

- 5) Waste Management, Inc. (WM) is currently selling for around \$36.75 per share and paying \$1.42 per year in dividends. The company has been growing the dividend at a constant rate at 6%. Our expected rate of return is 10%. At what price would we consider Waste Management, Inc. to be a good investment?
- 6) Yum! Brands (YUM – they own KFC, Taco Bell, & Pizza Hut) is currently selling for around \$64 per share. The dividends for the next three years are expected to be \$1.34 for 2013, \$1.46 for 2014, and \$1.58 for 2015. We forecast the price per share to be approximately \$86 at the end of 2015. If we desire a rate of return of 11%, using the Discounted Cash Flow Model, would we consider this a good investment?
- 7) The price of Biolase, Inc. (BIOL) is currently around \$3.50 per share. The company is currently losing money and pays no dividends. But it has patents on teeth cleaning and whitening technologies that should be very popular and profitable in the future. The average of the analysts's estimates for the stock price next year is \$3.73. We estimate that it will be \$6.50 price in five years. If our desired rate of return is 14%, would this be a good buy?