

**Major Resolutions of the 13th Meeting of
Chunghwa Telecom's Fifth Board of Directors**
(December 26, 2008)

Discussion Items:

1. Summary: The company's 2009 Business Plan and 2009 Budget were submitted to the board for a vote.

Resolutions: The attending directors unanimously approved the 2009 Business Plan and 2009 Budget with the following instructions, and requested that the Management Department implement the resolutions in accordance with the prescribed procedures:

- A. The Management Department should closely monitor the competition in the broadband business and develop an appropriate action plan to turn around the broadband business.
- B. The Management Department should evaluate the operational risks in light of the demand for financial products. Any and all such reviews shall be submitted to the Strategic Committee for report and discussion. If there is any material change or development, a report shall be made to the Board in the next Board Meeting.
- C. Due to the heightened uncertainty in the economic forecast in 2009, the Management Department shall review the 2009 Budget for any necessary adjustment when compiling the financial forecasts of 2009.

2. Summary: The " 2009 Internal Audit Plan of Chunghwa Telecom " was submitted to the Board for approval.

Resolutions: The attending directors unanimously approved the proposal, and requested that the Audit Department implement said Audit Plan in accordance with the prescribed procedures.

3. Summary: The draft Cash Capital Reduction and Stock Exchange Plan was prepared to facilitate the stock exchange operation of the cash capital reduction of this Company. The Board was requested to approve said draft Plan and to authorize the Chairman to fix such stock exchange date for capital reduction as he deems necessary to meet the actual operational schedule.

Resolutions: The attending directors unanimously approved the proposal and fix December 30, 2008 as the effective date of capital reduction. The Management Department shall implement such resolutions in accordance with the prescribed procedures.

4. Summary: Revisions to certain articles of the "Accounting Policy of Chunghwa Telecom " were submitted to the board for a vote.

Resolutions: The attending directors unanimously approved the proposal and requested that the Management Department implement the proposal in accordance with the prescribed procedures.

5. Summary: Where Article 18 of Procurement Management Rules of the Company's permits restricted bid method for selection and appointment of an accountant, it was proposed to the Board for approval that this Company employ such method for selection of its auditing accountant for the years 2009 and 2010, and that the current accountant (Deloitte & Touche) be invited to engage in price negotiations.

Resolutions: The attending directors unanimously approved the proposal, and requested that the Management Department implement said proposal in accordance with the prescribed procedures.

6. Summary: It was proposed that this Company removed the two-months limitation (whether adjusted upward or downward) to the special performance-based bonus commencing in 2009 in order to enhance the incentives to its employees to create value for the benefit of the Company's shareholders and employees.

Resolutions:

A. Other than Director Chang Hsu-chung, who expressed a dissenting opinion, the remaining attending directors approved the proposal in accordance with the following resolutions and requested the Management Department to implement the proposal in accordance with the prescribed procedures.

1. Commencing in 2009, if the net profit after tax is higher than 2008's net profit after tax, the special performance-based bonus shall be subject to a maximum award of three months. However, if the net profit after tax in 2009 is less than 2008's net profit after tax, the special performance-based bonus shall be subject to a maximum award of 2.5 months.
2. When calculating the appropriate bonus award for corporate performance,

certain extraordinary factors shall be disregarded. Such extraordinary factors include differences resulted from capital structure adjustments, changes in for profit corporate income tax rate, and profit or loss resulted from disposition of land not being used for business operation. The performance measures of the current year and the preceding year shall be the same, so as to allow a fair comparison.

3. With regard to the formula for calculating the special performance-based bonus, the Management Department shall review and complete such matrix and submit to the Board for discussion before the third quarter of 2009. Those issues related to the 20% excess earnings shall be reviewed at the same time.

B. Director Chang Hsu-chung expressed a dissenting opinion as follows:

"In order to encourage and show appreciation to our co-workers, I recommend that the changes to the special performance-based bonus be implemented commencing this year (2008)."