

Report on Rigorous Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Mgr. Martin Dózsa
Advisor:	Prof. Ing. Karel Janda M.A., Dr., Ph.D.
Title of the thesis:	Debt Contracts and Stochastic Default Barrier

OVERALL ASSESSMENT:

The submitted rigorous thesis is based on the previously defended master's thesis with the same name, which has been defended with grade "1" in summer semester of the year 2010. The major enlargement stands on the addition of the research paper. Otherwise, the thesis remains the same.

As already mentioned in the master's thesis report, the author shows deep understanding of the topic with a broad presentation of the contemporary literature. The text is of a high quality and uses advanced methods such as stochastic modeling and Monte Carlo simulations. The fact that the author tried to cover a broad topic and to put together different topics (stochastic calculus, simulations, game theory, financial analysis) has been reflected in quite cumbersome structure of the text.

The major issues of the text itself are solved in the added paper, which covers the most important findings of the thesis. Unfortunately, the author was not able to provide confidence intervals for the Monte Carlo simulations, which is an important deficit. I would like the author to explain carefully why he omitted the confidence intervals in the simulations to the committee. More specifically, the author should present the confidence intervals for at least one of the simulations during the defense (one of the figures in Figure 7 on page 18 of the paper is probably the best candidate) and discuss the results and potential issues.

If (and only if) the author is able to answer the raised questions, i.e. why are the confidence intervals not discussed?; and the presentation of at least one relevant result with confidence intervals, I recommend the thesis *to be accepted* for a successful rigorous defense.

NAME OF THE REFEREE: PhDr. Ladislav Krištofuk

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Referee Signature