

## 27. EARNINGS PER SHARE

EPS was calculated as follows:

|  | <u>Amount (Numerator)</u> |                   | <u>Weighted-<br/>average<br/>Number of<br/>Common Shares<br/>(Thousand)<br/>(Denominator)</u> | <u>Earnings Per Share (NT\$)</u> |                   |
|--|---------------------------|-------------------|---|----------------------------------|-------------------|
|  | <u>Income</u>             |                   |   | <u>Income</u>                    |                   |
|  | <u>Before</u>             |                   |   | <u>Before</u>                    |                   |
|  | <u>Income Tax</u>         | <u>Net Income</u> |   | <u>Income Tax</u>                | <u>Net Income</u> |
|  | NT\$                      | NT\$              |   |                                  |                   |
| (In Millions)  |                           |                   |   |                                  |                   |
| <u>Year ended December 31, 2009</u>  |                           |                   |   |                                  |                   |
| Basic EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent  | \$ 56,163                 | \$ 43,757         | 9,696,808   | <u>\$ 5.79</u>                   | <u>\$ 4.51</u>    |
| Effect of dilutive potential common stock  |                           |                   |   |                                  |                   |
| SENAO's stock options  | (7)                       | (7)               | —   |                                  |                   |
| Employee bonus   | <u>—</u>                  | <u>—</u>          | <u>28,806</u>   |                                  |                   |
| Diluted EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent<br>(including effect of dilutive potential common stock) | <u>\$ 56,156</u>          | <u>\$ 43,750</u>  | <u>9,725,614</u>  | <u>\$ 5.77</u>                   | <u>\$ 4.50</u>    |
| <u>Year ended December 31, 2010</u>  |                           |                   |   |                                  |                   |
| Basic EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent  | \$ 56,438                 | \$ 47,609         | 9,696,808   | <u>\$ 5.82</u>                   | <u>\$ 4.91</u>    |
| Effect of dilutive potential common stock  |                           |                   |   |                                  |                   |
| SENAO's stock options  | (7)                       | (7)               | —   |                                  |                   |
| Employee bonus   | <u>—</u>                  | <u>—</u>          | <u>28,653</u>   |                                  |                   |
| Diluted EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent<br>(including effect of dilutive potential common stock) | <u>\$ 56,431</u>          | <u>\$ 47,602</u>  | <u>9,725,461</u>  | <u>\$ 5.80</u>                   | <u>\$ 4.89</u>    |
| <u>Year ended December 31, 2011</u>  |                           |                   |   |                                  |                   |
| Basic EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent  | \$55,379                  | \$ 47,068         | 7,789,326   | <u>\$ 7.11</u>                   | <u>\$ 6.04</u>    |
| Effect of dilutive potential common stock  |                           |                   |   |                                  |                   |
| SENAO's stock options  | (9)                       | (9)               | —   |                                  |                   |
| Employee bonus   | <u>—</u>                  | <u>—</u>          | <u>21,279</u>   |                                  |                   |
| Diluted EPS  |                           |                   |   |                                  |                   |
| Income attributable to stockholders of the parent<br>(including effect of dilutive potential common stock) | <u>\$ 55,370</u>          | <u>\$ 47,059</u>  | <u>7,810,605</u>  | <u>\$ 7.09</u>                   | <u>\$ 6.03</u>    |

According to the Interpretation 97-169 issued by ARDF in May 2008, Chunghwa presumed that the employees bonuses to be paid will be settled in shares and takes those shares into consideration when calculating the weighted average number of outstanding shares used in the calculation of diluted EPS if the shares have a dilutive effect for the years ended December 31, 2009, 2010 and 2011. The number of shares is calculated by dividing the amount of bonuses by the closing price of the Chunghwa's shares as of the balance sheet date. The dilutive effect of the shares needs to be considered until the stockholders resolve the number of shares to be distributed to employees in their meeting in the following year.

The diluted earnings per share for the years ended December 31, 2009, 2010 and 2011 were also due to the effect of potential common stock of stock options issued by SENAO.