

FILL IN THE BLANK *(note: some terms will not be used)*

bond rating	investment banker	promissory note
capital gain	leasing	secondary market
commercial paper	line of credit	selling short
common stock	market value	stock exchange
coupon rate	mortgage bond	stock split
debenture bond	mutual fund	stockbroker
dividend	preferred stock	yield to maturity (YTM)
initial public offering (IPO)	primary market	

1. _____ is the price at which a share of stock can be bought and sold in the stock market.
2. _____ is a security that has priority over common stock in the payment of dividends
3. Unsecured, short-term debt instruments issued by corporations are called _____.
4. The _____ is the stated annual interest rate for a bond.
5. A corporate bond without collateral is called a(n) _____.
6. Type of debt secured by a specific asset or property is called a(n) _____.
7. _____ is the term for selling a stock not actually owned when a lower price is expected.
8. _____ is an equity security representing ownership in a company with voting rights.
9. A(n) _____ is when a company offers stock to outside investors for the first time.
10. _____ is the increase in the value between the purchase price and the maturity value.
11. A(n) _____ is a measure of the quality and safety of a company's debt.
12. _____ is a legal agreement to use property that belongs to another person.
13. A(n) _____ is a business organization where securities are bought and sold.
14. A licensed specialist in the buying and selling of stocks and bonds is a _____.
15. A(n) _____ is the portion of company profits paid out to shareholders.
16. _____ is the proportional division of a number of stock shares into a larger number.
17. A(n) _____ is an individual or company that assists with the issuing of new securities.

THINK CRITICALLY

18. What actions might a small company take when needing to borrow funds?

19. What benefits and drawbacks are associated with leasing?
20. What actions can be taken by a company to improve its bond rating?
21. Describe the role of an investment banker when a company is involved in mergers and acquisitions.
22. How can a stock split affect the long-term profits of an investor?
23. What are the economic benefits of capital gains earned by investors?



EXCEL PROBLEMS

Use Excel to solve the problems below and email the spreadsheet as an attachment.
MAKE SURE TO USE FORMULAS IN YOUR WORK!
(don't just type the answers)

24. For each of the following situations, calculate the annual yield.
- a. stock that cost \$56 and earned a dividend of \$4.20
 - b. bond costing \$1,000 with annual interest of \$106
 - c. land purchased for \$10,000 and sold a year later for \$11,600
25. A bond with a yield of 6.72 percent has dropped 30 basis points. What is the new yield?
26. You call your broker to sell short, asking to sell 100 shares at \$42. Within three days, the stock drops to \$39 a share and you obtain the required shares. What is the amount of your capital gain in this situation?
27. You own 40,000 shares of stock of a company, representing 6 percent ownership. The company plans a 3-for-2 stock split. After the split,
- a. how many shares would you own?
 - b. what percentage of the company would you own?
28. What would be the market value (in dollars) for a corporate bond selling at 97 1/8? What would be the market value of a bond selling at 106?