



THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Cast Those Proxy Votes

If you own shares of stock in individual companies (as opposed to through mutual funds), you've probably received proxy voting materials — ballots that arrive once a year along with your annual report. Many people wonder whether there's any point to voting, since most of us own so few shares, out of a typical company's millions (or billions) of shares.

Since institutional investors such as pension or mutual funds often own a majority of shares outstanding, our small votes can be moot. Still, sometimes they do make a difference. Shareholders have pressured McDonald's, for example, to look into reducing pesticides used on the potatoes it buys. They've also gotten many companies, such as Home Depot, to require two-thirds of their boards to approve executive compensation plans. On shareholder-raised issues, it's good to at least make your preference known, so read the materials and vote.

Here's some guidance to help you be a more involved shareholder:

- If you don't understand the issue(s)

at hand, seek guidance. Know that each company will typically explain how management wants you to vote, and it will also usually offer the shareholder proposal's position, too. At sites such as ProxyDemocracy.org, you'll find information on issues being voted on at companies.

- If you don't vote or if you leave your proxy items unmarked, your ballot will often automatically be counted as in agreement with management. (Some shareholder activists are working to change this.) If you're unsure of an issue, it's better to abstain, which will withhold your vote.

- If you're invested in a mutual fund, you can find out how the fund's proxies will be voted, either from the fund company itself or at ProxyDemocracy.org. Fund companies often offer voting guidelines to help you understand what the fund's positions are on various issues. If you're not offered such information, make a little noise and ask for it.

You can learn much more at sites such as www.socialinvest.org/projects/advocacy/proxyvoting.cfm, www.sec.gov/answers/proxy.htm and www.corpwatch.org. ■

My Dumbest Investment Profits Reversed

My buying 2,000 shares of a company for 65 cents per share in 1996 based on a cocktail party tip was very dumb. Two years later, the company executed a one-for-six reverse stock split, leaving me with 333 shares. The stock price was soon 25 cents per share, and it kept dropping. In 2006, it filed for bankruptcy protection. No more "hot tips" for me!

— M.S.Z., Sun City West, Ariz.

The Fool Responds: Technically, a reverse split doesn't affect the value of your holdings. One hundred shares of a \$10 stock are worth \$1,000, as are 50 shares of a \$20 stock, after a one-for-two split. However, companies don't usually do reverse splits unless they're facing some challenges, so we should see them as red flags. (A reverse split can make a stock price look less embarrassing, among other things.) Companies that have recently executed or announced plans for reverse splits include Citigroup, Borders, Rite Aid and Time Warner. Your main error, as you know now, is buying on the basis of a hot tip — always do your own research and thinking before buying anything. ■



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

I was born in 1913, when five Californians (a banker, miner, bookkeeper, lawyer and purveyor of wood and coal) pooled \$500 to create the Electro-Alkaline Co., America's first commercial liquid bleach maker. Today, I'm a leading consumer products enterprise, taking in more than \$5 billion annually and paying a 3.7 percent dividend. My brand names include Armor All, STP, FreshStep, Scoop Away, Kingsford, Hidden Valley, KC Masterpiece, Brita, Burt's Bee's and Glad. I was bought by Procter & Gamble in 1957, but antitrust concerns led to me regaining my independence in 1969. Who am I? ■

(Answer: Clorox)



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.

Ask the Fool

Insiders Selling

QI saw that some insiders at Activision Blizzard have recently sold about 3 million shares of its stock. When insiders sell thousands or millions of shares, who are the buyers?

— P.D., Biloxi, Miss.

A Shares sold by insiders such as officers, directors or owners of a company are sold in the market, where for every seller there's usually a buyer. The catch is that if there are many more shares for sale than there are interested buyers, the price will drop — until it reaches a point at which buyers will buy.

Those 3 million shares might seem like an awful lot to us, but remember that in the course of a typical trading day, many companies experience a high volume of trading. In recent months, about 16 million shares of Activision Blizzard have been bought and sold each day. By contrast, General Electric's average volume tops 175 million shares, and The Washington Post Co.'s is just 40,000 or so.

It can be smart to examine insider purchases and sales for companies that interest you. Some occasional selling is routine, but someone unloading a large portion of his shares can be a red flag. When insiders buy, though, it's hard to take that as anything but a bullish sign.

QCan you recommend any books on value investing?

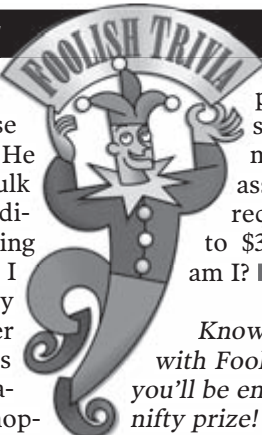
— L.W., Flint, Mich.

A Try "Value Investing: From Graham to Buffett and Beyond" by Bruce Greenwald et al. (Wiley, \$20) or "The Intelligent Investor" by Benjamin Graham (Collins, \$22). "One Up On Wall Street" by Peter Lynch and John Rothchild (Simon & Schuster, \$15), meanwhile, offers a good introduction to investing, as do many *Motley Fool* books. ■

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

Name That Company

I was founded in Sweden in 1943 by Ingvar Kamprad, whose initials form part of my name. He began by buying matches in bulk as a child and reselling them individually, before moving on to selling seeds, fish and ballpoint pens. I issued my first catalog in 1951. My "democratic design" aims to offer affordable and beautiful products to the masses. I'm a private company, with more than 550 million shop-



pers visiting my 250-plus stores annually. Many of my products require some assembly, but my meatballs require none. I rake in close to \$30 billion annually. 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!

The Motley Fool Take

Coca-Cola in China

Citing Coca-Cola's "market dominance in carbonated soft drinks" in China, the nation's Ministry of Commerce recently rejected Coke's bid to acquire China Huiyuan Juice Group (CHJ), fearing that the acquisition would limit competition in China's juice market.

This may not be such bad news for Coca-Cola shareholders. China is already Coke's fastest-growing market, with quarterly unit volume up 29 percent year over year. And Coke's \$2.4 billion bid was rather pricey, at 45 times CHJ's estimated profits for this year, when long-term growth expectations for CHJ are 30 percent.

Pundits have noted that Coke offered

a 200 percent premium to CHJ's pre-bid market price, suggesting just how crazy a price Coke was willing to pay. Strong growth is available elsewhere. In Russia, for example, its biggest independent and publicly traded player, Wimm-Bill-Dann, was recently priced around 0.4 times sales, vs. the 6.5-times-sales price Coke was offering for CHJ.

Coca-Cola's desire to get an edge on PepsiCo in China, snagging 43 percent share of the juice market by buying CHJ, is understandable. But valuation matters. It always matters.

And that, Fools, is why Coke's "bad" news is actually good news for shareholders — and why investors were wrong to sell shares of the stock based on the news. ■

BUSINESS MEETINGS

► **Empowered Network North Naples Chapter** meets at 11 a.m. Friday, April 24, at the Pewter Mug, 12300 Tamiami Trail N. The women-only group is limited to one member in each business category; verify that your category is available when making reservation at www.empowerednetworking.com.

► **Lee-Collier Networkers** meets for lunch once a month in Bonita Springs and Naples. The next Naples meeting is at 11:15 a.m., Friday, April 24, at the Naples Beach Hotel and Golf Club; \$30 at the door or \$25 in advance. The Bonita Springs meeting is at 11:15 a.m. on the second Thursday (next meeting May 14) at the Elk's Lodge on Coconut Point Road; \$21 at the door (cash only), \$16 in advance. Make reservations and payment in advance at www.leecolliernet.com.

► **Young Professionals Naples'** next networking gathering is from 5:30-8 p.m., Thursday, April 23, at Roy's in Bayfront Plaza. Please bring new (with tags) children's clothes and toys for donation to Olivia's Closet and the Children's Treasure Chest at the Children's Advocacy Center of Collier County. For information, e-mail thegiftgirl@msn.com.

YP members will meet for speed networking at 5:30 p.m., Thursday, April 30, at Bistro 821 on Fifth Avenue South. Space is limited; e-mail information and reservations, cbarbale@yahoo.com. For information about YPNaples, visit www.ypnaples.com.

► The Naples-based **Gulf Coast Chapter of the Public Relations Society of America** meets for lunch at on Tuesday, April 28, at the Hilton Naples. For more

information, contact Cyndee Woolley, chapter president, at 253-1217 or cyndee@pbscontractors.com.

► **The Neapolitan Chapter of the American Business Women's Association** meets for dinner and a business meeting with program at 5:30 p.m. on the fourth Tuesday of each month at the Naples Hilton. The program for April 28 is "Positioning Yourself for Success in Today's Marketplace." Cost is \$30 for members and \$35 for non-members. Reservations must be made by noon on the Thursday before each meeting. Call 513-4652, e-mail info@abwaneapolitan.org or visit www.abwaneapolitan.org.

► **It's Five O'Clock Somewhere**, networking for business professionals in and around Bonita Springs, meets at 5 p.m.

Wednesday, April 29, in the lounge at the Trianon Hotel at Bonita Bay. Free.

► **Leadership Bonita** celebrates its class of 2008-09 graduation from 5:30 to 7:30 p.m., Thursday, April 30, at the Trianon Bonita Bay. Attendance is free for this year's graduates and \$30 for all others. Register at www.BonitaSprings-Chamber.com or call 992-2943.

► **The Gulf Coast Venture Forum** annual members meeting will be held at 4 p.m., Thursday, May 14, in the boardroom at the Economic Development Council of Collier County. GCVF is open to new members. Interested parties must qualify as an accredited investor. For more information, visit www.gcvf.com or call 262-6300. ■