Sections 10.4 and 10.5

Section 10.4

Publicly Held Corporations - owned by the public
Privately Held Corporations - owned by one or a few individuals

Limited Liability - corporation allows owners to have this. Lawsuits can not come against you because you own stock

Capital - money to start a business
Stock - partial ownership in the business
Stock Certificates - showing ownership of the stock
Annual Meeting - meeting to bring stockholders together

Stockholders - anyone that has a share in the company

Board of Directors - voted on by the stockholders, represent stockholders in situations

Executive Officers - board of directors assists in the hiring of these in the corporation

Dividends - paid to all stockholders when the corporation has a profit

Preferred Stock - stock that is paid dividends ahead of other stock in the event of bankruptcy

Common Stock - do not have the guarantee that preferred do

http://www.nyse.com/
Using the website, what would Pepsi stocks cost if we currently bought 200 shares and paid the broker 5% of the total purchase as a fee?

\[
\text{total purchase price} = \frac{\text{price per share}}{200} \times \text{price per share} \times 1.05
\]

\[
\Rightarrow 66.24 \text{ per share} \times 200 = 13248 \times 1.05 = 13910
\]

Dow Jones Industrial - refers to an average of 30 very large businesses

NASDAQ - refers to over 5000 companies that are mostly involved in the technology field

Mutual Fund - invests in several different stocks to reduce risk
Jessica Tate plans to contribute $2500 per year to a retirement plan and is debating the use of a CD that pays 4.9% compounded monthly versus a stock fund that she believes will yield 9.45% per year. Find the value after 12 years for the fixed rate, the stock fund, and the difference. Which would you pick

Section 10.5

Bonds - legally binding promises to repay borrowed money

Bankruptcy - no longer meet its financial obligations Lawyers get first money....then debt (bonds)......then stockholders

Face Value or Par Value - value of the original bond....usually $1000

http://www.investinginbonds.com/marketatataglance.asp?catid=34

Bonds are a form of simple interest
Pick a bond from the website and let's buy 100 shares at a $10.95 per bond. What will the transaction cost?