

BARATELLI INSTITUTE**EDUCATIONAL CASE STUDY 04 - CLF VALUATION**

Independent practitioner valuation - built from public filings - May 2026

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Cleveland-Cliffs Inc. (NYSE: CLF)

Phil owns the stock. Educational case. Not investment advice. Built from public SEC filings.

[DATA REFRESH] Numerical inputs backfilled May 25, 2026 from CLF FY 2025 10-K (filed Feb 2026), Q1 2026 10-Q (filed Apr 2026), and Q1 2026 earnings presentation (April 20, 2026). Live market data (stock \$11.23 close May 22, 2026; peer EV/EBITDA; HRC ~\$830 / ton; WACC inputs) refreshed from Yahoo Finance + CME front-month + Grok cross-check.

Workbook contents (11 tabs):

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Source documents (all refreshed May 25, 2026):

10K	Cleveland-Cliffs Inc. Form 10-K for FY ended Dec 31, 2025 (filed Feb 2026)
10Q	Cleveland-Cliffs Inc. Form 10-Q for quarter ended Mar 31, 2026 (filed Apr 2026)
SUP	Cleveland-Cliffs First-Quarter 2026 Earnings Presentation (April 20, 2026)
8K	Acquisition 8-Ks: AKS (Mar 2020), AMUSA (Dec 2020), FPT (Nov 2021), Stelco (Nov 2024)
Mkt	Yahoo Finance + Grok cross-check (May 22-25, 2026): stock \$11.23, beta 2.01, peer EV/EBITDA
Cmdty	HRC spot ~\$830 / ton (CME front-month, late May 2026)

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Quick reference - real data from FY 2025 10-K + Q1 2026 10-Q + Yahoo May 22 2026

Stock price (close May 22, 2026)	\$11.23 \$	Yahoo Finance May 22, 2026 (+4.95%)
Shares outstanding (Apr 21, 2026)	570.4 M	10-Q cover
Market cap (calc, \$M)	6405.592 M	Price x shares = \$6,406M
52-wk high (Yahoo May 22, 2026)	\$16.70 \$	Yahoo Finance May 22, 2026
52-wk low (Yahoo May 22, 2026)	\$5.63 \$	Yahoo Finance May 22, 2026
FY 2025 revenue (\$M)	18,610.0 M	10-K p61
FY 2025 Adj EBITDA (\$M)	37.0 M	10-K p73 (trough)
FY 2025 Free cash flow (\$M)	(1,023.0) M	OCF -\$462M less Capex \$561M
Cash + equivalents Q1 2026 (\$M)	45.0 M	10-Q p2
Long-term debt Q1 2026 (\$M)	7,763.0 M	10-Q p2 (carrying value)
Net debt (\$M)	8786 M	calc
Pension + OPEB liab Q1 2026 (\$M)	631.0 M	10-Q p2
Enterprise value (\$M)	15822.592 M	calc
HRC avg 2025 (\$/ton)	\$851.00 \$	10-K MD&A p44
HRC spot late May 2026 (\$/ton)	\$830.00 \$	CME front-month, approximate
FY 2025 steel shipments (k nt)	16229 k nt	10-K p45
Beta (5Y monthly)	2.01x x	Yahoo Finance May 22, 2026

2_Inputs - User-Editable Assumptions

Flex any value in column C; downstream tabs reference these cells.

Inputs refreshed May 25, 2026: FY 2025 10-K + Q1 2026 10-Q + Yahoo Finance + Grok cross-check.

Section A: Operating assumptions (through-cycle)

Input	Value	Unit	Source / Note
Through-cycle HRC price	\$900.00	\$/ton	FY22-25 avg ~\$898 (excl FY21 peak)
Through-cycle EBITDA / ton	\$110.00	\$/ton	FY22-25 avg ~\$70 (FY23 \$119 mid-cycle ref)
Through-cycle shipments	16.5	Mt	FY24 15.6Mt / FY25 16.2Mt / 4yr avg ~16.2
Implied through-cycle EBITDA	14,850.0	\$M	calc
Maintenance capex (2026E guidance)	700.0	\$M	SUP p15 / 10-K Item 7 p46 (~\$700M FY26E)
Growth capex (incremental)	0.0	\$M	All 2026E capex sustaining per 10-K p46
Total capex (D&A reference)	700.0	\$M	calc
Cash tax rate (effective)	25.0%	%	25% effective rate (assumption; aligns with WACC build)
Working capital % of revenue change	10.0%	%	Approx, varies by HRC/inv cycle
D&A as % of revenue	6.6%	%	FY25 D&A \$1,235M / Rev \$18,610M (10-K p63)

Section B: Valuation assumptions (WACC refresh May 25, 2026)

Input	Value	Unit	Source / Note
Risk-free rate (10-yr UST)	4.25%	%	Current 10-yr UST yield (assumption)
Equity risk premium	5.50%	%	Damodaran 2026 implied ERP (assumption)
Beta (5Y monthly)	2.01	x	Yahoo Finance May 22, 2026
Cost of equity (CAPM)	15.31%	%	$R_f + \text{Beta} \times \text{ERP} = 15.31\%$
Pre-tax cost of debt	7.50%	%	CLF senior notes 6.25%-7.5% (longer tranches)
After-tax cost of debt	5.63%	%	
Equity weight	43.00%	%	\$6.4B mkt cap / \$14.75B total
Debt + pension weight	57.00%	%	(\$7.72B net debt + \$0.63B pen/OPEB) / total
WACC	9.79%	%	$0.43 \times 15.31\% + 0.57 \times 5.63\% = 9.79\%$ (rounded 9.75%)
Terminal growth rate	1.50%	%	Long-run real GDP analog
Forecast horizon (yrs)	10	yr	Standard practitioner horizon

Err:509

Section C: Comparable multiples (Yahoo Finance May 22-25, 2026)

2_Inputs - User-Editable Assumptions

Flex any value in column C; downstream tabs reference these cells.

Inputs refreshed May 25, 2026: FY 2025 10-K + Q1 2026 10-Q + Yahoo Finance + Grok cross-check.

Peer	EV (\$B)	EV/ EBITDA	Note
Nucor (NUE)	\$57.5	11.5x	Best-in-class EAF; conservative leverage
Steel Dynamics (STLD)	\$38.3	16.0x	EAF growth story; flat-rolled + structural
US Steel (X)*	\$16.0	13.8x	Nippon acquisition closed June 18, 2025; frozen mark
ArcelorMittal (MT)	\$60.0	14.5x	Global integrated (midpoint \$56.8-\$61.5B / 14.0-14.9x)
Reliance (RS)	\$20.3	13.6x	Service-center / distributor
Peer median	\$38.3	13.8x	calc
Peer mean	\$38.4	13.9x	calc

3_Historicals - Five-Year Cycle View

FY 2023-2025 from FY 2025 10-K. FY 2021-2022 from FY 2021 + FY 2022 10-Ks (selected fin data).

Line item (\$M unless noted)	FY2021	FY2022	FY2023	FY2024	FY2025	Q1 2026	4yr Avg (FY22-25)
Revenue	20,444	22,989	21,996	19,185	18,610	4,922	20,695
Steel shipments (k net tons)	16,800	16,400	0	15,596	16,229	4,108	12,056
Avg selling price (\$/ton)	1,217	1,402	0	1,081	1,005	1,048	872
COGS	(14,750)	(19,850)	(20,623)	(19,122)	(19,470)	(5,004)	(19,766)
SG&A	(550)	(650)	(577)	(486)	(543)	(125)	(564)
Adj. EBITDA	5,250	1,840	1,893	773	37	95	1,136
Adj. EBITDA / ton (\$)	313	112	0	50	2	23	41
Adj. EBITDA margin	25.7%	8.0%	8.6%	4.0%	0.2%	1.9%	5.2%
D&A	(700)	(800)	(973)	(951)	(1,235)	(259)	(990)
Operating income (loss)	4,550	1,040	659	(763)	(1,579)	(213)	(161)
Interest expense (net)	(400)	(300)	(289)	(370)	(594)	(148)	(388)
Pretax income (loss)	4,150	740	579	(950)	(2,004)	(307)	(409)
Tax benefit (expense)	(1,000)	(160)	(144)	236	581	81	128
Net income (loss) - GAAP	3,150	580	436	(714)	(1,428)	(229)	(282)
Net loss attrib to Cliffs sh	3,100	530	385	(760)	(1,478)	(237)	(331)
OpCF (net cash from operations)	2,280	1,900	2,267	105	(462)	(325)	953
Capex (Purchase of PP&E)	(575)	(700)	(646)	(695)	(561)	(152)	(651)
Free cash flow (OpCF - Capex)	1,705	1,200	1,621	(590)	(1,023)	(477)	302

Source / verification notes

FY 2023-2025 columns from FY 2025 10-K (p61 income stmt, p73 EBITDA recon, p63 cash flow). FY 2021-2022 columns from FY 2021 + FY 2022 10-K selected financial data.

4_Projections - 10-Year Through-Cycle Forecast

Anchor: through-cycle EBITDA/ton from 2_Inputs. Volume held ~16.5Mt; price flexes.

Line item (\$M)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Avg selling price (\$/ton)	\$1,050	\$1,100	\$1,130	\$1,150	\$1,160	\$1,170	\$1,180	\$1,190	\$1,200	\$1,210
Shipments (Mt)	16.0	16.3	16.5	16.5	16.7	16.8	17.0	17.0	17.0	17.0
Revenue	16,800	17,930	18,650	18,975	19,372	19,656	20,060	20,230	20,400	20,570
EBITDA margin	6.0%	7.5%	9.0%	10.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Adj. EBITDA	1,008	1,345	1,679	1,898	2,034	2,064	2,106	2,124	2,142	2,160
D&A	750	775	800	825	850	875	900	925	950	975
EBIT	258	570	879	1,073	1,184	1,189	1,206	1,199	1,192	1,185
Cash taxes (25% effective)	(65)	(143)	(220)	(268)	(296)	(297)	(302)	(300)	(298)	(296)
NOPAT	193	427	659	805	888	892	904	899	894	889
+ D&A	750	775	800	825	850	875	900	925	950	975
- Capex	(675)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)
- WC change	(100)	(50)	(30)	(20)	(20)	(20)	(20)	(20)	(20)	(20)
Unlevered FCF	168	452	729	910	1,018	1,047	1,084	1,104	1,124	1,144

Note: 2026E-2035E projections are model-driven from inputs in Tab 2. Cash tax 25% effective per WACC build.

5_DCF - Discounted Cash Flow + WACC Build

WACC refreshed May 25, 2026 (Rf 4.25% / ERP 5.5% / Beta 2.01 Yahoo). FCF from Tab 4. Cap structure from Q1 2026 10-Q.

WACC build

Component	Value	Note
Risk-free rate (10-yr UST)	4.25%	Current 10-yr UST yield (assumption)
Equity risk premium	5.50%	Damodaran 2026 implied ERP (assumption)
Beta (5Y monthly)	2.01	Yahoo Finance May 22, 2026
Cost of equity (CAPM)	15.31%	Rf 4.25% + Beta 2.01 x ERP 5.5% = 15.31%
Pre-tax cost of debt	7.50%	CLF senior notes 6.25%-7.5% (longer tranches)
Tax rate	25.00%	Effective rate (assumption)
After-tax cost of debt	5.63%	7.5% x (1-0.25) = 5.63%
Equity weight (mkt cap \$6.4B / total \$1	43.00%	MV equity / (MV equity + debt + pen/OPEB)
Debt + pen/OPEB weight (\$7.72B + \$0.6	57.00%	(Net debt + pen/OPEB) / total
WACC	9.79%	0.43 x 15.31% + 0.57 x 5.63% = 9.79% (rounded 9.75%)

FCF table (from 4_Projections)

Year	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	Terminal
Unlevered FCF (\$M)	168	452	729	910	1,018	1,047	1,084	1,104	1,124	1,144	14,075
Discount factor @ WACC 9.75%	0.911	0.830	0.756	0.689	0.628	0.572	0.521	0.475	0.433	0.394	0.394
PV of FCF (\$M)	153	375	551	627	639	599	565	524	487	451	5,551

Enterprise value summary

Sum of PV of explicit-period FCFs	4,973
PV of terminal value	5,551
Enterprise value	10,524
Less: net debt (10-Q Mar 31, 2026: LTD	(7,718)
Less: pension / OPEB (10-Q net liab)	(631)
Equity value	2,175
Shares outstanding (M, 10-Q Apr 21, 20	570.4
Implied per-share value	\$3.81

Sensitivity grid: WACC x Terminal g

WACC / g	1.0%	1.5%	2.0%	2.5%
8.50%	\$6.63	\$7.55	\$8.61	\$9.84
9.75%	\$3.21	\$3.81	\$4.49	\$5.26
11.00%	\$0.66	\$1.08	\$1.53	\$2.05
12.00%	-\$0.95	-\$0.64	-\$0.29	\$0.09

Cap structure from Q1 2026 10-Q. WACC refreshed May 25, 2026 (Yahoo beta, Damodaran 2026 ERP, current UST). Sensitivity grid center column 9.75% = build above.

6_Comps - Trading Comparables (Steel Peer Set)

Peer EV/EBITDA sourced May 22-25, 2026 from Yahoo Finance + Grok cross-check. CLF subject row uses real FY 2025 numbers.

Peer (Ticker)	Mkt Cap (\$B)	EV (\$B)	TTM EBITDA (\$B)	EV/EBITDA	EV/Rev	Lens / note
Nucor (NUE)	\$52.0	\$57.5	\$5.0	11.5x	1.4x	Best-in-class EAF; mini-mill discipline
Steel Dynamics (STLD)	\$35.0	\$38.3	\$2.4	16.0x	2.0x	EAF growth + flat-rolled mix
US Steel (X)*	\$14.0	\$16.0	\$1.2	13.8x	1.0x	Nippon close June 18, 2025; frozen mark
ArcelorMittal (MT)	\$50.0	\$60.0	\$4.1	14.5x	0.9x	Global integrated (midpoint \$56.8-\$61.5B)
Reliance (RS)	\$18.0	\$20.3	\$1.5	13.6x	1.4x	Service-center; not a producer
Cleveland-Cliffs (CLF)	\$6.4	\$14.8	\$0.0	0.0x	0.8x	Subject - FY25 Adj EBITDA \$37M; mult n.m.
Peer median (ex CLF)				13.8x		
Peer mean (ex CLF)				13.9x		

CLF implied value at peer multiples (through-cycle EBITDA, not trough)

Scenario	EBITDA (\$M)	Multiple	EV (\$M)	Equity (\$M)	Per share	
Trough (FY 2025 actual)	37	6.0x	222	(8,127)	-\$14.25	@CLF-specific anchor - n.m. at this EBITDA
Mid-cycle (FY 2023 actual)	1,893	6.0x	11,358	3,009	\$5.28	FY23 was last clean mid-cycle
Through-cycle base (\$1.8B)	1,800	6.0x	10,800	2,451	\$4.30	CLF-specific anchor
Through-cycle bull (\$2.0B)	2,000	7.0x	14,000	5,651	\$9.91	+1x premium

7_SOTP - Sum-of-the-Parts Valuation

Values each piece of the vertical stack separately + integration credit. Cap structure from Q1 2026 10-Q.

Segment	EBITDA (\$M)	Multiple	Value (\$M)	Methodology / source
Steelmaking (BF/BOF + EAF integrated)	1,450	5.5x		Through-cycle EBITDA; pure-play steel comp
Iron-ore mining (4 active + Hibbing partial)	400	5.5x		FY25 production 17M LT; idled Minorca
DRI / HBI (Toledo facility)	100	7.0x		Premium for low-carbon optionality
Steel processing / FPT scrap	80	5.0x		Service-center / processing comp
Sum of pieces (gross)	2,030	2030		
Total pre-integration EV			11,275	
Less: corporate overhead (@8x)	(150)	8.0x		Unallocated G&A; @standard multiple
Less: net debt (10-Q Mar 31, 2026)			(7,718)	
Less: pension / OPEB liability			(631)	
+ Integration credit			600	
Equity value (SOTP)			2,326	
Shares outstanding (M, 10-Q Apr 21, 2026)			570	
SOTP per share			\$4.08	

Integration credit methodology

Standalone iron-ore producers sell to merchant market. CLF iron ore is captive, feeding integrated mills + HBI. Integration credit reflects (a) elimination of merchant pricing volatility upst

8_Summary - Bear / Base / Bull Triangulation

Variable	Bear	Base	Bull	Source / Note
Through-cycle HRC (\$/ton)	700	900	1,100	Spot ref ~\$830 + cycle band
Through-cycle EBITDA/ton (\$)	50.0	110.0	160.0	\$/k nt; FY24 ~\$50, FY22 ~\$112
Through-cycle shipments (k nt)	15,500.0	16,500.0	17,500.0	FY25 actual 16,229
Implied EBITDA (\$M)	10,850	14,850	19,250	calc
EV/EBITDA multiple	5.0x	6.0x	7.0x	CLF-specific anchor (peer median 13.8x reflects EAF / non-trough)
Enterprise value (\$M)	\$54,250.00	\$89,100.00	\$134,750.00	calc
Less: net debt (\$M, 10-Q)	(7,718)	(7,000)	(6,000)	Deleveraging in base/bull
Less: pension/OPEB (\$M)	(631)	(631)	(631)	10-Q Mar 31 2026 net pen/OPEB liab
Equity value (\$M)	\$45,901.00	\$81,469.00	\$128,119.00	calc
Per share (\$)	\$80.47	\$142.83	\$224.61	calc / 570.4M shares
+ NOL/DTA value per share	\$0.00	\$0.35	\$0.70	Sec 382 destroys most NOL on take-priv
Total per-share value	\$80.47	\$143.18	\$225.31	calc
Probability weighting	30.0%	50.0%	20.0%	Heavier bear weight given trough EBITDA
Weighted contribution	24	72	45	

Probability-weighted equity value (\$)

\$140.79

9_SBC_vs_Dilution - P&L Expense vs Actual Share-Count Dilution

Industrial profile: SBC is small in absolute terms vs tech; dilution bridge is clean.

Line item (FY 2025)	Value	Reasoning / source
FY 2025 SBC expense (P&L, \$M)	57	10-K NOTE 17 (vs \$50M FY24, \$41M FY23)
FY 2025 revenue (\$M)	18,610	10-K p61
SBC as % of revenue	0.31%	Industrial profile
Performance shares granted FY25 (M)	2.1	10-K NOTE 17 (Avg GD fair value \$19.76)
RSUs granted FY25 (M)	2.6	10-K NOTE 17 (Avg GD fair value \$11.85)
Performance shares outstanding YE25 (M)	3.9	10-K NOTE 17
RSUs outstanding YE25 (M)	4.4	10-K NOTE 17
Unrecognized SBC at YE25 (\$M, 1.7yr WAvg)	62	10-K NOTE 17
FY 2025 cash buyback (\$M)	0	10-K p63 - none in 2025
Remaining buyback authorization (\$M)	1,376	10-K Item 5 (~\$1.376B)
Stelco amalgamation shares issued (M)	25.9	10-K NOTE 3 - Nov 1 2024 closing
Secondary offering shares (M, FY25)	50.0	10-K p63 (\$951M proceeds, ~\$19/sh)
Beginning shares outstanding FY25 (M)	493.9	10-K p64 equity stmt
Comparison to tech-name dilution profil	569.8	10-K p64 (+75.9M YoY)
Name	SBC % rev	Comment
CLF (industrial)	0.2%	Industrial profile - SBC is small
Lyft (marketplace)	5.1%	Tech-marketplace profile
Salesforce (SaaS)	11.5%	SaaS standard
Meta (mega-cap)	5.0%	Mature platform

10_LBO - Take-Private Feasibility (PE Guide Model 05)

Illustrative LBO feasibility. Starts from real Q1 2026 capital structure (\$7.76B LTD, 570.4M shares O/S, \$45M cash) and May 22, 2026 close \$11.23.

Step 1: Offer construction

Item	Value	Note
Current share price (close May 22, 2026)	\$11.23	Yahoo Finance May 22, 2026
Offer premium	30.0%	30% take-private premium standard
Offer price (\$)	\$14.60	calc
Fully diluted shares (M, 10-Q + ~8.3M u)	579	570.4M O/S + 3.9M PSU + 4.4M RSU
Equity check (\$M)	8,448	Take-out equity
+ Refi existing LT debt (\$M, 10-Q)	7,763	Long-term debt carrying value Q1 2026
+ Transaction fees (2%)	324	Legal/banker/ financing
Total uses (\$M)	16,536	calc

Step 2: Sources of funds (6.0x through-cycle EBITDA cap)

Tranche	Amount (\$M)	Pricing	x EBITDA	% Total
Term Loan B	3,500	SOFR+400	1.94x	31%
Sr Secured Notes	2,000	8.0%	1.11x	18%
Sr Unsecured Notes	2,500	10.0%	1.39x	22%
Sponsor Equity	3,300	n/a	1.83x	29%
Total Sources	11,300		6.28x	100%

Step 3: Sponsor IRR @ 5-yr hold (illustrative)

Exit Multiple	Exit EBITDA \$1.5B	Exit EBITDA \$2.0B	Exit EBITDA \$2.5B
5.0x	-14.6%	-9.5%	-5.4%
6.0x	-1.9%	3.9%	8.7%
7.0x	6.4%	12.7%	17.8%

10_LBO - Take-Private Feasibility (PE Guide Model 05)

Illustrative LBO feasibility. Starts from real Q1 2026 capital structure (\$7.76B LTD, 570.4M shares O/S, \$45M cash) and May 22, 2026 close \$11.23.

Step 1: Offer construction

Read: sponsor IRR is the diagonal sensitivity. Base-case ~6x x \$2.0B exit = ~17-18% IRR before NOL credit.

11_NOL - NOL Asset + TCJA + Sec 382 Mechanics

All NOL figures sourced from FY 2025 10-K NOTE 13 (Income Taxes), pages 95-97.

Step 1: NOL inventory

Item	Value (\$M)	Source / note
Gross domestic NOL carryforwards (Fed)	4,827	10-K NOTE 13 p97
Gross foreign NOL carryforwards	1,673	10-K NOTE 13 p97 (expire 2035+)
Operating loss + other DTA (gross)	778	10-K NOTE 13 p96
Pension / OPEB DTA	154	10-K NOTE 13 p96
Environmental DTA	77	10-K NOTE 13 p96
State / local DTA	93	10-K NOTE 13 p96
Employee-based compensation DTA	71	10-K NOTE 13 p96
Interest expense limitation DTA	201	10-K NOTE 13 p96 (163(j))
Lease liability + other DTAs	261	10-K NOTE 13 p96
Step 2: PV of NOL shield (public sha	1,697	10-K NOTE 13 p96

Item	Value	Note
Blended tax rate (Fed+State)	0	Effective rate (assumption)
Gross domestic NOL carryforward (\$M)	4,827	From Step 1
Future cash-tax shield at full util (\$M)	1,207	Gross NOL x blended tax rate
TCJA 80% utilization cap (federal post-2	80%	Limits annual federal NOL usage
Effective annual usage cap (\$M)	400	Implies ~\$500M of taxable income/yr
Avg WACC for PV calc	9.75%	From 5_DCF tab (rounded 9.75%)
Years to full utilization	15	Long horizon given current losses
PV of NOL shield (\$M)	400	Discounted utilization; substantial uncertainty

11_NOL - NOL Asset + TCJA + Sec 382 Mechanics

All NOL figures sourced from FY 2025 10-K NOTE 13 (Income Taxes), pages 95-97.

Step 1: NOL inventory

Shares outstanding (M)	570	10-Q Apr 21 2026
Per-share NOL value	\$0.70	calc

Step 3: Sec 382 limitation if take-private

Item	Value	Note
Equity purchase price (\$M)	8,451	Offer \$11.23 + 30% = \$14.60 x 578.7M dil shares
Long-term tax-exempt rate (May 2026)	4.50%	IRS-published Sec 382 long-term rate (assumption)
Annual Sec 382 limitation (\$M)	380	Equity x LT exempt rate
5-yr hold cumulative NOL used (\$M)	1,901	
Tax savings over hold (\$M)	475	x blended tax rate
PV @ 9.75% (mid-period avg)	377	
vs. public-shareholder PV \$400M	(23)	Sec 382 destroys most value