

ACCOUNTING

in the headlines

How many shares of stock would be issued in LinkedIn's \$1 billion stock offering?

In September 2013, LinkedIn (LNKD) filed paperwork with the SEC for a \$1 billion stock offering of its Class A common stock. LinkedIn reported that it would be using the proceeds from the stock issuance for working capital, expansion of product and sales organizations, and capital expenditures.

On August 30, 2013 (a few days before the filing,) LinkedIn's Class A common stock was trading at \$240.04 per share.

LinkedIn's Class A common stock has a par value of \$0.001 per share. LinkedIn had 1,000,000,000 shares authorized, 94,598,365 shares issued, and 93,566,905 shares outstanding as of September 3, 2013.

Questions

1. Assume that the stock price is indeed \$240.04 per share on the date of the stock issue. If the stock offering is \$1 billion, how many shares would have been issued?
2. Assume that the underwriting fee is 2%. What would be the net amount of cash received by LinkedIn for this stock issuance?
3. Assuming a stock price on date of issuance of \$240.04 and an underwriting fee of 2%, what would have been the amount credited to Additional Paid-In Capital by LinkedIn?
4. Before this stock issuance, how many of its own Class A common stock shares had LinkedIn repurchased?
5. After this issuance (again, assume that the per-share stock price on the date of issuance was \$240.04), how many shares will be:
 - a. Authorized
 - b. Issued
 - c. Outstanding
6. After this stock issuance, how many remaining shares are authorized to be issued?