

Answers

Chapter 9 – Stocks

1. The recommendation is to accumulate shares, which is less favorable than a “buy” recommendation. Investors may accumulate additional shares by reinvesting dividends.
2. Advertising budgets are expected to fall as the economy slows. Company management has begun cutting costs.
3. Answers will vary, but may include the “Who Wants to be a Millionaire Show,” cost cutting measures, studio entertainment profit growth, increase in cash flow, and increased interest from small investors.
4. \$0.57 per share in 2000 and \$0.62 per share in 1999.
5. Estimated earnings in 2002 are \$0.92 per share.

Teaching Tips

Chapter 9 – Stocks

1. Have the students analyze the “Industry Outlook” section of the Walt Disney Company stock report. Ask them to summarize the short-term and long-term outlook.
2. Ask the students to review the “Peer Group” section of the report. Have them select a company from the group and compare it with Walt Disney Company. Ask them to use the Web site of the company they selected to help make their comparisons.
3. Have the students read the “Business Summary” section of the report regarding Go.com. Ask the students to research why Walt Disney discontinued this portal.