

**BARATELLI INSTITUTE**

**EDUCATIONAL CASE STUDY 03 - LYFT VALUATION**

Independent practitioner valuation - built from public filings - May 2026

**Lyft, Inc. (NASDAQ: LYFT)**

*Phil Baratelli owns LYFT shares and may buy or sell at any time. Not an employee/officer/director. Educational case study; not investment advice. Public SEC filin*

**Workbook contents (11 tabs):**

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**Source documents (every figure traceable):**

<b>10K</b>	Lyft Inc. Form 10-K for FY ended Dec 31, 2025 (filed Feb 2026)
<b>10Q</b>	Lyft Inc. Form 10-Q for period ended Mar 31, 2026 (filed May 2026)
<b>PR</b>	Lyft press release: Q1 2026 Financial Results (May 7, 2026)
<b>SUP</b>	Lyft Q1 FY26 Earnings Supplemental Slides (May 7, 2026)

**Quick reference - current state**

Stock price (5/22/26 close)	<b>\$13.90</b> \$	Phil's verified market data
Shares outstanding (Class A, 5/1/26)	<b>379,682,532</b> #	10-Q cover p1
Market cap (calc)	<b>\$5.3M</b> \$	Price x shares
52-wk high	<b>\$25.54</b> \$	Phil's verified market data
52-wk low	<b>\$12.46</b> \$	Phil's verified market data

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FY2025 revenue (\$M)	<b>6,316.3 M</b>	10-K p51
FY2025 Adj EBITDA (\$M)	<b>528.8 M</b>	10-K p51, p59
FY2025 Free cash flow (\$M)	<b>1,115.6 M</b>	10-K p51, p60
TTM FCF through Q1'26 (\$M)	<b>1,122.1 M</b>	PR p10
Q1'26 revenue (\$M)	<b>1,650.5 M</b>	PR p7 / 10-Q p32
Q1'26 Adj EBITDA (\$M)	<b>132.8 M</b>	PR p9
Q1'26 Active Riders (M)	<b>28.3 M</b>	PR p2
Q1'26 Gross Bookings (\$M)	<b>4,946.0 M</b>	PR p2
Cash + ST investments (\$M)	<b>1,720.9 M</b>	10-Q balance p3
Total long-term debt (\$M)	<b>986.6 M</b>	10-Q balance p3

## INPUTS - All user-editable assumptions

Every cell in Column C below can be overridden by the reader. Model re-flows.

### Discount rate (WACC build)

Risk-free rate (10Y UST)	<b>4.40%</b> Pct	Market source - verify before use
Equity risk premium	<b>5.50%</b> Pct	Damodaran 2026 implied ERP estimate
Levered beta (5-yr weekly)	<b>1.45</b> x	Source: Bloomberg / Yahoo; verify
Cost of equity	<b>12.38%</b> Pct	Rf + Beta x ERP
Pre-tax cost of debt	<b>3.50%</b> Pct	Wtd avg of 0.625% + 0% + 6.5% lines
Tax rate (normalized)	<b>25.00%</b> Pct	Federal + blended state
After-tax cost of debt	<b>2.63%</b> Pct	
Debt weight	<b>16.00%</b> Pct	\$1.04B debt / ~\$6.3B EV
Equity weight	<b>84.00%</b> Pct	
WACC	<b>10.82%</b> Pct	Used in DCF tab

### Revenue growth trajectory (annual)

2026E growth	<b>14.0%</b> Pct	Q1'26 actual was 14% YoY (PR p2)
2027E growth	<b>12.0%</b> Pct	Decel as base scales
2028E growth	<b>10.0%</b> Pct	International integration full year
2029E growth	<b>8.5%</b> Pct	Maturing platform
2030E growth	<b>8.0%</b> Pct	
2031E growth	<b>7.0%</b> Pct	
2032E growth	<b>6.0%</b> Pct	
2033E growth	<b>5.0%</b> Pct	
2034E growth	<b>4.0%</b> Pct	Converging to terminal
2035E growth	<b>4.0%</b> Pct	Terminal-adjacent
Terminal growth (g)	<b>3.0%</b> Pct	Long-term GDP+ adjusted

### SBC-adjusted FCF margin trajectory (FCF / Revenue, SBC treated as real expense)

FY2025 SBC-adj FCF margin (ref)	<b>12.6%</b> Pct	10-K p51/p60 less SBC p59
2026E SBC-adj FCF margin	<b>4.5%</b> Pct	Integration spend; SBC still elevated
2027E SBC-adj FCF margin	<b>5.0%</b> Pct	Ramp as vesting schedule normalizes
2028E SBC-adj FCF margin	<b>5.5%</b> Pct	Operating leverage offsets SBC
2029E SBC-adj FCF margin	<b>6.0%</b> Pct	Margin steady-state begins

## INPUTS - All user-editable assumptions

Every cell in Column C below can be overridden by the reader. Model re-flows.

### Discount rate (WACC build)

2030E SBC-adj FCF margin	<b>6.0%</b> Pct	
2031E-2035E SBC-adj FCF margin (terminal-adj)	<b>6.0%</b> Pct	Mature owner cash flow

### Capital structure

Shares outstanding (M)	<b>379.7</b> M	10-Q cover p1
Diluted weighted-avg shares (M)	<b>402.5</b> M	PR p7 Q1'26
Cash + ST investments (\$M)	<b>1,720.9</b> \$M	10-Q balance p3
Long-term debt (\$M)	<b>986.6</b> \$M	10-Q balance p3
Net cash / (net debt) (\$M)	<b>734.3</b> \$M	Cash - Debt
Current stock price (\$)	<b>\$13.90</b> \$	5/22/26 close - Phil verified
Annual buyback expectation (\$M)	<b>1,000.0</b> \$M	Implied by 2026 authorization (10-Q p29)

## HISTORICALS - From SEC filings & press release

Metric	FY2024	FY2025	Q1 2026	Source
Revenue (\$M)	5,786.0	<b>6,316.3</b>	1,650.5	10-K p51, p55 / 10-Q p32
Gross Bookings (\$M)	16,099.4	<b>18,507.0</b>	4,946.0	10-K p51 / PR p2
Rides (M)	828.3	<b>945.5</b>	236.9	10-K p51 / PR p2
Active Riders Q4/Q1 EOP (M)	24.7	<b>29.2</b>	28.3	10-K p52 / PR p2
Cost of revenue (\$M)	3,337.7	<b>3,697.7</b>	864.1	10-K p55 / PR p7
Operations & support (\$M)	443.8	<b>478.3</b>	124.4	10-K p55 / PR p7
R&D (\$M)	397.1	<b>451.4</b>	124.2	10-K p55 / PR p7
Sales & marketing (\$M)	789.0	<b>875.1</b>	272.9	10-K p55 / PR p7
General & admin (\$M)	937.3	<b>1,002.1</b>	270.2	10-K p55 / PR p7
Loss from operations (\$M)	(118.9)	<b>(188.4)</b>	(5.3)	10-K p55 / PR p7
Interest expense (\$M)	(28.9)	<b>(20.8)</b>	(5.2)	10-K p55 / PR p7
Other income net (\$M)	173.2	<b>155.9</b>	30.3	10-K p55 / PR p7
(Benefit)/provision for taxes	2.6	<b>(2,897.3)</b>	5.5	10-K p55 / PR p7
GAAP net income (\$M)	22.8	<b>2,844.0</b>	14.2	10-K p51 / PR p7
Stock-based compensation (\$M)	330.9	<b>322.3</b>	86.9	10-K p59 / PR p10
D&A (\$M)	148.9	<b>135.2</b>	36.6	10-K p59 / PR p10
Adjusted EBITDA (\$M)	382.4	<b>528.8</b>	132.8	10-K p59 / PR p9
Adj EBITDA margin / GB	2.4%	<b>2.9%</b>	2.7%	10-K p51 / PR p2
Net cash from operations (\$M)	849.7	<b>1,168.4</b>	307.7	10-K p60 / PR p8
Capex (\$M)	(83.5)	<b>(52.8)</b>	(20.4)	10-K p60 / PR p8
Free cash flow (\$M)	766.3	<b>1,115.6</b>	287.3	10-K p51, p60 / PR p10
TTM free cash flow (\$M, eop)	n/a	<b>1,115.6</b>	1,122.1	PR p10 (TTM ending 3/31/26)

**PROJECTIONS - 10-year explicit forecast (2026E-2035E)**

Linked to 2\_Inputs. Edit any growth rate or margin on the Inputs tab.

Line item	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Notes
<b>Revenue (\$M)</b>	<b>6,316.3</b>	7,200.6	8,064.7	8,871.1	9,625.2	10,395.2	11,122.8	11,790.2	12,379.7	12,874.9	13,389.9	Linked to Inputs growth path
YoY growth %	9.2%	14.0%	12.0%	10.0%	8.5%	8.0%	7.0%	6.0%	5.0%	4.0%	4.0%	
FCF margin %	<b>17.7%</b>	4.5%	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>Free cash flow (\$M)</b>	<b>1,115.6</b>	<b>324.0</b>	<b>403.2</b>	<b>487.9</b>	<b>577.5</b>	<b>623.7</b>	<b>667.4</b>	<b>707.4</b>	<b>742.8</b>	<b>772.5</b>	<b>803.4</b>	
Adj EBITDA / Rev (illustrative)	8.4%	9.0%	9.4%	9.8%	10.2%	10.6%	11.0%	11.4%	11.8%	12.2%	12.6%	
<b>Adj EBITDA (\$M)</b>	<b>528.8</b>	<b>648.1</b>	<b>758.1</b>	<b>869.4</b>	<b>981.8</b>	<b>1,101.9</b>	<b>1,223.5</b>	<b>1,344.1</b>	<b>1,460.8</b>	<b>1,570.7</b>	<b>1,687.1</b>	

## DCF - Discounted Cash Flow

Discount rate from 2\_Inputs WACC. FCF from 4\_Projections row 9.

Year	FCF (\$M)	Discount factor	PV (\$M)	Cumulative PV	Notes
2026	324.0	0.902	292.4	292.4	
2027	403.2	0.814	328.4	620.8	
2028	487.9	0.735	358.5	979.3	
2029	577.5	0.663	383.0	1,362.3	
2030	623.7	0.598	373.2	1,735.5	
2031	667.4	0.540	360.4	2,095.9	
2032	707.4	0.487	344.7	2,440.7	
2033	742.8	0.440	326.6	2,767.3	
2034	772.5	0.397	306.6	3,073.9	
2035	803.4	0.358	287.7	3,361.6	

**Terminal value (g, WACC)** 10,588.6 0.358 **3,791.9** *g from Inputs C28*

Sum PV of FCF 3,361.6

PV of terminal value 3,791.9

**Enterprise value** **7,153.4**

+ Cash & ST investments (\$M) 1,720.9

- Long-term debt (\$M) -986.6

**Equity value (\$M)** **7,887.7**

/ Diluted shares (M) 402.5

**DCF \$/share** **\$19.60**

vs current price \$13.90

**Implied upside / (downside)** **41.0%**

### Bear / Base / Bull DCF scenario summary

Scenario	WACC	Terminal g	Term margin	DCF \$/sh	Notes
Bear	12.00%	1.50%	5.00%	<b>\$11.18</b>	Slow growth, margin compress, high WACC
Base	10.81%	3.00%	6.00%	<b>\$19.60</b>	Linked to live DCF above
Bull	9.50%	3.50%	6.50%	<b>\$27.49</b>	Durable growth, margin expansion

## COMPS - Trading comparables (verified real data)

Source: Yahoo Finance key statistics, late May 2026 (cross-checked GuruFocus + StockAnalysis).

Comparable	Mkt cap (\$B)	EV/Sales	EV/EBITDA	P/FCF	Notes
<b>Lyft (subject)</b>	5.28	0.74	8.70	4.70	EV ~\$4.6B; TTM Rev \$6.32B; Adj EBITDA \$529M; FCF \$1
Uber (UBER)	146.20	2.84	24.95	15.50	EV ~\$152.5B; TTM Rev \$53.7B; Lev FCF TTM \$6.54B
DoorDash (DASH)	69.82	4.59	41.41	35.00	EV ~\$67.58B; TTM Rev \$14.72B; FCF \$2.3B (mid of 30-4)
Airbnb (ABNB)	78.55	5.46	26.65	17.50	EV ~\$69.08B (net cash); Rev \$12.65B; FCF \$3.19B
Median UBER/DASH/ABNB	-	4.59	26.65	17.50	Median across the three platform peers
Mean UBER/DASH/ABNB	-	4.30	31.00	22.70	Simple average for reference

### Implied \$/share - Method 1: UBER multiples with 22% size/scale discount

Multiple at 78% of UBER	Base (\$M)	Implied EV (\$M)	Implied Equity (\$M)	\$/share	Notes
EV / TTM Sales (UBER 2.84x x	2.22x	6,316.3	13,991.9	14,726.2	<b>\$36.59</b> Sales overwe
EV / TTM EBITDA (UBER 24.95	19.46x	528.8	10,291.0	11,025.3	<b>\$27.39</b> Apples-to-ap
P / TTM FCF (UBER 15.5x x 0.7	12.09x	1,122.1	13,566.2	13,566.2	<b>\$33.70</b> Cash-yield lei
<b>Method 1 base (median of EBITDA + FCF)</b>					<b>\$30.55</b> Excludes Sale

### Implied \$/share - Method 2: Peer median (no Lyft-specific haircut)

Median UBER/DASH/ABNB	Base (\$M)	Implied EV (\$M)	Implied Equity (\$M)	\$/share	Notes
EV / TTM Sales (median 4.59x)	4.59x	6,316.3	28,991.8	29,726.1	<b>\$73.85</b> Skewed by AI
EV / TTM EBITDA (median 26.65x)	26.65x	528.8	14,092.5	14,826.8	<b>\$36.84</b> EBITDA basket
P / TTM FCF (median 17.5x)	17.50x	1,122.1	19,636.8	19,636.8	<b>\$48.79</b> FCF basket m
<b>Method 2 base (median of EBITDA + FCF)</b>					<b>\$42.81</b> Bull anchor

### Implied \$/share - Method 3: UBER with 45% Lyft-specific haircut (US-only, no Eats/freight, AV-risk)

Multiple at 55% of UBER	Base (\$M)	Implied EV (\$M)	Implied Equity (\$M)	\$/share	Notes
EV / TTM Sales (UBER 2.84x x	1.56x	6,316.3	9,866.1	10,600.4	<b>\$26.34</b> Punitive hair
EV / TTM EBITDA (UBER 24.95	13.72x	528.8	7,256.5	7,990.8	<b>\$19.85</b> Bear EBITDA
P / TTM FCF (UBER 15.5x x 0.5	8.53x	1,122.1	9,565.9	9,565.9	<b>\$23.77</b> Bear FCF anc
<b>Method 3 base (median of EBITDA + FCF)</b>					<b>\$21.81</b> Bear floor

## COMPS - Trading comparables (verified real data)

Source: Yahoo Finance key statistics, late May 2026 (cross-checked GuruFocus + StockAnalysis).

Comparable	Mkt cap (\$B)	EV/Sales	EV/EBITDA	P/FCF	Notes
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### Comps triangulation (bear / base / bull)

Bear (Method 3): \$23 - reflects punitive haircut for US-only scope + AV risk

**Base (Method 1): \$32 - UBER multiples with size/scale discount, EBITDA+FCF basis**

Bull (Method 2): \$45 - peer median multiples applied directly

*Why Lyft trades at a discount to UBER: (1) US-only revenue concentration, (2) no Eats/Freight diversification, (3) AV transition dependency rather than scale leadership, (4) smaller EBITDA margin profile (8% vs ~12%), (5) lower analyst coverage / index weight. The 22% Method-1 haircut captures these structural gaps without the 45% Method-3 punishment, which double-counts the AV risk already in WACC.*

## SOTP - Sum-of-the-parts

Editable cells in column D and E. Probability weighting in row 14.

Segment	Method	Base (input)	Multiple	Value (\$M)	Notes
NA rideshare core	12x FCF on attributable	950.0	12.0x	11,400.0	95%+ of Gross Bookings today
International (Freenow + Gett + TBR)	1.5x revenue	1,000.0	1.5x	1,500.0	Post-Gett close; low margin today
Bikes + scooters	1.0x revenue	300.0	1.0x	300.0	Citibike etc.
Lyft Media (advertising)	8x revenue	50.0	8.0x	400.0	Early-stage segment
<b>Sum of parts (EV)</b>				<b>13,600.0</b>	
+ Net cash (\$M)				734.3	
- Marketability/integration discount		15%		-2,150.1	
<b>Implied equity value (\$M)</b>				<b>12,184.2</b>	
/ Diluted shares (M)				402.5	
<b>SOTP \$/share</b>				<b>\$30.27</b>	

## SUMMARY - Bear / Base / Bull triangulation

Pulls live from DCF, Comps, SOTP tabs. Edit scenario weights in row 14.

Lens	Bear	Base	Bull	Notes
DCF \$/share	\$11.18	<b>\$19.60</b>	\$27.49	Live from 5_DCF scenario block (rows 33-35)
Comps \$/share	\$21.81	<b>\$30.55</b>	\$42.81	Method 3 / Method 1 / Method 2 (real Yahoo)
SOTP \$/share	\$9.99	<b>\$18.16</b>	\$25.73	60% prob-weighted base; bear/bull scenario f
+ NOL DTA per share	\$1.74	<b>\$2.98</b>	\$3.73	Add-back from NOL tab
<b>Triangulated range (DCF/Comps/SOTP, + N)</b>	<b>\$16.07</b>	<b>\$25.75</b>	<b>\$35.74</b>	
Scenario probability weight	25%	50%	25%	
<b>Probability-weighted expected value</b>		<b>\$25.83</b>		
Current price (from Inputs)		\$13.90		
<b>Implied upside/(downside)</b>		<b>85.8%</b>		

**DISCLOSURE: Phil Baratelli owns LYFT shares and may buy or sell at any time. Not an employee/officer/director.**

Educational case study; not investment advice. Built from public SEC filings. See full disclosure in the accompanying memo PDF.

### LIBRARY TIE-INS:

DCF mechanics: First Principles Ch 13 (CAPM) + PE Guide Ch 19 (WACC / DCF construction)

Comps method: PE Guide Ch 17 (trading comp methodology)

SOTP method: PE Guide Ch 20 (sum-of-the-parts) + First Principles Ch 15 (probability weighting)

FCF readback: PE Guide Ch 8 (cash flow yield) + CFO Controllers' Guide Ch 11 (cash vs accounting)

Risk register: CFO Controllers' Guide Ch 17 (risk inventory discipline)

## SBC P&L EXPENSE vs. ACTUAL DILUTION

GAAP SBC is fixed at grant-date FV. Actual dilution depends on whether the awards convert into shares.

### Lyft's equity-award stack at 12/31/25

Award type	Count (M)	Strike / FV (\$)	Dilution	Source
Stock options outstanding	0.000	n/a	ZERO - none remain	10-K p106
RSUs nonvested (incl. PSUs)	26.341	\$10.54	Dilute regardless of p	10-K p106
PSUs (subset, 2025 grants)	2.100	Perf+px tranches	Conditional on milest	10-K p106
ESPP purchase rights	0.382	15% disc	Dilute as employees	10-K p112
2029 Notes (if-converted)	21.821	\$21.08	Phantom: stock <\$21	10-K p112
2030 Notes (if-converted)	21.259	\$23.52	Phantom: stock <\$23	10-K p112
<b>Total potentially dilutive</b>	<b>55.052</b>	-	Per 10-K diluted-EPS	10-K p112

### FY2025 SBC: P&L expense vs. real net dilution

Line	Amount	Unit	Reasoning
Reported FY2025 SBC expense (P&L)	322.3	\$M	10-K p72 cash flow stmt
Less: portion from stock options	0.0	\$M	Zero options outstanding (10-K p106)
<b>Err:509</b>	<b>322.3</b>	<b>\$M</b>	All restricted stock now
RSU+PSU shares nonvested 12/31/25	26.3	M	10-K p106
Annual gross RSU/PSU grants (FY25)	25.6	M	10-K p106
Annual RSU/PSU vestings (FY25)	21.1	M	10-K p106
Tax-withholding share retirements	9.0	M	10-K p106
Net new dilutive shares (FY25 est)	12.1	M	Vested less withheld
FY25 buyback share retirements	30.3	M	10-K p105 (\$500M)
<b>Net change in shares (FY25)</b>	<b>(18.2)</b>	<b>M</b>	Shares DECLINED on net

### Practitioner takeaway

FY2025 net share count DECLINED ~18M despite \$322M SBC. Real dilution risk = RSUs + ESPP (no options; converts deep OTM at \$13.90). The 55M anti-dilutive footnote figure massively overstates near-term dilution.

LIBRARY TIE-IN: First Principles Ch 11 (cash vs. accounting), PE Guide Ch 11 LBO SBC adjustment.

## LBO TAKE-PRIVATE - Lyft sponsor feasibility

Adapted from PE Guide Model 05 - Take-Private. Live-linked to Inputs tab where useful.

### Implied take-private offer

Current stock price	\$13.90 \$
Take-private premium	30% %
Implied offer price	\$18.07 \$
Diluted shares outstanding (M)	402.5 M
Equity purchase price (\$M)	7,273.2 \$M
Refi existing long-term debt (\$M)	986.6 \$M
Total enterprise consideration (\$M)	8,259.8 \$M
Less: cash & ST investments (\$M)	-1,720.9 \$M
Net funding need (\$M)	6,538.9 \$M

### Sources & Uses (capital stack)

Tranche	Amount (\$M)	% of total	Pricing	Notes
Term Loan B (5.0x EBITDA)	2,775.0	33.6%	SOFR+400 (~9.3%)	Senior secured; 1%/yr amort
Sr Unsecured Notes (1.0x EBITDA)	555.0	6.7%	9.50% fixed	NC3, 8-yr
Sponsor equity	3,180.0	38.5%	Common	Large sponsor + co-invest
Existing cash (sweep at close)	1,720.9	20.8%	-	10-Q balance p3
Management rollover (~3%)	200.0	2.4%	Common	Risher + Brewer
Sub debt / PIK	0.0	0.0%	-	Not needed at this size
<b>Total sources</b>	<b>8,430.9</b>	<b>102.1%</b>	-	
<b>Total uses (= equity + debt refi)</b>	<b>8,259.8</b>	<b>100.0%</b>	-	

### Debt service & deleveraging (5-yr hold)

Year	Adj EBITDA (\$M)	Cash int (\$M)	Coverage (x)	FCF post-int (\$M)	Paydown (\$M)	EOP Debt (\$M)	Net lev (x)
Y0 (close)	555.0	0.0	0.00x	0.0	0.0	3,330.0	6.00x
Y1	583.0	311.0	1.87x	210.0	210.0	3,120.0	5.35x
Y2	613.0	291.0	2.11x	260.0	260.0	2,860.0	4.67x
Y3	643.0	267.0	2.41x	310.0	310.0	2,550.0	3.97x
Y4	676.0	237.0	2.85x	365.0	365.0	2,185.0	3.23x

## LBO TAKE-PRIVATE - Lyft sponsor feasibility

Adapted from PE Guide Model 05 - Take-Private. Live-linked to Inputs tab where useful.

### Implied take-private offer

Y5 (exit)	709.0	203.0	3.49x	420.0	420.0	1,765.0	2.49x
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### Sponsor returns (5-yr hold) - with \$382-capped NOL benefit

Scenario	Bear	Base	Bull	Notes
Y5 Adj EBITDA (\$M)	660.0	<b>709.0</b>	780.0	
Exit EV/EBITDA multiple	7.5	<b>9.0</b>	10.5	Mid-platform comp range
Exit EV (\$M)	4,950.0	<b>6,381.0</b>	8,190.0	
Less: EOP debt (\$M)	(2,000.0)	<b>(1,765.0)</b>	(1,500.0)	Faster paydown in bull case
+ \$382-capped NOL PV (\$M)	200.0	<b>340.0</b>	420.0	From 11_NOL tab; capped use over 5-yr hold
Equity proceeds at exit (\$M)	3,150.0	<b>4,956.0</b>	7,110.0	Includes NOL benefit
Sponsor equity invested (\$M)	(3,180.0)	<b>(3,180.0)</b>	(3,180.0)	From sources/uses tab
MOIC (gross)	0.99x	<b>1.56x</b>	2.24x	With NOL: lifts MOIC ~0.1x
IRR (5-yr, pre-fee)	(0.2%)	<b>9.3%</b>	17.5%	Pre carry / mgmt fees
IRR after carry+fees (~20/2)	(2.5%)	<b>7.0%</b>	14.5%	+1.5pp vs no-NOL case

### Sensitivity: Sponsor IRR by Exit Multiple x EBITDA CAGR (excl. NOL)

Exit / CAGR	3%	5% (base)	7%	10%	12%
7.5x	(1.0%)	1.0%	4.0%	8.0%	11.0%
8.5x	2.0%	5.0%	8.0%	12.0%	15.0%
9.0x	4.0%	<b>7.7%</b>	11.0%	15.0%	18.0%
10.0x	7.0%	11.0%	13.0%	17.0%	20.0%
11.0x	9.0%	13.0%	16.0%	20.0%	23.0%

### Insurance-accrual adjusted LBO: Scenario A vs Scenario B (base case)

Scenario A = uses (Adj EBITDA - capex) for debt paydown (current model). Conservative; treats reserve build as permanent cash drain.

Scenario B = uses (Adj EBITDA - capex + insurance reserve build) for debt paydown. Assumes captive insurance subsidiary retains cash.

Metric	Scenario A (conservative)	Scenario B (insurance-adj)	Notes

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### Implied take-private offer

Cash for debt paydown formula	Adj EBITDA - cap	Adj EBITDA - cap	Per Section 13 memo
Y1 cash available (\$M)	476.0	1,055.0	Y1 EBITDA \$583M; capex \$107M; ins build \$579M
5-yr cumulative paydown (\$M)	1,565.0	4,065.0	Sum of annual cash flows post-interest
Cumulative delta vs Sc A (\$M)	0.0	2,500.0	Phil's \$2.5B figure
EOP Y5 debt (\$M)	1,765.0	(515.0)	Sc B exits with net cash position
Net leverage at exit (x)	2.49x	-0.73x	Negative = net cash
Sponsor IRR pre-fee (base)	<b>9.3%</b>	<b>22.5%</b>	<b>Sc B at 22.5% pre-fee</b>
Sponsor IRR after carry+fees (~20/2)	<b>7.0%</b>	<b>18.5%</b>	<b>Sc B clears 20% hurdle</b>

*Caveat: Scenario B is the upper bound. The captive insurance subsidiary (PVIC, 10-K p92) holds restricted investments (\$1.21B at 3/31/26 per 10-Q p3); sponsor's ability to extract reserve cash depends on actuarial review + regulatory capital. The truth is somewhere between A (base case for LBO underwriting) and B (upside if reserve build is conservative).*

### Practitioner takeaway

Scenario A (base): At 30% premium (\$18.07), IRR ~9.3% pre-fee / ~7.0% net WITH \$382-capped NOL. Below 20% hurdle.

Scenario B (insurance-adj): IRR ~22-24% pre-fee / ~17-20% net. Clears the hurdle IF reserve build is conservative.

Most likely structure: management-led with single PE sponsor as financing partner, ~20% premium.

**Public-market reader use: LBO is the downside floor at ~\$16-18 vs \$13.90 current. Section 13 of memo walks insurance accrual.**

*LIBRARY TIE-IN: PE Guide Model 05 (Take-Private template), PE Guide Ch 4B (382), First Principles Ch 14 (triangulation), CFO Controllers' Guide Ch 13 (credit metrics) + Ch 11 (cash vs accounting earnings - the insurance accrual bridge).*

## NOL ASSET ANALYSIS - The \$10B path to today

Like SpaceX and Uber, Lyft incurred ~\$10B of losses building the platform. Those losses now sit as a deferred tax asset.

### Step 1: NOL inventory from 10-K Note 13 (Income Taxes), pp108-111

Carryforward / Credit	Balance (\$M)	Expiration	Tax Rate	Gross DTA (\$M)	Notes
U.S. federal NOL	7,900.0	Post-2017: NO expira	21%	1,659.0	10-K p110
U.S. state NOL	6,400.0	Begins expiring 2026	6%	384.0	10-K p110
Foreign NOL	557.4	Begins expiring 2026	25%	139.4	10-K p111
U.S. federal R&D credits	344.3	Begins expiring 2033	100%	344.3	10-K p111 (credit; not rate-applied)
California R&D credits	251.9	UNLIMITED carryforv	100%	251.9	10-K p111 (CA VA maintained)
<b>Total gross DTA (tax-effected)</b>				<b>2,778.6</b>	

Per 10-K p110: Net DTA on balance sheet (after VA + DTLs) = \$2,882.5M

Valuation allowance RELEASED \$2.4B in Q4 2025 - mgmt concluded 'more-likely-than-not' DTA realizable (10-K p110)

### Step 2: Section 382 risk assessment

10-K p111 (direct quote): 'Utilization of the net operating loss and tax credit carryforwards are subject to various limitations including the ownership change limitations provided by U.S. IRC Section 382 and similar state provisions.'

Standalone (no take-private): No §382 ownership change disclosed as triggered through 12/31/2025. NOLs available subject to TCJA 80% cap.

**Take-private (LBO): 100% sponsor acquisition = 100% ownership change = §382 trigger. Annual use capped at equity value x LT tax-exempt rate.**

### Step 3: PV of NOL asset to current public shareholders (NO §382 event)

PV scenario	PV (\$M)	Diluted shares (M)	PV per share (\$)	Used in Summary?	Notes
Bear (slow income ramp, NOL utilized 2026-2038)	700.0	402.5	\$1.74	Yes - column C of Su	Conservative income trajectory
Base (per Step 4 schedule below, exhausts 2034)	1,200.0	402.5	\$2.98	Yes - column D of S	Aligned with base DCF income path
Bull (faster ramp, exhausts 2032)	1,500.0	402.5	\$3.73	Yes - column E of Su	International margin convergence

### Step 4: Base-case NOL utilization schedule (TCJA 80% cap modeled, blended tax rate ~27%)

Year	Pretax income (\$M)	80% cap (\$M)	NOL used (\$M)	Cumul. used (\$M)	Tax saved (\$M)	PV @ 10.8% (\$M)
202	300.0	240.0	240.0	240.0	64.8	58.5
202	500.0	400.0	400.0	640.0	108.0	88.0
202	700.0	560.0	560.0	1,200.0	151.2	111.2
202	900.0	720.0	720.0	1,920.0	194.4	129.0

## NOL ASSET ANALYSIS - The \$10B path to today

Like SpaceX and Uber, Lyft incurred ~\$10B of losses building the platform. Those losses now sit as a deferred tax asset.

### Step 1: NOL inventory from 10-K Note 13 (Income Taxes), pp108-111

203	1,100.0	880.0	880.0	2,800.0	237.6	142.3
203	1,300.0	1,040.0	1,040.0	3,840.0	280.8	151.8
203	1,500.0	1,200.0	1,200.0	5,040.0	324.0	158.0
203	1,700.0	1,360.0	1,360.0	6,400.0	367.2	161.7
203	1,900.0	1,520.0	1,500.0	7,900.0	405.0	160.9
203	2,100.0	1,680.0	0.0	7,900.0	0.0	0.0
<b>Total</b>			<b>7,900.0</b>	<b>7,900.0</b>	<b>2,133.0</b>	<b>1,161.2</b>

### Step 5: PV of NOL to LBO acquirer (\$382 TRIGGERED by 100% take-private)

Item	Value	Source / Calc
Equity purchase price (\$M)	<b>7,275.0</b>	From 10_LBO tab: 402.5M x \$18.07
Long-term tax-exempt rate (May 2026)	<b>4.50%</b>	IRS-published \$382 LT tax-exempt rate; ~4.5% current
Annual §382 limitation (\$M)	<b>327.4</b>	Equity value x LT tax-exempt rate
5-yr hold cumulative NOL used (\$M)	<b>1,636.9</b>	Hold-period NOL utilization
Blended tax rate (Fed+State)	<b>27%</b>	Fed 21% + state 6%
Total tax savings over hold (\$M)	<b>442.0</b>	
PV @ 10.8% (mid-period avg)	<b>342.0</b>	Avg over 5-yr hold
vs Std case PV \$1.2B	<b>(858.0)</b>	Loss to sponsor vs un-capped use
§382 destroys ~\$X of NOL value	<b>858.0</b>	Public-shareholder NOL value forfeited

### Step 6: The \$10B thematic frame

Like SpaceX (~\$10B+ pre-revenue R&D) and Uber (~\$30B cumulative pre-profit losses), Lyft incurred approximately \$10B of cumulative losses since founding (2012) building the platform. Those losses now sit on the balance sheet as a \$2.88B net deferred tax asset (10-K p110) - value the equity already paid for but has not yet collected through the P&L.

*Cross-reference: SpaceX Educational Case Study (Baratelli Institute), NOL/§382 section - same methodology.*

*LIBRARY TIE-IN: PE Guide Ch 4B (NOL / §382 mechanics), First Principles Ch 13 (NPV / discount-rate mechanics), SpaceX Educational Case Study (parallel methodology), Lyft 10-K Item 8 Note 13 (Income Taxes, pp108-111).*