

**CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Millions of New Taiwan or U.S. Dollars)

	Year Ended December 31			
	2008	2009	2010	2010
	NT\$	NT\$	NT\$	US\$ (Note 3)
Decrease (increase) in restricted assets	(3)	(91)	31	1
Increase in other assets	(566)	(914)	(2,682)	(93)
Net cash used in investing activities	(34,526)	(29,471)	(17,363)	(596)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (decrease) in short-term loans	222	485	(648)	(22)
Increase in short-term note payable	—	—	230	8
Increase in long-term loans	—	400	3,238	111
Repayment of long-term loans	(37)	(124)	(119)	(4)
Decrease in customers' deposits	(127)	(118)	(81)	(3)
Increase (decrease) in other liabilities	(294)	(198)	61	3
Cash dividends paid	(41,202)	(37,139)	(39,369)	(1,351)
Proceeds from exercise of employee stock option granted by subsidiary	64	58	97	3
Decrease in minority interest	—	(697)	(675)	(23)
Capital reduction	(9,558)	(19,116)	(9,697)	(333)
Remuneration to board of directors and supervisors and bonus to employees	(1,394)	—	—	—
Net cash used in financing activities	(52,326)	(56,449)	(46,963)	(1,611)
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	31	(7)	(63)	(2)
<b>EFFECT OF CHANGE ON CONSOLIDATED SUBSIDIARIES</b>	13	613	(2,764)	(95)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,055	(8,029)	17,616	605
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	76,233	81,288	73,259	2,514
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 81,288	\$ 73,259	\$ 90,875	\$ 3,119
<b>SUPPLEMENTAL INFORMATION</b>				
Interest paid (excluding capitalized interest expense)	\$ 4	\$ 14	\$ 98	\$ 3
Income tax paid	\$ 15,620	\$ 13,024	\$ 8,841	\$ 303
<b>NON-CASH FINANCING ACTIVITIES</b>				
Current portion of long-term loans	\$ 8	\$ 117	\$ 309	\$ 11
Reclassification from common capital stock to due to stockholders for capital reduction	\$ 19,116	\$ 9,697	\$ 19,394	\$ 666
<b>CASH AND NON-CASH INVESTING ACTIVITIES</b>				
Increase in property, plant and equipment	\$ 31,162	\$ 25,151	\$ 23,250	\$ 798
Payables to suppliers	(1,071)	359	1,356	47
Prepayments for equipment	28	(32)	11	—
	\$ 30,119	\$ 25,478	\$ 24,617	\$ 845

(Continued)