

Distressed Bonds

On the Settlement Date, the buyer must pay to seller only the agreed upon Price, without any payment in respect of Interest. The person holding the bond on the Record Date receives any and all Interest payments whenever made. If a Record Date occurs before the Settlement Date, seller will get any Interest paid on a bond that is trading Flat. If there is a change in the Record Date, the party that was a bondholder with respect to the prior Record Date loses any rights they may have had to receive any related payment of Principal or Interest.

If a bond that was sold with Accrued Interest begins trading Flat after the trade date but before Settlement date, the buyer remains responsible for paying the Accrued Interest to the seller, even though the buyer may not receive interest from the bond issuer. If the Accrued Interest payment is not made on the actual Payment Date, but is made during the Grace Period, any Interest payments will accrue to the seller. If Accrued Interest is paid after the Grace Period, it will belong to the buyer when paid.

Bankruptcy courts can issue broad orders at the request of a bankruptcy debtor that halt or seriously restrict trading in all of the debt and equity of the debtor corporation for the protection of the bankruptcy debtor's net operating loss ("NOL") carryovers and other tax attributes of the debtor.

"Minimum denomination transfer requirements" are generally found in the Indenture and the offering documents and provide that a transfer of a bond whether in physical or book-entry form be made in certain minimum denominations.