CORTEZ, INC.

Part 1. Year 2003 weighted-average shares:

Time Period	Outstanding Shares	Effect of Dividend	Fraction of Year	Weighted Average	
January-March	40,000	1.1	3/12	11,000	
April-June	36,000	1.1	3/12	9,900	
July-September	48,000	1.1	3/12	13,200	
October-December	52,800	1.0	3/12	13,200	
Weighted-average shares outstanding				47,300	«- Correct!

Part 2. Year 2003 earnings per share components:

	Reported Total	Divided by Shares	Earnings per Share	
Income from continuing operations	$ 137,500	47,300	$ 2.91	«- Correct
Loss on discontinued segment	52,500	47,300	$ (1.11)	«- Correct!
Net income	$ 85,000		$ 1.80	«- Correct!

Part 3. Year 2004 weighted-average shares:

Time Period	Outstanding Shares	Fraction of Year	Weighted Average	
January-June	68,800	6/12		
July-October	48,000	4/12	-	«- Try again!
November-December	43,200	2/12		
Weighted-average shares outstanding			60,000	«- Correct!

Part 4. Year 2004 earnings per share components:

	Reported Total	Divided by Shares	Earnings per Share	
Income from continuing operations	$ 165,000			
Extraordinary gain	33,000			
Net income	$ 198,000		$ 3.30	«- Correct!

Part 5. Year 2005 weighted-average shares:

Time Period	Outstanding Shares	Effect of Split	Fraction of Year	Weighted Average
January-July			7/12	
August			12/12	
September			12/12	
October-December			3/12	
Weighted-average shares outstanding				

Compute the weighted averag
2. Compute the EPS compone
from continuing operations, th
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4. Compute the EPS compone
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6. Compute the EPS compone
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Analysis Component
7. Explain how you would use

Part 6. Year 2005 earnings per share components:

	Reported Total	Divided by Shares	Earnings per Share
Income from continuing operations	$ 167,000		
Extraordinary loss	70,000		
Net income	$ 97,000		

Part 7: Explain how you would use the EPS data from part 6 to predict EPS for 2006.

e of the common shares outstanding for year 2003.

nt amounts to report with the year 2003 income statement for: income

e loss on discontinued segment, and net income.

age of the common shares outstanding for year 2004.

nt amounts to report with the year 2004 income statement for: income

e extraordinary gain, and net income.

age of the common shares outstanding for year 2005.

nt amounts to report with the year 2005 income statement for: income

e extraordinary loss, and net income.

the EPS data from part 6 to predict EPS for 2006