1. The Jackson-Timberlake Wardrobe Co. just paid a dividend of $1.32 per share on its stock. The dividends are expected to grow at a constant rate of 6 percent per year indefinitely.

**Required:**

1. **If investors require a 10 percent return on The Jackson-Timberlake Wardrobe Co. stock, what is the current price?**
2. **What will the price be in 10 years?**
3. The next dividend payment by Hot Wings, Inc., will be $4.55 per share, The dividends are anticipated to maintain a 3 percent growth rate forever.

**Required: If the stock sells for $40 per share, what is the required return?**

1. Metroplex Corporation will pay a $4.90 per share dividend next year4 The company pledges to increase its dividend by 4.30 percent per year indefinitely.

**Required: If you require an 7.90 return on your investment, how much will you pay for the company’s stock today?**

1. Suppose you know a company's stock currently sells for $90 per share and the required return on the stock is 10 percent. You also know that the total return on the stock is evenly divided between a capital gains yield and a dividend yield.

**Required: If it’s the company’s policy to always maintain a constant growth rate in its dividends, what is the current dividend per share?**

1. Apocalyptica Corp. pays a constant $25 dividend on its stock. The cornpany will maintain this dividend for the next 7 years and will then cease paying dividends forever.

**Required: If the required return on this stock is 10 percent, what is the current share price?**

1. Red, Inc., Yellow Corp., and Blue Company each will pay a dividend of $1.40 next year. The growth rate in dividends for all three companies is 6 percent. The required return for each company's stock is 8.90 percent, 11.90 percent, and 15.30 percent, respectively.

**Required:**

1. **What is the stock price for Red. Inc., Company?**
2. **What is the stock price for Yellow Corp. Company?**
3. **What is the stock price for Blue Company?**
4. Metallic Bearings, Inc., is a young start-up company. No dividends will be paid on the stock over the next 15 years because the firm needs to plow back its earnings to fuel growth. The company will pay a $11 per share dividend in 16 years and will increase the dividend by 4 percent per year thereafter.

**Required: If the required return on this stock is 12 percent, what is the current share price? (Do not round your intermediate calculations.)**

1. Far Side Corporation is expected to pay the following dividends over the next four years: $13, $11, $9, and $5. Afterward, the company pledges to maintain a constant 8 percent growth rate in dividends forever.

**Required: If the required return on the stock is 17 percent, what is the current share price? (Do not round your Intermediate calculations.)**

1. Marcel Co. is growing quickly. Dividends are expected to grow at a 18 percent rate for the next 3 years, with the growth rate falling off to a constant 4 percent thereafter.

**Required: If the required return is 7 percent and the company just paid a $1.60 dividend. What is the current share price? (Do not round your intermediate calculations.)**

1. Antiques R Us is a mature manufacturing firm. The company just paid a $18 dividend, but management expects to reduce the payout by 12 percent per year indefinitely.

**Required: If you require an 19 percent return on this stock, what will you pay for a share today?**