List of Figures

1.1 The Region of Admissible Consumptions in a Robinson Crusoe Economy........................................ 5
1.2 The Region of Admissible Consumptions in a Robinson Crusoe Economy with an Investment Schedule 8
1.3 The Region of Admissible Consumptions in the Presence of Capital Markets.................................. 10
1.4 The Region of Admissible Consumptions in a Robinson Crusoe Economy with an Investment Schedule and Capital Markets........................................ 14
1.5 The Binomial Tree of States for the First Two Periods.................................................. 31
1.6 The Binomial Tree for the Underlying Project Value.................................................. 32
2.1 The Equilibrium in Miller’s Model.................................................. 51
2.2 The Change of Equilibrium in Miller’s Model with Underutilization of Tax Shields and Deadweight Costs........................................ 56
3.1 The Regions of Investment and No-Investment Decisions according to Myers and Majluf’s Model........ 87