Reading Assignment Class 6 (September 27, 2006):

A. From Corporate Finance by William Bratton

Part II - Senior Securities

Section A — Bondholders’ Rights

Part 2 – The Bondholder and the Going Concern


- Read Notes, “Refunding Cases” and “Bondholder Remedies Upon Default,” pp. 206-209.

- Re-read subpart (B), “Promises That Protect the Value of the Promise to Pay,” subsections (1)(a) and (1)(b), including the Sharon Steel Corp. case and following notes 1, 2 and 3, pp. 209-222.

- Read subpart (B), subsection (2), “Event Risk and Bond Contracts,” including the Metropolitan Life Insurance v. RJR Nabisco case and following four Notes, pp. 222-243.

Appendices