Chunghwa Telecom Co., Ltd. and Subsidiaries

GAAP Reconciliations of Consolidated Financial Statements for the Nine Months Ended September 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN ACCOUNTING POLICIES FOLLOWED BY THE COMPANY AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE UNITED STATES OF AMERICA (UNAUDITED) (AMOUNTS IN MILLIONS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

The following is a reconciliation of consolidated net income and stockholders' equity under ROC GAAP as reported in the unaudited consolidated financial statements to unaudited consolidated net income and stockholders' equity determined under US GAAP. For the descriptions of principal differences between ROC GAAP and US GAAP, please refer to Form 20-F filed with the Securities and Exchange Commission of the United States (the "SEC") on April 20, 2011 (File No. 001-31731).

1) Net Income Reconciliation

	Nine Months Ended September 30	
	2011	**2010**
	NT$	**NT$**
Consolidated net income based on ROC GAAP	$ 37,846	$ 37,657
Adjustment:		
a. Property, plant and equipment		
1. Adjustments of gains and losses on disposal of property, plant and equipment	579	-
2. Adjustments for depreciation expenses	82	92
b. 10% tax on unappropriated earnings	852	616
d. Revenues recognized from deferred income of prepaid phone cards	-	39
e. Revenues recognized from deferred one-time connection fees	675	874
f. Share-based compensation	(1)	(4)
g. Defined benefit pension plan	1	-
i. Income tax effect of US GAAP adjustments	(169)	(345)
j. Noncontrolling interests of acquired subsidiary	-	(3)
Other minor GAAP differences not listed above	(33)	(23)
Net adjustment	1,986	1,246
Consolidated net income based on US GAAP	$ 39,832	$ 38,903
Attributable to		
Stockholders of the parent	$ 39,122	$ 38,193
Noncontrolling interests	710	710
	$ 39,832	$ 38,903
Basic earnings per common share	$ 5.02	$ 3.94
Diluted earnings per common share	$ 4.99	$ 3.93

(Continued)

	Nine Months Ended September 30	
	2011	2010
	NT$	NT$
Weighted-average number of common shares outstanding (in 1,000 shares)		
Basic	7,800,070	9,696,808
Diluted	7,822,312	9,727,012
Net income per pro forma equivalent ADSs		
Basic	$ 50.16	$ 39.39
Diluted	$ 49.94	$ 39.26
Weighted-average number of pro forma equivalent ADSs (in 1,000 shares)		
Basic	780,007	969,681
Diluted	782,231	972,701

(Concluded)

2) Stockholders' Equity Reconciliation

	September 30	
	2011	2010
	NT$	NT$
Total stockholders' equity based on ROC GAAP	$ 362,786	$ 376,651
Adjustment:		
a. Property, plant and equipment		
1. Capital surplus reduction	(60,168)	(60,168)
2. Adjustment on depreciation expenses, and disposal gains and losses	4,949	4,233
3. Adjustments of revaluation of land	(5,763)	(5,803)
b. 10% tax on unappropriated earnings	(3,565)	(3,421)
d. Deferred income of prepaid phone cards		
1. Capital surplus reduction	(2,798)	(2,798)
2. Adjustment on deferred income recognition	2,798	2,579
e. Revenues recognized from deferred one-time connection fees		
1. Capital surplus reduction	(18,487)	(18,487)
2. Adjustment on deferred income recognition	16,375	15,456
f. Share-based compensation		
1. Adjustment on capital surplus	15,706	15,704
2. Adjustment on retained earnings	(15,706)	(15,704)
g. 1. Accrual for accumulative other comprehensive income under pension guidance	(611)	(3)
2. Accrual for pension cost	(27)	(28)
h. Adjustment for pension plan upon privatization		
1. Adjustment on capital surplus	1,782	1,782
2. Adjustment on retained earnings	(9,665)	(9,665)

(Continued)

	September 30	
	2011	2010
	NT$	NT$
i. Income tax effect of US GAAP adjustments	$ 4,607	$ 4,893
j. Noncontrolling interests of acquired Subsidiary	(29)	25
Other GAAP differences not listed above	118	159
Net adjustment	(70,484)	(71,246)
Total equity based on US GAAP	$ 292,302	$ 305,405
Attributable to		
Stockholders of the parent	$ 288,485	$ 301,716
Noncontrolling interests	3,817	3,689
	$ 292,302	$ 305,405

(Concluded)

3) Cash Flows Differences

The Company applies ROC SFAS No. 17, "Statement of Cash Flows". Its objectives and principles are similar to those set out in U.S. standards. The principal differences between the two standards relate to classification. Cash flows from investing activities for changes in other assets, and cash flows from financing activities for changes in customers' deposits and other liabilities are reclassified to operating activities under U.S. standards. In addition, the effect of change on consolidated subsidiaries, which was shown as a separate item under ROC standards, is reclassified to investing activities under U.S. standards.

Note 1: There is a significant difference in the classification of items on the statements of income under ROC GAAP and US GAAP. Those items include:

(1) Gains (losses) on disposal of property, plant and equipment and other assets, and impairment loss on property, plant and equipment and other assets, and other assets and loss arising from natural calamities:

- Under ROC GAAP: Such accounts are included in non-operating income (expenses).
- Under US GAAP: Such accounts are included in cost of revenues.

2. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2011, the Financial Accounting Standards Board (FASB) amended the accounting standards relating to fair value measurements to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards (IFRSs). The amended guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This guidance is effective for fiscal years and interim periods within those years, beginning after December 15, 2011 and early adoption is not permitted. The Company is currently evaluating the impact of the adoption of the update.

In June 2011, the FASB issued new amendments relating to that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and early adoption is permitted. The adoption of the amendments did not have a material effect on the Company's consolidated financial statements.

In September 2011, the FASB issued new amendments relating to that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. Under the amendments in this update, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. The update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption is permitted. The Company is currently evaluating the impact of the adoption of the update.