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### FREQUENTLY USED SYMBOLS/ABBREVIATIONS

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<thead>
<tr>
<th>Symbol</th>
<th>Definition</th>
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<tbody>
<tr>
<td>ACP</td>
<td>Average collection period</td>
</tr>
<tr>
<td>ADR</td>
<td>American depository receipt</td>
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<tr>
<td>APR</td>
<td>Annual percentage rate</td>
</tr>
<tr>
<td>A/R</td>
<td>Accounts receivable</td>
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<tr>
<td>b</td>
<td>Beta coefficient, a measure of an asset’s riskiness</td>
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<tr>
<td>b_L</td>
<td>Levered beta</td>
</tr>
<tr>
<td>b_U</td>
<td>Unlevered beta</td>
</tr>
<tr>
<td>BEP</td>
<td>Basic earning power</td>
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<tr>
<td>BVPS</td>
<td>Book value per share</td>
</tr>
<tr>
<td>CAPM</td>
<td>Capital Asset Pricing Model</td>
</tr>
<tr>
<td>CCC</td>
<td>Cash conversion cycle</td>
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<tr>
<td>CF</td>
<td>Cash flow; CF&lt;sub&gt;t&lt;/sub&gt; is the cash flow in Period t</td>
</tr>
<tr>
<td>CFPS</td>
<td>Cash flow per share</td>
</tr>
<tr>
<td>CR</td>
<td>Conversion ratio</td>
</tr>
<tr>
<td>CV</td>
<td>Coefficient of variation</td>
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<tr>
<td>D&lt;sub&gt;P&lt;/sub&gt;</td>
<td>Dividend of preferred stock</td>
</tr>
<tr>
<td>D&lt;sub&gt;t&lt;/sub&gt;</td>
<td>Dividend in Period t</td>
</tr>
<tr>
<td>DCF</td>
<td>Discounted cash flow</td>
</tr>
<tr>
<td>D/E</td>
<td>Debt-to-equity ratio</td>
</tr>
<tr>
<td>DPS</td>
<td>Dividends per share</td>
</tr>
<tr>
<td>DRIP</td>
<td>Dividend reinvestment plan</td>
</tr>
<tr>
<td>DRP</td>
<td>Default risk premium</td>
</tr>
<tr>
<td>DSO</td>
<td>Days sales outstanding</td>
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<tr>
<td>EAR</td>
<td>Effective annual rate, EFF%</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings before interest and taxes; net operating income</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, taxes, depreciation, and amortization</td>
</tr>
<tr>
<td>EPS</td>
<td>Earnings per share</td>
</tr>
<tr>
<td>EVA</td>
<td>Economic value added</td>
</tr>
<tr>
<td>F</td>
<td>(1) Fixed operating costs</td>
</tr>
<tr>
<td></td>
<td>(2) Flotation cost</td>
</tr>
<tr>
<td>FCF</td>
<td>Free cash flow</td>
</tr>
<tr>
<td>FV&lt;sub&gt;N&lt;/sub&gt;</td>
<td>Future value for Year N</td>
</tr>
<tr>
<td>FVA&lt;sub&gt;N&lt;/sub&gt;</td>
<td>Future value of an annuity for N years</td>
</tr>
<tr>
<td>g</td>
<td>Growth rate in earnings, dividends, and stock prices</td>
</tr>
<tr>
<td>I</td>
<td>Interest rate; also referred to as r</td>
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<tr>
<td>I/YR</td>
<td>Interest rate key on some calculators</td>
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<tr>
<td>INT</td>
<td>Interest payment in dollars</td>
</tr>
<tr>
<td>IP</td>
<td>Inflation premium</td>
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<tr>
<td>IPO</td>
<td>Initial public offering</td>
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<tr>
<td>IRR</td>
<td>Internal rate of return</td>
</tr>
<tr>
<td>LP</td>
<td>Liquidity premium</td>
</tr>
<tr>
<td>M</td>
<td>Maturity value of a bond</td>
</tr>
<tr>
<td>M/B</td>
<td>Market-to-book ratio</td>
</tr>
<tr>
<td>MIRR</td>
<td>Modified internal rate of return</td>
</tr>
<tr>
<td>MRP</td>
<td>Maturity risk premium</td>
</tr>
<tr>
<td>MVA</td>
<td>Market value added</td>
</tr>
<tr>
<td>N</td>
<td>Calculator key denoting number of periods</td>
</tr>
<tr>
<td>N(d&lt;sub&gt;I&lt;/sub&gt;)</td>
<td>Represents area under a standard normal distribution function</td>
</tr>
<tr>
<td>NOPAT</td>
<td>Net operating profit after taxes</td>
</tr>
<tr>
<td>NOWC</td>
<td>Net operating working capital</td>
</tr>
<tr>
<td>NPV</td>
<td>Net present value</td>
</tr>
<tr>
<td>P</td>
<td>(1) Price of a share of stock in Period t; P&lt;sub&gt;0&lt;/sub&gt; = price of the stock today</td>
</tr>
<tr>
<td></td>
<td>(2) Sales price per unit of product sold</td>
</tr>
</tbody>
</table>
\begin{itemize}
  \item $P_c$ Conversion price
  \item $P_f$ Price of good in foreign country
  \item $P_h$ Price of good in home country
  \item $P/E$ Price/earnings ratio
  \item PMT Payment of an annuity
  \item PPP Purchasing power parity
  \item PV Present value
  \item $PVA_N$ Present value of an annuity for N years
  \item Q Quantity produced or sold
  \item $Q_{BE}$ Breakeven quantity
  \item $r$ (1) A percentage discount rate, or cost of capital; also referred to as $I$
    \item (2) Nominal risk-adjusted required rate of return
  \item $\hat{r}$ “r bar,” historic, or realized, rate of return
  \item $\hat{r}$ “r hat,” an expected rate of return
  \item $r^*$ Real risk-free rate of return
  \item $r_d$ Before-tax cost of debt
  \item $r_e$ Cost of new common stock (outside equity)
  \item $r_f$ Interest rate in foreign country
  \item $r_h$ Interest rate in home country
  \item $r_i$ Required return for an individual firm or security
  \item $r_M$ Return for “the market,” or an “average” stock
  \item $r_{NOM}$ Nominal rate of interest; also referred to as $I_{NOM}$
  \item $r_p$ (1) Cost of preferred stock
    \item (2) Portfolio’s return
  \item $r_{PER}$ Periodic rate of return
  \item $r_{RF}$ Rate of return on a risk-free security
  \item $r_s$ (1) Cost of retained earnings
    \item (2) Required return on common stock
  \item $\rho$ Correlation coefficient; also denoted as R when using historical data
  \item ROA Return on assets
  \item ROE Return on equity
  \item RP Risk premium
  \item $RP_M$ Market risk premium
  \item RR Retention rate
  \item $S$ (1) Sales
    \item (2) Estimated standard deviation for sample data
  \item SML Security Market Line
  \item $\Sigma$ Summation sign
  \item $\sigma$ Standard deviation
  \item $\sigma^2$ Variance
  \item $t$ Time period
  \item T Marginal income tax rate
  \item $TV_N$ A stock’s horizon, or terminal, value
  \item TIE Times interest earned
  \item $V$ Variable cost per unit
  \item $V_B$ Bond value
  \item $V_p$ Value of preferred stock
  \item VC Total variable costs
  \item WACC Weighted averaged cost of capital
  \item X Exercise price of option
  \item YTC Yield to call
  \item YTM Yield to maturity
\end{itemize}