

## DEBT AND INTEREST CALCULATIONS

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**B**ased on data on Long-term Debt (data item 9), Interest Expense (data item 15) and Total Assets (data item 6), the authors divided Long-term Debt by Total Assets, and Interest Expense by Long-term Debt, to arrive at Debt Ratio and Interest Cost, respectively. To facilitate comparison, the authors also divided Interest Expense by Total Debt (Long-term Debt plus Short-term Debt) to proxy Interest Cost.

Debt Ratio = Long-term Debt ÷ Total Assets (data 9 ÷ data 6)

Interest Cost 1 = Interest Expense ÷ Long-term Debt (data 15 ÷ data 9)

Interest Cost 2 = Interest Expense ÷ Total Debt [data 15 ÷ (data 9 + data 44)]

Total Debt = Long-term Debt + portion of Long-term Debt due in current year.