such Joint Manufacturing Facility), that in IFX's opinion and sole discretion have a need to know for purposes of carrying out their duties in such Joint Manufacturing Facility. The foregoing information shall not be transferred to the other owner of such Joint Manufacturing Facility, employees of such other owner(s) (except as set forth in the following sentence), or any other Third Party. Without limiting the foregoing, IBM and IFX agree that incidental access to general aspects of Specific Results and Background Know-How (e.g. as part of normal operational briefings) by employees of such other owner that are otherwise resident at or assigned to such Joint Manufacturing Facility shall not be considered a breach of this Section 7.5.1 of this Exhibit XX;

(c) Such Joint Manufacturing Facility to which such Specific Results and Background Know-How have been disclosed shall pay a royalty of XXXXX. Such royalty shall be paid to IBM. Such royalty shall be due and payable upon shipment to the other owner for all production wafers fabricated utilizing any Process Module of the Specific Results and Background Know-How for a Bulk Project, within XXXXX from the date of the first production shipment of such wafers fabricated utilizing such process. All such royalties shall be payable directly from such Joint Manufacturing Facility to IBM within thirty (30) days after the end of each calendar quarter, by electronic funds transfer to the respective IBM account identified in the Project Agreement for the applicable Bulk Project. In addition, the Joint Manufacturing Facility shall submit to IBM a report setting forth the quantity of such wafers sold to the other owner and total net selling price for the previous quarter. Such report shall be submitted within thirty (30) days after the end of each calendar quarter to the IBM Director of Licensing at the address set forth in the Project Agreement for the applicable Bulk Project, whether or not any royalty is due for such quarter; and

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(d) IBM shall have the right to appoint an independent, internationally recognized auditor, to audit, at a frequency of not more than once per year (or up to twice a year, for the twelve (12) month period following an audit indicating a noncompliance), on thirty (30) days prior notice, the applicable records of such Joint Manufacturing Facility, to verify that it is abiding by the royalty obligations of Section 7.5.1(c) of this Exhibit XX. Such audits shall be carried out during the normal business hours of such Joint Manufacturing Facility. IBM shall bear the cost of such audit unless such audit indicates a noncompliance, in which case such Joint Manufacturing Facility shall bear the cost of such audit.

7.5.2 Intentionally Omitted.

7.5.3 Intentionally Omitted.

7.6 Intentionally Omitted.

7.6A Intentionally Omitted.

7.7 Intentionally Omitted.

7.8 Intentionally Omitted.

7.9 Intentionally Omitted.

7.10 Intentionally Omitted.

7.10A Intentionally Omitted.

7.11 IFX shall have the right (in addition to its other rights under this Section 7 of this Exhibit XX) to disclose the Specific Results and Background Know-How from a Bulk Project, as part of a license of substantially the entirety of IFX’s applicable Bulk CMOS as set forth in 7.11.1(A), 7.11.1 (B), and 7.11.2.

7.11.1(A) XXXX IFX shall not utilize the disclosure right set forth in this 7.11.1(A) of this Exhibit so as to circumvent IFX’s obligations, as set forth elsewhere in the Agreement, to source manufacturing capacity for the applicable Bulk CMOS at the ROFR Partners.
XXXXX

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Such disclosures cannot be made without a written agreement between IFX and the recipient Third Party that, at a minimum, shall have a term of confidentiality consistent with that set forth Agreement and that limits such recipient's use of such information in accordance with terms and conditions consistent with those set forth Agreement.

7.11.1(B) **45nm Bulk CMOS.** IFX's right to disclose (including the confidentiality restrictions thereon) the 45nm Bulk CMOS to a Third Party XXXXX is governed by Section 7.11.1 of the 4-Way Bulk Process Agreement.

7.11.2 Intentionally Omitted.

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38

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EXHIBIT H — COMPANY ASSIGNED TASKS

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39

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EXHIBIT I — SUMMARY OF FIXED COST SHARING PAYMENTS AND ASSOCIATED AMENDMENTS

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40

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Exhibit J: STRATEGIC TECHNOLOGY OBJECTIVES FOR 32NM LP-RF AND 22NM BULK PROJECTS

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41

IBM — Chartered Participation Agreement

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Exhibit K: CONFIRMATION LETTER

[To be sent on IBM’s letterhead]

[Date]

Chartered Semiconductor Manufacturing Ltd.
60 Woodlands Industrial Park D
Street 2
Singapore 738406

Attention: Chief Financial Officer

Re: IBM-Chartered Joint Development Bundle Agreement(s) — [•Q 20XX] Actuals

Please be advised that IBM’s actual gross development spending for [•Q 20XX] was A% of our full year spending. Actual category spending was as follows: Fab operations X%, Manpower Y% and other costs Z%.

The proportion of IBM’s development spending charge to Chartered versus the total development spending projections for [20XX, 20XX, 20XX and 1H20XX] are projected to remain relatively constant year to year.

Likewise the portion of IBM’s development spending charged to Chartered versus the total development spending in a quarter should be consistent with the IBM spend rate. I conclude that B% of the \$XXM or \$XXM was spent in [•Q 20XX]. Expenses incurred and charged to Chartered out of the gross development spending for 20XX is \$XXM.

Yours faithfully

[Name]

[Title]

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Exhibit 99.2

JOINT DEVELOPMENT PROJECT AGREEMENT

for

**XXXXX BULK-INDUSTRY STANDARD SEMICONDUCTOR
PROCESS TECHNOLOGY**

with

INTERNATIONAL BUSINESS MACHINES CORP.

dated

JANUARY 1, 2009

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This **Joint Development Project Agreement for XXXXX Bulk-Industry Standard Semiconductor Process Technology** ("Project Agreement") is made effective as of January 1, 2009 (the "Effective Date") by and between **International Business Machines Corporation ("IBM")**, incorporated under the laws of the State of New York, U.S.A. and having an office for the transaction of business at 2070 Route 52, Hopewell Junction, NY 12533, U.S.A, and **all Participating Parties**.

WHEREAS, IBM has developed and continues to develop leading edge semiconductor manufacturing processes technology and wishes to continue and/or expand such technology development in conjunction with the Participating Parties;

WHEREAS, the Participating Parties seek to undertake such technology development with each other and with IBM based upon the terms and conditions provided in this Project Agreement (including the Master Terms);

WHEREAS, each Participating Party and IBM will also supplement this Project Agreement (including the Master Terms) by executing a Participation Agreement that provides certain supplemental terms and conditions that only govern between IBM and such Participating Party; and

WHEREAS, through the use of complementary skills and know-how the Parties desire to achieve resource efficiencies and cost savings, and reduce the technical risk associated with the development of the subject technology in order to complete development of and utilize leading edge technologies sooner than would be possible with any of the Parties acting independently.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein, as well as for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows.

1. **Additional Definitions.** Unless expressly defined and used with an initial capital letter in the Master Terms (as defined below) or the rest of this Project Agreement, words shall have their normally accepted meanings. The following terms shall have the meanings ascribed to them:

"Background Know-How Exclusions" is defined in Section 4(b).

"Bulk CMOS" means CMOS semiconductor manufacturing technology carried out on a wafer that is not an SOI Wafer.

"Bulk CMOS Integrated Circuit" means an Integrated Circuit fabricated utilizing a Bulk CMOS manufacturing process.

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"Chip Design(s)" means any design of one or more Integrated Circuits and/or Semiconductor Products, including (by way of example and not limitation) random access memory (RAM)s, read only memory (ROM)s, microprocessors, application specific Integrated Circuits (ASICs) and other logic designs, and analog circuitry; provided, however, that "Chip Designs" shall not include (i) alignment marks or test structures and associated layout and data used in the Development Projects for process development, (ii) process kerf test structures, layout, and data of the test chip(s) (including SRAM or ROM macro cells) as well as such test chips themselves used for the development work of the Development Projects unless any of the foregoing items are specifically excluded (for clarity, to "specifically exclude" such an item means it is included in the definition of Chip Design), or (iii) other product designs as mutually agreed by the Parties to be used as qualification vehicles in the Development Projects unless specifically excluded (for clarity, to "specifically exclude" a product design means it is included in the definition of Chip Design), or (iv) ESD protection devices as used in the project Test Sites and ESD groundrules and models as defined in the Documentation. For the avoidance of doubt, all of (i) through (iv) above shall be treated as Specific Results to the extent utilized in a Development Project.

"XXXXX Bulk CMOS" also known as "XXXXX Industry Standard CMOS" means the next lithography generation Bulk CMOS logic fabrication process technology for 300mm wafers below 32nm, with the target objectives set forth in Exhibit A, attached hereto.

"Development Project" means the technology development project and any sub-projects identified in Exhibit A to this Project Agreement.

"Effective Date" means the date set forth in the preamble of this Project Agreement.

"L1" means yield, process and reliability demonstration on an integrated process Test Site (all JEDEC qualification tests). Qualification criteria will be mutually reviewed for consistency with application requirements. Reliability stresses are as per industry standard criteria and specifications.

"Mask Fabrication and Photoresist Technology" means any process, procedure, Proprietary Tools, Third Party tools, or hardware tool used in the fabrication of photomasks, as well as the photomasks themselves, and/or the formulation and/or manufacture of photoresist; provided, however, that "Mask Fabrication and Photoresist Technology" shall not include Lithography.

"Master Terms" means the Master IBM Joint Development Terms and Conditions March 26, 2007 version.

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"Manufacturing Apparatus" means semiconductor wafer fabrication equipment, flat-panel display fabrication equipment and wafer inspection equipment or components primarily designed for use in such equipment, including, without limitation, software, firmware, microcode or drivers used to cause such equipment to perform its intended function, whether or not such software, firmware, microcode, or drivers are shipped with such equipment or installed separately.

"Party" means IBM and each Participating Party in the Development Project.

"Project Agreement" means the terms and conditions of this Joint Development Project Agreement for XXXXX Bulk-Industry Standard Semiconductor Process Technology dated January 1, 2009, together with (i) any exhibits, attachments and appendices hereto, and (ii) the "Participating Party Notification" for each Participating Party.

"Project Term" is defined in Section 6.

XXXXX

"Silicon-Germanium Technology" or "SiGe Technology" means semiconductor fabrication processes and design techniques incorporating silicon and germanium layers, including those processes and design techniques for use in HEMTs, photodetectors, HBTs or any other applications of bipolar transistors, provided, however, "SiGe Technology" shall not include strained silicon channel MOSFET or any mobility enhancement techniques for FETs carried out on high performance Integrated Circuit wafers.

"Silicon-On-Insulator Wafer" or "SOI Wafer" means a single-crystal silicon wafer bearing a horizontally-disposed isolating silicon dioxide (SiO₂) layer, in turn bearing a single-crystal silicon layer or a polysilicon layer, which is separated from the underlying silicon by the silicon dioxide layer and in which one or more active or passive integrated circuit structures are formed.

"SOI Information" means any and all process methods, steps, and structures created on SOI Wafers and not on Bulk CMOS Integrated Circuits.

"Specific Results Exclusions" is defined in Section 3(a).

2. IBM Development Facilities; Agreement Structure; Relationship to Other Documents.

(a) The Parties shall primarily utilize the IBM Development Facilities for the Development Project.

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4

Joint Development Project Agreement

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- (b) The terms and conditions of the Master Terms are incorporated into this Project Agreement by reference as if fully set forth herein.
- (c) IBM shall promptly notify existing Participating Parties of the addition of a new Participating Party to and the withdrawal/removal of an existing Participating Party from the Development Project. In the case of a new Participating Party, IBM shall complete such notification by distributing copies of the signed "Participating Party Notification", which provides certain details about the new Participating Party (e.g. the first day of its participation, Designated Executive, Project Leader and Notice Addresses), and memorializes the new Participating Party's contractual privity with the other Participating Parties.
- (d) The Party's respective ownership, disclosure, and/or license rights as to the Specific Results and Background Know-How are set forth in that Party's Participation Agreement and this Project Agreement (including the Master Terms).
- (e) For the Development Project, the Parties will strive to utilize consumables (including, but not limited to, photoresist) in the Development Project that will be available to the Parties from commercial suppliers. However, if a consumable proposed by IBM is an IBM proprietary consumable, the IBM Project Leader will notify the Participating Parties of such proposed selection, specifying the respects in which the consumable is IBM proprietary. In addition, within thirty (30) days of such proposed selection IBM will inform the Third Party supplier of such IBM proprietary consumable that if such supplier is chosen by IBM, such supplier may provide such proprietary consumable to the Participating Parties irrespective of any IBM imposed restriction or proprietary rights that might otherwise exist. If such supplier refuses to sell the proprietary consumable to Participating Parties or IBM and the Participating Parties reasonably believe that such supplier will not sell to Participating Parties, then IBM shall either enable Participating Parties to purchase such consumable from another source or select another consumable prior to the applicable Qualification.

3. Scope of Development Project.

- (a) As part of the Development Project, the Parties shall jointly develop semiconductor manufacturing process technology based on an industry standard technology roadmap that meets the requirements set forth as "Strategic Technology Objectives" in Exhibit A in accordance with the schedule set forth on Exhibit B (the "Development Schedule"). The Parties shall create the Documentation identified on Exhibit C for the Development Project. For the avoidance of doubt, the Development Project shall not include the development of the following "Specific Results Exclusions": XXXXX The Parties are not obligated to exchange any updates to the Specific Results after the Project Term.

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5

Joint Development Project Agreement

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(b) The Parties agree that Exhibit A also sets forth the current, as of the Effective Date, technology implementation options for the Development Project. The Parties shall work together to evaluate the various options available, including individual Process Module feasibility, integration, characterization, and qualification. The goal of such evaluation is to agree on an integrated process technology that meets the Strategic Technology Objectives. If the Project Leaders are unable to agree on a particular Process Module to be developed, or should they disagree as to continued development of a Process Module that was previously selected, the Process Module preferred by IBM shall be pursued in the Development Project, provided it is consistent with foundry industry marketplace requirements and the standard baseline Bulk CMOS process for such fabrication process generation. Any Participating Party may escalate the failure to agree through the procedures set forth in Section 18.3 of the Master Terms. In the event that a Party proposes a Process Module or replacement Process Module that does not get selected after escalation, then such Party shall have the right, subject to the remaining terms and conditions of the Agreement, to proceed with such development outside the performance of the Development Projects.

4. Information Transfers.

(a) As referenced in Section 7.3 of the Master Terms, the "Confidentiality Period" is from the Effective Date until XXXXX after the date set forth on Exhibit B (as of the Effective Date) for the applicable Qualification.

(b) As referenced in the Master Terms, the "Background Know How Exclusions" for purposes of the Development Project are: XXXXX

(c) In addition to the disclosure rights of a Participating Party pursuant to Section 7 and license rights in Section 8 of the Master Terms, each Participating Party has the following rights to disclose portions of Specific Results and/or Background Know-How, solely for the purpose of exercising its rights under the Agreement:

1. To contractors, suppliers, and consultants (and, for clarity, Subsidiaries of such Participating Party acting in any of the foregoing capacities) as may be reasonably necessary for Participating Party to manufacture Integrated Circuits and Semiconductor Products. By way of example and not limitation, examples of the general types of information the Parties agree are "reasonably necessary" for disclosure to such contractors, suppliers, and consultants are as follows:

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2. To customers (including companies providing design services to such customers), library/IP creators, Electronic Design Automation ("EDA") vendors, consultants (such consultants including design service providers, integrated circuit designers, and external subcontractors), (and, for clarity, Subsidiaries of a Participating Party acting in any of the foregoing capacities) (collectively, "Customers/Designers") as may be reasonably necessary to enable the design and sale of Integrated Circuits or Semiconductor Products to such customers by Participating Party. By way of example and not limitation, examples of the general types of information the Parties agree are "reasonably necessary" for disclosure to some or all Customers/Designers are as follows:

XXXXX

This Section 4(c)2 also includes the right to sublicense (as set forth in Section 8.5 of the Master Terms) to EDA vendors and circuit design or library providers where such sublicense is for the benefit of the Participating Party's foundry business in connection with the manufacture and sale of wafers containing Integrated Circuits, acknowledging that such Third Parties may license for their own benefit the resultant EDA software and/or cores or IP blocks to Customers/Designers.

This Section 4(c)2 also includes the right to disclose to a Participating Party's customers as may be reasonably necessary, solely for the purpose of enabling the Participating Party to develop Derivative Technology for the manufacture of Integrated Circuits or Semiconductor Products solely for such customer and to manufacture Integrated Circuits or Semiconductor Products for such customer. The resultant Derivative Technology may be used by the Participating Party to manufacture Integrated Circuits or Semiconductor Products for future customers, but such future customers will not get any access to any of the Specific Results and/or Background Know-How, except as otherwise set forth in this Section 4.

Disclosures pursuant to this Section 4(c) will not be made without a written agreement between the Participating Party and the recipient Third Party. Such written agreements shall be subject to the following:

- (a) such agreements must obligate the recipient to utilize the disclosed information solely for the benefit of the discloser and for no other purpose, and solely in furtherance of the purposes set forth in this Section 4; and
- (b) such disclosures shall be subject to confidentiality terms and conditions that are the same or substantially similar to those set forth in this Agreement, and at a minimum must have a confidentiality term that is no shorter than XXXXX.

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7

Joint Development Project Agreement

REDACTED Confidential Treatment Requested

The portions of this document marked by "XXXXX" have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission

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XXXXX Bulk-Industry Standard Semiconductor Process Technology

5. Tool Vendor Confidential Information.

Notwithstanding anything to the contrary in Section 4 of this Project Agreement, Section 3.6 of the Master Terms or the rest of the Agreement, the Parties recognize that IBM is working with certain Third Party tool vendors to develop, among other things, Background Know-How which may include Third Party tool vendor confidential information ("Tool Vendor Confidential Information"), and agree that (a) IBM may elect to introduce certain Tool Vendor Confidential Information into the Development Project as Background Know-How, and (b) the Specific Results may include such Tool Vendor Confidential Information. If IBM elects to so introduce such Tool Vendor Confidential Information, IBM shall identify such information and the following terms apply to such information:

Each Participating Party is authorized to disclose or sublicense to any of its business units and/or Subsidiaries the Tool Vendor Confidential Information; provided, however, that such business unit and/or Subsidiary is not in a business, nor has announced plans to be in, or to acquire, a business that manufactures, sells, or distributes Manufacturing Apparatus. If Participating Party wishes to obtain additional license rights to such Tool Vendor Confidential Information, then Participating Party must negotiate additional rights with such Third Party tool vendor. The obligations of confidentiality with respect to any disclosure to a Participating Party pursuant to this Section 5 shall terminate ten (10) years after disclosure by IBM, unless otherwise agreed in writing between such Third Party and the Participating Party, with written notification to IBM. Participating Party shall require that each such business unit and/or Subsidiary agree to maintain such Tool Vendor Confidential Information confidential on terms at least as restrictive as contained in this Agreement including this Section 5.

6. Project Term and Termination.

(a) This Project Agreement is in effect from the Effective Date and, unless terminated as set forth in the Agreement (including Section 12 of the Master Terms), remains in force until XXXXX (the "Project Term"). For clarity, a Participating Party may, as specified in its Participation Agreement, participate in the Development Project for all or a portion of the Project Term.

(b) The Project Term may only be extended beyond XXXXX (i) as to all Parties, by the mutual agreement of all Parties, or (ii) as to certain Parties, by mutual agreement of such Parties. Each Party who agrees to extend the Project Term beyond XXXXX shall memorialize its agreement to participate in such extensions by amending its Participation Agreement with IBM. IBM shall update the Project Database to reflect such Project Term extension.

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(c) The following Sections of this Project Agreement survive and continue to bind the Parties and their legal representatives, successors and assigns after the expiration or termination of this Project Agreement: 1, 2(b), 2(d), 4, 5, 6(c), 6(d) and 8. In addition, certain provisions of the Master Terms and a Participating Party's Participation Agreement survive, as detailed in each agreement, respectively.

(d) Notwithstanding any provision in this Project Agreement to the contrary, if a non-breaching Party is authorized to terminate all licenses and disclosure rights granted to a breaching Party pursuant to Section 12.6 of the Master Terms, then such non-breaching Party is also authorized to terminate all license and disclosure rights it granted to that breaching party pursuant to Section 4 of this Project Agreement.

7. Management of the Development Project; Notice. Each Participating Party shall promptly provide a Management Committee Member, a Project Leader, a Technical Coordinator, a Designated Executive, and a Notice Address for the Development Project.

The IBM Management Committee Member, IBM Project Leader, IBM Technical Coordinator, Designated Executive, and the Notice Address are as follows:

XXXXX

IBM Notice Address:

IBM Corporation
2070 Route 52
Hopewell Junction, NY 12533
Fax: (845) 892-2155
Attention: Gary Patton
Systems and Technology Group

With a copy to:

IBM Corporation
Drop 92B
2070 Route 52
Hopewell Junction, NY 12533
Fax: (845) 892-5358
Attention: Associate General Counsel

Any Party may change its respective appointments and addresses by written notice to the IBM Project Leader who will update the Project Database within seven (7) business days after notification. No such change is effective until reflected in the Project Database.

8. Limitation Amount. As referenced in Section 17 (Limitation of Liability) of the Master Terms, the Limitation Amount for this Development Project is XXXXX.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, IBM has caused this Project Agreement to be executed by its duly authorized representatives as of the Effective Date, signifying its agreement to this Project Agreement with all Participating Parties.

International Business Machines Corporation

By: /s/ Michael Cadigan

Name: Michael Cadigan

Title: General Manager

Date: 4.14.09

EXHIBIT A: TECHNICAL OBJECTIVES

EXHIBIT B: DEVELOPMENT SCHEDULE

EXHIBIT C: DOCUMENTATION

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EXHIBIT A

TECHNICAL OBJECTIVES

XXXXX

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13

Joint Development Project Agreement

REDACTED Confidential Treatment Requested

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EXHIBIT B

DEVELOPMENT SCHEDULE

XXXXX

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14

Joint Development Project Agreement

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EXHIBIT C

DOCUMENTATION

XXXXX

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15

Joint Development Project Agreement

[Engrossed on the letterhead of Export-Import Bank Of The United States]

Dated as of April 3, 2009

JP Morgan Chase Bank, National Association
Government Agency Unit
4 Chase Metro Tech Center, 10th Floor
Brooklyn, NY 11245

Chartered Semiconductor Manufacturing Ltd.
60 Woodlands Industrial Park
Street 2
Singapore 738406

RE: Ex-Im Bank Transaction No. AP080562XX — Singapore (“Transaction”)

Ex-Im Bank Facility Agreement dated as of December 23, 2004, among Chartered Semiconductor Manufacturing Ltd. (“Borrower”), JP Morgan Chase Bank, National Association (“Lender” and “Facility Agent”) and the Export-Import Bank of the United States (“Ex-Im Bank”), in the principal amount of \$653,130,629 (“Credit Agreement”)

Guarantee Agreement dated as of December 23, 2004, between the JP Morgan Chase Bank, National Association (“Lender”) and Ex-Im Bank in the principal amount of \$653,130,629 (“Guarantee Agreement”)

Ladies and Gentlemen:

With reference to the request by the Borrower dated as of March 2, 2009 (“Request”), we hereby confirm our agreement, subject to the terms and conditions set forth in this amendment (“Amendment”), to amend the Ex-Im Bank Facility Agreement, as hereinafter provided. The provisions of this Amendment have been agreed to by the parties in consideration of the premises and mutual covenants herein contained. Unless otherwise provided herein, all capitalized terms not defined herein shall have the meanings set forth in the Ex-Im Bank Facility Agreement.

I. Amendment Applicable to Ex-Im Bank Facility Agreement

Section 5.03(b)(iv) is hereby amended by deleting and replacing said section in its entirety with the following:

(iv) in the event Temasek shall fail to maintain at any time, directly or indirectly, (A) Control of the Borrower, or (B) an ownership interest in the Borrower’s Capital Stock of at least thirty percent (30%), the Loans shall be repaid in full on the date falling thirty (30) days after the occurrence of such event.

II. Condition Precedent to the Effectiveness of this Amendment

In order for this Amendment to become effective, Ex-Im Bank must receive from the Borrower (i) one original of this Amendment, fully executed and delivered by the Borrower, the Lender, the Facility Agent and Ex-Im Bank.

III. Miscellaneous — For purposes of this Amendment:

A. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN

ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, U.S.A.

- B. Full Force and Effect. The Ex-Im Bank Guarantee remains subject to all of the terms and conditions of the Guarantee Agreement. Each of the Guarantee and the Ex-Im Bank Facility Agreement, as modified by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.
- C. Entire Agreement. The Ex-Im Bank Facility Agreement, as amended by this Amendment, contains the entire agreement among the parties hereto regarding the Credit, except for the Guarantee Agreement and any agreements between the Lender and the Borrower regarding obligations of the Borrower not covered by the Ex-Im Bank Guarantee.
- D. Severability. To the extent permitted by applicable law, the illegality or unenforceability of any provision of this Amendment shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or of the Ex-Im Bank Facility Agreement. In the event that any provision of this Amendment amending a provision of the Ex-Im Bank Facility Agreement is deemed by a court or tribunal of competent jurisdiction to be illegal or unenforceable, it is the intent of the parties hereto that the relevant provision of the Ex-Im Bank Facility Agreement otherwise amended by the terms hereof be reinstated in its entirety.
- E. Counterparts. This Amendment may be signed in separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

* * *

Please confirm your agreement with the above by executing the enclosed copies of this Amendment and returning one of them and all required conditions precedent documentation to:

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, DC 20571
U.S.A.
Attn: Nestor Sybing, Asset Management Division

This Amendment constitutes an agreement among the undersigned parties that, upon issuance by Ex-Im Bank's Asset Management Division of its notification to the Borrower that the required conditions precedent documentation has been received by Ex-Im Bank, in form and substance satisfactory to it, shall amend the Ex-Im Bank Facility Agreement effective as of the date hereof.

EXPORT-IMPORT BANK OF THE UNITED STATES

By /s/ Richard D. Brackley
(Signature)

Name Richard D. Brackley
(Print)

Title Managing Director
Claims & Recoveries Section
Asset Management Division
(Print)

Ex-Im Bank Transaction No. AP080562XX — Singapore

AGREED AND ACCEPTED

CHARTERED SEMICONDUCTOR MANUFACTURING LTD., as Borrower

By /s/ George Thomas
(Signature)

Name George Thomas
(Print)

Title SVP & CFO
(Print)

AGREED AND ACCEPTED

JP MORGAN CHASE BANK, NATIONAL ASSOCIATION, as Lender

By /s/ Marguerite M. Gill
(Signature)

Name Marguerite M. Gill
(Print)

Title Vice President
(Print)

AGREED AND ACCEPTED

JP MORGAN CHASE BANK, NATIONAL ASSOCIATION, as Facility Agent

By /s/ Gamal Boulos
(Signature)

Name Gamal Boulos
(Print)

Title Assistant Vice President
(Print)

Ex-Im Bank Transaction No. AP080562XX — Singapore

[Engrossed on the letterhead of Export-Import Bank Of The United States]

Dated as of April 3, 2009

JP Morgan Chase Bank, National Association
Government Agency Unit
4 Chase Metro Tech Center, 10th Floor
Brooklyn, NY 11245

Chartered Semiconductor Manufacturing Ltd.
60 Woodlands Industrial Park
Street 2
Singapore 738406

RE: Ex-Im Bank Transaction No. AP082872XX — Singapore (“Transaction”)

Ex-Im Bank Facility Agreement dated as of May 16, 2007, among Chartered Semiconductor Manufacturing Ltd. (“Borrower”), JP Morgan Chase Bank, National Association (“Lender” and “Facility Agent”) and the Export-Import Bank of the United States (“Ex-Im Bank”), in the principal amount of \$609,733,033 (“Credit Agreement”)

Guarantee Agreement dated as of May 16, 2007, between the JP Morgan Chase Bank, National Association (“Lender”) and Ex-Im Bank in the principal amount of \$609,733,033 (“Guarantee Agreement”)

Ladies and Gentlemen:

With reference to the request by the Borrower dated as of March 2, 2009 (“Request”), we hereby confirm our agreement, subject to the terms and conditions set forth in this amendment (“Amendment”), to amend the Ex-Im Bank Facility Agreement, as hereinafter provided. The provisions of this Amendment have been agreed to by the parties in consideration of the premises and mutual covenants herein contained. Unless otherwise provided herein, all capitalized terms not defined herein shall have the meanings set forth in the Ex-Im Bank Facility Agreement.

I. Amendment Applicable to Ex-Im Bank Facility Agreement

Section 5.03(b)(iv) is hereby amended by deleting and replacing said section in its entirety with the following:

(iv) in the event Temasek shall fail to maintain at any time, directly or indirectly, (A) Control of the Borrower, or (B) an ownership interest in the Borrower’s Capital Stock of at least thirty percent (30%), the Loans shall be repaid in full on the date falling thirty (30) days after the occurrence of such event.

II. Condition Precedent to the Effectiveness of this Amendment

In order for this Amendment to become effective, Ex-Im Bank must receive from the Borrower (i) one original of this Amendment, fully executed and delivered by the Borrower, the Lender, the Facility Agent and Ex-Im Bank.

III. Miscellaneous — For purposes of this Amendment:

A. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN

ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, U.S.A.

- B. Full Force and Effect. The Ex-Im Bank Guarantee remains subject to all of the terms and conditions of the Guarantee Agreement. Each of the Guarantee and the Ex-Im Bank Facility Agreement, as modified by this Amendment, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.
- C. Entire Agreement. The Ex-Im Bank Facility Agreement, as amended by this Amendment, contains the entire agreement among the parties hereto regarding the Credit, except for the Guarantee Agreement and any agreements between the Lender and the Borrower regarding obligations of the Borrower not covered by the Ex-Im Bank Guarantee.
- D. Severability. To the extent permitted by applicable law, the illegality or unenforceability of any provision of this Amendment shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or of the Ex-Im Bank Facility Agreement. In the event that any provision of this Amendment amending a provision of the Ex-Im Bank Facility Agreement is deemed by a court or tribunal of competent jurisdiction to be illegal or unenforceable, it is the intent of the parties hereto that the relevant provision of the Ex-Im Bank Facility Agreement otherwise amended by the terms hereof be reinstated in its entirety.
- E. Counterparts. This Amendment may be signed in separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

* * *

Please confirm your agreement with the above by executing the enclosed copies of this Amendment and returning one of them and all required conditions precedent documentation to:

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, DC 20571
U.S.A.
Attn: Nestor Sybing, Asset Management Division

This Amendment constitutes an agreement among the undersigned parties that, upon issuance by Ex-Im Bank's Asset Management Division of its notification to the Borrower that the required conditions precedent documentation has been received by Ex-Im Bank, in form and substance satisfactory to it, shall amend the Ex-Im Bank Facility Agreement effective as of the date hereof.

EXPORT-IMPORT BANK OF THE UNITED STATES

By /s/ Richard D. Brackley
(Signature)

Name Richard Brackley
(Print)

Title Managing Director, AMD
(Print)

Ex-Im Bank Transaction No. AP082872XX — Singapore

AGREED AND ACCEPTED

CHARTERED SEMICONDUCTOR MANUFACTURING LTD., as Borrower

By /s/ George Thomas
(Signature)

Name George Thomas
(Print)

Title SVP & CFO
(Print)

AGREED AND ACCEPTED

JP MORGAN CHASE BANK, NATIONAL ASSOCIATION, as Lender

By /s/ Marguerite M. Gill
(Signature)

Name Marguerite M. Gill
(Print)

Title Vice President
(Print)

AGREED AND ACCEPTED

JP MORGAN CHASE BANK, NATIONAL ASSOCIATION, as Facility Agent

By /s/ Gamal Boulos
(Signature)

Name Gamal Boulos
(Print)

Title Assistant Vice President
(Print)

Ex-Im Bank Transaction No. AP082872XX — Singapore