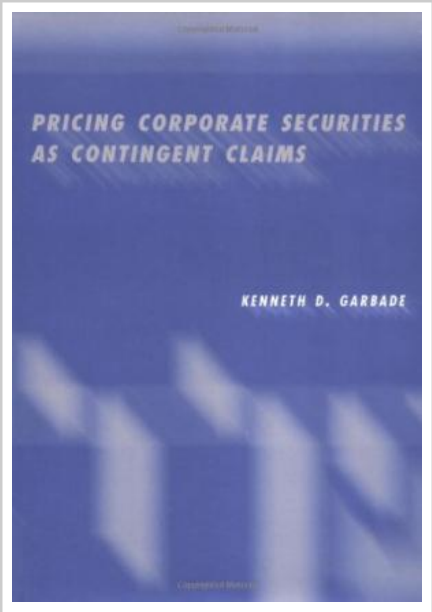

Pricing Corporate Securities as Contingent Claims (Hardback)

By Kenneth D. Garbade

MIT Press Ltd, United States, 2001. Hardback. Book Condition: New. New.. 260 x 184 mm. Language: English . Brand New Book. In 1973, Fischer Black, Myron Scholes, and Robert Merton pointed out that securities issued by a corporation can be priced as claims whose values are contingent on the value of the enterprise as a whole. The notion of treating corporate securities as contingent claims is intrinsically important, but it is also important because it integrates a variety of otherwise loosely related topics, including equity risk, credit risk, seniority and subordination, early redemption of callable debt, and conversion of convertible debt. Bringing together developments from the past thirty years in contingent valuation, this book examines the relative value of securities in a corporation s capital structure, including debt of different priorities, convertible debt, common stock, and warrants. The book emphasizes the importance of accounting for the institutional characteristics of default, bankruptcy, and voluntary recapitalization of a financially distressed firm, as well as the exercise of managerial discretion in calling debt for early redemption, servicing debt, paying dividends to common shareholders, and undertaking strategic actions such as leveraged recapitalizations and spin-offs.