

## PUZZLING

So you think you know a lot about financial markets? Test yourself in the privacy of your own living room. Those who score 100 percent are hereby declared honorary masters of the universe.

- Thanks to Bob Sobel and Glenn Yago.

1. **Which of the following raised capital for the first time by issuing below-investment-grade securities?**
  - a. U.S. Steel
  - b. Goodyear
  - c. General Motors
  - d. I.B.M.
  - e. United States Government
  
2. **Which category of borrowers has the highest historical default rate?**
  - a. consumers
  - b. corporations
  - c. sovereign nations
  
3. **In what year did the market capitalization of Microsoft first exceed that of General Motors?**
  - a. 1986, the year Microsoft went public.
  - b. 1989
  - c. 1995
  - d. never
  
4. **In 1980, AT&T had a AAA bond rating. The debt of its young rival MCI was rated CCC. Which company has proved a more reliable source of employment?**
  - a. AT&T
  - b. MCI
  
5. **Investors in which bear market took the biggest bath?**
  - a. stocks in Oct. 1987
  - b. stocks in Sept. 1998
  - c. high yield bonds in Feb. 1990
  - d. Treasury bonds in Nov. 1982

6. **Bond ratings were introduced:**
- a. during the Deparession as a government measure to restore investor confidence.
  - b. when money-center banks needed a method of classifying secondary market securities in their portfolios.
  - c. before World War I, as a private market response to a series of financial panics.
7. **True or false. Hostile takeovers are a phenomenon of the 1980's.**
- a. True
  - b. False
8. **Seed money and TYPE-up financing for new enterprises soaks up what percentage of total venture capital?**
- a. 5 percent
  - b. 20 percent
  - c. 50 percent
  - d. 80 percent
9. **Speaking of venture capital, which two states absorb half of all new venture capital?**
- a. New York and Washington
  - b. California and Texas
  - c. Massachusetts and California
  - d. Arizona and Texas
10. **Women own what percentage of American businesses?**
- a. 5 percent
  - b. 15 percent
  - c. 30 percent
  - d. 50 percent
11. **In 1982, 60 percent of the Forbes 400 had inherited the bulk of their wealth. What was the comparable figure in 1997?**
- a. 20 percent
  - b. 50 percent
  - c. 80 percent
  - d. 90 percent

QUIZ ANSWERS