

B-16.05

Jean Neftin was chatting with friends about stock investment ideas. One of his friends suggested that he consider Cabela Corporation. The friend noted that Cabela was coming out with a new product line that could be really hot. Cabela's stock sells for \$21 per share, and has a P/E of 15. The dividend yield is 3%. The company has had 10,000,000 shares outstanding for all of the past year, and the stock price is 2 times book value per share.

- (a) Calculate Cabela's earnings per share, net income, dividend per share, and total stockholders' equity.
- (b) In addition to the preceding facts, assume that Cabela's also has \$10,000,000 of 6% preferred stock outstanding all year. Dividends are current. The preferred stock was issued at par, but has a 110 call price. Recalculate net income and book value per common share based on this revised set of facts.