Why companies borrow

Why companies borrow is a free 50-minute high school lesson on what borrowed money pays for. Students match Oracle, AT&T, Apple and Ford to four reasons for borrowing, using evidence from each company's SEC filings.

5-minute prep

- Print: one worksheet per student (2 pages, black and white). Print the answer key for yourself.
- Project: the slides (12 slides). The company cards start on slide 4.
- Read: "Teacher background in 2 minutes" below, then the discussion guidance.

Grade	High school, grades 9–12
Time	50 minutes (splits into two 25-minute blocks)
Edition	2026–27 first edition v1.0
Lesson page	cityfort.co/teachers/debt-cash-and-staying-power/why-companies-borrow

Objective

Students can name four reasons a company borrows and support each with a fact and its source from a real filing.

Standards the lesson supports

- CCSS.ELA-Literacy.RH.11-12.7 (Common Core states)
- CCSS.ELA-Literacy.RH.11-12.1 (Common Core states)

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Timing

Minutes	Step	What happens
0–6	**Warm-up**	A made-up bakery wants a new oven and a second shop. Why might it borrow instead of waiting?
6–12	**Four reasons**	Build, buy, general purposes (such as paying shareholders) and lend. Where a filing shows each one.
12–32	**Match the cards**	Pairs match Oracle, AT&T, Apple and Ford to a reason, with one fact from each card as evidence.
32–40	**Do the math**	Three short calculations: Oracle's spending gap, AT&T's new borrowing and Ford Credit's loans compared with its debt.
40–46	**Discussion**	What does borrowing cost a company later? What did each filing say? Describe, don't judge.
46–50	**Exit ticket**	Exit ticket (3 questions).

Materials

- The slides (projected) or the printed worksheet.
- One worksheet per student. It prints in black and white on two pages.
- Four reason labels (build, buy, general purposes, lend) on the board or on cards.
- No accounts, no logins and no internet access are required. The student page is optional.

Discussion questions

1. Oracle spent more on buildings and equipment than its operations brought in. Where else can that money come from, according to its filings?
2. AT&T's interest expense rose from Q3 FY2025 to Q3 FY2026. How does that connect with what it bought?
3. Apple held more cash than debt and still sold new notes. What did Apple's offering document say the money could be used for?
4. Ford Credit borrows and then lends. How is that different from the other three cards? (Describe it. Do not judge it.)

Adapting the lesson

English language learners: ELL: an icon for each reason (a crane for build, a handshake for buy, coins for shareholders, a car key for lend), a word bank and sentence frames.

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IEP and 504 plans: IEP: two cards only (AT&T and Ford), with the reason labels already matched; students copy one fact as evidence.

Advanced students: Advanced: students read the Meta extension and explain how its borrowing changed from 2021 to 2026, using only the facts given.

Extension: Meta first issued notes in August 2022; it had $83.7 billion of notes on Sep 30, 2026. Students look up Meta's capital spending on its Cityfort page and describe in two sentences what changed, without judging it. Read Cityfort's Learn entry What is capex?

Teacher background

Build

Capital spending (capex) is money spent on buildings and equipment that last years. When it is larger than the cash the business brings in, the rest comes from savings, borrowing or selling new shares.

Buy

A company can borrow to buy another business or a valuable license. AT&T bought spectrum, the licenses to use certain radio frequencies for its wireless network.

General purposes

Some offering documents list "general corporate purposes" for the money, which can include buybacks and dividends. The filing names the uses; it does not have to tie each dollar to one.

Lend

A finance arm borrows money and lends it to customers. Ford Credit lends to car buyers and dealers, so most of Ford's debt sits there.

Where to look

The cash flow statement's financing section shows debt issued and repaid. Debt notes and Form 8-K filings describe new bonds; an offering's prospectus states the use of proceeds.

The cost

Borrowed money carries interest. Lesson 3 looks at how many times a company's operating income covers that interest.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

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Teaching notes

- Students may say Apple "doesn't need" to borrow. Keep them on what the filing says the money can be used for; the lesson does not guess at reasons a filing does not give.
- The Oracle card has two ways of raising money: notes (debt) and new shares (equity). Point out that only the notes are debt.

Standards supported

This lesson supports these outcomes. It does not cover all of any standard.

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- Common Core RH.11-12.7: cash flow numbers, debt notes and an offering document combined to answer one question.
- Common Core RH.11-12.1: every match is backed by a fact and its filing.

Teacher background in 2 minutes

- Build: when capital spending is larger than cash from operations, the gap is filled from cash on hand, borrowing or new shares. The cash flow statement shows which.
- Buy: AT&T paid for wireless spectrum and a fiber business in 2026, and issued more debt than it repaid in the same nine months.
- General purposes: Apple's prospectus for its November 2026 notes lists general corporate purposes, which may include share repurchases, dividends, working capital, capital expenditures, acquisitions and repaying debt.
- Lend: Ford Credit borrows to fund car loans and leases. Its loans to collect were larger than its debt at Dec 31, 2025.
- Interest: AT&T said in its Q3 FY2026 10-Q (Oct 21, 2026) that it expects interest expense to stay elevated after the spectrum purchase. That is the company's expectation, quoted as such.

Materials

- Slides (PowerPoint, 12 slides). Every table is a real table, not a picture.
- Student worksheet with exit ticket (2 pages).
- Answer key.
- Four reason labels on the board or on cards.

0–12 minutes: Warm-up and four reasons (slides 1–3)

- Show the bakery. The numbers are made up, and the slide says so.

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- Collect answers: save up, borrow, find a partner who buys a share. Then show the four reasons.
- Students copy the four reasons into Part B.

12–32 minutes: Match the cards (slides 4–7)

- Pairs match each card to one reason in Part C and copy one fact as evidence.
- Some cards fit two reasons. Accept a second reason if the student gives a fact for it.

32–40 minutes: Do the math (slides 8–9)

- Part D: Oracle's capex minus cash from operations; AT&T's debt issued minus repaid; Ford Credit's loans to collect compared with its debt.

40–46 minutes: Discussion (slides 10–11)

- Use the discussion questions below.
- If students call a company's borrowing smart or reckless, ask: "What did the filing say the money paid for?"

46–50 minutes: Exit ticket (slide 12)

- Students answer the three exit-ticket questions on page 2 of the worksheet.

Splitting into two 25-minute blocks

Block 1 covers minutes 0–25, ending after two cards are matched. Block 2 opens with a 3-minute recap, then the last two cards, the math, discussion and the exit ticket.

Guidance for the discussion questions

Question 1. From senior notes (debt) and from selling new shares, both on the card, and from cash it already held.

Question 2. AT&T borrowed to pay for spectrum and a fiber business, and more debt means more interest. AT&T said in its Q3 FY2026 10-Q (Oct 21, 2026) that it expects interest expense to stay elevated after the spectrum purchase.

Question 3. General corporate purposes, which may include share repurchases, dividends, working capital, capital expenditures, acquisitions and repaying debt. Accept any listed use; do not accept guesses beyond the list.

Question 4. Ford Credit's borrowing pays for loans it expects customers to repay, so the debt is matched by money owed to it. Accept descriptions; do not accept "too much" or "risky."

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Sentence frames

- "____ borrowed to ____. The evidence is ____ (filing, period)."
- "In ____, ____ spent $____ but its operations brought in $____."
- "The filing says the money could be used for ____."

Differentiation: ELL

- Icons for the four reasons: a crane (build), a handshake (buy), coins (general purposes, such as paying shareholders), a car key (lend).
- Word bank: borrow, lend, notes, bonds, capex, spectrum, fiber, receivables, interest, repay, issue, general corporate purposes.
- Sentence frames (above).

Differentiation: IEP

- Two cards only: AT&T (buy) and Ford Credit (lend), with the reasons already matched.
- Students copy one fact from each card as evidence.
- Large print: enlarge the worksheet when printing (tabloid paper works well).
- Shorter exit ticket: questions 1 and 2 only.

Differentiation: Advanced

- Meta first issued notes in August 2022. It had $83.7 billion of notes on Sep 30, 2026.
- Ask students to look up Meta's capital spending for FY2021 and FY2025 on its Cityfort page and describe how its borrowing changed alongside it, in two sentences with no judging words.

student page

Scan the code or type: **cityfort.co/class/borrow**

Sources

1. S1: Oracle: Form 10-K, fiscal year 2026 (ended May 31, 2026), Oracle Corporation (SEC EDGAR), Jun 22, 2026. https://www.sec.gov/Archives/edgar/data/1341439/000119312526277521/orcl-20260531.htm
2. S2: Oracle: Form 10-Q, Q1 fiscal 2027 (quarter ended Aug 31, 2026), Oracle Corporation (SEC EDGAR), Sep 11, 2026. https://www.sec.gov/Archives/edgar/data/1341439/000119312526389274/orcl-20260831.htm
3. S3: Oracle: Form 8-K, Items 1.01 and 8.01 ($20 billion at-the-market agreement and senior notes), Oracle Corporation (SEC EDGAR), Feb 4, 2026. https://www.sec.gov/Archives/edgar/data/1341439/000119312526037840/d23732d8k.htm

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4. S4: AT&T: Form 10-Q, Q3 FY2026 (quarter ended Sep 30, 2026), AT&T Inc. (SEC EDGAR), Oct 21, 2026. https://www.sec.gov/Archives/edgar/data/732717/000073271726000372/t-20260930.htm
5. S5: AT&T: Form 10-K, fiscal year 2025 (ended Dec 31, 2025), AT&T Inc. (SEC EDGAR), Feb 9, 2026. https://www.sec.gov/Archives/edgar/data/732717/000073271726000120/t-20251231.htm
6. S6: Apple: Form 10-K for fiscal year 2026 (year ended Sep 26, 2026), Apple Inc. (SEC EDGAR), Nov 3, 2026. https://www.sec.gov/Archives/edgar/data/320193/000032019326000026/aapl-20260926.htm
7. S7: Apple: Form 8-K, Item 8.01 ($7.5 billion notes issued Nov 9, 2026), Apple Inc. (SEC EDGAR), Nov 9, 2026. https://www.sec.gov/Archives/edgar/data/320193/000114036126042798/ef20085077_8k.htm
8. S8: Apple: final pricing term sheet for the November 2026 notes (free writing prospectus, dated Nov 5, 2026), Apple Inc. (SEC EDGAR), Nov 6, 2026. https://www.sec.gov/Archives/edgar/data/320193/000114036126042173/ny20084621x3_fwp.htm
9. S9: Apple: Form 424B2 preliminary prospectus supplement for the November 2026 notes, Apple Inc. (SEC EDGAR), Nov 5, 2026. https://www.sec.gov/Archives/edgar/data/320193/000114036126042046/ny20084621x1_424b2.htm
10. S10: Ford: Form 10-K, fiscal year 2025 (ended Dec 31, 2025), Ford Motor Company (SEC EDGAR), Feb 11, 2026. https://www.sec.gov/Archives/edgar/data/37996/000003799626000015/f-20251231.htm
11. S11: Ford: Form 10-Q, third quarter 2026 (ended Sep 30, 2026), Ford Motor Company (SEC EDGAR), Oct 29, 2026. https://www.sec.gov/Archives/edgar/data/37996/000003799626000191/f-20260930.htm
12. S12: Meta: Form 10-K for fiscal year 2025, Meta Platforms, Inc. (SEC EDGAR), Jan 29, 2026. https://www.sec.gov/Archives/edgar/data/1326801/000162828026003942/meta-20251231.htm
13. S13: Meta: Form 10-Q for the quarter ended Sep 30, 2026, Meta Platforms, Inc. (SEC EDGAR), Oct 22, 2026. https://www.sec.gov/Archives/edgar/data/1326801/000162828026066773/meta-20260930.htm

Credit and license

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