

Strategy **Welcoming the Cloud Age**

Service Development

Management **Brand Management**

Customer Relations Management

Customer Satisfaction Survey

Address **Privacy Protection and Information Security**

Responsible Communication

Response **Broadband Network Establishment**

Target **Open Cultural Innovation Platform**



- *Platinum Award from the telecommunications services section of the "Trusted Brand" award of 2010 for the Asian region held by Reader's Digest*
- *Winning "Taiwanese Benchmark Enterprise with Best Reputation in 2010 by Common-Wealth Magazine"*
- *Eighth Outstanding Service Award from Global Views Magazine in 2010*
- *Ninth consecutive year of winning "Ideal Consumer Brand in Taiwan, 2010 – 1st Place in the Mobile Phone System & Data Network Services (ADSL) category" by Management Magazine*
- *Third consecutive year of winning the "Ideal Brand Award – 1st Place in the Telecom Brands category" by Business Today*
- *Winning "Best Customer Support Center," "Best Contracting Service Team," "Best Technology Application," and "Outstanding Administrative President" from the Outstanding Asia Pacific Customer Relations Service Award in 2009*
- *Winning "Digital Contents Category Award – Outstanding Information Applications and Products of Information Month in 2010" with LBS expanded practical applications – mobile lifestyle search engine "hiPage search go!"*
- *Winning "Green Energy Product Category Award – Outstanding Information Applications and Products of Information Month in 2010" with "iEN Smart Low Energy Service System"*
- *Winning the product / system innovation award from the new industry innovation demonstration held by the Ministry of Economic Affairs' Department of Industrial Technology in 2009 with "Innovative Service Platform of Hami e-Bookstore"*
- *Winning "IPv6 Online Pioneer Award" and "IPv6 Promotional Contribution Award" by the Ministry of Transportation and Communications*
- *Reception of the "Research for Integrated Application Services for On-Board Units and Establishment of Value-Added Chains for Transportation Information and Communication" award from the Ministry of Transportation*

Welcoming the Cloud Age

We have the advantages of foundational network frameworks, value-added telecommunications services, and technological integration between software and hardware, to comprehensively lead the transformation and upgrading of Taiwan's information and communications industry, as well as providing clients with complete CRM cloud and value-added service solutions. Our vision consists of three elements: becoming the domestic leader in cloud computation services, playing the role of industry promoter in cloud computations, and creating new services for cloud computations with strategic cooperation partners.

Leadership in Promoting Cloud Computation Services

According to Gartner Group's analysis report, cloud computation ranks first in the ten most influential strategic technologies of 2011. The Council for Economic Planning and Development also believe that cloud computation will become Taiwan's next trillion dollar industry.

Simply put, cloud computation consists of cloud servers, terminals, networks, and services. Cloud "networks" and "services" is Chunghwa Telecom's industry field and advantage, which connects the "cloud" to the "terminals," providing people and businesses with convenient cloud computation services.

We have consolidated technological capabilities to comprehensively lead the transformation and upgrading of Taiwan's information and communications industry, and also build on our commitments. Our vision consists of three elements: becoming the domestic leader in cloud computation services, playing the role of industry promoter in cloud computations, and creating new services for cloud computations with strategic cooperation partners.

To promote cloud services, we have established the cloud computation service promotion task for in January 2010 to formulate development strategies. NT\$ 20 billion is expected to be invested in five years for cloud computation development plans. Currently, we have introduced hicloud cloud computation services, customer relations management services, and Hami e-bookstore services, as well as forming major centers for cloud service operations, research and development in cloud computations, cloud computation tests, and cloud service experience. We have further developed and established "innovative platforms for cloud services" for cloud software developers to provide comprehensive innovative environments for cloud services and development tools for software applications. We have introduced the "China

Cloud Market" to provide corporate clients with cloud application services that facilitate one-stop purchases for all essentials, conversion of purchases to rentals, and safety and stability, thus expanding cloud applications and shaping Taiwan as the largest cloud community.

Cloud Computation Association in Taiwan

In October 2010, we have jointly established the Cloud Computation Association in Taiwan with domestic information and communications industry leaders, while nominating Chairman Shyue-Ching Lu as the association's first President. Currently, the association contains over 100 companies as members, who participate in committees such as cloud systems, cloud services, legal standards, cooperative promotions, etc, as they commit to developing cloud computation solutions and cloud computation application services. This association has become the medium of increasing the value of the cloud computation industry chain in Taiwan, enabling industry and academic communities with development, integration, testing, commerce, and output media platforms, moving towards the objective of becoming Taiwan's next trillion dollar industry.



The creation of the Cloud Computation Association in Taiwan accelerates the development of cloud computation

Service Development

Cloud integration placements bring endless innovative and forward-looking developments. We employ ICT professionalism to provide comprehensive cloud service platforms and high standards of information security protection mechanisms and accelerate propagation of cloud applications.

Bringing Cloud to Homes – iHome Smart Phone

We have introduced the new home service “iHome Smart Phone” to address the modern “smart family’s” need for MICE (Monitor, Information, Communication, Entertainment). By combining NGN networks with cloud services and interconnected networks, the generic home phone can provide services of home monitoring and integration of online lifestyle information.

The “iHome Smart Phone” is of the same size as a home phone, combined with a 7-inch touch screen monitor to provide customers with home security, information services, communication services, and multimedia services, which can achieve many functions, including GPS, instantaneous road conditions, weather, and health services. Also, in the user-friendly spirit, people of any age can easily use this device.

Smart Medication

To provide patients with more competent and instantaneous medical care services, and thus increase the service quality and management efficiency of medical institutions, Show Chwan Health Care System had further incorporated cloud technology into medical application services after working with us to introduce mobile technologies into electronic patient record management. The initiative includes electronic cloud patient records, cloud nursing information systems, cloud medication information systems, and cooperative developments for plans of complete incorporation of private medical cloud network into all of Show Chwan’s clinics, creating Taiwan’s first private medical cloud network, opening a new age for medical clouds.

With cloud nursing information systems as an example, Show Chwan Health Care System’s head nurse acts as the patient’s “health agent,” instantaneously demonstrating cloud application and mobility through the iPad, monitoring and managing the patient’s health conditions, making Show Chwan the first medical clinic to use iPad application services with medical cloud. This initiative also moves Show Chwan Health Care System a tremendous step forward towards a healthy economy.



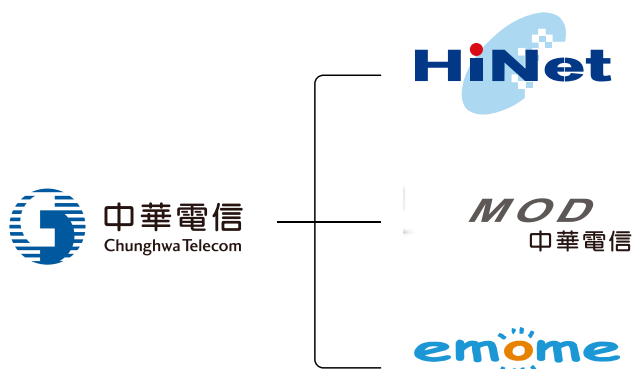
Chairman Shyue-Ching Lu and Superintendent Min-Ho Huang of Show Chwan Health Care System, jointly announcing the creation of Taiwan’s first health and medical cloud, while also combining medical imagery and health information delivery, forming an unprecedented new medical application for iPads

Brand Management

Chunghwa Telecom possesses unique brand assets in Taiwanese society, which we continue to build on through brand management and added value. In 2010, Chunghwa Telecom won the platinum award of the telecommunications services section of the “Trusted Brand” award held by Reader’s Digest for the Asia Pacific region for the seventh consecutive year, being the only Taiwanese telecommunications company to have won this honor.

Brand Organization and Brand Frameworks

Chunghwa Telecom adopts concentrated brand frameworks that account for individualistic brand presentation. We have a Brand Manager (President) in place to undertake supervise all brand creation, design, management, and adjustments in the company, as well as communicating with Deputy Brand Manager within each business group during CSR meetings. Deputy Brand Manager for business groups (i.e. vice presidents of subsidiaries) follows the company’s overall brand strategies as they undertake implementation responsibilities, as well as flexibly and independently operate their designated brands under authorized parameters.



Brand Strategies

- Brand Policy: concentrated strategies that account for development needs of individual fields
- Brand Management: the company’s Brand Manager is designated to handle the formulation, control and adjustment of all brand strategies for the company, while subsidiaries are responsible for implementation
- Brand Structure: concentrated brand structures that account for individualistic brand presentation

New Appreciation from New Colors

Since our founding, we have always relied on considerable experience and professionalism in our leadership capacity over developments of Taiwan’s telecommunications industry. To address the challenges of the new century, we are also ceaselessly reforming and improving ourselves. We have decided to introduce complete and total renewal on the foundation of our original Corporate Identity (CI) system, using bright orange, green, and blue stripes to empower Chunghwa Telecom with new spirits and new corporate imageries of innovation, dedication, growth, passion, and energy. Not only is this a transformation and standardization of our external image, we are more emphatic on internal recognition and fulfillment of overall visions. All of the company’s colleagues are operators of the brand capable of accumulating value for Chunghwa Telecom’s brands and contributing their work as they attend to every customer and address every small detail.

Starting from July 2010, approximately 300 business locations in Taiwan will gradually undergo store logo replacement. We hope to present a new sensation to the public with innovative corporate imageries that combine inspiring services. In 2011, we intend to create multiple flagship stores, while also comprehensively introducing new augmented CI imageries and colors to improve consumer identification and impression in the new CI imageries through their presentation in the flagship stores, as well as creating new brand images.

Chunghwa Telecom’s new CI imageries, colors, and symbolic significances

- Orange: Passion, Energy
- Green: Growth, Care
- Blue: Technology, Innovation

Customer Relations Management

For better service integrity, we are enhancing not only the coordination between our business counters and call centers, but also our internet customer services. We have received the honors of “Best Customer Satisfaction Quality Control System ” and “Best Knowledge Management” from the “Customer Relationship Excellence Awards 2010” held by the Asia Pacific Customer Service Consortium in Hong Kong.

Multi-Channel Services

We are comprehensively improving customer service quality for every service channels, while enhancing coordination between business counters and call centers to provide integral services. In 2010, we are further enhancing internet customer services.

- Live web chat service:

For Instant Message (IM) users and for persons with hearing impairments, we have introduced text-based live web chat customer services. With continuous service expanding, now all Chunghwa’s operations (mobile / fixed-line/broadband) have been covered.

- Internet communities:

To serve the ever-growing Internet community populations, in January 2010, we have created a Facebook fan page “Chunghwa Telecom Dr. Q” to answer questions, to proactively publish information like FAQs, and discount offers, and to gather customer suggestions for internal references.

- Enhancing web call center:

To save our customers from the trouble of calling and visiting counters, we are increasing the scope of self- help services provided through the web call center.

- Plan for the mobile customer service:

For the increasing smart phone users, a mobile version of web call center and APPs for iOS and Android platform have been planned to provide friendly access to our services anywhere .

Exquisite Services

For constant service qualities improvement, customer satisfaction for our business counters, call centers, and equipment maintenance service centers are constantly measured by the in-house survey team. Consulting firms were also introduced to assist the counters with service refinement and service quality assurance mechanism through the evaluation of mysterious shoppers, so that any defects in customer service will be promptly detected and corrected. We were honored with “First Line Service Quality Survey 2010 – 1st Place in the Telecommunications Industry” from Global Views.

New measures introduced in 2010 were as follows :

- Emphasis on new technology equipment to bring new demands from customers. We established professional technical service team , such as online specialist instructors for smart phones to provide instantaneous, customized, and competent service.

- Proactive care: We proactively call the customers to inform them of useful information, to care and listen to their needs, then to devise the most suitable solutions for them.

- Commissioned a consultancy to handle ad hoc counseling into the aspiring service element, the business counter service standards, and instruct for customer service staff to master the critical moment of contact with customers, and refined service.

- An dedicated internal aspiring service web site : In order to motivate our agents to provide sincere and aspiring services that are beyond customers’ expectations, a dedicated internal aspiring service web site was set up to share aspiring service cases. Award ceremonies are also held to recognize the most aspiring service cases.

Customer Satisfaction Survey

Chunghwa Telecom aim to aspire our customers. We value customers' satisfaction of our each service indicators, and their cognition of our enterprise image, brand value and quality of service. Therefore, we regularly commissioned third parties to conduct customer service satisfaction surveys. Also, we are regular to accept the NCC's telecommunications industry service quality surveys, and our evaluation scores in all criteria significantly exceed NCC's specified standard scores.

International Certifications and Awards

After obtaining ISO 9001 quality certification in 2008, the customer service hotline is further challenging the ISO 10002:2004 (Quality control – customer satisfaction – Guidelines for complaints handling in organizations) international standard certification, which will not only be unprecedented in Taiwan's telecommunications industry, but also unprecedented worldwide.

We actively facilitate system integration and functional upgrades, winning the honors of "Best Customer Satisfaction Quality Control System" and "Best Knowledge Management" from the "Customer Relationship Excellence Awards 2010".

Key Performance Indicators for Customer Service Hotlines

	2008		2009		2010	
	Actual Value	Actual Value	Target Value	Actual Value	Target Value	Actual Value
Rate of Response within 20 Seconds	87.1%	82.61%	81.5%	82.9%		
Customer Satisfaction	4.71	4.74	4.32	4.59		
First Call Resolution Rate	96.7%	86.17%	74.25%	79.6%		

Key Performance Indicators for Telecommunications Service Industries

Criteria	Indicator Value	Actual Value of Chunghwa Telecom
Completed Connection Rate for Local Calls	≥ 95.6%	99.99%
Interrupted Connection Rate for Mobile Phones	≤ 3%	2G 0.74% 3G 0.24%
Digital Communication Connection Service Packet Loss Rate	≤ 3%	0.00698%

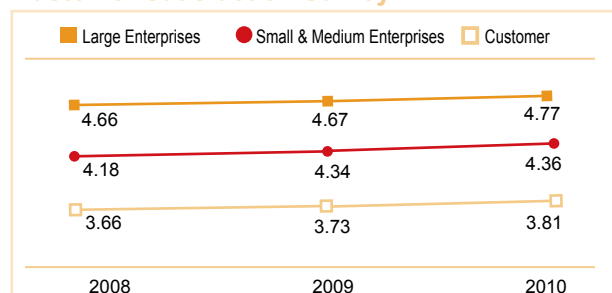
Customer Satisfaction Survey

To understand customer satisfaction levels for all aspects of service and recognition for our corporate image, brand values, and service qualities, we contract external market research firms annually to conduct customer satisfaction surveys for consumer, small & medium enterprises, and large enterprises. Questions and expectations that are of highest concern to them are explored for all aspects of our business.

Through the Customer Opinion Process System (CPS), we can convey customer feedback opinions instantly to product administration / operational unit personnel, as well as risk management departments and public relations departments for further handling. Furthermore, product subsidiaries will assist with holding monthly meetings with customer service units for review conferences.

The "first call resolution rate" performance indicator was added in January 2008, Starting from March 2009, new survey questions were added to confirm whether "only one phone call" was necessary, in order to more objectively understand customer concerns and recognition for our company's service procedures, as well as comply with international standards. System constraints were also overcome in October 2009, where the system can execute automatic voice interviews after a customer has called to more understand customer's opinions.

Customer Satisfaction Survey



Note: each service satisfaction indicator is rated with 5-point scales.

Privacy Protection and Information Security

We have established comprehensive protection and management systems for individual customer information to protect customers' privacies and rights. We have established the "Fraud Disruption Operation System" (FDOS), which works with police units to prevent fraud. Also, we continue to monitor formulation of regulatory obligations of Internet Service Providers (ISP) in the drafting process of the "Regulatory Regulations on Commercial Spam Electronic Mail."

Legal Compliance

The "Computer Processed Personal Information Protection Act" that was originally used to protect privacy rights were amended and renamed as the "Personal Information Protection Act" in April 2010. Major points in the amendments include: expansion of protected entities to include all personal information, while industry-specific restrictions were also removed.

Information security is one of the most significant priorities of consideration for customer service. Other than existing measures, such as maintaining mobile management, online rights controls, and prohibition on bringing in personal items into customer service seats we are reinvestigating establishment of comprehensive personal information protection and management systems to address new legislations and enforcement regulations and enhance education for employees.

The "Regulatory Regulations on Commercial Spam Electronic Mail" designates regulatory obligations to ISPs, and also includes formulations of public damage compensation mechanisms, which we will promptly communicate to relevant units.

Privacy Protection Measures

Chunghwa Telecom lists basic customer information as "top confidential" documents, while customer applications and all deposited and locked in dedicated containers. Administrative personnel are all required to sign the "Business Secret Protection Contract," while their direct supervisors have to assume collateral responsibilities. If outsourced work involves business secrets, contracted agencies and their employees are also required to sign relevant confidentiality agreements. All subsidiaries report enforcement conditions of personal customer information protection annually, while the Headquarters and all subsidiaries also irregularly visit service centers to conduct evaluations, in order to enforce consumer privacy protection.

Fraud Prevention

We have created the 165 reporting hotline since November 2007 to assist the government, which is operated by approximately 15 customer service personnel on a monthly basis in 2010 to assist police bureaus to undertake first line work during weekly peak periods. The FDOS was also created to provide information regarding fraud-like phone calls to police, which is operated by approximately 3 customer service personnel on a monthly basis to assist police units with instant termination of fraudulent calls.

Reduction of Negative Impacts

Eliminating possible negative impacts from telecommunications services is necessary for our services.

- Spam Mail: customers can use free webmail services when using HiNet mailboxes, which allows for direct deletion of spam-like email after a simple configuration decision.
- Pornographic information: provision of mandatory insulation for K12 mailboxes, HiNet pornography gatekeepers, and mobile online pornography guards to keep children and teenagers away from websites that are psychologically harmful.
- Controls over usage time: the programs of "HiNet online time management service" and "carefree 3G conversations" for cell phones allow parents to effectively control usage conditions for their children.
- Electromagnetic waves: our established bases and marketed cell phones are all compatible with regulatory standards of regulatory agencies. Currently, there is no clear scientific evidence to indicate health impacts from electromagnetic waves. We continue to conduct two-stage communication: during normal operation, we engage in base refinement and awareness promotion, and during disputes, we request impartial third parties to conduct tests.

Responsible Communication

Because of abnormal climate caused by climate changes, such as typhoons and intense rain, all of which affect telecommunications facilities, they are liable to interrupt communication of customers during disasters and severely compromise disaster rescue progress. In order to resolve operational difficulties from climate change adjustments encountered by all business locations, we have made proper disaster contingency preparations during normal operation, which allows for rapid establishment of emergency contingent response team to engage in emergency repairs and ensure proper communication within disaster areas.

Action Plan to Address Climate Change

Taiwan is located in areas highly susceptible to natural disasters, which are very likely to damage all communication network facilities after accounting for climate abnormalities due to climate change.

In November 2010, we have completed the “Response for Climate Change – Chunghwa Telecom’s Strategic Actions for Environmental Protection, Energy Conservation, and Carbon Reduction.” Execution priorities or improvement plans were formulated to the overall project, current execution status, short term and long term action plans, etc., to enhance disaster resistance capabilities and ensure proper communication and overall communication network security.

Communication System Innovation

The “Hundred Responses for One Call” system originally developed by us is already widely used by firefighting units. We have further combined it with geographical information systems and electronic phone book systems into the “Disaster Emergency Contingent Information Communication System,” which can send voice mail or text messages for predetermined local phones or mobile phones, as well as search for phone numbers in designated areas and deliver broadcast information. Also, the newly create “Low Frequently Wireless Time-Frequency Broadcast System” has characteristics of high speed, cost effectiveness, outage resistance, non-infringement on public communication system resources, and pan-Taiwan system coverage, which is appropriate for weather warnings, landslide warnings, and other disaster emergency contingent communication.

Isolation-Free Communication

To prevent disaster occurrence and exacerbation, we absorbed past disaster rescue experiences and enhanced multiple intermediate transmissions routing for remote areas, backup wireless routing, additional capacities of backup electricity, system backups for international undersea cables, and other measures. Network and equipment allocation and emergency repair exercises are also held annually to increase disaster prevention.

When any system base’s electric routing or electricity is interrupted, or when facilities malfunction, bases for other system can still maintain operation. When natural disasters cause interrupted communication, small microwave or satellite or portable bases can provide external communication according to the environment of disaster areas.

In October 2010, Typhoon Megi caused severe flooding in the Su-ao area and interruption in the Su-Hua Highway. We immediately dispatched 4 heavy all-terrain satellite vehicles and 2 portable satellite facilities to engage in emergency repairs for the base at Su-Hua Highway, and provide instantaneous disaster area communication service.

At the same time, improvement plans were formulated for major transportation routes with single entrances and exits, which not only ensures multiple coverage with signal strength above “3 bars” along the routes, but also enhances communication along the routes to ensure disaster resistance, which is also the best demonstration of corporate social responsibility.

We have examined and improved backbone transmission networks and backup systems for outer island regions to enhance network reliability. Also, system tests, backup exercises, and relevant facilitate maintenance training are conducted regularly to enhance the technical capabilities of maintenance personnel and ensure network service quality.

Broadband Network Establishment

Connecting online anywhere and anytime had become a necessity and trend for the mobile lifestyles of modern people. To satisfy rising bandwidth demands from online and corporate clients, we continue to expand existing undersea cable capacities and participate in construction of new undersea cable systems to actively construct optical fiber. By the third quarter of 2012, optical fiber network infrastructure volume is expected to exceed that of ADSL. Also, we continue to expand foundational networks for wireless internet hotspots to create more wireless internet hotspots, relieve mobile data workload, and improve service quality.

Optical Fiber Network Construction

Broadband networks are the foundation of digital transmission. We are also actively building optical fiber. By the third quarter of 2012, optical fiber network infrastructure volume is expected to exceed that of ADSL, to account for government plans to enable the objectives of allowing 80% of homes to connect to 100Mbps broadband networks by 2015 and creating 21 million mobile broadband internet users. Not only are we working diligently to achieve stage-based targets set out by the government, we are further expecting to achieve the objective of enabling nearly 100% of homes and customers can connect to higher speed optical fiber networks and mobile broadband networks by 2020, in order to provide the people with more prevalent, faster, and more convenient all-encompassing digital broadband foundational infrastructure.

We pledge to invest NT\$ 30 billion every year in the future, which will exceed NT\$ 300 billion of investments in 10 years, which will rapidly enhance the speed of broadband internet, bringing Taiwan's transmission speed from 50 Mbps and 100 Mbps into Gbps, achieving tenfold of growth.

Higher Speed at the Same Price

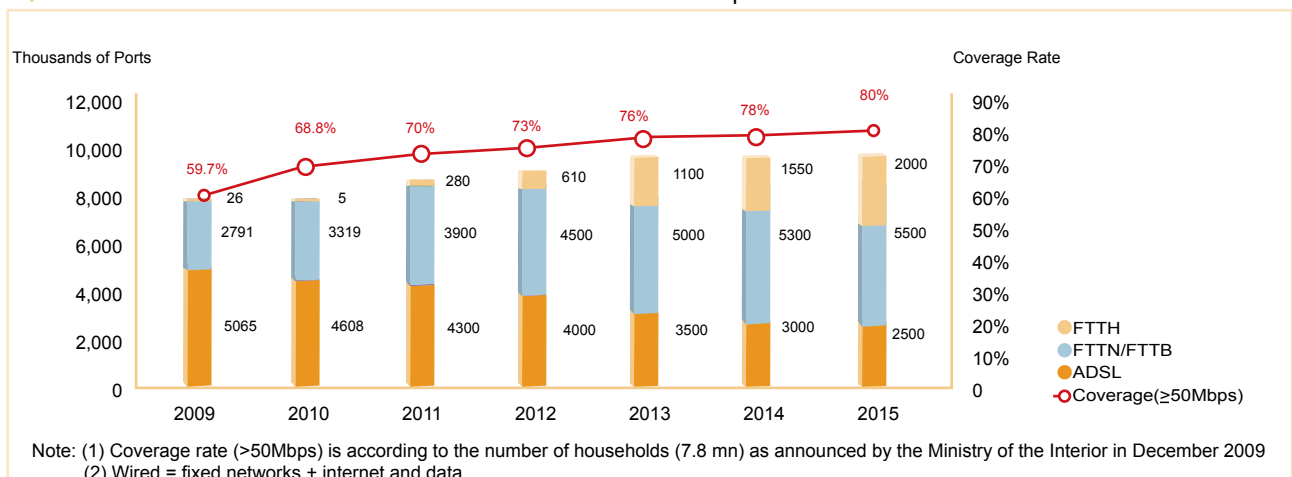
Under the precondition of not increasing costs for users, we have introduced initiatives to implement higher speed at the same price, in order to address public concerns over bandwidth and price issues. Threshold bandwidth for ADSL can be upgraded from 256K/64K to 512K/64K for free, while 1M/64K can be upgraded to 2M/128K for free, and the primary clientele of 2M/256K can be upgraded to 3M/384K for free. Close to 200 users are estimated to have benefited from this initiative.

Expansion of Wireless Hotspots

With the rapid growth of smart phone and flat screen computer users, mobile broadband transmission had been multiplying in the past two years. In 2010, we have purchased over 1,100 3.5G bases, which can achieve a maximum transmission rate of 42 Mbps, effectively expanding mobile broadband network capacities, transmission speeds, and coverage rates.

With our 3G users numbering above 5.26 million, wireless hotspots will become a future development strategy. Between 2010 and 2011, we plan to invest NT\$ 3 billion to expand foundational networks for wireless internet hotspots and create 30,000 wireless internet hotspots to alleviate mobile internet demands.

Optical Fiber Construction Plan



Open Cultural Innovation Platform

In echoing the government's promotion of digital media industries, we are actively integrating resources from contents, platforms, and end facilities to combine cultural innovation with technology, so that reading is no longer confined to time and location, and thus taking Taiwan's digital cultural innovation industry into new heights. We are also comprehensively development industry frameworks with mechanisms to support innovation and business, turning Taiwan into a hub of digital contents design, production, and publication, and enhancing the competitiveness of the digital media industry and the nation itself.

Digital Amazon

The spotlight of future eras will be dominated by the digital media and cultural innovation industries. We will commit to building a competent platform and creating an environment like the fertile soils of the Amazonian rainforests, allowing prosperous development of Taiwan's soft power. Currently, we have established an open digital media development platform, providing service interfaces such as uploading, transactions, account management, and copyright management, in order to facilitate cultural innovation and digital media enterprises to upload and sell their work and services through the platform.

Also, we promote innovative telecommunications services by holding the annual "Innovative Telecommunications Application Competition" to develop trends, discover and foster software development talent from universities, and promote the prosperous development of the digital media industry. We hope to attract participation from more innovative talents to expand the scope of the competition, bringing it from Taiwan across the Taiwan Strait, and ultimately shape the Innovative Telecommunications Application Competition into the "Oscar Awards of Telecommunications" for cultural innovation and digital media, which can also turn Taiwan into a global innovation center.

Development of Tourism ICT Service

Tourists to Taiwan exceeded 5 million for the first time in 2010, motivating Taiwan's relevant industries to invest in research, development, and innovation to improve tourism quality. Growth is particularly high in terms of attracting Chinese tourists.

Under frequent cross-Strait exchange, if Taiwan's advantages, such as foundational infrastructure, innovation, research, development, technical aptitude, and educational and training capabilities can be combined with China's overall economic stability and market scope, win-win solutions can be formed.

Within the ICT industries, we will continue to strengthen the fusion of cultural innovation, energy and carbon conservation, medicine, education, training, and tourism industries to produce more inspiring services.



Chunghwa Telecom's Show Taiwan worked with Dajia Mazu's Pilgrimage in 2010, and people could log online to instantaneously see the current location of Dajia Mazu's carriage