“The Lost Stock”

A long time ago Forgetful Harry bought shares of Kmart and requested the paper stock certificate. Then he tucked the certificate away, and, well, forgot about it.

A few days ago Harry stumbled across the certificate in his attic. He wondered what the stock was worth, so he checked the newspaper listings for the New York Stock Exchange. There was no trace of Kmart. He looked at The Nasdaq Stock Market, but it wasn’t there either. Nor was it listed on the American Stock Exchange. Poor Forgetful Harry had lost his stock. “What in the world happened to my stock?” he wondered aloud while looking at the certificate in his hand.

“I can tell you,” said the stock certificate. Harry jumped with a start. “Stocks can’t talk.”

“Sure they can,” replied the stock. “Let me tell you Kmart’s story. It begins in 1899 when Sebastian Kresge started the S.S. Kresge Company. Customers liked the store because it sold everything for 5 and 10 cents. To raise money for its growth, Kmart sold its first stock to the public in 1916 and listed the shares on the New York Stock Exchange. In the years that followed, the company grew rapidly and changed its name to Kmart Corporation. Kmart flourished but in recent years Wal-Mart and Target became mighty tough competitors with their own discount stores. They attracted lots of customers, so Kmart’s sales and earnings began to suffer.”

“Doesn’t sound good,” said Harry.

“It wasn’t,” replied the stock. “In January 2002, the company went bankrupt, which means it couldn’t pay all its bills. The stock’s price melted like a popsicle in the sun. By June it had dropped under $1. In August the New York Stock Exchange said it would delist Kmart’s stock if the price remained below $1 for six more months. Delist means to remove a stock from a listing on one of the stock markets.

“Is that what happened to Kmart?” asked Harry.

“Yes, indeedie. Its price was stuck under $1, so The New York Stock Exchange delisted it in December 2002.”

Write Now

Check a newspaper’s stock listing and find a few stocks selling for under $2 a share. Do you think their relatively low price makes them a good investment? Explain.

Years ago Forgetful Harry bought shares of an ironclad company called Bethlehem Steel. Now, Harry can’t find the company listed in his newspaper’s stock table. What do you think happened?