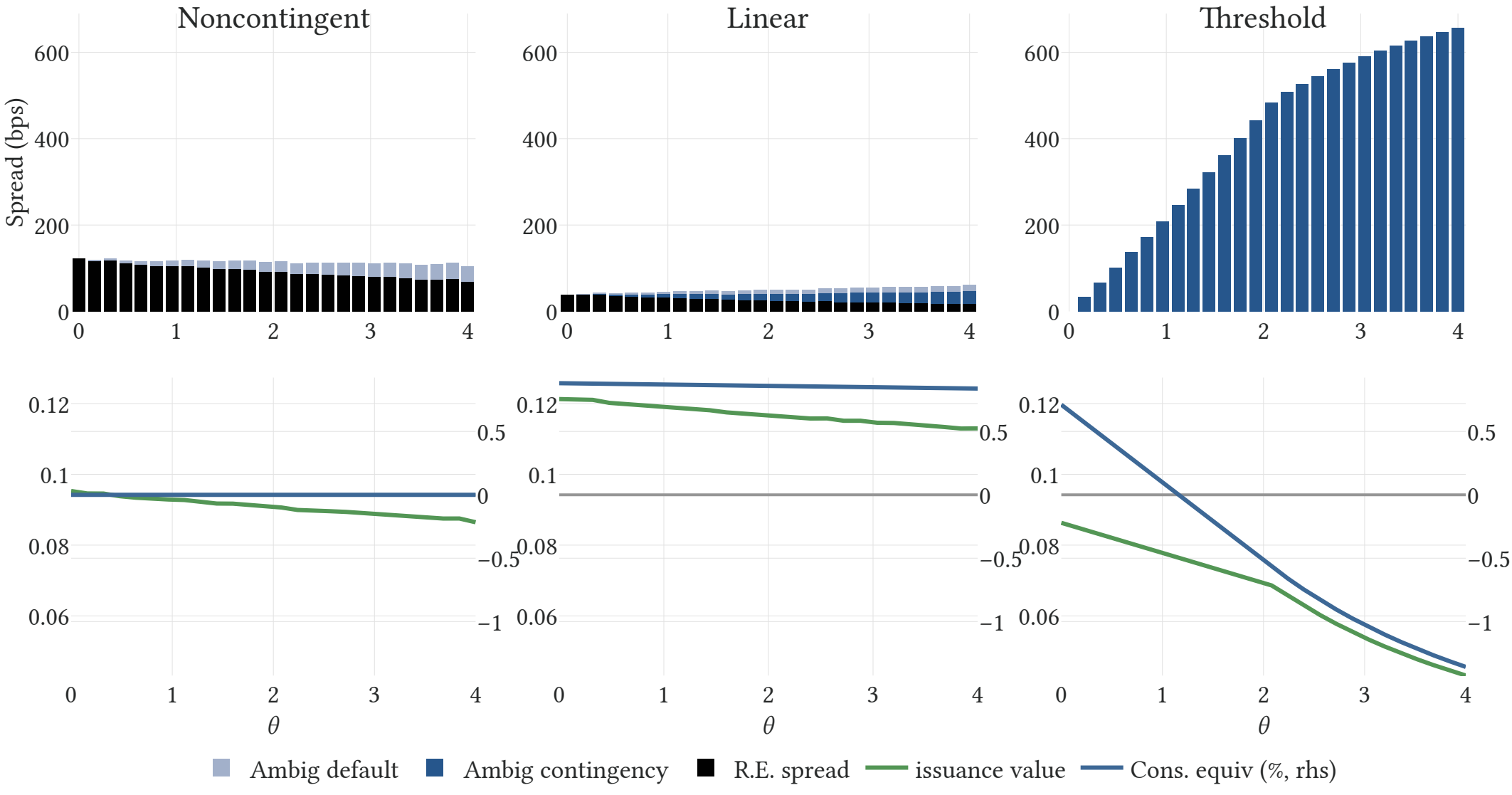
Noncontingent
Linear
Threshold
Spread (bps)
600
400
200
0
0
1
2
3
4
0.12
0.1
0.08
0.06
0.5
0
−0.5
−1
θ
Ambig default
Ambig contingency
R.E. spread
issuance value
Cons. equiv (%, rhs)