



HOW TO CONQUER WALL STREET

DAILY LESSONS LESSON 2

INTRODUCTION

- This lesson will explain common stocks

PURPOSE

- Gives students an introduction to the 3 important aspects of common stocks

SKILL SET

- Students will understand the risks inherent in common stocks
- Students will know the 3 important stockholders' rights
- Students will know the 2 ways that stockholders' earn profits

TOPICS FOR DISCUSSION

- The risks inherent in common stocks
 - A stockholder risks only his investment unlike:
 - Unlimited liability associated with:
 - Partnerships
 - Sole proprietorships
- The 3 important stockholders' rights
 - The right to vote for the board of directors;
 - The right to receive the company's financial information; and
 - The right to vote for a merger
- Learn the 2 ways that stockholders' earn profits
 - Stock Appreciation
 - Increase in stock price
 - Stock split
 - Subsequent increase in stock price
 - Dividends
 - Monetary dividends
 - cash
 - Non-monetary dividends
 - Stock dividend



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CLASSROOM DRILLS

- How much can a person lose in the stock market?
 - Only his investment
- Can a stockholder vote for someone in management?
 - No, the board of directors appoints management
- What information are stockholders entitled to receive?
 - The company's financial reports
- How does a stockholder earn profits?
 - Stock appreciation and dividends

HOMEWORK ASSIGNMENT

- Workbook page 2 and Lecture CD Track 2
- Review Lecture CD Track 3
- Review Illustration Booklet pages 2-3

QUIZ/TEST (OPTIONAL)