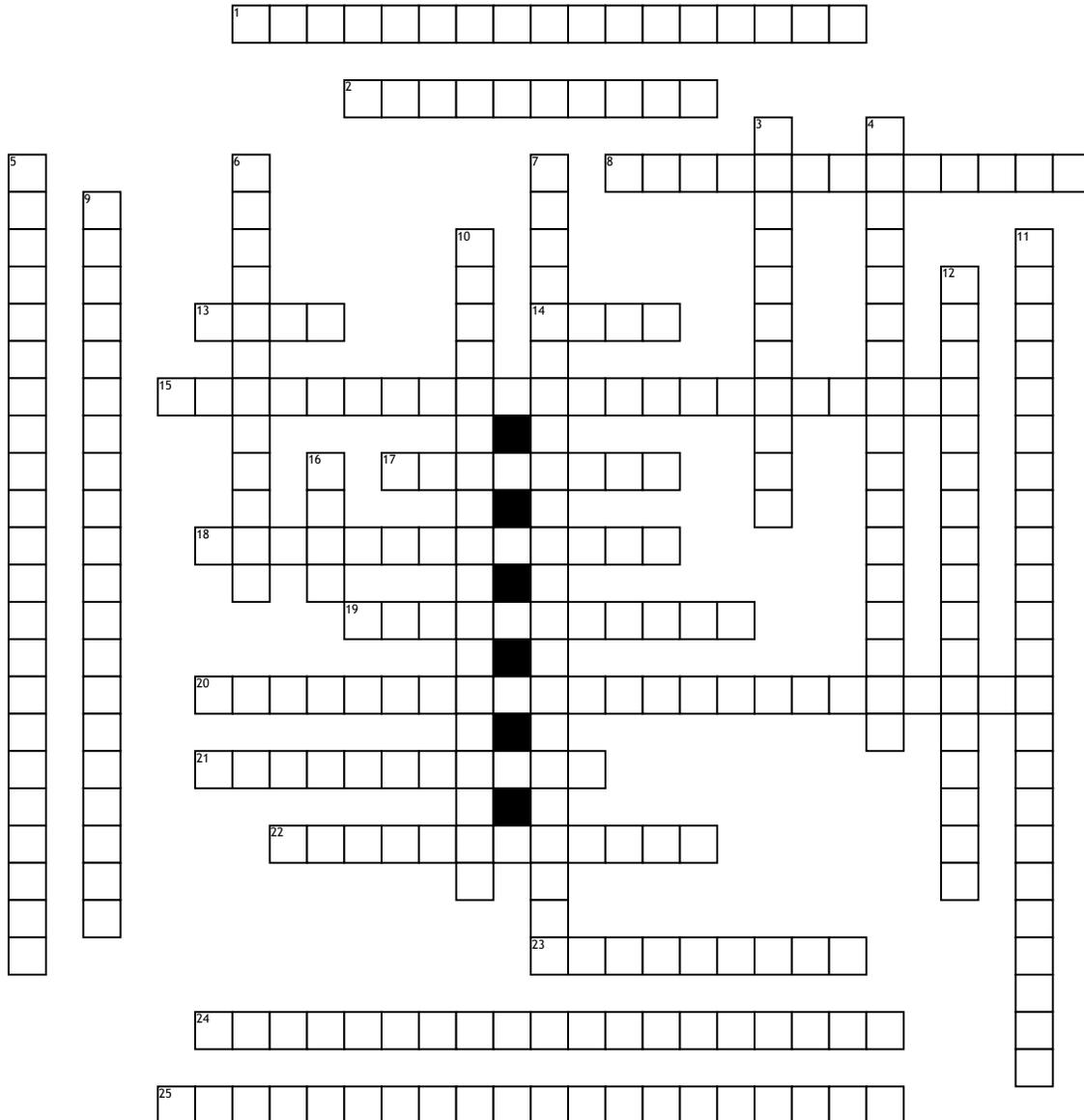


Chapter 7



Across

1. the phenomenon to change by a larger percentage
2. the amount of risk associated with a decision
8. the additional volatility of a firm's net income caused by the fixed interest expense
13. acronym for one well-known model used to calculate the required rate of return of an investment
14. the potential for unexpected events to occur
15. measures relative risk by relating the standard deviation to the mean
17. the price charged for delaying payment
18. the chance that investors won't get the return they expect from a portfolio

19. help a business conduct their affairs by permitting delay
20. a model that specifies the probability associated with each possible return the investment may generate
21. indicates the degree to which one variable is linearly related to another
22. the uncertainty a company has with regard to its operating income, EBIT
23. is any collection of assets managed as a group
24. liabilities payable in a future amount of cash
25. the rate of return that investors demand from a project that contains no risk

Down

3. the probability of an unexpected outcome

4. the additional return demanded by investors for taking on the risk of investing in the market itself
5. a liability such as product warranty
6. the tendency to avoid the risk
7. the relationship between risk and the required rate of return
9. the part of a portfolio's total risk that cannot be eliminated by diversifying
10. obligations due within a year or within the company's operating cycle
11. an r value of zero indicating that the variables' values are not related at all
12. a measurement of risk
16. represents a project's degree of risk relative to the overall stock market