1. The Starr Co. just paid a dividend of $2.15 per share on its stock. The dividends are expected to grow at a constant rate of 5 percent per year, indefinitely. If investors require a return of 11 percent on the stock, what is the current price? What will the price be in three years? In 15 years?

2. The next dividend payment by ECY, Inc., will be $3.20 per share. The dividends are anticipated to maintain a growth rate of 6 percent, forever. If ECY stock currently sells for $63.50 per share, what is the required return?

3. White Wedding Corporation will pay a $2.65 per share dividend next year. The company pledges to increase its dividend by 4.75 percent per year, indefinitely. If you require a return of 11 percent on your investment, how much will you pay for the company's stock today?

4. Siblings, Inc., is expected to maintain a constant 6.4 percent growth rate in its dividends, indefinitely. If the company has a dividend yield of4.3 percent, what is the required return on the company's stock?

5. Suppose you know that a company's stock currently sells for $72 per share and the required return on the stock is 11.5 percent. You also know that the total return on the stock is evenly divided between a capital gains yield and a dividend yield. If it's the company's policy to always maintain a constant growth rate in its dividends, what is the current dividend per share?

6. Gruber Corp. pays a constant $9 dividend on its stock. The company will maintain this dividend for the next 12 years and will then cease paying dividends forever. If the required return on this stock is 10 percent, what is the current share price?

7. Ayden, Inc., has an issue of preferred stock outstanding that pays a $5.90 dividend every year, in perpetuity. If this issue currently sells for $87 per share, what is the required return?

8. Growth Rate The newspaper reported last week that Bennington Enterprises earned $34 million this year. The report also stated that the firm's return on equity is 16 percent. Bennington retains 80 percent of its earnings. What is the firm's earnings growth rate? What will next year's earnings be?

9. The Germinating Flower Co. has earnings of $1.75 per share. The benchmark PE for the company is 18. What stock price would you consider appropriate? What if the benchmark PE were 21?

10. Universal Laser, Inc., just paid a dividend of $3.10 on its stock. The growth rate in dividends is expected to be a constant 6 percent per year, indefinitely. Investors require a 15 percent return on the stock for the first three years, a 13 percent return for the next three years, and then an 11 percent return thereafter. What is the current share price for the stock?