Stock options and share dilution

Amazon letters: 2001, 1997 · Difficulty: Intro

> *"Limiting share count means more cash flow per share and more long-term value for owners." (2001)*

1. A company has 400 million shares outstanding and targets net dilution from employee stock options of 3% this year. How many new shares does that add (millions)? **12**

2. If free cash flow stays the same and the number of shares rises, free cash flow per share…

   A. rises

   B. stays the same

   C. doubles

   D. falls

Source: Jeffrey P. Bezos, Letters to Amazon.com Shareholders: 2001, 1997 (ir.aboutamazon.com). Quotation © Amazon.com, Inc., all rights reserved; reproduced in part for non-commercial teaching. Numbers in the questions are made up unless stated.