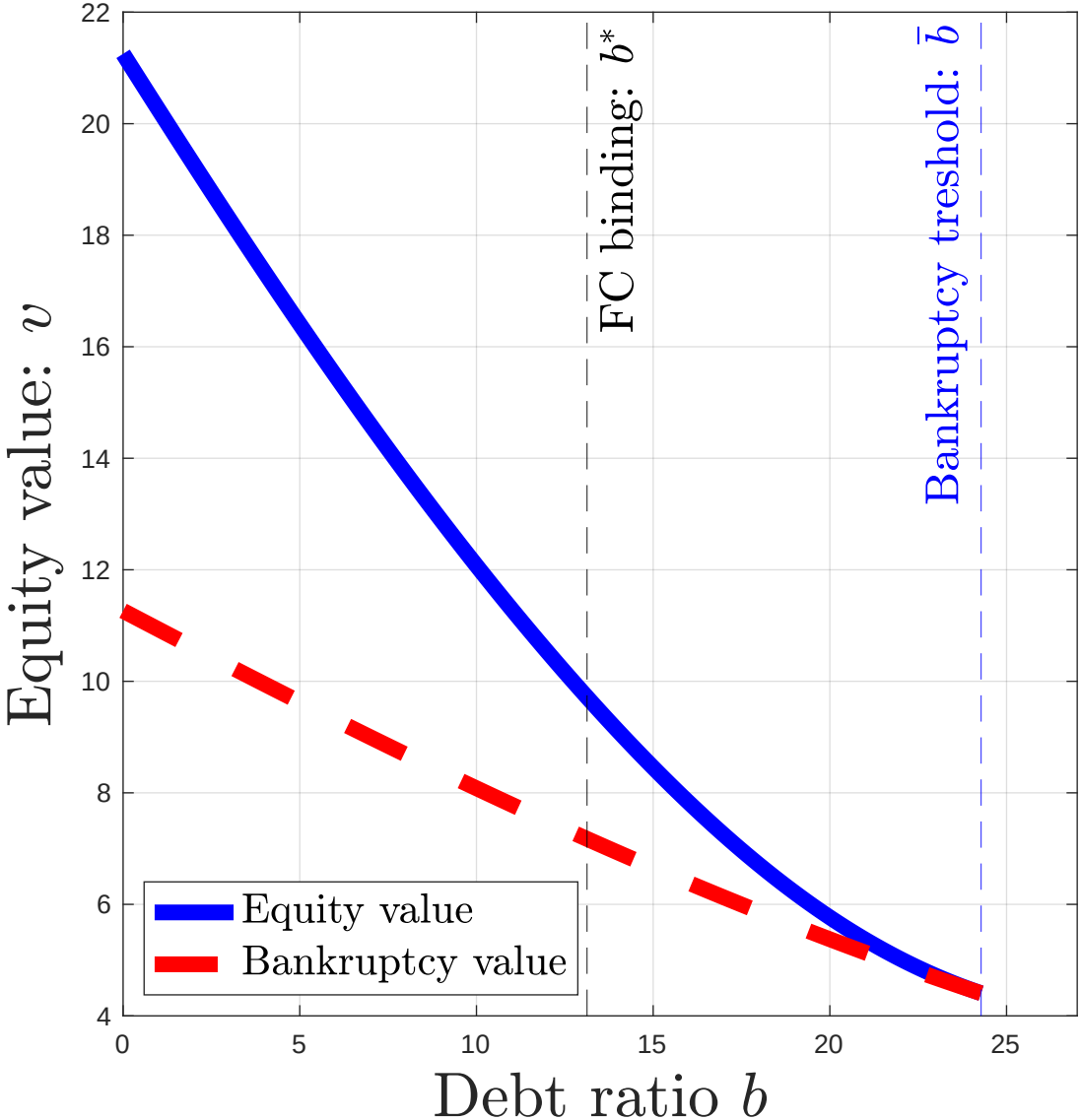
Equity value: v
Debt ratio b
FC binding: b^*
Bankruptcy treshold: $\bar{b}$
Equity value
Bankruptcy value
22
20
18
16
14
12
10
8
6
4
0
5
10
15
20
25