Interest and maturities: when debt comes due

Name: Class: Date:

Borrowed money costs interest every year, and it has a date when it must be paid back. In this lesson you will measure both for three airlines and an electric utility.

What to do

1. Read the four company cards below with a partner.
2. Work out interest coverage in Part C: operating income ÷ interest.
3. Draw American Airlines' debt calendar in Part D.
4. The exit ticket is on page 2 of your worksheet.

Part A. Warm-up: the food truck (made-up numbers)

Earnings before interest: $12,000 a year. Interest: $3,000 a year. Loan: $20,000, due in three years.

A1. Earnings ÷ interest = _____ times.

1. A2. Name two ways the truck could repay the loan when it comes due.

Part B. Four words

Write each definition in your own words.

1. Interest

2. Interest coverage

3. Maturity

4. Liquidity

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Part C. Coverage for four companies (FY2025)

Interest coverage = operating income ÷ interest. Round to one decimal place.

Delta: $5,822 million ÷ $679 million = _____ times

United: $4,713 million ÷ $1,373 million = _____ times

American Airlines: $1,467 million ÷ $1,716 million = _____ times

Duke Energy: $8,626 million ÷ $3,634 million = _____ times (two decimal places)

1. C1. Which result is below 1? What does a result below 1 mean?

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Part D. American Airlines' debt calendar

Principal due by American's FY2025 10-K: $3,641 million in 2026, $4,455 million in 2027, $7,324 million in 2028. Draw one bar per year on the grid; label each bar with its amount.

1. Grid: years 2026, 2027, 2028 across the bottom; $0 to $8,000 million up the side, in steps of $1,000 million.

D1. Which year has the most principal due? _____

2. D2. American stated $11.8 billion of liquidity on Sep 30, 2026. Why must you note that this date differs from the table's?

Part E. Due soon and liquidity (Sep 30, 2026)

Delta: due within a year $2,981 million; liquidity $6.9 billion. United: due within 12 months $2.8 billion; liquidity $17.7 billion.

1. E1. For each company, is the amount due soon smaller or larger than its stated liquidity? Describe it with the numbers; do not judge it.

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Advanced (optional): Domino's

Domino's has $1,319 million of notes with a July 2027 anticipated repayment date. Domino's said in its Q3 FY2026 10-Q (Oct 13, 2026) that it expects to refinance them; if it does not, at least 5% a year of extra interest accrues.

1. What is an anticipated repayment date, and what does the filing say happens if the notes are not refinanced?

Exit ticket

1. Write the formula for interest coverage.
2. A made-up company had operating income of $900 million and interest of $300 million. What is its coverage?
3. What is a maturity?
4. Name two things a company's liquidity can include.

Word bank

Interest	The yearly price of borrowed money.
Operating income	Profit from the main business, before interest and taxes.
Interest coverage	Operating income ÷ interest: how many times profit could pay interest.
Maturity	The date a loan or bond must be paid back.
Liquidity	Cash and short-term investments plus credit lines not yet used.

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Sentence starters

- In FY____, ____'s operating income covered its interest about ____ times.
- By its 10-K, ____ had $____ of principal due in ____.
- On ____ (date), ____ said it had $____ of liquidity, including ____.

student page

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