

The number of outstanding options and exercise prices have been adjusted to reflect the distribution of earnings in accordance with the plans.

As of December 31, 2012, information about outstanding options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding		
	Number of Options (In Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)
\$20.2-\$28.3	3,362	0.4	\$ 25.9
38.0- 50.1	2,583	2.0	45.8
	<u>5,945</u>	1.1	34.6

As of December 31, 2012, all of the above outstanding options were exercisable.

No compensation cost was recognized under the intrinsic value method for the years ended December 31, 2012 and 2011. Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the valuation assumptions at the various grant dates and pro forma results of the Company for the years ended December 31, 2012 and 2011 would have been as follows:

Valuation assumptions:	
Expected dividend yield	1.00%-3.44%
Expected volatility	43.77%-46.15%
Risk free interest rate	3.07%-3.85%
Expected life	5 years

	Years Ended December 31	
	2012	2011
Net income:		
Net income as reported	\$ 166,158,802	\$ 134,201,279
Pro forma net income	165,986,009	134,146,490
Earnings per share (EPS) - after income tax (NT\$):		
Basic EPS as reported	\$ 6.41	\$ 5.18
Pro forma basic EPS	6.40	5.18
Diluted EPS as reported	6.41	5.18
Pro forma diluted EPS	6.40	5.17

21. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition	Retirement	Number of Shares, End of Year
Shareholders executed the appraisal right	-	1,000	(1,000)	-

In August 2011, at the option of the shareholders of the Company, certain shareholders requested the Company to buy back their shares pursuant to the Company Law, which shares were subsequently retired in November 2011.

22. EARNINGS PER SHARE

EPS is computed as follows:

	Amounts (Numerator)		Number of Shares (Denominator) (In Thousands)	EPS (NT\$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Year ended December 31, 2012</u>					
Basic EPS					
Earnings available to common shareholders	\$ 183,629,948	\$ 166,158,802	25,920,735	\$ 7.08	\$ 6.41
Effect of dilutive potential common shares	-	-	7,201		
Diluted EPS					
Earnings available to common shareholders (including effect of dilutive potential common shares)	\$ 183,629,948	\$ 166,158,802	25,927,936	\$ 7.08	\$ 6.41
<u>Year ended December 31, 2011</u>					
Basic EPS					
Earnings available to common shareholders	\$ 144,707,844	\$ 134,201,279	25,914,076	\$ 5.58	\$ 5.18
Effect of dilutive potential common shares	-	-	10,606		
Diluted EPS					
Earnings available to common shareholders (including effect of dilutive potential common shares)	\$ 144,707,844	\$ 134,201,279	25,924,682	\$ 5.58	\$ 5.18

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of profit sharing to employees in stock by the closing price (after considering the dilutive effect of dividends) of the common shares on the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of profit sharing to employees are resolved in the shareholders' meeting in the following year.

23. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 38,824	\$ 38,824	\$ 14,925	\$ 14,925
Available-for-sale financial assets	1,845,052	1,845,052	2,617,134	2,617,134
Held-to-maturity financial assets	701,146	708,973	1,403,427	1,426,474
Financial assets carried at cost	483,759	-	497,835	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	6,274	6,274	-	-
Bonds payable (including current portion)	80,000,000	80,343,413	22,500,000	22,597,115
Other long-term payables (including current portion)	113,000	113,000	-	-