

An Analysis of American Companies (1990 - 2000) Using the KMV Model

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Abstract: In this article, we address two main questions: i) what is the KMV model and how does it predict the default probability of listed companies in America and ii) after obtaining the probability of default of a listed American company, is there a relation between the returns and the probability of default? By testing the performance of listed American companies, we obtain the result that companies with larger probability of default have larger returns.