



中華電信
Chunghwa Telecom



2009 Operating Results

March 30 , 2010

Disclaimer

Note Concerning Forward-looking Statements

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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

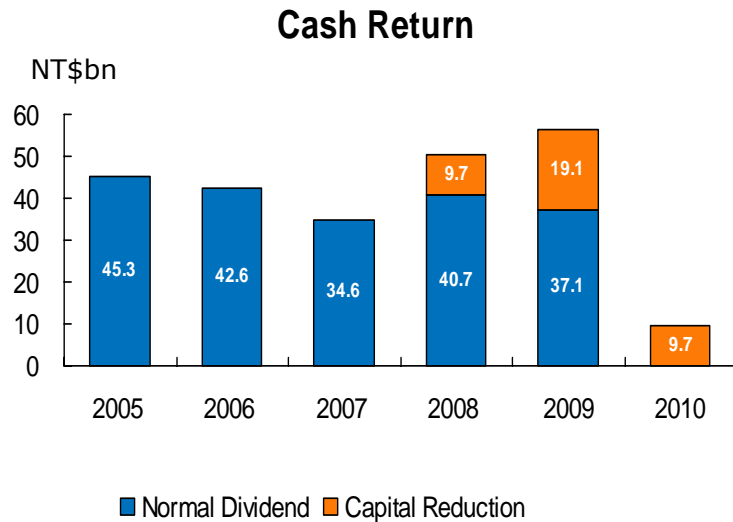
- Satisfy mobile customer demand for high-quality access and services for increasingly sophisticated usage needs
- Invest in innovation to drive the next wave of broadband development and transformation from pure telecom operator
- Step up commitment in preserving environment and social responsibilities



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

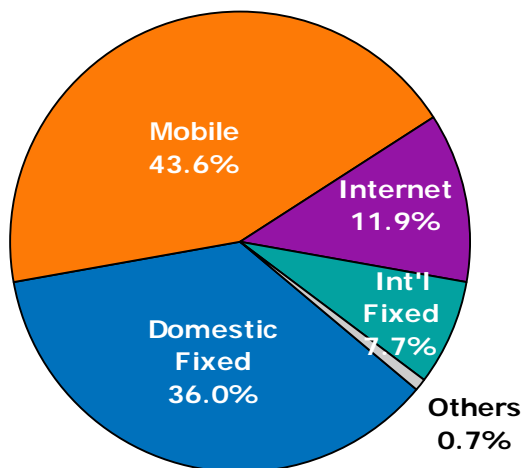
- High dividend payout ratio
- Consistent capital management
 - Cumulative cash returns of NT\$38.5bn to shareholders in the previous three rounds of capital reduction
- Total cash return of NT\$56.2bn in fiscal year 2009
- The board approved the 4th round of capital reduction in Mar 2010
 - The cash return expected to be NT\$19.4bn

Business Overview

Chunghwa Telecom Overview

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

Revenue Breakdown



2009 Consolidated Revenue: NT\$198.4bn (c)

Source: Company data, MOTC, and NCC statistics

a) Includes 2G, 3G and PHS

b) CHT access circuits were not included

c) Consolidated revenue

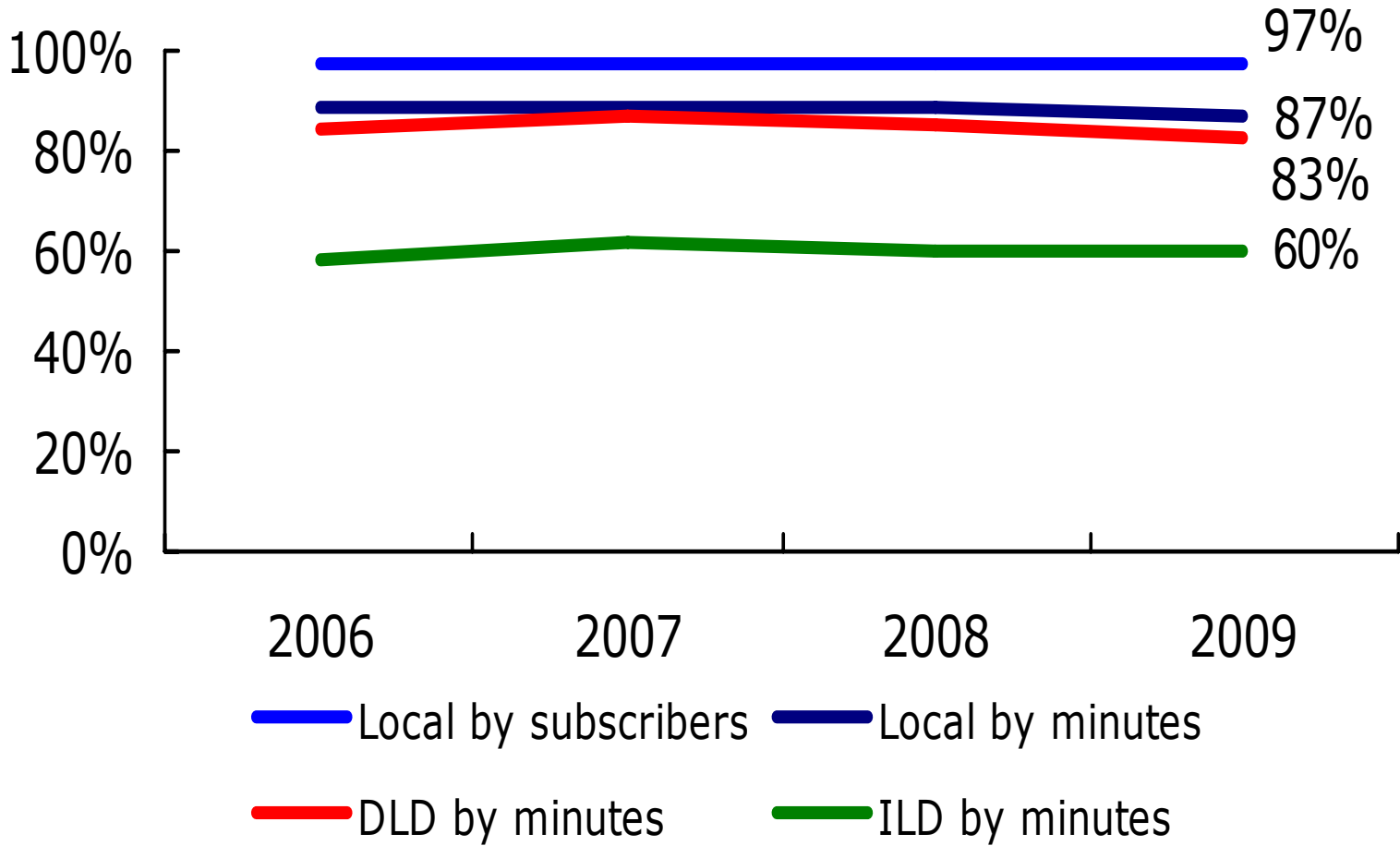
(Note) Market share numbers are as of Dec 2009

Integrated Services Provider with Dominant Market Positions

- Domestic Fixed
 - #1 Local subscribers
 - 97.1% share (12.4 mm subs)
 - 87.2% share by minutes
 - #1 DLD minutes
 - 82.9% share by minutes
 - #1 Broadband access
 - 83.0% market share^(b) (4.3 mm subs)
- Mobile
 - #1 Mobile subscribers
 - 34.4% market share^(a) (9.27mm subs)
 - #1 Mobile revenue
 - 33.1% market share^(a)
- Internet
 - #1 ISP subscribers
 - 71.8% market share (4.1 mm subs)
- International Fixed
 - #1 ILD minutes
 - 60.3% share by minutes

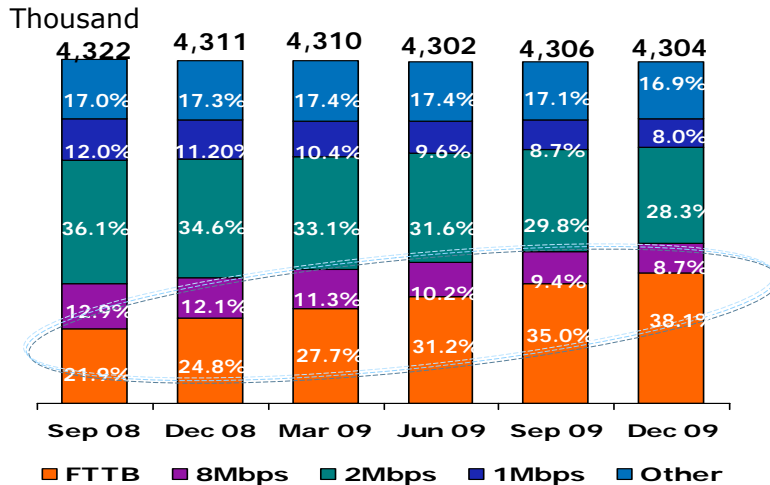
Undisputed Leader in Fixed-Line Services

Maintain Stable Fixed-Line Voice Market Share



Taiwan's Leading Broadband & Internet Service Provider

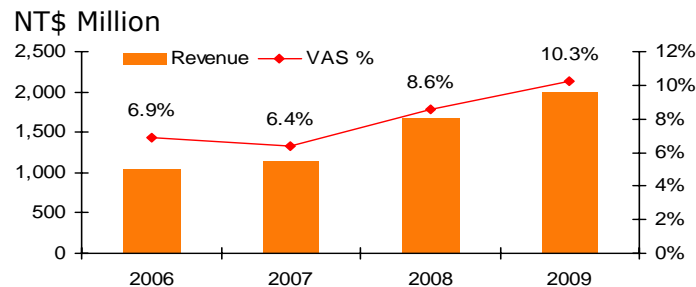
Broadband Subscribers



Note:

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

Internet VAS Revenue %

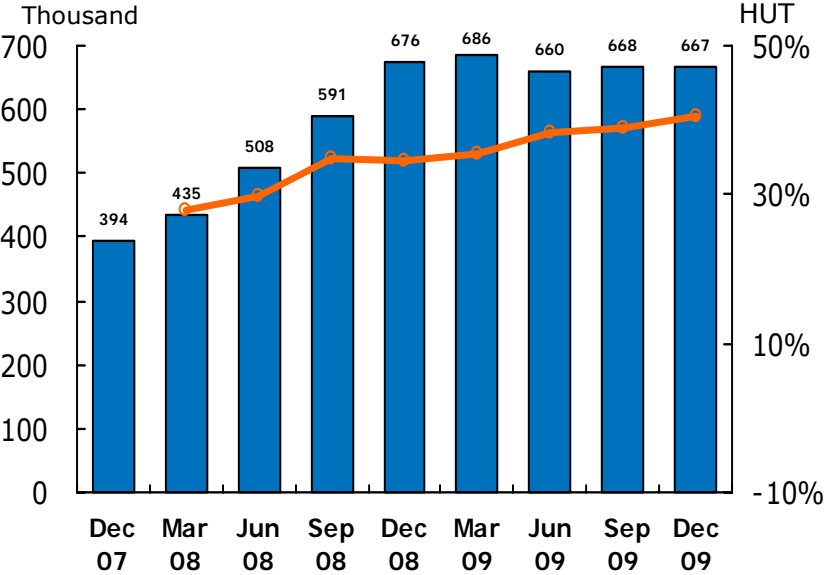


Strategies

- 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
 - Fast growing VAS
 - Internet pornography gatekeeper: 96% YoY
 - HiNet Music: 26% YoY
 - hiHosting: 19% YoY

Expanding MOD/IPTV for On-Demand Services

MOD/IPTV Subscribers



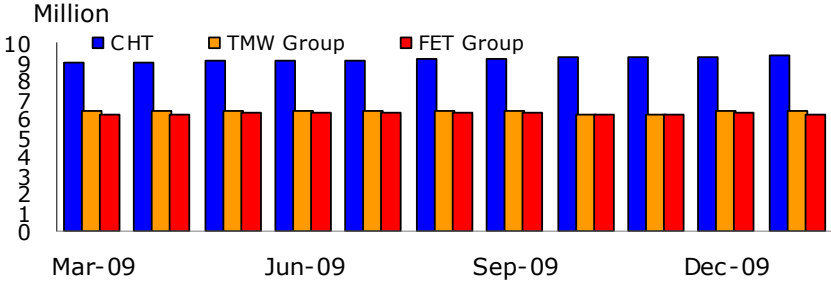
- MOD revenue and ARPU grew 42% and 13% year-over-year respectively in 2009
- Subs growth of Golden TV package: 281,000 (Feb '10)

Content and Service Updates

- Channels
 - 92 SD channels and 5 HD channels on line
 - 9 new channels are under negotiation
- VOD
 - Over 10,000 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
 - Special Zone for Interactive Ads launched
 - Interactive game for 2010 Winter Olympics and 2010 Taipei Int'l Flora Expo

Number One Mobile Services Provider

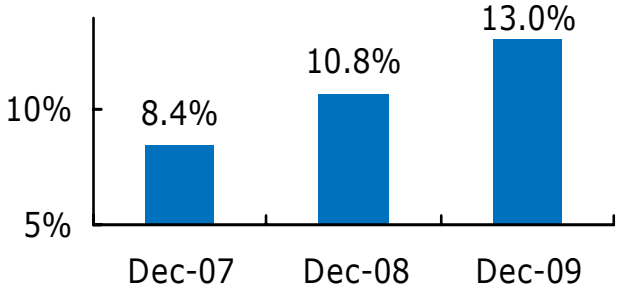
Highest Subs Number



Data source: Company data as of Jan 2010

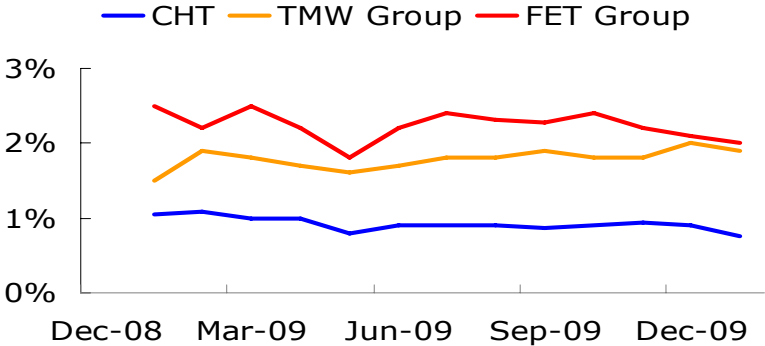
Strategies

- 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 high quality network



- Additional new sales channels from 3C stores (Tsann Kuen) and hypermarkets (Carrefour)

Lowest Churn Rate



Data source: Company data as of Jan 2010

Smartphone Value Driver for Mobile

Performance

- Data revenue account for 11.8% of mobile revenue in 2009
- Smartphone customers account for 7.5% of the total handsets CHT offered in 2009
 - The percentage is expected to reach 15% by 2010
- mPro yoy growth in 2009
 - Subscriber: 222%
 - Revenue : 214%
- 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

Hami



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


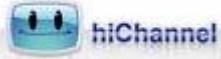

- Focus on 3G VAS to satisfy diversified customer demand and increase usage
- VAS services includes
 - Information: news, weather, finance, sports, public transportation timetables
 - Service applications: Movie ticketing, Xuite, shopping channel and e-book
 - Payment for parking fees, game debit card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

Meeting Customer Demand for Convergence

Strategies

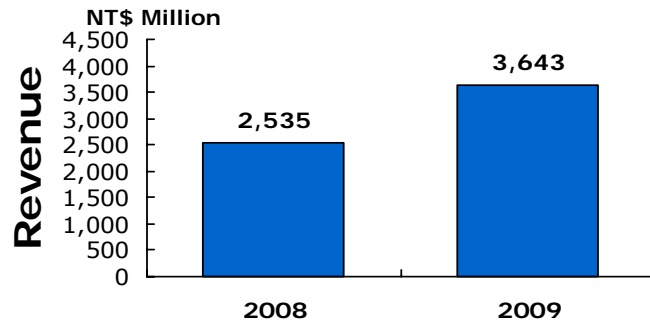
- Conduct cross-platform service operation, marketing and advertising
- Offer customer ubiquitous content services via multi-screen platform
- Gaining synergy from multi-screen service to facilitate more attractive contents, increase usage volume and ARPU

Multi-screen Platform

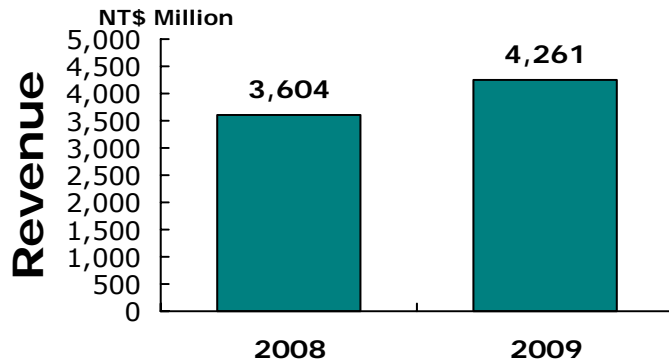
- Live broadcasted on 3 screens
 - IPTV 
 - Internet 
 - Mobile platform 
 - 2010 Taipei Int'l Flora Expo
 - 2010 Winter Olympics
 - 2009 World Games
 - 2009 Deaflympics
 - 2008 Beijing Olympics
- Expecting to offer 4 screen service including touch panel phone set for smart homes
 - Applications include
 - 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

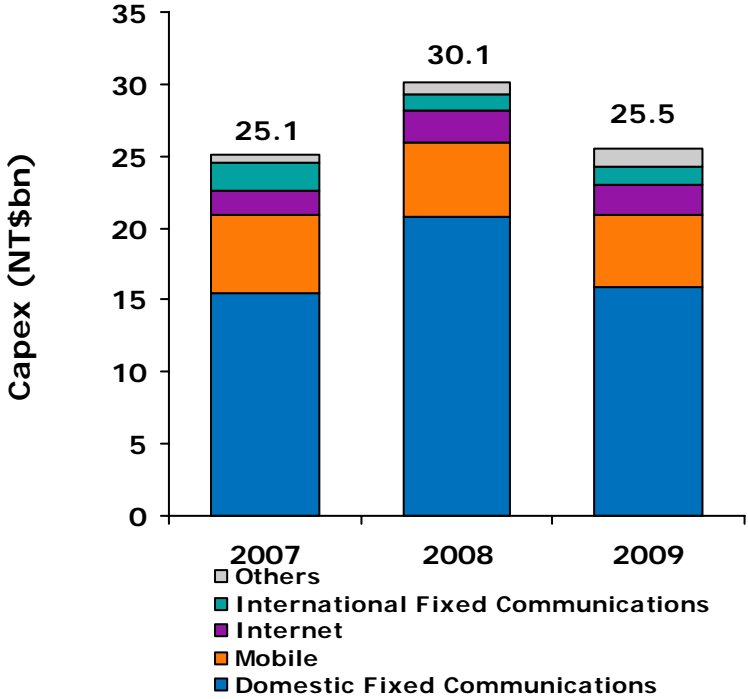


Strategies

- 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)



CapEx as % of Revenue	2007	2008	2009
	12.7%	14.9%	12.8%

- 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

Note:
Figures on the right chart are on consolidated basis.

Property Development Updates

Property Strategies

- Overall strategy: primary focus on rental revenue
- Participate in urban redevelopment plan managed by public sector
- Action plan focus
 - Lease unused buildings and floor space
 - Develop lands in prime locations with developers with proven track record
 - Sell small-sized lands

Mid-term Targets over Next 5 Years

- Total area to be under construction of 41,441 m², or 1.01% of total property asset
 - Consists of 7 pieces of land
 - 5 in Taipei city, 1 in Taichung, 1 in Kaohsiung
- Primary focus on commercial, office and business accommodation
- Total estimated additional development investment required from 2010 to 2014 inclusive
~NT\$4.5bn to NT\$5.5bn
- Rental revenue contribution estimated to be NT\$0.6bn (0.33% on annual basis) post the completion

Regulatory Update

Tariff regulation

- Wireline and wireless tariff reduction starting from April 1, 2010 over the next 3 years

Government ownership of media shares

- The National Communications Commission proposed an amendment to the Satellite Broadcasting Act that will allow the government, political parties and the military to indirectly hold up to a 10-percent stake in satellite broadcasting companies

Issue mobile-TV licenses

- Government plans to issue 2 mobile-TV licenses by the end of 2010 or early 2011
- NCC may adopt a 'first review, then auction off' approach for the bidding process, but the details yet to be determined

Regulatory Update: Tariff Regulations

Target	Business Operation		Applicable services	X factor	Years in effect	
SMP (Significant Market Power)	Fixed-line	1	IP Peering	4.816%	3	1. Applicable from Apr 1, 2010 to Mar 31, 2013. 2. Δ CPI for year 2009 = -0.87
		2	Domestic wholesale leased line			
		3	ADSL circuit			
		4	Domestic long distance call (excl. Public phone call)			
All 2G/3G operators	Mobile	1	Domestic SMS	5%	3	
		2	Off-net voice call tariffs including (1) Off-net mobile (2) Mobile to fixed calls			
		3	voice call interconnection	NCC will modify regulations of wholesale rates of voice call termination on mobile network.		

Financials Overview

Financials: Income Statement Highlights

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q4 2008	Q4 2009	Growth Rate
Revenue	201.67	198.36	(1.6%)	49.81	51.13	2.6%
EBITDA	96.74	92.70	(4.2%)	21.20	22.13	4.4%
Operating Profit	58.57	56.39	(3.7%)	11.68	13.16	12.7%
Net Income	45.01	43.76	(2.8%)	8.49	10.58	24.6%
EBITDA margin (%)	47.97	46.73		42.57	43.27	
Net Income Margin (%)	22.32	22.06		17.04	20.69	

Note :

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

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	Q4 2008	Q4 2009	Growth Rate
Domestic Fixed	73.06	71.47	(2.2%)	18.56	18.52	(0.2%)
Local	34.55	33.21	(3.9%)	8.50	8.60	1.1%
DLD	8.48	7.40	(12.7%)	2.05	1.57	(23.5%)
Broadband Access	19.96	19.90	(0.3%)	5.01	5.03	0.4%
Mobile	88.81	86.52	(2.6%)	21.57	21.91	1.6%
Mobile Services	72.38	71.38	(1.4%)	17.75	17.80	0.3%
Sales of Mobile handsets and data cards	16.34	14.98	(8.3%)	3.80	4.08	7.4%
Internet	23.02	23.65	2.7%	5.88	6.44	9.5%
Internet Services	17.67	17.34	(1.9%)	4.50	4.38	(2.5%)
International Fixed	15.94	15.24	(4.3%)	3.96	3.72	(6.1%)
ILD	14.05	12.92	(8.0%)	3.49	3.17	(9.3%)
Others	0.85	1.47	74.3%	(0.17)	0.54	524.2%
Total	201.67	198.36	(1.6%)	49.81	51.13	2.6%

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

Financials: Costs & Expenses

(NT\$bn)	ROC GAAP (Consolidated)					
	2008	2009	Growth Rate	Q4 2008	Q4 2009	Growth Rate
Operating Costs	113.55	112.74	(0.7%)	29.25	29.79	1.9%
Operating Expenses	29.55	29.23	(1.1%)	8.88	8.18	(7.9%)
Marketing	22.73	22.29	(1.9%)	6.98	6.36	(9.0%)
General and Administrative	3.68	3.77	2.3%	1.00	0.97	(2.9%)
R&D Expense	3.14	3.17	0.9%	0.90	0.85	(6.0%)
Total	143.10	141.97	(0.8%)	38.13	37.97	(0.4%)

Note :

- 1.The calculation of growth rate is based on NT\$m.
- 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	Q4 2008	Q4 2009	Growth Rate
Net Cash Flow from Operating Activities	91.86	77.29	(15.9%)	35.95	27.82	(22.6%)
CAPEX	30.12	25.48	(15.4%)	11.79	8.92	(24.3%)
Free Cash Flow	61.74	51.81	(16.1%)	24.16	18.90	(21.8%)
Cash and Cash Equivalent at the end of period	81.29	73.26	(9.9%)	81.29	73.26	(9.9%)

Note :

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

Q1 2010 Forecast

(NT\$bn)	ROC GAAP (Parent Company Only)					
	2008	2009	Growth Rate	Q1 2009	Q1 2010	Growth Rate
Revenue	186.78	184.04	(1.5%)	45.21	45.46	0.6%
EBITDA	95.13	91.11	(4.2%)	22.93	22.45	(2.1%)
Operating Profit	57.16	55.14	(3.5%)	13.77	13.67	(0.7%)
Net Income	45.01	43.76	(2.8%)	10.79	11.29	4.6%
EBITDA margin (%)	50.93	49.51		50.72	49.38	
Net Income Margin (%)	24.10	23.78		23.87	24.83	

Note:

1. These projections are based on a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies.
2. Some figures of 2008 are reclassified according to ROC SFAS 10 "Inventories".

Outlook

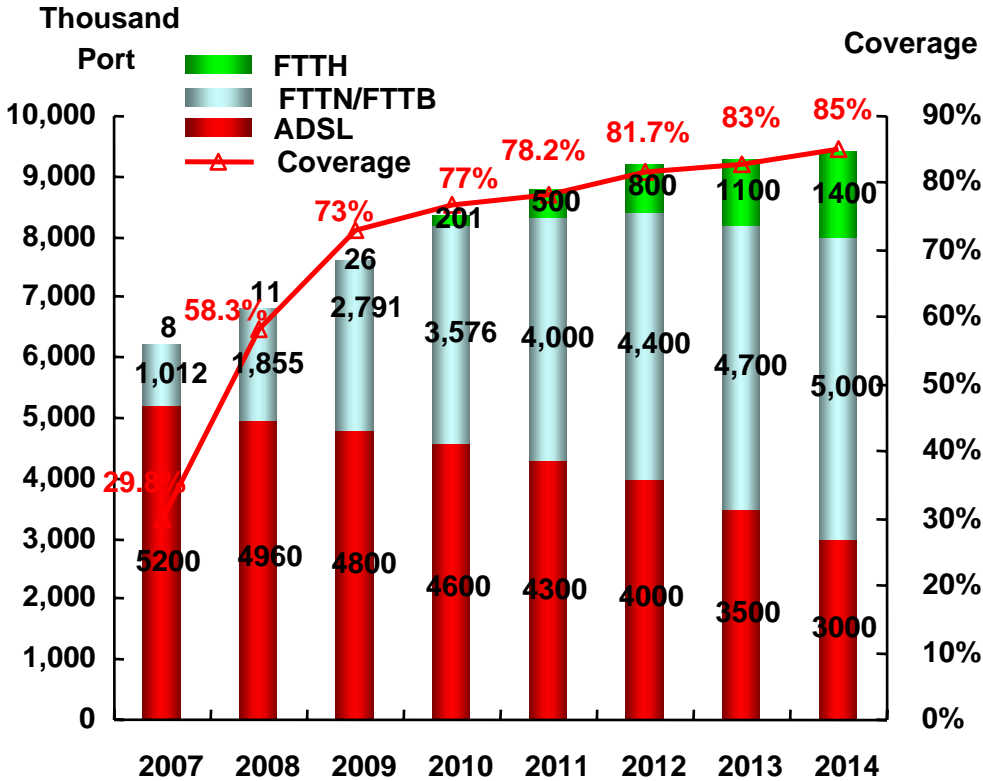
Mid-term Corporate Strategy

- 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

Property Development Updates

CHT Property Asset Total

Items	Amount	Total Dimension	Book Value (NT\$)
Land	2,748 pieces	409 hectares or 4,090,000 m ²	110bn
Building	1,828 buildings	3,500,000 m ²	40bn

CHT Property Asset Currently under Development

Total Dimension	Zone	Location	Estimated Starting Year for Revenue Contribution	Estimated Revenue Contribution %	Estimated Investment from 2007-2013 Inclusive
Six pieces 15,457 m ² (LEDC*)	Residential	Four in Taipei City One in Taipei County One in central Taiwan	2011 ~ 2012	One-time recognition of ~2%	NT\$1.5 ~ NT\$2.0bn in total
Two Commercial Buildings 47,527 m ²	Commercial	Two in Taipei City	2010 ~ & 2013 ~	Annual revenue recognition of ~0.15%	NT\$1.5 ~ NT\$2.0bn in total

(Note) LEDC: Light Era Development Company

Segment Reporting Redefined

Old	
Segment	Major Items
Fixed line	Local
	DLD
	ILD
Cellular Service	Mobile services
Internet & data	Internet services 1.HiNet service 2.Internet VAS 3.Narrowband Access 4.Broadband Access (ADSL+ FTTx)
	Data services 1.Leased line (Local, DLD & International) 2.Other (MOD, IDC, Managed Data services :①Domestic Data services, ②Data Communication services, ③International Data services)
Cellular Phone	Sales of mobile handsets and data cards
All others	Satellite services
	Paging services
	Miscellaneous (including non-core VAS, Domestic Other, International Other, Internet Other, Mobile Other, non-Telecom services)

Note : DLD : Domestic long distance
 ILD : International long distance
 MOD : Multimedia on Demand
 ICT : Information and communication technologies
 IDC : Internet Data Center

New	
Segment	Major Items
Domestic Fixed Communications Business	Local
	DLD
	Narrowband Access
	Broadband Access (ADSL+ FTTx)
	Leased line- Local & DLD
	MOD
	Domestic Data services
Mobile Communications Business	Domestic Other (including ICT, corporate solution services and billing handling services, the leasing of real estate)
	Mobile services
	Paging services
	Sales of mobile handsets and data cards
Internet Business	Mobile Other (including corporate solution services and billing handling services, the leasing of real estate, ICT)
	HiNet service
	Internet VAS (including non-core VAS)
	Data Communication services
	IDC
International Fixed Communications Business	Internet Other (including government services, corporate solution services and billing handling services, the leasing of real estate)
	ILD
	Leased line- International
	International Data services
	Satellite services
Others	International Other (including corporate solution services and billing handling services, the leasing of real estate)
	non-Telecom services