



中華電信
Chunghwa Telecom



1Q 2010 Operating Results

April 30 , 2010

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.

Building Sustainable Value for Shareholders

Differentiation Factors

Leading
Position in
Customer
Access

Extensive
Product
Portfolio with
High Quality
Services

Branding &
Scale
Advantages

Advanced
Network &
Technology
Capabilities

Financial
Strength

Strategic Execution

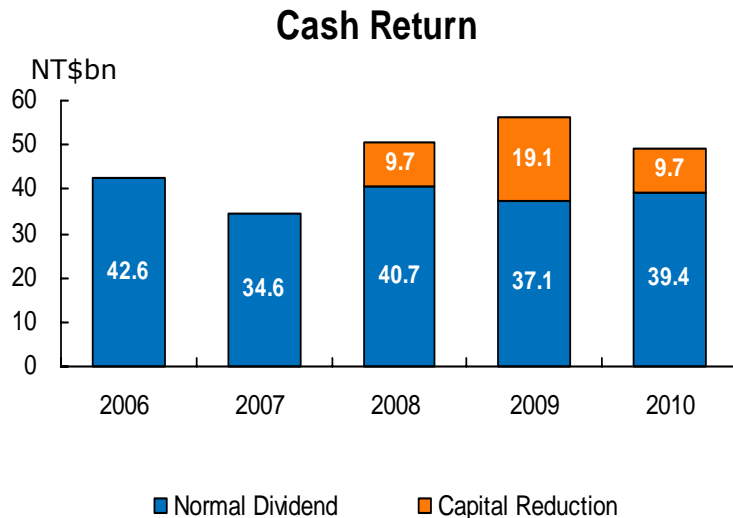
- Satisfy mobile customer demand for high-quality access and services for increasingly sophisticated usage needs
- Invest in innovation to drive the next wave of broadband development and transformation from pure telecom operator to ICT services provider
- Step up commitment in preserving environment and social responsibilities



GROW
Create Sustainable Shareholder Value

Delivering Consistent Shareholder Value

Consistent Return to Shareholders



Note:

1. The cash return was calculated based on cash dividend and cash return from capital reduction, stock dividend was not included.
2. 1 ADR = 10 common shares

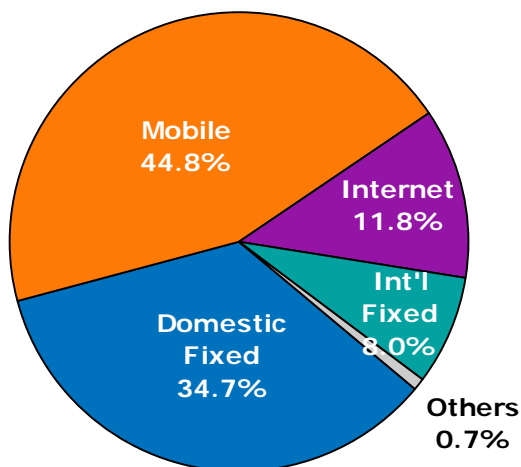
- The board approved (still subject to AGM's approval)
 - NT\$4.06 cash dividend for 2009
 - the 4th round of capital reduction, cash return expected to be NT\$19.4bn
- Consistent capital management
 - Cumulative cash returns of NT\$38.5bn to shareholders in the previous three rounds of capital reduction

Business Overview

Chunghwa Telecom Overview

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

Revenue Breakdown



2010 Q1 Consolidated Revenue: NT\$49.6bn

Source: Company data, MOTC, and NCC statistics

a) Includes 2G, 3G and PHS

b) CHT access circuits were not included

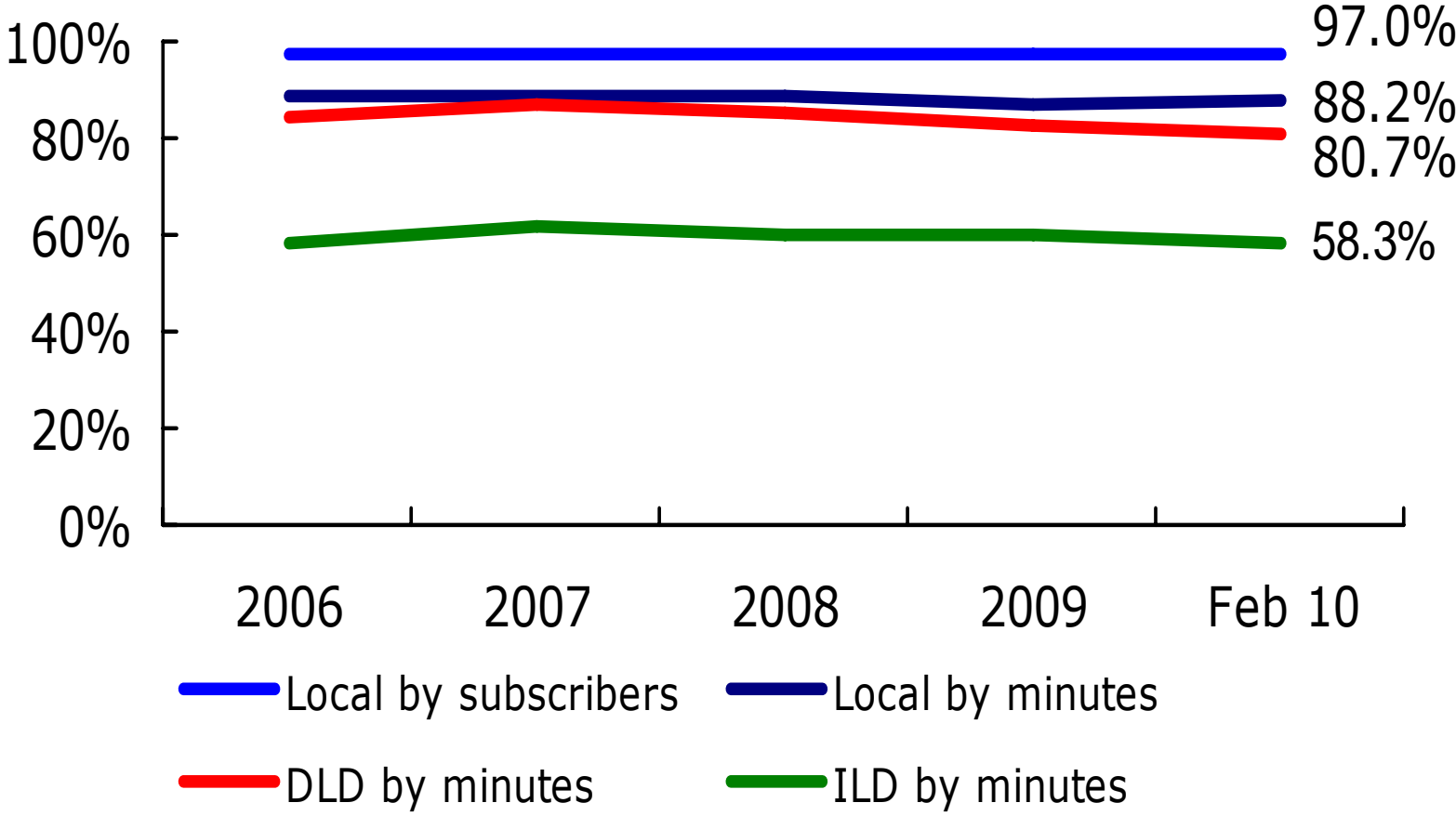
Note: Market share numbers are as of Feb 2010

Integrated Services Provider with Dominant Market Positions

- Domestic Fixed
 - #1 Local subscribers
 - 97.0% share (12.4 mm subs)
 - 88.2% share by minutes
 - #1 DLD minutes
 - 80.7% share by minutes
 - #1 Broadband access
 - 82.7% market share^(b) (4.32 mm subs)
- Mobile
 - #1 Mobile subscribers
 - 34.4% market share^(a) (9.36mm subs)
 - #1 Mobile revenue
 - 35.5% market share^(a)
- Internet
 - #1 ISP subscribers
 - 71.9% market share (4.07 mm subs)
- International Fixed
 - #1 ILD minutes
 - 58.3% share by minutes

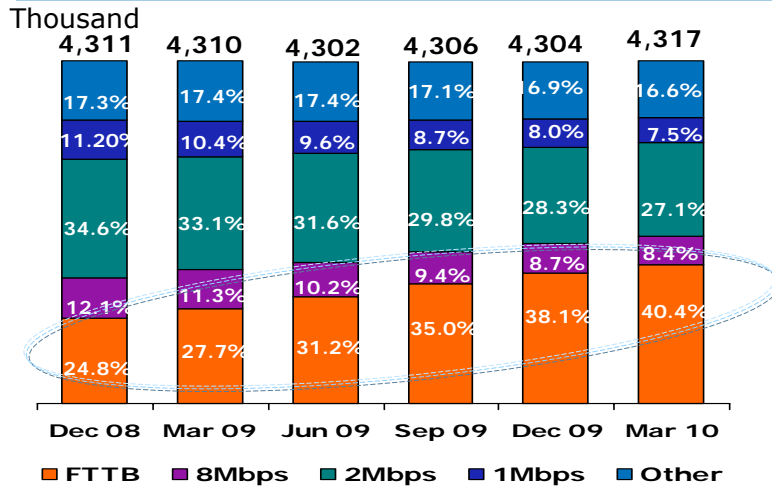
Undisputed Leader in Fixed-Line Services

Maintain Stable Fixed-Line Voice Market Share



Taiwan's Leading Broadband & Internet Service Provider

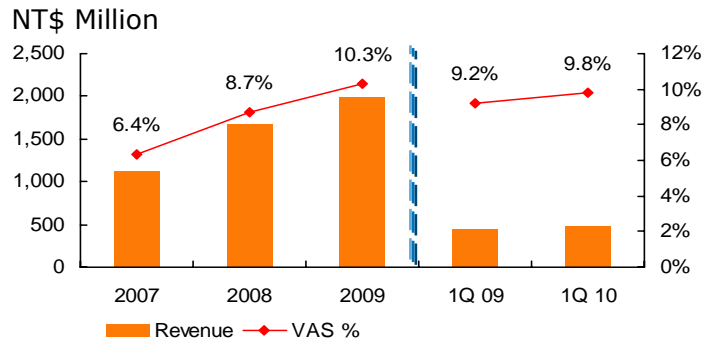
Broadband Subscribers



Note:

- Others include 256k, 768k, 4M & 6M services
- "8M" includes 8M and 12M services

Internet VAS Revenue %



Strategies

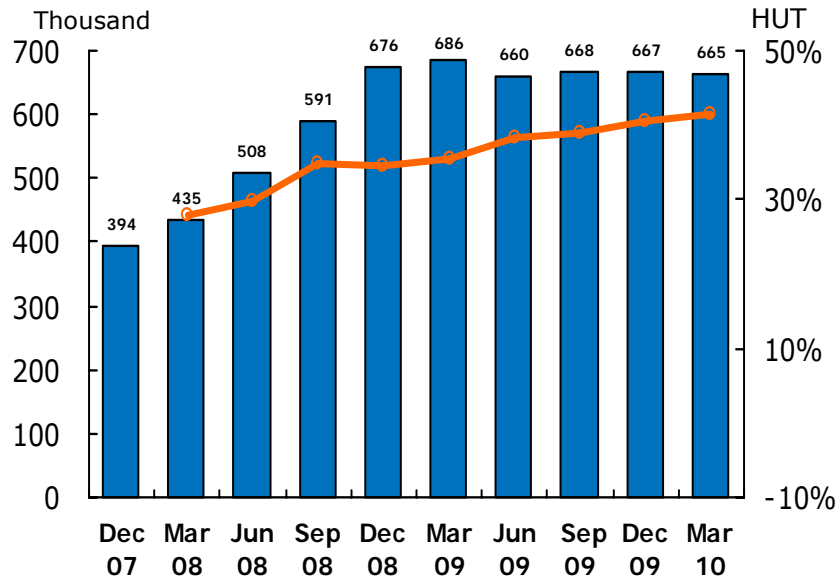
- Migrate ADSL subs to FTTx to offer quality network service and increase revenue
- Provide even higher speed FTTH (50M) service including HDTV, remote surveillance, etc
- Retain lower speed subs through competitive price by offering ISP service from strategic partner
- Co-promote broadband and wireless internet
- Continue promoting Internet VAS

Performance

- Broadband ARPU grew 1.8% yoy in 1Q10
- Fast growing VAS (yoy in 10'Q1)
 - HiNet Ads : 42%
 - HiNet land services : 20%
 - HiNet Music: 16%
 - hiHosting: 14%

Expanding MOD/IPTV for On-Demand Services

MOD/IPTV Subscribers



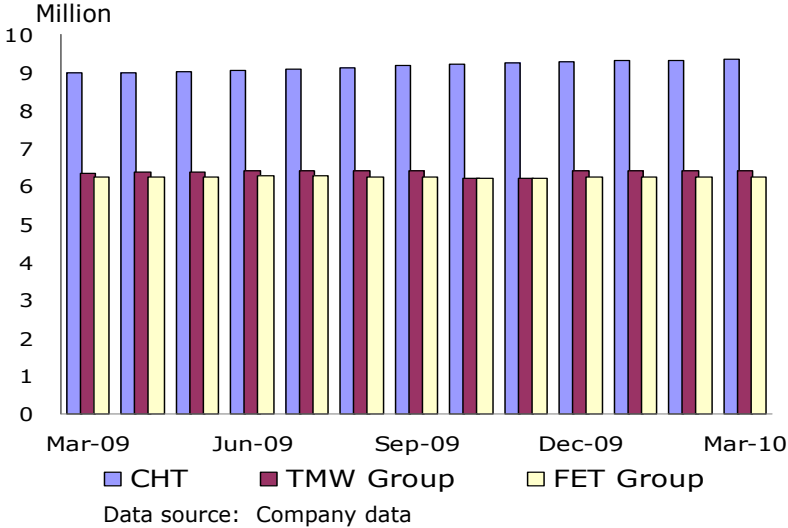
- MOD revenue and ARPU grew 1.6% and 3.9% YoY respectively in 1Q 2010
- Subs growth of Golden TV package: 305,000 (Mar. 10')
- Subs of newly launched Family Package (incl. National Geographic, Universal, Hallmark, Sci Fi and sports etc) as of the end of April: around 8,000

Content and Service Updates

- Channels
 - 103 SD channels and 8 HD channels on line
 - 9 new channels are under negotiation
- VOD
 - Over 7,100 hrs SD / HD VOD on line with updates 600 hrs on weekly basis
 - Signed a VOD deal with Hong Kong-based company TVB to provide 1,200 hrs of drama per year (364hrs in Mar ` 10)
- Interaction
 - Game: Hii launched in Mar. 10
 - Special Zone for Interactive Ads launched
 - Interactive game for 2010 Winter Olympics and 2010 Taipei Int'l Flora Expo
- Functionality
 - Simplify user interface and repackage channels with customers' preferences
 - hiFree (music, news, weather, personal information) to be launched in May

Number One Mobile Services Provider

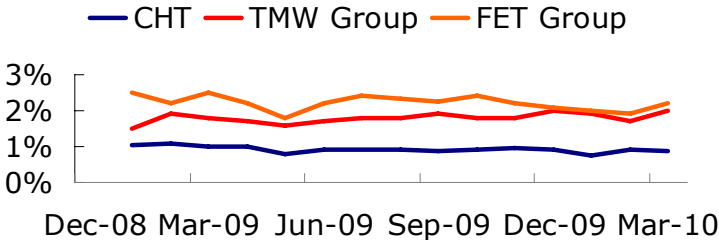
Highest Subs Number



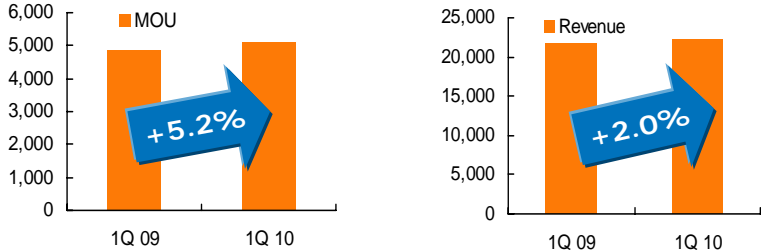
Strategies

- Maintain mobile leadership by acquiring customers, minimizing churn rate, and increasing user loyalties via compelling user experiences
- Create value via smartphone services
- Increase mobile VAS revenue by offering customized and integrated Hami VAS services with mobile internet tariff plans over 3.5G+WiFi networks
- Additional new sales channels from 3C stores (Tsann Kuen) and hypermarkets (Carrefour)

Lowest Churn Rate



Performance

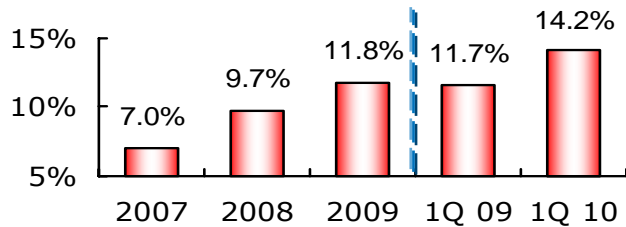


Note: Incoming minute of usage data for Mar 10 was based on estimation

Smartphone Value Driver for Mobile

Performance

- VAS revenue account for 14.2% of mobile revenue in 1Q2010



- Smartphone customers account for 15% of the total handsets CHT offered in 1Q2010
 - The percentage is expected to reach 20% by 2010
- mPro yoy growth in 1Q2010
 - Subscriber: 210%
 - Revenue : 316%
- Facilitate customers' usage frequency via VAS
 - VAS % of smartphone is much higher than the average
 - ARPU of Smartphone contract user doubled compared to the average

Handset Strategies

- Promote smartphones with various applications to increase premium customer penetration
 - Platforms support iPhone OS, Android and Windows Phone X
 - Tie-in-sales with world-class smartphones (ex. Apple, HTC and Garmin-Asus)

Customized VAS




- Focus on 3G VAS to satisfy diversified customer demand and increase usage
- VAS services includes
 - Information: news, weather, finance, sports, public transportation timetables
 - Service applications: Movie ticketing, Xuite, shopping channel and e-book
 - Payment for parking fees, game debit card
 - Membership: Personal bill retrieving, online call center, website recommendation
 - Promotion: Festival special

Meeting Customer Demand for Convergence

Strategies

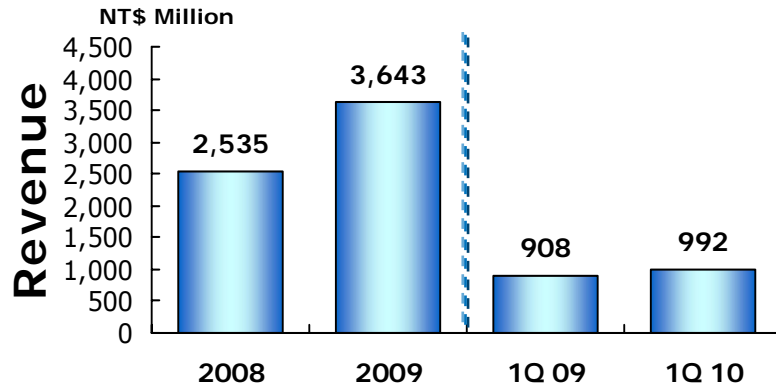
- Conduct cross-platform service operation, marketing and advertising
- Offer customer ubiquitous content services via multi-screen platform
- Gaining synergy from multi-screen service to facilitate more attractive contents, increase usage volume and ARPU

Multi-screen Platform

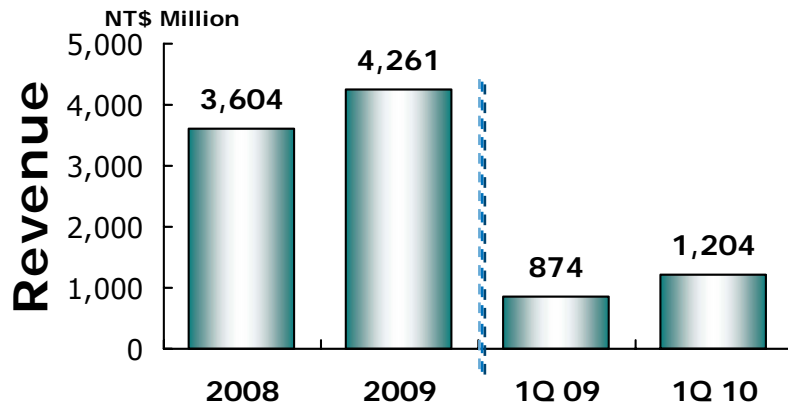
- Live broadcasted on 3 screens
 - IPTV  MOD
 - Internet  hiChannel
 - Mobile platform  emome
 - 2010 Winter Olympics
 - 2010 FIFA World Cup
 - 2010 World Expo
 - 2010 Taipei Int'l Flora Expo
- Expecting to offer 4 screen service including touch panel phone set for smart homes
 - Applications include
 - Music, video, payment (for fees & tax), micro payment, advertisement, fleet information and personal information

Satisfy Corporate Business Demand for Reliability and Efficiency

Corporate ICT Business



Corporate Overseas Business

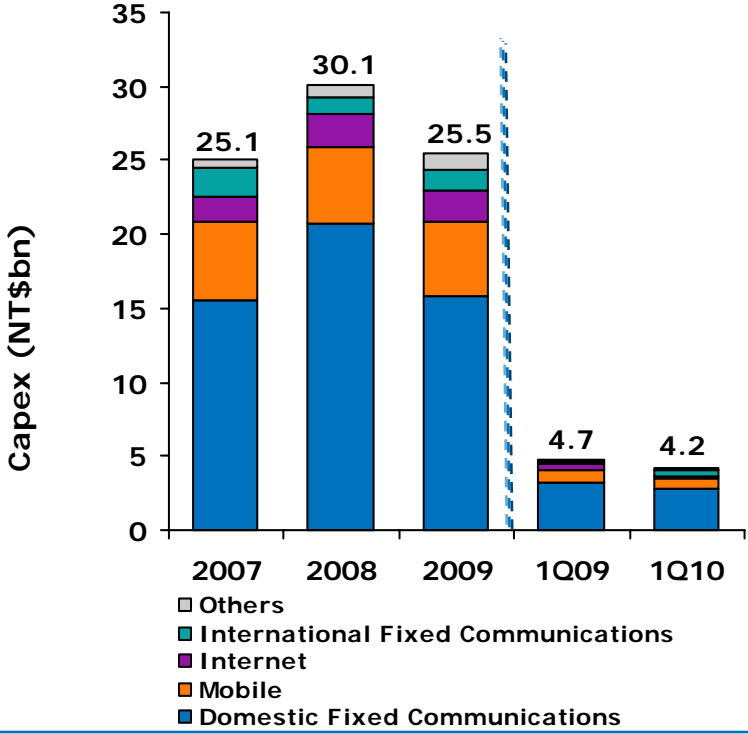


Strategies

- To expand business scope and focus on ICT potential business lines and government project
 - ITS, iEN, information security, PBX, call center, billing VAS and IDC
 - Continue to win government project
- To expand corporate overseas business such as international data and wholesale services

Effective and Efficient Capital Expenditures

Capital Expenditure (NT\$bn)



- Future investments continue to focus on core businesses and on migrating mobile and data customers to higher revenue platforms
 - 3G / 3.5G / LTE
 - IP-based NGN
 - FTTx
 - Service Platforms

CapEx as % of Revenue	2007	2008	2009	1Q09	1Q10
	12.7%	14.9%	12.8%	9.6%	8.4%

Note: Figures are on consolidated basis.

Financials Overview

Financials: Income Statement Highlights

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q1 2009	Q1 2010	Growth Rate
Net Revenues	201.67	198.36	(1.6%)	49.12	49.62	1.0%
EBITDA	96.74	92.70	(4.2%)	23.36	23.56	0.9%
Income from Operations	58.57	56.39	(3.7%)	14.13	14.88	5.3%
Net Income	45.01	43.76	(2.8%)	10.79	12.06	11.8%
EBITDA margin (%)	47.97	46.73		47.55	47.49	
Net Income Margin (%)	22.32	22.06		21.96	24.31	

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

Financials: Business Segment Revenues

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q1 2009	Q1 2010	Growth Rate
Domestic Fixed	73.06	71.47	(2.2%)	17.70	17.20	(2.8%)
Local	34.55	33.21	(3.9%)	8.11	7.91	(2.5%)
DLD	8.48	7.40	(12.7%)	1.90	1.70	(10.6%)
Broadband Access	19.96	19.90	(0.3%)	5.02	5.08	1.1%
Mobile	88.81	86.52	(2.6%)	21.77	22.22	2.1%
Mobile Services	72.38	71.38	(1.4%)	17.59	17.93	2.0%
Sales of Mobile handsets and data cards	16.34	14.98	(8.3%)	4.17	4.28	2.5%
Internet	23.02	23.65	2.7%	5.76	5.87	2.0%
Internet Services	17.67	17.34	(1.9%)	4.36	4.46	2.3%
International Fixed	15.94	15.24	(4.3%)	3.63	3.97	9.3%
ILD	14.05	12.92	(8.0%)	3.12	3.24	3.8%
Others	0.85	1.47	74.3%	0.26	0.36	35.5%
Total	201.67	198.36	(1.6%)	49.12	49.62	1.0%

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

Financials: Costs & Expenses

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q1 2009	Q1 2010	Growth Rate
Operating Costs	113.55	112.74	(0.7%)	28.15	27.79	(1.3%)
Operating Expenses	29.55	29.23	(1.1%)	6.84	6.95	1.6%
Marketing	22.73	22.29	(1.9%)	5.13	5.21	1.5%
General and Administrative	3.68	3.77	2.3%	0.95	0.98	2.7%
R&D Expense	3.14	3.17	0.9%	0.76	0.76	0.0%
Total	143.10	141.97	(0.8%)	34.99	34.74	(0.7%)

Note :

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

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

Financials: Cash Flow Highlights

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q1 2009	Q1 2010	Growth Rate
Net Cash Flows from Operating Activities	91.86	77.29	(15.9%)	16.05	15.69	(2.2%)
CAPEX	30.12	25.48	(15.4%)	4.70	4.17	(11.4%)
Free Cash Flow	61.74	51.81	(16.1%)	11.35	11.52	1.5%
Cash and Cash Equivalents at the end of period	81.29	73.26	(9.9%)	69.15	79.19	14.5%

Note :

- 1.The calculation of growth rate is based on NT\$m.
2. Free cash flow is subtracting Capex from net cash flows from operating activities.

Q2 2010 Forecast

(NT\$bn)	ROC GAAP (Parent Company Only)					
	Q1 2010	Q2 2010E	Growth Rate	Q2 2009	Q2 2010E	Growth Rate
Net Revenues	45.52	45.12	(0.9%)	45.09	45.12	0.1%
EBITDA	23.12	22.41	(3.1%)	23.67	22.41	(5.3%)
Income from Operations	14.53	13.83	(4.8%)	14.62	13.83	(5.4%)
Net Income	12.06	11.43	(5.2%)	11.47	11.43	(0.4%)
EBITDA margin (%)	50.80	49.67	(2.2%)	52.48	49.67	(5.4%)
Net Income Margin (%)	26.49	25.34	(4.3%)	25.45	25.33	(0.4%)

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

Outlook

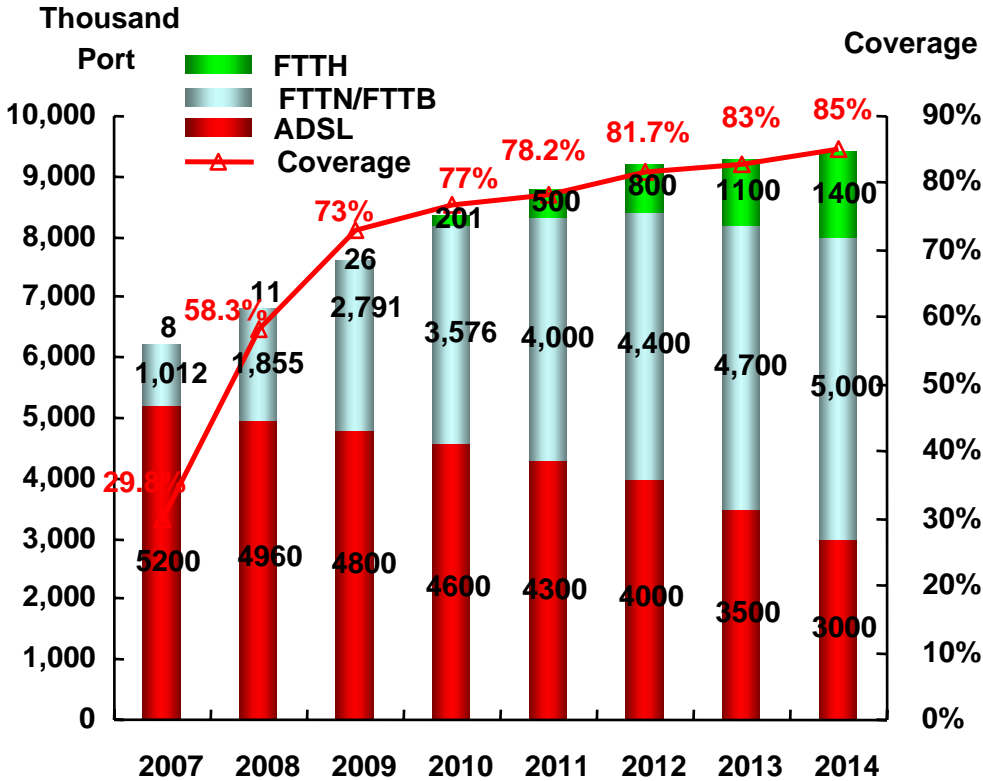
Mid-term Corporate Strategy

- Strengthen advanced broadband network capabilities to facilitate business growth and transformation
- Enhance competitiveness via innovative services
- Focus on selected ICT services to better serve corporate clients
- Explore mainland and overseas emerging markets for new revenue stream
- Leverage strong financial resources and property assets to boost income
- Consistently implement Corporate Social Responsibility

Q&A

Reference

Continuing Broadband Network Construction



Fiber Deployment Plan

- FTTx access expected to exceed ADSL access by year 2011
- FTTx coverage expected to reach 85% by year 2014
- Broadband access + ISP revenue slightly growing in upcoming years
- Wireline* VAS revenues expected to have higher growth

Note:

- (1) The Coverage rate(>30M) is based on the household number (7.80mn) as of Dec. 2009
- (2) Wireline : Fixed + Internet & Data