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Long-Term Debt and Lease Financing

Chapter

Chapter Outline

- Analyzing long-term debt.
- Bond yield and prices.
- Refunding the obligation upon decline in interest rates.
- Innovative bond forms.
- Long-term lease obligations and its characteristics.

The Expanding Role of Debt

- Growth in corporate debt is attributed to:
 - Rapid business expansion.
 - Inflationary impact on the economy.
 - Inadequate funds generated from the internal operations of business firms.
- Expansion of the U.S. economy has placed pressure on the Government to raise capital.
 - New set of rules have been developed for evaluating corporate bond issues.