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5 Days Remaining

# Financial Glossary

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## Earnings per Share

Earnings per share (EPS) the amount of income that "belongs" to each share of common stock. An important tool for investors, EPS is often used in determining the value of a stock.

The average number of shares outstanding (the denominator of the EPS formula) is usually calculated by averaging the number of shares at the beginning of the earning period and the number of shares at the end of the period. For example, if a company earned \$1 million in 2009 and had 900,000 shares at the beginning of 2009 and 1.1 million shares at the end of 2009, the 2009 EPS would be \$1 million/[(.9 million shares + 1.1 million shares)/2] = \$1/share.

EPS is generally reported in annualized form from the most recent fiscal year. From time to time, you will see the abbreviation (ttm) associated with earnings per share. That means that the earnings number is a sum of the previous four quarters, which is not necessarily the same as the previous fiscal year.

## Formula

Earnings per Share = Net Income / Average Number of Shares Outstanding during Income Period

Earnings per Share (TTM) = Net Income (Last Four Quarters) / Avg Number Shares Outstanding

YCharts uses Net Earnings Per Share (Diluted) as its EPS number. This is net earnings or losses attributable to common shareholders divided by shares outstanding after all convertible securities, options and warrants have been exercised.

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