



中華電信
Chunghwa Telecom



1Q 2009 Operating Results

April 29, 2009

Disclaimer

Note Concerning Forward-looking Statements

This press release contains forward-looking statements. These statements constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Chunghwa may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission on forms 20-F and 6-K., in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Chunghwa's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors including, but not limited to: extensive regulation of telecom industry; the intensely competitive telecom industry; our relationship with our labor union; general economic and political conditions, including those related to the telecom industry; possible disruptions in commercial activities caused by natural and human induced events and disasters, including terrorist activity, armed conflict and highly contagious diseases, such as SARS; and those risks outlined in Chunghwa's filings with the U.S. Securities and Exchange Commission, including its registration statements on Form F-1, F-3, F-6 and 20-F, in each case as amended. Chunghwa does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

This release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

SPECIAL NOTE REGARDING NON-GAAP FINANCIAL MEASURES

A body of generally accepted accounting principles is commonly referred to as "GAAP". A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable U.S. GAAP measure. We disclose in this report certain non-GAAP financial measures, including EBITDA. EBITDA for any period is defined as consolidated net income (loss) excluding (i) depreciation and amortization, (ii) total net comprehensive financing cost (which is comprised of net interest expense, exchange gain or loss, monetary position gain or loss and other financing costs and derivative transactions), (iii) other expenses, net, (iv) income tax, (v) cumulative effect of change in accounting principle, net of tax and (vi) (income) loss from discontinued operations.

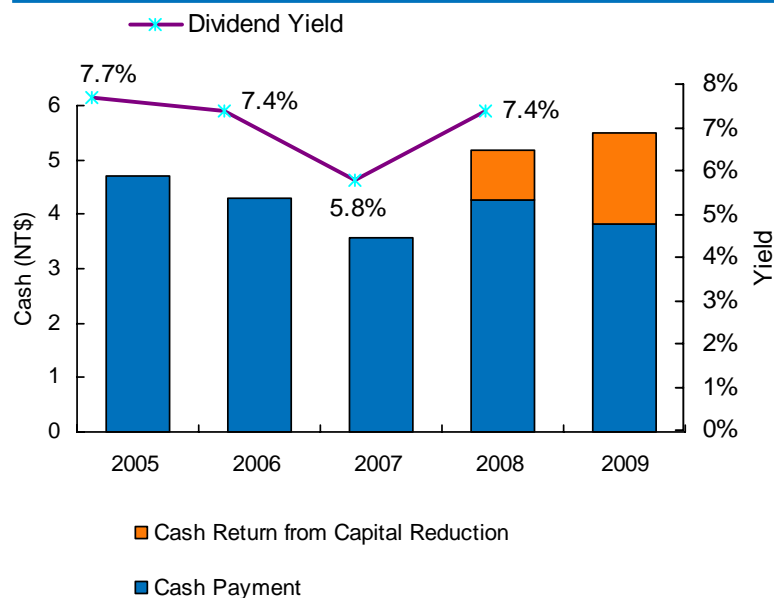
In managing our business we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods and with other companies because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax and tax on assets and statutory employee profit sharing, which is similar to a tax on income and (iv) other expenses or income not related to the operation of the business.

EBITDA is not a measure of financial performance under ROC GAAP. EBITDA should not be considered as an alternate measure of net income or operating income, as determined on a consolidated basis using amounts derived from statements of operations prepared in accordance with ROC GAAP, as an indicator of operating performance or as cash flows from operating activity or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation, pension plan reserves or capital expenditures and associated charges. These non-GAAP measures are not in accordance with or an alternative for GAAP financial data, the non-GAAP results should be reviewed together with the GAAP results and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies. For more information on these non-GAAP financial measures, please see the tables captioned set forth at the end of this release and which shall be read together with the accompanying financial statements prepared under ROC GAAP.

Dividend Payout

Committed to a Strong Dividend Policy

Dividend Yield



Note: The dividend yield was calculated based on cash dividend and cash return from capital reduction, stock dividend was not included.

Capital Management

- The board approved the 3rd round of capital reductions in Apr 2009
- Cumulative cash returns of NT\$28.8bn to shareholders in the last two rounds of capital reduction



Financials Overview



Financials: Income Statement

(NT\$bn)	ROC GAAP (Consolidated)					
	2007	2008	Growth Rate	Q1 2008	Q1 2009	Growth Rate
Revenue	197.39	201.67	2.2%	50.96	49.12	(3.6 %)
EBITDA	100.16	96.74	(3.4%)	26.14	23.36	(10.7 %)
Operating Profit	60.35	58.57	(3.0%)	16.43	14.13	(14.0 %)
Net Income	48.25	45.01	(6.7%)	10.72	10.79	0.7%
EBITDA margin (%)	50.74	47.97		51.30	47.55	
Net Income Margin (%)	24.44	22.32		21.03	21.96	

Note :

1.The calculation of growth rate is based on NT\$m.

2.Some figures of 2007 and 2008 are reclassified according to ROC SFAS 10 "Inventories".

Financials: Costs & Expenses

(NT\$bn)	ROC GAAP (Consolidated)					
	2007	2008	Growth Rate	Q1 2008	Q1 2009	Growth Rate
Operating Costs	106.65	113.55	6.5%	28.18	28.15	(0.1%)
Operating Expenses	30.39	29.55	(2.8%)	6.35	6.84	7.72%
Marketing	23.73	22.73	(4.2%)	4.73	5.13	8.4%
General and Administrative	3.42	3.68	7.5%	0.89	0.95	7.2%
R&D Expense	3.24	3.14	(2.8%)	0.73	0.76	3.7%
Total	137.04	143.10	4.4%	34.53	34.99	1.3%

Note :

- 1.The calculation of growth rate is based on NT\$m.
- 2.Some figures of 2007 and 2008 are reclassified according to ROC SFAS 10 "Inventories".

Financials: Business Segment Revenues

(NT\$bn)	ROC GAAP (Consolidated)					
	2007	2008	Growth Rate	Q1 2008	Q1 2009	Growth Rate
Internet & Data	49.23	50.05	1.7%	12.53	12.47	(0.5%)
Mobile	73.67	72.30	(1.9%)	18.13	17.57	(3.1%)
Fixed line	59.10	57.08	(3.4%)	14.41	13.13	(8.9%)
Local	35.75	34.55	(3.3%)	8.64	8.11	(6.2%)
DLD	9.10	8.48	(6.8%)	2.12	1.90	(10.1%)
ILD	14.25	14.05	(1.4%)	3.65	3.12	(14.4%)
Other	15.39	22.24	44.4%	5.89	5.95	1.1%
Total	197.39	201.67	2.2%	50.96	49.12	(3.6%)

Note:

- 1) Other revenue includes revenues from handset sales of CHT & Senao, satellite, and billing handling services, etc.
- 2) The calculation of growth rate is based on NT\$mnn.

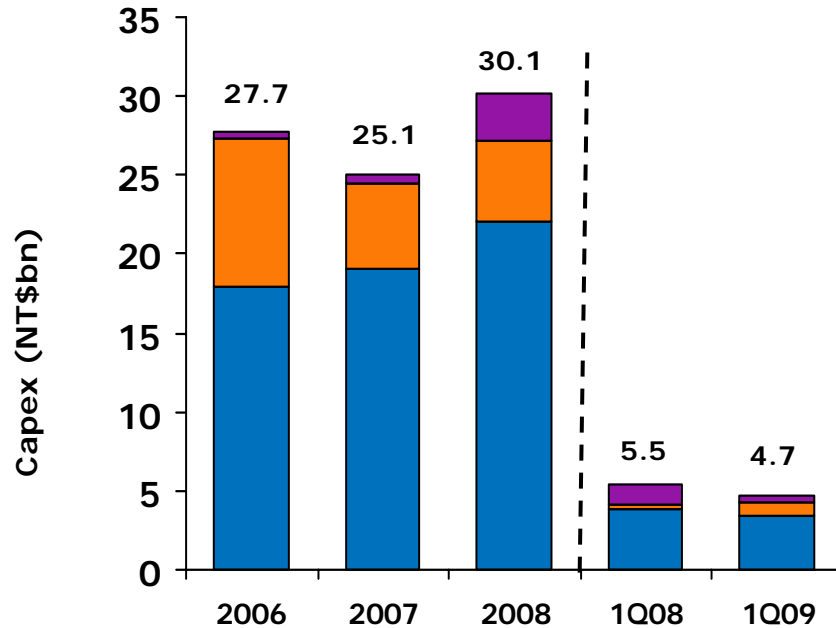
Financials: Cash Flow

(NT\$bn)	ROC GAAP (Consolidated)					
	Jan-Dec 2007	Jan-Dec 2008	Growth Rate	Q1 2008	Q1 2009	Growth Rate
Net Cash Flow from Operating Activities	88.96	91.87	3.3%	18.59	16.05	(13.6%)
CAPEX	(25.07)	(30.12)	20.1%	(5.46)	(4.70)	(13.8%)
Free Cash Flow	63.89	61.75	(3.4%)	13.13	11.35	(13.6%)
Cash and Cash Equivalent at the end of period	76.23	81.29	6.6%	75.88	69.15	(8.9%)

Note : The calculation of growth rate is based on NT\$mnn

Effective and Efficient Capital Expenditures

Capital Expenditure (NT\$bn)



CapEx as % of Revenue	2006	2007	2008	1Q08	1Q09
	15.0%	12.7%	14.9%	10.8%	9.6%

■ Wireline ■ Wireless ■ Others

Note:
Above figures are on consolidated basis. Some wireline equipment is jointly used by fixed line and data and internet services.

- Capex spending will remain between NT\$30bn and NT\$32bn over the next 2 to 3 years
- Future investments continue to focus on core businesses and on migrating mobile and data customers to higher revenue platforms
 - 3G / 3.5G
 - IP-based NGN
 - FTTx
 - xDSL

2009 Forecast

(NT\$bn)	ROC GAAP (Parent Company Only)					
	Q1 2009	Q2 2009E	Growth Rate	Q2 2008	Q2 2009E	Growth Rate
Revenue	45.21	45.60	0.9%	46.64	45.60	(2.2%)
EBITDA	22.93	22.98	0.2%	25.01	22.98	(8.1%)
Operating Profit	13.77	13.82	0.4%	15.53	13.82	(11.0%)
Net Income	10.79	10.79	0.1%	12.51	10.79	(13.8%)
EBITDA margin (%)	50.72	50.41		53.61	50.41	
Net Income Margin (%)	23.86	23.67		26.83	23.67	

Note: These projections are based on a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies.



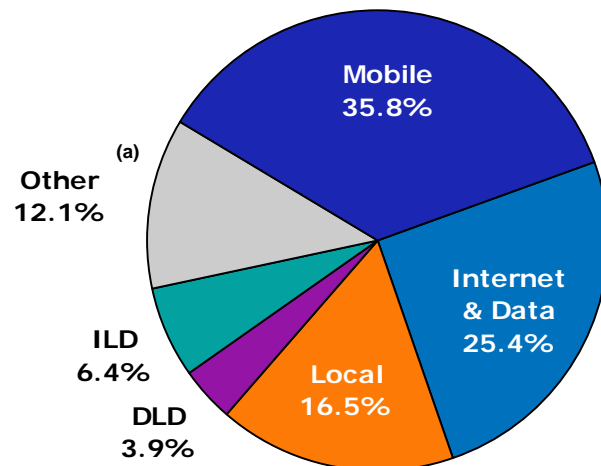
Business Overview



Chunghwa Telecom Overview

Market Leader in Mobile Communication, Internet & Data and Fixed-line Services

Revenue Breakdown



Total Revenue: NT\$49.1bn

Source: Company data, MOTC, and NCC statistics

a) Other revenue includes revenues from handset sales of CHT, satellite, and billing handling services, etc.

b) Includes 2G, 3G and PHS

c) CHT access circuits were not included

(Note) Market share numbers are as of Feb. 2009

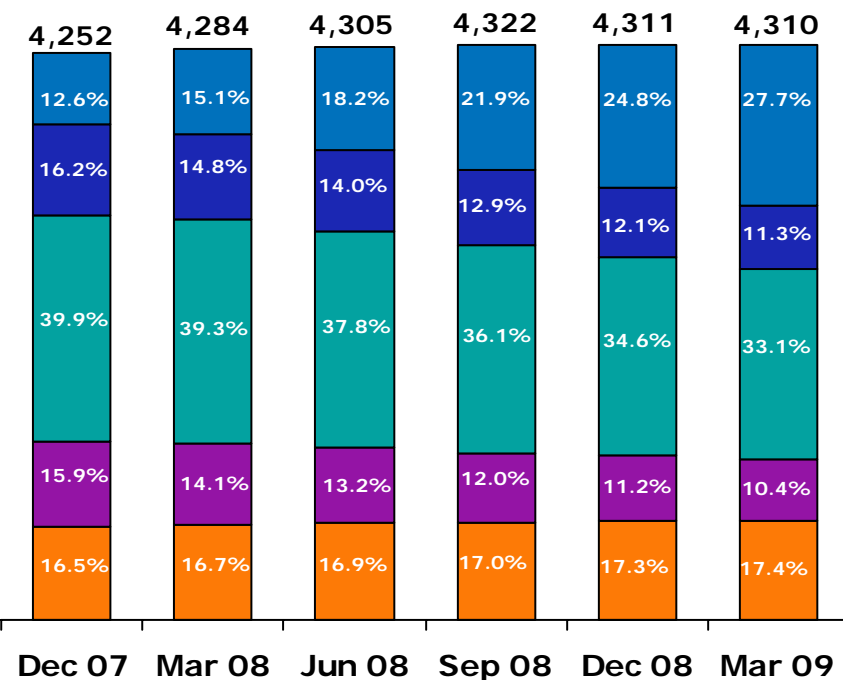
Integrated Services Provider with Dominant Market Positions

- Mobile
 - #1 Mobile subscribers
 - 35.1% market share^(b) (8.98 mm subs)
 - #1 Mobile revenue
 - 34.0% market share^(b)
- Internet and Data
 - #1 ISP subscribers
 - 67.7% market share (4.1 mm subs)
 - #1 Broadband access
 - 83.2% market share^(c) (4.2 mm subs)
- Fixed-line
 - #1 Local subscribers
 - 97.3% share (12.7 mm subs)
 - 89.1% share by minutes
 - #1 DLD minutes
 - 85.6% share by minutes
 - #1 ILD minutes
 - 58.3% share by minutes

Taiwan's Leading Internet and Data Provider

Broadband Subscribers

Thousand



■ Other
 ■ 1Mbps
 ■ 2Mbps
 ■ 8Mbps
 ■ FTTB

Note: 1) Others include 256k, 768k, 4M & 6M services

2) 8M include 8M, 12M

Strategies

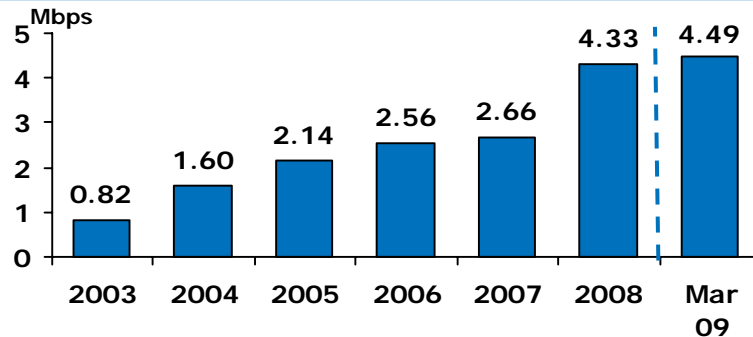
- Migrate ADSL subs to FTTx to offer quality network service and increase revenue
- Retain lower speed subs through competitive price and high-quality service
- Continue promoting Internet VAS
 - Fast growing VAS
 - Internet pornography gatekeeper: 150.4% YoY growth for 2009Q1
 - HiNet Games: 77.7% YoY growth for 2009Q1*
 - Enterprise Security Services

* Note: Service started from Feb. 08

Increasing Access Speeds and Fiber Deployment

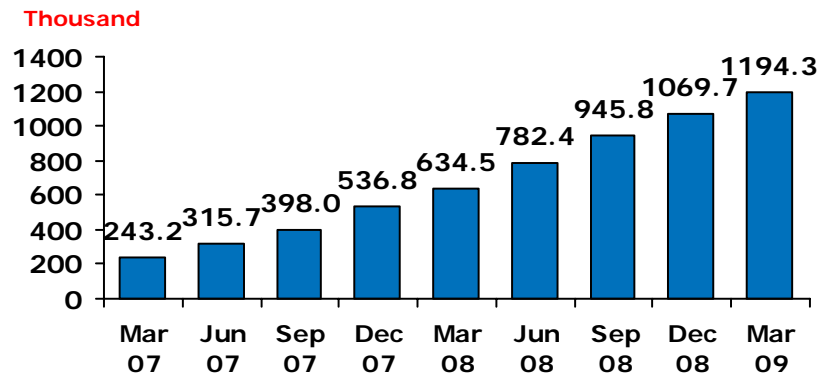
Expanding Offerings at the Speed of Light

Rising Average Bandwidth Per User



Note: Fiber subscription was included starting from 2008.

FTTx Subscriptions

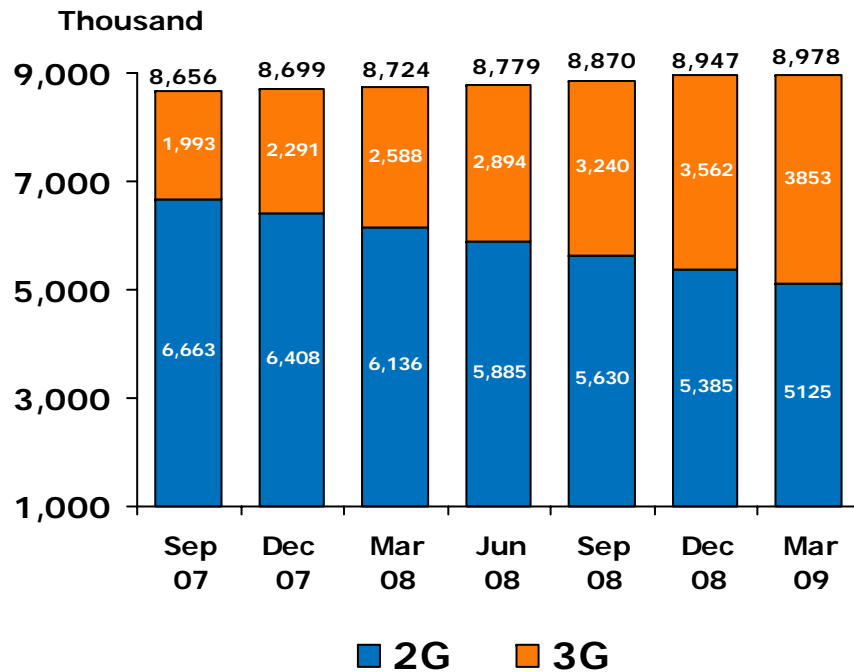


Well-received Broadband Services

- Transitioning subscribers to higher access speeds and expanded bandwidth
 - As of Mar. 2009, subscribers with >8Mbps services reached 1,681k, representing 39.0% of total broadband subscribers
 - Enabling access to and adoption of greater variety of Internet VAS services
- Promoting >10Mbps FTTx projects in residential buildings and campuses to increase penetration rate of fiber networks
- Providing FTTx service in 16,763 buildings, representing 91.1% market share among all operators

Number One Mobile Provider

Mobile Subscribers



Strategies

- Focus on mobile VAS
 - Increase smart phone subs with mPro packages
 - Grow data card subs base
- Continue migrating 2G subs to 3G
 - 3.85 million 3G subscribers as of March 2009
 - 76.9% of 3G subscribers migrated from Chunghwa Telecom 2G services + NP from peers
 - 13.7% of 3G ARPU was from data usage, compared with 9.3% for 2G ARPU

Mobile VAS Promotional Initiatives

1Q09 Data Revenue: 11.7% of Mobile Revenue

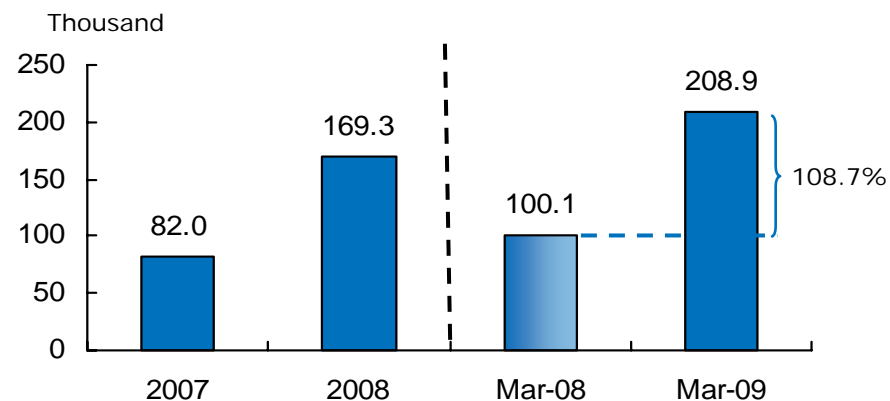
Successful Mobile VAS Rollout

- Successful "emome" VAS platform continuing to generate growth
 - Total VAS grew by 18.5% YoY as of 1Q'09
 - Mobile Internet exhibited 49.6% YoY growth
 - SMS exhibited 12.95% YoY growth
 - Data Card
 - ARPU: NT\$787 (including voice)
 - mPro: Economic packages generate growth
 - Subs: +33K in Q1'09, total mPro subs reached about 94K
 - VAS: 37% of mPro revenue

Mobile Internet Subscriptions

- Mobile internet service subs: 108.7% YoY growth
- Expect to net add 160k in '09

Mobile Internet Subscriptions



New Mobile Devices Driving Network Usage

- Providing world-class devices to enhance user experiences and build loyalty
 - Ex: iPhone 3G, HTC Diamond, Samsung i908
- Performance of iPhone 3G services* (launched on Dec 13, 2008)
 - New growth catalyst (iPhone subscriptions over the period)
 - 25% of iPhone users are new Chunghwa subscribers
 - » 2/5 of these switched from competitors via NP
 - » 3/5 are brand new mobile subscriptions
 - Total Smart-phone volume contribution: 10.8% since iPhone debut, versus pre-iPhone 2.2%
 - Mobile VAS enhanced
 - 72% of iPhone 3G subscribers signed up for mPro packages: Much higher percentage than that of the other models
 - ABPU* growth: 20% (compared to those not equipped with iPhone)

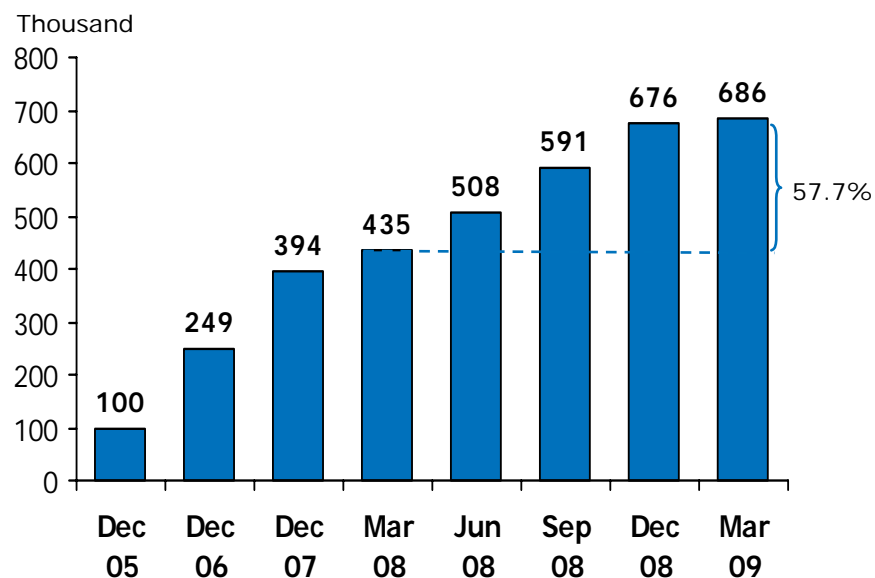


* Note: Based on data for the period of Dec 13, 2008 ~ Mar 31, 2009

* Average Billing Per User

Meeting Customer Demand for Convergence

MOD/IPTV Subscribers



- As of Mar 2009, subscribers reached 686k, a 57.7% increase since March 2008
- Average daily HUT(Household Using Television) of March 2009 increased 102% since March 2008
- Subs growth of Golden TV package: 146,038 (Mar. '09) vs. 20,622 (Mar. '08)

Cross-Platform Solutions

- Conduct cross-platform service operation, marketing and advertising
- Provide integrated bill for multiple services
- Supply debit cards for services
- Improve customer interface to enhance experience and loyalty

Strengthen Strategies

- Content
 - Repackage and introduce premium content
 - Enhance user interface to increase customer hit rate
- Marketing
 - Segmentation by content category
 - Virus marketing via Internet
 - Community marketing with promotional price
- Interaction
 - Provide interactive advertisement feature to broaden the reach
 - Enhance user applications by applying widget-like interface



Regulation



Regulatory Update

Tariff Regulations

- The 3rd year tariff reduction of a three-year plan
Mobile(2G)
 - Fixed to Mobile Calls: 4.886%
 - Prepaid: 4.958%
 - Package with highest rate: 4.887%ADSL
 - ADSL access: 5.35%

Copyrights Law

- The ISPs avoid the risk of legal problems over the questionable content by following the amendments “notice and take down” procedure
- Amended the definition and the safe harbor of ISP

IP Peering

- TFN requested price cut, the company would make its best effort to negotiate with players under supervision of NCC
- TFN has alternative of linking CHT HiNet via other ISPs

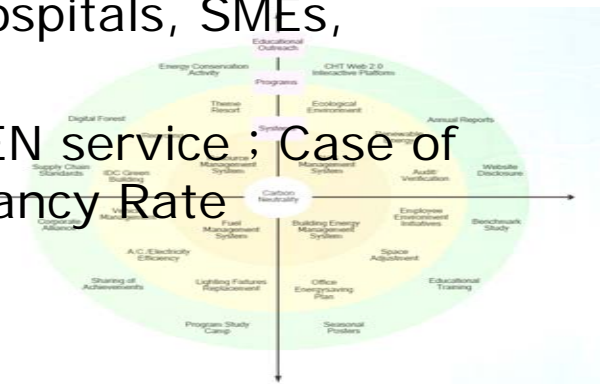


Outlook



Green Initiatives

- CHT's carbon footprint calculation:
 - CHT represented 0.3% of total carbon emission in the country in '07
 - Awarded the ISO14064-1 certification by SGS in Dec '08
 - Emission of greenhouse gases in 2013 is expected to fall back to the level in 2008 due to the company's energy saving efforts relating to office buildings, switches and vehicles.
- Focusing on promoting energy saving solution (ex: iEN, Intelligent Energy Network; ITS, Intelligent Telematics Service) for corporate customers
 - Potential customers: governments, schools, hospitals, SMEs, malls, hotels etc.
 - Case indicated a 23%+ of energy saving via iEN service ; Case of ITS based taxi carrier reduced a 50%+ of Vacancy Rate





Q&A

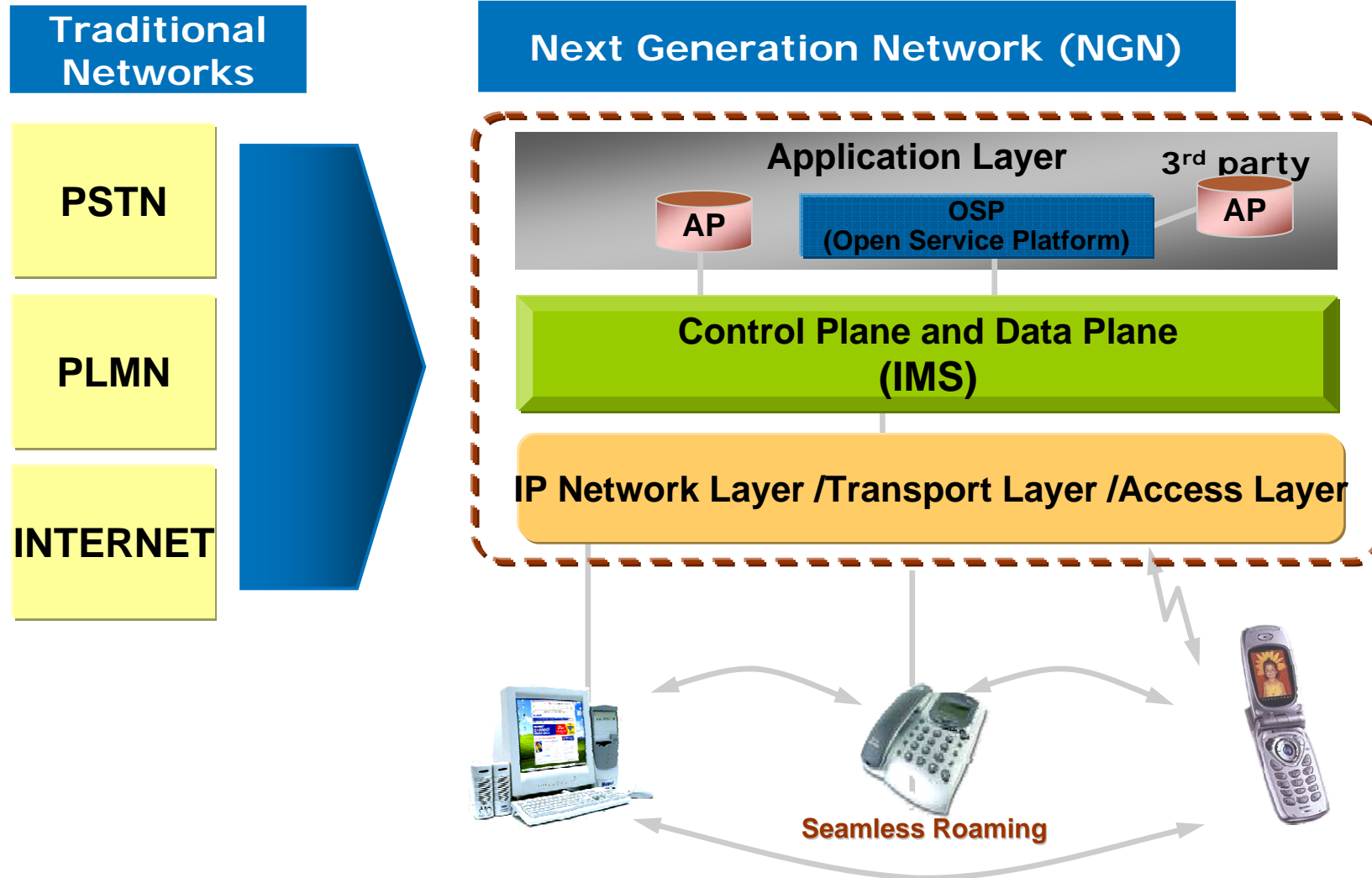




Appendix

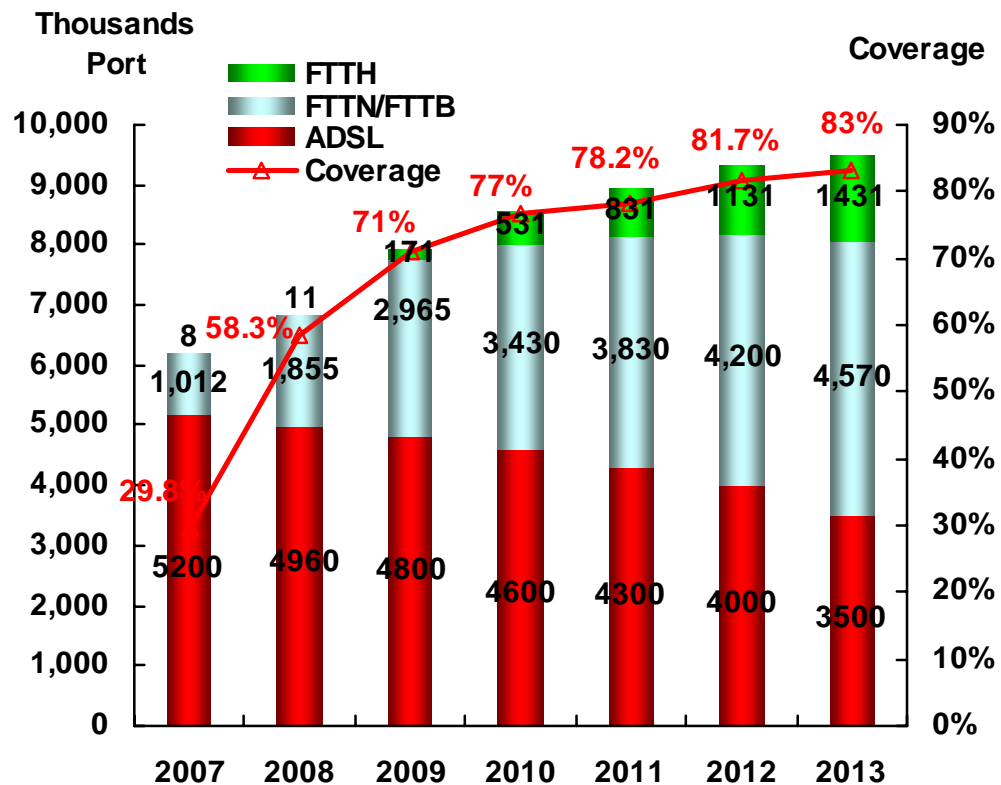


Network Convergence



Continuing Broadband Network Construction

Fiber Deployment Plan



Note:

(1) The Coverage rate(>30M) is based on the household number (7.655mn) as of Dec. 08 by Ministry of Interior.

(2) Wireline = Fixed + Internet & Data

- FTTx access expected to exceed ADSL access by year 2011
- FTTx coverage expected to reach 83% by year 2013
- Broadband access + ISP revenue slightly growing in upcoming years
- Wireline* VAS revenues expected to have higher growth

New Opportunities via NGN

Home Market

- Entertainment
- Surveillance
- Health Care
- Information
- Education

Personal Market

- Video Phone
- M-commerce
- Location Based Services
- Social Networking
- Instant Message
- M-Entertainment

Enterprise Market

- M-Office
- FMC
- IP-VPN
- IP Centrex/IP PBX
- Collaboration
- Managed ICT Services
- IP Call Center
- Energy Saving

New Service Opportunities

NGN Infrastructure