Chunghwa Telecom Co., Ltd. and Subsidiaries

GAAP Reconciliations of Consolidated Financial Statements for the Nine Months Ended September 30, 2010 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 20, 2010 (File No. 001-31731).

1) Net Income Reconciliation

	Nine Months Ended September 30	
	2010	2009
	NT$	NT$
Consolidated net income based on ROC GAAP	$ 37,657	$ 33,781
Adjustment:		
a. Property, plant and equipment		
1. Adjustments of gains and losses on disposal of property, plant and equipment	-	4
2. Adjustments for depreciation expenses	92	127
b. 10% tax on unappropriated earnings	616	1,088
d. Revenues recognized from deferred income of prepaid phone cards	39	577
e. Revenues recognized from deferred one-time connection fees	874	1,111
f. Share-based compensation	(4)	(13)
g. Defined benefit pension plan	-	-
i. Income tax effect of US GAAP adjustments	(345)	(770)
j. Noncontrolling interests of acquired subsidiary	(3)	(5)
Other minor GAAP differences not listed above	(23)	(29)
Net adjustment	1,246	2,090
Consolidated net income based on US GAAP	$ 38,903	$ 35,871
Attributable to		
Stockholders of the parent	$ 38,193	$ 35,268
Noncontrolling interests	710	603
	$ 38,903	$ 35,871
Basic earnings per common share	$ 3.94	$ 3.64
Diluted earnings per common share	$ 3.93	$ 3.63

(Continued)

	Nine Months Ended September 30	
	2010	2009
	NT$	NT$
Weighted-average number of common shares outstanding (in 1,000 shares)		
Basic	9,696,808	9,696,808
Diluted	9,727,012	9,726,550
Net income per pro forma equivalent ADSs		
Basic	$ 39.39	$ 36.37
Diluted	$ 39.26	$ 36.26
Weighted-average number of pro forma equivalent ADSs (in 1,000 shares)		
Basic	969,681	969,681
Diluted	972,701	972,655

(Concluded)

2) Stockholders' Equity Reconciliation

	September 30	
	2010	2009
	NT$	NT$
Total stockholders' equity based on ROC GAAP	$ 376,651	$ 377,589
Adjustment:		
a. Property, plant and equipment		
1. Capital surplus reduction	(60,168)	(60,168)
2. Adjustment on depreciation expenses, and disposal gains and losses	4,233	4,090
3. Adjustments of revaluation of land	(5,803)	(5,813)
b. 10% tax on unappropriated earnings	(3,421)	(3,059)
d. Deferred income of prepaid phone cards		
1. Capital surplus reduction	(2,798)	(2,798)
2. Adjustment on deferred income recognition	2,579	2,502
e. Revenues recognized from deferred one-time connection fees		
1. Capital surplus reduction	(18,487)	(18,487)
2. Adjustment on deferred income recognition	15,456	14,267
f. Share-based compensation		
1. Adjustment on capital surplus	15,704	15,696
2. Adjustment on retained earnings	(15,704)	(15,696)
g. 1. Accrual for accumulated other comprehensive income under pension guidance	(3)	22
2. Accrual for pension cost	(28)	(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)

	September 30	
	2010	2009
	NT$	NT$
i. Income tax effect of US GAAP adjustments	$ 4,893	$ 5,447
j. Noncontrolling interests of acquired Subsidiary	25	57
Other GAAP differences not listed above	159	165
Net adjustment	(71,246)	(71,687)
Total equity based on US GAAP	$ 305,405	$ 305,902
Attributable to		
Stockholders of the parent	$ 301,716	$ 302,418
Noncontrolling interests	3,689	3,484
	$ 305,405	$ 305,902

(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.

Note 1: 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 September 2009, the FASB issued new guidance relating to revenue arrangements with multiple deliverables which established the accounting and reporting guidance for arrangements under which the vendor will perform multiple revenue-generating activities. Specifically, the update addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. The update is effective for fiscal years beginning on or after June 15, 2010. The Company is currently evaluating the impact of the adoption of the update.

In January 2010, the FASB issued new guidance relating to fair value measurements and disclosures. This guidance requires new disclosures and clarifies some existing disclosure requirements about fair value measurements. The update is effective for fiscal years beginning on or after December 15, 2010, and for interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of the update.