

Microsoft raises dividend 23 percent to 16 cents

September 22 2010

(AP) -- Microsoft Corp. said Tuesday it is raising its quarterly dividend for the first time in two years in a move that will return more of the software maker's nearly \$37 billion cash hoard to its shareholders.

The increase signals [Microsoft](#) is feeling more confident that the economy won't lapse back into [recession](#).

The severity of the last downturn prompted Microsoft to resort to the largest [layoffs](#) in its 35-year history while keeping its dividend unchanged for the longest stretch since it started making the quarterly payments to shareholders in 2004.

Tuesday's announcement marks the fifth time that Microsoft has raised its dividend.

With the latest increase, investors who own Microsoft stock as of Nov. 18 will be get 16 cents per share. That's a 23 percent increase from the 13 cents a share that Microsoft had been paying for the past eight quarters.

The new rate translates into an annual dividend yield of 2.5 percent, based on Microsoft's current market value. The company's shares fell 28 cents to close at \$25.15 Tuesday before plans for the higher dividend were disclosed, then rose 19 cents in extended trading.

Microsoft's increase comes a week after [Cisco Systems](#) Inc. - another

technology heavyweight that's part of the bellwether Dow Jones industrial average - announced plans to pay a stock [dividend](#) for the first time.

The earnings of both companies have been rising recently, helping them to stockpile more cash even as the global economy struggles to recover from the worst recession in more than 70 years.

Microsoft distributed \$4.6 billion in shareholder dividends during its last fiscal year, which ended in June.

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