

## Ask the Fool

### Ticker Symbols 101

**Q** What can you tell me about stock ticker symbols? — *M. C., East Providence, R.I.*

**A** A ticker symbol is a short identifier for a company's stock. Companies that trade on the old respected "big board," the New York Stock Exchange, have three or fewer letters in their tickers — for example, K for Kellogg, and XOM for ExxonMobil.

Those trading on the smaller American Stock Exchange also have three letters. Tickers of stocks trading on the Nasdaq Stock Market have four letters (such as MSFT for Microsoft and SBUX for Starbucks). Sometimes you'll see a fifth. If so, it's not technically part of the ticker — it's tacked on to reflect something about the company. For example, an F means it's a foreign company and a Q means it's in bankruptcy proceedings.

Many companies have chosen amusing ticker symbols for themselves. For example: Southwest Airlines (LUV); Yum! Brands (YUM), the parent of KFC, Taco Bell and Pizza Hut; explosives specialist Dynamic Materials (BOOM); Internet America (GEEK); Olympic Steel (ZEUS); and amusement park company Cedar Fair (FUN).

To look up a company's stock ticker symbol online, click over to <http://finance.yahoo.com/l>. If you're not online, call the company or your brokerage and ask. Newspaper stock lists also usually include a company's ticker symbol.

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**Q** I want to learn to invest in stocks. What can I read that's not too complicated? — *M.L., Lake City, Fla.*

**A** Books by Peter Lynch (with John Rothchild) are great for beginners, as are the [www.better-investing.org](http://www.better-investing.org), [www.morningstar.com](http://www.morningstar.com) and [www.Fool.com](http://www.Fool.com) Web sites (if we may say so ourselves). When you're ready to open a brokerage account, visit [www.broker.Fool.com](http://www.broker.Fool.com) or the "Benchmarks" page at [www.gomez.com](http://www.gomez.com) for more info.

Got a question for the Fool? Send it in — see Write to Us



# The Motley Fool<sup>®</sup>

*Our Mission: To Inform, to Amuse, and to Help You Make Money*

## Fool's School<sup>®</sup>

### Going 'Short'

Success in investing boils down to buying low and selling high, right? True enough, but you can also profit by reversing that order, by selling high and then buying low. This is called "shorting."

Imagine that Farm Dogs Inc. (ticker: BINGO) has gone public. Despite much media hoopla, you have little faith in it and expect the stock to sink. You call your brokerage and say that you want to short BINGO. The brokerage will "borrow" shares from a Farm Dogs shareholder's account and sell them for you. Then, assuming the share price does drop, you'll "cover" your short, buying shares on the market at a lower price to replace the ones you borrowed. If you shorted BINGO at \$50 and covered when it fell to \$40, you made \$10 per share (less commissions). This technique sounds weird, but it's legal and done often.

Shorting can be beneficial because with shorts in your portfolio, you might profit from any kind of market. If you see a stinker, you can

profit by betting against it. Shorting can bolster a portfolio, too. If the market takes a big drop, your shorts will likely fall, boosting your portfolio's performance.

But shorting has its downside, too. If the stock price rises, you lose. With shorts, you can earn only up to 100 percent, since a stock price can't fall lower than zero. But if your short keeps rising (going in the wrong direction), your downside is theoretically unlimited. Since you can actually lose more than 100 percent of your money, you need to keep a very close eye on any shorted stocks.

Other dangers: Sometimes companies you're sure are overvalued just keep going up anyway. Shorting is based on short-term expectations, and we generally prefer to focus on the long term. Shorting bucks the overall long-term upward trend of the market. And if you short a company, you'll have its management working against you to make the company succeed, perhaps with new financing, partnerships or products.

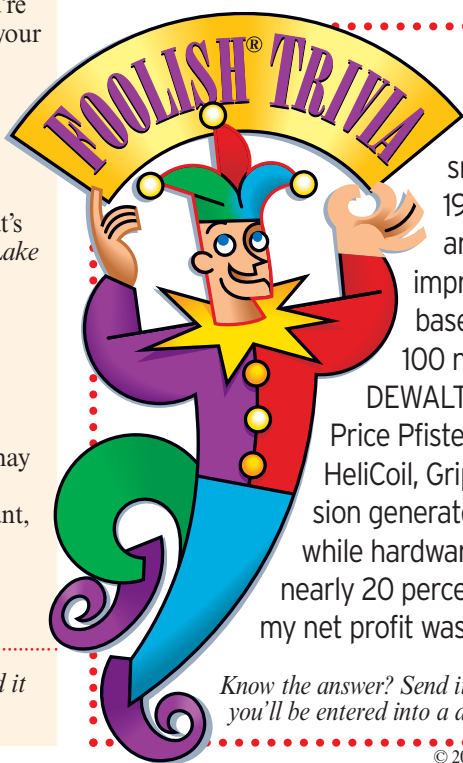
Shorting can be effective, but it's only for seasoned investors. Many experienced investors do well without, too.



## Name That Company

I was founded by two fellows as a small machine shop in Baltimore in 1910. Today I make and sell power tools and accessories, hardware and home improvement products, and technology-based fastening systems in more than 100 nations. My brand names include DEWALT, Momentum Laser, Emglo, Kwikset, Price Pfister, Geo, Bach, Emhart Technologies, HeliCoil, Gripco and Tucker. My power tools division generates nearly three-quarters of my sales, while hardware and home improvement contribute nearly 20 percent. In 2003, I took in \$4.5 billion, and my net profit was nearly \$300 million. Who am I?

Know the answer? Send it to us with Foolish Trivia on the top and you'll be entered into a drawing for a nifty prize!



## My Dumbest Investment

### A Dumb Non-Investment

In 1998, I had a few dollars to invest somewhere for five years or more. My wife and I had been doing a small business on eBay. We thought eBay was great — really great. We were out of town when the news broke about eBay going public. By the time I found out, the shares had been issued and grown significantly. I didn't buy shares at that time but should have done so. Alas! — *Marion Leonard, Tucson, Ariz.*

**The Fool Responds:** Shares of eBay, initially priced around \$18 per share, more than doubled on their first trade and ended their first day in the \$40s. Since then, the stock has increased in value more than 1,600 percent (including several splits). But consider this — if you bought shares only a year ago, you'd be up more than 60 percent. If you bought two years ago, you'd be up more than 130 percent. The stock won't keep growing at such a rapid rate forever, but it may well not be too late to jump in, if your research suggests that eBay's long-term future is very bright.



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to The Motley Fool c/o My Dumbest Investment. Got one that worked? Submit to My Smartest Investment. If we print yours, you'll win a Fool's cap!

## LAST WEEK'S TRIVIA ANSWER

Last Week's Trivia Answer: Founded in 1981 and headquartered in New York City, I help students and schools successfully handle standardized tests (such as the SAT, ACT, GMAT, MCAT, LSAT, GRE and USMLE) and admissions to college and graduate school. I offer classroom and online test preparation courses, private tutoring, and educational Web sites. My Embark management tools help universities process admissions and recruiting. I've also authored more than 190 print and software titles on everything from test preparation to summer internships to college ratings. I went public in 2001 and am valued at \$225 million today. Who am I? (Answer: The Princeton Review)

**Write to Us!** Send questions for Ask the Fool, Dumbest (or Smartest) Investments (up to 100 words), and your Trivia entries to Fool@fool.com or via regular mail c/o this newspaper, attn: The Motley Fool. Sorry, we can't provide individual financial advice.



## What Is This Thing Called The Motley Fool?

Remember Shakespeare?  
Remember "As You Like It"?  
In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen. The Motley Fool tells the truth about investing, and hopes you'll laugh all the way to the bank.

## The Motley Fool Take

### The Wal-Mart Monster

Wal-Mart (NYSE: WMT) recently reported its fourth-quarter and full-year results, featuring a 12 percent year-over-year jump in annual revenues, topping a quarter of a trillion dollars. Those are fantastic results from the world's No. 1 retailer.

Sales at Wal-Mart stores increased 4.4 percent in the quarter, only to be surpassed by a 6.7 percent gain at Sam's Club stores. International operations continued to boom, with sales up 17 percent in the quarter and year. Every bit as important, much of this growth flowed to the bottom line, as the company's net cash position nearly doubled to \$5.2 billion.

In a conference call, management noted that apparel had been marked down to get inventory in line for spring merchandise. But gross profit margins were better than forecast and increased for the ninth time in 10 quarters.

Wal-Mart's performance should frighten its peers both in supermarkets and broader retail. Safeway, Albertson's and Kroger all have narrower margins and would die for Wal-Mart's 26 percent increase in supermarket sales for the quarter. Wal-Mart's operating margins are nearly double those of Costco. Target does manage higher margins, but also has more debt.

All this stellar financial performance doesn't come cheap. With a P/E ratio around 29, Wal-Mart's execution is clearly reflected in the stock price. Still, with guidance calling for more double-digit earnings growth, retail investors may find value in Wal-Mart.