

HOW TO PLAY  
**STOCKS & BONDS**<sup>®</sup>

*the game of investments*

STOCKS & BONDS will transport you to Wall Street as you attempt to gain wealth and affluence by skillfully buying and selling securities. The game is for 2 to 8 players—appeals to both juniors and adults.

The main object of STOCKS & BONDS is to shrewdly invest \$5,000 in the game's 10 securities, buying and selling for 10 years (rounds) in an attempt to become the wealthiest player.

## TERMS

**SECURITY**—A stock or bond.

**BOND**—An interest-bearing certificate issued by a private or municipal corporation, usually for the purpose of borrowing money. In the game bonds are issued in \$1,000, \$5,000 and \$10,000 denominations.

**INTEREST**—Set percentage of bond's value paid to the investor. In the game annual interest (in dollars) is shown on each certificate.

**STOCK**—Shares or holdings in a corporate business enterprise attested by certificates of ownership. In the game stock certificates are issued in denominations of 10, 50 and 100 shares.

**DIVIDEND**—Portion of a company's profit distributed to the stockholders. In the game annual dividend (in dollars) is shown on each certificate.

**SPLIT** (or Stock Split)—The division of shares into a larger number. For example, if a company declares a 2-for-1 split, each shareholder receives free one additional share for each one he already owns; the price per share is halved. Usually this is done to make the stock easier to sell.

**TRANSACTION**—Purchase or sale of securities.

**MARGIN PURCHASE**—Buying securities on credit. (See Buying on Margin.)

**ROUND LOT**—A unit of trading. In the game only round lots of 10 shares or multiples thereof may be purchased or sold.

**BEAR MARKET**—A declining market. The Situation Card for the current year indicates when the Bear Market side of the Calculator is to be used.

**BULL MARKET**—An advancing market. The Situation Card for the current year indicates when the Bull Market side of the Calculator is to be used.

**MARKET PRICE**—The last reported price at which a stock or bond sold.

## SETUP

Choose one player as Board Man and another as Broker. The Board Man receives the *chalk*, *eraser* and *Stock Board* on which he posts the current market prices. The Broker receives the *Calculator*, which determines the current market prices, and is also responsible for issuing the stock certificates and bonds throughout the game.

The *Situation Cards* are shuffled and stacked face down on the table.

Each player receives a *Record Sheet* which indicates that he has \$5,000 to invest as he chooses, and a *Securities Review Card* which he uses as a guide in selecting his investments throughout the game.

## PLAY

One year of play consists of the following, in order:

### POSTING DIVIDENDS AND INTEREST (Years 2—10 only)

At the beginning of each year (except Year 1), each player checks his certificates to see how much he has gained in dividends or interest (for securities bought or held in previous year) and records the total amount in the Dividends and Interest column on his Record Sheet (see Sample Record Sheet #2). Note: In Year 1 players will receive no dividends or interest as they owned no securities prior to this.

When the price of a stock drops below \$50, players holding that stock receive no dividends. If the price again reaches \$50, the payment of dividends is resumed.

### ESTABLISHING BULL OR BEAR MARKET

Broker draws a Situation Card, announces whether the market indicated for the year is Bull or Bear and locates the correct side (Bull or Bear) of the Calculator.

### DETERMINING CURRENT MARKET PRICE OF STOCKS

One player rolls the dice and Broker, following instructions on Calculator, sets it for number rolled. After reading aloud the bulletin on the Situation Card, Broker refers to Calculator and, taking into account what the Situation Card said, announces how many points each stock rose or fell. Board Man chalks the new prices for the year on the Stock Board. (The pre-game price of all securities is \$100 per share.) All bonds are sold at par value—\$1,000, \$5,000 or \$10,000—and their price does not fluctuate during the game.

Example: If in Year 1 Stryker Drilling declines 20 points the price posted for that stock would be \$80 (pre-game price of \$100 minus the 20 points the stock dropped). However, if the Situation Card drawn indicated that Stryker Drilling rose 17 points, the posted price for Year 1 would be \$97 (down 20 points and up 17 from the pre-game price of \$100).

When the price of a stock reaches \$150 or more, the stock splits 2-for-1. The price of the stock is halved, and the split is recorded on the Board (see *Sample Stock Board*). The number of shares in that stock held by a player is doubled, and he receives the proper amount of stock certificates.

When the price of a stock drops to \$0 or below, the corporation is declared bankrupt. Players owning this stock must surrender their certificates, receiving nothing for them. The price of the stock is re-established the following year in the same manner as for Year 1.

### SELLING SECURITIES (Years 2—10 Only)

After the current market price of each stock has been

posted, the Broker announces that the floor is now open for selling. Players then record any sales they wish to make at these prices, and the Broker collects the certificates which have been sold (see *Sample Record Sheet #2*).

### BUYING SECURITIES

When all selling transactions have been completed, Broker announces the floor is open for buying. After checking his Review Card and his Cash Balance, each player may buy stocks at the price posted on the Board and bonds at their par value (see *Sample Record Sheet #1*) and collects his certificates.

### CLOSINGS

At the end of the 10 years, closing prices are posted (determine as for any other year). Each player figures how much the securities he holds are worth and adds this figure to his Cash Balance. (Remember, each player started the game with \$5,000.) **WEALTHIEST PLAYER WINS THE GAME.**

### OPTIONAL

The players may decide before the game to roll the dice for each security to determine the first year price per share. Each year following the dice will be rolled once to determine the price per share for all securities, OR:

The players may decide before the game to roll the dice for each security throughout the game. (The market—bull or bear—remains the same throughout the year.) However, if this variation is used, should a 2 or a 12 be rolled, all prices posted for that year are affected (erased), and the points (numbers) on the Calculator for that number (2 or 12) are used to determine that year's prices.

### Sample Stock Board

YEAR	1	2	3	4	5
C CITY BONDS	PAR	PAR	PAR		
GROWTH CORP	119	142	134		
METRO PROP	124	157 <sup>1</sup> / <sub>16</sub>	66		
PIONEER MUTL	117	115	105		
SHADY BROOKS	109	120	105		
STRYKER DRLS	95	157 <sup>1</sup> / <sub>16</sub>	56		
TRI CITY TRAN	126	145	125		
UNITED AUTO	113	143	120		
URANIUM ENT	93	122	97		
VALLEY POWER	115	129	122		

Notice that Metro Properties and Stryker Drilling split 2-for-1 in Year 2. Each player owning shares of these stocks at the beginning of Year 2 receives free an equal amount of shares in that stock. Price for both stocks if traded in Year 2 is \$76 per share.

RECORD OF TRANSACTIONS									
NAME OF INVESTOR _____									
YEAR	NAME OF SECURITY (BOUGHT OR SOLD)	NO. OF SHRS.	PRICE PER SHARE	AMOUNT PD. (\$) OR RECD. (+)	DIV. & INT. (REGD.)	MARGIN CHARGES (EXP.)	CASH BALANCE	MARGIN TOTAL	
							5,000		
1	Stryker	20	95	-1900			3,100		
	Uranium	10	93	-930			2,170		
	Valley Power	10	115	-1,150			1,020		

Year 1 Investments—Player bought:

20 shares Stryker Drilling . . . . . @ \$ 95 per share  
 \$1900 leaving balance of \$3100  
 10 shares Uran. Ent. . . . . @ \$ 93 per share  
 \$ 930 leaving balance of \$2170  
 10 shares Valley Pwr . . . . . @ \$115 per share  
 \$1150 leaving balance of \$1020

### Sample Record Sheet #2

RECORD OF TRANSACTIONS									
NAME OF INVESTOR _____									
YEAR	NAME OF SECURITY (BOUGHT OR SOLD)	NO. OF SHRS.	PRICE PER SHARE	AMOUNT PD. (\$) OR RECD. (+)	DIV. & INT. (REGD.)	MARGIN CHARGES (EXP.)	CASH BALANCE	MARGIN TOTAL	
							5,000		
1	Stryker	20	95	-1900			3,100		
	Uranium	10	93	-930			2,170		
	Valley Power	10	115	-1,150			1,020		
2	Stryker	40	76	+3040		+90	4,150		
	Metro Prop	30	76	-2280			1,870		

Year 2—Player figured out his dividends by checking his stock certificates. He put this figure in the appropriate column and added it to his balance giving him a new balance of \$1110. Dice were rolled and the new prices were posted. Stryker Drilling went up 56 points per share and split. Player decided to sell for profit (sale price now \$76 per share). After placing the price received in the proper column, he added it to his balance to get a new balance of \$4150. He noticed that Metro Properties also split and decided to take advantage of the new low price by buying 30 shares @ \$76 each. The amount he paid for these 30 shares was subtracted from his balance.

## BUYING ON MARGIN

As you become more experienced in STOCKS & BONDS, you may wish to vary the game by including *Buying on Margin*. You buy on margin if you wish to have more working capital (gained by only paying part of the purchase price in that year).

**MARGIN:** The amount paid by the investor when he uses credit to buy a security, the balance being advanced by his broker. Interest is paid on this balance by the investor until the balance is paid. Margin for the game is set at 50%, and players will be charged 5% per year on their unpaid Margin Total.

### TO BUY ON MARGIN

A margin purchase may not be made until the year following your first cash purchase. When buying on margin, record the transaction in the usual way with the following exceptions:

1. Record only 50% ( $\frac{1}{2}$ ) of the total purchase price in the Amount Paid column. Circle this amount to indicate it is a margin purchase.
2. Add an equal amount (50% of the total purchase price) to the Margin Total column. (This column represents the total owed on Margin.)

Collect the certificates due you. The following year you must pay the Charges due on your Margin Total. Record these Charges after you record any dividends and/or interest due you. The Charges (5% of the Margin Total) are recorded each year in the Margin Charges (Pd.) column. Your Cash Balance at the end of a year must be enough to cover the Charges due in the next year. If your Cash Balance is less than the Charges due, you must sell one or more of your securities to cover the upcoming Charges. If you are unable to raise enough money to meet your obligations, you are declared bankrupt and are out of the game.

If a security held on margin is sold, the balance due on that stock must be paid immediately. All margin balances must be paid *before* the Closing year. No margin purchases may be made in the 10th year.

If the *price of a stock held on margin drops to \$25 or below*, you must immediately pay the margin bal-

ance due on this stock. If the *price of a stock drops to \$0 or below*, the certificates are surrendered, and you must immediately pay the balance.

To pay up a margin balance, record the amount owed (50% of total purchase price) in the Amount Paid column. Draw a line through the corresponding circled amount to indicate this margin purchase has been paid. Subtract the amount paid from your Margin Total column. (Remember to re-figure your Charges for the next year.)

To figure Margin Charges (5% of Margin Total column), simply drop last digit and divide by two.

For additional Transaction Record Sheets pads send 50¢ per pad plus 25¢ for postage and handling to:

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