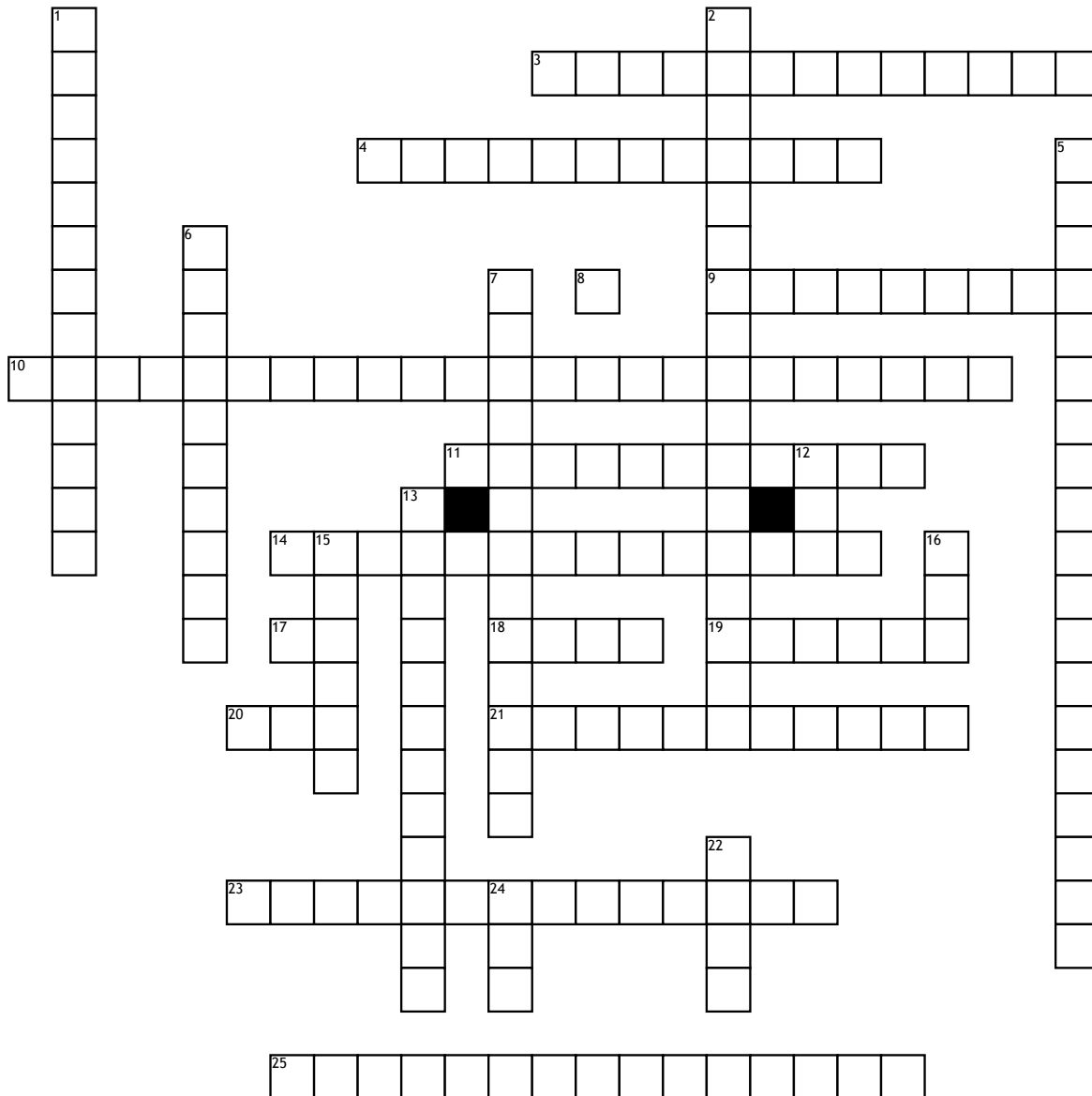


Chapter 13



Across

3. allows the issuing corporation to pay off the bonds before they stated maturity date at some stated price
 4. what causes the WACC to increase
 8. units
 9. the contract between the issuing corporation and the bonds purchaser
 10. the percentage of change in earnings before interest and taxes
 11. excess of the call price over the face value
 14. pay off bonds according to a staggered maturity schedule
 17. Variable cost per unit
 18. Calculating the Degree of Operating Leverage

19. Alternate Method of Changing DOL

20. leveraged buyout
 21. a bond that has security provision in the indenture
 23. a later lender
 25. shows that debt capital has a lower cost in equity capital

Down

1. a security that represents a promise by the issuing corporation to make certain payments to the owner
 2. refers to the phenomenon whereby a small change in sales triggers a relatively large change in operating income
 5. the level of sales that a firm must reach to cover its operating costs

6. those costs that do not vary with the company's level of production

7. those costs that change as the company's production level changes
 12. interest expense
 13. used to buy back outstanding bonds
 15. the Effect of Fixed Costs on DOL
 16. degree of combined leverage
 22. weighted average cost of capital
 24. modigliani and miller