Reading Assignment Week 5 (September 20, 2006):

A. From *Corporate Finance* by William Bratton

**Part I -- Valuing the Firm and Its Securities**

Section B — *Elements of Valuation*

Part 3 – The Factor of Risk


**Part II - Senior Securities**

Section A — *Bondholders’ Rights*

Part 1 – Overview of Debt Financing


Part 2 – The Bondholder and the Going Concern


- Read subpart (B), “Promises That Protect the Value of the Promise to Pay,” Subsection (1)(a) and (1)(b), “Business Covenants—Debt Contracts and Debtor Misbehavior,” and “—Judicial Interpretation of Covenants,” including the *Sharon Steel Corp.* case and following notes 1, 2 and 3, pp. 209-222.
Appendices


B. From handout, American Bar Association, *Revised Model Simplified Indenture*

- Read Exhibit A, Form of Security, pp. 1166-1170.