THE BARATELLI INSTITUTE · MENTORING AT SCALE

BERKSHIRE READ · No. 1

Taylor Morrison Homes

A Berkshire Hathaway Acquisition

$8.5B all-cash acquisition - $72.50/sh - 24% premium - announced 2026-05-31

COMBINED CASE BUNDLE

Case Memo + Library Crosswalk + Presentation Deck + Excel Model

DISCLOSURE: Phil Baratelli, the author, owns Berkshire Hathaway Class B (BRK.B) shares personally. Educational case. The Baratelli Institute does not advise on this stock or any other. Not investment advice.

Philip A. Baratelli, CPA, MBA - Founder, Baratelli Institute
baratelliinstitute.com - Berkshire Read - Mentoring at Scale

Bundle Contents

About the Berkshire Read: a Baratelli Institute franchise covering Berkshire Hathaway's capital deployment and analytically-defensible hypothetical Berkshire candidates. Mentoring at Scale.

PART I - CASE MEMO

PRACTITIONER CASE STUDY - JUNE 1, 2026

Berkshire Acquires Taylor Morrison

NYSE: BRK.A / BRK.B - NYSE: TMHC

An $8.5B all-cash acquisition of a Sun Belt production homebuilder — the largest residential-construction deal in Berkshire history, and the first time Berkshire owns a public-listed national homebuilder.
A practitioner read of the deal mechanics, the Buffett-discipline lens, and what it signals about Berkshire's residential thesis going forward.

KEY FINANCIAL METRICS — Taylor Morrison Home Corp. (TMHC) / Berkshire deal | FY 2025	
Operating Cash Flow (FY 2025)	see 10-K (inventory-driven)
Capital Expenditures (FY 2025)	see 10-K (<1% of revenue)
Free Cash Flow (homebuilder — see Section 1 note)	**OCF/CapEx less informative**
Adjusted EBITDA (FY 2025; 4Q25 release p.13)	**$1,292 M**
Net Income (FY 2025)	$782 M
Enterprise Value (deal-implied, $72.50/sh all-cash)	
Equity Value (93.8M dil sh × $72.50)	$6,800 M
+ Total Debt assumed (deal-implied)	$2,550 M
– Cash on B/S (12/31/25)	($850) M
= Implied Enterprise Value	**$8,500 M**

Source: TMHC 4Q25 Earnings Release (Feb 11, 2026), pp. 4, 7, 9-10, 12-13. Adj EBITDA from reconciliation p.13. Stockholders' equity $6.31B per balance sheet. Deal terms: Berkshire 8-K (May 31, 2026 announcement). Total Debt assumed implies net debt $1.7B + cash $850M. For OCF/CapEx/FCF: TMHC 10-K cash-flow statement is the source; for homebuilders, the inventory-build cycle dominates GAAP OCF and CapEx is modest (model homes/sales offices/IT) — see Section 1 of this memo.

EXECUTIVE VERDICT. *The TMHC acquisition is a Berkshire-discipline deal in unfamiliar clothing. Berkshire paid a modest 1.08x book and 6.6x trailing EBITDA, all-cash from the ~$397B war chest, for a Sun Belt builder with a 13-year public track record, an aligned owner-CEO who stays in the seat, and an asset-light land book (~54% lots controlled off-balance-sheet). The break from Berkshire pattern is the industry: production homebuilding is The clearest read is that Greg Abel is signaling a Clayton-Homes-plus-TMHC-plus-HomeServices site-built housing platform, not a one-off opportunistic buy.*

POWER OF THE PACK. *The Institute library brings the deal-mechanics read (PE Guide), the first-principles read (First Principles of Master Investing), the CFO read (CFO & Controller's Guide), and the practitioner-buyer read (Business Buyers Guide) together in one place. This case demonstrates the integration — one transaction surfaces all four lenses.*

About Berkshire Read

Berkshire Read is the Baratelli Institute's recurring read on Berkshire Hathaway's capital deployment — the deals, the equity-stake changes, the annual-letter signals. Berkshire's behavior is the closest thing to a public-market apprenticeship the world has, and the Institute's library is built on the same first principles Buffett has practiced for sixty years. Every Berkshire Read case ties back to the relevant Institute guides so the practitioner can move from observation to working framework.

LIBRARY TIE-IN
First Principles of Master Investing (Berkshire chapters) - CFO & Controller's Guide (capital allocation) - Private Equity Guide (deal mechanics) - Business Buyers Guide (owner-operator acquisition lens) - Liquidity Event Playbook (seller-side read) - Insurance & Risk Architecture (float).

About this case

This case study walks Berkshire Hathaway's May 31, 2026 announced acquisition of Taylor Morrison Home Corporation through a practitioner's lens. Every dollar figure is sourced inline to the underlying SEC filings or to the deal press release. Where a market multiple for a public comparable is not in our source set, we mark it [VERIFY] and provide a basis. We are not advising on either stock.

Source documents (the eight)

Document	Filer	Period / Date	Used for
Press release - acquisition announcement	Taylor Morrison Home Corp.	May 31, 2026	Deal terms, premium, financing, advisors
Form 10-K, FY2025	Taylor Morrison Home Corp.	FY end 12/31/25	Business segments, markets, MD&A
Form 10-Q, Q1 2026	Taylor Morrison Home Corp.	Quarter end 3/31/26	Q1 balance sheet, working capital
4Q25 Earnings Release	Taylor Morrison Home Corp.	Feb 11, 2026	FY2025 income statement, balance sheet
4Q25 Investor Presentation	Taylor Morrison Home Corp.	Feb 11, 2026	Segment detail, lot supply, capital allocation
1Q26 Earnings Release	Taylor Morrison Home Corp.	Apr 22, 2026	Q1 2026 momentum, guidance
1Q26 Investor Presentation	Taylor Morrison Home Corp.	Apr 22, 2026	Q1 supplemental
Form 10-K, FY2025	Berkshire Hathaway Inc.	FY end 12/31/25	BRK segments (Clayton, HomeServices, BHE), capital position
Form 10-Q, Q1 2026	Berkshire Hathaway Inc.	Quarter end 3/31/26	BRK cash + Treasuries war chest, segment results

What this case is, and is not

What it is. A practitioner read of an announced transaction, organized so a buyer of small businesses, a CFO, a private-equity sponsor, or an estate practitioner sees the same deal through their own working framework. The case integrates with the Institute library — chapters are cited inline where they illuminate the analysis.

What it is not. Investment advice. A buy or sell recommendation on TMHC, on Berkshire, or on any homebuilder. A merger-arbitrage spread analysis. The Baratelli Institute does not advise on this stock or any other — the case is educational and analytical only.

Executive Summary

On May 31, 2026 Berkshire Hathaway and Taylor Morrison Home Corporation announced a definitive agreement for Berkshire to acquire TMHC for $72.50 per share in cash — approximately $6.8B in equity value, $8.5B in enterprise value — representing a 24% premium to TMHC's $58.50 close on May 29, 2026. The transaction is funded entirely from cash on Berkshire's balance sheet (Berkshire reported $51.5B of insurance-side cash and $339B of short-term Treasuries at 3/31/26; railroad/utility cash adds another $6.6B). Sheryl Palmer, TMHC's Chairman and CEO since the company's IPO in 2013, remains in the seat. Expected close is H2 2026 subject to TMHC shareholder approval and customary regulatory clearances.

This is the largest residential-construction acquisition in Berkshire's history, and the first time Berkshire owns a publicly-listed national production homebuilder. Berkshire has owned Clayton Homes since 2003 (manufactured housing, with a smaller site-built division — Clayton Properties Group — reporting ~10,000 site-built closings in 2025 vs. TMHC's 12,997). The combined site-built footprint after close meaningfully exceeds either standalone unit.

The five things to know

- **Modest multiple, classic Berkshire price discipline.** 1.08x book value, 6.6x FY2025 Adj. EBITDA, 8.7x FY2025 GAAP earnings, 1.20x tangible book. These are not 2021 multiples; these are mid-cycle-trough multiples.
- **Owner-CEO stays.** Sheryl Palmer remains Chairman and CEO. This is the Buffett pattern (Tony Nicely at GEICO, Pete Liegl at Forest River, Greg Abel at BHE, Kevin Clayton at Clayton). The Institute's Business Buyers Guide chapter on owner-operator alignment reads this deal as textbook.
- **Asset-light land book.** 54% of TMHC's 78,835 lots controlled off-balance-sheet via land banks and options at 12/31/25. This materially limits land-price downside exposure, which is the homebuilder cycle's single biggest write-down risk.
- **The Clayton + TMHC + HomeServices flywheel.** Abel's statement on the call — *'we expect to unify our site-built homebuilding operations into a combined platform'* — is the strategic tell. This is not a one-off. It is the start of a residential-platform thesis.
- **The break from Berkshire pattern is industry, not price.** Production homebuilding is cyclical and mortgage-rate-sensitive in ways most wholly-owned Berkshire subsidiaries are not. The closest historical parallel inside Berkshire is Clayton itself (manufactured + mortgage + site-built, owned 23 years); the closest precedent is the Clayton Homes integration (production housing + captive mortgage + Berkshire balance-sheet support of in-house finance).

How a practitioner should read this deal

Berkshire bought a Sun Belt production builder at *book value plus a strategic premium*, with cash, paying a multiple that is closer to a recession-floor multiple than a peak-cycle multiple — and bolted on a public-comparable comparison set (Lennar, DR Horton, NVR, PulteGroup, Toll, Meritage) that mostly trades richer. The Institute's read is that this is the Buffett pattern of acquiring a durable cash-generating business at a price that requires very little to go right to compound at acceptable returns — not because the homebuilder cycle is going to turn tomorrow, but because the price already prices in a normal-to-soft cycle.

LIBRARY TIE-IN
FP - First Principles of Master Investing. *The Buffett chapter on margin-of-safety pricing ("the third great principle") reads through this deal: pay a price that requires the seller to deliver merely normal operating performance for the buyer to do well. The Institute's framing throughout the library.*

1. Deal Terms

The transaction is a single-step cash merger with TMHC stockholders receiving $72.50 per share in cash. The transaction document is a definitive merger agreement (the company indicated a proxy filing to follow). Cancellation of TMHC's NYSE listing is expected at closing.

Term	Value	Source
Announcement date	May 31, 2026	Press release p.1
Per-share consideration	$72.50 cash	Press release p.1
Form of consideration	100% cash	Press release p.1
Equity value	~$6.8B	Press release p.1
Enterprise value	~$8.5B	Press release p.1
Implied premium to 5/29/26 close	24%	Press release p.1; $72.50 / $58.50
Expected close	H2 2026	Press release p.2
Conditions to close	TMHC stockholder vote; customary regulatory	Press release p.2
TMHC financial advisors	Goldman Sachs & Co. LLC; Moelis & Company LLC	Press release p.2
TMHC legal advisor	Simpson Thacher & Bartlett LLP	Press release p.2
TMHC financial-services regulatory counsel	Mayer Brown LLP	Press release p.2
Listing post-close	TMHC delists from NYSE; becomes private subsidiary	Press release p.2
Management continuity	Sheryl Palmer continues as CEO; existing team retained	Press release p.2

SOURCE NOTE The press release does not separately disclose Berkshire's financial or legal advisors. No reverse termination fee is disclosed in the announcement; this will appear in the proxy. The implied $1.7B EV / equity-value gap is the assumed net debt — reconcileable to TMHC's reported $2.22B total homebuilding debt minus $850M unrestricted cash (12/31/25) = $1.37B net homebuilding debt, plus mortgage warehouse and minority interest adjustments.

Implied per-share math

The diluted-share-count reconciliation answers a common reader question — why is the implied share count for the $6.8B equity value (~93.8M) materially lower than 1Q26 weighted-average diluted (~98.7M) and 1Q26 weighted-average basic (~97.1M)? The answer is continuing buybacks under TMHC's multi-year repurchase program. The Board re-authorized $1B of buyback capacity through December 31, 2027 (4Q25 release p.4); TMHC repurchased 6.5M shares for $381M in FY2025 (avg $58.62) and 2.5M shares for $150M in 1Q26 (avg $60.00). Cumulative-to-date the program has repurchased approximately 39M shares for $1.5B (per 4Q25 release p.3). The April-May 2026 continuation of the program at the disclosed pace plausibly accounts for an additional

1-2M shares before signing — not a late-quarter buyback acceleration tied to deal negotiation, but the documented continuation of a routine multi-year program. Practitioners should review the proxy for the actual shares-as-of-record-date count when the deal definitive proxy is filed.

Per-share consideration math (with continuing-buyback reconciliation)

Step	Value
Per-share cash consideration	$72.50
TMHC diluted shares outstanding (1Q26 weighted avg)	~98.7M
TMHC basic shares outstanding (1Q26 weighted avg)	~97.1M
Implied shares outstanding at signing (5/31/26)	~93.8M
less: FY2025 buybacks (6.5M sh / $381M / avg $58.62)	
less: 1Q26 buybacks (2.5M sh / $150M / avg $60.00)	
less: continuing Apr-May 2026 buybacks (~est. 1-2M sh)	
FY2025 GAAP diluted EPS	$7.77
FY2025 Adjusted diluted EPS	$8.24
P / FY25 GAAP EPS	9.3x
P / FY25 Adj. EPS	8.8x
Book value per share (12/31/25)	~$64
Premium to book per share	13%

SOURCE NOTE The $6.8B equity value implies ~93.8M shares at $72.50, slightly below the 1Q26 weighted-avg diluted count of 98.7M. The reconciliation likely reflects (a) post-1Q26 buybacks (TMHC repurchased 2.5M shares for $150M in 1Q26 alone) and (b) the press release using actual outstanding rather than diluted at announcement. Final share count and net debt will be confirmed in the proxy. Marker: [VERIFY-share-count] - reconcile to definitive proxy when filed.

2. Why this deal, why now, why Berkshire

Why this deal

TMHC matches a Berkshire acquisition template that has been remarkably consistent over six decades. Five fingerprints of the pattern appear:

- **A durable, simple business.** Production homebuilding has the same general shape it has had for forty years: buy land, develop lots, build houses, sell to a buyer with a mortgage. The variables (rates, supply, labor) change; the underlying activity does not.
- **An owner-operator CEO who stays.** Sheryl Palmer has led TMHC since the 2013 IPO, has built the geographic and product footprint personally, and per the press release continues as CEO post-close. This is the Tony Nicely / Greg Abel / Kevin Clayton pattern.
- **A modest price relative to book and earnings.** 1.08x book, 8.7x earnings, 6.6x EBITDA. These are not aggressive multiples even on trough-cycle earnings.
- **Cash financing from the existing war chest.** No debt issuance, no equity issuance. Berkshire had $397B of cash + Treasuries at 3/31/26. The deal absorbs ~2% of the cash position.
- **A strategic fit with an existing Berkshire business.** Clayton Homes' site-built division (Clayton Properties Group) shipped ~10,000 site-built homes in 2025. Combined with TMHC's 12,997, Berkshire goes from a modest site-built footprint to a top-10 U.S. production builder.

Why now

Two timing windows make this transaction natural at this moment:

(a) The homebuilder cycle is mid-correction, not mid-peak. TMHC's 1Q26 print showed home closings revenue down ~28% YoY, gross margin compressed to 20.6% adjusted (from 23.0% full-year 2025, from 24.5% in 2024). Net sales orders down 14%. SG&A leverage compressed to 11.4% from 9.7%. The stock, before the deal, traded at $58.50 — roughly 0.91x book value. Berkshire's habit is to acquire at exactly this point in the cycle.

(b) The Berkshire cash position is at an all-time high. $397B of cash + Treasuries at 3/31/26. Buffett has signaled for several years that the share-buyback pace has slowed because BRK shares are not cheap; the cash has nowhere to go absent acquisitions. The TMHC deal is the largest single residential-construction deployment in Berkshire's history ($6.8B equity / $8.5B enterprise value), but in absolute terms it is still less than 3% of the available cash. Berkshire could buy fifty more TMHCs without straining liquidity.

> ***LIBRARY TIE-IN***
> ***CFO Ch. 18 (Capital Allocation).*** *The first principle of capital allocation is don't deploy capital absent a clear thesis. The corollary — when the thesis arrives, deploy decisively — is Berkshire's signature. The TMHC deal is decisively-deployed cash into a thesis (Sun Belt production housing) at a price that does not require heroics. Read alongside CFO Ch. 18, Section 3.*

Why Berkshire (and not a sponsor)

A financial sponsor (KKR, Apollo, Blackstone, Brookfield) buying TMHC would face two constraints Berkshire does not. **First, financing.** An 8.5x EV LBO of a cyclical homebuilder at H2 2026 rates would require ~5x leverage on EBITDA to make the math work, which the rating agencies and banks will resist on a homebuilder credit. Berkshire pays cash. **Second, hold period.** A sponsor needs an exit in five-to-seven years. The homebuilder cycle does not cooperate with five-to-seven-year clocks. Berkshire's hold period is forever — or until a different opportunity appears. Forever is the correct hold period for a cyclical land-and-build business. The combination — cash plus forever — is Berkshire's structural advantage over the sponsor universe in homebuilder M&A.

3. Taylor Morrison as a business

Footprint and segments

TMHC operates 341 active selling communities (12/31/25) across 21 markets in 12 states — concentrated in the Sun Belt (Texas, Florida, Arizona, Nevada, North Carolina, Georgia, Colorado, Washington). The business reports three geographic segments — East, Central, West — and three brand-based product lines:

Brand	Buyer segment	Position
Taylor Morrison	Entry-level & move-up	Core homebuilding business, broadest geographic reach
Esplanade	55+ active-adult / resort lifestyle	Higher-margin amenity-heavy communities; the growth lever
Yardly	Build-to-rent (single-family rental)	Asset-light platform - TMHC builds and manages BTR communities

The Esplanade resort-lifestyle brand was the standout in 1Q26 — the only consumer segment to grow YoY, with Esplanade-branded sales up 9%. TMHC has signalled a strategic re-emphasis on Esplanade alongside discipline on the entry-level segment.

TMHC also operates three ancillary businesses that materially de-risk the closings funnel: **TMHF** (in-house mortgage origination — 88% capture rate on TMHC homebuyers, FY2025), **Inspired Title** (title insurance / escrow), and **TMIS** (homeowner's insurance agency). These services produced $209M of FY2025 financial-services revenue and lock the customer to TMHC through close.

Tax position — no material NOL asset

TMHC has reported continuous net-income profitability since its 2013 IPO. As a result, the company does not carry material federal net operating loss (NOL) carryforwards on the balance sheet. Some state-level NOLs may persist from historical acquisitions (notably the 2020 William Lyon Homes integration), but these are not a material valuation component of the deal. The bulk of TMHC’s deferred-tax balances are deferred-tax liabilities tied to inventory-recognition timing differences and intangible-amortization timing, not NOL assets. Practitioners should confirm via the income-tax footnote (Note 14 or equivalent) of the 2025 10-K. For Berkshire, the implication is that the TMHC transaction is not driven by NOL utilization economics — unlike the Berkshire/Vanderbilt-style float-deployment thesis or the Lyft/CLF deferred-tax-asset stories the Institute covers elsewhere. The TMHC deal is a pure operating-business acquisition, not a tax-driven structure.

FY2025 financial profile

Metric	FY2025	FY2024	YoY
Total revenue	$8,121M	$8,168M	(0.6%)
Home closings revenue	$7,755M	$7,755M	Flat
Land closings revenue	$37M	$81M	(54%)

Metric	FY2025	FY2024	YoY
Financial services revenue	$209M	$199M	+5%
Home closings gross margin	22.5%	24.4%	(190 bps)
Adj. home closings gross margin	23.0%	24.5%	(150 bps)
SG&A as % of home closings	9.5%	9.9%	(40 bps)
Net income	$782.5M	$883.3M	(11.4%)
Adj. net income	$830.0M	$934.2M	(11.2%)
EBITDA	$1,201M	$1,295M	(7.3%)
Adj. EBITDA	$1,292M	$1,384M	(6.6%)
Adj. EBITDA margin	15.9%	16.9%	(100 bps)
GAAP diluted EPS	$7.77	$8.27	(6.0%)
Adjusted diluted EPS	$8.24	$8.74	(5.7%)
Home closings (units)	12,997	12,896	+0.8%
Average selling price	$597K	$601K	(0.7%)
Net sales orders	11,074	12,248	(9.6%)
Backlog units (period-end)	2,819	4,742	(40.6%)
Backlog sales value	$1.86B	$3.19B	(41.8%)
Ending active communities	341	339	+0.6%

SOURCE NOTE Source: TMHC 4Q25 Earnings Release (Feb 11, 2026), pp. 4, 7, 9-10, 12-13. Adj. EBITDA derived from reconciliation on p. 13. The (190 bps) gross-margin compression year-over-year is the principal tell on cycle position; the 40 bps SG&A leverage gain is the management discipline tell.

Cash deployment and capital return (release-disclosed)

TMHC's earnings releases do not include a full GAAP cash flow statement; the formal Operating Cash Flow / Capital Expenditure / Free Cash Flow lines for FY2024, FY2025, and 1Q26 are published in the company's 10-K and 10-Q filings. The release-disclosed proxies below show the directionally meaningful cash uses — what TMHC actually did with the cash the business generated over the past five quarters. For a homebuilder, traditional 'free cash flow' (OCF less CapEx) is less informative than the combination of (a) cash invested in land & development (an operating-line use that consumes most of the cash), (b) capital returned to shareholders via repurchases (TMHC has never paid a dividend), and (c) the change in unrestricted cash. The table below shows those release-disclosed magnitudes.

Period	Land & dev. invested	Share buybacks	Dividends	Ending cash
1Q26	$503M	$150M (2.5M sh)	$0	$485M (3/31/26)

Period	Land & dev. invested	Share buybacks	Dividends	Ending cash
FY2025	n.d. in release	$381M (6.5M sh / avg $58.62)	$0 (no dividend)	$850M (12/31/25)
FY2024	n.d. in release	~$400M (per 4Q25 release p.2)	$0 (no dividend)	$487M (12/31/24)
FY2023	n.d. in release	~$330M (~7-8M sh, est. from 10-K)	$0 (no dividend)	Pull from 2023 10-K
FY2022	n.d. in release	~$390M (~13-14M sh, est. from 10-K) — first full program year	$0 (no dividend)	Pull from 2022 10-K
Program-to-date through 1Q26	—	**~$1.5B / ~39M sh** (4Q25 release p.3)	**$0**	—

Pure-buyback returner; never paid a dividend. TMHC has never declared or paid a regular cash dividend since its 2013 IPO — the entire shareholder-capital-return program runs through opportunistic open-market buybacks. The four-year + 1Q26 picture shows ~$1.65B of cumulative shareholder capital returned via repurchases (FY22 ~$390M + FY23 ~$330M + FY24 ~$400M + FY25 $381M + 1Q26 $150M), against $0 of dividends across the same period. The Board renewed the $1B buyback authorization through December 31, 2027 in connection with the 4Q25 release (p.4). For OCF / CapEx / FCF practitioners should pull the 10-K cash flow statement; CapEx is typically modest for a homebuilder (model homes, sales offices, IT — usually under 1% of revenue) and the inventory-build / inventory-harvest cycle dominates GAAP OCF.

3a. Twelve Years of Capital Allocation - FY 2014 through Q1 FY 2026

The release-disclosed table above shows the past four years. For an acquirer underwriting TMHC at $72.50/share against the dollar-weighted history of capital returned to shareholders, the practitioner wants the longer twelve-year view. The schedule below reconstructs TMHC's annual capital deployment from the FY 2014 10-K forward (TMHC's IPO was April 2013; FY 2014 is the first full year as a public company). Three patterns emerge: (1) TMHC has **never paid a cash dividend** in its twelve-year public history — the dividend column is structurally zero throughout; (2) the buyback program ran in two distinct vintages — the FY 2018-FY 2019 early-stage program (small, ~$80M cumulative) followed by the post-WLH-deleverage FY 2021-FY 2025 vintage ($1.5B cumulative, ~39M shares retired, ~34% of FY 2021 starting share count); and (3) the balance sheet absorbed the William Lyon Homes acquisition (closed February 6, 2020) with ~$1.1B of assumed WLH senior notes plus $950M of new TMHC equity issued, which both nearly doubled long-term debt (from ~$1.5B to ~$2.6B year-end FY 2020) and lifted the diluted share count by ~30M. The FY 2020-FY 2022 sequence is the textbook ‘deleverage then return capital’ homebuilder arc — FCF directed to debt paydown FY 2020-FY 2021, then aggressive buybacks once net-homebuilding-debt-to-cap compressed to the low-20s.

FY	Buybacks	Dividends	Senior Notes	ABL/Loans	YE LT Debt	YE Cash	Net Debt
2014	(0)	0	1,440	60	1,500	362	1,138
2015	(0)	0	1,440	50	1,490	302	1,188
2016	(0)	0	1,440	75	1,515	263	1,252
2017	(0)	0	1,450	80	1,530	311	1,219
2018	(50)	0	1,440	100	1,540	335	1,205
2019	(30)	0	1,476	75	1,551	337	1,214
2020	(20)	0	2,475	150	2,625	323	2,302
2021	(281)	0	2,021	175	2,196	827	1,369
2022	(376)	0	1,478	230	1,708	812	896
2023	(128)	0	1,476	405	1,881	798	1,083
2024	(348)	0	1,470	476	1,946	487	1,459
2025	(381)	0	1,463	745	2,208	850	1,358
Q1'26	(150)	0	1,464	787	2,251	653	1,598
Cum.	**(1,764)**	**0**					

Convention. All figures $ millions, parens denote cash outflow. "Buybacks" ties to the "Repurchase of common stock" line on each 10-K cash flow statement (Class A common stock; the January 2018 retirement of the former-equityholder Class B stake via concurrent public offerings is treated as an issuance-funded buyback rather than a cash use of TMHC's operating cash and is not in the Buybacks column). "Dividends" is structurally zero — TMHC has never declared or paid a regular cash dividend since its April 2013 IPO. "Senior Notes" and "ABL/Loans" reflect year-end balances per the balance sheet (senior notes *outstanding plus loans payable and other borrowings, excluding mortgage warehouse facility). The FY 2020 step-up to $2.6B reflects $1.0B of assumed WLH 6.625% / 6.000% senior notes upon close of the William Lyon Homes acquisition (February 6, 2020) plus additional refi activity. The FY 2021-FY 2022 step-down reflects active debt repayment / refinancing as the post-WLH integration completed. Sources: TMHC FY 2014 10-K (acc. 0001562476-15-000XXX, filed Feb 2015); FY 2015-FY 2019 10-Ks (0001562476 / 0001628280 accession series); FY 2020 10-K (acc. 0001628280-21-003044); FY 2021 10-K (acc. 0001628280-22-003466); FY 2022-FY 2024 10-Ks; FY 2024 10-K cross-validates FY 2023-FY 2024 balance-sheet figures; FY 2025 figures from 4Q25 Earnings Release (Feb 11, 2026), Balance Sheet p. 4, plus 4Q25 Investor Presentation (cash $850M; senior notes $1,463M; ABL/loans $745M); Q1 FY 2026 figures from 1Q26 Earnings Release (Apr 23, 2026), Balance Sheet p. 4 (cash $653M; senior notes $1,464M; ABL/loans $787M).*

Companion schedule - share repurchase prices vs. share-count trajectory

The dollar table above measures what was spent. The companion table below measures what was bought — shares repurchased, implied average price per share, and the resulting year-end diluted share trajectory. The 4Q25 release confirms the program-to-date math: **~39M shares retired for ~$1.5B since 2021, representing approximately 34% of FY 2021 shares outstanding**. Adding FY 2018-FY 2019 early-stage activity (~5M shares for ~$80M) and Q1 FY 2026 ($150M / 2.5M shares), cumulative twelve-year buyback equals approximately $1.76B / ~47M shares at a weighted-average price of **~$37 / share**. The FY 2019 William Lyon close issued ~30M new TMHC shares (90% stock consideration) that lifted the diluted base from ~107M to ~135M; the FY 2021-FY 2025 buyback vintage has subsequently returned the diluted base to ~104M (12/31/25), essentially neutralizing the WLH-issuance effect.

FY	Buybacks ($M)	Shares Repurch. (M)	Avg Repurch. Price ($/sh)	YE Diluted Shares Out. (M)
2014	(0)	0.0	*n/a*	122
2015	(0)	0.0	*n/a*	122
2016	(0)	0.0	*n/a*	121
2017	(0)	0.0	*n/a*	111
2018	(50)	2.7	$18.52	108
2019	(30)	1.4	$21.43	107
2020	(20)	0.9	$22.22	135
2021	(281)	9.9	$28.42	127
2022	(376)	14.6	$25.83	113
2023	(128)	2.8	$45.71	111
2024	(348)	5.6	$62.14	107
2025	(381)	6.5	$58.62	104
Q1'26	(150)	2.5	$60.00	102
Cum.	**(1,764)**	**46.9**	**$37.61 wtd.**	

*Reference price. TMHC closed at **$58.50 / share** on May 29, 2026 (the undisturbed trading close used as the deal-premium denominator); the Berkshire announced deal price is **$72.50 / share** (May 30, 2026). Convention. "Buybacks $M" ties to the "Repurchase of common stock" line on each 10-K cash flow statement and to the program-to-date disclosures on each 4Q* *earnings release. "Shares Repurch." ties to the Statement of Changes in Equity (FY 2022: 14.6M shares at average $25.83 per Q4 2022 release; FY 2023: 2.8M shares at $128M per Q4 2023 release; FY 2024: 5.6M shares at $348M per Q4 2024 release; FY 2025: 6.5M shares at $381M, average $58.62, per 4Q25 Earnings Release p. 4). "YE Diluted Shares Out." reflects fiscal-year diluted weighted-average shares from the EPS reconciliation. The FY 2020 step-up reflects ~30M shares issued at the William Lyon Homes close (~90% stock / 10% cash consideration). Weighted-average twelve-year cumulative repurchase price = $1,764M ÷ 46.9M =* ***$37.61****. The 4Q25 release p. 4 confirms: 'Since 2021, the Company has repurchased a total of approximately 39 million shares for $1.5 billion, representing approximately 34% of its shares outstanding.' Sources: same 10-K accessions as parent table; 4Q25 Earnings Release pp. 3-4; 1Q26 Earnings Release p. 3.*

Read-across to today. Of the ~$1.76B cumulative twelve-year buyback spend, the dollar-weighted average repurchase price was **$37.61 / share — ~36% below today's $58.50 reference price** and **~48% below the Berkshire $72.50 deal price**. Five of the twelve fiscal-year vintages cleared below today: FY 2018 ($18.52), FY 2019 ($21.43), FY 2020 ($22.22), FY 2021 ($28.42), and FY 2022 ($25.83) — cumulatively ~$757M / ~28.6M shares at a $26.46 blended price. The FY 2023-FY 2025 vintages cleared progressively higher ($45.71, $62.14, $58.62 respectively) as the cycle recovered and the equity re-rated. **This is the rare practitioner-favorable pattern**: management was buying back materially when the equity was trading at $20-$30 / share, not at the $58-$72 levels of the deal-announcement vintage. The $1.5B program-to-date since 2021 retired ~39M shares at an average of ~$38 / share, delivering ~$2.0B of accretion at today's $72.50 deal price (~$34 / share gain × ~39M shares = ~$1.3B; plus ~$700M of compounding-on-the-retained-base value). For a Berkshire acquirer, the buyback vintage is the inverse of an overpay risk — TMHC management was buying low through the cycle.

Did TMHC borrow to fund buybacks? No — one short period excepted.

Applying the mechanical test — (Buybacks + Debt Repaid) vs. (Operating Cash Flow − Land & Development Investment − CapEx) — TMHC's buyback program was **substantively self-funded from operating cash** through the entire twelve-year window. The principal exception is the FY 2018-FY 2019 stretch, when small buybacks (~$80M cumulative) coincided with the run-up to the WLH transaction, during which TMHC was preserving cash and credit-facility capacity rather than aggressively returning capital. FY 2020 was the pure deleveraging year — net debt rose from $1.2B to $2.3B at WLH close, then was systematically reduced through FY 2021 ($1.4B net debt) and FY 2022 ($0.9B net debt). The aggressive FY 2021-FY 2025 buyback program of ~$1.5B was substantively funded from operating cash flow over a period when TMHC also kept gross senior notes at ~$1.45-$1.48B (essentially flat) and used ABL drawings only opportunistically for working-capital land-investment funding. The FY 2024 ABL step-up to $476M and FY 2025 ABL step-up to $745M reflect land-bank investment for the post-2023 affordability inflection, not buyback financing. **The Buffett-discipline read: TMHC ran a textbook capital-allocation arc — deleverage at the post-acquisition peak, then return capital aggressively at trough valuations, with no dividend dilution of the per-share economics of the buyback program.** The Berkshire deal at $72.50 monetizes that disciplined arc.

Average selling prices by brand and segment

TMHC reports closings ASP at the company level and segment level (East / Central / West) but not at the brand level (Taylor Morrison / Esplanade / Yardly). Brand-level ASPs are inferable but not directly disclosed; the data below combines company- and segment-level disclosures with qualitative brand-mix color from the 4Q25 release and investor presentation.

Cut	ASP	Source / note
Company total (FY2025 closings)	$597K	4Q25 release p.7
Company total (FY2024 closings)	$601K	4Q25 release p.7
Backlog ASP — East (12/31/25)	$652K	4Q25 release p.10 (proxy for East mix incl. Esplanade)
Backlog ASP — Central (12/31/25)	$577K	4Q25 release p.10
Backlog ASP — West (12/31/25)	$699K	4Q25 release p.10 (proxy for West mix incl. Esplanade)
Backlog ASP — Total (12/31/25)	$659K	4Q25 release p.10
Brand — Taylor Morrison (move-up / entry-level)	~$570-590K (inferred)	Below company avg because Esplanade pulls company avg up
Brand — Esplanade (55+ resort-lifestyle)	Superior ASPs (qualitative)	4Q25 release p.2; 1Q26 investor presentation p.9; ~50% all-cash buyers
Brand — Yardly (build-to-rent)	Build-cost basis	BTR economics differ; not directly ASP-comparable

The Esplanade ASP premium is the operating signal. The 4Q25 release described Esplanade as delivering ‘superior average sales prices and gross margins’ with approximately half of buyers paying all cash. Esplanade was the only TMHC segment to grow YoY in 1Q26 (+9%). The strategic re-emphasis on Esplanade plus the higher-ASP East / West segment skew tells the practitioner that the Esplanade brand is the margin lever the next decade of the business depends on. Practitioners modeling TMHC standalone or as a Berkshire subsidiary should pull the brand-level ASPs from TMHC’s 10-K (where segment-and-brand disclosure is more detailed than the earnings release).

Balance sheet and land book (12/31/25)

Line	12/31/25	12/31/24
Cash and cash equivalents	$850M	$487M
Owned inventory (homes + land)	$6,046M	$6,163M
Total real estate inventory	$6,141M	$6,234M
Land deposits	$361M	$300M

Line	12/31/25	12/31/24
Mortgage loans held for sale	$133M	$208M
Investments in unconsolidated entities	$487M	$440M
Goodwill	$663M	$663M
Total assets	$9,838M	$9,297M
Senior notes, net	$1,463M	$1,470M
Loans payable and other borrowings	$745M	$476M
Revolving credit facility	$0M	$0M
Mortgage warehouse borrowings	$83M	$174M
Total liabilities	$3,529M	$3,419M
Total stockholders’ equity	$6,309M	$5,878M
Total liabilities and stockholders’ equity	**$9,838M**	**$9,297M**
(ties to Total assets above)	■	■
Net homebuilding debt to capitalization	17.8%	20.0%

Land position and asset-light architecture

TMHC controls 78,835 homebuilding lots at 12/31/25 — 6.1 years of supply based on TTM closings (2.8 years owned, 3.3 years controlled via land banks and options off-balance-sheet). The 54%-off-balance-sheet share is materially higher than the pre-2020 industry posture and is the single most important balance-sheet line item from an acquisition-underwriting view: it limits land-price write-down exposure if the cycle softens further. By 1Q26 the lot count moderated to 75,626 with 51% off-balance-sheet — consistent with active land discipline.

LIBRARY TIE-IN
PE Guide - Land-Light Builder Chapter. *The shift to land-banked / land-optioned control (post-2015 industry-wide, but advanced by TMHC, Lennar, and PulteGroup) is the most important balance-sheet evolution of the modern homebuilding cycle. Sponsors and strategic buyers pay materially less for land-heavy builders. TMHC's 54% off-balance-sheet share is a quality tell.*

1Q 2026 momentum (the trough-look)

1Q26 was a tough quarter, presented honestly by management. Home closings revenue fell 28% YoY to $1.31B (2,268 closings vs. 3,048; ASP $578K vs. $600K). Adjusted home closings gross margin compressed to 20.6% (from 23.5% in 1Q25). Net income was $99M ($1.01 diluted GAAP, $1.12 adjusted). SG&A leverage compressed to 11.4% (from 9.7%) because SG&A dollar discipline was offset by lower closings volume. Net sales orders were 2,914 (vs. 3,374). However: monthly absorption pace was 2.7 (vs. 2.4 in 4Q25), the to-be-built mix grew to 38% (from 28% in 4Q25), and backlog rebuilt to 3,465 homes (vs. 2,819 at year-end). Book value per share grew 11% YoY to $64. The 1Q26 print is the rough patch the deal price clearly contemplates.

4. Why Berkshire — the homebuilder thesis

Reading Greg Abel's deal-day quote is the right place to start: *'Berkshire is acquiring a best-in-class national homebuilder, led by an exceptional team and backed by a trusted reputation for customer experience... over time, we expect to unify our site-built homebuilding operations into a combined platform enabling us to deliver the dream of homeownership to more Americans.'* That is not boilerplate. The phrase **'unify our site-built homebuilding operations'** is a strategic declaration.

Berkshire's existing housing perimeter (before TMHC)

Berkshire business	Role in housing	Source
Clayton Homes	Manufactured homes (49,400 off-site in 2025) + site-built (~10,000 in 2025); home financing.	BRK 10-K p. K-16
Clayton Properties Group	Clayton's site-built division - nine builders across 17 states, ~300 subdivisions.	BRK 10-K p. K-16
HomeServices of America	~35,000 agents in 770+ offices; mortgage, title, insurance, home warranty.	BRK 10-K p. K-11
Shaw Industries	Flooring (carpet, hardwood, resilient) - residential and commercial.	BRK 10-K p. K-16
Benjamin Moore	Premium architectural paint - 8,000+ retail outlets.	BRK 10-K p. K-18
MiTek	Engineered connectors, building products, software for construction.	BRK 10-K
Acme Brick / Johns Manville	Bricks, insulation, roofing - building products.	BRK 10-K
Berkshire Hathaway Energy (BHE)	Utility & infrastructure exposure to housing-driven energy demand.	BRK 10-K p. K-7

TMHC slots into this perimeter cleanly. Clayton already runs ~10,000 site-built closings; TMHC adds 13,000 more, on the Sun Belt footprint where Clayton's site-built operations are less concentrated. HomeServices originates loans and provides title; TMHC has its own mortgage, title, and insurance subsidiaries (TMHF, Inspired Title, TMIS). The 88% mortgage-capture rate at TMHF is essentially a model the combined Berkshire footprint can replicate at higher scale.

The Sun Belt thesis

TMHC's 12 states are the Sun Belt migration map: Texas, Florida, Arizona, Nevada, North Carolina, Georgia, Colorado, Washington, and others. The demographic tailwind here is twenty years long — the population flow from high-tax, high-cost coastal markets into Sun Belt metros has been operating since the early 2000s and accelerated post-2020. Berkshire's behavior on this tailwind has been to own the picks-and-shovels (Clayton, Shaw, Benjamin Moore, MiTek) rather than the builders themselves. The TMHC deal is the upgrade from picks-and-shovels to builder-plus-picks-and-shovels.

The replacement-cost moat

Production homebuilders have a structural moat that gets stronger when materials costs rise: land-position, entitlements, supplier relationships, and skilled-trades labor pools are not easily reproduced. Tariff pressure on building materials (lumber, steel, aluminum, appliances) lifts the replacement cost of every existing house and every land position. A buyer with a five-year land book and 21-market scale has a moat that a startup builder cannot reproduce in any practical horizon. This is the long-cycle replacement-cost lens applied to housing: the asset is irreproducible at the price the buyer paid for it.

LIBRARY TIE-IN
FP - The Replacement-Cost Lens. *Berkshire's long-cycle subsidiary acquisitions and the post-acquisition performance is the canonical case for replacement-cost-protected cash flow. The TMHC case is a smaller version with the same skeleton: irreproducible asset position, long-cycle demand, capital intensity that creates the moat in the first place.*

The Build-to-Rent option (Yardly)

Yardly — TMHC's Build-to-Rent brand — is the genuinely interesting strategic option in this deal. BTR is the asset-light way to ride the demographic shortage of housing: TMHC builds the community, sells to (or partners with) an institutional rental operator, and the developer-builder economics flip from cyclical lump-sum gross margin to recurring revenue with a developer profit margin in front. Berkshire-Hathaway-Energy regularly partners with renewables developers under a similar structure. TMHC's Yardly platform — combined with BHE's institutional-scale balance sheet — is the asset-light flywheel that the Institute would expect to see emphasized over the next several years.

5. The Valuation Math

Three multiples to grade Berkshire's price — each pinned to a source, each compared to the public comparable set and to TMHC's own trailing trading range. We use TMHC's actual FY2025 operating earnings; we are not using forward estimates because the case study is explicitly a deal-discipline read, not a forecast.

Multiple	Calculation	Implied	Source
P / FY25 GAAP EPS	$72.50 / $7.77	9.3x	TMHC 4Q25 release p. 7
P / FY25 Adj. EPS	$72.50 / $8.24	8.8x	TMHC 4Q25 release p. 12
P / FY25 Net Income (equity / NI)	$6.8B / $782.5M	8.7x	Press release; 4Q25 release p. 7
EV / FY25 EBITDA	$8.5B / $1.201B	7.1x	Press release; 4Q25 release p. 13
EV / FY25 Adj. EBITDA	$8.5B / $1.292B	6.6x	Press release; 4Q25 release p. 13
Price / Book Value	$6.8B / $6.309B	1.08x	Press release; 4Q25 release p. 8
Price / Tangible Book	$6.8B / $5.646B	1.20x	Equity less $663M goodwill; p. 8
EV / Total Revenue	$8.5B / $8.121B	1.05x	Press release; 4Q25 release p. 7
Premium to undisturbed close	$72.50 / $58.50	24%	Press release p. 1
Premium to TTM VWAP (est.)	$72.50 / ~$60 [VERIFY]	~21%	[VERIFY] approximate VWAP
Premium to 52-week high (est.)	$72.50 / ~$80 [VERIFY]	(~9%)	[VERIFY] from public price chart
Premium to book value per share	$72.50 / ~$64	13%	BVPS = $6,309M / ~98.7M shares

SOURCE NOTE [VERIFY] markers: TTM VWAP and 52-week high are estimated from public price action context (TMHC ran from low-$50s to mid-$70s over the trailing twelve months). These should be confirmed from a paid price-history source before any public publication. The 24% deal premium and every operating-metric multiple are pinned to filings and are firm.

Public-comparable set

Production-homebuilder valuations vary widely with cycle position. The set below is the natural comparable group for TMHC. Multiples are TTM proxies marked [VERIFY] where not drawn from a source document in our set — practitioners should refresh these from a data source (FactSet, S&P CapIQ, Yahoo Finance) before publication.

Builder	Ticker	P/E (TTM)	P/B (MRQ)	EV/EBITDA (TTM)	Note
DR Horton	DHI	~13.8x	~1.77x	~11.5x	Largest US builder, broad geo
Lennar	LEN	~12.9x	~1.01x	~10.4x	Land-light leader
NVR	NVR	~14.9x	~4.7-4.8x	~9.5-9.6x	Asset-light lot-option model, premium

Builder	Ticker	P/E (TTM)	P/B (MRQ)	EV/EBITDA (TTM)	Note
PulteGroup	PHM	~11.4x	~1.74x	~8.1x	Diversified buyer segments
KB Home	KBH	~9.4x	~0.8x	~10.1-10.2x	Entry-level focus, lower margin
Meritage Homes	MTH	~11.9x	~0.85x	~10.5-11.0x	Closest TMHC comparable in scale
Toll Brothers	TOL	~10.5x	~1.4-1.6x	~7.9-8.7x	Luxury skew, higher margin (closest buyer-profile comp)
Tri Pointe Homes	TPH	~22x+	~1.21x	~13.5-14.8x	California / Texas concentration
TMHC (deal price)	TMHC	8.8x (Adj)	1.08x	6.6x (Adj)	All cash, definitive merger

SOURCE NOTE Public-comp multiples are as of late-May / early-June 2026, primarily from Yahoo Finance key statistics and GuruFocus (TTM where specified). Values fluctuate daily; practitioners should refresh from a paid data source (FactSet, S&P CapIQ, or broker research) before relying on them. The directional reading is robust to small drift in any single multiple.

Headline reading: TMHC at 6.6x trailing Adj. EV/EBITDA is the lowest cash-flow multiple in the public US homebuilder cohort. The cohort ranges from Toll Brothers at ~7.9-8.7x (luxury — the closest buyer-profile comp to TMHC's Esplanade-skewed portfolio) to Tri Pointe at ~13.5-14.8x. Even the cohort floor (TOL) is ~20% above the price Berkshire paid for TMHC; the cohort median is roughly 10-11x. Berkshire paid a 1.08x book multiple — below the cohort median (~1.0-1.7x ex-NVR) but well within range. The two readings combine into a single sentence: *Berkshire bought the cheapest publicly-traded US homebuilder on cash flow, at a defensible (not distressed) book multiple.* The 24% deal premium pulls the multiple from ~0.91x book to 1.08x book — still inside the cohort distribution.

What this multiple bought Berkshire

At 6.6x trailing Adj. EBITDA on $1.29B of Adj. EBITDA and $8.5B of EV, Berkshire is paying for one fact: TMHC's Adj. EBITDA needs to be roughly stable over the next decade for Berkshire to compound at low-double-digit returns on the purchase price. If the homebuilder cycle *normalizes* rather than *recovers* — say, $1.0-1.2B of Adj. EBITDA as the new mid-cycle — Berkshire's compound on capital is mid-to-high single digits. If the cycle re-accelerates (rates ease, household formation rises, Sun Belt migration continues), Berkshire's compound is mid-teens. The deal does not require the optimistic case to work; it requires the median case to not be a disaster.

LIBRARY TIE-IN
BBG - Owner-Operator Acquisition Lens, Ch. 4. *The Business Buyers Guide's chapter on buying at a multiple of trough earnings, not peak earnings, is the chapter this deal illustrates. The structural advice: pay for a downcycle, not an upcycle, and the upcycle becomes the return rather than the requirement.*

6. The Buffett-Discipline Read

Reading the deal against the Buffett behavioral catalog — what looks like the pattern, and what breaks the pattern.

What looks like the Buffett pattern

- **Predictable cash flows from a simple business.** Production homebuilding is mature, comprehensible, and the unit economics are stable in cycle-average terms.
- **Owner-operator alignment with a known CEO.** Sheryl Palmer remains. Berkshire does not fix what is not broken. (Tony Nicely / GEICO is the canonical reference.)
- **Modest premium, modest multiple.** 24% premium; 8.7x earnings; 1.08x book. These are Berkshire-typical numbers, not Wall-Street-typical numbers.
- **All-cash from the existing balance sheet.** No financing contingency. No debt issuance. No equity issuance.
- **Adjacent to existing Berkshire businesses.** Clayton, HomeServices, Shaw, Benjamin Moore, MiTek, BHE. The platform thesis is real.
- **Long-cycle, replacement-cost-protected asset.** Land positions, entitlements, builder relationships, trades-labor pools. The structural-moat reading the Institute applies to Berkshire’s long-cycle subsidiaries.
- **The buyer is being patient.** Berkshire is acquiring at the trough of the post-2022 homebuilder cycle, not the 2021 peak. Buying time, not buying enthusiasm.

What breaks the Buffett pattern

- **Cyclical industry.** See's Candies, GEICO, BNSF, Burlington Northern Santa Fe, Coca-Cola common-stock holding — these are not cyclical in the homebuilder sense. Production homebuilding is, structurally, a cyclical business; revenue can fall 25-30% in a downturn (TMHC's 1Q26 is a small dress-rehearsal of this).
- **Capital intensity.** A homebuilder carries land, work-in-process inventory, and finished homes against a thin equity ratio. TMHC's owned inventory is $6.0B against $6.3B of equity. This is the most capital-intensive Berkshire operating subsidiary outside utilities and rail.
- **Mortgage-rate sensitivity.** Berkshire generally avoids businesses whose end-demand turns on the level of policy interest rates. Homebuilders are the textbook case of policy-rate-sensitive demand. This is the genuine break.
- **Buffett's historical bias.** The annual letter has not, to the Institute's reading, celebrated pure production homebuilders — even Clayton has been celebrated for its manufactured-housing model and its mortgage book, not for the site-built operation. The TMHC deal moves Berkshire into a category Buffett historically avoided.
- **Greg Abel, not Warren Buffett.** This is the first major Berkshire acquisition fully under Greg Abel's CEO authority (Buffett remains Chairman). The deal's profile — large, strategic-bolt-on, platform-extension — reads more like Abel's BHE acquisition cadence than Buffett's marquee deals. Practitioners reading 'Berkshire' should adjust the model: post-2026 deals will increasingly look like Abel's deals, not Buffett's.

Reconciling the two

The honest read is that this is a Buffett-discipline deal made by Abel, in an industry Buffett historically would have approached with more skepticism, but at a price that satisfies the Buffett margin-of-safety test even if the cycle stays soft. The discipline is intact; the circle of competence has been expanded. Both observations are correct simultaneously. Reading the deal as *pure* Buffett discipline is wrong; reading it as *not* Buffett discipline is also wrong. It is Buffett discipline applied to a category Buffett would have declined to enter at higher multiples — and Abel found the entry price where the discipline still works.

7. Comparable Berkshire History

Four prior Berkshire acquisitions are the proper reference set for understanding TMHC:

Deal	Year	Size	Why it's the right comp	Read for TMHC
Clayton Homes (manufactured-housing parent + Vanderbilt Mortgage)	2003	$1.7B (BRK stock + assumed debt)	Production housing + in-house mortgage origination + Sun Belt geographic skew. The single closest TMHC analog in the Berkshire portfolio.	Site-built + manufactured + mortgage = the integrated residential platform Berkshire is now extending. The Vanderbilt-into-Berkshire-balance-sheet financing rescue (Jim Clayton, First a Dream) is the operating-thesis precedent for TMHF self-finance.
Clayton Properties Group (site-built builder rollup)	2015-present	n.d. (intra-Clayton)	Nine acquired site-builders across 17 states: Oakwood Homes (CO, 2017), Summit Homes (IN), Goodall Homes (TN), Harris Doyle Homes (AL), and others. ~10,000 site-built closings annually. The other Berkshire site-built builder.	The most direct organizational precedent: Berkshire let Clayton acquire small/mid regional site-builders incrementally over a decade. TMHC at $8.5B EV is a single transaction at very different scale, but the operating philosophy is the same. Practitioners should expect Clayton and TMHC to share land/lot procurement, materials, mortgage operations over time.
HomeServices of America (residential brokerage)	2000 (via MidAm/BHE) + bolt-ons	~$2.5B+ cumulative; ~35,000 agents in 770+ offices	The Berkshire residential ecosystem's consumer-facing distribution layer. Berkshire Hathaway HomeServices (franchise) plus owned brokerage brands (Long & Foster, Edina Realty, Real Estate One, Long Realty, etc.) plus mortgage / title / insurance / home-warranty subsidiaries.	TMHC's new homes flow through HomeServices' resale-channel brokerage and through HomeServices' mortgage / title / insurance affiliates for closing-table economics. HomeServices' market intelligence becomes a real input to TMHC site selection. See §9 below on lot-development strategic question.

The Clayton parallel — the closest read

Clayton Homes is the right reference. Berkshire acquired Clayton in 2003 for $1.7B when manufactured-housing was a stigmatized sector facing post-2000 financing-market collapse. Twenty-three years later Clayton ships ~49,400 manufactured homes and ~10,000 site-built homes annually, owns the financing book that funds the manufactured-home sales, and is a foundational Berkshire-housing pillar. The structural similarity to TMHC: production build + in-house mortgage origination + in-house title and insurance + Sun Belt geographic skew. Clayton's site-built division (Clayton Properties Group — nine builders, 17 states, ~300 subdivisions) is the unit TMHC most clearly extends.

LIBRARY TIE-IN
FP - Berkshire Acquisition Doctrine, Ch. 11. *The Institute's First Principles chapter on Berkshire's acquisition discipline reads Clayton Homes as the modern template for a production-housing acquisition: known CEO, in-house finance, distribution control, and modest price relative to mid-cycle earnings. TMHC fits the template at larger scale.*

Expanding HomeServices: the residential ecosystem play

Of the three Berkshire comparables, HomeServices of America is the under-discussed one. Berkshire (via the then-MidAmerican Energy, now Berkshire Hathaway Energy) acquired HomeServices in 2000 as a small Iowa residential brokerage. Over twenty-five years Berkshire let HomeServices scale through bolt-on acquisition into the second-largest US residential brokerage by transaction volume — ~35,000 agents in 770+ offices, with owned brokerage brands (Long & Foster, Edina Realty, Real Estate One, Long Realty, etc.) plus the Berkshire Hathaway HomeServices franchise network. HomeServices also owns mortgage origination (HomeServices Lending; the PrimeLending JV), title insurance and escrow (HomeServices Title), and home-warranty subsidiaries.

HomeServices is the consumer-facing distribution layer of the Berkshire residential ecosystem. The strategic implication for TMHC is direct: TMHC builds new homes; HomeServices brokers the resale trade-up transactions that fund new-home purchases; HomeServices' mortgage and title affiliates capture closing-table economics on both sides; and HomeServices' agent-network market intelligence (which neighborhoods are turning over, which price points absorbing, which school-district shifts pulling demand) becomes a real input to TMHC's land-acquisition decisions. None of this requires Berkshire to formally integrate the two; Berkshire's operating philosophy is the opposite. But informal coordination at the operating level — the kind that emerges naturally between two Berkshire-owned subsidiaries sharing a parent — is expected, and is part of the platform thesis.

Lot development — the strategic question

TMHC is currently the only Berkshire subsidiary doing residential lot development at scale. Clayton Homes places manufactured homes on customer-owned land or in dealer-owned communities; HomeServices brokers existing homes; BHE's real-estate footprint is utility transmission corridors and generating-station land, not residential. TMHC, by contrast, owns $6.0B of inventory that is primarily raw land, entitled land, finished lots, work-in-process homes, and finished homes — lot development is the front end of TMHC's operating model.

The strategic question this acquisition raises — **does Berkshire build out a residential master-developer arm leveraging TMHC's lot-development competency?** — is the platform-thesis test that will validate or invalidate the deal logic over the next five to ten years. The plausible answers involve (a) TMHC selling finished lots to Clayton site-built operations in non-overlapping markets, (b) HomeServices market intelligence feeding TMHC site selection, (c) BHE landholdings reviewed for residential conversion where utility footprint permits, and (d) potentially a separate residential master-developer subsidiary alongside TMHC for community-scale work in markets where TMHC chooses not to be the homebuilder. Practitioners should watch for these signals in subsequent Berkshire 10-K segment disclosure and Sheryl Palmer commentary post-close.

8. What Changes for TMHC Post-Close

The Buffett pattern is famously hands-off at the operating level. Reading the deal documents and Berkshire's historical behavior with Clayton and HomeServices, the practitioner can expect the following:

Item	Pre-close	Expected post-close
CEO	Sheryl Palmer (Chairman & CEO)	Sheryl Palmer continues (per press release)
Brand	Taylor Morrison, Esplanade, Yardly	Brands likely retained at customer-facing level
Capital allocation	Self-funded, $1B buyback authorization	Capital allocation moves to Berkshire HQ; buybacks end
Dividend	No common dividend historically	No change (TMHC has not paid dividends)
Share-based comp	Standard public-company equity compensation	Restructured into Berkshire-style cash incentive plan
Land investment	~$2B/yr in land + development	Likely flat-to-up; Berkshire patient with land cycle
BTR (Yardly) pipeline	Growing platform	Strategic emphasis likely; pairs with BHE / HomeServices
Mortgage origination (TMHF)	88% capture rate, retail channel	Possible coordination with HomeServices mortgage
Reporting structure	Public-company SEC reporting	Reports into Berkshire Manufacturing or Building Products segment
Day-to-day operations	Run from Scottsdale by existing team	Unchanged - Berkshire pattern is operating autonomy

The capital-allocation change

The largest single change is capital allocation. As a public company TMHC was buying back stock at roughly $400M/yr pace (6.5M shares for $381M in FY2025; an additional 2.5M for $150M in 1Q26 alone; $863M remained on the $1B authorization as of 3/31/26). That program ends at close. TMHC's free cash flow post-close will route to Berkshire Omaha, which will redeploy — into TMHC land investment, into Clayton, into HomeServices, into the cash war chest, or into the next acquisition. For TMHC management, the discipline of *'is this the best use of the cash'* moves from a board-and-shareholder dialogue to a Berkshire-HQ dialogue. This is Berkshire's customary structure and is well-tolerated by acquired-company managers (Kevin Clayton, Tony Nicely, Greg Abel, Matt Rose all flourished under it).

What the practitioner can expect not to change

- Customer experience and brand positioning — Taylor Morrison's customer-trust ratings are an asset Berkshire would not touch.
- Geographic footprint — the 21-market Sun Belt concentration is the deal's strategic logic.

- Operating-segment management — the East / Central / West regional structure stays.
- The TMHF / Inspired Title / TMIS financial-services trio — the in-house finance attach is what made TMHC structurally interesting; Berkshire does not break what works.

9. What This Signals About Berkshire's Residential Thesis

Three signals are reading clearly. First, the Abel-era cadence is faster and more strategic-bolt-on than Buffett's. Second, the Sun Belt housing thesis — long-running in Berkshire's subsidiaries-but-quiet-at-the-Omaha-level — is being elevated to a public-stated strategic priority. Third, the residential-housing flywheel (Clayton + TMHC + HomeServices + BHE) is being assembled in a way that suggests further moves.

The likely Berkshire residential flywheel

Step	Berkshire asset	Function in the flywheel
Land + lot supply	TMHC (land bank), Clayton site-built	Identify, entitle, develop
Build / install	TMHC (site-built), Clayton (off-site + site-built)	Construct at scale
Materials	Shaw, Benjamin Moore, MiTek, Acme Brick, Johns Manville	In-family materials supply at cost-plus or commercial terms
Sale to consumer	TMHC retail + Clayton retail + HomeServices brokerage	Distribution
Mortgage origination	TMHF (TMHC), Clayton mortgage, HomeServices mortgage	Capture financing margin
Title / insurance / warranty	Inspired Title (TMHC), HomeServices ancillaries	Capture closing-table economics
Rental alternative	Yardly (TMHC BTR)	Demographic option on permanent renters
Utility / energy nexus	Berkshire Hathaway Energy	Power, gas, fiber into new communities

No single move makes this flywheel obvious; but reading the moves together — HomeServices ownership for two decades, Clayton ownership for two decades, the building-products portfolio for three decades, BHE's institutional power-and-utility position, and now the public-builder bolt-on — the strategic shape is consistent. The Institute's read is that Greg Abel is building the residential-housing version of what BHE built in utilities: a long-cycle, capital-intensive, geographically-diversified, in-family-supplied operating platform.

What might follow

- A second Sun Belt builder bolt-on (Meritage, Tri Pointe, or a private regional). The platform logic supports it; the cash war chest permits it.
- Expanded BTR commitment via Yardly + HomeServices financing channels.
- A mortgage-operations rollup combining TMHF, Clayton's lender, and HomeServices' mortgage book.
- A title / insurance / warranty rollup combining Inspired Title with HomeServices closing services.
- Annual-letter elevation: housing platform moves from sub-paragraph mentions to a named segment in Buffett's / Abel's letter.

SOURCE NOTE These follow-ons are inferences from the strategic shape of the deal and Berkshire's historical pattern. No source document predicts them. Practitioners should not bet on them. The Institute publishes them as the natural next-question prompts a careful reader should hold.

10. Risks to the Thesis

Interest-rate / mortgage-rate sensitivity. TMHC's end-buyer is a mortgaged homebuyer. A second leg up in rates would extend the demand drought visible in 1Q26 and could compress mid-cycle margins below current run-rate. Berkshire's price discipline limits the downside damage but does not eliminate it.

Land-position write-down risk. TMHC's $6.0B of owned inventory and $0.4B of land deposits are the largest assets on the balance sheet. A sharper Sun Belt land-price correction could force impairment. The 54%-off-balance-sheet land-control share materially limits this risk but does not eliminate it. Underwriting discipline: review the lot-cost-per-finished-home roll-forward annually.

Regulatory (HSR / state) review. An $8.5B production-homebuilder acquisition by a strategic buyer will draw HSR Second Request review. Berkshire's housing footprint (Clayton + Shaw + Benjamin Moore + MiTek + HomeServices) is broad but not geographically overlapping with TMHC in a way that should raise serious concentration concerns. State-level mortgage and title licensing transfers will follow the customary timeline.

TMHC stockholder vote. The transaction requires TMHC stockholder approval. 24% premium is not lavish; an activist or large holder could push for a Goldman / Moelis market check. The deal price sits inside the comp range and the management team's endorsement reduces this risk meaningfully but does not eliminate it.

Cycle deepening before close. If the homebuilder cycle deepens between announcement and H2 2026 close, TMHC's interim earnings could disappoint. The deal does not have a material-adverse-change condition with a specific earnings test (per the press release), but the merger agreement will. Practitioners should read the proxy MAC carefully when filed.

Berkshire's post-Buffett identity. This deal is publicly Abel's first major capital deployment. The market is reading Abel's capital-allocation pattern in real time. If subsequent Abel deals are less disciplined on price, the institutional read of the TMHC deal — *'this is what Abel-era Berkshire looks like'* — could shift.

Integration with Clayton site-built. Abel's stated intention to *'unify our site-built homebuilding operations'* implies a Clayton Properties Group + TMHC integration over time. Integrations of two large operating teams carry execution risk even under Berkshire's hands-off philosophy. The Institute would be alert for a CEO consolidation move at the combined site-built unit within 24-36 months of close.

11. Who Berkshire Might Buy Next from the Public Homebuilder Cohort

The natural reader question after a TMHC deal: *who else could Berkshire acquire from the public homebuilder cohort, and at what price?* The Institute scores the seven other publicly-traded peers in the cohort against the Berkshire-revealed buyer criteria from the TMHC transaction: modest multiple (8-9x earnings, 1.0-1.2x book, 6-7x EV/EBITDA); owner-operator continuity (CEO stays in the seat); Sun Belt / long-cycle / replacement-cost-protected operating profile; adjacency to Berkshire's existing residential ecosystem (Clayton, Clayton Properties Group, HomeServices); balance-sheet absorption without strain. The ranking below is the Institute's read; the cohort multiples are pulled from the same late-May / early-June 2026 Yahoo Finance + GuruFocus snapshot used in §5 above.

Tier 1 — Strongest BRK fits

PulteGroup (PHM) — the standout candidate.

$22.4B market cap, $22.4B enterprise value (net-debt neutral), 11.4x P/E, 8.1x EV/EBITDA — the cheapest cash-flow multiple in the cohort after TMHC's deal price. Three brands: Pulte (move-up core), Centex (entry-level), and **Del Webb — the dominant 55+ active-adult homebuilding brand in the country.** Del Webb is the brand TMHC's Esplanade was built to compete with. If Berkshire already owns TMHC + Esplanade and acquires PHM + Del Webb, the combined entity becomes the consolidated leader in 55+ resort-lifestyle homebuilding in the US — a category with secular demographic tailwinds (the baby-boomer 55+ cohort exceeds 95 million in 2026). CEO Ryan Marshall has been in the seat since 2016 (Tony-Nicely-pattern continuity). Scale (~$22B mcap) is digestible inside Berkshire's cash position. **The Institute's read: PHM is the most likely next single-name BRK homebuilder acquisition, and the platform logic is stronger than the TMHC deal alone.**

Meritage Homes (MTH) — the cleanest Sun Belt tuck-in.

$4.4B market cap is a rounding error to Berkshire. 11.9x P/E, 10.5-11.0x EV/EBITDA = reasonable. 0.85x P/B = cheap on book. Closest geographic + size profile to TMHC of the entire cohort. Steven Hilton family still represented in the company (Steven J. Hilton as executive chairman; Phillippe Lord as CEO). Lowest digestion cost in the cohort — would be the 'second TMHC' if Abel wants to build a Sun Belt platform incrementally rather than swing for the biggest single deal again. Brand and operating overlap with TMHC is high (positive for integration, neutral for geographic diversification).

Tier 2 — Strong fit with friction

Toll Brothers (TOL) — closest buyer-profile match, multiple still in range.

$12.9B mcap, $14.8B EV, 10.5x P/E, 7.9-8.7x EV/EBITDA. **The only public peer trading near TMHC's deal multiple of 6.6x EV/EBITDA.** Doug Yearley Jr. has been CEO since 2010 — long-tenure, BRK-pattern continuity. Luxury / high-end skew is the closest buyer-profile match to TMHC's Esplanade emphasis. Friction:

significant brand overlap with Esplanade would mean either cannibalization (run both, lose to consolidation logic) or aggressive consolidation (one brand wins, the other is wound down). Berkshire could plausibly own both and run them as separate brands per the BRK operating philosophy — but the platform logic is cleaner if Abel picks one luxury operator rather than two. **Likely candidate if PHM and MTH are off the table for any reason; less natural-fit than PHM.**

Tier 3 — Cycle-dependent watchlist

Tri Pointe Homes (TPH) — cycle-stress candidate.

$4.0B mcap, $4.4B EV, 22x+ P/E on depressed EPS = elevated multiple reflecting cycle stress. 13.5-14.8x EV/EBITDA = expensive at face. If TPH gets cheaper through a second leg down in the homebuilder cycle — particularly a Sun Belt-localized stress in CA/TX where TPH concentrates — the multiple could compress to BRK-attractive levels. Doug Bauer is CEO. Watchlist, cycle-dependent.

Tier 4 — Poor fits at current multiples

Builder	Why not a BRK fit (at current multiples)
DR Horton (DHI)	Too big ($41.7B mcap) and too expensive (13.8x P/E, 11.5x EV/EBITDA — nearly 2x what BRK paid for TMHC). Donald Horton family no longer in operational seat. Even with BRK's cash position, a $50B+ deal is a single-name concentration Abel-era BRK has not signaled appetite for. Wait for cycle dislocation.
Lennar (LEN)	Same scale + multiple problem as DHI. The land-light approach is philosophically interesting to BRK (lower capital intensity), but at 12.9x P/E / 10.4x EV/EBITDA, BRK discipline says wait for a cycle break.
KB Home (KBH)	Highest relative leverage in cohort (~35% ND/EV). Fails BRK's prefer-low-debt criterion. Entry-level focus = weaker margin profile than BRK has historically preferred. Multiple isn't even that cheap relative to the business profile. Pass.
NVR Inc.	4.75x P/B is a Berkshire-can't-pay-this-price multiple. Asset-light lot-option operating model doesn't synergize with TMHC's land-heavy approach. The model is unique and the premium is earned, but BRK wouldn't pay it. Pass.

Cohort ranking — consolidated

Rank	Candidate	Mkt Cap	EV/EBITDA	Why	Hypothetical BR-H slot
1	PulteGroup (PHM)	$22.4B	8.1x	Best brand fit (Del Webb + Esplanade consolidation) + reasonable multiple + clean balance sheet	BR-H2 (next full case)
2	Meritage (MTH)	$4.4B	10.5-11x	Cleanest tuck-in; smallest digestion cost; pure Sun Belt overlap	BR-H3

Rank	Candidate	Mkt Cap	EV/EBITDA	Why	Hypothetical BR-H slot
3	Toll Brothers (TOL)	$12.9B	7.9-8.7x	Closest buyer-profile + only peer near TMHC deal multiple	BR-H4
4	Tri Pointe (TPH)	$4.0B	13.5-14.8x	Watchlist; cycle-dependent	BR-H queue
—	DHI / LEN / KBH / NVR	Various	Various	Poor fit at current multiples; wait for cycle dislocation or pass entirely	Not currently candidates

The Institute's read: if Berkshire makes a second homebuilder acquisition in 2026-2027, PulteGroup is the most analytically defensible target. The combined Berkshire footprint after TMHC + PHM would be the dominant US 55+ active-adult homebuilder (Esplanade + Del Webb), the dominant Sun Belt move-up homebuilder, a meaningful entry-level position (Centex), and a flywheel with HomeServices, Clayton, Clayton Properties Group, Shaw, Benjamin Moore, MiTek, and BHE. The TMHC deal is the first move in a multi-year residential platform build, not the conclusion of one.

SOURCE NOTE: The Tier 1-4 ranking is an Institute analytical exercise based on Berkshire-revealed buyer criteria, current public market multiples, and the residential-platform thesis. No source document predicts these moves. Practitioners should not bet on them. Multiples refresh daily. The Institute publishes them as the natural next-question prompts a careful reader should hold after reading the TMHC case.

12. Library Crosswalk

The full Library Crosswalk PDF is published as a companion to this case. The summary below names the Institute guides this case study illuminates and the lead chapter in each.

Guide	Chapter	Read
Private Equity Guide	Deal Mechanics & Comp Pricing	The TMHC deal walks the full PE / strategic-buyer deal-mechanics flow at a public-merger scale.
First Principles of Master Investing	Berkshire Doctrine; Margin of Safety	Reads Berkshire's deal discipline in real time against the first-principles framework.
CFO & Controller's Guide	Capital Allocation (Ch. 18)	Cash-on-balance-sheet acquisition financing at a discount to comps - textbook capital allocation.
Business Buyers Guide	Owner-Operator Acquisition Lens	The Palmer-stays template is a small-business buyer's reference case at large scale.
Liquidity Event Playbook	Strategic Sale to a Patient Buyer	Reads the TMHC shareholder's liquidity event - all-cash, modest premium, premium-priced certainty.
Insurance & Risk Architecture	Float Deployment	Berkshire's $397B insurance-float-driven cash deploys into long-cycle assets - the canonical use case.

Full crosswalk available as a separate PDF in the Berkshire Read case folder.

12. Sources & Methodology

Every dollar figure in this case traces to a specific filing or filing-page. Where a number is estimated, calculated from a filing, or pending verification, it is marked — either as a [VERIFY] tag or in a Source Note.

Document inventory

Citation	Document	Pages cited
PR	Press release: 'Berkshire Hathaway to Acquire Taylor Morrison Home Corporation for $8.5 Billion' (May 31, 2026)	1, 2
TMHC-10K	Taylor Morrison Home Corporation Form 10-K, FY2025	5-12, 42-44
TMHC-10Q	Taylor Morrison Home Corporation Form 10-Q, Q1 2026	ongoing
TMHC-4Q25	TMHC 4Q25 Earnings Release (Feb 11, 2026)	1, 4, 7-14
TMHC-1Q26	TMHC 1Q26 Earnings Release (Apr 22, 2026)	1-3, 7-8
TMHC-4Q25 -IP	TMHC 4Q25 Investor Presentation	general
TMHC-1Q26 -IP	TMHC 1Q26 Investor Presentation	general
BRK-10K	Berkshire Hathaway Inc. Form 10-K, FY2025	K-7, K-11, K-16, K-18, K-43
BRK-10Q	Berkshire Hathaway Inc. Form 10-Q, Q1 2026	2

Calculation conventions

- Dollar amounts presented in millions ($M) or billions ($B) per the underlying filing. Per-share figures presented in dollars-per-share.
- Adjusted EBITDA and Adjusted Net Income are TMHC's non-GAAP reconciliations as presented in the 4Q25 earnings release pp. 12-13. Adjustments include legal reserves, real-estate impairment charges, pre-acquisition abandonment, warranty adjustments, loss on debt extinguishment, and tax impacts on these items.
- Book value per share computed as 12/31/25 stockholders' equity ($6,309M) divided by 1Q26 weighted-average diluted share count (~98.7M), yielding ~$64 per share - approximate, used for premium-to-book illustration.
- Enterprise value of $8.5B as stated in the press release; implied net debt of ~$1.7B is the difference between EV and equity value.
- Berkshire cash + Treasury position computed from 1Q26 10-Q Consolidated Balance Sheet (Insurance & Other + Railroad/Utilities cash and short-term Treasury Bills).
- Comparable-company multiples (Lennar, DHI, NVR, PHM, KBH, MTH, TOL, TPH) are pulled from late-May / early-June 2026 Yahoo Finance and GuruFocus snapshots of Q2 2026 tape and flagged [VERIFY] - these should be refreshed from FactSet or S&P CapIQ before any public publication.

[VERIFY] register

- [VERIFY-share-count] - Reconciliation of $6.8B / $72.50 = ~93.8M shares to the 1Q26 weighted-average diluted count of 98.7M. Reconciles in the definitive proxy.
- [Refresh-comp-multiples] - The public-comparable P/E, P/B, and EV/EBITDA multiples for DHI, LEN, NVR, PHM, KBH, MTH, TOL, TPH. Estimated as of Q2 2026 from public price context; refresh from a paid data source before publication.
- [VERIFY-VWAP] - TMHC trailing-twelve-month VWAP estimate; the 24% premium-to-undisturbed-close is firm from the press release.
- [VERIFY-52wk] - TMHC 52-week trading range; pull from a public price-history source.

13. Disclaimer

The Baratelli Institute does not advise on this stock, or any other stock. This Berkshire Read case study is an educational and analytical reference, published to help practitioners read a major capital-markets event through the Institute's library framework. It is not investment advice; it is not a recommendation to buy, sell, hold, or refrain from transacting in any security — including TMHC, Berkshire Hathaway, or any public homebuilder mentioned in the comparable-company set. It is not a fairness opinion. It is not merger-arbitrage research. It is not a forecast.

The author may or may not own positions in any of the named securities. The Institute's publishing posture is that ownership status of any author of an educational case study is not relevant to the educational content. Practitioners should make their own investment decisions in consultation with their own licensed advisors.

Insurance, banking, mortgage, and other regulated financial services are not the subject of this case. Any reference to TMHF, Inspired Title, TMIS, or the Berkshire Hathaway insurance entities is structural — intended to describe how the businesses fit together — not advisory. Nothing in this document is an offer or solicitation to purchase any insurance product, mortgage product, title product, or other regulated financial service.

Forward-looking statements. Sections of this case discuss what Berkshire might do post-close, what regulatory review might look like, and what the homebuilder cycle might do. These are inferences from public information, not predictions. Actual outcomes will differ.

Sources are public. Every input traces to a publicly-filed SEC document, a press release, or a public earnings disclosure. No non-public information was used in this case.

Baratelli Institute — Practitioner Library — Berkshire Read

baratelliinstitute.com - Case 1 - June 2026

PART II - LIBRARY CROSSWALK

BERKSHIRE READ
CASE 1

LIBRARY CROSSWALK - JUNE 1, 2026

TMHC Library Crosswalk

Companion to Berkshire Read Case 1

For each Institute guide where Berkshire's $8.5B acquisition of Taylor Morrison Home Corporation illuminates a chapter — the lead chapter, the read, and the practitioner takeaway.

Eight guides. Twelve chapters. One transaction.

POWER OF THE PACK. *The Institute library brings the deal-mechanics read, the first-principles read, the CFO read, and the practitioner-buyer read together in one place. This crosswalk is the integration layer — one transaction surfaces all four lenses.*

BARATELLI INSTITUTE - PRACTITIONER LIBRARY - baratelliinstitute.com

About this crosswalk

Every Baratelli Institute case study is paired with a Library Crosswalk so the practitioner can move directly from the observation ("Berkshire just acquired TMHC") to the working framework ("this is the chapter, here is the principle, here is how it applies"). The crosswalk is intentionally short and operational. Each entry names the guide, names the lead chapter, and gives a 2-3 sentence read.

Eight guides are surfaced by the TMHC deal: Private Equity Guide, First Principles of Master Investing, CFO & Controller's Guide, Business Buyers Guide, Liquidity Event Playbook, Insurance & Risk Architecture, Real Estate Decoded, and Tax Strategy Decoded. The first four are the Power-of-the-Pack core; the last four are adjacent reads that the case still illuminates.

PE — Private Equity Guide

Lead chapter: *Deal Mechanics & Comparable-Company Pricing*

The TMHC transaction is a clean walkthrough of strategic-buyer deal mechanics at public-merger scale. Definitive merger agreement, all-cash consideration, stockholder vote required, customary regulatory clearance, expected H2 2026 close. The 24% premium to undisturbed $58.50 close pulls TMHC's trading multiple from ~0.91x book to 1.08x book — still inside the public-comparable distribution and well below NVR's asset-light premium. Practitioners reading the PE Guide's comp-pricing chapter should walk the TMHC deal table for the cleanest live example of how a strategic premium is sized and justified against trading comps.

Secondary chapters this case touches:

- **LBO Structuring (counterfactual).** Why a financial sponsor could not match Berkshire's price - the homebuilder credit constrains leverage; sponsor exit horizons fight the homebuilder cycle. The case is a structural argument for the strategic premium.
- **Closing Mechanics.** The 'subject to customary closing conditions' language is standard. Practitioners should track the proxy filing for the merger-agreement MAC carveouts, particularly cycle-related materiality thresholds.
- **Working with Investment Bankers.** Goldman Sachs and Moelis on the sell-side. The Goldman/Moelis pairing is the classic 'big bulge + boutique' structure - one for distribution, one for the executive-level seller dialogue.

FP — First Principles of Master Investing

Lead chapter: *Berkshire Acquisition Doctrine & Margin of Safety*

The TMHC deal is the first major capital deployment fully under Greg Abel's CEO authority and is the cleanest live read of the post-Buffett Berkshire acquisition pattern. The doctrine fingerprints — modest premium, owner-CEO stays, all-cash from existing balance sheet, adjacent to existing Berkshire businesses, long-cycle replacement-cost-protected asset — appear in textbook form. The genuine break with prior pattern is the industry: production homebuilding is cyclical and mortgage-rate-sensitive in ways the canonical Berkshire holdings are not. The First Principles chapter on Berkshire doctrine reads this deal as Buffett-discipline-applied-by-Abel to a category Buffett would have approached at higher multiples with more skepticism.

Secondary chapters this case touches:

- **Margin of Safety (the third great principle).** 1.08x book, 8.7x earnings, 6.6x EBITDA - the deal does not require heroics; it requires the cycle to not get materially worse.
- **Circle of Competence.** The deal expands Berkshire's stated circle of competence to include production homebuilding alongside manufactured housing (Clayton). The expansion is incremental, not radical.
- **Owner-Operator Pattern.** Sheryl Palmer stays in the seat. This is the Nicely / Abel / Clayton / Liegl template - acquire the business and the operator together.
- **The Replacement-Cost Lens.** TMHC's land positions and entitlements are irreproducible at the prices Berkshire paid - the BNSF / Burlington Northern structural-moat read.

CFO — CFO & Controller's Guide

Lead chapter: *Capital Allocation (Ch. 18)*

Berkshire's $8.5B all-cash deployment is the canonical case for the CFO Guide's Chapter 18 principle: do not deploy capital absent a clear thesis; when the thesis arrives, deploy decisively. Berkshire held $397B of cash + Treasuries at 3/31/26; the TMHC deal absorbs approximately 2% of available cash. The deal is decisively-deployed cash into a thesis (Sun Belt production housing platform) at a price that does not require optimistic scenarios to work. CFOs and controllers reading the chapter alongside this case will see the principle in operation at the largest possible scale.

Secondary chapters this case touches:

- **Cash Management Strategy (Ch. 7).** Berkshire's Treasury-bill-heavy cash management lets it deploy size at notice. The 3-month T-bill ladder is the structural enabler of the $397B war chest.
- **M&A; Integration Planning (Ch. 19).** Berkshire's operating-autonomy doctrine - the acquired CEO continues, the operating segment continues, capital allocation moves to HQ. CFOs of acquired Berkshire subsidiaries report into Omaha but operate locally.
- **KPI Selection for Cyclical Businesses (Ch. 9).** TMHC's KPI set - absorption pace, lot supply, gross margin, SG&A; leverage - is the standard cyclical-builder dashboard. The 1Q26 print is the practitioner's reference for what cycle-trough operational discipline looks like.

BBG — Business Buyers Guide

Lead chapter: *Owner-Operator Acquisition Lens (Ch. 4)*

The TMHC deal is a large-scale dress-rehearsal of the small-business owner-operator acquisition pattern. Sheryl Palmer led TMHC since the 2013 IPO, built the geographic and product footprint personally, and per the press release continues as CEO post-close. This is the same template a small-business buyer applies when acquiring a $5M-revenue HVAC company or a $50M-revenue regional distributor: identify the operator who is the franchise, structure the deal so the operator stays, pay a price that earns its keep on trough rather than peak earnings. The TMHC deal is the largest possible illustration of the framework.

Secondary chapters this case touches:

- **Pay for Trough, Not Peak (Ch. 5).** TMHC's 1Q26 print is the dress-rehearsal of the trough. Berkshire is paying 8.8x adjusted EPS on a quarter where adjusted GM compressed to 20.6% and SG&A; leverage compressed - i.e., paying close to a cycle-trough multiple.
- **Aligning Seller Incentives (Ch. 7).** Palmer's incentive moves from public-company equity comp to Berkshire-style cash compensation. Berkshire structures these so the operator continues to feel like an owner without the share-price distraction.
- **Integration with Existing Holdings (Ch. 9).** Berkshire's Clayton + Shaw + Benjamin Moore + HomeServices + MiTek perimeter creates a 'platform discount' - the acquirer captures procurement, distribution, and financing synergies the standalone seller cannot.

LEP — Liquidity Event Playbook

Lead chapter: *Strategic Sale to a Patient Buyer (Ch. 8)*

From the TMHC stockholder's perspective, the transaction is a textbook strategic-sale liquidity event: all-cash consideration, certain value, modest control premium (24%), transaction certainty backed by Berkshire's balance sheet. The seller's calculus: trade upside for certainty at a price that lock-in book-plus-13% and earnings-multiple of approximately 8.8x. The Liquidity Event Playbook chapter on strategic-sale dynamics walks this exact set of trade-offs — the TMHC deal is the operational illustration.

Secondary chapters this case touches:

- **Cash vs. Stock Consideration (Ch. 6).** 100% cash. No stub equity. No rollover. The seller's tax event is fully crystallized at close - a long-term capital gains realization for the holder who held since IPO.
- **Working with Multiple Advisors (Ch. 4).** Goldman + Moelis dual-advisor pattern is increasingly common at the upper-mid market. The seller-side practitioner should expect this structure on any $5B+ transaction.
- **Diversification After Liquidity (Ch. 11).** The TMHC shareholder receiving cash now faces the post-liquidity portfolio-construction question. The LEP chapter on post-liquidity asset allocation is the practical sequel.

IRA — Insurance & Risk Architecture

Lead chapter: *Float Deployment in Operating Assets (Ch. 3)*

Berkshire's $397B cash + Treasury position is the largest insurance-float-driven war chest in the public-company world. The TMHC deal is a canonical illustration of how that float deploys: into long-cycle, replacement-cost-protected, operating assets that generate internal returns above the float's cost of capital. The Insurance & Risk Architecture chapter on float deployment uses Berkshire as the model; the TMHC deal is the live case.

Secondary chapters this case touches:

- **Long-Duration Liability Matching (Ch. 5).** Insurance float is long-duration liability; a homebuilder's land book + ongoing capital reinvestment is long-duration asset. The match is structural.
- **Cost of Float (Ch. 4).** Berkshire's float has historically been negative-cost - the underwriting discipline of GEICO, Berkshire Specialty, National Indemnity. The TMHC deal earns whatever the homebuilder cycle delivers, on capital that costs Berkshire less than the long bond.

RED — Real Estate Decoded

Lead chapter: *Production Homebuilder Economics*

The TMHC deal surfaces the production-builder economic model in operational detail: 78,835 lots (6.1 years of supply, 54% off-balance-sheet), 12,997 closings at $597K average selling price, 22.5% home closings gross margin, 9.5% SG&A ratio. Real Estate Decoded's chapter on production builders walks these unit economics. The TMHC case adds the financial-services attach (88% mortgage capture rate, in-house title and insurance) which the chapter identifies as the modern production-builder profit pool.

Secondary chapters this case touches:

- **Land Banking and Lot Options.** TMHC's 54% off-balance-sheet share is industry-leading discipline; the chapter on land-light operating models reads the structure cleanly.
- **Sun Belt Housing Demographics.** TMHC's 12-state Sun Belt concentration matches the 20-year migration map - the chapter on regional housing demand uses Phoenix, Austin, Tampa, Charlotte, Atlanta as case studies.

TSD — Tax Strategy Decoded

Lead chapter: *Cash Merger Tax Treatment*

For the TMHC stockholder, receiving $72.50 per share in cash is a fully taxable capital-gains realization event at close. The Tax Strategy Decoded chapter on cash mergers walks the long-term vs. short-term capital-gains determination, the state-tax overlay (Arizona residents face state tax; California-based holders face additional 13.3% top rate), and the year-of-close planning moves (charitable bunching, donor-advised fund contribution of appreciated shares pre-close, Section 1202 considerations if any QSBS exposure exists, NIIT on gain).

Secondary chapters this case touches:

- **Cost-Basis Tracking (Ch. 2).** A 13-year holder (since 2013 IPO) has long-term capital gains on essentially the entire position. Cost basis is the IPO price (~$22 at 2013 IPO) adjusted for any subsequent reinvestment.
- **Charitable Pre-Close Strategies (Ch. 9).** Donating appreciated TMHC shares to a donor-advised fund pre-close converts a taxable gain into an itemized deduction at FMV. The window is the gap between announcement and close (~3-6 months).
- **State Domicile Planning (Ch. 12).** Holders with state-domicile flexibility (e.g., already considering a Florida / Nevada / Texas relocation) may have a planning window if the close date allows.

Summary Crosswalk

A one-page reference of all eight guides, lead chapters, and depth of coverage to the TMHC deal.

Guide	Lead Chapter	Coverage Depth	How This Guide Frames the Case
PE Guide	Deal Mechanics + Comp Pricing	High	Deal-mechanics lens
First Principles	Berkshire Doctrine + Margin of Safety	High	First-principles lens
CFO Guide	Capital Allocation (Ch. 18)	High	CFO lens
Business Buyers Guide	Owner-Operator Lens (Ch. 4)	High	Practitioner-buyer lens
Liquidity Event Playbook	Strategic Sale to Patient Buyer (Ch. 8)	Medium-High	Seller-side lens
Insurance & Risk Architecture	Float Deployment (Ch. 3)	Medium	Capital-source lens
Real Estate Decoded	Production Builder Economics	Medium	Industry-economic lens
Tax Strategy Decoded	Cash Merger Tax Treatment	Medium	Shareholder-tax lens

How to use this crosswalk

Read this crosswalk alongside the main TMHC case study PDF. The case study walks the deal; the crosswalk walks the chapters. Together they show the Institute's framework operating in one direction (case → chapter) and the chapters illuminating the case in the other direction (chapter → case). Practitioners building working frameworks should bookmark the lead chapters above and return to them when the next Berkshire deal — or the next owner-operator acquisition in their own practice — surfaces the same questions.

Disclaimer

The Baratelli Institute does not advise on this stock, or any other stock. This Library Crosswalk is an educational and analytical companion to the Berkshire Read Case 1 study. It is not investment advice; it is not a recommendation; it is not a fairness opinion; it is not a forecast. Library chapter references are summary characterizations of the full guides — practitioners should refer to the underlying Institute guide for the complete chapter content.

Insurance, banking, mortgage, and other regulated financial services are not the subject of this crosswalk. Any reference to TMHF, Inspired Title, TMIS, or Berkshire's insurance entities is structural — intended to describe how the businesses fit together — not advisory.

Baratelli Institute — Practitioner Library — Berkshire Read

baratelliinstitute.com - Case 1 - June 2026

PART III - PRESENTATION DECK

Taylor Morrison Homes

A Berkshire Hathaway Acquisition

$8.5B all-cash · $72.50/sh · 24% premium · announced 2026-05-31

DISCLOSURE: Phil Baratelli, the author, owns Berkshire Hathaway Class B (BRK.B) shares personally.

Educational case. The Baratelli Institute does not advise on this stock or any other. Not investment advice.

Philip A. Baratelli, CPA, MBA · Founder, Baratelli Institute · Ponte Vedra Beach, FL

Executive Summary

- Berkshire Hathaway acquires Taylor Morrison Homes (TMHC) for $72.50/sh in cash. ~$6.8B equity, ~$8.5B EV, 24% premium to undisturbed close.
- Five reasons this is a textbook Berkshire deal:
- (1) Modest multiple: 1.08x book, 6.6x FY2025 Adj. EBITDA, 8.7x GAAP earnings — mid-cycle-trough multiples, not 2021 peak.
- (2) Owner-CEO stays: Sheryl Palmer remains Chairman + CEO (Tony Nicely / GEICO pattern).
- (3) Asset-light land book: 54% of 78,835 lots controlled off-balance-sheet — limits land-price write-down risk.
- (4) Berkshire residential flywheel: Clayton + TMHC + Clayton Properties Group + HomeServices + Shaw + Benjamin Moore + MiTek + BHE.
- (5) All-cash from BRK’s $397B cash + Treasuries position — no financing contingency, no debt or equity issuance.
- Largest residential-construction acquisition in Berkshire history. First publicly-listed national production homebuilder BRK has owned.
- Greg Abel signals: Clayton-plus-TMHC-plus-HomeServices integrated residential platform, not a one-off opportunistic buy.

Deal Terms

Term	Value	Source
Announcement date	May 31, 2026	Press release p.1
Per-share consideration	$72.50 cash	Press release p.1
Form of consideration	100% cash from BRK balance sheet	Press release p.1
Equity value	~$6.8B (~93.8M shares at close)	Press release p.1
Enterprise value	~$8.5B (implies ~$1.7B net debt assumed)	Press release p.1
Premium to undisturbed close	24% ($72.50 / $58.50 close 5/29/26)	Press release p.1
Premium to TMHC book value/sh	13% ($72.50 / ~$64 BVPS)	BVPS = $6,309M / ~98.7M sh
Expected close	H2 2026 (TMHC stockholder vote + regulatory)	Press release p.2
Management continuity	Sheryl Palmer remains Chair + CEO	Press release p.2
TMHC advisors	Goldman Sachs, Moelis (financial); Simpson Thacher (legal); Mayer Brown (regulatory)	Press release p.2
Listing post-close	TMHC delists from NYSE; private subsidiary	Press release p.2

Valuation Math — Multiples Berkshire Paid

Multiple	Calculation	Implied	Source
P / FY25 GAAP EPS	$72.50 / $7.77	9.3x	TMHC 4Q25 release p.7
P / FY25 Adj. EPS	$72.50 / $8.24	8.8x	TMHC 4Q25 release p.12
P / FY25 Net Income (equity)	$6.8B / $782.5M	8.7x	Press release; 4Q25 release p.7
EV / FY25 EBITDA	$8.5B / $1.201B	7.1x	Press release; 4Q25 release p.13
EV / FY25 Adj. EBITDA	$8.5B / $1.292B	6.6x	Press release; 4Q25 release p.13
Price / Book Value	$6.8B / $6.309B	1.08x	Press release; 4Q25 release p.8
Price / Tangible Book	$6.8B / $5.646B	1.20x	Equity less $663M goodwill; p.8
EV / Total Revenue	$8.5B / $8.121B	1.05x	Press release; 4Q25 release p.7
Premium to undisturbed close	$72.50 / $58.50	24%	Press release p.1

BRK pays the lowest cash-flow multiple in the public US homebuilder universe (next slide). The pricing is Berkshire-typical, not Wall-Street-typical.

Public Homebuilder Comparables

Builder	Ticker	Mkt Cap ($B)	EV ($B)	P/E (TTM)	P/B (MRQ)	EV/EBITDA (TTM)	Div Yield
DR Horton	DHI	$41.71	$46.43	13.8x	1.77x	11.5x	0.9%
Lennar	LEN	$22.06	$24.93	12.9x	1.01x	10.4x	1.5%
NVR Inc.	NVR	$16.52	$15.89	14.9x	4.7–4.8x	9.5–9.6x	0.0%
PulteGroup	PHM	$22.42	$22.38	11.4x	1.74x	8.1x	1.0%
KB Home	KBH	$3.20	$4.92	9.4x	0.80x	10.1–10.2x	2.0%
Meritage Homes	MTH	$4.35	$5.49	11.9x	0.85x	10.5–11.0x	1.7%
Toll Brothers	TOL	$12.93	$14.75	10.5x	1.4–1.6x	7.9–8.7x	1.0%
Tri Pointe Homes	TPH	$4.00	$4.40	22.0x+	1.21x	13.5–14.8x	0.0%
TMHC (deal price)	TMHC	$6.80	$8.50	8.8x	1.08x	6.6x	0.0%

Source: Yahoo Finance + GuruFocus snapshots, late-May/early-June 2026. Refresh from FactSet/CapIQ before publication.

The Headline: Cheapest Cash-Flow Multiple in the Cohort

TMHC deal at 6.6x trailing Adj. EV/EBITDA is the LOWEST cash-flow multiple

in the entire public US homebuilder cohort. Cohort range: 7.9x – 14.8x. Cohort median: ~10.4x.

- Even the cohort floor (Toll Brothers, 7.9–8.7x, the closest buyer-profile comp to TMHC’s Esplanade emphasis) is ~20% above the price Berkshire paid.
- Cohort median EV/EBITDA is ~10.4x — Berkshire paid 37% below median.
- On P/B: TMHC at 1.08x is below the cohort median (~1.36x ex-NVR) but well within range. Story is NOT distressed book value.
- Combined reading in one sentence: Berkshire bought the cheapest publicly-traded US homebuilder on cash flow, at a defensible (not distressed) book multiple.
- The 24% deal premium pulled TMHC from 0.87x book to 1.08x book — still below cohort median 1.36x.

Berkshire Balance-Sheet Thesis

BRK reported $51.5B insurance cash + $339B Treasuries + $6.6B rail/utility cash at 3/31/26. Four specific effects on TMHC:

- 1. SELF-FINANCE the captive mortgage platform. TMHF (TMHC's in-house mortgage, 88% capture rate) migrates from third-party warehouse + GSE securitization to Berkshire-balance-sheet self-funding. Direct parallel to 2003 Clayton/Vanderbilt rescue from the MH-securitization freeze (per Jim Clayton, First a Dream).
- 2. REDUCE interest-rate / availability risk. TMHC's $1.46B senior notes ($47M FY25 interest), revolver, and warehouse facilities all carry homebuilder credit spread that widens in cycle stress. Inside BRK, the effective cost of capital is Berkshire's, not TMHC's. Spread + capital-availability air-pocket risk absorbed by parent.
- 3. ELIMINATE public-company-cost overhead. ~$15–25M annually in PCAOB audit + SOX 404 + 10-K/10-Q/8-K + proxy + listing fees + D&O premium + IR team + board comp. Management-attention savings (no Reg-FD quiet periods, no earnings-call cadence, no quarterly capital-markets management) more valuable than the dollar savings.
- 4. ELIMINATE activist + short-seller + sell-side overhead. Palmer's team can extend lot positions across multi-year cycles, accept lower current-period margin in service of community quality, and run Esplanade expansion at the operating cadence — not the Street's.

Berkshire Residential Ecosystem — The Comparable Subs

Sub	Year	Size	Why it's the right comp	Read for TMHC
Clayton Homes (manufactured + captive lender Vanderbilt Mortgage)	2003	$1.7B (BRK stock + assumed debt)	Production housing + in-house mortgage origination + Sun Belt skew. Closest TMHC analog in BRK.	Vanderbilt-into-BRK financing rescue is the operating-thesis precedent for TMHF self-finance.
Clayton Properties Group (site-built rollup of 9 acquired builders)	2015–present	n.d. intra-Clayton	Oakwood Homes (CO 2017), Summit (IN), Goodall (TN), Harris Doyle (AL), and others. ~10,000 site-built closings annually.	Most direct organizational precedent: BRK lets Clayton acquire small/mid regional site-builders incrementally. Expect TMHC + Clayton to share land/lot procurement, materials, mortgage operations over time.
HomeServices of America (residential brokerage + mortgage + title + warranty)	2000 + bolt-ons	~$2.5B+ cumulative; ~35,000 agents	Berkshire Hathaway HomeServices franchise + Long & Foster, Edina Realty, Real Estate One, Long Realty + mortgage/title/insurance/warranty subs.	Consumer-facing distribution + market intelligence + closing-table economics. TMHC new homes flow through HomeServices resale brokerage.

The Strategic Question: Berkshire as Master Developer?

TMHC is currently the only Berkshire subsidiary doing residential lot development at scale.

$6.0B of owned inventory = primarily raw land, entitled land, finished lots, WIP, finished homes.

- Clayton Homes: manufactured homes on customer-owned land or dealer parks (not lot dev at scale).
- HomeServices: brokers existing homes (no lot dev).
- BHE Real Estate: utility transmission corridors and generating-station land (not residential).
- The platform-thesis test: does BRK build out a residential master-developer arm leveraging TMHC's lot competency?
- Plausible answers: (a) TMHC sells finished lots to Clayton site-built in non-overlapping markets; (b) HomeServices market intelligence feeds TMHC site selection; (c) BHE landholdings reviewed for residential conversion where utility footprint permits; (d) separate residential master-developer subsidiary alongside TMHC for community-scale work.
- Watch for: Berkshire 10-K segment disclosure post-close + Sheryl Palmer commentary post-merger.

Who Berkshire Might Buy Next from the Cohort

Rank	Candidate	Mkt Cap	EV/EBITDA	Why	BR-H slot
1	PulteGroup (PHM)	$22.4B	8.1x	Best brand fit (Del Webb + Esplanade 55+ consolidation) + reasonable multiple + clean balance sheet (net-debt neutral)	BR-H2 (next case)
2	Meritage (MTH)	$4.4B	10.5–11x	Cleanest tuck-in; smallest digestion; pure Sun Belt overlap; 0.85x P/B = cheap	BR-H3
3	Toll Brothers (TOL)	$12.9B	7.9–8.7x	Closest buyer-profile + only peer near TMHC deal multiple; luxury brand overlap = consolidation friction	BR-H4
4	Tri Pointe (TPH)	$4.0B	13.5–14.8x	Cycle-dependent watchlist; CA/TX concentration overlaps TMHC West	BR-H queue
—	DR Horton	$41.7B	11.5x	Too big + too expensive at current multiples. Wait for cycle dislocation.	Pass
—	Lennar	$22.1B	10.4x	Same scale + multiple problem as DHI. Land-light philosophy is interesting; wait for cycle break.	Pass
—	KB Home	$3.2B	10.15x	Highest cohort leverage (35% ND/EV). Fails BRK low-debt criterion. Entry-level margin profile.	Pass
—	NVR Inc.	$16.5B	9.55x	4.75x P/B Berkshire-won’t-pay. Asset-light lot-option model doesn’t synergize with TMHC.	Pass

The Buffett-Discipline Read

What looks like the Buffett pattern

- Predictable cash flows from a simple business
- Owner-operator alignment with known CEO (Palmer stays)
- Modest premium, modest multiple (24%, 8.7x earnings, 1.08x book)
- All-cash from existing balance sheet (no financing contingency)
- Adjacent to existing BRK businesses (Clayton, HomeServices, Shaw, etc.)
- Long-cycle, replacement-cost-protected asset
- Buyer is patient (trough of cycle, not 2021 peak)

What breaks the Buffett pattern

- Cyclical industry (homebuilder revenue can fall 25-30% in downturn)
- Capital intensity (TMHC owned inventory $6.0B vs $6.3B equity)
- Mortgage-rate sensitivity (BRK avoids policy-rate-driven end-demand)
- Lower margin than See’s / GEICO / BNSF historical comps
- First Abel-era major capital deployment — different signaling weight

Reconciliation: This is Buffett discipline made by Abel, in an industry Buffett would have approached with more skepticism, but at a price that satisfies the margin-of-safety test even if the cycle stays soft. Circle of competence expanded; discipline intact.

TMHC as a Business

341 active selling communities across 21 markets in 12 states (12/31/25). Sun Belt concentration (TX, FL, AZ, NV, NC, GA, CO, WA).

Brand	Buyer Segment	Position	ASP
Taylor Morrison	Entry-level + move-up	Core homebuilding; broadest geographic reach	~$570–590K
Esplanade	55+ active-adult / resort lifestyle	Higher-margin, amenity-heavy; the growth lever (~50% all-cash buyers)	Superior ASPs
Yardly	Build-to-rent (single-family rental)	Asset-light BTR platform	Build-cost basis

- Financial-services trio: TMHF (in-house mortgage, 88% capture rate) + Inspired Title + TMIS (homeowner's insurance) = $209M FY25 revenue.
- FY2025: $8.12B revenue, $782.5M net income, $1.29B Adj. EBITDA, 22.5% home closings gross margin, 12,997 closings at $597K ASP.
- Pure-buyback returner: never paid a dividend since 2013 IPO. $381M FY25 buybacks; ~$1.5B cumulative since program inception.

Risks to the Thesis

- Interest-rate / mortgage-rate sensitivity. Second leg up in rates extends demand drought; BRK price discipline limits, doesn't eliminate, downside.
- Land-position write-down risk. $6.0B owned inventory + $0.4B land deposits = largest assets on balance sheet. Sharper Sun Belt land-price correction could force impairment (54% off-balance-sheet land-control limits this).
- Regulatory (HSR / state) review. $8.5B strategic-buyer deal draws Second Request. BRK housing footprint broad but not geographically overlapping with TMHC; no serious concentration concern.
- TMHC stockholder vote. 24% premium not lavish; activist could push for market check. Deal multiple inside comp range + management endorsement reduces risk.
- Cycle deepening before close. If cycle deepens H1-H2 2026, interim earnings could disappoint. Read the proxy MAC carefully when filed.
- Berkshire post-Buffett identity. First Abel major capital deployment. Market is reading Abel-era pattern in real time — less-disciplined subsequent deals would re-rate the read on TMHC.

Baratelli Institute Library Crosswalk

Six Institute guides illuminate this deal from different lenses:

Guide	Lead Chapter	How It Frames the Case
Private Equity Guide	Deal Mechanics & Comp Pricing	Walks the full PE / strategic-buyer flow at public-merger scale
First Principles of Master Investing	Berkshire Doctrine; Margin of Safety	Reads BRK's deal discipline in real time against the first-principles framework
CFO & Controller's Guide	Capital Allocation (Ch. 18)	Cash-on-balance-sheet acquisition financing at a discount to comps — textbook capital allocation
Business Buyers Guide	Owner-Operator Acquisition Lens	Palmer-stays template is a small-business buyer's reference case at large scale
Liquidity Event Playbook	Strategic Sale to a Patient Buyer	TMHC shareholder's liquidity event — all-cash, modest premium, premium-priced certainty
Insurance & Risk Architecture	Float Deployment	BRK's $397B insurance-float-driven cash deploys into long-cycle assets — the canonical use case

What's in the Berkshire Read Case 1 Package

Component	Format	What it gives the reader
Case Memo (36 pp)	PDF	Full practitioner walkthrough: deal terms, valuation math, TMHC business, comps, Berkshire-thesis, risks, residential platform, who BRK might buy next
Library Crosswalk (12 pp)	PDF	Maps the case onto 6 Institute guides; shows where each guide's chapters carry the analytical lens
Excel Deal Model (10 tabs)	XLSX + PDF	README/Drivers, Historical Financials, Deal Math, Public Comps (mcap+EV+debt+yield), Sensitivity, BRK Segment Fit, Comp Valuation Summary, Dividend/Buyback, Footnotes, Library Crosswalk. Print-formatted one-page-per-tab.
IC Presentation Deck (this file)	PPTX + PDF	Executive committee read-out for partner/board-style audiences
Combined PDF Bundle	PDF	Cover + ToC + part dividers + all four components in one print-ready/email-ready file

First case in the Berkshire Read franchise. Hypothetical cases (BR-H1 CLF, BR-H2 PHM, BR-H3 MTH, BR-H4 TOL) queued.

Thank You

Philip A. Baratelli, CPA, MBA · Founder, Baratelli Institute

baratelliinstitute.com · Berkshire Read · Mentoring at Scale

DISCLOSURE: Phil Baratelli, the author, owns Berkshire Hathaway Class B (BRK.B) shares personally.

Educational case. The Baratelli Institute does not advise on this stock or any other.

Not investment advice. All multiples and figures subject to refresh; refer to source documents.

PART IV - EXCEL MODEL WALKTHROUGH

Berkshire Read Case 1 - TMHC Acquisition Model

Baratelli Institute | June 2026 | All amounts $M unless stated

Deal Overview

Item	Value			Source
Announcement date	May 31, 2026			Press release p.1
Acquirer	Berkshire Hathaway Inc.			Press release p.1
Target	on Home Corp. (NYSE: TMHC)			Press release p.1
Form of consideration	100% cash			Press release p.1
Per-share consideration ($)	72.50			Press release p.1
Undisturbed close 5/29/26 ($)	58.50			Press release p.1
Premium to undisturbed close	24%			Press release p.1
Equity value ($B)	6.80			Press release p.1
Enterprise value ($B)	8.50			Press release p.1
Implied net debt assumed ($B)	1.70			Computed: EV - Equity
Expected close	H2 2026			Press release p.2
Conditions	stockholder vote; regulatory			Press release p.2
TMHC financial advisors	an Sachs; Moelis & Company			Press release p.2
TMHC legal	mpson Thacher & Bartlett LLP			Press release p.2

Key Drivers - editable inputs

Driver	Value			Notes
TMHC FY25 home closings revenue ($M)	7,755.00			4Q25 Release p.7
TMHC FY25 total revenue ($M)	8,121.00			4Q25 Release p.7
TMHC FY25 Adj. EBITDA ($M)	1,292.00			4Q25 Release p.13
TMHC FY25 net income ($M)	782.50			4Q25 Release p.7
TMHC FY25 Adj. net income ($M)	830.00			4Q25 Release p.12
TMHC FY25 stockholders' equity ($M)	6,309.00			4Q25 Release p.8
TMHC FY25 goodwill ($M)	663.00			4Q25 Release p.8
TMHC FY25 tangible book ($M)	5,646.00			Equity - Goodwill
TMHC FY25 GAAP diluted EPS ($)	7.77			4Q25 Release p.7
TMHC FY25 Adj. diluted EPS ($)	8.24			4Q25 Release p.12
Implied diluted share count (M) for EV math	93.80			$6.8B / $72.50 [VERIFY]
1Q26 weighted-avg diluted shares (M)	98.70			1Q26 Release

Implied Deal Multiples (computed live)

Multiple	Value			Calc
P / FY25 GAAP EPS	9.33x			$72.50 / $7.77
P / FY25 Adj. EPS	8.80x			$72.50 / $8.24
P / FY25 Net Income (equity / NI)	8.69x			$6.8B / $782.5M
EV / FY25 EBITDA	7.08x			$8.5B / $1.201B
EV / FY25 Adj. EBITDA	6.58x			$8.5B / $1.292B
Price / Book Value	1.08x			$6.8B / $6.309B
Price / Tangible Book	1.20x			$6.8B / $5.646B
EV / Total Revenue	1.05x			$8.5B / $8.121B

All multiples computed from TMHC FY2025 actuals as reported in the 4Q25 Earnings Release (Feb 11, 2026). Forward multiples not presented - deal-discipline read uses trailing actuals.

TMHC Historical Financials - FY2024, FY2025, 1Q26

All amounts $M unless stated. Source: TMHC 4Q25 release, 1Q26 release.

Income Statement

Line Item ($M)	FY2024	FY2025	1Q26	Source
Home closings revenue, net	7,755.2	7,755.4	1,311.4	4Q25 p.7
Land closings revenue	81.4	36.9	4.5	4Q25 p.7
Financial services revenue	199.5	209.4	50.2	4Q25 p.7
Amenity and other revenue	132.0	119.7	28.6	4Q25 p.7
Total revenue	8,168.1	8,121.5	1,394.7	4Q25 p.7
Cost of home closings	5,863.7	6,008.0	1,049.4	4Q25 p.7
Cost of land closings	73.6	30.9	4.1	4Q25 p.7
Financial services expenses	108.6	104.6	25.8	4Q25 p.7
Amenity and other expenses	138.0	107.7	25.0	4Q25 p.7
Total cost of revenue	6,183.9	6,251.3	1,104.3	4Q25 p.7
Gross margin	1,984.2	1,870.2	290.4	Derived
Sales, commissions and marketing	456.1	461.5	88.6	4Q25 p.7
General and administrative	314.4	273.5	60.7	4Q25 p.7
Income from unconsolidated entities	(6.3)	(4.9)	(0.8)	4Q25 p.7
Interest expense, net	13.3	47.0	13.5	4Q25 p.7
Other expense, net	50.6	37.7	0.7	4Q25 p.7
Loss on debt extinguishment	0.0	13.3	0.0	4Q25 p.7
Income before income taxes	1,156.1	1,042.0	127.7	4Q25 p.7
Income tax provision	269.5	250.8	27.7	4Q25 p.7
Net income before NCI	886.6	791.3	100.0	4Q25 p.7
Net income (attributable)	883.3	782.5	99.0	4Q25 p.7
Diluted EPS ($)	8.3	7.8	1.0	4Q25 p.7
Adjusted EPS ($)	8.7	8.2	1.1	4Q25 p.12
Adjusted EBITDA	1,384.1	1,292.2	n/a [VERIFY]	4Q25 p.13

[VERIFY] 1Q26 Adjusted EBITDA not separately disclosed in 1Q26 release - reconcile from 10-Q when filed.

Balance Sheet (period-end)

Line Item ($M)	12/31/24	12/31/25	3/31/26	Source
Cash and cash equivalents	487.2	850.0	652.9	4Q25 p.8; 1Q26 p.7
Restricted cash	0.0	1.2	0.5	4Q25 p.8; 1Q26 p.7
Total cash	487.2	851.2	653.4	4Q25 p.8; 1Q26 p.7
Owned inventory	6,162.9	6,046.5	6,138.0	4Q25 p.8; 1Q26 p.7
Consolidated real estate not owned	71.2	94.2	100.5	4Q25 p.8; 1Q26 p.7
Total real estate inventory	6,234.1	6,140.7	6,238.6	4Q25 p.8; 1Q26 p.7
Land deposits	299.7	360.7	388.3	4Q25 p.8; 1Q26 p.7
Mortgage loans held for sale	207.9	132.5	139.0	4Q25 p.8; 1Q26 p.7
Investments in unconsolidated	439.7	487.0	483.0	4Q25 p.8; 1Q26 p.7
Property and equipment, net	232.7	259.0	268.8	4Q25 p.8; 1Q26 p.7
Goodwill	663.2	663.2	663.2	4Q25 p.8; 1Q26 p.7
Total assets	9,297.1	9,837.8	9,772.0	4Q25 p.8; 1Q26 p.7
Accounts payable	270.3	251.6	255.4	4Q25 p.8; 1Q26 p.7
Accrued expenses and other	632.3	682.5	586.1	4Q25 p.8; 1Q26 p.7
Customer deposits	239.2	125.0	154.5	4Q25 p.8; 1Q26 p.7
Senior notes, net	1,470.5	1,463.3	1,463.9	4Q25 p.8; 1Q26 p.7
Loans payable and other borrowings	475.6	745.2	787.1	4Q25 p.8; 1Q26 p.7
Mortgage warehouse borrowings	174.5	82.6	90.9	4Q25 p.8; 1Q26 p.7
Total liabilities	3,419.0	3,528.5	3,523.8	4Q25 p.8; 1Q26 p.7
Stockholders' equity	5,878.2	6,309.3	6,248.2	4Q25 p.8; 1Q26 p.7
Total liabilities + equity	9,297.1	9,837.8	9,772.0	4Q25 p.8; 1Q26 p.7

Key Operating Metrics

Metric	FY2024	FY2025	1Q26	Source
Home closings (units)	12896	12997	2268	4Q25 p.9; 1Q26 p.8
Average selling price ($K)	601	597	578	4Q25 p.9; 1Q26 p.8
Net sales orders (units)	12248	11074	2914	4Q25 p.9; 1Q26 p.8
Backlog units (period-end)	4742	2819	3465	4Q25 p.10; 1Q26 p.8
Backlog sales value ($M)	3192.1	1856.6	2302.8	4Q25 p.10; 1Q26 p.8
Ending active communities	339	341	356	4Q25 p.10; 1Q26 p.8
Home closings GM %	24.4%	22.5%	20.0%	4Q25 p.4; 1Q26 p.1
Adj. Home closings GM %	24.5%	23.0%	20.6%	4Q25 p.13; 1Q26 p.1
SG&A % of HC revenue	9.9%	9.5%	11.4%	4Q25 p.4; 1Q26 p.3
Lots owned and controlled	86153	78835	75626	4Q25 p.3; 1Q26 p.3
% Lots controlled off B/S	57%	54%	51%	4Q25 p.3; 1Q26 p.3
Years of supply (TTM)	6.6	6.1	6.2	4Q25 p.3; 1Q26 p.3
Mortgage capture rate	89%	88%	88%	4Q25 p.3; 1Q26 p.3
Total liquidity ($B)	1.8	1.8	1.6	4Q25 p.3; 1Q26 p.3
Net HB debt to capital %	20.0%	17.8%	20.5%	4Q25 p.14; 1Q26 p.3

Deal Math - Implied Transaction Value & Multiples

Based on press release May 31, 2026. All multiples on TMHC FY2025 actuals.

Transaction Value Build

Component	Value	Per Share	Source / Note
Per-share cash consideration ($)	72.50	72.50	Press release p.1
Implied diluted shares outstanding (M)	93.80		Equity / per-share
Equity value ($B)	6.80		Press release p.1
+ TMHC homebuilding debt 12/31/25 ($M)	2,220.20		4Q25 p.14
- TMHC cash & equivalents 12/31/25 ($M)	(850.00)		4Q25 p.8
- Mortgage warehouse (operational) ($M)	(82.60)		Excluded from net HB debt
Err:509	1,370.10		4Q25 p.14
Implied other adjustments ($M)	329.90		EV - Equity - Net HB Debt
Enterprise value ($B) - stated	8.50		Press release p.1

[VERIFY] The $329.9M residual between stated EV minus computed Equity + Net HB Debt likely reflects (a) minority interest, (b) deferred-tax adjustments, (c) restricted cash or other working-capital items in the EV definition. Reconcile to merger proxy when filed.

Equity Value Multiples

Multiple	Numerator	Denominator		Implied
P / FY25 GAAP EPS	$72.50	$7.77		9.33x
P / FY25 Adj. EPS	$72.50	$8.24		8.80x
P / FY25 Net Income	$6,800M	$782.5M		8.69x
P / FY25 Adj. Net Income	$6,800M	$830.0M		8.19x
P / Book Value (12/31/25)	$6,800M	$6,309M		1.08x
P / Tangible Book	$6,800M	$5,646M		1.20x
Premium to BVPS ($64)	$72.50	$64.00		13%

Enterprise Value Multiples

Multiple	Numerator	Denominator		Implied
EV / FY25 Total Revenue	$8,500M	$8,121M		1.05x
EV / FY25 Home Closings Revenue	$8,500M	$7,755M		1.10x
EV / FY25 EBITDA	$8,500M	$1,201M		7.08x
EV / FY25 Adj. EBITDA	$8,500M	$1,292M		6.58x
EV / FY25 EBIT (operating income)	$8,500M	~$1,089M		7.8x
EV / Total Real Estate Inventory	$8,500M	$6,141M		1.38x

Premium Analysis

Reference Price	Value ($)	Premium	Source
Undisturbed close 5/29/26	58.50	+24.0%	Press release p.1
TMHC BVPS (12/31/25)	64.00	+13.3%	Equity / shares
TMHC 1Q26 BVPS (3/31/26)	64.00	+13.3%	1Q26 release p.1
TMHC FY25 average price [VERIFY]	~62	~+17%	Approximate
Q1 26 average buyback price	61.00	+18.9%	1Q26 release p.3

Public Homebuilder Comparables - Trading Multiples, Debt + Capital Return

All data as of late-May / early-June 2026, primarily Yahoo Finance + GuruFocus. Refresh from a paid data source before publication.

A. Market Cap, EV, and Trading Multiples (May-June 2026)

Builder	Ticker	Mkt Cap ($B)	EV ($B)	P/E (TTM)	/E (Fwd, est.)	P/B (MRQ)	BITDA (TTM)	Div Yield	tal Debt ($B)	Cash ($B)	Profile Note
DR Horton	DHI	$41.71	46.4x	13.8x	11.50x	1.77x	11.5%	$0.90	$5.97	1.25	Largest US builder; entry/first-move-up; broad geo
Lennar	LEN	$22.06	24.9x	12.9x	10.50x	1.01x	10.4%	$1.50	$4.55	1.68	Land-light leader; broad SKU; FivePoint spin
NVR Inc.	NVR	$16.52	15.9x	14.9x	14.00x	4.75x	9.6%	$0.00	$0.92	1.55	Lot-option model; no land bank; NET CASH position
PulteGroup	PHM	$22.42	22.4x	11.4x	10.00x	1.74x	8.1%	$1.00	$1.41	1.45	Diversified buyer segments; Centex / Del Webb / DiVosta
KB Home	KBH	$3.20	4.9x	9.4x	8.00x	0.80x	10.2%	$2.00	$2.06	0.34	Entry-level focus; lower margin; highest relative leverage
Meritage Homes	MTH	$4.35	5.5x	11.9x	10.00x	0.85x	10.8%	$1.70	$1.49	0.35	Closest TMHC comparable in size; Sun Belt focus
Toll Brothers	TOL	$12.93	14.8x	10.5x	9.00x	1.50x	8.3%	$1.00	$2.30	0.48	Luxury skew; higher margin (closest TMHC buyer-profile)
Tri Pointe Homes	TPH	$4.00	4.4x	22.0x	12.00x	1.21x	14.2%	$0.00	$0.80	0.4	CA/TX concentration; elevated P/E on depressed EPS
Cohort median		$12.93	14.8x	12.4x	10.25x	1.36x	10.5%	$1.00	$1.78	1	Excl. TMHC
Cohort mean		$15.90	17.4x	13.4x	10.60x	1.70x	10.4%	$1.00	$2.44	0.94	Excl. TMHC
TMHC (deal price)	TMHC	$6.80	8.5x	8.8x	n/m (priv.)	1.08x	6.6%	$0.00	$2.22	0.85	Berkshire all-cash; ZERO dividend (pure buyback returner)
TMHC (undisturbed close)	TMHC	$5.49	7.2x	7.0x	n/m	0.87x	5.6%	$0.00	$2.22	0.85	Pre-announcement market price

[VERIFY] Trading multiples + market cap + EV: as of late-May / early-June 2026 from Yahoo Finance and GuruFocus. Forward P/E is consensus estimate (rough; sensitive to which broker poll). Debt and cash are most recent MRQ filings. Refresh from FactSet / S&P CapIQ / Bloomberg before any public publication.

B. Debt Analysis - Leverage and Cash Position

Builder	Ticker	tal Debt ($B)	Cash ($B)	Net Debt ($B)	Debt / EV (%)	Net Debt / Mkt Cap (%)	Debt-to-Cap Tier	Note
DR Horton	DHI	$5.97	$1.25	4.7%	10.2%	11.3	Moderate	Largest absolute debt; capacity matched to scale
Lennar	LEN	$4.55	$1.68	2.9%	11.5%	13	Moderate	Strong cash position; net leverage manageable
NVR Inc.	NVR	$0.92	$1.55	-0.6%	-1.4%	-3.8	Net CASH	Asset-light model; carries net cash; lowest leverage
PulteGroup	PHM	$1.41	$1.45	0.0%	-0.2%	-0.2	Net Neutral	Balanced debt/cash; effectively unleveraged
KB Home	KBH	$2.06	$0.34	1.7%	35.0%	53.8	HIGH (35%+ ND/EV)	Highest relative leverage in cohort; entry-level squeeze
Meritage Homes	MTH	$1.49	$0.35	1.1%	20.8%	26.2	Moderate-High	Sun Belt growth focus; moderate-high relative leverage
Toll Brothers	TOL	$2.30	$0.48	1.8%	12.3%	14.1	Low-Moderate	Higher-priced inventory carries modest debt
Tri Pointe Homes	TPH	$0.80	$0.40	0.4%	9.1%	10	Low	Smaller scale; conservative balance sheet
Cohort median		$2.06	$0.78	1.4%	10.1%	11.6		
TMHC (deal-time)	TMHC	$2.22	$0.85	1.4%	16.1%	20.1	Moderate (in line w/ cohort median)	Net homebuilding debt / cap 17.8% per 4Q25 release p.14

Net debt = total debt less cash and equivalents. Net Debt / EV is the practitioner-grade leverage metric for homebuilders because EV captures both equity and debt sides of the capital stack. NVR is the anomaly: asset-light lot-option model means it doesn't need a land bank, so it carries net cash and trades at a premium book multiple (~4.75x P/B vs cohort ~1.2-1.7x).

C. Capital Return Profile - Dividends + Buybacks

Builder	Ticker	Annual Dividend / Sh ($)	:e ($, approx)	Div Yield (%)	Buyback Program?	Capital-Return Posture	Note
DR Horton	DHI	1.5	130.0%	1.2	Yes (active)	Dividend + Buyback (balanced)	Modest yield; opportunistic buybacks
Lennar	LEN	2	130.0%	1.5	Yes (active)	Dividend + Buyback (balanced)	Increased dividend recent years
NVR Inc.	NVR	0	5,200+	0	Yes (large)	Pure Buyback (no dividend)	Pure-buyback returner; same posture as TMHC
PulteGroup	PHM	0.84	105.0%	0.8	Yes (active)	Dividend + Buyback (balanced)	Modest yield; meaningful buybacks
KB Home	KBH	1	50.0%	2	Yes (smaller)	Higher Yield (defensive)	Highest yield in cohort; reflects depressed valuation
Meritage Homes	MTH	1	60.0%	1.7	Yes (smaller)	Dividend + Buyback (balanced)	Initiated regular dividend recent years
Toll Brothers	TOL	0.95	130.0%	0.7	Yes (active)	Dividend + Buyback (balanced)	Modest yield; buybacks are primary return
Tri Pointe Homes	TPH	0	40.0%	0	Yes	Pure Buyback (no dividend)	No dividend history
TMHC	TMHC	0	$72.50 (deal)	0	Yes ($1B auth through 2027)	Pure Buyback (no dividend since 2013 IPO)	Returned ~$1.5B since program inception

Dividend yields are approximate (price drift moves them daily). Three of the eight peers carry ZERO dividends and are pure-buyback returners: NVR, TPH, and TMHC. The dividend-paying peers (DHI, LEN, PHM, KBH, MTH, TOL) carry modest yields (0.7-2.0%) and supplement with buybacks. KB Home's 2.0% yield is the cohort high and reflects its depressed valuation, not a deliberate high-yield strategy.

D. TMHC vs Cohort - Where the Deal Sits

Metric	TMHC (deal)	Cohort Median	Cohort Range	TMHC vs Median	Read
P/E (TTM, Adj)	8.8x	12.4x	9.4x - 22.0x	29% BELOW	TMHC priced cheaper than every peer except KB Home
P/B (MRQ)	1.08x	1.36x	0.80x - 4.75x	21% BELOW	Below median; defensible (not distressed)
EV/EBITDA (TTM, Adj)	6.6x	10.45x	7.9x - 14.8x	37% BELOW	LOWEST cash-flow multiple in entire cohort
Net Debt / EV	16.1%	10.1%	-1.4% to 35%	ABOVE median	Moderate leverage; in line w/ Lennar / Meritage range
Dividend Yield	0.0%	1.0%	0.0% - 2.0%	ZERO	Pure-buyback returner (like NVR, TPH)
Annual Buyback ($M)	~$400M run-rate	n/a (varies)	n/a	Active program	$1B authorization through 2027 (4Q25 release p.4)

Headline reading: Berkshire bought the cheapest publicly-traded US homebuilder on cash flow (lowest EV/EBITDA in cohort, 37% below median) at a defensible (not distressed) book multiple. The 24% deal premium pulled TMHC from 0.87x book to 1.08x book - still below the cohort median 1.36x. The closest buyer-profile comp (Toll Brothers at 8.3x EV/EBITDA, luxury skew matching TMHC's Esplanade emphasis) trades at a 26% premium to the TMHC deal multiple. There is no peer in the cohort that trades at or below the price Berkshire paid - even the cohort floor sits above the deal multiple.

Cycle Sensitivity - Mid-Cycle EBITDA Scenarios

Berkshire's compound return on the $8.5B EV varies with mid-cycle EBITDA assumption.

Mid-Cycle EBITDA Scenarios

Scenario	cle EBITDA ($M)	/ EBITDA at deal	ed Yield (Pre-tax)	ter-tax FCF Yield	Read
Deep recession	700	12.1x	8.2%	6.2%	TMHC under prolonged stress
Soft cycle	900	9.4x	10.6%	7.9%	1Q26 run-rate annualized
Mid-cycle (assumed)	1,200	7.1x	14.1%	10.6%	Slightly below FY25
Current run-rate (FY25)	1,292	6.6x	15.2%	11.4%	FY25 Adj. EBITDA
Up-cycle (FY24-comparable)	1,384	6.1x	16.3%	12.2%	FY24 Adj. EBITDA
Peak cycle (FY22-comparable)	1,800	4.7x	21.2%	15.9%	Approx FY22 historic peak [VERIFY]

After-tax FCF yield assumes 25% effective tax rate (TMHC FY25 effective rate 24.1%) and EBITDA-to-FCF conversion of 1.0x (illustrative; production builders typically convert 0.6-0.9x EBITDA to FCF after working-capital absorption).

Rate-Sensitivity Cycle Bracket

Rate Environment	30-yr Mortgage Rate	Implied Volume Impact	Implied EBITDA Impact	EV/EBITDA at $8.5B	Note
Lower rates / normal	5.5-6.0%	+15-20% units	+25-30% EBITDA	5.0-5.5x	Up-cycle scenario
Current (1Q26)	6.5-7.0%	Baseline	Baseline	6.6x	FY25 Adj. EBITDA basis
Higher rates / strained	7.5-8.0%	-10-15% units	-15-20% EBITDA	7.7-8.2x	1Q26-extended trough
Recession + rate cut	5.5-6.0%	-5% units, +ASP recovery	-5% EBITDA	~7x	Mixed - cycle bottoming

[VERIFY] Rate-sensitivity table is directional - based on long-run elasticity of new-home demand to mortgage rate (~3% units per 100 bps). Refresh from TMHC IR commentary in 1Q26 / 2Q26 cycle.

TMHC Post-Close - Berkshire Segment Mapping

Berkshire reports housing across multiple segments. TMHC most likely reports into Manufacturing / Building Products.

Berkshire Residential Footprint - Pre-TMHC

Business	Role	Reporting segment	Source
Clayton Homes (manufactured)	49,400 off-site homes 2025	Manufacturing (Building Products)	BRK 10-K p.K-16
Clayton Properties Group (site-built)	~10,000 site-built homes 2025; 9 builders in 17 states	Manufacturing (Building Products)	BRK 10-K p.K-16
HomeServices of America	~35,000 agents, 770 offices, 35 states + DC; franchise network 250+ franchisees	Service & Retailing	BRK 10-K p.K-11
Shaw Industries	Carpet/flooring - 3,800+ styles	Manufacturing (Building Products)	BRK 10-K p.K-16
Benjamin Moore	Premium architectural paint, 8,000+ retailers	Manufacturing (Building Products)	BRK 10-K p.K-18
MiTek	Engineered building products / connectors / software	Manufacturing	BRK 10-K
Acme Brick	Brick / masonry / stone	Manufacturing (Building Products)	BRK 10-K
Johns Manville	Insulation / roofing / engineered products	Manufacturing (Building Products)	BRK 10-K
Berkshire Hathaway Energy	Utilities (PacifiCorp, MidAmerican, NV Energy, NSP, others)	Railroad, Utilities & Energy	BRK 10-K p.K-7

TMHC Post-Close Placement (Institute view)

TMHC Unit	Likely BRK home	Note	Conf
Taylor Morrison site-built homebuilding	Manufacturing (Building Products) - merged with Clayton Properties Group over time	Abel statement: 'unify our site-built homebuilding operations'	High
Esplanade resort-lifestyle	Manufacturing (Building Products) - run inside TMHC operating unit	Brand likely retained	High
Yardly (Build-to-Rent)	Possible spin into BHE-adjacent rental vehicle, or stays within TMHC	Strategic option, 24-36 mo decision	Med
TMHF (mortgage origination)	Service & Retailing - possibly merged with HomeServices mortgage	Capture-rate gains	Med
Inspired Title	Service & Retailing - possibly merged with HomeServices title	Closing-table economics	Med
TMIS (insurance agency)	Service & Retailing or Insurance group	Small; integration optional	Low-Med

Confidence levels are the Institute's read of strategic likelihood based on Berkshire's historical integration patterns with Clayton and HomeServices. Berkshire does not preannounce integration plans. Actual segment placement will be disclosed in Berkshire's first 10-K post-close.

Berkshire Capital Position 3/31/26 (deal funding capacity)

Line Item ($B)	3/31/26	12/31/25	Source
Cash and cash equivalents (Insurance)	51.5	47.7	BRK 1Q26 p.2
Short-term Treasury Bills (Insurance)	339.3	321.4	BRK 1Q26 p.2
Cash and cash equivalents (Railroad/Util)	6.6	4.2	BRK 1Q26 p.2
Total cash + Treasuries	397.4	373.3	Sum
Equity securities portfolio	288.0	297.8	BRK 1Q26 p.2
TMHC EV (deal use of cash)	8.5	n/a	Press release
TMHC EV as % of cash + Treasuries	2.1%	n/a	Computed

Comparable-Set Valuation Summary - What Berkshire Paid vs. Public Comps

Directional view; comp multiples flagged [VERIFY].

Implied TMHC Value at Comp Multiples

Apply Multiple	Comp Median (est.)	Apply to TMHC FY25	Implied EV/Equity ($B)	vs. Deal $8.5B EV
Comp P/E - apply ~8.5x to TMHC FY25 EPS $7.77	8.5x	$7.77 EPS	5.8 equity	-$1.0 vs $6.8
Comp P/B - apply ~1.15x to TMHC FY25 BVPS $64	1.15x	$64 BVPS	6.9 equity	+$0.1 vs $6.8
Comp EV/EBITDA - apply ~6x to FY25 Adj EBITDA $1.292B	6.0x	$1,292M Adj EBITDA	7.8 EV	-$0.7 vs $8.5
Comp EV/EBITDA - apply ~7x to FY25 Adj EBITDA $1.292B	7.0x	$1,292M Adj EBITDA	9.0 EV	+$0.5 vs $8.5
TMHC closest peer multiples (KBH/MTH/TPH avg)	6.5x P/E, 1.0x P/B, 5.5x EV/EBITDA	Multiple sources	5-7 EV range	Slight discount to deal

Implied EV/Equity figures use illustrative comp medians. Berkshire's $8.5B EV / $6.8B equity value sits modestly above the comp-median equity implied multiple - consistent with a 24% control premium over a Q2 2026 trading multiple.

What this multiple bought Berkshire (compound return illustration)

Scenario	Mid-Cycle FCF ($M)	Years to Earn Back EV	10-Yr IRR (Pre-Tax)	Read
Bear (cycle stays soft)	600	14.2	~5%	Cycle never normalizes
Base (mid-cycle = $1.0-1.2B FCF)	1,000	8.5	~8-9%	Median expected outcome
Bull (cycle re-accelerates + Esplanade/Yardly scale)	1,400	6.1	~12-14%	Includes platform-multiplier
Berkshire baseline hurdle	ng-bond + risk premium	n/a	~7-9%	Internal Berkshire hurdle [VERIFY]

[VERIFY] Mid-cycle FCF and IRR figures are illustrative scenarios for case-study purposes. Berkshire does not publish acquisition-IRR targets; the 'baseline hurdle' is the Institute's inference from Buffett's annual-letter framework, not a Berkshire-disclosed number.

Capital Return History - What Ends at Close

TMHC has been a meaningful repurchaser; the program ends at close.

Share Repurchase History

Period	es Repurchased (M)	$ Spent ($M)	Avg Price ($)	Source
FY 2021 - 1Q 2026 cumulative	39.0	1,500.0	n/a	4Q25 release p.3 (since 2021)
Approximately % of shares retired	~34%			4Q25 release p.3
FY 2025 total	6.5	381.0	58.60	4Q25 release p.3
4Q 2025	1.2	71.0	59.20	4Q25 release p.3
1Q 2026	2.5	150.0	60.00	1Q26 release p.3 (~$61 avg)
Repurchase authorization remaining (3/31/26)	n/a	863.0	n/a	1Q26 release p.3
Current authorization total	n/a	1,000.0	n/a	4Q25 release p.4 (extends thru 12/31/27)

Dividend Policy

Item	Status			Note
Common dividend	None paid			TMHC has not declared dividends as a public company
Preferred dividend	None outstanding			n/a
Capital return mechanism	Buybacks only			Approximately $381M FY25; $150M 1Q26

Post-Close Capital Return

Item	Pre-Close	Post-Close		Note
Buyback program	$1B authorized through 12/31/27	Terminated at close		Standard Berkshire treatment
Dividend payments	None	Will not be reinstated		Berkshire does not pay dividends from operating subs
Free cash flow routing	Internal reinvestment + buybacks	Routes to Berkshire HQ for redeployment		Cash flow upstream to BRK Omaha
TMHC land investment	~$2B/yr guided FY26	Likely flat-to-up		Berkshire patient with land cycle

Footnotes & Sources

Every numeric input traces to a specific document and page.

Source Documents

Citation	Document	Date / Period
PR	Press release: 'Berkshire Hathaway to Acquire Taylor Morrison Home Corporation for $8.5 Billion'	May 31, 2026
TMHC-10K	Taylor Morrison Home Corporation Form 10-K	FY ended 12/31/2025
TMHC-10Q	Taylor Morrison Home Corporation Form 10-Q	Quarter ended 3/31/2026
TMHC-4Q25	TMHC 4Q25 Earnings Release	Feb 11, 2026
TMHC-1Q26	TMHC 1Q26 Earnings Release	Apr 22, 2026
TMHC-4Q25-IP	TMHC 4Q25 Investor Presentation	Feb 11, 2026
TMHC-1Q26-IP	TMHC 1Q26 Investor Presentation	Apr 22, 2026
BRK-10K	Berkshire Hathaway Inc. Form 10-K	FY ended 12/31/2025
BRK-10Q	Berkshire Hathaway Inc. Form 10-Q	Quarter ended 3/31/2026

[VERIFY] Register - Items Pending Refresh

Marker	Description	Resolution Path
[VERIFY-share-count]	Reconciliation of ~93.8M shares (implied from $6.8B / $72.50) to 1Q26 weighted-avg diluted 98.7M	Definitive proxy when filed
[VERIFY-comp-multiples]	DHI, LEN, NVR, PHM, KBH, MTH, TOL, TPH P/E, P/B, EV/EBITDA TTM	FactSet / S&P CapIQ / Bloomberg refresh
[VERIFY-VWAP]	TMHC TTM VWAP estimate	Public price-history database
[VERIFY-52wk]	TMHC 52-week trading range	Public price-history database
[VERIFY-1Q26-EBITDA]	1Q26 Adjusted EBITDA not separately disclosed in earnings release	1Q26 10-Q financial statements
[VERIFY-peak-EBITDA]	FY22 historical peak Adj. EBITDA reference figure	TMHC FY22 10-K
[VERIFY-BRK-hurdle]	Berkshire internal acquisition IRR hurdle is the Institute's inference	Not a Berkshire-disclosed number

Methodology Notes

Currency convention	All dollars in $M unless otherwise noted ($B billions, $K thousands). No interior $ signs in numeric cells.
Alignment convention	Numeric columns right-justified per Institute discipline (matches Lyft / CLF / Fiserv models).
Adjusted EBITDA	TMHC non-GAAP measure per 4Q25 release p.13; adjustments include legal reserves, real-estate impairments, pre-acq abandonment, warranty, debt-extinguishment losses, non-cash comp.
Net homebuilding debt	Per TMHC's own definition: senior notes + other borrowings + mortgage warehouse adjustments less unrestricted cash; per 4Q25 release p.14.
Book value per share	$6,309M (12/31/25 equity) / ~98.7M weighted-avg diluted shares = approximately $64 per share.
Tangible book value	Stockholders' equity less $663M goodwill = $5,646M; excludes intangibles which TMHC does not separately disclose.
Implied EV components	EV ($8.5B) - Equity ($6.8B) = $1.7B implied net debt; reconciles approximately to net homebuilding debt + minority interest + working-capital adjustments.

Library Crosswalk - Which Institute Guides This Case Illuminates

See companion Library Crosswalk PDF for full chapter-by-chapter read.

Crosswalk Summary

Guide	Lead Chapter	Severity	Read
Private Equity Guide	Deal Mechanics & Comparable-Company Pricing	High	Full PE / strategic-buyer deal-mechanics flow at public-merger scale.
First Principles of Master Investing	Berkshire Doctrine; Margin of Safety	High	Live Berkshire-discipline read against the FP framework.
CFO & Controller's Guide	Capital Allocation (Ch. 18)	High	Textbook cash-on-balance-sheet acquisition financing.
Business Buyers Guide	Owner-Operator Acquisition Lens	High	Palmer-stays template at large scale - lesson for small-business acquirers.
Liquidity Event Playbook	Strategic Sale to a Patient Buyer	Medium-High	TMHC shareholder's liquidity event - cash, modest premium, premium-priced certainty.
Insurance & Risk Architecture	Float Deployment	Medium	Berkshire's $397B insurance-float-driven cash deploys into long-cycle assets.
Real Estate Decoded	Production Homebuilder Economics	Medium	Sun Belt land-and-build economics from a residential-decoded lens.
Tax Strategy Decoded	Cash Merger Tax Treatment	Medium	TMHC shareholders receive $72.50 cash - capital-gains realization event.