7.5 CHOOSE THE RIGHT VARIANT TO SUBSTITUTE THE UNDERLINED WORDS AND WORD COMBINATIONS

1. There are basically three dates **to keep in mind** when considering dividends.

to bear in mind

to stick in mind

to put in mind

to call to mind

2. Why do some companies offer dividends while **others** don't?

other companies

the other companies

different companies

other

3. The ex-dividend date was created to allow all **pending transactions** to be completed before the record date.

transactions in process

transactions on process

transactions at process

processed transactions

4. The record date is the day on which the company **compiles** a list of all current shareholders, all of whom will receive a dividend check.

makes

designs

drafts

does

5. If an investor does not own the stock before the ex-dividend date, he or she **will be ineligible** for the dividend payout.

will not qualify

will not be qualified

wii not be allowed

will not be addressed

6. On the declaration date the company **sets** the dividend payment date, the amount of the dividend, and the ex-dividend date.

establish

start

find out

accept

7. This is done because a dividend payout automatically **reduces** the value of the company.

minifies

minimizes

minimums

minimals

8. An investor can buy into a company that has a **stable** business and earnings growth.

sound

visible

noticeable

vivid

9. As the company continues to grow, the dividends themselves may grow, **providing** even more value to the investor.

rendering

offering

supporting

proving

10. This is one way **to treat** dividends; however, there are other strategies for profiting from dividends.

to deal with

to deal about

to deal

to deal out

11. They can no longer **<u>sustain</u>** the rate of growth commonly desired by Wall Street.

hold up

hold with

hold out

hold together

12. Thus regular dividends are paid out to make **<u>holding the stock</u>** more appealing to investors.

the stock holding

the stock hold

to hold the stock

the stock's holding

☝ 7.6 FIND AND CORRECT MISTAKES IN THE FOLLOWING SENTENCES

Stocks can be splitted two-for-one, ten-for-one, or in any ratio the company wants. (The less common "reverse split" is when the number of shares decreases, for example one-for-two.) Illustrating what happens when a stock splits, let's looked at a simple example. Say you own 100 shares of stock in XYZ Corp. that are being priced at $100 per share. XYZ decides that $100 per share is too high of a price for its stock, so it issues a two-for-one stock split. This means that for every share that you previously owned, you now own two shares, given you 200 shares. When the stock splits, the price will be cutting in proportion to the split ratio that was chosen by the corporation (in this case, to $50 a share). If you compare the amount of your investment before the split and the amount after the split you will notice that they are equal (100 shares x $100/share = $10,000; which is the same as 200 shares x $50/share = $10,000). So, in effect, nothing has changed from your perspective.

But although technically nothing changes for the investor during a stock split, in reality often there are changes. Not only does the split tend to increasing demand for shares by having made the shares more accessible to small investors, it also usually garners favorable media attention. This tends to causing the price of a stock that has split to having increased after the split. The split is interpreted by some as a sign that the company's management is confident that the stock's price will continue to rising. Of course, there is no guarantee that this will happen.