3) For a stock split: 

a) \( \frac{3}{1} \cdot 200 \text{ mil} = 600 \text{ mil} \) $168 per share

b) \( \frac{1}{3} \cdot 168 = 56 \)

c) \((200 \text{ mil}) \cdot 168 = 33.6 \text{ billion} \)

(600 mil) \cdot \(56\) = 33.6 billion

1.9 Dividend Income and Corporate Bonds
Dividend: Corporation’s profit split amongst shareholders.

* Can be set by board of directors and even eliminated if company decides they need the money for growth, etc.

Yield: % of dividend compared to current price.

\[
\left(100 \cdot \frac{\text{dividend}}{\text{price}}\right)\% \\
\]

Preferred vs. Common Stock: Preferred receive dividends first, common receive dividends only when a board of directors elects to issue them.

---

ex. Jared is purchasing a stock that pays an annual dividend of $3.42 per share.

a. If he purchases 400 shares for $53.18 per share, what would his annual income be from dividends?

\[
3.42 \times 400 = 1368 \\
\]

b. What is the yield, to the nearest tenth of a percent?

\[
\frac{3.42}{53.18} = 0.064 = 6.4\% \\
\]

ex. Marianne purchased shares of a corporation that pays ad dollars quarterly dividend. What is her annual dividend income, expressed algebraically?

\[
4d \cdot 5 \\
\]
ex. The annual dividend per share of a certain stock is \( d \) dollars. The current price of the stock is \( x \) dollars per share. What is the percent yield of the stock, expressed algebraically?

\[
\frac{100d}{x}
\]

ex. Stock in the Sister Golden Hair Company was selling for \$44.64\ per share, and it was paying a \$2.08\ annual dividend. It underwent a 2-for-1 split.

a. What was the new price of one share after the split?

\[
\frac{1}{2} \times 44.64 = 22.32
\]

b. If you owned 300 shares before the split, how many shares did you own after the split?

\[
\frac{300}{2} = 150
\]

c. What was the annual dividend per share after the split?

\[
\frac{1}{2} \times 2.08 = 1.04
\]

d. What was the yield, to the nearest tenth of a percent, before the split?

\[
\frac{2.08}{44.64} = 0.046 = 4.7\%
\]

e. What was the yield, to the nearest tenth of a percent, after the split?

\[
\frac{1.04}{22.32} = 0.097 = 4.7\%
\]

ex. The stock in a real estate corporation was selling for \$6\ per share, with an annual dividend of \$0.12\. It underwent a 2-for-5 reverse split.

a. What was the value of the stock after the reverse split?

\[
\frac{2}{5} \times 6 = 1.5\text{ per share}
\]

b. What was the annual dividend after the reverse split?

\[
\frac{2}{5} \times 0.12 = 0.09\text{ per share}
\]

c. What was the yield after the reverse split?

\[
\frac{0.09}{1.5} = 0.02 = 2\%
\]

ex. A corporation was paying a \$4.24\ annual dividend. The stock underwent a 3-for-2 split. What is the new annual dividend per share?

\[
\frac{2}{3} \times 4.24 = 2.83
\]

ex. Pat owned 2,500 shares of Speed King Corporation, and received a quarterly dividend check for \$925\. What was the annual dividend for one share of Speed King?

\[
\frac{4.925 \times 4}{2500} \approx 1.48\text{ per share}
\]
**Corporate Bond**: A loan to a corporation

*read page 54

ex. You buy a $1000 corporate bond that pays 6.1% interest per year. How much do you receive in interest each year from this bond? How much will you make over 10 years?

\[
6.1\% = 0.061 \\
6.1\% \text{ of } \$1000 = 0.061 \times 1000 = \$61 \text{ per year} \\
10 \text{ years}: 10 \times 61 = \$610
\]

HW 1.9 pg 55-56 #2 - 6, 8, 9, 15, 16