

not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you.

Year Ended December 31,	Average ⁽¹⁾	High	Low	At Period End
2007	32.41	33.41	32.26	32.43
2008	31.51	33.58	29.99	32.76
2009	33.02	35.21	31.95	31.95
2010	31.50	32.43	29.14	29.14
2011	29.42	30.67	28.50	30.27
October	30.26	30.67	29.86	29.91
November	30.22	30.43	30.02	30.31
December	30.25	30.28	30.10	30.27
2012 (through April 13)	29.49	30.28	29.37	29.48
January	29.99	30.28	29.61	29.61
February	29.53	29.65	29.37	29.37
March	29.52	29.61	29.37	29.50
April (through April 13)	29.50	29.55	29.45	29.48

Source: Federal Reserve Statistical Release, Board of Governors of the Federal Reserve System.

- (1) Annual averages are calculated using the average of exchange rates on the last day of each month during the period. Monthly averages are calculated using the average of the daily rates during the relevant period.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business and operations are subject to various risks, many of which are beyond our control. If any of the risks described below actually occurs, our business, financial condition or results of operations could be seriously harmed.

Risks Relating to Our Company and the Taiwan Telecommunications Industry

The recent global macroeconomic events could cause disruptions to our customers and their demand for telecommunications services. Demand for our products has been, and will continue to be, adversely affected by overall macroeconomic conditions.

The recent global macroeconomic events could have a negative impact on businesses around the world. For example, on August 5, 2011, Standard & Poor's lowered its long term sovereign credit rating on the United States of America from AAA to AA+. In addition, the ongoing European sovereign debt crisis that started in 2009 has also had a negative impact on the credit ratings of several European countries and general market sentiment. These downgrades could have material adverse impacts on financial markets and economic conditions throughout the world. In general, the recent global economic crisis has caused weak consumer confidence and diminished consumer and business spending, which have had a negative impact on the general market demand for telecommunications services around the world. As exports account for a significant portion of Taiwan's economy, any global macroeconomic recessions could also have a significant impact on Taiwan's economy. These recent global macroeconomic events could have a material adverse effect on our results of operations and business prospects and cause the trading price of our common shares and ADSs to decline.