



# HOW TO CONQUER WALL STREET

## STUDENT'S WORKBOOK

### TRACK 2: COMMON STOCKS

Name \_\_\_\_\_

Date \_\_\_\_\_

**Instructions:** Review the lecture CD and information booklet to answer the questions.

#### SHORT ANSWER QUESTIONS:

1. How much can a person lose in the stock market?
2. Can a stockholder vote for someone in management?
3. What information are stockholders entitled to receive?
4. How does a stockholder earn profits?

#### PROBLEM 2.1: STOCK SALE

The investor purchases a stock at \$10 per share. The company's board of directors annually declares \$1 per share as dividends. Subsequently, the investor sells his stock for \$15 per share three years after the initial purchase. What is the investor's total profits and monetary return?

<b>Stock Purchase Price</b>	\$_____
<b>Stock Sale Price</b>	\$_____
<b>Total Stock Appreciation</b>	\$_____
<b>Dividends</b>	\$_____
<b>Investor's Total Profits</b>	\$_____
<b>Investor's Total Monetary Return</b>	_____%



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### PROBLEM 2.2: STOCK DIVIDEND

The board of directors decides to declare a 1-2 stock dividend instead of a cash dividend. Initially, the investor held 10 shares of common stock. Compute the investor's total shares.

NUMBER OF SHARES	STOCK DIVIDEND	NEW SHARES	TOTAL SHARES
_____	_____	_____	_____

### PROBLEM 2.3: STOCK SPLIT

The board of directors decides to declare a 2-1 stock split. Initially, the investor held 10 shares. Compute the investor's total shares.

NUMBER OF SHARES	STOCK SPLIT	NEW SHARES	TOTAL SHARES
_____	_____	_____	_____