

Average per minute usage charges remained flat at around NT\$0.74 per minute in 2009 and 2010, and around NT\$1.36 per minute in 2011. The increase in average per minute usage charges in 2011 was mainly due to the change in policy for collecting the tariffs of fixed-to-mobile calls from mobile service providers to fixed communications service providers since January 1, 2011, which granted our fixed communications business the right to set and collect the tariffs for fixed line-to-mobile phone calls. Part of our competitive strategy is to offer customers innovative products and services intended to both secure customer loyalty and enhance revenues. In particular, our value-added services are designed to increase our call revenues by increasing the number of calls our customers make and by receiving fees for usage of the value-added services. These services include call waiting, caller identification, call forwarding, three-party calls, ring back tone and voicemail.

Domestic Long Distance Telephone

We provide domestic long distance telephone services in Taiwan. Total revenues from domestic long distance telephone services comprised 3.7%, 3.3% and 2.7% of our revenues in 2009, 2010 and 2011, respectively. Our average market share in the domestic long distance market was approximately 82.9%, 76.1% and 74.1% in 2009, 2010 and 2011, respectively.

The following table sets forth information with respect to usage of our domestic long distance telephone services for the periods indicated.

	Year ended December 31,		
	2009	2010	2011
	(in millions, except percentages)		
Domestic long distance telephone service usage (minutes)	3,649	3,415	3,202
Growth rate (compared to the same period in the prior year)	(8.8)%	(6.4)%	(6.2)%

Minutes of use for domestic long distance calls have been declining as a result of traffic migration to mobile services, competition from other fixed line operators and increased use of VoIP. We expect declines in minutes of use for fixed line services to continue in the future for the same reasons.

The following table sets forth information with respect to the average domestic long distance telephone usage charge per minute for the periods indicated.

	Year ended December 31,					
	2009		2010		2011	
Average domestic long distance telephone usage fee (per minute)	NT\$	1.68	NT\$	1.61	NT\$	1.53
Growth rate (compared to the same period in the prior year)	0	.3%		(4.2)%		(5.0)%

All domestic long distance calls, regardless of the distance between the calling parties, have the same tariff. We changed the unit of billing from a per-minute basis to a per-second basis effective February 1, 1999. In addition, we reduced our peak hour domestic long distance rate in April 2001 from NT\$0.045 per second to our current rate of NT\$0.033 per second. Our current domestic long distance rate for off-peak hours is NT\$0.0235 per second. The rates for both peak hours and off-peak hours are the same for residential and business customers. The unit price of domestic long distance calls decreased by 4.2% from 2009 to 2010 because of the resolution of mandatory tariff reduction passed by the National Communications Commission. Our average domestic long distance usage charge per minute decreased 5.0% in 2011 due to a mandatory tariff reduction. For more details of the NCC mandated tariff reduction, please see “Item 5. Operating and Financial Review and Prospects—Overview—Tariff Adjustments”.