

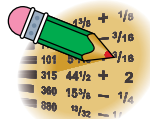


THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Invest Only When Ready



We've long recommended investing in healthy, growing companies via the stock market, but truth be told, it's not right for everyone. Some just aren't ready to invest. "Active" investing, where you select your own stocks, isn't rocket science, but it does require some skill, discipline and time.

You're probably ready for stocks when you:

- Understand that the value of your holdings will go up and down, and that not every investment will make you money.
- Are willing to do a little math now and then.

- Won't need any of the money you invest for at least five years.
- Can tell the difference between a balance sheet and an income statement and know where to find them.

- Know that understanding a business is much more important than following stock prices each day.

- Have a long-term investment horizon and can hang on to a stock for years.

- Know to compare your performance to a benchmark such as the S&P 500 index.

And you're probably ready to invest in a

given company when you:

- Can name its major products, services and competitors.

- Can list reasons why you're buying it and what would make you sell it.

- Have a good handle on its competitive advantages.

- Have studied its financial statements and crunched some numbers.

- Have multiple sources of information about it, such as press releases, online forums and your investment club.

- Are willing to study its four earnings reports each year.

Don't let this list discourage you. Most people have never been taught much about investing. Becoming a successful investor is achievable and can even be fun and rewarding. Best of all, there are many resources available to help you. It's never too early (or late!) to start learning about investing. Click over to www.fool.com and www.betterinvesting.org for more guidance.

For those not ready, simple index funds, such as those based on the S&P 500, can be great. ■

Name That Company

Based in Chicago, I came to life in 1984 with the introduction of the Mutual Fund Sourcebook, offering fund-performance data. My goal then and now is the democratization of investment information. I provide objective information to individual investors, professionals, institutions and the media. I offer data on more than 260,000 investment offerings worldwide, such as stocks, mutual funds, variable annuities, closed-end funds, exchange-traded funds, hedge funds and



529 college savings plans. My innovations include the investment style box and star ratings for mutual funds. I serve more than 5.2 million individual investors. 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

Mourn Micron's Memory

Poor Micron Technology (NYSE: MU) can't catch a break these days.

Despite much higher unit volumes in every product category, Micron's recently reported gross profit was a meager \$5 million on \$1.54 billion in sales.

It's all part of a vicious circle. Expecting Microsoft's Windows Vista to drive a massive upgrade cycle among the computer users of the world, memory makers started churning out huge quantities of memory chips, which drove down selling prices. Vista has been successful enough to boost Microsoft's own sales and profits, but not nearly as much as the memory industry and

other hardware makers had expected.

This is beyond Micron's control. Stop the factories for a month, and you'll lose out on tons of sales, mindshare and market exposure. But competitors will continue oversupplying, so you won't help the pricing situation much. All you can do is churn out more chips and hope for a demand spike sooner or later.

Solid-state hard drives could provide that kind of boost over the next year or two. Micron is ramping up its line of these speedy mass-storage devices, hoping to land some notebook customers in the technology's first wave. With enough demand, there might still be hope for memory prices. But it'll take some time. For now, just wait for the market to hit rock bottom before you buy. ■

My Dumbest Investment

Credit Card Recklessness



My dumbest investment has been using debt to buy items I know will drop in value. I remember my father getting a second job in order to make a down payment, purchase a car, get ready for a vacation or get some gizmo he wanted to have. When I entered the purchasing world, I discovered almost endless credit. If I charged it, I could have it right now — what was my old man thinking? Too bad I didn't have the patience to set aside \$200 a month for a year to buy that big-screen TV. A year after the desire hit, I could have gotten a better set at a lower cost than when the impulse hit me. I have made many dumb stock investments, but none compare to the mistakes I made with credit.

— Steve Pearson, Bradenton, Fla.

The Fool Responds: Many, many people have made and are making this mistake. Don't buy what you can't afford, and beware of credit card debt, which can trap you like quicksand. Fortunately, you can dig out from debt. Learn how at www.fool.com/cc. ■



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 trace my roots back to 1935, Kum Kleen Products and the world's first self-adhesive labels. Today, with more than 30,000 employees and annual revenues of more than \$5 billion, I'm a world leader in pressure-sensitive technology and self-adhesive products. My offerings include office products, beverage labels, bar-code printers, peel-and-stick postage stamps, battery labels, reflective highway safety products, automated retail tag and labeling systems, and specialty tapes and chemicals. I'm based in Pasadena, Calif. My products are used in virtually every major market and industry and in nearly 90 nations. Who am I? ■

(Answer: Avery Dennison)



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

Dividend Payouts

Q How do companies decide how much to pay out in dividends?
— T.W., Greeley, Colo.

A It depends on how management thinks it can best use the firm's profits. The money might be used, for example, to pay down debt, to buy another company, to build more factories, hire more workers or buy more advertising. Such uses can reward shareholders by making the company (and its stock) more valuable. Companies often opt to pay out a portion of their earnings in dividends, especially when there aren't more compelling alternative uses for the money.

Dividend amounts tend to stay put for months or years. Healthy, growing companies will usually hike their dividends periodically. Wells Fargo, for example, has hiked its dividend by an annual average of 14 percent over the past decade. Young or rapidly growing companies, though, often don't offer dividends, preferring instead to plow any extra cash into fueling growth.

If you're looking for promising dividend-paying investments, take advantage of a free 30-day trial of our Motley Fool Income Investor newsletter (www.incomeinvestor.fool.com), and you'll be able to see our long list of recommendations.

Q What's the "efficient market theory"?
— T.S., Escondido, Calif.

A It suggests that all available information about a stock is known and factored into its price. Thus, an investor shouldn't be able to find undervalued or overvalued stocks. There are strong and weak forms of the theory, and it's not embraced by all. We Fools tend to think that the market is generally efficient, but there are still occasional pockets of inefficiency that an alert investor can take advantage of. A well-regarded book addressing this topic is Burton Malkiel's "A Random Walk Down Wall Street" (W.W. Norton, \$19).

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

Figuratively Speaking

BY JOHN MACINTYRE
Special To Florida Weekly

Percentage of adults who say they receive unwanted gifts during the holiday season, according to a survey conducted by eBay: 83

Percentage of adults receiving unwanted gifts who typically re-gift or resell them: 47

Percentage of re-gifters and online resellers who say they feel satisfied after having re-gifted or resold a gift online: 53

Percentage of adults who view re-gifting and reselling as a form of recycling: 69
Source: eBay.

Percentage of pet owners who let their pets sleep in the bed with them, according to the results of a Harris Poll: 69

Percentage who have bought their pet a birthday present: 37

Percentage who have bought their pet a holiday present: 65

Source: Harris Interactive.

Percentage of women who experienced problems during their most recent shopping experience, according to "Men Buy, Women Shop," a study from the Jay H. Baker Retail Initiative at the Wharton School of the University of Pennsylvania: 53

Percentage of men who experienced problems while shopping: 48

Percentage that men are less likely to recommend a store where they experienced problems than women: 20
Source: Baker Retailing Initiative at the Wharton School, The Verde Group and WomenCertified.

Percentage of administrative professionals who said that jeans today are consid-

ered acceptable "business casual" attire and not merely a special privilege or part of a weekly "casual day," according to a survey by office product company Quill Corp.: 45

Percentage of respondents who work for companies that still have a designated casual day: 35.6
Source: Brimm Communications.

Percentage of time that U.S. workers waste while on the job, according to a study conducted by Proudfoot Consulting: 29

Number of days per year this represents: 70

Economic cost this represents: \$658 billion

Ranks of poor supervision (31 percent), poor management planning/control of work (30.2 percent) and poor communication (18.2 percent) among the leading causes of wasted work time: 1, 2, 3
Source: Proudfoot Consulting.

Percentage of Americans who think the

tax system is skewed to benefit the rich, according to the results of the Bankrate poll: 60

Percentage of Americans who disclosed that they feel clueless about tax preparation and planning: 28

Source: Bankrate Inc.

Percentage of U.S. CFOs who said they would be willing to hire someone with fewer technical skills if the candidate had stronger soft skills, such as communication and interpersonal abilities, according to Robert Half Management Resources: 53

Percentage of CFOs who disagreed: 39

Percentage who don't know or declined to answer: 8

Source: Robert Half International. ■

Idle Thought

"Human beings are perhaps never more frightening than when they are convinced beyond doubt that they are right."

— Laurens van der Post, explorer and writer