



Taiwan Mobile  
台湾大哥大

**Taiwan Mobile**

**Expansion of Cable Footprint in Taiwan**

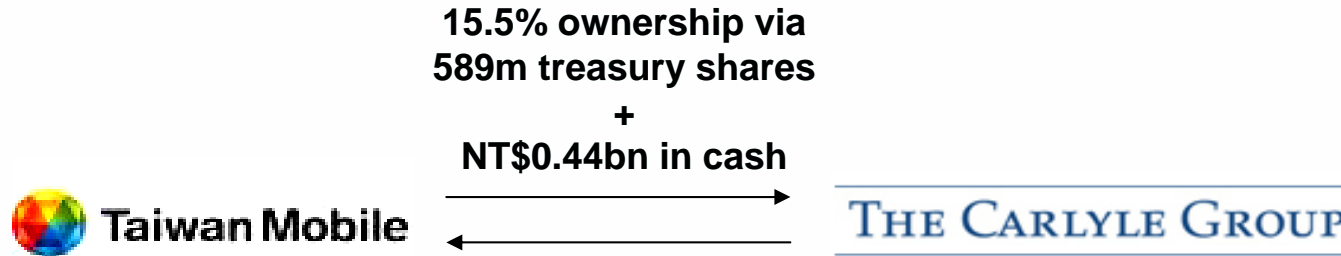
September 16, 2009

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- Taiwan Mobile is acquiring Carlyle Group's CATV related assets in Taiwan with total consideration of NT\$32.8bn
- Post acquisition, TWM becomes the #1 pay-TV player in Taiwan, with 32% market share
- Carlyle Asia will own 15.5% of TWM shares
- TWM expects post acquisition EPS neutral in 2010
- Transaction subject to Taiwan government approvals

- Reissue 589m of TWM treasury shares and NT\$0.44bn cash to acquire Carlyle's cable TV service operators (SOs)
  - ✓ 12 SOs (to be majority owned by TWM)
  
- Valuation:
  - ✓ 10.0x LTM EBITDA (July 08 – June 09)
  - ✓ After adjustment, 9.7x Implied LTM EBITDA
  - ✓ NT\$24bn net debt of the acquired as of June 30, 2009

# Transaction summary



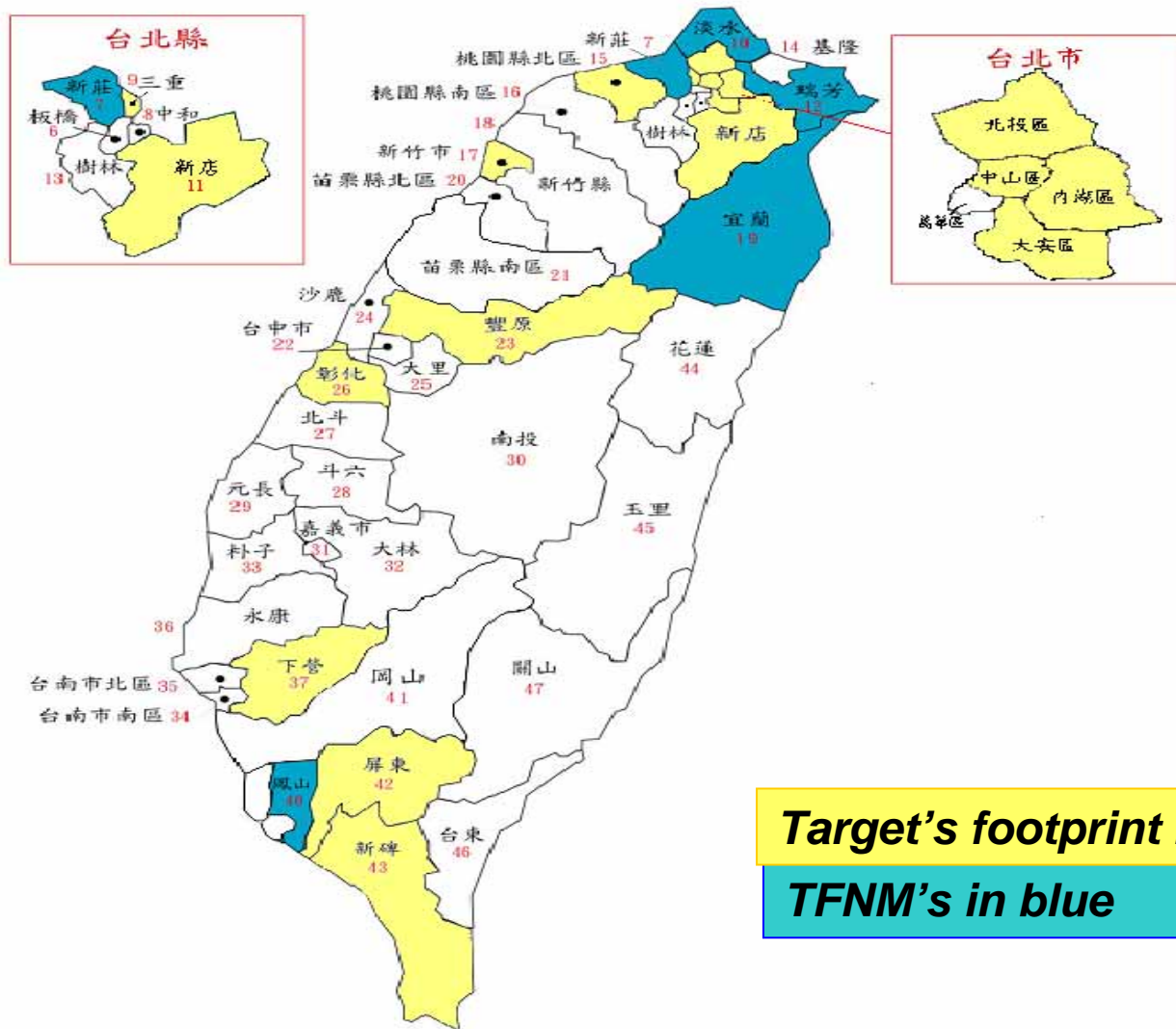
Majority ownership in 12 SOs

Term	Summary		
Transaction price	<ul style="list-style-type: none"> <li>Total transaction value of NT\$32.8bn (US\$1.01bn)               <ul style="list-style-type: none"> <li>Enterprise Value/EBITDA(LTM) valuation of 10.0x (as of June 30, 2009)</li> </ul> </li> </ul>		
Form of consideration	<ul style="list-style-type: none"> <li>Stock valued at NT\$32.4bn               <ul style="list-style-type: none"> <li>15.5% of Taiwan Mobile's total share capital on a fully diluted basis via treasury shares</li> <li>Treasury shares valued at NT\$55.0 per share (represents 6.0% premium to closing price on September 15, 2009)</li> </ul> </li> <li>Cash of NT\$0.44bn               <ul style="list-style-type: none"> <li>Subject to adjustments if closing after November 30</li> </ul> </li> </ul>		
Treasury shares	Before merger 812m	Shares sold to Carlyle 589m	After merger 223m

- To acquire direct access to more than one million households in urban areas
- To leapfrog to #1 position in higher-growth and higher-margin pay-TV business to complement traditional strength in wireless
- To beef up growth momentum and increase revenue share from non-voice source
- Complete offering with leading positions in major segments to take advantage of convergence across multiple delivery platforms
- Capex synergies (e.g. digitization investment across a much larger subscriber base)



# Coverage areas



**Target's footprint in yellow;**  
**TFNM's in blue**

# Change of Board Composition

- TWM's two corporate directors from TFN will be discharged
- Two Carlyle's representatives will be appointed as directors
- Within two months after closing, an EGM will be called to cause by-election of two directors



## Valuation adjustment :

If transaction closing is not completed before November 30, 2009, all adjustments will be settled in cash

## Governance rights:

- ✓ Board representation in TWM
- ✓ To be members on the Executive Committee and Corporate Governance Committee
- ✓ A Carlyle's appointee to assume the title of vice-chairman of TWM

## Conditions to Closing

- ✓ Regulatory approval required: FIA and FTC
- ✓ Other standard representations and warranties in the international M&A transaction of similar scale

## Option of termination:

If closing is not completed 9 months after signing

- EPS neutral in 2010, excluding one-time integration cost
- NT\$8.8bn increase in TWM capital surplus, raising the balance to NT\$21.2bn
- No impact on ability to pay dividend
- Gross debt of TWM after closing
  - ✓ NT\$21.5bn in term loan/corporate bond
  - ✓ NT\$24bn in short-term borrowing
- Expected Net Debt / EBITDA ratio: 1.2x
- High cost debt of the target to be refinanced following closing

# Shareholding Structure

