UWMC Rights Offering

A Plain-English Shareholder Guide

*What happens to your 100 shares -
and the three choices you have.*

*Exercise, sell the rights, or do nothing -
plain-English mechanics, worked math,
and the middle-ground option most
retail explainers skip.*

RIGHTS OFFERING EXPIRES NOVEMBER 12, 2026

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UWMC Rights Offering — A Plain-English Shareholder Guide

What Happens to Your 100 Shares — and the Three Choices You Have

> *A Baratelli Institute practitioner explainer for UWMC common shareholders. Plain English, worked math, all three choices covered — including the one most retail-facing explainers skip.*

Why this guide exists

On August 5, 2026, UWM Holdings Corporation (NYSE: UWMC) closed a strategic capital transaction with affiliates of Oaktree Capital Management and the Ishbia family. The deal has two tranches: $1.65 billion in preferred equity from Oaktree, plus a concurrent $400 million rights offering to existing Class A common shareholders.

Most existing common shareholders will receive a rights offering notice from their broker in the coming weeks. The notice will describe subscription rights, a subscription price, a subscription ratio, and a decision deadline. Most retail-facing explainers cover two of the three choices a shareholder actually has: exercise the rights, or let the rights expire. The third choice — selling the rights on the market during the brief window when they trade — is the one that most explainers gloss over. That third choice is often the most attractive of the three for the specific shareholder who likes the underlying position but does not want to commit additional capital.

This guide walks all three choices in plain English, with a worked example of a shareholder who owns 100 UWMC common shares, and shows why the sell-the-rights option deserves attention.

What is a rights offering, in plain English

A rights offering is a specific way for a public company to raise new capital while giving its existing shareholders the first opportunity to buy the new shares.

The mechanics. On a specific "record date," every existing shareholder is issued one "subscription right" for each share they own. Each right entitles the holder to buy a specific fraction of a new share (or fraction thereof) at a specific "subscription price" during a specific subscription window. The subscription price is typically set below the current market price to encourage participation.

What the shareholder can do with the rights. Three specific choices:

1. **Exercise the rights —** send the subscription price to the company and receive the corresponding new shares.
2. **Sell the rights —** most rights are tradeable on the market during the subscription window, so the shareholder can sell them for cash without exercising.
3. **Do nothing —** the rights expire worthless at the end of the subscription window.

Each choice produces a specific economic outcome. The guide below walks each one.

The specific UWMC rights offering terms

Detail	Value
Total raise	$400 million
Subscription price	approximately $2.00 per new share
New shares issued	approximately 200 million
Class A shares outstanding at record date	approximately 342 million
Approximate subscription ratio	1 right = 0.585 new shares (or 1.71 rights per new share)
Record date	October 2, 2026
Offering commences	October 5, 2026
Offering expiration	November 12, 2026
Backstop	Oaktree Capital Management and the Ishbia family absorb any unsubscribed portion

In plain English: the company is raising $400 million by issuing 200 million new shares at $2.00 each. Existing Class A shareholders receive rights to buy those new shares first. Anything shareholders don't buy, Oaktree and the Ishbia family will buy on the same terms.

Worked example — a shareholder who owns 100 UWMC common shares

Setup

Assume the shareholder owns 100 UWMC Class A common shares as of the October 2, 2026 record date. Assume the shareholder's cost basis is $1.50 per share (rounded from the specific $1.54 the Institute founder paid). Total original investment: $150.

Step 1 — Rights received

On October 2, 2026, the shareholder automatically receives **100 subscription rights** — one right for each share owned. The rights appear in the shareholder's brokerage account within a few days of the record date. No action required to receive them.

Step 2 — What each right entitles the shareholder to

Each right entitles the holder to purchase approximately **0.585 new shares at $2.00 per share.**

Applied to 100 rights, the shareholder can purchase approximately **58 new shares** for approximately **$116** total (58 × $2.00 = $116).

Step 3 — The three choices

Choice A — Exercise the rights (participate in the offering).

The shareholder sends $116 to UWMC through their broker or the transfer agent before November 12, 2026. In return, the shareholder receives 58 new shares at $2.00 each.

- Total shares held after exercise: 100 + 58 = **158 shares**
- Total invested: $150 (original) + $116 (rights exercise) = **$266**
- Blended cost basis: $266 / 158 = **$1.68 per share**

Choice B — Sell the rights (monetize without exercising).

The shareholder places a sell order for the 100 subscription rights during the brief window when they trade in the market (typically several days between the record date and expiration). The shareholder receives cash equal to whatever the rights clear at, and their 100 original shares remain untouched.

- Original shares held: 100
- Cost basis on those 100 shares: unchanged at $1.50

- Cash received from rights sale: depends on where rights clear (see next section)

Choice C — Do nothing (let the rights expire).

The shareholder does not exercise and does not sell. On November 12, 2026, the rights expire worthless. Oaktree and the Ishbia family absorb the unexercised shares via the backstop.

- Original shares held: still 100
- Cash from rights: $0
- Proportional ownership of the company: reduced by ~37% (from 100 / 342M to 100 / 542M)

The math at $3.00 stock price — the interesting case

Suppose UWMC trades at $3.00 per share during the subscription window. Here is what each choice produces.

Choice A — Exercise the rights

Line	Value
Original 100 shares × cost basis $1.50	$150
Plus 58 new shares × subscription price $2.00	$116
Total invested	**$266**
Total shares held (100 + 58)	158
Total shares × current price $3.00	$474
Profit	**$208 (78% return on invested capital)**

Choice B — Sell the rights

To value the rights, use the specific formula for theoretical rights value:

Theoretical value of one right = (Stock price − Subscription price) × (new shares per right)

At $3.00 stock, $2.00 subscription, 0.585 shares per right:

Theoretical value per right = ($3.00 − $2.00) × 0.585 = $0.585

For 100 rights: **$58.50 theoretical value.**

In practice, rights trade at a discount to theoretical value — typically 60-90% of theoretical — because of the short trading window, uncertainty about the stock during the subscription period, and the fact that not every buyer wants to commit fresh capital. Realistic clearing prices for 100 rights at this stock level:

Market condition	Price per right	Cash for 100 rights
Weak market	$0.30	$30
Typical market	$0.45	$45
Strong market	$0.55	$55
Theoretical maximum	$0.585	$58

Assume the shareholder sells 100 rights at the typical-market price of $0.50 each (a rounded midpoint). Cash received: **$50.**

Line	Value
Original 100 shares × current price $3.00	$300
Minus cost basis (100 × $1.50)	($150)
Plus proceeds from selling 100 rights at $0.50 each	$50
Total profit	**$200 (133% return on $150 invested)**

Choice C — Do nothing

Line	Value
Original 100 shares × current price $3.00	$300
Minus cost basis (100 × $1.50)	($150)
Plus proceeds from rights (expired worthless)	$0
Total profit	**$150 (100% return on $150 invested)**

Side-by-side comparison of all three choices at $3.00 stock price

Choice	New capital committed	Shares held after	Total profit	% return on invested capital
Do nothing	$0	100	$150	100%
Sell rights (~$0.50 each)	$0	100	$200	133%
Exercise rights	+$116	158	$208	78%

The elegant insight: selling the rights captures **$200 of profit versus $208 for exercising**, but requires **zero fresh capital**. That is 96% of the exercise upside without tying up a single new dollar. On a return-on-invested-capital basis, selling the rights produces the highest percentage return of the three choices.

The specific advantages of the sell-rights option:

- Preserves the original 100-share position and all its upside optionality on future price moves.
- Monetizes the specific value of the subscription discount without requiring conviction that $2.00 is the right entry point for new capital.
- Frees the $116 that would have gone into exercising for other uses — other positions, cash reserve, dry powder for the next opportunity.
- Comes closest to the exercise-scenario dollar profit without the exercise-scenario commitment.

The tradeoff between exercising and selling at higher stock prices

The sell-rights option and the exercise option produce different specific results at different specific future stock prices.

If UWMC goes to $5.00 after the rights offering completes:

Choice	Value / profit calculation	Profit
Exercised (158 shares held)	158 × $5.00 − $266	$524
Sold rights (100 shares held + $50 cash)	100 × $5.00 − $150 + $50	$400

The exercise scenario captures **$124 more upside** at $5.00, but only because the shareholder committed $116 of new capital that specifically rode that upside. On a return-per-dollar-invested basis, the sell-rights option remains more efficient.

If UWMC goes back down to $2.00 after the offering:

Choice	Value / profit calculation	Profit
Exercised (158 shares held)	158 × $2.00 − $266	$50
Sold rights (100 shares held + $50 cash)	100 × $2.00 − $150 + $50	$100

If the stock retreats, the sell-rights option actually pulls ahead — the shareholder locked in cash from the rights sale rather than deploying it into new shares at $2.00.

The practitioner rules of thumb

- **Sell the rights** if you like the existing position but don't want to add capital, don't want higher concentration risk in one name, or don't have strong conviction the specific subscription price sits below intrinsic value.
- **Exercise the rights** if you have high conviction on the underlying thesis and want maximum exposure to the specific upside case. Exercising is the right move when you would pay the specific subscription price for new shares even outside of a rights offering context.
- **Let the rights expire** almost never. That is the specific "leave money on the table" outcome most retail shareholders end up with because they did not understand they had the sell-rights option available.

The single most important practical takeaway: **when the rights offering notice arrives from your broker, do not ignore it.** At minimum, sell the rights before they expire. The specific alternative is watching them go to zero, which is the specific outcome most retail shareholders default into for the specific reason that most brokerage platforms bury the sell-rights option in menus retail shareholders do not know to look at.

What to watch as the UWMC rights offering unfolds

- **Whether the stock trades above or below $2.00** during the October 5 – November 12 subscription window. If the stock trades above $2.00, exercising is clearly economic. If below $2.00, exercising is economically unfavorable in the short term — shareholders would be buying at a premium to market.
- **Whether the rights themselves trade at a meaningful price** during the tradeable window. Rights trading close to $0.00 signal shareholders don't see value in exercising. Rights trading at $0.30-$0.55 signal meaningful demand and validate the sell-rights option economically.

- **The final take-up rate**. High shareholder take-up signals shareholder confidence in the recapitalization. Low take-up signals shareholders would rather be diluted than commit new capital — a specific data point about market conviction that the Institute will interpret when the results are released.
- **The specific final backstop absorption by Oaktree and Ishbia**. Whatever shareholders don't buy, Oaktree and the family will. That specific number tells the market how much confidence existing shareholders had. Backstop absorption above 50% signals weak existing-shareholder participation; below 25% signals strong participation.

A note on the specific mechanics with your broker

Rights offerings are handled by brokers, not directly by the company. The specific process for exercising or selling rights depends on the specific broker:

- **Fidelity, Schwab, E*TRADE, Interactive Brokers, and most major brokers** handle rights offerings through their corporate actions department. Shareholders typically receive an email notification and can either respond through the corporate actions interface or call the corporate actions phone line to execute their instruction.
- **Robinhood, Webull, SoFi, and specific app-based brokers** vary in how they handle rights offerings. Some pass rights through to shareholders; others do not, and shareholders may receive only the cash equivalent of the rights expiring or the sale proceeds. Check your specific broker's rights offering policy.
- **The specific deadline for instructing your broker is typically 3-5 business days BEFORE the offering expiration.** Do not wait until the actual expiration date to submit instructions — you may miss the specific broker's internal deadline. If the offering expires November 12, 2026, the practical deadline to instruct your broker is approximately November 5-7, 2026.

Disclosure and disclaimer

Institute author disclosure: Philip A. Baratelli, founder of The Baratelli Institute, purchased UWMC common stock at $1.54 on August 12, 2026.

Not investment advice. This explainer is Institute editorial content. Nothing in this guide is a recommendation to buy, sell, hold, or trade UWMC or any other specific security. The specific subscription ratio ("1.71 rights per new share") is an approximation derived from the $400 million / $2.00 target divided by 342 million Class A shares outstanding; the specific final ratio disclosed in the rights offering prospectus may differ modestly. Shareholders should consult the specific prospectus filed with the SEC when it becomes available for the exact ratio, exact subscription price, exact record date confirmation, and exact procedural instructions from the transfer agent. Shareholders considering the specific choices described in this guide should consult with their broker or a qualified investment advisor about their specific situation.

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