Chunghwa Telecom Co., Ltd. and Subsidiaries

GAAP Reconciliations of Consolidated Financial Statements for the Three Months Ended March 31, 2008 and 2009

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 22, 2009 (File No. 001-31731). Certain additional adjustments impacting the reconciliation but not included in the SEC Form 20-F referenced above have been included in the notes to the reconciliation below.

1) Net Income Reconciliation

	Three Months Ended March 31	
	2008 As Adjusted (Note 2, Below)	2009
	NT$	NT$
Consolidated net income based on ROC GAAP	$ 10,930	$ 10,987
Adjustment:		
a. Property, plant and equipment		
1. Adjustments of gains and losses on disposal of property, plant and equipment	(12)	1
2. Adjustments for depreciation expenses	85	53
b. 10% tax on unappropriated earnings	(994)	(998)
c. Employee bonuses and remuneration to directors and supervisors	-	-
d. Revenues recognized from deferred income of prepaid phone cards	212	195
e. Revenues recognized from deferred one-time connection fees	480	398
f. Share-based compensation (Note 1)	(5)	(5)
g. Defined benefit pension plan	-	-
i. Income tax effect of US GAAP adjustments	(216)	(191)
Noncontrolling interests of acquired subsidiary (Note 3)	-	(3)
Other minor GAAP differences not listed above	(14)	(12)
Net adjustment	(464)	(562)
Consolidated net income based on US GAAP	$ 10,466	$ 10,425
Attributable to		
Stockholders of the parent	$ 10,279	$ 10,251
Noncontrolling interests	187	174
	$ 10,466	$ 10,425
Basic earnings per common share	$ 1.06	$ 1.06
Diluted earnings per common share	$ 1.06	$ 1.06

(Continued)

	Three Months Ended March 31	
	2008 As Adjusted (Note 2, Below)	2009
	NT$	NT$
Weighted-average number of common shares outstanding (in 1,000 shares)	$ 9,653,355	$ 9,661,309
Net income per pro forma equivalent ADSs		
Basic	$ 10.65	$ 10.61
Diluted	$ 10.65	$ 10.59
Weighted-average number of pro forma equivalent ADSs (in 1,000 shares)	$ 965,336	$ 966,131

(Concluded)

2) Stockholders' Equity Reconciliation

	March 31	
	2008 As Adjusted (Note 2, Below)	2009
	NT$	NT$
Total stockholders' equity based on ROC GAAP	$ 407,858	$ 391,099
Adjustment:		
a. Property, plant and equipment		
1. Capital surplus reduction	(60,168)	(60,168)
2. Adjustment on depreciation expenses, and disposal gains and losses	3,718	4,013
3. Adjustments of revaluation of land	(5,823)	(5,813)
b. 10% tax on unappropriated earnings	(5,333)	(5,145)
c. Employee bonuses and remuneration to directors and supervisors	(1,006)	-
d. Deferred income of prepaid phone cards		
1. Capital surplus reduction	(2,798)	(2,798)
2. Adjustment on deferred income recognition	1,339	2,120
e. Revenues recognized from deferred one-time connection fees		
1. Capital surplus reduction	(18,487)	(18,487)
2. Adjustment on deferred income recognition	11,717	13,554
f. Share-based compensation		
1. Adjustment on capital surplus	15,667	15,688
2. Adjustment on retained earnings	(15,667)	(15,688)
g. 1. Accrual for accumulative other comprehensive income under US SFAS No. 158	33	22
2. Accrual for pension cost	(32)	(29)
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)

	March 31	
	2008 As Adjusted (Note 2, Below)	2009
	NT$	NT$
i. Income tax effect of US GAAP adjustments	$ 6,747	$ 6,028
Noncontrolling interests of acquired subsidiary (Note 3)	-	56
Other GAAP differences not listed above	210	181
Net adjustment	(77,766)	(74,349)
Total stockholders' equity based on US GAAP	$ 330,092	$ 316,750
Attributable to		
Stockholders of the parent	$ 327,222	$ 313,216
Noncontrolling interests	2,870	3,534
	$ 330,092	$ 316,750

(Concluded)

3) Cash Flows Differences

The Company applies R.O.C. SFAS No. 17, "Statement of Cash Flows". Its objectives and principles are similar to those set out in U.S. SFAS No. 95, "Statement of Cash Flows". 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 customer deposits, other liabilities and cash bonuses paid to employees, directors and supervisors are reclassified to operating activities under U.S. SFAS No. 95.

Note 1: In August 2007, the ARDF issued ROC SFAS No. 39, "Accounting for Share-based Payment", which require companies to record share-based payment transactions granted on or after January 1, 2008 using fair value method. There is no impact of the adoption this statement since the Company did not grant options on or after January 1, 2008.

Note 2: Prior to the adoption of SFAS No. 160," "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" (SFAS No. 160), the noncontrolling interests in the income of subsidiaries is deducted in arriving at net income. Upon the adoption of SFAS No. 160 beginning from January 1, 2009, the noncontrolling interests forms part of net income. In addition, prior to the adoption of SFAS No. 160, the noncontrolling interests in subsidiaries is classified as mezzanine equity. Upon the adoption SFAS No. 160 beginning from January 1, 2009, the non-controlling interest in subsidiaries is classified as a separate component of shareholders' equity and the presentation and disclosure requirements of SFAS No. 160 are applied retrospectively for all periods presented. Therefore, from January 1, 2009, there are no differences in presentation for non-controlling interest (or minority interest as referred to under ROC GAAP) between ROC GAAP and US GAAP.

Note 3: The adjustment to Net Income for the three months ended March 31, 2009 and to Stockholders' Equity as of March 31, 2009 represents a difference between ROC GAAP and US GAAP for the accounting for business combinations. Under ROC GAAP, the noncontrolling interest in the acquiree is measured at historical cost whereas under US GAAP, the noncontrolling interest in the acquiree is measured at fair value at acquisition date upon the adoption of SFAS No. 141R, "Business Combination" beginning from January 1, 2009. Such adjustment for the three-month period ended March 31, 2009 was caused by the Company's acquisition of IFE in January 2009. The adjustment to ROC GAAP net income represents additional depreciation and amortization expense recognized under US GAAP due to the difference between the measurement of noncontrolling interests at historical cost and fair value. The adjustment to stockholders' equity represents the difference for the measurement of noncontrolling interests at historical cost and fair value after the aforementioned net income adjustment.

Note 4: There are significant differences in the classification of items on the statements of income under ROC GAAP and US GAAP. These include:

(1) Incentives paid to third party dealers for inducing business:

- Under ROC GAAP: Such account is included in operating expenses.
- Under US GAAP: Such account is included in cost of revenues.

(2) Gains (losses) on disposal of property, plant and equipment and other assets:

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

2. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In April 2009, the FASB issued three related Staff Positions ("FSPs"): (i) FSP FAS 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", or FSP FAS 157-4, (ii) FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments", *or* FSP FAS 115-2 and FAS 124-2, and (iii) FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments", or FSP FAS107 and APB 28-1, which will be effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. FSP FAS 157-4 provides guidance on how to determine the fair value of assets and liabilities under SFAS 157 in the current economic environment and reemphasizes that the objective of a fair value measurement remains an exit price. If we were to conclude that there has been a significant decrease in the volume and level of activity of the asset or liability in relation to *normal* market activities, quoted market values may not be representative of fair value and we may conclude that a change in valuation technique or the use of multiple valuation techniques may be appropriate. FSP FAS115-2 and FAS 124-2 modify the requirements for recognizing other-than-temporarily impaired debt securities and revise the existing impairment model for such securities, by modifying the current intent and ability indicator in determining whether a debt security is other-than-temporarily impaired. FSP FAS 107 and APB 28-1 enhance the disclosure of instruments under the scope of SFAS 157 for both interim and annual periods. The Company will not adopt the provisions of these FSPs until April 1, 2009 and the Company is currently evaluating the impact of these FSPs on its consolidated financial statements.

In December 2008, the FASB issued FSP SFAS 132(R)-1, “Employers’ Disclosures about Postretirement Benefit Plan Assets,” which provides additional guidance on employers’ disclosures about the plan assets of defined benefit pension or other postretirement plans. FAS 132(R)-1 clarifies the disclosures about fair value measurement of pension or other postretirement plant assets are not within the scope of the disclosures requirements of SFAS 157. The disclosures required by FSP FAS 132(R)-1 include a description of how investment allocation decisions are made, major categories of plan assets, valuation techniques used to measure the fair value of plan assets, the impact of measurements using significant unobservable inputs and concentrations of risk within plan assets. The disclosures about plan assets required by this FSP shall be provided for fiscal years ending after December 15, 2009. For the Company, FSP FAS 132(R)-1 will be effective for its 2009 fiscal year and will result in additional disclosures related to the assets of defined benefit pension plans in notes to its consolidated financial statements.