



4904 (TWSE) 2006 1Q Investor Update

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President

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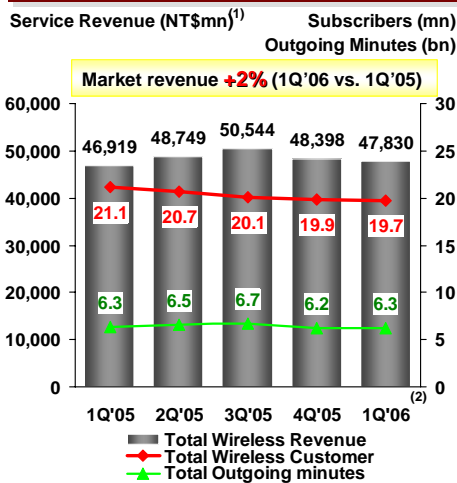
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Agenda

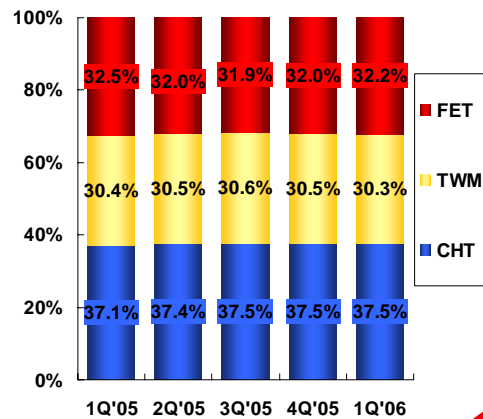
- ▶ **I. Market Overview**
- II. Operational Performance**
- III. Financial Performance**
- IV. Recent Activities**
- V. Management Highlights**

Taiwan Wireless Market Overview (1)

Wireless Market Revenue & Subs



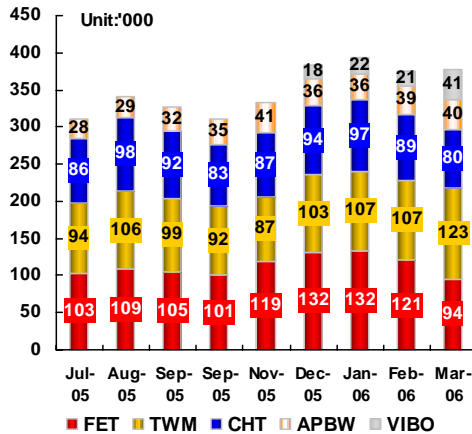
Service Revenue Share



(1) 2005-06 revenue based on service revenue from operator's respective factsheets on consolidated basis;
(2) 1Q'06 Subs data only up to Feb'06; Outgoing minutes data based on Dec'05-Feb'06
Source: market data including CHT, TWM and FET from DGT Statistics and operators' respective factsheets;

Taiwan Wireless Market Overview (2)

Postpaid Gross Add Market



Source: company data

Market Phenomenon

- ▶ Operator promotion offers driving up the increase in GA market since Nov 05.
- ▶ While market revenue relatively flat
 - Deteriorating GA quality
 - Dual SIM coming back

MNP

- ▶ No significant impact on the market
- ▶ 30-40K subs/mo. representing **only 0.2%** to the industry churn rate

Regulatory

- ▶ New regulator **NCC** formed to replace DGT
- ▶ Not expecting dramatic regulatory changes until 2007

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III. Financial Performance

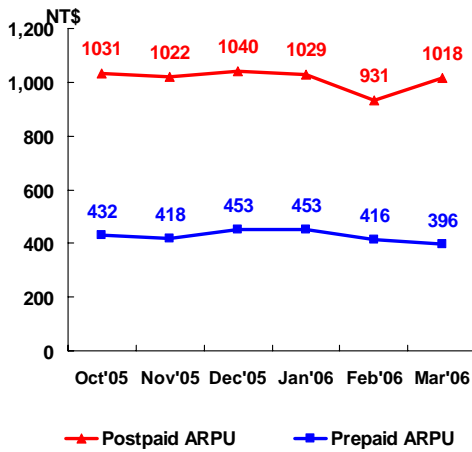
IV. Recent Activities

V. Management Highlights

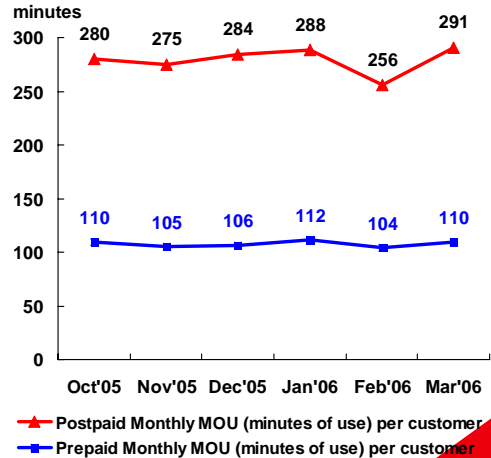
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Operational Performance ARPU & MOU

Consolidated ARPU



Monthly MOU / Avg Customer

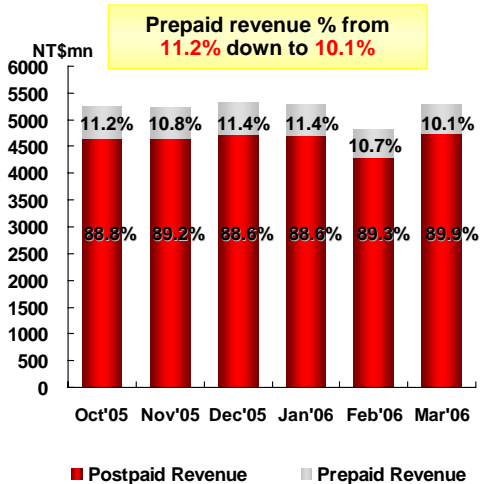


Source: Company source; the mix of low refers to <=\$350, mid refers to \$351-\$700 and high refers to >\$700

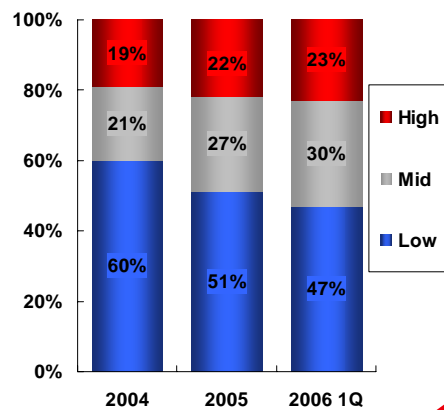
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Operational Performance Revenue Breakdown and Rate Plan Mix

Service Revenue Breakdown



Postpaid Rate Plan Breakdown



Source: Company source; rate plan mix of low refers to <=\$350, mid refers to \$351-\$700 and high refers to >\$700

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Data Performance 2006 1Q Data Market Status

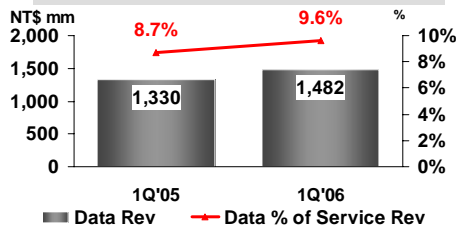
2006 1Q Data Revenue Share

#2: CHT: 29.5% #3: TWM: 27.2%



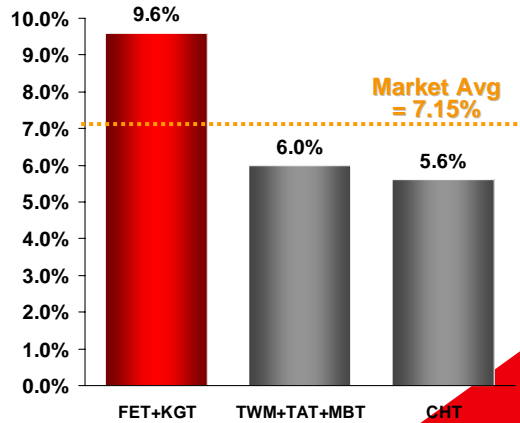
#1: FET dominates
 43.3% of data rev mkt share

FET YoY Data Growth



2006 1Q Data % of Service Revenue

FET remains leading position in data.

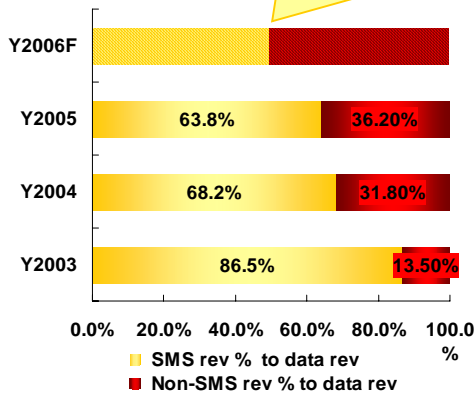


Source: Operators' factsheets or company source as of Mar'06

Data Growth Increasing Non-SMS Data Usage

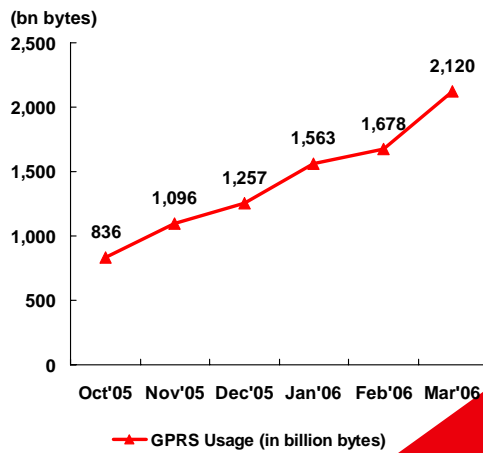
FET Data Revenue Breakdown

Data rev from non-SMS services getting significant



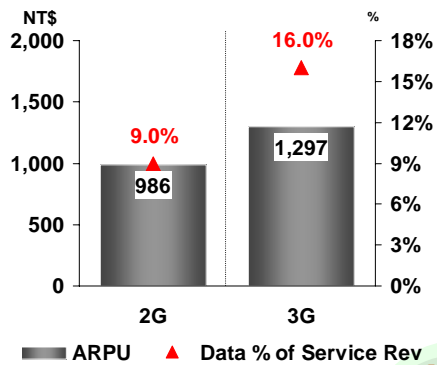
Source: Company data; 2003 stats does not include KGT's.

FET GPRS Usage

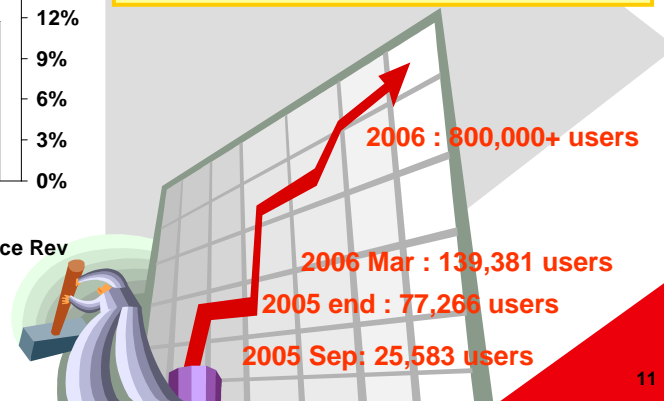


3G Update

2006 1Q 3G vs. 2G Status



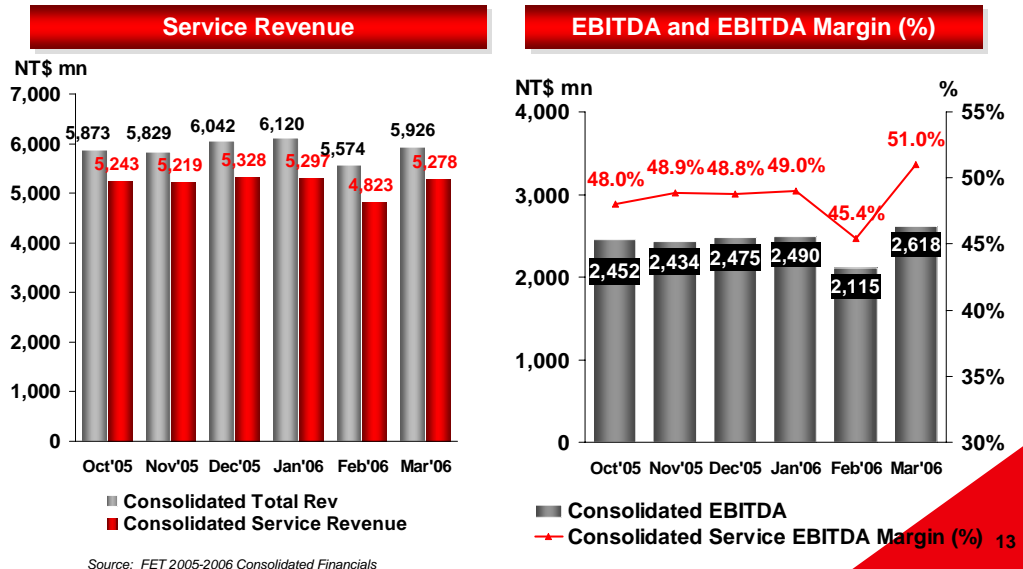
- ✓ 16% of 3G subscribers hold 3G handset
- ✓ FET 3G ARPU around \$1,300 (32% higher than current 2G ARPU)
- ✓ FET 3G data 16% vs. current 2G data 9.0%
- ✓ 45% of 3G subscribers migrated from FET 2G



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Consolidated Financial Steady Revenue and Margin



Consolidated Financial Achievement 2006 1Q Actual vs. 2006 1Q Forecast

Item Unit: NT\$ Million, except for EPS	2006 1Q Actual	2006 1Q Forecast	Achievement %
■ Total Revenue	17,608	17,981	97.9%
■ Service Revenue	15,394	15,848	97.1%
■ EBITDA	7,226	7,441	97.1%
■ Service EBITDA Margin %	48.4%	48.4%	100.0%
■ Pre-tax Income	3,934	4,108	95.8%
■ EPS ⁽¹⁾	<u>\$0.82</u>	<u>\$0.85</u>	96.5%

Source: Company data

(1) EPS based on current outstanding shares of 3,872,663,049.

Consolidated Financial 2006 1Q B/S Stats

(NT\$ mm unless otherwise stated)	2006 1Q	2005 4Q
Cash & Cash Equivalents	7,677	4,640
Total Borrowing	7,238	9,621
Net Debt	-	4,981
Shareholders' Equity	77,300	74,223
Debt/Capitalization ⁽¹⁾ Ratio		
- Gross (%)	8.6%	11.5%
- Net (%)	-	5.9%
Free Cashflows - YTD ⁽²⁾	5,545	23,339
Pre-tax EPS	\$1.02 ⁽³⁾	\$4.63 ⁽³⁾
EPS(NT\$)	\$0.82 ⁽³⁾	\$3.80 ⁽³⁾
ROA	12.7%	12.7%
ROE	16.7%	17.2%

Source: Company financials

(1) Capitalization = shareholders' equity + total debt.

(2) Free Cashflows = Operating Cash flow - cash-based Capex

(3) EPS calculated by current outstanding shares of 3,872,663K.

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Recent Activities 2006 1Q

Services	Handsets
<ul style="list-style-type: none"> ✓ Brought "QR Code" to Entertainment Lifestyle Applications ✓ With 6 other Leading Asian Mobile Operators Formed "Asia-Pacific Mobile Alliance" for Global Roaming and Corporate Mobile Services ✓ 1st in Asia to launch mobile MSN Messenger services ✓ Car Portal services 	<ul style="list-style-type: none"> ✓ Enriched 3G Handsets <ul style="list-style-type: none"> ▪ Sharp WX-T91, T71 ▪ NEC N600i (i-mode) ✓ 2G Handsets <ul style="list-style-type: none"> ▪ Sharp T17 ▪ Nokia L'Amour series promotion
<p>Actions targeted at "A Leading Full Service Provider for Electronic Communication, Information, Entertainment, and Transaction"</p>	
<ul style="list-style-type: none"> ✓ IMS Platform Development ✓ To Expedite HSDPA Trial ✓ Wi-Max Trial ✓ Completed OTA Capability 	<ul style="list-style-type: none"> ✓ Content Academy -- Set Up Mobile Communications Design Program in the University
Network and Platform	Others

Recent Data Performance 2006 1Q

With the success launch of 3G in 2005, FET constantly dedicates to provide superior data services in 2006.

- ▶ **Major Data Service Growth (1Q'06 vs. 1Q'05)**
 - ✓ Ring Back Tone (+29% yoy)
 - ✓ Mobile Commerce (+43% yoy)
 - ✓ i-mode services (+36% yoy)
 - ✓ Wireless Internet (+15% yoy)
- ▶ **Major Data Service Growth (Feb'06 vs. Jan'06)**
 - ✓ JAVA games (+19% mom)
 - ✓ Video Clips (+32% mom)
 - ✓ Community (+24% mom)
 - ✓ Adult (+26% mom)

- ✓ New Services Launched and will be Continued:
 - Collaboration with reputable Content Providers : Discovery, SEGA, TTV, FHM and HAPPY Go Card
 - Innovation Services: Missed Call Alert, GPS, mobile barcode (QR Code) etc.
 - Widespread messaging services : full range of messaging services, including SMS, MMS, Mobile email, PC Data Card and mobile Instant Messaging (mobile MSN)

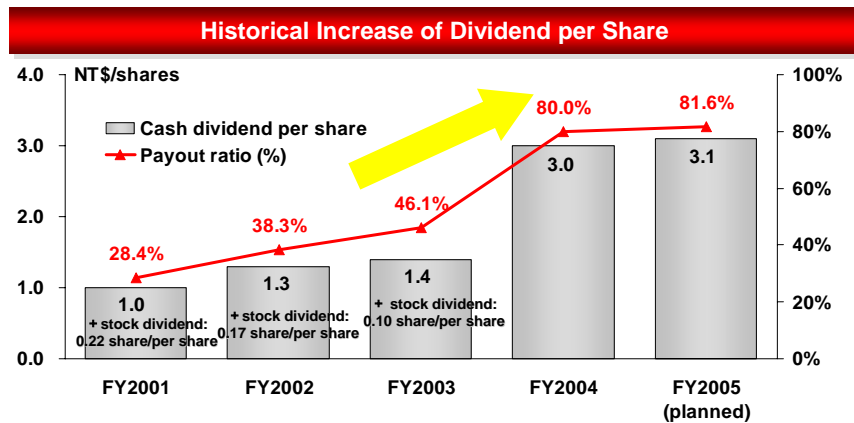


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Management Highlights

- ▶ Continue to reward shareholders
 → committed to maximize shareholder's value



- ▶ Planning to Establish Audit Committee for Pursuing Excellent Corporate Governance

Q & A

For Further Information:

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