The following information should be used for problems 1 – 6. All equally weighted.

Windswept, Inc.
2006 Income Statement
($ in millions)

Net sales $8,450
Less: Cost of goods sold 7,240
Less: Depreciation 400
Earnings before interest and taxes 810
Less: Interest paid 70
Taxable Income $740
Less: Taxes 259
Net income $481

Windswept, Inc.
2005 and 2006 Balance Sheets
($ in millions)

<table>
<thead>
<tr>
<th>2005</th>
<th>2006</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$120</td>
<td>$140</td>
<td>$1,110</td>
</tr>
<tr>
<td>Accounts rec.</td>
<td>930</td>
<td>780</td>
<td>Long-term debt</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,480</td>
<td>1,520</td>
<td>Common stock</td>
</tr>
<tr>
<td>Total</td>
<td>$2,530</td>
<td>$2,440</td>
<td>Retained earnings</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>3,150</td>
<td>3,600</td>
<td>Total liabilities &amp; equity</td>
</tr>
</tbody>
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1. What is the quick ratio for 2006?
   
   Quick ratio for 2005 = ($2,440 - $1,520) ÷ $1,120 = .82

2. What is the days’ sales in receivables in 2006?
   
   Accounts receivable turnover for 2005 = $8,450 ÷ $780 = 10.83; Days’ sales in receivables for 2005 = 365 ÷ 10.83 = 33.7

3. What is the equity multiplier for 2006?
   
   Equity multiplier for 2005 = $6,040 ÷ ($3,000 + $710) = 1.6

4. What is the cash coverage ratio for 2006?
   
   Cash coverage ratio for 2005 = ($810 + $400) ÷ $70 = 17.3

5. What is the return on equity for 2006?
   
   Return on equity for 2005 = $481 ÷ ($3,000 + $710) = .13 = 13%

6. Windswept, Inc. has 90 million shares of stock outstanding. Its price-earnings ratio for 2006 is 12. What is the market price per share of stock?
   
   Earnings per share for 2005 = $481 million ÷ 90 million = $5.3444; Market price per share = $5.3444 × 12 = $64.13