TECHNOLOGY WHITE PAPER / CAPITAL MARKETS AND GOVERNANCE

The AI Capital Loop

Supplier financing, institutional ownership, and the test of independent demand

48PEGASUS Research / Co-authored by Jonathan G. Browning, Founder & CEO of 48PEGASUS

November 19, 2026

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

Executive summary

FIELD NOTE

The strongest evidence is that linked financing is material, not that public revenue is fictitious.

The conclusion

Companies that supply AI compute also finance some of their largest customers, tenants and distributors. These arrangements can put scarce GPUs, cloud capacity and powered land into service sooner. They also expose the same companies to customer payment risk, investment valuation risk and their own capital commitments. The risk grows when unconnected end customers cannot generate enough cash to support fixed obligations. [3] [4] [6]

The headline numbers answer different questions. [*REDACTED*]'s $105 billion PORTS obligation is a conditional aggregate guarantee cap, not a transfer to [*REDACTED*] or an expected loss. [*REDACTED*]'s $81.34 billion public offering is gross deal size, not cash all payable to the company. The $26 billion concurrent Class N placement is separate; certain contributions reduce prior financing commitments. The $1.5 trillion valuation is a diluted share-count calculation, not issuer proceeds. [10] [1] [2]

What remains unknown

The reviewed records do not disclose a defensible sector-wide fraction of revenue ultimately financed by suppliers, the share of future capacity reservations likely to convert to usage, or evidence that common index holders directed particular AI deals. BIS and IMF study defined samples, not all transactions. Economic ownership, investment discretion and votes cast measure different things. [3] [4] [9]

The U.S. elections point to incoming Democratic control of both chambers, not present control on November 19 or a new law. In the near term, the most concrete constraints are enforceable site, power and financing milestones. The report documents the investment, ownership, voting and policy mechanisms, then offers a repeatable method to test contract conversion and independent demand. It is research, not an audit or investment advice. [15] [16] [14]

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

The loop has multiple financial pathways

FIELD NOTE

Direct investment, credit support, capacity purchases, and resale arrangements are not interchangeable.

Draw money and service separately

Show one arrow for an equity or debt investment, another for a supply contract, and a third for actual cash paid after a contractual milestone. Draw a guarantee as a contingent arrow, not cash moving today. Distinguish direct payment to a chipmaker from a customer’s lease with another entity that deploys a particular chip. When more than two parties are involved, identify borrower, guarantor, customer, landlord and supplier independently. [10] [4]

An early investment can support productive deployment without proving the company indefinitely depends on it. A commitment can increase confidence in financing without proving physical delivery, use or collection. Multiple announcements can describe the same deal extension or earlier commitment rather than additional obligations.

Trace the outside origin of cash

A laboratory with consumer subscriptions and enterprise API clients does not have only internally supported demand just because some channel partners own its shares. It can nonetheless be hard to tell what portion of usage, collections, renewal likelihood or minimum-spend obligations rely on partner support. A distributor may be both a genuine route to independent customers and a strategic capital provider. [1]

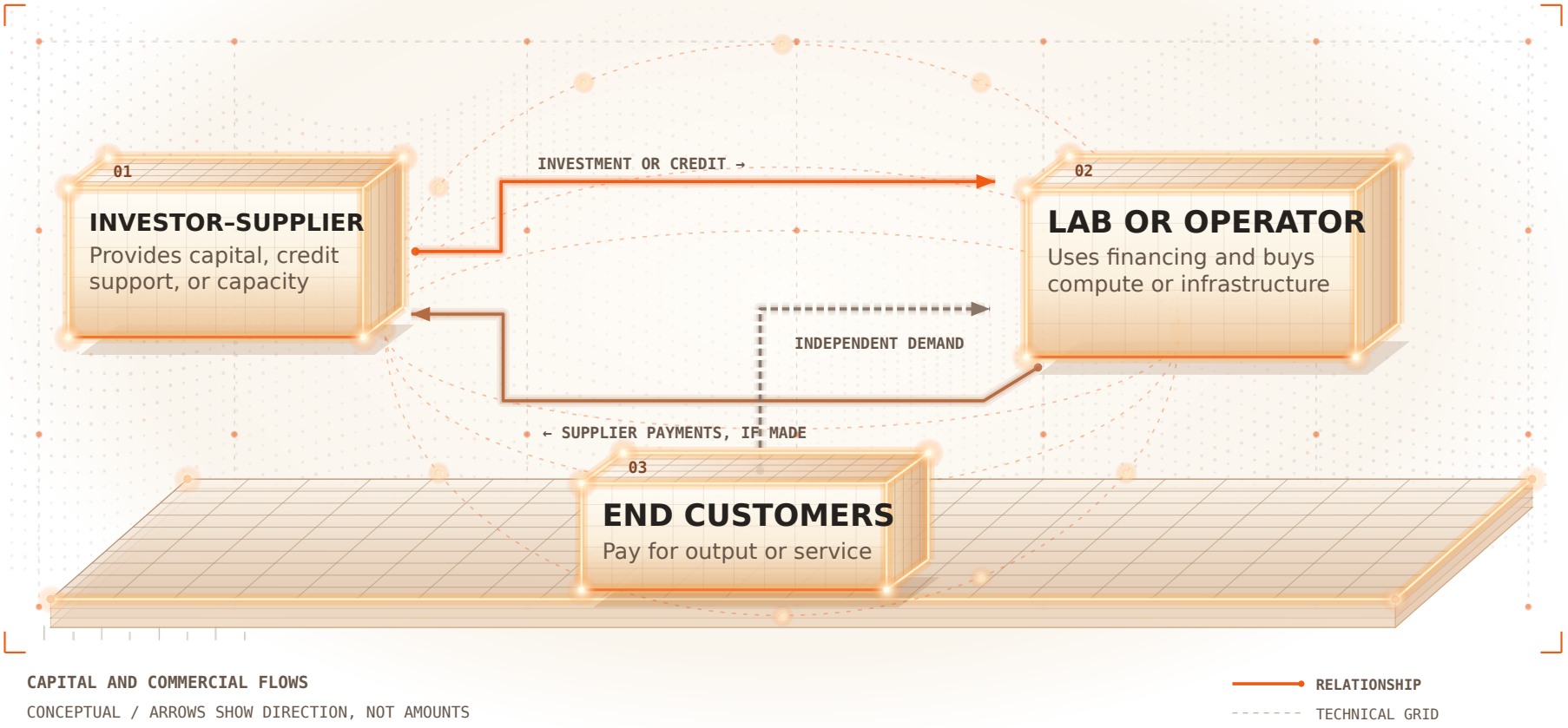
Record payer, ultimate customer where knowable, source of cash, product sold, term and amount status. If the ultimate funding cannot be traced, report that limit rather than classifying all revenue from one channel as circular. A written commercial link is evidence of interconnectedness, not a count of internal money. [3]

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VISUAL EVIDENCE

Exhibit 01 Investor–supplier financing is a loop



The same counterparties can exchange investment or credit support and enter a commercial purchase agreement. End-customer cash is a separate flow. A circular relationship does not by itself determine accounting recognition, economic substance or fraud.

48PEGASUS Research conceptual exhibit. Not empirical data.

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

Recognized revenue does not establish durable demand

FIELD NOTE

Operational legitimacy, accounting rules, and funding independence are three separate questions.

Read the contract and the policy

Revenue under Topic 606 represents consideration expected for transferring promised goods or services. Contract identification, performance, collectibility, incentives, principal-agent presentation, consideration payable to a customer and other judgments can matter. A prepayment is typically assessed separately from performance; a release announcing a purchase order is not a revenue line. The treatment of any particular arrangement requires its facts and applicable rules. [8]

Do not label recognized revenue fake just because a customer also raised money from a vendor. Do not conclude the source of the cash is immaterial just because revenue was recognized. Strategic investment, business relationship, accounting relating to the customer, and ultimate buyer spending require different evidence.

Test quality with a bridge

Use the issuer’s terms and dates to connect signed capacity, committed amounts, eligible backlog or RPO, amounts earned, receivables, cash collected and profitability. The bridge need not be a perfect sequence. For example a customer may pay in advance, commitments may include noncommenced leases, and issuer-defined backlog can differ from formal RPO. Review gross versus net revenue and overlap when two counterparties report the same service flow. [8] [1]

When testing performance, scrutinize aging, unusual changes in days sales outstanding, funding conditions, credit notes and deferred revenue. These are diagnostic indicators, not presumptive violations. Require corroborating transaction or filing evidence before making an allegation.

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

[*REDACTED*] pricing and proceeds are different quantities

FIELD NOTE

The IPO price date, expected settlement, primary proceeds and dilution basis are distinct.

Reconcile the cash sources

The pricing filing gives 980 million public Class A shares at $83, total gross base offering $81.34 billion. Of these, 956,351,354 were issuer shares ($79.38 billion gross) and 23,648,646 were selling-stockholder shares ($1.96 billion gross). The simultaneous Class N private placement totals $26.0 billion under its separate terms. [*REDACTED*] estimated $104.8 billion net to itself from its own offering and that placement after applicable offering costs. The public offer excludes the up-to-147 million-share underwriters' option. [2] [1]

The expected settlement point was November 20 according to the pricing papers. The November 19 listing and terms are not proof that the issuer had received the cash by this report's cutoff.

Reconcile two share-count bases

Using the $83 price with approximately 13.22 billion post-offering Class A and N shares yields about $1.10 trillion on this basic legal share basis. The prospectus describes legal versus accounting treatment of a benefit issuance. Using approximately 18.14 billion economic shares with the separate additional adjustments for stock options, RSUs, rollover notes and other specified items yields approximately $1.51 trillion. Both are derived price-times-share-count estimates, not cash, enterprise values or a claim all share classes vote alike. [1]

Report the share definition and point in time on every figure. Do not compare a post-offering dilution estimate to a private pre-money headline without reconciling the denominator, share classes, cash raised, proceeds to selling holders, cap on conversion and terms of any next placement.

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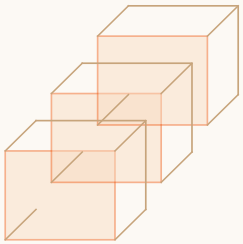
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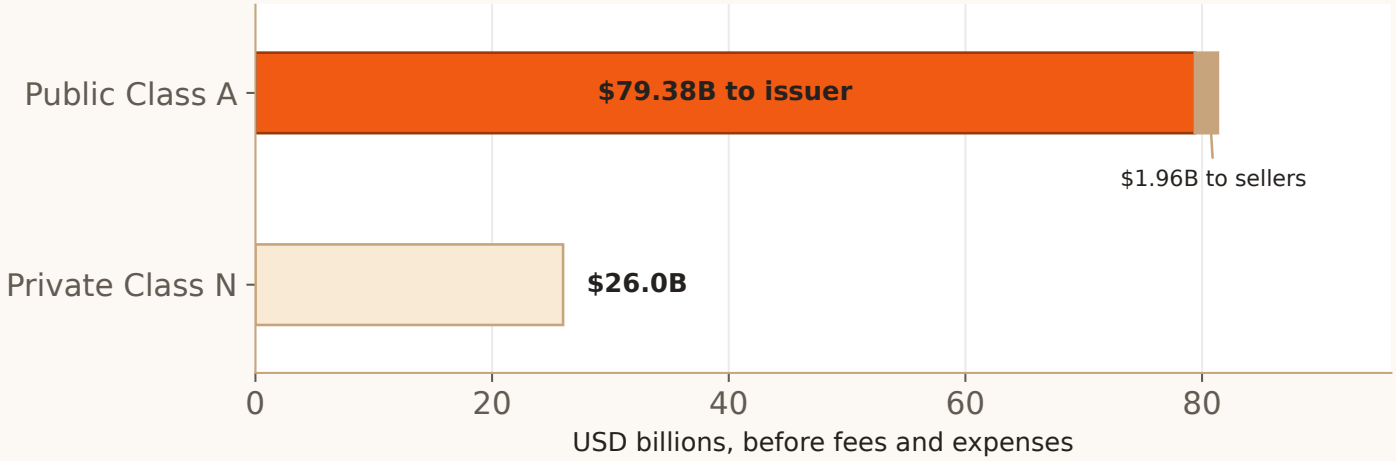
Exhibit 02 [*REDACTED*] IPO proceeds by recipient

48PEGASUS RESEARCH / OFFERING MECHANICS

[*REDACTED*] IPO proceeds by recipient

Base offering priced at $83. Gross USD billions.





Public base: USD 81.34B | Issuer estimated net with placement: USD 104.8B

Base price times offered shares, excluding the underwriters' option and deducting no issuance fees. Secondary sales do not go to the issuer. The concurrent placement is a separate transaction; the estimated issuer net amount is from the prospectus, not a bank receipt.

[*REDACTED*] final prospectus, Form 424B4: primary source

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

What [*REDACTED*]'s income and cash statements show

FIELD NOTE

Quarterly and nine-month figures say nothing by themselves about which cohort ultimately funds demand.

A documented counterweight to simple narratives

[*REDACTED*]'s final prospectus reports $33.242 billion revenue for the nine months ended September 30, 2026, versus $2.545 billion in the comparable 2025 period. Operating loss narrowed from $5.224 billion to $1.260 billion. Operating cash flow changed from negative $2.024 billion to positive $6.569 billion. Financing cash flow was $110.735 billion for the 2026 nine months, a different line that is not revenue or net income. The filings flag very large nonoperating fair-value movements on convertible notes, derivative liabilities and SAFEs. [1]

These are interim issuer disclosures, not full-year numbers or clean proof a mature facility portfolio can self-fund. Operating cash flow can benefit from timing of customer receipts and vendor payments.

Follow obligations over time

The issuer disclosed approximately $900.9 billion aggregate fixed purchase and lease commitments as of and after September 30, substantially all related to compute and infrastructure, and estimated $150 billion to $175 billion of additional payments under arrangements without fixed dollar commitments. Distinct disclosure scopes do not establish every provider's contract share, delivery schedule or ultimate customer support. Avoid adding provider contract highlights to the aggregate again. [1]

The comparison that matters is recurring collectible customer cash and related margin by date versus fixed payments, operational spending, funding milestones, and capacity actually delivered. Do not divide a multi-decade contractual number by nine-month revenue and present the quotient as a debt or burn multiple.

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

Documented and unproven claims

FIELD NOTE

Keep a claim register, not a single confidence label for the entire thesis.

Findings supported by primary records

The investment and trading links are documented for multiple examples. BIS reports 55.2% of incoming AI investment value came from other AI firms and 28.7% of AI firms' outgoing investment value went to AI firms during its sample. Those denominators differ. The IMF's 14 disclosed transactions since 2023 demonstrate substantial links but not the prevalence across all AI investment. [*REDACTED*]'s recent revenue and declared credit support are independently categorized in its issuer disclosures. [3] [4] [11]

The weighting of major issuers in a market-cap index is also observable at a given date. That is not equivalent to voting control, economic exposure of all funds, or purchasing shares using the issuer's capital. Different asset-manager filing scopes make rough combined percentages easy to misstate. [13] [9]

Claims the public evidence cannot prove

We do not establish that index managers coordinated votes, that reported demand is fake, that one political party's wins cause a particular permit decision, or that a crisis is likely on a specific date. We did not recover an exhaustive dataset of private side letters, lenders, platform credits, take-or-pay cash schedules, buyer cohorts or collateral recoveries. Evidence of demand outside the circles can coexist with material reliance on supplier finance.

Call a fact confirmed for the stated date, conditional, revised, based on a bounded sample, framework-derived, or not verified. Keep the source so a reader can reproduce it. Never promote an estimate to a result merely because it is repeated.

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EXECUTIVE FINDINGS AND ANALYTICAL METHOD

Method, scope and dated source priorities

FIELD NOTE

Anchor the claim to the best record for the question, not the loudest headline.

The evidence hierarchy

Executed public exhibits or filed descriptions establish disclosed enforceable terms, subject to omitted details. Issuer prospectuses provide granular but bounded descriptions and include management estimates and assumptions. Forecasts, scenario studies and provisional regulatory findings are labeled separately. The report uses records available as of November 19, 2026, excluding future settlement confirmations. Adjacent observations may use different fiscal calendars. [1] [4] [10]

Sponsor or company publicity can establish what was announced, not whether the maximum amount was funded or services delivered. Where another party disclosed actual funding or revised terms, update the ledger rather than add the old and new headlines.

How comparisons are made

Use a date, measurement definition, currency, scale and denominator on every figure. Treat private financing outcomes, valuations, guarantee caps, customer bookings, realized revenue, and independent demand as distinct. Avoid addition of noncomparable commitments. Assess overall financial stability using authorities’ stated scope and their distinctions among flows, stocks and possible maximum obligations. [6] [7]

This paper is a purposive review, not a sector census, stress-test audit or investment recommendation. Derived arithmetic is identified. Unresolved questions are recorded as unknown, rather than assigned a midpoint and hidden inside a valuation. Readers should recheck later filings and status changes.

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DEAL ANATOMY AND COMPANY DISCLOSURES

How to read the deal evidence

EVIDENCE NOTE

Agreement, financing, delivery and accounting recognition are separate events.

Start with a dated transaction

A mutual business relationship can combine an equity purchase, cloud offtake, a loan, customer or vendor warrants, capacity reservation, purchase incentives, resale rights, and residual value support. The appropriate unit is one contractual leg for one legal entity and effective date. Record direction, term, trigger, recoveries, financial-statement line, and strongest available source before comparing amounts. Prefer a subsequent SEC filing where it updates an original announcement, but keep both versions for the historical record. Clauses that are redacted remain unknown, not zero.

The business transactions in this chapter are illustrative cases selected for corroboration. They are not a random sample or a measured share of industry spending. A cloud supplier can sell a real service to its investee and still generate revenue with economic dependence on the supplier’s capital. Conversely, the fact that an investee purchases cloud capacity does not show that every dollar of its proceeds returned to an investor. The legal presence of reciprocal ties and the counterfactual demand supported by those ties are different propositions. [17] [29]

Treat each number as a different state

An announcement can establish that parties made a public statement without demonstrating closing. A letter of intent should not be rolled into a consummated round. A contribution made to settle a purchase agreement is not the pre-existing remaining facility, and a funding draw may consume previously disclosed headroom. A true-up is not an observed payment unless disclosed. When a project guarantee is capped, the cap is the limit specified by agreement, not a balance-sheet liability of equal size and not a forecast of payout. [19] [23] [27]

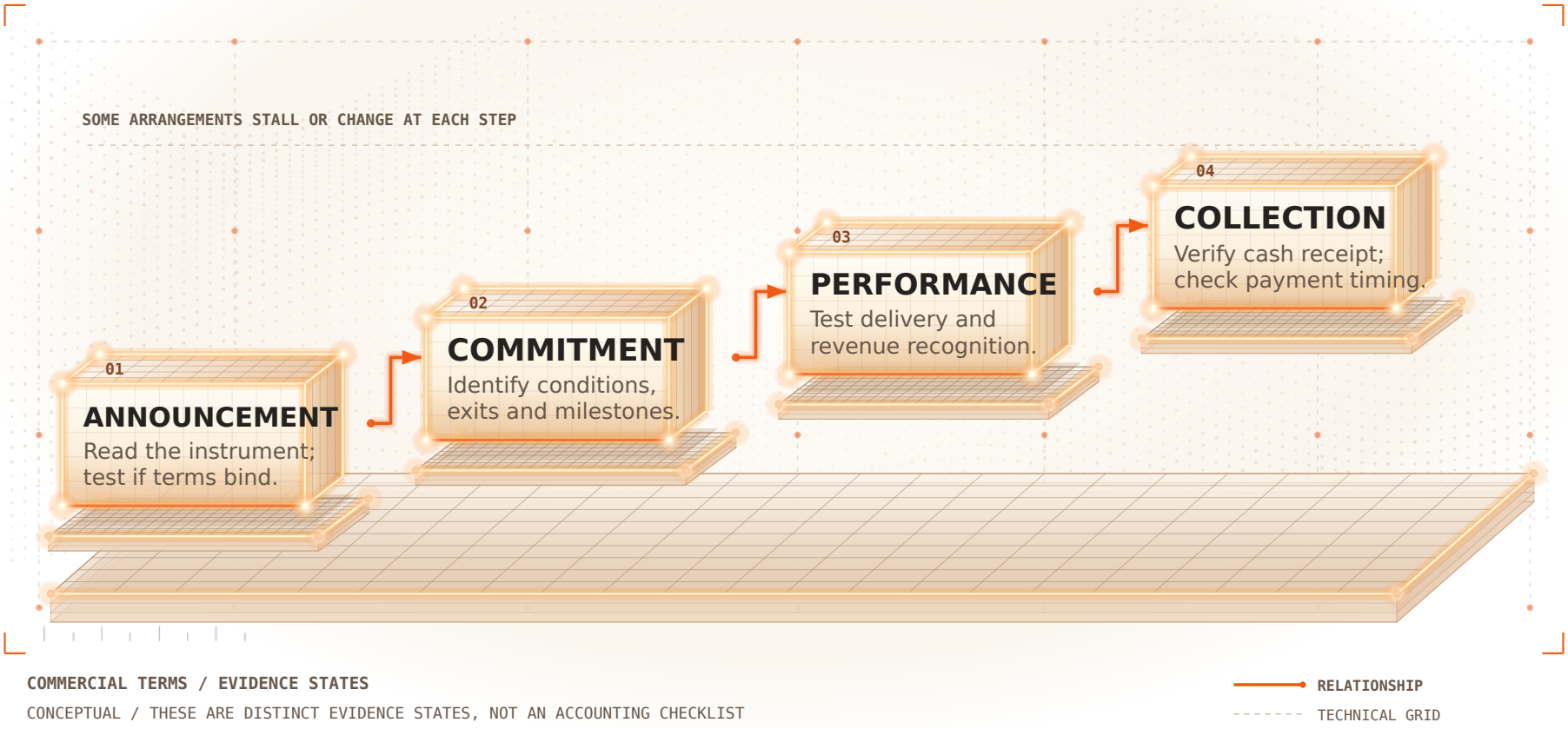
Use this ladder: announced scope, definitive agreement, conditions satisfied, funding or delivery, invoicing, recognition, collection, future recoverability. Mark the last stage supported by primary evidence. A useful report can corroborate a customer’s obligations, supplier’s reported results and refund or default terms without claiming a reliable estimate of independent end-user demand.

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VISUAL EVIDENCE

Exhibit 03 The commitment-to-cash ladder



A headline, enforceable obligation, service delivered, revenue recognized and cash receipt are distinct record types. Prepayments and contract structures may change the order of cash and performance. Verify the relevant accounting criteria and avoid adding overlapping values.

48PEGASUS Research conceptual exhibit. Not empirical data.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: the letter of intent

EVIDENCE NOTE

September 2025: up to $100 billion of intended investment conditional on progressive deployment, not a closed equity purchase.

What the parties announced

[*REDACTED*] and [*REDACTED*] announced a letter of intent on September 22, 2025. They described deploying at least 10 GW of [*REDACTED*] systems to support [*REDACTED*]'s training and inference infrastructure, with [*REDACTED*] intending to invest up to $100 billion progressively as systems are deployed. At that date, the companies expected the first gigawatt in the second half of 2026 on [*REDACTED*] [*REDACTED*]. That was an expected timing statement, not evidence that capacity reached service on that schedule. [19]

The announcement shows the proposed linkage unusually clearly: financing scales with physical deployment. A vendor has a reason to catalyze demand, and a model developer has a reason to secure hardware and a source of capital. The proposed future figure cannot establish any specific tranche or fiscal-year recognized revenue. The September release described intent and expected months of detailed work, not every final term.

Why it is not another $100 billion on top

[*REDACTED*]'s fiscal 2026 annual report said it was finalizing an investment and partnership agreement with [*REDACTED*]. [*REDACTED*] presented a specific $30 billion [*REDACTED*] allocation in February 2026 and subsequently described a completed funding round with $122 billion in committed capital in March. Separate financing and commercial announcements should not be summed without terms showing they are incremental, non-overlapping obligations. [22] [20] [21]

Likewise, [*REDACTED*]'s later PORTS guarantee addresses a different instrument and counterparty: credit support for selected [*REDACTED*] tenant payments at one campus. Do not add the letter-of-intent amount, announced investment and contingent cap as a total paid into [*REDACTED*]. If a graphic shows their sizes, visibly differentiate an indicative ceiling, a named investment commitment, and a contractual aggregate cap. Where there is no independently verified subscriber-specific cash settlement schedule, label the gap explicitly.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]'s February and March 2026 placements

EVIDENCE NOTE

Separate the $110 billion version, $122 billion committed-capital close, and funder-level actual cash.

A dated two-step announcement

On February 27 [*REDACTED*] described $110 billion of investment at a $730 billion pre-money valuation: $50 billion from [*REDACTED*], $30 billion from [*REDACTED*] and $30 billion from [*REDACTED*]. [*REDACTED*] separately described expanded [*REDACTED*] arrangements involving 3 GW of dedicated inference capacity and 2 GW of training on [*REDACTED*]. The release describes commercial capacity, not proof of immediate ownership, hardware delivery, or cash collection. [20]

The March 31 update described closing the latest round with $122 billion of committed capital at $852 billion post-money. The $122 billion updates the earlier round rather than adding to the $110 billion. [*REDACTED*] identified [*REDACTED*], [*REDACTED*] and [*REDACTED*] as anchors, and [*REDACTED*] as a continuing participant. Round closure and committed capital in the company's account do not by themselves provide a per-investor funded cash schedule or reveal all conditions. [21]

Corroborating the money

[*REDACTED*]'s quarter-end filing supplies unusually useful cash detail: $15.0 billion was invested in Q1, $13.7 billion in Q2, and the remaining $21.3 billion in Q3 2026, totaling $50.0 billion invested in [*REDACTED*] Series C by September 30. This verifies execution for [*REDACTED*], not equivalent settlement dates for all other participants. The $50 billion is investment in preferred stock, not revenue from [*REDACTED*] customers. [27]

Reported private valuations price a security within a round subject to economic rights and terms. [*REDACTED*]'s $852 billion post-money valuation is not cash on its balance sheet, enterprise cash flow or a continuing public market quote. The financing is material as a source of runway, but proof that [*REDACTED*] or [*REDACTED*] capacity is economically self-sustaining requires downstream utilization, prices, and collection evidence.

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DEAL ANATOMY AND COMPANY DISCLOSURES

PORTS-Pike: the parties and the physical scope

EVIDENCE NOTE

[*REDACTED*] leases about 8.0 GW-IT across the announced campus; the initial [*REDACTED*] guarantee covers roughly 4.25 GW-IT, not all phases.

Contractual sequence

[*REDACTED*] reported that 17 subsidiaries as landlords entered into separate leases with an [*REDACTED*] affiliate as tenant on August 17, 2026. The leases cover approximately 8.0 GW of critical IT capacity in aggregate. Each has a 20-year initial term from its applicable commencement, with phased commencement and occupancy conditioned on readiness. [*REDACTED*] describes interconnection and generation resources as well as substantial completion and commissioning of the relevant buildings among the readiness factors. Such items are not equivalent to a presently energized, utilized load. [25] [23]

[*REDACTED*]'s Form 8-K states that its guarantees cover initial capacity of approximately 4.25 GW. Its quarterly disclosure describes nine initial data centers, corresponding exposure added as each starts, and expected first placement in service from fiscal 2029. The 8-K's calendar 2028 readiness language and filing's fiscal 2029 reference need not contradict one another. [23] [24]

Keep optioned capacity separate

The chipmaker may, at its sole discretion, support about another 3.8 GW. [*REDACTED*]'s registration statement details the [*REDACTED*] tenant's obligation to secure qualifying substitute support if [*REDACTED*] does not provide the other guarantees under the contemplated terms. Do not treat that additional capacity as already included in the $105 billion cap or assume another cap necessarily matches the first. [25]

Guaranteed capacity as a share of signed campus IT load is roughly 53% using the two disclosed rounded magnitudes. This is a capacity comparison, not a probability of a guarantee call. IT load excludes some facility overhead and does not translate directly to annual power use or megawatt hours. Progress reporting should distinguish leases signed, construction started, readiness achieved, commercial service, and utilization.

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DEAL ANATOMY AND COMPANY DISCLOSURES

PORTS-Pike: what the $105 billion actually means

EVIDENCE NOTE

Maximum aggregate exposure under executed guarantees is not a disbursement, booked revenue or modeled loss.

The contingent waterfall

[*REDACTED*]'s August 17 Form 8-K describes a cumulative $105 billion payment cap for its initial agreement scope. The agreements generally become effective when an applicable lease commences, subject to readiness and other terms. Specified insolvency-related default or failure to pay may trigger coverage. [*REDACTED*] describes the amount as generally based on the shortfall between a set guaranteed minimum lease value and recovery from a replacement lease or a sale. The filed Building 1 form confirms the aggregate cap across related guarantees. [23] [24] [26]

Credit support can make a project financeable by shifting a portion of counterparty risk from the landlord and financier toward a more creditworthy sponsor. Here the campus is expected to host [*REDACTED*] compute except for limited exceptions. The agreement links the benefit to supplier platform deployment, creating correlated exposures. Yet recovery value matters and the landlord must satisfy readiness conditions; no unqualified cash-equivalent value follows from the cap.

The evaluation that matters

In modeling exposure, schedule guarantees by building, termination date, tenant payment progress, and asset substitution. Stress test recovered lease or sale value jointly with tenant distress and utilization. General-purpose facilities with available customers behave differently from highly specialized space during a sector glut. An underlying replacement-value recovery in stress should not be assumed equal to book or project cost. [24] [25]

A separate market value calculation requires time, payment probabilities, recoveries and correlated event assumptions that are not disclosed adequately. Present $105 billion as an aggregate contractual upper bound, not a current GAAP liability or expected loss. Avoid displaying a 100%-loss scenario as the central prediction or comparing the face amount to one quarter's revenue as an immediate funding gap.

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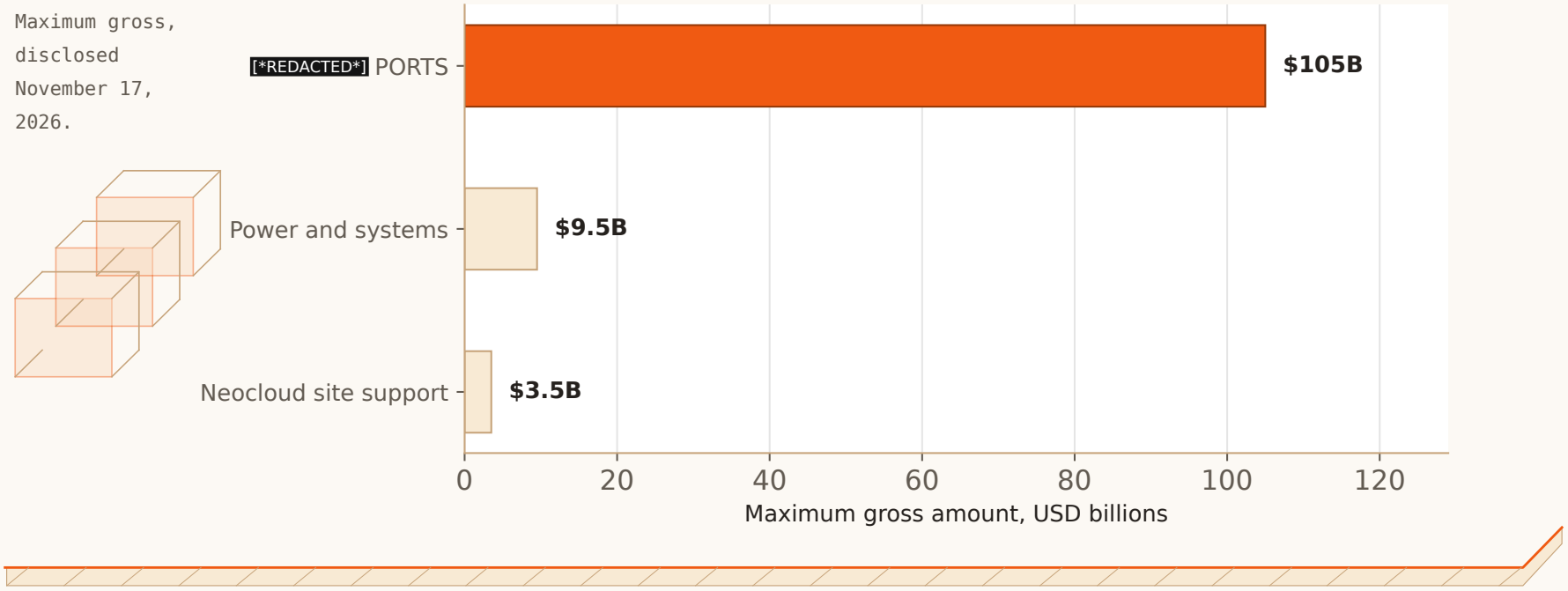
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VISUAL EVIDENCE

Exhibit 04 [*REDACTED*] guarantees are conditional, not cash paid

48PEGASUS RESEARCH / EVIDENCE EXHIBIT

[*REDACTED*] guarantees are conditional, not cash paid



[*REDACTED*] reported $118 billion of maximum gross guarantees across three categories and no payments to date under the guarantees as of that disclosure. The cap is not debt drawn, an expected loss or a prediction of payment. Actual obligations depend on the contracts and trigger conditions.

[*REDACTED*] November 17 Form 8-K CFO commentary: primary source

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and |*REDACTED*|: three separate relationships

EVIDENCE NOTE

The supplier is also an investor and a residual buyer; the instruments transfer different risks.

Supply, residual capacity and equity

[*REDACTED*]'s September 2025 8-K says [*REDACTED*] supplies its GPUs and is a stockholder. It disclosed a new order form with an initial value of $6.3 billion under an existing master agreement. Where [*REDACTED*]'s data center capacity is not fully used by its customers, [*REDACTED*] must purchase residual unsold cloud capacity under the disclosed arrangement through April 13, 2032, subject to termination and delivery/availability conditions. [*REDACTED*] gains access to the relevant residual capacity: it is not only a silent guarantor. [37]

[*REDACTED*]'s September 2026 quarter filing also identifies a January 2026 agreement for [*REDACTED*] to buy about 23 million [*REDACTED*] Class A shares at $87.20 a share for $2.0 billion gross. An equity subscription differs from an obligation to buy services; neither amount establishes [*REDACTED*]'s total cash payouts for residual capacity or [*REDACTED*]'s hardware spending on [*REDACTED*]. [38]

What the backstop does and does not show

Residual purchase protection can support lending by allocating demand risk. It can also help an investor deploy computing resources where other customers have not committed capacity. When a [*REDACTED*] customer fills eligible capacity, the residual layer is not needed to the same extent. Timing, eligibility and contract terms matter; the disclosed initial value is not proof that the full amount is payable irrespective of occupancy. [37]

For analysis, report these as three directed ledger entries, naming payer and recipient each time. Treat independent occupancy and cash collection as evidence to test, not a conclusion from the backstop alone. Compare the actual expense for acquiring and financing GPUs against recognized service revenue and customer prepayments. An increase in equity value is not a settlement of the provider's service delivery obligation.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: backlog versus performance obligations

EVIDENCE NOTE

At September 30, 2026, $132.5 billion management backlog and $132.3 billion unsatisfied RPO overlap; never add them.

The disclosed buildout

[*REDACTED*] reported Q3 2026 revenue of $3.661 billion, operating income of $207 million, net interest expense of $846 million, and net loss of $709 million. Its release showed approximately $132.5 billion of revenue backlog, which includes RPO plus other estimated future revenue amounts under committed contracts subject to delivery and availability. Separately, its 10-Q reported unsatisfied RPO of $132.3 billion. The majority of management's backlog is already inside the RPO amount. [38] [39]

The 10-Q expected about 36% of RPO within 24 months ending September 2028, another 38% in months 25 through 48, and the remainder between months 49 and 86. This time distribution is future recognition guidance, not guaranteed cash or a benchmark of project margin. Delays, availability requirements, changes in timing and collection still matter.

Why leverage can coexist with a strong order book

[*REDACTED*] discloses total future debt principal of $47.505 billion at September 30, including $2.433 billion remaining in 2026 and $10.974 billion for 2027. Scheduled debt principal is not equal to facility capex and does not include all interest, leases or other obligations; the focused comparisons are matched-period debt service and realized operating cash flow. Management also expected about $9 billion of customer prepayments and deposits in the next three months, an expectation rather than cash already received as of reporting. [38] [39]

Large contracts can reduce cash-flow uncertainty if equipment is accepted and customer credits support payment, but long-duration backlog cannot settle short-duration debt unless revenue converts or lenders extend timing. Track commencement, prepayments, refinancing, cash restrictions, and the quality of counterparties together.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: who buys the capacity?

EVIDENCE NOTE

[*REDACTED*] and [*REDACTED*] contract disclosures are future amounts; unnamed biggest customers cannot be identified by inference alone.

Contracted versus recognized customer shares

The September 2026 10-Q says two customers accounted for approximately 30% and 24% of recognized quarter revenue. The previous-year quarter had a single customer at about 67%. The report also identifies an [*REDACTED*] order form with up to approximately $6.5 billion through May 31, 2031, and a [*REDACTED*] order form with up to approximately $21.0 billion including option exercise and additional capacity reaching into 2032. Contract visibility does not establish that the two named companies are the top recognized-revenue customers of the latest quarter. [38]

The economic dependence question is not answered by recognized shares alone. Compute providers must deliver contracted systems, often on power- and construction-constrained schedules. Customers can purchase services on several platforms. Separate direct sponsor exposure, main customer sales, and dependence on that customer’s end subscribers and ability to refinance. A recognizable customer name does not independently verify the end-demand share.

Compare migration options and recovery

The company says it offers both take-or-pay contracts and on-demand service. These terms allocate risk differently. Investors should check minimum payments, service-level relief, performance and acceptance requirements, substitution rights and termination; headline lifetime values without terms cannot settle the question. [38]

Another layer is collateral and alternative deployment. GPUs and power rights may have value if demand shifts to a new tenant, but qualification, software migration, cooling and hardware generation can delay recovery. A facility with a different chip mix or geography is not an automatic substitute. Revenue diversification can improve even while financing remains exposed to common industry factors, so measure current customer concentration alongside utilization forecasts, fixed commitments and lender maturity.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: equity and realized commerce

EVIDENCE NOTE

FY2026 $24.1 billion commercial revenue includes revenue sharing; it is not an [*REDACTED*]-only cash receipt.

What the reports show

[*REDACTED*]'s FY2026 annual report discloses $13.0 billion in total funding commitments related to the [*REDACTED*] investment, of which $11.9 billion was funded as of June 30, 2026. It recorded $24.1 billion of fiscal-year revenue from commercial arrangements including revenue-sharing payments and reported $6.0 billion in [*REDACTED*] trade receivables on June 30. Its September-quarter filing reports $10.0 billion of commercial-arrangement revenue for that later quarter and an approximate 24% equity interest on an as-converted basis, compared with about 25% in the annual report. [29] [30]

The filing is an unusual example of disclosed revenue from a named counterparty. It still does not expose how much is stand-alone [*REDACTED*] usage, customer expenditure from funded proceeds, or collections in the period. Report separately the cumulative funding, period revenue, period-end receivable, and equity accounting; these figures use unlike units and timing.

Distinguish equity result from cloud earnings

[*REDACTED*]'s fiscal 2026 10-K reports $6.5 billion net gains from its [*REDACTED*] investments in Other income (expense), net; earlier fiscal years were net losses in this category. The equity method, including [*REDACTED*]'s use of a hypothetical liquidation book-value allocation, describes investment economics, not incremental customer compute consumption. [29] [30]

Use a four-series bridge in committee materials if space permits: investment cash, commercial revenue, receivables, and investment gains or losses. Only the revenue line measures recognized commerce under the disclosed arrangements; even that line is not proof of independent final demand. Accounting analysis of any specific customer financing arrangement is fact-dependent and should be grounded in notes and contract terms.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: later amendments govern

EVIDENCE NOTE

The $250 billion [*REDACTED*] purchase was disclosed in October 2025; April 2026 changed IP, hosting and revenue-share terms.

Two versions of one relationship

[*REDACTED*]'s September 2025 Form 10-Q disclosed an October agreement under which [*REDACTED*] contracted to purchase an incremental $250 billion of [*REDACTED*] services and [*REDACTED*] no longer retained its right of first refusal as compute provider. That primary historical commitment figure should retain its original date; it is neither booked in one period nor an amount of service delivered. A contract detail from a prior filing should not be treated as the current agreement without reviewing amendments and disclosures. [31]

The parties' April 27, 2026 update said [*REDACTED*] remained the primary cloud partner, and [*REDACTED*] products would generally ship first on [*REDACTED*] unless [*REDACTED*] could not and chose not to support the required capabilities. It also stated [*REDACTED*] could serve products across cloud providers, with [*REDACTED*]'s IP license through 2032 made non-exclusive. [*REDACTED*] would cease paying revenue share to [*REDACTED*]; the [*REDACTED*]-to-[*REDACTED*] direction continued through 2030 under a cap. [32]

The correct investor inference

The revised commercial arrangement loosens some distribution restrictions while retaining material economics in [*REDACTED*] and continuing equity exposure. It is not a clean break, nor does it mean exclusivity remained unchanged. The public amendment does not separately reproduce every prior purchase obligation or quantify a fresh [*REDACTED*] order value. A latest as-of ledger should leave the $250 billion as the last identified historical disclosure unless later evidence independently reconciles that amount. [31] [32] [30]

When one lab can use more than one hosting channel, a capacity announcement from a second provider no longer implies a transfer away from the first. Examine workload-specific limits, priority rights and the distinction between third-party distribution and the lab's own provision of service.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: the [*REDACTED*] offtake

EVIDENCE NOTE

The February 2026 announcement described expansion of the original $38 billion agreement by $100 billion over eight years.

Scope and physical capacity

[*REDACTED*] and [*REDACTED*] initially announced a $38 billion, multi-year agreement in November 2025 valued across seven years, with [*REDACTED*] access that includes [*REDACTED*] chips. In February 2026 they said the existing arrangement would expand by $100 billion over eight years, with approximately 2 GW of [*REDACTED*] capacity intended for specified [*REDACTED*] and [*REDACTED*] products and workloads. The equity component was $50 billion, in the funding round described separately. [33] [34] [27]

The pairing supports a directional concentration thesis. [*REDACTED*] invests in the lab and commits [*REDACTED*] resources to help the lab scale, while the lab contracts for additional capacity. This evidence is stronger than speculation about a common shareholder because the counterparties describe the commercial legs themselves. It does not reveal on its own how much of future margin is supported by customers unrelated to either financing party.

Distribution and evidence boundaries

The announcements describe partner distribution and custom model relationships as well as capacity supply. [*REDACTED*] subsequently announced general availability of frontier models and [*REDACTED*] on [*REDACTED*], a product milestone, not proof that the total [*REDACTED*] contract was recognized in revenue. Treat service launches, capacity milestones and purchased terms as separate evidence. [35]

It is arithmetically reasonable to call the two announced [*REDACTED*] amounts a stated $38 billion agreement plus a $100 billion expansion, but not to treat $138 billion as realized seven-year cash receipts or assume both legs have the same start dates, tranche conditions or revenue recognition timing. Track actual capital funding on a separate row; [*REDACTED*]'s $50 billion investment does not increase reported service demand automatically by $50 billion or prove an equivalent cash round-trip.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: the cloud minimum

EVIDENCE NOTE

Prospectus specifies at least $110 billion between May 2026 and April 2036 regardless of actual usage, subject to contract terms.

An announcement narrowed by filing

In April 2026 [*REDACTED*] announced a signed REDACTED agreement for more than $100 billion over ten years supporting up to 5 GW of new capacity. The November prospectus discloses a minimum of $110.0 billion between May 2026 and April 2036. A true-up applies for purchase shortfall subject to contract adjustments and exceptions, and the issuer describes non-cancellability except for [*REDACTED*]'s uncured material breach. The later source gives a materially better figure than the original press wording. [28] [17]

Capacity across the term may serve training, inference, distribution and internal use, depending on allocation. The minimum is not proof that REDACTED collected a given amount in 2026 or that [*REDACTED*] will utilize all of the capacity represented by the nominal spend floor. Keep supply readiness and price/volume economics separate from minimum-payment design.

Read the financing mechanics in the same period

[*REDACTED*]'s Q3 2026 10-Q reports $5.0 billion each of [*REDACTED*] Series G and Series H nonvoting preferred stock in Q2. The $5.0 billion H purchase reduced the maximum financing facility from $20.0 billion to $15.0 billion. Access under the facility depends on milestones connected to REDACTED compute delivery and eligible issuances; no notes or nonvoting common stock under that 2026 facility had been issued as of September 30, per [*REDACTED*]. It is misleading to report $5 billion plus $20 billion plus another $5 billion as funded under the arrangement. [27] [17]

The apparent circular feature is the explicit delivery-linked capital availability. The evidence does not quantify the contribution of customer cash, earlier financings, and company liquidity to each specific REDACTED payment.

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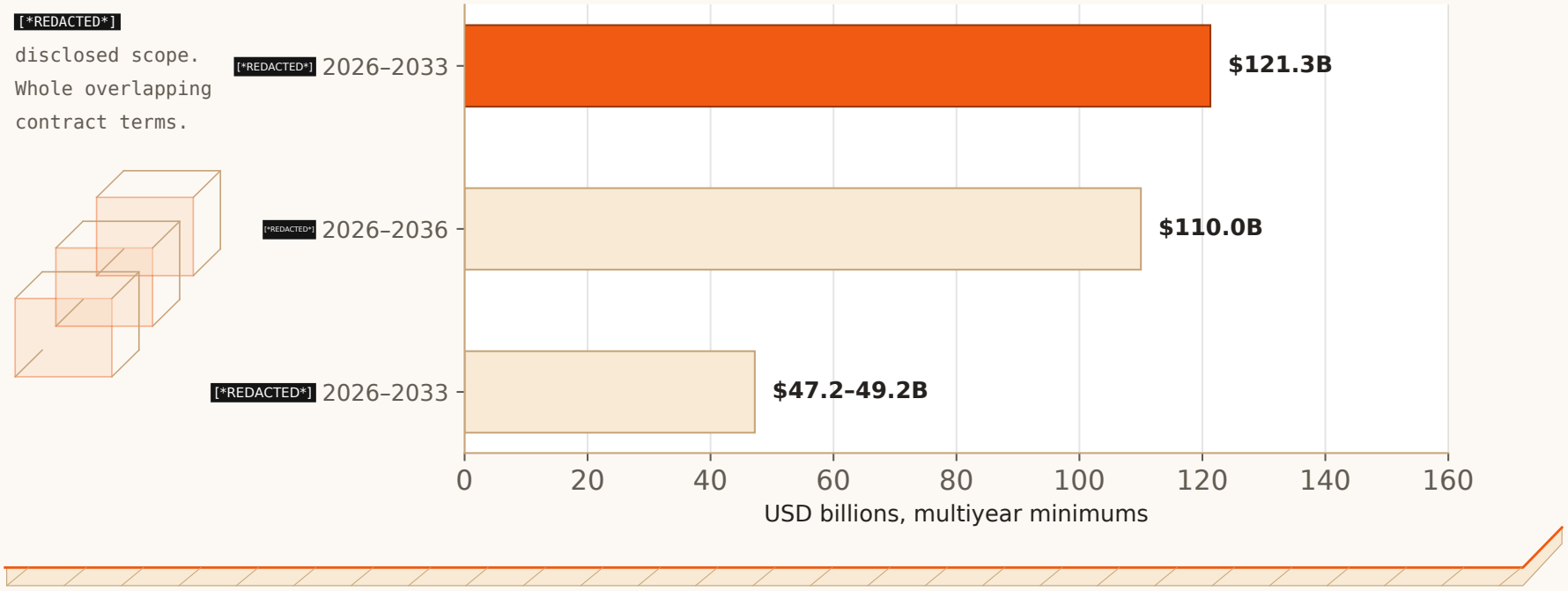
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VISUAL EVIDENCE

Exhibit 05 Disclosed cloud minimums have different terms

48PEGASUS RESEARCH / EVIDENCE EXHIBIT

Disclosed cloud minimums have different terms



The prospectus discloses at least $121.3 billion for [*REDACTED*], at least $110.0 billion for [*REDACTED*] and a $47.2–49.2 billion [*REDACTED*] minimum dependent on applicable terms. [*REDACTED*]'s bar shows the low end. These are commitments, not earned revenue; do not add them to the prospectus aggregate separately.

[*REDACTED*] final prospectus, Form 424B4: primary source

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: capacity, financing and reallocation

EVIDENCE NOTE

The $121.3 billion cloud floor and a $10 billion IPO placement are different obligations, and the placement consumes NPA headroom.

Hosting is not equity

[*REDACTED*]'s final prospectus dates its [*REDACTED*] hosting agreement to March 2026 and subsequent amendments to May–October 2026. It committed to spend at least approximately $121.3 billion from April 2026 to July 2033, regardless of actual usage, subject to true-up terms, adjustments and exceptions. Compare this with the disclosed [*REDACTED*] and [*REDACTED*] floors, but note different term lengths and commercial definitions; a chart of lifetime face amounts is not a price or annual market share comparison. [17]

The [*REDACTED*] 2026 note purchase agreement had up to $30.0 billion of eligible issuance at inception. [*REDACTED*]'s $10.0 billion Series H investment in May reduced the amount available to $20.0 billion. No common shares or notes had been issued under that NPA mechanism by September 30. The prospectus states that [*REDACTED*]'s $10.0 billion concurrent placement purchase, upon closing, further reduces the available NPA amount to $10.0 billion. [17]

The economic loop and its limits

A relationship can be partly equity funded and still incorporate current costs, external sales and out-of-loop competitors. [*REDACTED*] also acts as a distribution channel, and the lab describes TPU sourcing as one of several hardware routes. The counterfactual target is whether comparable compute would be needed and independently financeable without [*REDACTED*]'s capital. The sources do not supply that test. [17]

The prospectus projects that [*REDACTED*] will hold 13.4% of outstanding capital stock after offering and placement, with holdings in nonvoting Class N, on its specified denominator. Its 31.5% of Class N is a class-specific denominator, not total ownership or voting control. Itemize hosting, invested capital, remaining financing and marketplace exposure instead of reporting the parties as one joined balance sheet.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: [*REDACTED*] and [*REDACTED*] from announcement to offering

EVIDENCE NOTE

Historic up-to investment headlines should not be stacked on the November IPO placement.

November 2025 pairing

[*REDACTED*] announced in November 2025 that [*REDACTED*] and [*REDACTED*] committed to invest up to $10 billion and $5 billion, respectively. It presented a $30 billion [*REDACTED*] capacity purchase commitment plus additional capacity up to 1 GW, initially involving [*REDACTED*] [*REDACTED*] and [*REDACTED*]. That describes a three-party commercial and investment strategy, not an entire package transferred to any one party at the announcement date. [36]

The November 2026 prospectus says the November 2025 [*REDACTED*] agreement was amended between February and November 2026, with purchase spend of at least $47.2 billion and up to $49.2 billion from November 2026 to June 2033 regardless of use under the contracted scope. The revised figure supersedes the earlier headline for this comparison; adding $30 billion to the prospectus range would misstate the overlap. [17]

Confirm status rather than assuming execution

The November prospectus describes a $26.0 billion concurrent private placement at the $83.00 IPO price, scheduled to follow completion of the public offering, subject to conditions. Its disclosed commitments include $10.0 billion [*REDACTED*] and $1.0 billion [*REDACTED*]. These are not automatically incremental to every older headline maximum. The explanatory notes identify overlap for [*REDACTED*] and [*REDACTED*] with payment facilities and classification terms. Where no document reconciles a historical $5 billion [*REDACTED*] ceiling to a named $1 billion IPO allotment, keep the ceiling and closing-date evidence distinct. [17] [36]

[*REDACTED*]'s November 17 quarterly earnings release also describes collaboration on [*REDACTED*] architecture and expanded access to its hardware through cloud providers. That is operational relationship evidence; it does not quantify hardware revenues attributable to [*REDACTED*].

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: the cash and the priced IPO

EVIDENCE NOTE

$81.34 billion public deal gross is not issuer net proceeds; $26 billion private placement is separately conditional.

The final prospectus waterfall

The November 19 Form 424B4 prices 980 million public shares at $83.00, or $81.34 billion gross. Selling holders participate: the prospectus cover reports approximately $78.840 billion issuer proceeds before expenses after underwriting discount, and $1.950 billion proceeds before expenses to selling stockholders after their underwriting discounts. Selling-stockholder proceeds are not issuer liquidity. The underwriters' option for 147 million additional shares is separate. The issuer expected first trading November 19 and closing November 20, subject to customary conditions. Pricing and first trading do not establish cash closing as of this report's cutoff. [17] [18]

Immediately following IPO completion, subject to its terms, the contemplated private placement comprises $26 billion of nonvoting Class N shares. Allocations: [*REDACTED*] $10 billion, [*REDACTED*] $10 billion, [*REDACTED*] $2.5 billion, [*REDACTED*] $1 billion, Micron $1 billion, [*REDACTED*] $1 billion, and [*REDACTED*] affiliates $0.5 billion. The securities are not the same public float, despite being priced at the same $83.00 share price. The issuer estimates approximately $104.8 billion net to itself for the combined IPO and concurrent placement, net of underwriting discounts and estimated issuer expenses, excluding the full additional-share option case. [17]

Valuation and governance are separate

The issuer projects [*REDACTED*] and [*REDACTED*] will hold 14.6% and 13.4% respectively of outstanding capital stock after offering and placement on its specified terms. These are principally nonvoting Class N shares. A fully diluted price-times-share value requires deciding treatment of options, RSUs, debt conversion, warrants and share reservations, and is not the same as proceeds or voting control. Holdings also depend on partial note conversion and any ownership cap. [17]

Price evidence is from the offering document, not a first-trade or first-close market capitalization. Do not use an intraday or delayed quote as if it were the IPO offer valuation.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: commitments versus origination and independent demand

EVIDENCE NOTE

$900.9 billion is a dated, multi-year combined spend disclosure, not current balance-sheet debt or a claim of guaranteed revenue.

Obligations move across time

The prospectus describes approximately $900.9 billion aggregate committed spend in purchase commitments and lease agreements entered into as of and subsequent to September 30, 2026, substantially all related to compute and infrastructure. It identifies $451.6 billion expected to be incurred before December 31, 2030, and $70.7 billion due within 12 months after September 30, including $4.2 billion linked to contingent conditions or termination rights before commencement. Many arrangements run into later years and include infrastructure not yet ready; do not sum the time subsets. [17]

By contrast, September 30 reported liquidity of $146.6 billion includes cash and equivalents, short-term investments and available credit, before IPO-related proceeds. Management describes future capital raising and operational revenue as funding sources. A simple subtraction of the commitment total from current liquidity ignores future revenue, contract schedule, available facilities and economic conditions. It is not a current shortfall estimate.

Real customer demand without traceable loop shares

For the nine months through September, [*REDACTED*] says no one customer represented more than 10% of revenue, while its top five represented about 25%. About 44% of revenue during this interval came from sales to customers through cloud marketplaces, and 52% of net receivables at September 30 related to these channels. These platforms bill end customers and remit proceeds net of fees, while [*REDACTED*] generally maintains separate customer arrangements. The cloud billing-channel share is not the share financed by strategic investors. [17]

Public records therefore support two simultaneous conclusions: externally sourced demand can flow through the same strategic partners, and the scale of future committed capacity can still expose the infrastructure network to constrained finance and weak monetization.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: customer warrants are performance-contingent

EVIDENCE NOTE

Up to 160 million shares for each of [*REDACTED*] and [*REDACTED*]; zero vested or exercisable as of September 26, 2026.

What was issued and what was not

[*REDACTED*]'s filing describes multi-year agreements under which [*REDACTED*] and [*REDACTED*] each intend to deploy up to 6 GW of [*REDACTED*] data center GPUs, with the respective initial gigawatt based on [*REDACTED*] products. [*REDACTED*] issued each customer a warrant for up to 160 million shares with a $0.01 exercise price. Vesting is tranche-based and tied to purchase milestones, [*REDACTED*] share-price thresholds and, in relevant cases, performance tests; vested tranches can have further technical and commercial conditions before exercise. [40] [41]

This instrument reverses the usual equity direction: the vendor offers its customer conditional equity upside to encourage adoption. The tranche conditions make the effective economics depend on more than immediate volume: platform rollout, qualified third-party purchases, price thresholds, and commercial performance all matter. Do not represent 320 million potential [*REDACTED*] shares as issued to customers or 12 GW as delivered capacity.

Important accounting consequence

As of September 26, 2026 [*REDACTED*] said no shares had vested, become exercisable, or been exercised. Despite this, the Q3 10-Q reported a $1.2 billion warrant liability related to qualifying customer revenue recorded and a $1.2 billion noncash quarter charge primarily from remeasurement in Other income (expense), net. The unrecognized grant-date value of about $4.5 billion would be recorded over qualifying sales as revenue reductions under the stated policy; it is not the current liability or cash charge. [41]

For an economic model compare the terms of supply with the incentive's expected value and model dilution where enforceable. For accounting comparison, distinguish revenue offsets at grant-date value from remeasurement changes in non-operating income. A warrant may have a material financial effect before any share transfer.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*] and [*REDACTED*]: when the buyer helps fund the supplier

EVIDENCE NOTE

$1.0 billion working-capital loan funded by the customer, plus purchase services and a warrant.

Separate funded capacity support and service economics

[*REDACTED*]'s September 2026 Form 10-Q reports a master arrangement with [*REDACTED*] providing committed capacity and related services over three- or four-year terms extendable up to five, an approximately $1.0 billion secured working-capital note funded by [*REDACTED*] in January 2026, and a warrant to buy [*REDACTED*] Class N shares. [*REDACTED*] can buy further capacity under separate options. This is a related economic pattern with the initial cash direction reversed: a purchaser supports capacity at a supplier rather than a chip supplier funding its customer. [42]

The filing reports arrangement revenue of $72.4 million for the three months and $146.8 million for the nine months ended September 30, net of $3.2 million and $6.5 million amortization of the customer warrant asset, respectively. Thus company records explicitly distinguish buyer cash financing, equity incentive cost, and realized revenue.

The useful comparison

The same filing reports $26.1 billion RPO across the company at September 30, including deferred revenue, expected future invoicing, and estimated variable consideration such as pass-through costs. Timing remains subject to actual delivery and customer requests. Do not compare a companywide RPO stock to arrangement-specific quarterly sales as if the latter already sampled maturity of the entire backlog. [42]

The lesson for tracing is how the principal, equity-like element and service cash flow interact in the event of delays or customer failure. A secured note can reduce financing costs or align specifications, but may constrain supplier recovery options and introduce the customer into the security stack. Treat this as evidence of real buildout backing, not proof of final consumer willingness to pay.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: a multi-party chain and a financing gate

EVIDENCE NOTE

An up-to $44.6 billion service package relies on delivered capacity and qualification of infrastructure financing.

What the filings confirm

[*REDACTED*]'s November prospectus says that in August it entered GPU services agreements with subsidiaries of [*REDACTED*] to access [*REDACTED*]-powered compute and agreed to spend up to about $44.6 billion over terms extending into 2033. Charges begin only as capacity is delivered to and accepted by [*REDACTED*]. The issuer also describes [*REDACTED*]'s obligation to pursue qualifying financing for the hardware and infrastructure and attendant rights if financing is not secured on applicable terms. [17]

A November [*REDACTED*] filing independently describes its [*REDACTED*] services arrangements and aggregate payments up to about $44.6 billion. The document separately describes a September subscription agreement totaling $3.36 billion comprised of $2.36 billion of unsecured convertible notes to investors including [*REDACTED*], plus a further $1 billion [*REDACTED*] notes or nonvoting shares transaction expected around November 16. Without confirmation of actual completion, do not label the latter as funded merely because the stated timing has passed. [43]

Trace money across the chain

The layered exposure is: [*REDACTED*] has an investment relationship with [*REDACTED*]; [*REDACTED*] acquires infrastructure that includes [*REDACTED*] systems; [*REDACTED*] commits to use [*REDACTED*] services against acceptance milestones; and [*REDACTED*] has separately contracted to buy shares in [*REDACTED*] in the concurrent placement. This network of transactions is observable even if no recipient discloses how each invoice is financed. It does not mean every contract is reciprocal between the same two legal entities. [17] [43]

The enforcement point is actual delivery with financing secured, power ready, hardware installed and service accepted. Under stress, track which companies can cancel or replace capacity, who has security, and who bears completion expense. Do not treat an unsigned or undrawn capital amount as protection that necessarily survives a market shock.

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DEAL ANATOMY AND COMPANY DISCLOSURES

Recognized revenue, valuation marks and end demand

EVIDENCE NOTE

Data-center segment revenue, a private-stake valuation gain and a guarantee face amount are not interchangeable.

Three accounting views

[*REDACTED*]'s November results show Q3 fiscal 2027 consolidated revenue of $115.8 billion, with $107.6 billion in Data Center. Its supplemental schedule says three direct customers accounted for 14%, 11% and 11% of quarterly revenue; their unspecified direct identities and any further distributions limit inference about end users. Cash conversion matters: consolidated October 25 net receivables were $81.0 billion, but compute buyers' balances or collection times are not supplied individually. [45] [46]

[*REDACTED*]'s September filing discloses approximately $62.8 billion in upward adjustments in nine-month Other income (expense), net for nonvoting preferred stock tied to observable [*REDACTED*] funding prices. It reports September carrying value of $92.5 billion for those holdings and estimated fair value of $146.2 billion for [*REDACTED*] convertible notes; the associated $140.3 billion unrealized note gain was in accumulated other comprehensive income. These values are not [REDACTED] sales, growth in end-user collections, or proceeds from selling the holdings. [27]

Model the underlying economics

A genuine cloud service can earn recognized revenue under the disclosed contract even if supplier financing makes the customer's broader growth feasible. Different expenses, incentives, funding and cash collections can change the economics without resolving the analysis on a single headline figure. Build a maturity-matched stress table of separately labeled exposures. For each line mark issuer scope, cash direction, counterparty, amount date, estimate vs observed, recognition basis, and what initiates payment or default.

For a network-level view, do not add chips, racks, cloud rental and AI application sales to estimate final demand: the same productive asset can contribute to all those valid revenue lines at different companies. Public disclosures sharpen the risk hypothesis without producing the counterfactual proportion of transactions that would survive without supplier support.

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DEAL ANATOMY AND COMPANY DISCLOSURES

[*REDACTED*]: covenants, commitments and caps in November

EVIDENCE NOTE

Fiscal Q3 CFO commentary separates $518 billion future commitments, $32 billion additional neocloud agreements, and $118 billion maximum gross exposure.

The company's own three-group disclosure

[*REDACTED*]'s November 17 CFO commentary, as of October 25, lists $518 billion of future commitments: $390 billion for supply and capacity, $28 billion cloud service agreements, $74 billion data-center leases not commenced, $20 billion equity investments and $6 billion capital expenditures. Management associated most of the latest supply increase with multi-year memory procurement. Those future obligations are not all guarantees written for customers, cash already paid, or a backlog of sales. [44]

The same commentary separately reports $32 billion of future additional neocloud commitments, conditioned on counterparties securing financing and the equipment being deployed, operational and accepted. [*REDACTED*] expected to earn revenue on upfront infrastructure sales, with potential participation in downstream third-party customer revenue subject to criteria. This additional scope illustrates a platform-supply arrangement whose cash implications run in more than one direction. [44]

No guarantee payments reported to date

The commentary presents guarantee maximum gross exposure of $118.0 billion: $105.0 billion [*REDACTED*] credit support, $9.5 billion power and systems credit support, and $3.5 billion land, power and shell guarantees for neoclouds. It says that [*REDACTED*] had made no payments under its guarantees to date. The PORTS commitments become effective building by building, first expected in fiscal 2029, and exposure declines as the tenant pays under each lease. [44]

Analysts should use the breakdown rather than relabel the aggregate strategic commitments as financial guarantees. Guarantees may overlap related projects with investments, supply obligations, and project financing, even when the legal instruments differ. Estimating maximum contractual amounts is useful as a severity boundary; estimating expected or stress-period cash draw requires effective dates, trigger events and recovery assumptions.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

The evidence supports interdependence, not a closed economy

RESEARCH NOTE

Structural finding | Evidence cutoff: November 19, 2026

A financing edge is not a sale

The strongest documented claim is that some leading technology firms are simultaneously financiers, suppliers, customers and guarantors of counterparties in the AI supply chain. A chip designer can lend or invest in a compute buyer, a hyperscaler can sign a long lease that supports a developer's debt, and a lab can promise minimum purchases to a shareholder. Financing increases the buyer's ability to spend; a commitment improves the seller's planning and may help both procure scarce capacity. None of those facts proves its ultimate users could not support the same demand. [47] [49]

Real assets can be financed in ways that increase risk

A data centre can exist, perform useful work, and generate generally accepted accounting principles revenue while spare capacity, margins or cash collection disappoint. Treat commercial substance, accounting recognition, funding dependence, cash generation, and network risk as separate questions. Evidence of one does not answer the others. In particular, an invoice paid with money from a financing round is still an invoice; the durability of that payment source is the separate research problem. [56] [48]

Where to place the boundary

For this paper, external demand means payments by ultimate users and other customers outside the specified financing network, after excluding directly attributable promotional support when observable. A lab could sell through a cloud marketplace and still reach independent users; calling marketplace revenue internal purely because the cloud firm is an investor would be wrong. A customer outside the named group might itself be financed indirectly by members. Results must identify the network boundary and whether payer funding source is known.

What the public record cannot supply

No public census traces every equity or debt dollar into cloud use or separates network-funded usage from sustainable independent cash collections. BIS relationship matches, IMF disclosed deals, public debt data and national-investment statistics answer different questions. Their overlap prevents assembling one industrywide "loop percentage." Estimate a firm's funding dependence only against a declared period, population, weighting method and evidence standard. [47] [48]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

BIS counts relationships across the value chain

RESEARCH NOTE

Evidence map | Five layers and a five-year matching window

Scope and definition

In the October 2026 Bulletin study, [*REDACTED*] and coauthors start from 1,246 classified AI firms across compute, infrastructure, data tools, models and applications. They pair [*REDACTED*] equity/debt investment or financing data with [*REDACTED*] commercial relationships and manual checks. A relation is circular if two AI firms linked by an investment during 2021–25 also have a supplier-customer relationship at any point during that interval. The authors identify 972 intra-AI investment relationships. [47]

Three directions, one family of arrangements

Supplier financing sends capital and products or services in the same direction initially; the commercial payment may later travel the other way. Customer financing sends capital toward a supplier while the product or service moves back. Reciprocal commercial exchange is another case. Among the relationships classified as circular in the study, the investor also supplies the investee in 64%. The direction finding is not a share of money or a share of all AI investment. [47]

What “circular” means here

A supplier link need not start on the financing date or be written in the same agreement. The method captures an overlapping relationship, not contract tying, negative economic value, or any formal finding of a round trip. In an equity round with several participants one portion could fund product development unrelated to the investor’s sales. Pairwise observation alone cannot trace the money. [47]

Why the sample matters

Coverage of private firms, commercial relationships and transaction values is incomplete. The authors note that database deal values need not match [*REDACTED*] reporting methodology. A stronger test would match counterparties to dated agreements, track actual funding and purchases across those dates, and compare outcomes for firms that did not have that financing support. Public data do not provide the full set required for that causal test. [47]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Four BIS statistics need four labels

RESEARCH NOTE

Quantitative evidence | Value and count are not interchangeable

Incoming versus outgoing

By disclosed deal value between 2021 and 2025, 55.2% of investment into classified AI firms came from deals involving other AI firms; 28.7% of investment by classified AI firms went toward deals involving other AI firms. The two directional quantities divide the same broad intra-AI concept by differently composed populations: all observed investments going into AI targets versus all observed investments made by AI investors. An incoming percentage may be materially higher even if the matched numerator is conceptually shared. [47]

Relationship overlap among AI-only deals

Among AI-to-AI deals, 16.1% by deal count and 46.4% by disclosed deal value were associated with a commercial connection between investor and target. The higher value share is consistent with large deals carrying more weight, not proof that every dollar in a large round is tied to goods or services. Graph 3 counts the full disclosed round when an eligible pair qualifies, and counts a round once if several AI investors participate. Individual ticket values are not observable in the chart. [47]

Use the bars in two panels

A reproducible chart should show the 55.2% and 28.7% in a directional-value panel and the 46.4% and 16.1% in a matched-deal panel, each labeled 2021–25 with no cash-flow arrows scaled by those percentages. For the matched-deal panel, display one denominator scope with two weighting methods, rather than a time trend. Keep 2026 commitments separate from the 2021–25 population.

What not to infer

Multiplying 55.2% by 46.4% cannot identify the share of funded purchases; it splices different units and denominators. Nor do these figures show that 55.2% came directly from suppliers, 28.7% headed back to original investors, or 46.4% of later revenue is unsupported by independent users. Those conclusions would require contract data and tracing beyond the BIS study. [47]

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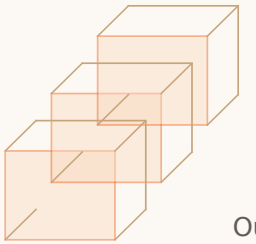
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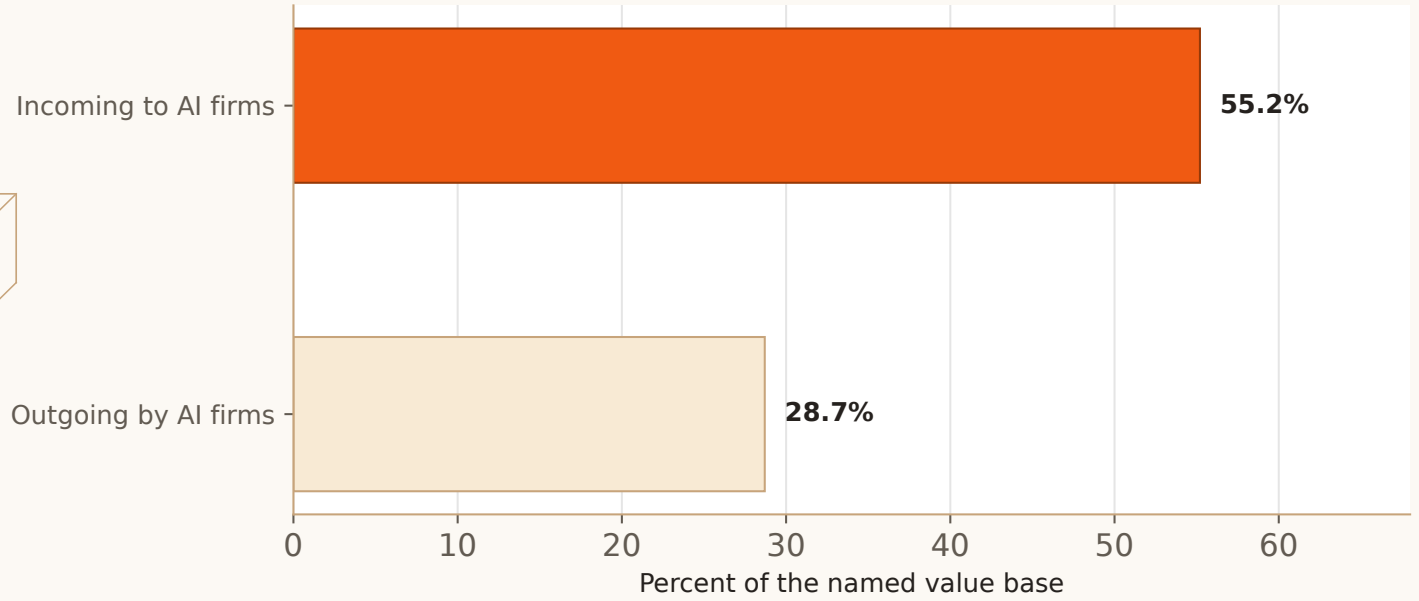
Exhibit 06 AI investment shares use different denominators

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AI investment shares use different denominators

2021–2025, by disclosed deal value.





The 55.2% is the share of incoming value to AI firms from other AI firms. The 28.7% is the share of AI firms' outgoing investment value going to AI firms. These are not portions of the same whole, estimates of recycled cash or sector revenue.

BIS Bulletin 137, October 2026: primary source

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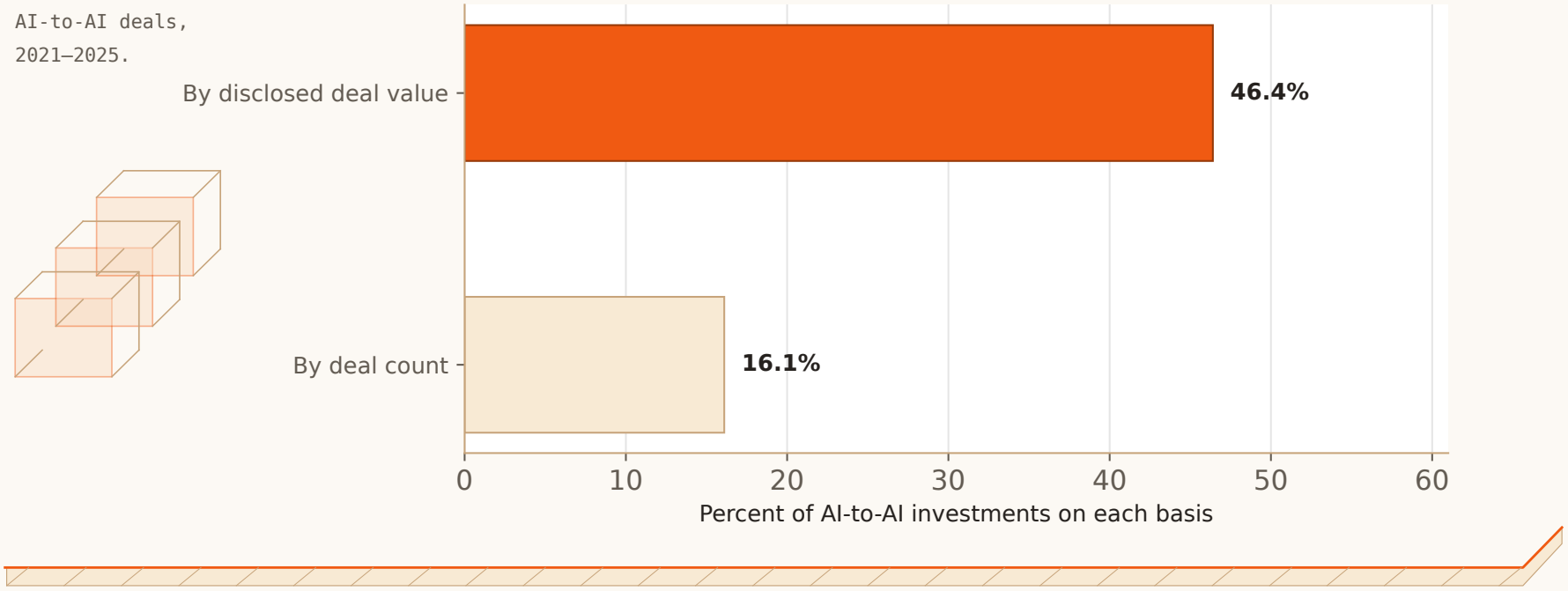
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Exhibit 07 Commercial links are larger by value than by count

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Commercial links are larger by value than by count



BIS counts the entire round when at least one AI investor has a supply-chain relationship with the target in the sample window. Investor-level contributions are not separately identified. These findings describe a screened sample, not the global percentage of funds round-tripped.

BIS Bulletin 137, October 2026: primary source

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

IMF tracks a disclosed transaction network

RESEARCH NOTE

Selected deals | Fourteen transactions since 2023

Three magnitudes, not one total

Figure 1.2 in the IMF's October 2026 financial stability report summarizes fourteen publicly disclosed transactions since 2023. Staff estimate about $300 billion of aggregate equity commitments, about $650 billion in debt, and $1.4 trillion in future revenue commitments through orders or services. The technical note describes debt financing following nine of the fourteen deals and includes financing backed by investor guarantees, contingent financing and other off-balance-sheet debt. Do not add the bars: a debt flow can help finance a purchase commitment already in the revenue category. [48] [49]

A purposive sample, not a denominator

Researchers selected major U.S. deals with public disclosures and coverage. Figure 5 in the technical note numbers the firms; roles overlap, with nodes 1–10 as investors and 9–14 as investees. This is not fourteen companies accounting for all AI finance. An industry percentage cannot be back-solved from a sample built to illustrate significant interdependencies. The total also does not provide a precise tally of capital already transferred or funding still uncommitted. [49]

Concentration inside the sample

Industry-scale firms and a handful of weaker borrowers recur across major arrangements. IMF's note estimates the publicly listed participants represent nearly half of revenues and about 40% of market cap in its defined AI stack. This is a defined set, not a share of the S&P 500, all U.S. business, or the global tech sector. The note's combined public/private valuation near $20 trillion is a snapshot of market-implied values, not liquid cash. [49]

Timing matters more than gross order value

A multi-year nominal sales promise becomes more economically meaningful as service is made available, billed, collected, and renewed at a viable cost. Build, power, counterparty performance and amendments can change that path. The stock of future promises is backward-looking evidence of commitment and forward-looking in cash realization; it is not booked revenue. [48] [56]

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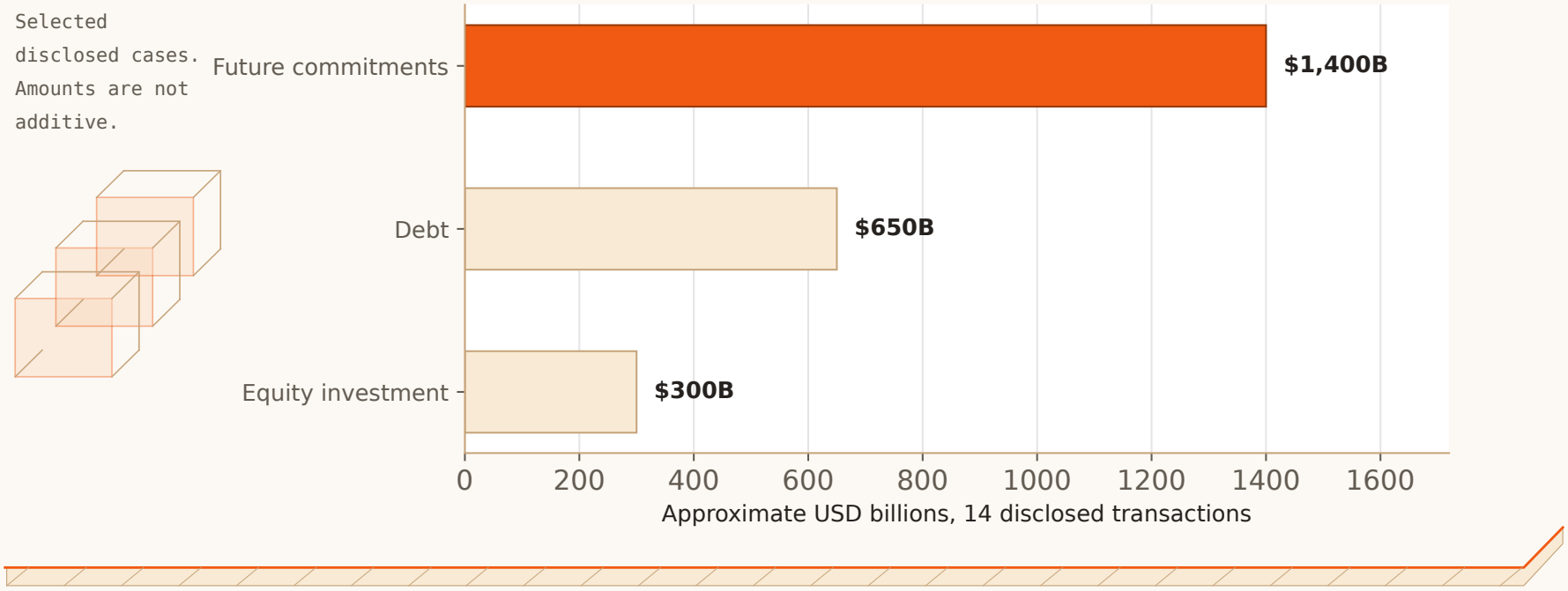
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VISUAL EVIDENCE

Exhibit 08 The IMF tracks three different financial quantities

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The IMF tracks three different financial quantities



IMF staff analyzed 14 large publicly disclosed transactions since 2023. This figure compares reported categories, not cumulative realized demand. The three amounts are not additive and are not a census or a representation of funded cash.

IMF October 2026 Global Financial Stability Report, chapter 1: primary source

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Why a lender can prefer a strong tenant

RESEARCH NOTE

Project finance | Strong tenant credit is not unconditional cover

The credit transformation

A site developer or special purpose entity supplies a specialized building and underlying equipment. Its debt repayment is often arranged around contracted cash from a tenant, including base rent or a take-or-pay offtake payment. A large parent company may back all or part of those payments, give a residual-value guarantee, arrange a capacity substitute clause, or contribute equity. Credit investors can then have exposure partly to the performance of the large company or to the collateral, rather than exclusively to a thinly capitalized developer. [50] [51]

Transfer is not elimination

Compare a guarantee of residual asset value, a guarantee of a borrower’s loan, a fixed capacity reservation, and a construction completion guarantee. In a downturn, each may respond at a different time and pay for a different shortfall. Financial covenants, notice and cure provisions, termination rights, credit support expiration and collateral seniority matter. A property developer and lender cannot reliably count on the strongest party’s full balance sheet unless the relevant legal obligation exists and is enforceable. [52]

Disclosure is not consolidation

Recognized operating and finance lease liabilities, future commitments for facilities not yet delivered, and third-party debt of an unconsolidated vehicle are generally different disclosure categories; project obligations may nevertheless be visible in footnotes and agreements. Read the lease starts, debt borrower, related guarantees and contractual minimums; do not treat all obligations as hidden or double count a lease reported both as a tabular disclosure and as part of a broader headline. [52] [61]

Direct and indirect risk channels

BIS’s October study finds small and short-lived effects in Treasury and investment-grade bond markets on its identified 2026 financing-news days. This is an observed study-window result, not evidence that a future shock under heavier issuance is limited. A shared project sponsor, lender, tenant or insurer can still concentrate risk even when each project has separate legal entities. [51]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

The latest Fed tracking shows a broader funding perimeter

RESEARCH NOTE

November 2026 snapshot | Outstanding stock is not gross issuance

Debt issuance accelerated

The Federal Reserve's November financial stability report estimates advanced computing-related debt issuance at over $680 billion through October 2026 versus roughly $130 billion in all of 2023. Tracked issuers' advanced-computing borrowing rose from less than 6% of nonfinancial investment-grade corporate issuance in 2023 to about 31% in 2026. The Fed estimates outstanding public debt related to advanced computing above $1.1 trillion as of October. The issuance measure captures public issuance plus identifiable Rule 144A securities and excludes Section 4(a)(2) private placements. [52]

Do not add financing estimates across studies

The BIS March Quarterly Review reports that gross bond issuance of selected hyperscalers exceeded $100 billion in 2025; this is neither a net-debt measure nor a statement that every dollar financed AI. The IMF's $650 billion tracks additional debt associated with selected transactions, not the Fed's debt universe. Different issuers, windows, instruments, obligations and degrees of contingent exposure prevent direct substitution or addition. [50] [48] [52]

Beyond recognized debt

The Fed's Box 2.2 describes over $1 trillion of undiscounted not-yet-started leases and over $2 trillion of other undiscounted commitments in a seven-company analysis. Governor [redacted] characterized the total as a potential maximum nominal value, and separately put expected on-balance-sheet firm debt above $800 billion before year-end. One total is not a market value, expected loss, or debt payable today. A fair comparison models expected timing, conditions, collateral and overlapping guarantees. [52] [53]

A channel for the wider economy

Large bank holding companies had close to $1 trillion in exposure across a broadly defined set including large technology firms, developers, related special purpose vehicles, private credit and utilities. This set isn't an AI-only loan balance. Losses may first be absorbed by well-capitalized sponsors or subordinate investors, or circulate through refinancing if several counterparties depend on the same source of credit. [52]

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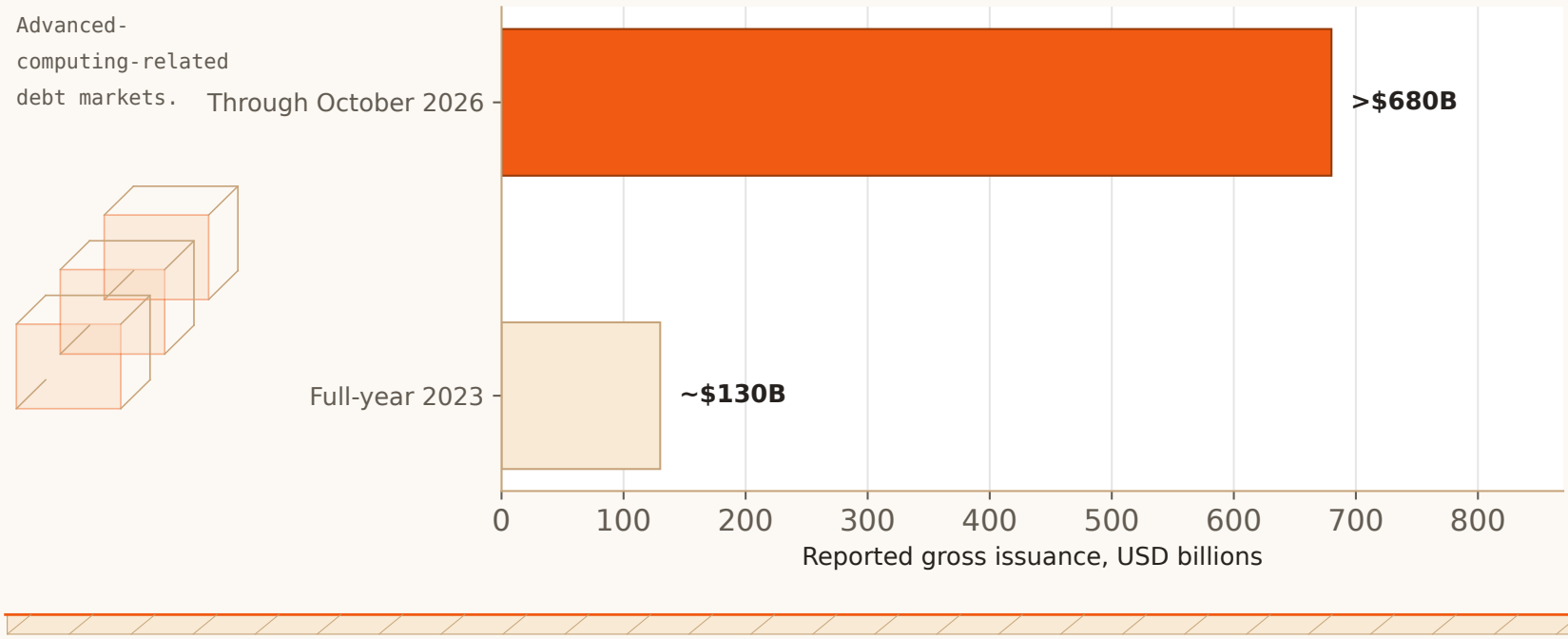
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Exhibit 09 Gross issuance grew in the Fed’s tracked universe

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Gross issuance grew in the Fed’s tracked universe



Federal Reserve staff report more than $680 billion through October 2026, and about $130 billion in full-year 2023. Bars use the rounded reference amounts; periods differ. Gross issuance is not outstanding debt, net issuance, or proof all proceeds were used for AI.

Federal Reserve November 2026 Financial Stability Report, box 2.2: primary source

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Time to cash differs from time to build

RESEARCH NOTE

Operations anchor | Physical bottlenecks affect the financial calendar

Permits, equipment, grid, commissioning

Power, interconnection service, transmission and local permit approvals are milestone risks separate from equipment orders. A site with a press release or a queue position is not equivalent to one with a binding interconnection agreement, energized racks or contracted operations. The IEA's updated Key Questions on Energy and AI central case puts global data-center electricity use at 485 TWh in 2025 and 950 TWh in 2030. That covers all data centers, not solely AI. It is a central scenario, not materialized consumption or a capacity forecast in GW. [54]

Changes in deployment matter to liquidity

A delay could shift revenue right while capitalized construction or equipment deposits continue. If the tenant's obligation starts at acceptance or energization, the delay can also withhold rent for the project vehicle while construction debt accrues. A completion guarantee, stop-work clause or changes to lease commencement can redistribute that gap. Without the relevant term, the final bearer of delay cost is unknown. [51] [61]

Power purchases and geography

Alternative sites can mitigate local grid constraints if technical and contractual integration permits. But redundancy, cooling, water, reserve power, user latency and equipment delivery all constrain substitution. A firm may need a new contract, rather than moving an existing revenue commitment intact. Local approvals, signed grid service agreements and reported energized load are better milestones than press releases. [54] [55]

Monitor mismatch, not only aggregate use

Estimate the timing of contractual minimums and customer billings under a delay range; list conditions precedent, liquidity buffers and alternative suppliers. An increase in projected global electricity use does not resolve one firm's financial gap. A site can be delayed during strong market demand or empty during a period of weak conversion. The relevant comparison is contractually reachable and billable capacity against capital and financing costs at the same project and time.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Revenue recognition cannot settle payer independence

RESEARCH NOTE

Financial statement reading | Separate recognized sales from recurring cash

Recognition is a distinct gate

FASB Topic 606 ties revenue to the satisfaction of performance obligations for a qualifying customer contract. Contract criteria include commercial substance and probable collection of substantially all consideration to which the issuer will be entitled for goods or services transferred. A framed service reservation can produce real revenue over time if the accounting requirements are met. A deposit, undelivered order or future cloud obligation is a different kind of evidence. [56] [57]

Payments to customers need scrutiny

Payments, credits or similar amounts payable to a customer generally reduce transaction price unless paid in exchange for a distinct good or service, with further limits when payments exceed fair value. Scope and facts control. A strategically related equity stake is not automatically a revenue offset or a revenue violation. Look for the issuer’s explanation of why arrangements are separable, with independent commercial obligations, relevant accounting policies and transaction specifics. [56]

Historical comparison without guilt by analogy

In 2002, SEC staff testimony examined telecom capacity swaps, highlighting questions when cash moves between counterparties concurrently with reciprocal asset exchanges and emphasizing economic purpose. Its historical guidance framework predates today’s standards. The relevance is the discipline of asking what changed economically, not assuming modern financing is equivalent to the accounting issues of that cycle. Separate audited findings regarding a specific party from historical comparisons and current hypothesis. [58]

Cash context

An investor-supported buyer may exhibit real growth with some externally funded consumption. To evaluate durability, compare operating cash conversion, customer concentration, emergency financing, promotional or usage credits, payment terms and like-for-like renewal. Capital inflows from newly issued stock are not cash receipts from providing compute. A commercially rational capacity purchase can become fragile when the financing source and primary purchaser depend on the same group. [47] [49]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Backlog, performance obligations and bookings can diverge

RESEARCH NOTE

Operational milestone | Named definition and time window required

Backlog is issuer-defined

[*REDACTED*]'s November 10, 2026 results reported approximately $132.5 billion of revenue backlog at September 30. Its reporting definition includes remaining performance obligations plus other amounts it expects to recognize if delivery and availability conditions are met. The Form 10-Q presented approximately $132.3 billion of unsatisfied remaining performance obligations (RPO), including billed and unbilled amounts from committed contracts. They are close at that date but not interchangeable and should not be added. [59] [60]

Timing of conversion

The filing reported expected recognition of 36% of unsatisfied RPO within the first 24 months ending September 30, 2028, 38% during months 25–48 and the balance across months 49–86. The 36% applies to the $132.3 billion RPO denominator, not to the annual sales base or the $132.5 billion backlog measure. Expectations may change. If service is made ready in stages, the shape of recognition and collection matters more than a headline sum. [60]

Diligence questions

Ask whether the disclosed contract entitles the seller to fixed payment if capacity stays unused, what milestones trigger acceptance, who finances deployment, and whether the buyer has rights to terminate, substitute or renegotiate. Where definitions change, bridge opening to closing backlog with new commitments, delivery, cancellation, financial reclassification and revisions. If the issuer has not disclosed those components, mark each as unknown rather than using all change as new demand.

Do not confuse the related measures

Bookings may be signed deal value, an annualized measure, or estimates based on commercial channels; no single universal accounting convention defines every issuer's use. RPO is a disclosure on unsatisfied obligations as specified by rules, not banked cash. Billed receivables may become cash sooner than an unbilled order, but the payment period, credit quality and collection record matter separately. [56] [60]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

The commitment and collection calendars can disagree

RESEARCH NOTE

Prospectus case | Nine-month results and multi-year future obligations

[*REDACTED*]'s disclosed commitments

[*REDACTED*]'s November 2026 final prospectus described approximately $900.9 billion of committed spend as of and subsequent to September 30, substantially all tied to compute and infrastructure, including short-term commitments and leases not yet commenced. About $451.6 billion was expected prior to the end of 2030; about $70.7 billion was due within twelve months of September 30. Do not add $70.7 billion to $451.6 billion. About $186.2 billion of aggregate contractual commitments involved exercisable termination rights or conditions before commencement; the two smaller totals are not disjoint slices unless the document shows so. [61]

Other potential spend is excluded

The same filing separately estimated a $150–$175 billion range under arrangements without fixed dollar commitments. These payments depend on deployed capacity, pricing and delivery. They should not be presented as firm incremental liabilities with guaranteed execution. The filing also sets out the timing mismatch: much revenue is primarily consumption-based and generally not subject to commensurate long-term commitments, while many infrastructure contracts span multiple years. [61]

Evidence customers are using services

For nine months to September 30, 2026 the prospectus indicates $24.5 billion of revenue from customers generating $100,000 or more on a trailing twelve-month basis, about 74% of company revenue for that nine-month period. That is evidence of recognized usage and concentration by size cohort, not verification that each customer independently funded demand or will renew. Some usage is directly contracted; some goes through marketplaces and partners. [61]

Avoid an obligation-to-revenue trap

Quoting a ratio of gross commitments to recent revenue without aligning maturities, recognition, adjusted margin or available cash can suggest a false solvency conclusion. The better comparison estimates year-by-year cash payments, utilization, payment concentration and capex/offtake flexibility against operating cash plus available funding.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Valuation and finance transmit different signals

RESEARCH NOTE

Market reading | An investment markup is not operating cash generation

Separate prices, marks and revenues

A financing-round valuation reflects what an investor paid for securities under particular rights and dates, not necessarily one price at which every outstanding claim is equivalent. Public equity pricing reflects expectations about margins, growth, reinvestment and terminal profits. It can move even if current recognized revenue does not change. An investor’s reported gain can be noncash, and neither gain nor valuation funds construction without a financing transaction or liquidity event. [49] [61]

Realized growth and high expectations coexist

IMF’s October technical note judges that the boom reflects both strong earnings by incumbents and elevated valuations, with concentration greater than earlier technology cycles in its comparison. The Fed’s November report also described S&P 500 prices relative to earnings as historically elevated. These observations do not identify fair prices for any stock or predict a correction date. They show that similar near-term operations can accompany materially different expectations about longer-run gains. [49] [52]

One deal can move several economic channels

A major purchase commitment can support a supplier’s forecast, the investee’s claim to scarce capacity, and a credit investor’s confidence in repayment. Equity financing may then appear less costly if market expectations improve. The same set of promises becomes a vulnerability if expected monetization slows and a funding repricing reduces both cash availability and valuation. That feedback is an analytical mechanism, not evidence of a coordinated attempt to misprice securities. [48]

Model terms before valuation

Use scenarios varying utilization, unit revenue, prices, operating margins, replacement cycles and financing costs. Test robustness if the firm can refinance at a higher cost or must absorb more depreciation. Mark announced capacity separately from operational assets. Do not multiply forward revenue commitment by a public multiple without establishing timing, margins, contractual rights and how much revenue is already included in the market estimate.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Wrong-way risk is about timing and dependence

RESEARCH NOTE

Transmission mechanism | The honorability of support can weaken when needed most

Two exposures, one shock

A compute customer’s slowdown may reduce the supplier’s projected sales and lower the value of its existing investment in that customer. A contractual backstop to support that same business could become payable at the time the supplier’s business forecast deteriorates. If both parties are financed with the same securities-market optimism, a concurrent mark-down in collateral and lower appetite for refinancing can intensify the cash deficit. This is the mechanism described as wrong-way risk in the IMF financial stability assessment. [48]

Who absorbs first losses

Strong upstream sponsors can absorb losses or guarantee replacement financing, which can protect other investors in ordinary stress. Under narrower contractual support, thinly capitalized developers or junior debt holders may absorb losses first. For the chain to become systemic, correlated defaults, redemptions, forced deleveraging, margin pressure or tighter new credit would have to transmit losses beyond the original group. No published case identification by itself establishes impending systemwide distress. [52] [51]

A practical shock path

Suppose a service provider depends on a major purchaser for contracted utilization. If that purchaser delays accepted capacity, operating cash of the project declines even while interest and salaries continue. Equipment resale values may fall if multiple projects revise demand simultaneously. The sponsor’s claim on limited remaining cash has to be mapped against lien priority and trigger conditions. Draw a separate node for each economic claim and do not count each manifestation as independent loss.

What to watch

Condition the assessment on payment, refinancing and capacity timing, not a market price alone. Evidence of a structural shock includes multiple verified amendments or delayed deliveries, tightening in both credit and equity funding, and lower renewals or collections among independent customers. Correlation in listed returns can be an early signal of shared risk, but cannot prove which contracts or firms transmitted stress. [49]

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Correlated portfolios do not prove coordinated decisions

RESEARCH NOTE

Cross-market stress | Exposure, leverage, and behavior are separate

Three channels of equity risk

One investor can own equities in several links of the same value chain, increasing sensitivity to the same changes in demand or financing. A capitalization-weighted market index can also become concentrated as constituent values rise. Neither common ownership nor index weight mechanically proves that asset managers directed individual companies' AI strategies. A third channel is investor leverage through margin, derivatives or levered funds; leverage can produce involuntary selling and liquidity stress even without any change in shared managers' governance. [48] [52]

Model scenarios are not market predictions

The IMF technical note models the behavior of selected circular-financing stocks under changed correlation and shock assumptions. It estimates an approximately 8–10% weaker cumulative return relative to baseline under stressed correlation assumptions in that exercise, not a forecast for market indexes or a probability of loss. The study uses market-adjusted returns and model simulations. Event-window co-movement can reflect macro news, shared end demand or overlapping financing, without distinguishing all three. [49]

Cross-border exposure

Foreign holders of U.S. equities and credit can be exposed even when their domestic stock market has relatively low AI beta. Semiconductor, hardware and electricity investments affect suppliers around the world. When interpreting a cross-border balance table, distinguish issuer residence, asset currency, ultimate operating exposures, and fund domicile; a fund's incorporation jurisdiction does not necessarily identify where its final beneficiaries live. [48]

No single portfolio beta proves systemic risk

Monitor flows as well as prices: collateral haircuts, trading liquidity, funding terms, duration and redemption terms can alter whether investor mark-to-market losses transmit into forced sales or reduced new credit. Portfolio concentration is an exposure descriptor. What determines amplification is whether holders have overlapping exposures, leverage and common funding dependencies and are forced to act together.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Macro output is neither ecosystem revenue nor bookings

RESEARCH NOTE

National accounts | Recognized private transactions do not all enter GDP as final output

Recent investment signal

BEA’s October 29 advance estimate put U.S. real GDP growth in 2026 Q3 at a 3.4% annual rate versus 2.2% in Q2. Investment led part of the acceleration; information-processing equipment contributed to equipment growth. This category covers computers and peripheral equipment, not AI-only purchases. Imports are separately deducted in GDP. A domestic procurement using imported hardware does not add its full invoice to domestic production. The estimate is also an advance vintage subject to revision. [62]

Why summing private revenue overstates the macro analogy

A chip sale, a lease payment and a downstream AI service each matter to a firm’s statements. As intermediate activity inside a value chain, they cannot all be counted as final consumption or added directly to national GDP. An investment effect on construction and installed equipment is different from realized household consumption, and financial transfers do not measure current production. As an empirical proxy for disruption, tracked equipment orders may reveal a change in expectations rather than a current change in final output. [62] [63]

Cross-sector channels and buffers

A slowdown can affect construction hours, equipment manufacturing and related utilities with different lags. An expansion can be meaningful without being wholly funded by external customer demand in the early years. Large diversified firms may finance the adjustment from non-AI cash flows while thinly capitalized counterparties cannot. A region can still face changes in tax revenue and utility requirements even when aggregate national effects are modest. [48] [54]

Macro-monitoring rule

Use official investment and output data with dates, revisions and sector definitions. Pair them with energized capacity, delivery acceptance, funds raised, credit availability and actual customer collections where observable. Never use whole-ecosystem contracted future dollars as today’s GDP contribution.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Three testable futures, not point forecasts

RESEARCH NOTE

Scenario framework | Monitor which observable would overturn the working case

Independent demand catches up

If diversified customers renew with stable pricing, their receipts cover variable service costs and increasingly support fixed compute and finance costs. Net usage and cash collection grow in cohorts that rely less on introductory support. Deposits, leases and capacity options let firms secure inputs during the transition. Track evidence of cash collection, planned-versus-actual deployment, contract performance and refinance terms rather than treating a larger order book as proof. [47] [61]

Installation and demand proceed unevenly

Power and equipment availability, financing terms or permits slow projects, while some demand still grows. Delays push the conversion of nominal commitments into actual revenue and can shift the segment or region where projects land. Legacy sponsors remain liquid, but some individual developers need schedule changes or renegotiation. Watch utilization at accepted sites, not just total operating megawatts or data-center announcements. [54] [51]

Financing and end-market weakness compound

Under weaker monetization, high fixed commitments persist and short-run price pressure reduces margin. Credit spreads rise, guarantees conditionally activate, and development slows. Revised forecasts can be reflected in equity prices before a default occurs. Downstream users may benefit from cheaper capacity even as providers and capital owners lose value. Systemwide consequences depend on the scale and distribution of leverage, collateral haircuts and redemption sensitivity. [48] [52]

Decision trigger

Specify actions contingent on checks. A temporary decline in public market prices or one amended agreement is not confirmation. Simultaneous and persistent changes in cash collection, secured capacity schedule and ability to raise capital warrant a fuller review. Evidence of improving revenue diversification and collections, delivery and lower funding sensitivity would weaken the severe scenario. Do not attach unsupported probabilities or dates.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

Make the unknown external demand share measurable

RESEARCH NOTE

Analytical template | Use intervals, not a precise estimate from public scraps

Build the audited base

Start with specified period and unit. List all cash receipts from customers for delivered AI services, where disclosed, and map known related organizations, distinct end users, consumption intermediaries and financing sponsors. Separate a parent or investor from a customer using the provider as a reseller or marketplace. Third-party demand should be tested at the ultimate payer rather than inferred from a company name. Reconcile to receivables and customer credits. [56] [47]

Transparent range

For an illustrative firm, receipts equal $100. If $40 is identified as independent, $20 associated with a clearly documented funding tie, and $40 indeterminate, the bounded independent share is 40% to 80% under that classification. The lower bound is confirmed independent receipts; the upper bound adds unknown receipts, not assumed self-funded demand. The range is a toy method, not a sector estimate. Capacity usage and cash conversion are separate weights.

Contract and performance overlays

Report how many transactions you classified and how much value was known, who sponsored or guaranteed which payments, whether incentives were market-standard, and the minimum and optional quantities. Account for overlap and the time between equity cash and consumption; money is generally fungible. An agreement or relation can establish a link without tracing any particular dollar. Large future commitments can matter even if today’s customer receipts are independent. [49] [61]

Comparability and challenge

Use consistent rules, payer identities at the entity level, dates, currencies and thresholds across companies. Avoid claiming a round-trip return by dividing total orders by initial equity. When private links prevent reliable classification, publish the unclassified share along with sensitivity analysis and the highest-value data gap. The point of the range is to show where evidence changes the view, not to substitute precision for unavailable records.

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DEBT, VALUATIONS AND SYSTEMIC TRANSMISSION

A review protocol for correlated buildout risks

RESEARCH NOTE

Decision checklist | Monitor each type of claim with its correct unit

Capture agreements and cash separately

For each counterpart list authorizing entity, legal status, execution or funding date, minimum commitment, options and amendments, term and maturity, venue, trigger, guarantor, collateral and evidence source. Create separate fields for contractual maximum, recognized obligations, commitments excluded from recognition, cash received and expected residual value. A financing announcement can reserve future capital without transferring cash, and a companywide debt figure may finance multiple activities. [52] [61]

Map bottlenecks to counterparties

Record who is responsible for access to power, equipment, build, acceptance and operation, and when debt service begins relative to earnings. Group exposures sharing the same tenant, guarantor, collateral class or refinancing condition. Record geographic concentration of utility, equipment and public approval dependencies. Maintain both gross and net exposure maps and compare secured and under-construction assets against delivery assumptions. [50] [54]

Read the indicators by scenario

Rising utilization and independently funded renewals support a stronger commercial case. Accelerating obligations without delivered capacity or a disproportionate shift toward weaker issuers warrant review. A mark-to-market loss on related equity does not equal a debt write-down; document which accounting and credit indicators changed and why their timing differs. An issuer’s business that is outside the AI network can cushion earnings, though it does not erase commitments. [48] [51]

Tier the conclusion

Use grades such as documented, commitment subject to conditions, issuer estimate, secondary claim not verified, calculation, and scenario. Establish named follow-up metrics: leverage against stressed cash, committed versus energized capacity, cash conversion, maturity clustering, credit support and how much ultimate demand is not publicly discoverable. This is a diagnostic checklist, not investment, legal or accounting advice.

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VISUAL EVIDENCE

Exhibit 10 One counterparty can carry several exposures



Equity value, guarantee exposure, trade receivables and underused capacity can all respond to distress at the same counterparty. These are distinct claims with distinct timing and protection. This diagram supplies no aggregate loss estimate.

48PEGASUS Research conceptual exhibit. Not empirical data.

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INSTITUTIONAL OWNERSHIP AND VOTING

Three distinct claims hide under ownership

FIELD NOTE

Economic interest, voting authority, and index weight answer different questions.

Who bears the gains and losses? The ultimate investor bears the asset's economics through a direct holding, a retirement vehicle or a fund. In a pooled product, the investor typically owns shares of the fund, not separately registered shares of every constituent. An adviser manages portfolios and may administer voting for a fund, and a bank or nominee can appear as holder of record. The reporting word beneficial can refer to voting or disposition power under a defined legal rule, not merely ultimate economic entitlement. These layered interests can coexist without representing multiple economic stakes. [65] [86]

The attachment's phrase "the asset managers own the tech firms" therefore combines influence and economic risk. Managers can be governance intermediaries for millions of investors without those positions belonging to the manager's own balance sheet. The separation is not an argument that proxy power is unimportant.

Which question can a disclosure answer? Form 13F primarily measures reported long securities under investment discretion for the reporting snapshot. Rule 13d-3 beneficial ownership can include power to vote or direct disposition, and specified rights to acquire shares. A proxy provides corporate-class and record-date voting rules. N-PX shows how covered funds or managers reported voting on particular items. Benchmark weight instead measures the constituent's role in index performance. None answers all four questions. [64] [66] [86] [95]

A useful map attaches four attributes to each number: security class, legal entity, date and denominator. Separate who bears the dollars from who can vote. A substantial reported holding is evidence of exposure or influence potential, not proof that a holder directs AI strategy or coordinated with a competitor.

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INSTITUTIONAL OWNERSHIP AND VOTING

A four-filer reconciliation from EDGAR

FIELD NOTE

Quarter-end share rows are reconstructed by CUSIP and not counted as votes.

Reproducible scope The Q3 2026 exercise uses original SEC information tables for [*REDACTED*], [*REDACTED*] [*REDACTED*], [redacted] [*REDACTED*] [redacted] (VCM), and [redacted] [*REDACTED*] [redacted] (VPM). Each table is joined by nine-character CUSIP. The reconstruction sums ordinary share rows for the identical class, drops put and call records, and retains counts for sole, shared and no voting authority rather than projecting votes from gross shares. VCM, VPM and [*REDACTED*] filed November 13; [*REDACTED*] filed November 12. Positions are dated September 30, not November. [67] [68] [69] [70]

This is a four-filer comparison, not an all-institution universe. The [*REDACTED*] parent filed a notice pointing to multiple separately reporting entities. The notice has no additive holdings table, and the two selected advisers do not exhaust the parent's affiliates. [*REDACTED*]'s cover distinguishes discretion exercised by operating subsidiaries from the parent itself. [71] [67]

Avoid false precision Match a denominator to the security class before calculating reported shares as a percent of shares outstanding. Where a nearby rather than exact date is used, flag the mismatch and use limited precision. Position lines split by discretion and manager code require inspection. Across independent filings, gross arithmetic sums may not fully eliminate all overlapping shared discretion arrangements; no deduplication beyond the identified filing set and ordinary-share filter is claimed. Do not describe the result as reconciled legal beneficial ownership. [64]

The method deliberately does not publish a sector-wide 50–70% figure. A legitimate rollup would need a full institutional manager universe, combination/notice relationships, amendments, confidential-treatment caveats, exact class balances and an explicit overlap approach. It would still not identify underlying retirement savers or investment strategy from each manager line.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*] is a same-date test case

FIELD NOTE

The September 30 denominator is known to the individual common share.

What the 13F rows show [*REDACTED*]'s proxy identifies 7,426,426,719 common shares outstanding at the September 30, 2026 record date, one vote per share. At that same quarter-end, the selected EDGAR holdings totals are [*REDACTED*] 607.119 million, VCM 486.085 million, VPM 167.213 million, and [*REDACTED*] 320.716 million. Relative to the proxy denominator these approximate 8.18%, 6.55%, 2.25%, and 4.32%. The four gross percentages sum to 21.29% on unrounded values. The two [*REDACTED*] advisers together report about 8.80% of [*REDACTED*] shares in this limited filer set; the footnotes do not establish a common [*REDACTED*] vote. [74] [67] [68] [69] [70]

This validates the attachment's approximate 8% [*REDACTED*] and 4.2–4.3% [*REDACTED*] intuition for [*REDACTED*], but revises [*REDACTED*]'s entity label: the cited mid-6% covers VCM only, not VCM and VPM together.

Why a contemporary proxy can contain older inputs The October 21 proxy table shows 7.48% for [*REDACTED*] [*REDACTED*] and 7.30% for [*REDACTED*], but footnotes use a Schedule 13G filed April 30, 2026 and Schedule 13G/A filed February 13, 2024, respectively. The proxy's September heading does not independently update those filing inputs. Even two truly same-date 13F shares and Schedule 13G figures could differ because their scope and defined powers differ. Store each document's effective inputs and filing date separately. [74] [75] [64] [65]

Use the 13F arithmetic for managed-position exposure and use the dated corporate statements for class rights. Neither substitution nor averaging across the two is appropriate. [*REDACTED*]'s December meeting was not yet held at the cutoff; outcomes cannot be inferred from the 2026 proxy.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*] is not a five-class ownership puzzle

FIELD NOTE

Use SH common lines and exclude options; do not treat the share denominator as exact September 30.

Reported shares and issuer basis [*REDACTED*]'s common 13F CUSIP shows [*REDACTED*] 1,940.886 million shares; VCM 1,540.601 million; VPM 512.235 million; and [*REDACTED*] 1,025.075 million. Dividing these quarter-end holdings by the approximately 24.1 billion shares [*REDACTED*] reported outstanding on August 21 gives roughly 8.05%, 6.39%, 2.13% and 4.25%. The implied gross four-line total is about 20.8%, not a precise same-day stake. A share-count exhibit avoids blending observation dates. [67] [68] [69] [70] [77]

The May 2026 [*REDACTED*] proxy states that the listed common stock had one vote per share and shows 7.43% [*REDACTED*] and 7.31% VCM beneficial ownership. Those numerators are sourced to different observation dates: the [*REDACTED*] footnote references December 31, 2023, while [*REDACTED*]'s references March 31, 2026. The recognized percentages should not be substituted for the newer selected four-filer 13F positions. [76]

Voting fields are narrower than exposure In Q3 [*REDACTED*] reports about 1,755.0 million [*REDACTED*] shares with sole authority under the 13F field definition, [*REDACTED*] [*REDACTED*] roughly 130.1 million sole plus shared, and VCM/VPM classify their reported position rows as no voting authority on the required form. These are not meeting tallies, and they do not imply all the index funds under a brand vote zero shares. The 13F authority instructions are specific to such reporting, including when only routine authority is exercised; the [*REDACTED*] fund filings retain a different voting role at the fund level. [64] [67] [70] [68] [69] [87]

Potential influence at a non-founder-controlled one-vote-per-share firm can be sizable, but market share, bargaining position, founder relationships, directors and management strategy must be analyzed separately.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*], [*REDACTED*], and the limits of the peer estimates

FIELD NOTE

Selected filing sums support overlap, not a sector-wide voting bloc.

Two single-common share examples Rounding original 13F share counts against [*REDACTED*]'s 14.532259 billion shares on September 26 yields approximately 7.96% [*REDACTED*], 6.57% VCM, 2.27% VPM and 4.28% [*REDACTED*] [*REDACTED*], approximately 21.09% combined on unrounded estimates. The holdings date is four days later than the issuer denominator. In [*REDACTED*]'s case a September 30 balance-sheet denominator of 10.811 billion outstanding shares gives about 6.92%, 5.91%, 1.09% and 3.70% in the same order, approximately 17.63% combined. The issuer's quarter-end share figure is rounded to the million. [84] [85] [67] [68] [69] [70]

The company-by-company differences are evidence against treating a single industry band as a measurement. [*REDACTED*]'s 8.15% index weight on November 18 is a different number from the fraction of [*REDACTED*] stock reported by [*REDACTED*]. The near equality of two unrelated percentages would be coincidence, not corroboration. [93]

What varies even within one manager 13F does not label the underlying holding as passive, a specific retail ETF, institutional separate account or active strategy. An adviser may exercise different powers across these accounts; the filing's discretion scope helps detect that ambiguity but does not resolve it. The benchmark weight does not tell whether a manager used full replication, optimization, derivative exposure or delegated voting for one sleeve. [64] [96]

An analytical label such as "selected overlapping public managed positions" is supportable. "Three firms voted one fifth of these securities as a unit" is not. For investment committee tables, include issuer denominator date within the same exhibit and avoid implying that end investors all choose the same financial exposure or receive the same stewardship decisions.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*] shows how minority economics can control votes

The controlling shareholder is explicit [*REDACTED*] stated that as of October 1, 2026 ■ [*REDACTED*] ■ beneficially owned 1,220,703 Class A and 341,215,148 Class B shares, about 13.4% of total economic interests and 60.6% of voting power. Class B carried ten votes per share and Class A one. The definitive November information statement reports approved written consent from holders controlling approximately 56.1% of outstanding voting power on October 20, with those participating shares beneficially owned by [*REDACTED*]. Approval by that subset is not the same measure as his total voting position. [79] [80]

The documentation describes creation of a nonvoting Class C security and a recapitalization intended to preserve voting control against future dilution from Class A issuance. The approval and effectiveness/issuance are different events; the information statement establishes the former and describes the proposed implementation conditions. [80]

Index-manager leverage remains bounded Selected September Class A 13F positions imply approximately 7.84% [*REDACTED*], 6.52% VCM, 1.74% VPM and 4.21% [*REDACTED*] against the near-date October 16 Class A denominator. The gross 20.31% Class A sum reflects roughly 449.8 million Class A shares and is not 20.31% of corporate votes. If every such share carried and exercised one vote and the class structure were unchanged, the shares would represent roughly 8% of all then outstanding voting units, before mandate restrictions. That is a mechanical upper illustration, not actual influence measured at a meeting. [81] [80] [67] [68] [69] [70]

Use separate charts for economic interests, common-class holdings and total voting power. Institutional voices can matter to disclosure and market reputation while remaining unable to outvote a controlling founder.

FIELD NOTE

A dollar of common equity and a corporate vote do not map one-for-one across classes.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*] splits benchmark exposure from ballots

FIELD NOTE

Class A voting stock and Class C economic exposure should never be conflated.

Founder votes versus reported ownership [*REDACTED*]'s April 6, 2026 proxy ownership table gives [*REDACTED*] 27.4% and [*REDACTED*] 25.3% of total voting power, about 52.7% in arithmetic aggregate. Their power comes largely from Class B shares with ten votes each. Class A has one vote per share; Class C is generally nonvoting and excluded from this voting table. The filing shows [*REDACTED*] at 6.1% of Class A and 2.5% of total voting power as represented in the table, with the filing's source and voting/disposition footnotes important. A combined majority by two founders is not a claim about individual majority power or an assertion of a legally coordinated group. [82]

Class A and Class C footprints The four 13F filers report approximately 1,183.1 million Class A shares combined and 945.8 million Class C shares combined. Using the later October 21 rounded class counts of 5.888 billion and 5.579 billion yields rough class ratios of 20.09% and 16.95%. The comparison illustrates the class distinction, not nine-digit estimates of September beneficial voting power. A cap-weighted fund may hold both public [*REDACTED*] lines; securities-level index reporting may separate them even though they are one business's economic exposure. [83] [67] [68] [69] [70] [93]

For an index-concentration exhibit add the two weights when reporting [*REDACTED*] as an issuer. For governance, calculate votes by class and use recorded vote evidence. End investors may bear risk across both economic classes without acquiring a proportional say in [*REDACTED*]'s strategic direction.

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INSTITUTIONAL OWNERSHIP AND VOTING

[*REDACTED*] changed its reporting perimeter

What changed [*REDACTED*] says it completed a January 12, 2026 internal reorganization of U.S. portfolio management across [redacted] [*REDACTED*] [redacted] and [redacted] [*REDACTED*] [redacted]. The two subsidiaries have distinct investment and stewardship teams. [*REDACTED*] states that the funds' existing investment strategies were unchanged by this operational change. The parent's third-quarter 13F notice lists multiple other filing managers, including both new advisers. The correct interpretation is a change in filing entity and discretion perimeter, which can happen without a benchmark fund selling a share. [72] [73] [71]

Historical vendor charts that compare a consolidated brand before the change with a single newly reported adviser afterward can show a spurious loss of exposure. Retain CIKs, dates and notice relationships; present any reassembled family estimate as such.

Who controls the ballot? The [*REDACTED*] Index Funds N-PX explanatory note says U.S. [*REDACTED*]-advised funds retain proxy authority; distinct teams administer voting policies. A filing's financial-reporting control concept is therefore not a shortcut for predicting ballots. A percentage for VCM plus VPM can illustrate combined managed exposure but cannot be called a 13D group, a shared vote commitment, or all [*REDACTED*] activity. Other filing entities listed by the parent would need review for a fuller family picture. [87] [65] [71]

Keep adviser names fully qualified in research models, especially for separated teams and series. Check whether securities are listed as delegated, whether the relevant meeting was covered, and whether the actual voting measure is item-specific. Reorganization effects are a data-quality confound that matters precisely because well-known adviser brands appear to be stable labels.

FIELD NOTE

2026 was a structural reporting break, not necessarily a sale of underlying shares.

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INSTITUTIONAL OWNERSHIP AND VOTING

The correct measure of votes is the proposal record

FIELD NOTE

Actual votes can depart from management recommendations and from quarter-end 13F classifications.

[*REDACTED*] counterexample At [*REDACTED*]'s June 24, 2026 meeting, the issuer recommended against a nonbinding shareholder proposal to replace specified supermajority provisions with a simple majority standard. [*REDACTED*] reported 14,589,671,908 votes for, 2,210,282,205 against, 56,735,273 abstaining and 2,829,718,733 broker nonvotes. For divided by for-plus-against is about 86.8%; this is not a fraction of all common shares outstanding. The vote approved an advisory proposal, not a finding of corporate control. [76] [78]

The [*REDACTED*] 500 Index Fund N-PX contains a record showing a 622.526 million-share segment in favor on that exact proposal. Other lines for the same series/meeting/proposal show segmented votes; the large segment is not the entire family's vote. This directly demonstrates a major managed index exposure voting against a board recommendation on an actual governance item, without demonstrating how the same fund voted on AI spending. [87]

How to audit a ballot Identify issuer, class, CUSIP, meeting date, series and proposal. Use the issuer proxy for the board recommendation and the 8-K or equivalent for the final tally. Match N-PX records across split segments and check whether shares on loan were available. Registered funds report a wider proxy record; institutional manager reporting on N-PX covers specified executive compensation votes rather than all governance issues. The quarter-end 13F and vote record may not reference the same position size even when both are correct. [86] [87] [88]

Record whether the item was binding, advisory, contested, withdrawn or rejected. One manager may support boards on standard matters and dissent on governance. Robust documentation avoids inferring private pressures or AI-specific intent from an ordinary governance vote.

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INSTITUTIONAL OWNERSHIP AND VOTING

Management alignment is a sample statistic

FIELD NOTE

High aggregate agreement is not evidence of uniform voting or a conspiracy.

What the proxy-season data shows [*REDACTED*] analyzed 50 large U.S. managers of equity and allocation funds across 21,208 voted resolutions in its [*REDACTED*] US Large-Mid Cap Index company sample over three proxy years ended June 30, 2025. It reports the three biggest index managers averaged 96.0% support for management proposals in 2023, 98.0% in 2024 and 98.7% in 2025. Their 2025 shareholder-proposal support averaged 7.5%. This validates the direction of the attachment's management-alignment number, but neither number is a 2026 proxy season total or an all-company vote count. [*REDACTED*] reports unweighted manager peer averages, not shares controlled. [89] [90]

Director elections dominate management resolutions in the sample, so a high approval rate partly reflects proposal mix. A shareholder proposal can itself be supported by management. Percent approval of management-sponsored resolutions is not identical to percent agreeing with management across all contested issues.

The mechanism still needs evidence Institutional influence can involve dialogue before a vote, published guidelines, choosing directors and pivotal proposal votes. Aggregate agreement may reflect directors' conventional slates, robust reporting, similar fiduciary judgments or limited incentives to conduct governance research. Similar revealed preferences are insufficient evidence that funds coordinate investment decisions. When filings show segmented votes for one series, advisers' published recommendations and end-investor choices can further diverge. [87] [99] [100]

[*REDACTED*] and [*REDACTED*]'s historical roughly 25% of cast votes for S&P 500 firms is a historical estimate with assumptions, including assumed participation by the large managers when modeling aggregate votes. It cannot establish what the managers cast at selected November 2026 tech companies. [91] [92]

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INSTITUTIONAL OWNERSHIP AND VOTING

A broad index can carry a concentrated risk slice

FIELD NOTE

Use the official index panel; combine share classes only for issuer-level grouping.

The dated snapshot [*REDACTED*]'s SPY page displays separate fund and index holdings panels. In the index panel as of November 18, 2026, weights are [*REDACTED*] 8.15%, [*REDACTED*] 5.98%, [*REDACTED*] 5.79%, [*REDACTED*] 4.16%, [*REDACTED*] 2.67%, [*REDACTED*] A 2.63%, [*REDACTED*] A 2.15%, [*REDACTED*] C 2.10%, [*REDACTED*] 1.75% and [*REDACTED*] 1.71%. Summing the top ten security lines gives 37.09%, based on displayed rounded weights. Top six security lines total 29.38%; top six issuer groups after combining [*REDACTED*]'s two lines total 31.48%. The six groups are [*REDACTED*], [*REDACTED*], [*REDACTED*], [*REDACTED*], [*REDACTED*] and [*REDACTED*], in descending grouped weights. [93]

These are component weights, not the fraction of shares any manager owns and not the fraction of firms' revenues exposed to AI. The benchmark bundles multiple business models, some predominantly outside chip and cloud infrastructure.

What a weight can predict mechanically For a simple point-in-time scenario holding other returns fixed, a 10% decline in the six issuer prices is approximately a 3.15 percentage point direct contribution to benchmark return before second-order interactions. This is weighted arithmetic, not a forecast, and is not an assumption that all other constituents fail to react. Fund performance may also differ from benchmark due to expenses, tracking error and implementation. [93] [95]

Index weights move with prices, share count, float and constituent composition. A different snapshot can present different rankings without evidence of sudden net selling. The September 16 [*REDACTED*] mirror, for example, showed [*REDACTED*]'s index line at 7.98% versus 5.79% November 18. That comparison is about benchmark weights; it does not identify what orders produced the move. Dynamic pages should be archived with dates for reproducibility. [94] [93]

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INSTITUTIONAL OWNERSHIP AND VOTING

Passive demand is a possible amplifier, not issuer financing

FIELD NOTE

Distinguish price transmission in secondary trading from cash delivered in the primary market.

The arithmetic of an index mandate In a capitalization-weighted benchmark new net investment generally seeks exposure proportional to constituents' weights. If all else is equal, a larger weight means more dollars of new consolidated portfolio demand. A company's price rising also lifts its weight in an existing full-replication portfolio automatically; no new share purchase is necessary solely to keep that weight matched. Index inclusion, corporate action, reinvestment, rebalancing and fund inflow are distinct operations. ETFs also trade between existing investors without necessarily creating fresh underlying demand. [95] [96]

The mechanical allocation claim can be true for marginal net inflows without the stronger claim that passive investing creates a one-way price ratchet. Net flows can reverse; other investors supply or absorb trades.

What issuer cash can and cannot do Secondary-market buying normally pays the seller of the share, not the AI issuer. The issuer can benefit indirectly from a higher valuation by issuing securities later, using stock as acquisition currency, or improving perceived financing access. That bridge requires a primary issuance, explicit collateral channel or another financing action. Do not add the market-cap uplift to cash available for GPU purchases. [96] [98]

[*REDACTED*], [*REDACTED*] and [*REDACTED*] provide a model and supporting evidence consistent with disproportionately strong effects of passive flows on very large firms under their conditions. ECB analysis identifies possible comovement and liquidity channels and notes competing considerations. Neither measures the proportion of today's AI revenue funded by passive flows or identifies a universal gain each time a firm joins an index. [98] [97]

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INSTITUTIONAL OWNERSHIP AND VOTING

The common-ownership hypothesis and how to test it

FIELD NOTE

Overlap identifies a screening question, not a finding of market harm.

Specify the proposed channel before measuring it If an investor simultaneously owns rivals, the account may benefit if total industry margins rise rather than if one competitor grows by cutting price. For a changed company decision to follow, the incentives need a transmission mechanism: engagement, director selection, compensation oversight, express coordination, or a management response to pivotal holders. Passive tracking alone does not identify how objectives were transmitted. Multiple funds under one adviser can have different benchmarks, clients and voting directions. [102] [103] [87]

In the AI sector, define the market carefully. A chip designer and a cloud customer are vertically related unless particular products satisfy rival roles; equity held in both is not automatically horizontal common ownership. Two companies could be partners for distribution and competitors in a downstream inference market.

Why measured estimates disagree [*REDACTED*], [*REDACTED*] and [*REDACTED*]'s airline study associates higher modeled common ownership with excess ticket prices. [*REDACTED*], [*REDACTED*] and [*REDACTED*] instead attribute the earlier relationship to endogenous market-share components and sensitivity to control assumptions. The original authors' subsequent reanalysis challenges the critique's method for holding market shares fixed. DOJ economists' separate replication reports materially different results under alternative ownership sources. None estimates competition effects in AI training, cloud procurement or accelerator pricing. [102] [103] [104] [105]

A persuasive AI test would combine ownership and actual stakes held, a product-specific outcome, dated influence or contract evidence, and an identified counterfactual controlling for compute shortages, regulatory developments and demand. A correlation between several portfolio companies' returns is insufficient.

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INSTITUTIONAL OWNERSHIP AND VOTING

Index governance research does not speak with one voice

FIELD NOTE

Different comparisons can legitimately answer different questions about influence.

Two empirical results, different interpretations [*REDACTED*], [*REDACTED*] and [*REDACTED*]'s index assignment approach uses variation around [*REDACTED*] index thresholds and links passive ownership to governance changes such as more independent directors and fewer defenses. [*REDACTED*] and coauthors instead report that index funds are less effective monitors than active funds in specified settings, with less opposition to management on contentious issues and weaker governance outcomes in their estimates. A later working paper by [*REDACTED*], [*REDACTED*] and [*REDACTED*] challenges aspects of the [*REDACTED*] specification. The direction of effect and causal identification depend on which shareholders are displaced, how index assignment is used, and what behavior is measured. [99] [100] [101]

What a credible claim about AI direction requires Private stewardship contacts can be hard to observe. Published policies and fund N-PX establish some observable decisions. They do not reconstruct pressure behind contracting, financing or AI safety choices. Request evidence specific to the deal, item or board decision before assigning governance causation. In founder-controlled firms, even demonstrated investor advocacy faces hard limits from class rights. In dispersed firms, institution-led proposals or directors' votes can matter while management retains discretion over supplier contracts. [86] [80] [82] [78]

Treat lower aggregate dissent as one observation about visible behavior. It could imply limited intervention or reflect prior coordination with a board through normal stewardship; neither inference identifies why an AI infrastructure plan was chosen. Cross-check with changes in ownership, exact vote margin, binding status, risk disclosures and deal chronology.

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INSTITUTIONAL OWNERSHIP AND VOTING

Enforcement depends on conduct and legal posture

FIELD NOTE

A filed allegation, settlement and merits determination are different evidence.

Texas litigation illustrates the distinction The states alleged that major managers used positions in competing coal companies in ways that harmed competition. DOJ and FTC's May 2025 statement of interest addresses how antitrust law might apply to the alleged use of common shareholdings. Its position in the case is not a trial finding, and the underlying market is coal, not AI. [*REDACTED*] and participating states reached a February 25, 2026 settlement; the district court's October opinion records dismissal of those [*REDACTED*] claims with prejudice on February 26. [106] [107] [108]

On October 30, the district court granted in part and denied in part [*REDACTED*] and [*REDACTED*]'s motion for partial judgment on the pleadings. Judgment on particular pleadings questions is not a finding of the whole alleged scheme. Present dates and claims at the appropriate procedural stage, and do not repurpose this record as evidence of misconduct at technology companies. [108]

A separate governance-policy proposal The SEC's September 2026 proposal would rescind the federal Rule 14a-8 shareholder proposal framework and make related changes to discretionary proxy authority under Rule 14a-4. The SEC page listed November 20 as the public comment deadline. As of November 19 this was a proposal, not adopted law. Changes could alter how investors bring issues to a vote, but are not evidence that current managers collectively determine AI permit or safety outcomes. [109]

Private antitrust liability analysis depends on the law, acquisition, market definition, conduct, effects, and legal posture. A 13F table may identify potential parties for investigation; it does not prove coordination or an illegal competitive effect. This research does not offer a legal conclusion.

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INSTITUTIONAL OWNERSHIP AND VOTING

Connect the portfolio layer to the financing layer

FIELD NOTE

Evidence of overlapping exposures is stronger than evidence that holdings caused the financing structure.

Different maps, linked by a stress path Issuer financing is a map of corporate investments, provider commitments, leases and cash payments. The index map is a map of constituents' economic sensitivity. Link the two with observed counterparties and end-demand stress, not with an assumption that all managed fund positions finance capex. A deterioration in external monetization could weaken a buyer's demand and the market value of an investor's holding at the same time. Several correlated equities might then reprice in retail and pension portfolios even if firms never coordinate their policies. [97] [93] [98]

A reverse mechanism is possible: higher discount rates and equity weakness can make subsequent primary issuance more expensive. That can feed back into projects that rely on continued financing. It still does not turn benchmark purchases into equity subscriptions or convert a publicly traded holding into a control vote.

Indicators to keep separate Track weighted exposure to the relevant issuer groups, common broker/counterparty or lease guarantees, next financing dates, and actual external utilization. Monitor index weight and price contribution separately from flows and creations; two common windows do not imply one caused the other. Benchmark diversification is sector-weight contingent; class-specific obligations and manager mandates are governance contingent. [96] [93] [64]

The strongest evidenced conclusion is that multiple portfolios can be exposed to related AI and technology valuation factors. Against this run competing factors: broad portfolios outside AI, diverse customer sectors, founder voting blocks, rapid changes in weights, market demand not supplied by strategic investors, and contractual protections. Keep these offsets visible rather than constructing a fully closed ownership-financing circuit.

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INSTITUTIONAL OWNERSHIP AND VOTING

An auditable ownership and voting scorecard

FIELD NOTE

Publish evidence grades; record what would falsify the stronger claim.

Quantitative fields Record CIK, accession, source document type, issuer and CUSIP, reported shares and authority fields, class shares outstanding, numerator and denominator date, and security class rights. For a vote record unique by meeting and proposal, add source of proposal, positions for or against, abstentions, shares on loan, broker nonvotes, management recommendation, issuer result and whether it is binding. Reconcile fund series to advisers and distinguish active, passive and unidentified strategy according to actual fund documentation. [64] [65] [86]

For benchmark risk, record source panel, as-of date, issuer-level consolidation and what business exposures are excluded from the analysis. Keep the units aligned: weights and market-value exposures can be aggregated cautiously, whereas votes require classes, mandates and turnout.

Falsification conditions A reported collective governance claim is weakened by fund votes that split on the matter, end-investor authority, a controlling shareholder who can independently set the outcome, or failure to find conduct linking holdings to the alleged response. A risk transmission claim is narrowed by independent end-user demand, high diversification outside the stressed subindustry, or financing commitments that are unenforceable or untriggered at the stress date. Use a current covenant or filing to change the assessment, not anonymous descriptions. [80] [87] [103]

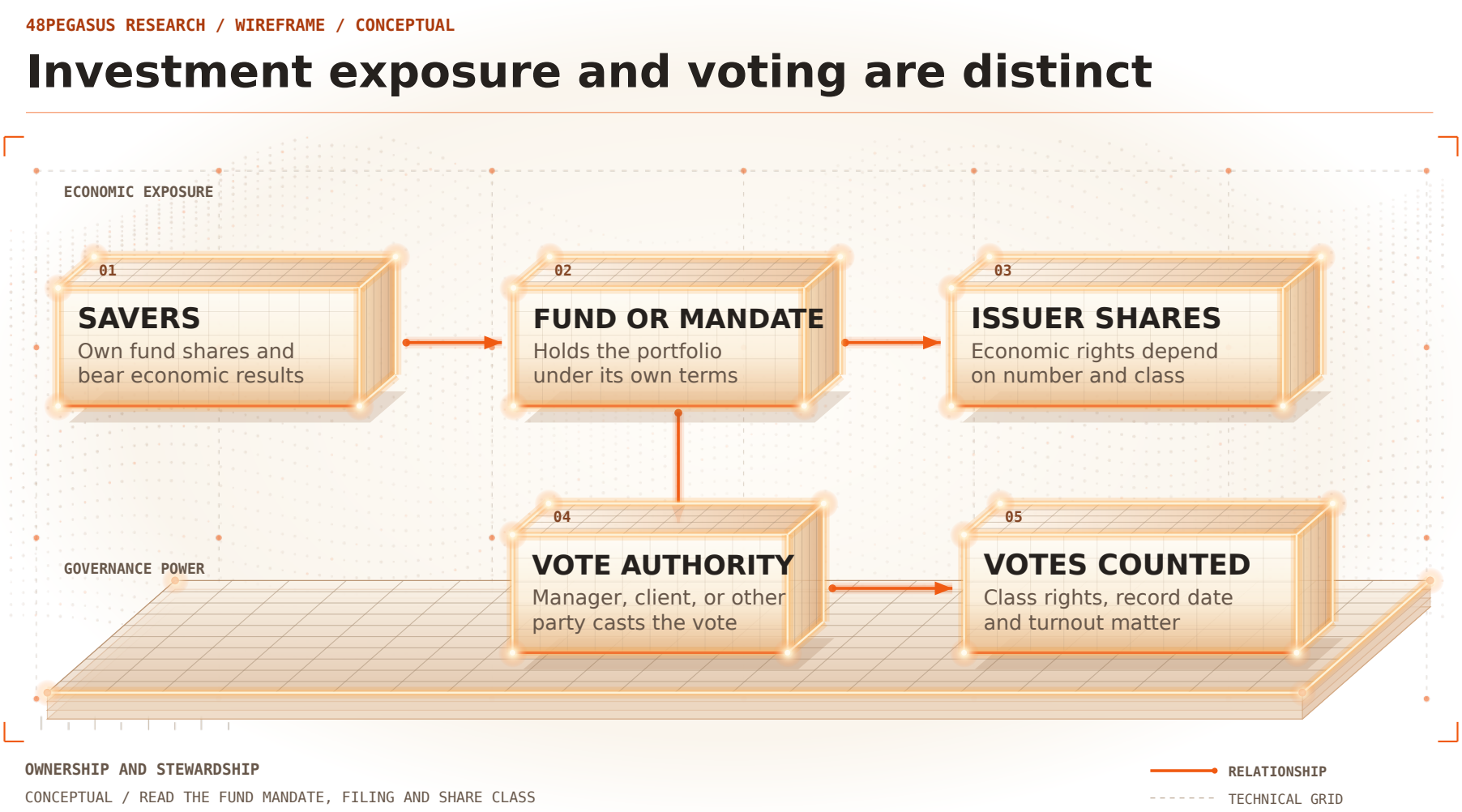
The measurement framework leaves several figures deliberately unresolved: national institution-wide estimates for named issuers without a complete reconciliation; the exact meeting turnout of the largest managers in 2026 in every company; and the fraction of AI capex dependent on secondary-market index flows. The point is not that these are unknowable in principle, but that the inspected filings answer narrower questions.

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VISUAL EVIDENCE

Exhibit 11 Investment exposure and voting are distinct



Beneficiaries, funds, investment advisers and equity issuers are not interchangeable. Investment exposure, reported holdings, authority to cast voting instructions and votes actually counted must be checked separately. Share classes and turnout can change the result.

48PEGASUS Research conceptual exhibit. Not empirical data.

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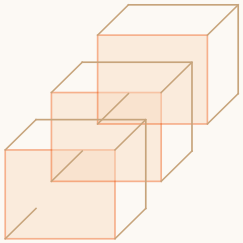
VISUAL EVIDENCE

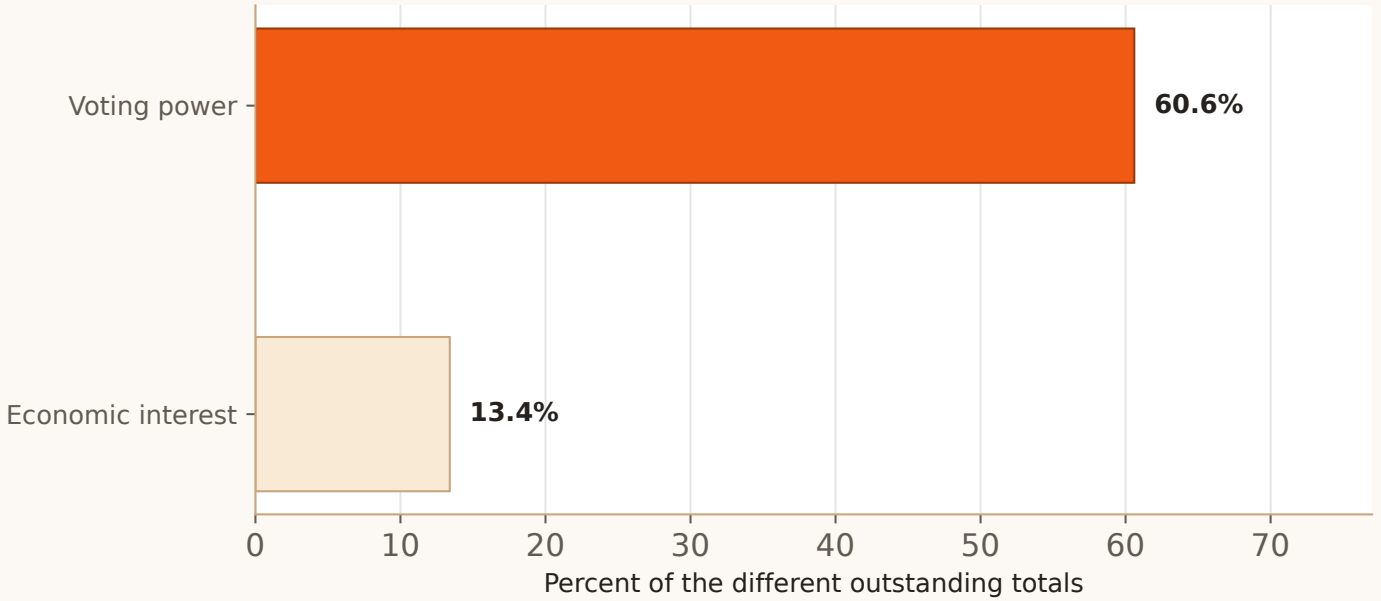
Exhibit 12 Founder votes can exceed economic ownership

48PEGASUS RESEARCH / EVIDENCE EXHIBIT

Founder votes can exceed economic ownership

[*REDACTED*] disclosed October 1, 2026. Same person, different rights.





[*REDACTED*] disclosed [*REDACTED*]'s approximate 60.6% total voting power versus 13.4% economic interest through beneficial ownership of outstanding capital stock. The points answer different questions. The example does not measure the votes of any asset manager.

[*REDACTED*]: October 2026 SEC disclosure: primary source

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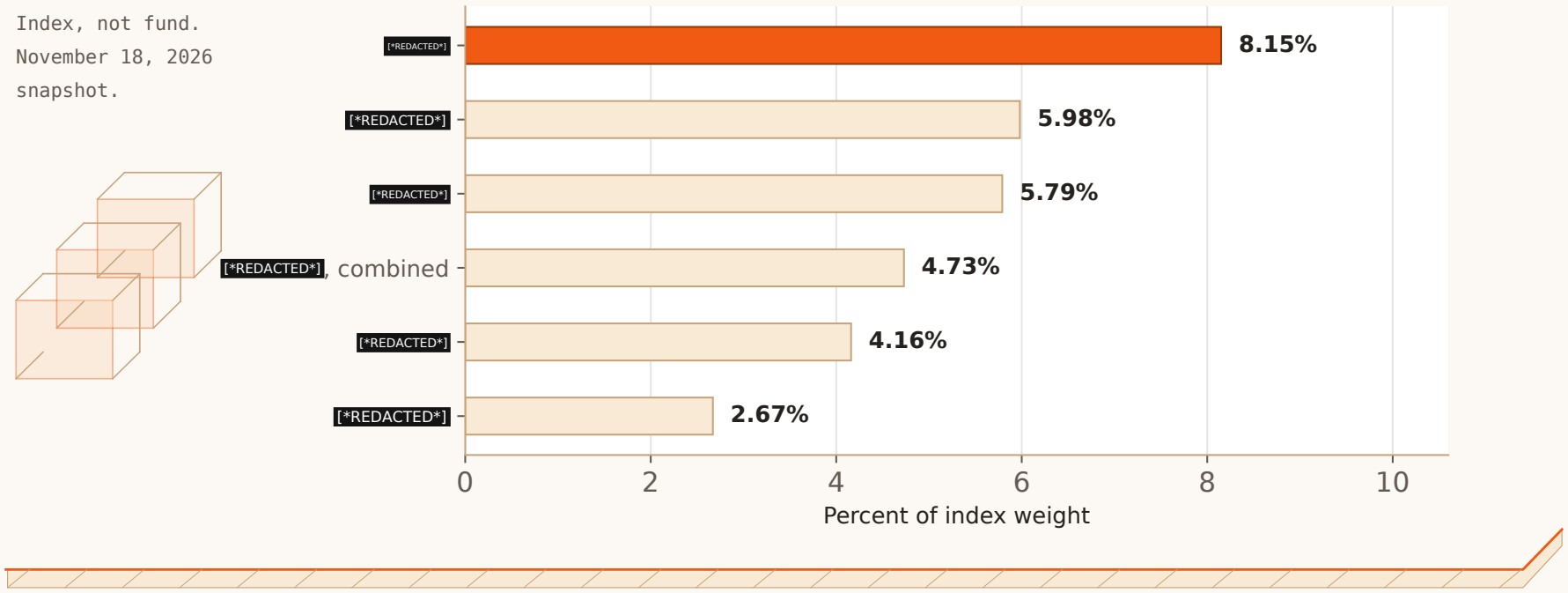
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VISUAL EVIDENCE

Exhibit 13 The largest S&P 500 issuer groups carry weight

48PEGASUS RESEARCH / EVIDENCE EXHIBIT

The largest S&P 500 issuer groups carry weight



Displayed S&P 500 index weights in [*REDACTED*]'s index panel. [*REDACTED*] combines Class A (2.63%) and Class C (2.10%). Six issuer groups total approximately 31.48% on the displayed rounded weights; the six largest individual security lines instead sum to 29.38%. These are not percentages of ownership or votes.

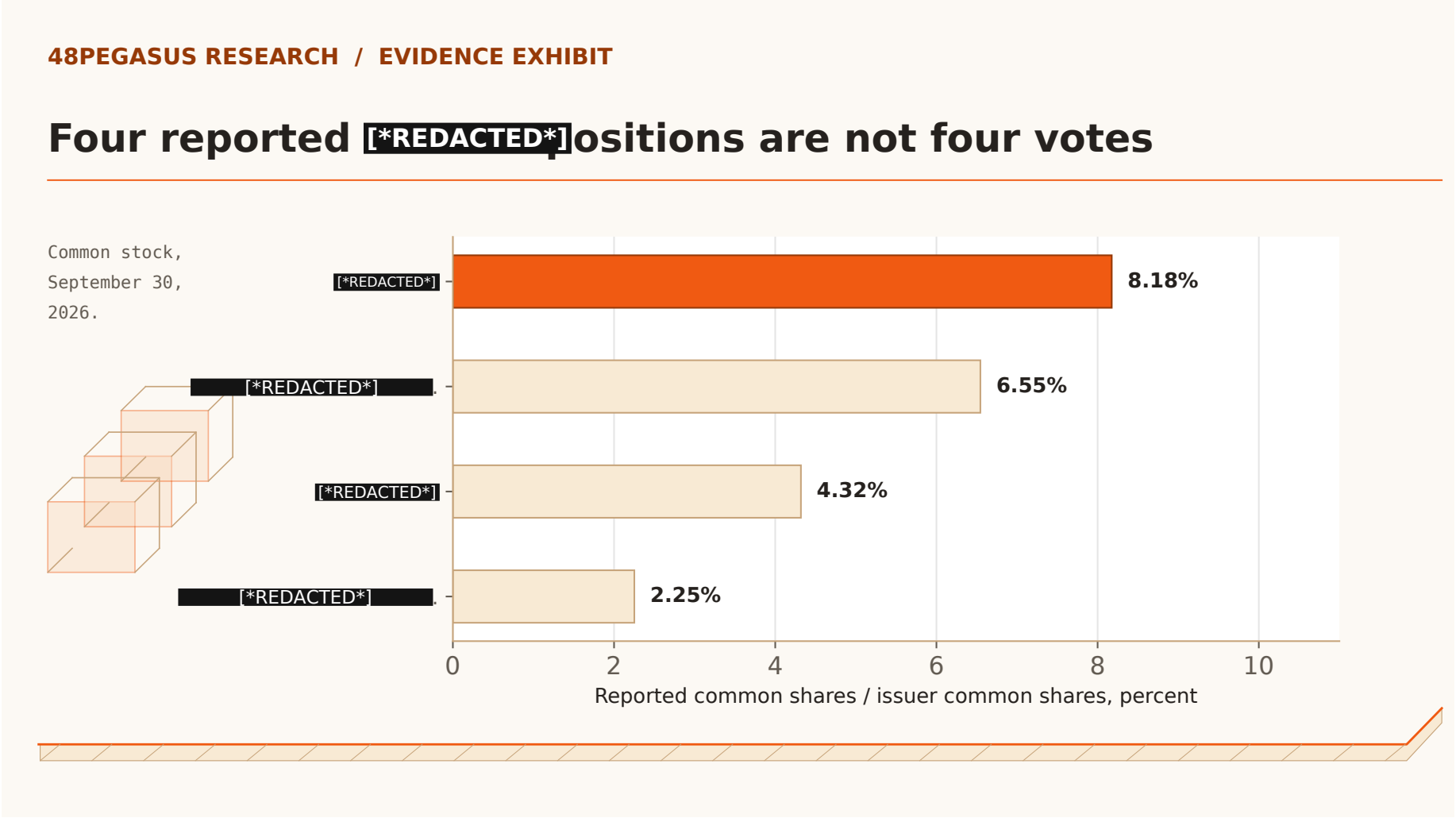
[*REDACTED*], SPY index panel, November 18, 2026: primary source

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VISUAL EVIDENCE

Exhibit 14 Four reported [*REDACTED*] positions are not four votes



Selected Form 13F filer rows for [*REDACTED*] common stock, excluding options, divided by the 7,426,426,719 common shares outstanding on the same date. Managers and subsidiaries are identified separately. These figures are not votes cast, economic stakes of the managers themselves, or complete institutional ownership. Individual filings and extraction method are in the ownership chapter.

SEC Form 13F public filings; [*REDACTED*] share count from the proxy statement. See the ownership chapter source register.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

The midterms changed incoming control, not incumbency

POLICY RECORD

November 19 cutoff. Separate election reporting, certification, congressional terms and chamber organization.

The two Congresses

The incoming House and Senate majorities are Democratic, as reflected in the House Democratic leadership's November 18 announcement of its speaker-designate and Senate Democratic leadership's November statements about organizing the incoming majority. The operative Congress on November 19 was still the 119th. The Senate Historical Office reports its party division as 53 Republicans, 45 Democrats and two independents; that roster is not a count of incoming members. [111] [112] [113] [110]

The legal transition

Regular congressional terms change at noon on January 3 under Amendment XX. Do not confuse intra-party nomination with the House's election of a Speaker, or caucus membership with formal party labels. Party control stated for the 120th Congress is prospective on this report's date. [114]

Keep the state races separate

The Texas election feed shows [*REDACTED*] ahead of incumbent [*REDACTED*] in the governor race and [*REDACTED*] [*REDACTED*] separately leading in the Senate race. An incoming governor does not yet hold the incumbent's authority, and a Senate result is not a governorship result. Confirm statewide canvass or certification before citing definitive totals. [116]

What follows for capital markets

Committee leadership and hearing agendas can shift without capital costs or project rights changing immediately. The election result is not a causal estimate for permitting, safety rules, competition enforcement or a change in investor underwriting. Track the actual instrument, when it binds, and which firm or site is exposed.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Congressional agenda and binding law move on different clocks

POLICY RECORD

A hearing, chamber vote, signed law, effective date and enforcement event are different milestones.

What majorities can change

The incoming majority can change committee agendas, appropriations negotiations, investigatory priorities and which bills reach a vote. Neither that control nor a leadership statement makes a specific AI bill law. Ordinary legislation requires agreement on text and presentment; a presidential veto can be overridden by two thirds in each chamber. For many measures, Senate procedure adds a separate obstacle before passage. [111] [115]

Do not mistake cloture for enactment

On November 18, the Senate voted 65–31 to invoke cloture on H.R. 2347, the legislative vehicle carrying an energy permitting substitute. The vote was about debate procedure, not a signed law. The substitute is independently said to target federal environmental review and energy infrastructure, not to abolish local or retail utility approvals. [117] [118]

Specific powers, specific transmissions

Oversight may surface guarantee exposures or contractual restrictions without changing a supplier’s agreements. Appropriations might influence review capacity or grants. A statutory change can redistribute rights and obligations but generally needs its own implementation and effective dates. The relevant policy question is whether these channels alter a financing condition or project schedule.

A counterexample to simple politics

The permitting vote occurred during the outgoing Congress and had cross-party support. It illustrates why observing simultaneous tightening of some local rules and efforts to expedite federal review is not contradictory. A national election cannot by itself predict the direction of every relevant decision. [117]

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POLICY AND INFRASTRUCTURE CONSTRAINTS

State agendas are place-specific and predate the midterms

POLICY RECORD

Compare the governor, legislature, agency and municipality instead of coding a state by one party.

Virginia: separate enacted and proposed measures

Virginia's governor released a September 2026 framework for data-center accountability, after the June budget and energy package. Those events preceded the November congressional election. Executive Order 22 directed near-term actions within executive authority, while a November agenda listed proposed legislative measures for the 2027 session. Their existence does not identify which measures will pass. [123] [125] [124]

What the proposed threshold means

The Virginia policy agenda proposes a local approval requirement for projects over 25 MW irrespective of prior project approvals, as well as limits on local nondisclosure agreements and expanded water protections. Do not report that package as enacted law or treat the 25 MW threshold as the federal interconnection threshold. [124] [130]

Avoid false governor attribution

Check where an incoming governor might influence cabinet leadership, state agencies or signing and veto decisions. Existing laws, commissions and local boards have separate authority. Label new offices with their actual terms, and distinguish state outcomes from congressional delegation results. For example, the Texas statewide result feed separately lists different races. [116]

Model only the tangible change

If a previously by-right facility would require discretionary local approval under a proposal, identify the affected pipeline and test schedule sensitivities. Do not mark all Virginia capacity blocked when the proposal does not yet bind. A budget tax changes costs; an approval pathway changes feasibility and optionality.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

A moratorium is not a nationwide capacity number

POLICY RECORD

Code what was voted on: advisory ballot, temporary ordinance, extension proposal or final permit.

Pre-election local action

San Francisco enacted Ordinance 215-26 on October 16, creating a 45-day interim zoning moratorium for defined data centers. Staff’s initial assessment describes the topics under review and the scheduled expiration unless extended. On November 19 the separate 10-month and 15-day extension file was listed at the mayor’s office without an enactment number in the record reviewed. October’s action cannot be attributed to the November midterms. [119] [121] [120]

Executive action versus an ordinance

San Diego’s October executive order directed planning staff to bring forward a temporary ordinance and described the decision requirements. That signed executive order is not itself evidence that the legislative body subsequently enacted the identified ordinance. Check the later municipal docket and final language before asserting scope or expiry. [122]

What counts for a national tally

A count of measures is not the same as a count of new bans. Code each measure’s jurisdiction, precise question, legal force, date, scope, exemptions and implementation step. A failed pro-development vote and a passed temporary restriction might both indicate friction, but they are different changes to the operative rights of a project.

Consequences for valuation

A moratorium can delay acquisition or financial close, increase carry or encourage migration. The consequence depends on whether the site meets the definition, whether an application or expansion is grandfathered, and whether an alternative can serve the contract. A nearby region with spare land but no energization capacity may not be a practical substitute.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Power: six regional proceedings, no uniform national tariff

POLICY RECORD

Dockets EL26-67 through EL26-72 are individual show-cause proceedings; RM26-4 is separate.

Federal context

On June 18 FERC issued show-cause orders to six regional grid operators covered by its initiative. It asked them to justify tariffs or propose reforms concerning large loads. FERC's underlying concerns include cost shifting, transparency, protections and service terms. Scheduled responses were extended to November 16 for five operators and November 20 for SPP. A response deadline does not mean reforms are accepted on that date. [128] [129]

Distinct proceedings

DOE's advance-notice proposal in RM26-4 addresses interstate transmission interconnections for loads generally greater than 20 MW. A general docket threshold is not a site permit or a statement that all retail electric systems use the same threshold. Case-specific tariff records and compliance orders control the applicable terms. [130]

Why investor-supplier loops care

Before a contracted compute tranche can earn cash, sufficient capacity and compliant service are needed. The project may have placed equipment orders, collateral or lease commitments first. A later service date or a less firm service class can lower cash flow and raise liquidity pressure even while written contract demand stays unchanged.

What to collect

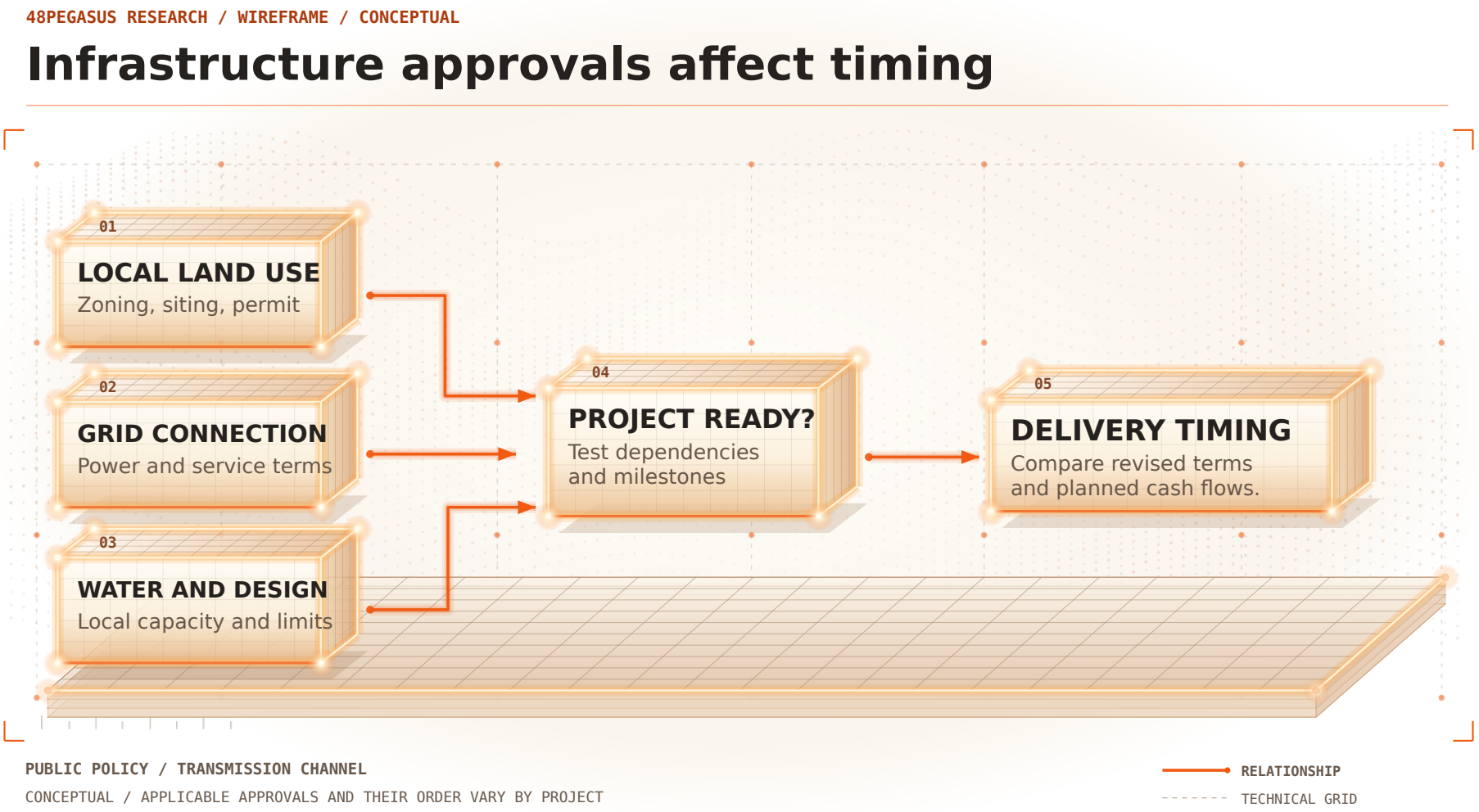
For an individual facility, identify the utility and region, record the docket and agreement, check if the contracted service is firm or interruptible, and verify the milestones that trigger payment. Separate public queue estimates from signed service and metered consumption. Do not count announcements as delivered power.

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VISUAL EVIDENCE

Exhibit 15 Infrastructure approvals affect timing



Permitting, power availability and other local constraints may alter delivery timing or cost. The effect on cash or earnings depends on the commercial agreement and any remedies for delay. An election result is not itself a permit decision.

48PEGASUS Research conceptual exhibit. Not empirical data.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Speed-to-power proposals can run alongside cost safeguards

POLICY RECORD

The key measure is delivery and the binding service class, not the advertised study schedule.

PJM’s proposal

On November 16 PJM introduced a Fast Energization proposal. It described studying load and generation together, moving readiness and financial requirements earlier and reducing the projected study period from about two years to one. That is a proposal and an illustrative study timeline, not a construction or energization promise. [131]

Utility tariff treatment

Ohio’s regulator directed [*REDACTED*] to establish a separate data-center customer class in 2025. In an April 2026 distribution order, PUCO also identified a minimum monthly customer charge for new data-center customers. These records show tangible cost-recovery changes in a named service territory, not a nationwide minimum or a policy caused by the November election. [126] [127]

The financial effect cuts both ways

Readiness security or minimum charges can reduce speculative demand and protect other customers, but can accelerate deposits, fixed payments or financing requirements for facilities. Clearer service terms may reduce uncertainty and make a genuine project more bankable. The result depends on utilization, service certainty, pricing power and where the residual risk lands.

Use comparable milestones

Record proposal, submission, approval, construction, energization and billed demand separately. Use capacity in MW for limits and consumption in MWh for billed energy. Where rates have minimums, distinguish utility-bill risk from fixed take-or-pay terms between the center and the tenant.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Water and backup power are separate feasibility tests

POLICY RECORD

Report maximum design use and observed consumption separately; neither can be substituted for permits.

Water is local

A national scenario cannot answer whether a particular watershed, water utility or drought plan can support a specific applicant. Verify cooling type, water source, legal allocation, seasonal consumption and any discharge conditions. Once-through, evaporative and dry systems present different site constraints. Analyze freshwater withdrawal and consumption separately, and avoid presenting modeled national totals as a local grant. [132] [121]

Backup capacity is not unqualified flexibility

On-site generation or storage can change the service design; it does not automatically eliminate air, fuel, land-use or reliability constraints. Virginia's framework calls for review of backup generation and identifies several directions for cleaner or limited on-site operations. Read the actual permit, executive directive and proposed rule separately. [123]

Financing pathway

A condition that limits water withdrawal, combustion hours or reheating can require different equipment or shift seasonal availability. Lenders and tenants should check completion terms, force-majeure definitions and any cure or substitute performance when capacity is delayed. This is a scenario architecture, not a conclusion about a specific facility.

Minimum evidence before adding capacity

Document water-rights and utility service, local land-use status, applicable environmental decisions, financing milestones, equipment installation, energization and commissioning. The report deliberately does not convert announced nameplate load into computable hours without an operating baseline.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Energy scenarios show scale, not funded project demand

POLICY RECORD

Lawrence Berkeley National Laboratory’s updated national scenarios have a different boundary from AI-only use.

The national reference case

The Department of Energy’s posted Berkeley Lab 2025 update estimates approximately 649 TWh of annual U.S. data-center electricity use in 2030 in its reference case. The estimate includes data-center workloads beyond AI and depends on shipment, infrastructure, efficiency and operating assumptions. Treat it as a modeled scenario rather than contracted load. [132]

Different units tell different stories

Nameplate MW is an instantaneous power quantity; TWh is cumulative electricity use over a period. A project’s installed power envelope, firm service limit, equipment utilization and billed consumption differ. Do not divide a national forecast by one company’s site rating to infer utilization or backlog conversion.

Why time-to-power changes cash timing

A facility may recognize certain receipts or incur cash costs before usage begins, depending on terms. An opening delay postpones service delivery and may impair the ability to meet a fixed debt or lease schedule. Accounting recognition, service availability and cash receipt must remain separate.

Sensitivity with limits

Illustratively, if 100 MW operated at 80% average load for 8,760 hours, annual usage would be about 701 GWh. The example is arithmetic, not a national estimate. Test ramp and seasonality separately, and never multiply modeled usage by an assumed retail rate to estimate a site’s actual bill.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Antitrust scrutiny tests conduct and alternatives, not logos

POLICY RECORD

A study of three partnerships is not a liability finding or a definition of every AI market.

Historical study with a date boundary

The FTC's January 2025 staff report examined [*REDACTED*]/[*REDACTED*], [*REDACTED*]/[*REDACTED*], and [*REDACTED*]/[*REDACTED*] under its section 6(b) study authority. Respondents provided information through September 2024; staff also drew on public information through January 2025. The report discusses compute access, switching costs, sensitive business information and nonmonetary terms. Do not use it as a complete inventory of November 2026 agreements. [133]

Deal effects can differ

A cloud commitment may help finance capacity, reduce execution risk or lower procurement cost. Different terms can limit switching, tie incentives to particular inputs, deny rival access, or create unequal information rights. The question is how a specific provision alters competitive alternatives, not whether two related firms cooperate at all. [133] [136]

No shortcut from concentration to violation

High index weight, concentrated suppliers, percentages of investment and ownership overlaps can justify inquiry. They do not define a relevant antitrust market or show how customers or rivals actually react. Examine substitution, exclusivity, pricing, access to scarce inputs, barriers and commercial justifications under the proper standard.

Risk transmission

If an enforceable remedy modifies exclusivity, commitments, information rights or portability, it could lower switching costs or change underwriting. Unknown remedies are contingent. Separate an agency study, investigation, filed complaint, agreement, final order and any appeal.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

International cloud actions show alternative remedies

POLICY RECORD

The UK cloud action and US FTC market study have distinct scope and legal posture.

A dated competition action

CMA's October 16, 2026 report described [*REDACTED*] and [*REDACTED*] actions already taken and identified further potential work. Its October action concerning strategic market status was a proposed designation for [*REDACTED*]'s business software ecosystem. The November 19 update launched evidence gathering on identity/access management and Kubernetes. None is a determination of US AI partnership legality. [134]

Merger inquiry does not clear every theory

The UK [*REDACTED*]/[*REDACTED*] case register records the October 2024 merger inquiry outcome. A decision on applicable merger jurisdiction is not a forward approval of all future supply arrangements or of conduct under other competition rules. Update separately for subsequent contracts or new proceedings. [135]

What changes a financial model

Credible technical portability could reduce lock-in or lower the economic value of exclusivity, but integration, committed usage and actual contract terms may still make switching expensive. Test an operational workload on an alternative, including time, fees, security and customer impact; do not treat advertised compatibility as observed substitution.

A comparable monitoring design

For each jurisdiction label the regulator, subject and legal instrument; determine completion and whether the measure binds a firm, activity or market. Estimate implications for availability or contract margin only after checking those boundaries. A proposal may signal risk without changing rights today.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

California safety statutes can affect release economics

POLICY RECORD

Existing requirements, accelerated implementation and legislative recommendations must stay separate.

Enacted measures

California signed SB 53 in September 2025. Its design includes safety-framework publication for large frontier developers, incident reporting and whistleblower protection. In September 2026 California signed SB 813 and AB 1405, covering independent verification organization infrastructure and additional transparency or incident-related framework elements. Exact duties and dates depend on the law and implementing record. [137] [138]

Executive implementation

California's September N-9-26 order accelerated certain executive implementation deadlines and sought recommendations about standards, verification, incident reporting and emergency response. An order directing staff to study or develop a procedure is not itself final legislative authorization for every recommended power. [139]

November recommendations

California GovOps's November report recommends further legislative enhancements. It addresses independent verification, incident reporting and narrowly scoped emergency restrictions, among other topics. Treat the report as a policy proposal, not evidence that particular commercial services have been shut down or that financing agreements changed. [140]

How to translate to cash flow

Evaluate audit expenditures, engineering effort, pre-release schedule, customer eligibility, and contractual contingencies separately. A delay in an experimental release need not delay all inference or customer renewals. Conversely, a model-specific contractual milestone could matter even if an established service continues.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

AI liability can arise independently of new AI statutes

POLICY RECORD

A complaint presents legal claims and relief sought; it does not establish adjudicated facts.

California case

On November 16, 2026 California filed a complaint in San Francisco Superior Court against [*REDACTED*] [*REDACTED*], [*REDACTED*] and unnamed parties. It asserted public nuisance and unfair competition theories arising from alleged risks of model development and testing. The allegations are not findings and the complaint does not establish damages, an injunction, or policy-wide facts about every AI lab. [141]

Separate statutes and causes of action

A statutory disclosure obligation, an alleged deceptive practice, and an allegation of harm from unsafe conduct have different elements. They can develop on different schedules. The November filing is evidence of enforcement activity, not that the midterm result caused it. The underlying investigation and conduct described in the complaint predated November. [141] [137]

Scenario discipline

A review delay, narrowed capability, additional testing cost or procurement moratorium may affect expected demand. Before financing changes are inferred, establish whether a requested remedy was granted, whether it affects the financed workload, and whether replacement services are technically and contractually feasible.

Documentation questions

Track filings and orders, identify named entities, operative deadlines, covered activity and status on appeal. Record separately any company announcements and revisions to milestones. Do not turn an alleged event count or complaint’s requested relief into a probability estimate.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

Federal and state AI enforcement can pull in different directions

POLICY RECORD

Track the actual authority and outcome, not a claim of blanket federal override.

Litigation policy

DOJ's January 2026 memorandum organized a task force to challenge state AI laws deemed inconsistent with the administration's federal policy. Its November Super Intelligence Task Force memorandum incorporated that effort into a larger law-enforcement structure. The January and November actions are federal organizational decisions, not a court order invalidating all state rules. [142] [143]

Multiple channels coexist

A state law can remain operative while particular provisions face challenge; the result may be limited by party, coverage, jurisdiction, remedy or timing. At the same time a commission may clarify tariffs or a city may review permits under an unrelated authority. Treat policy risk on model release separately from site permissions or usage limits.

Practical impact

A provider with multiple jurisdictions may modify products, restrict capabilities or contract for verification; a buyer may face review costs, alternative models or timing uncertainty. None of these possibilities proves a given facility will be delayed. Identify where cross-default, termination or demand provisions tie the obligations together.

Monitor legal sequence

For a challenged rule, distinguish filing, interim order, merits, any stay and appeal. For federal action, identify actual authority and exact operative text. The vocabulary of a program's name does not independently establish technology capability, legal reach or financial materiality.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

How policy shocks could travel through the capital loop

POLICY RECORD

Use a dated event and a contract channel, then test an observable outcome.

Project shock

A site restriction can move commissioning beyond the contractual sales ramp. If the tenant is permitted to use a substitute facility, the supplier may preserve demand but not recover all sunk project costs. If a guarantor covers only a narrowly defined credit failure, a permit delay may not trigger coverage. Identify the actual permission, date and contractual event. [119] [128]

Product shock

A safety decision may apply to one model or deployment type. It can change the timing or composition of compute needs instead of eliminating them. Alternative models, training runs, and inference do not necessarily use the same chips or location. Trace the binding dependency before assigning a market effect. [140] [141]

Competition shock

Conduct limits or switching remedies can alter renegotiation leverage and the economic value of an investment-supply tie. Treat a formal order differently from an invitation to comment. Carefully distinguish forecast revenue, recognized revenue, deferred obligations and cash already collected. [133] [134]

Where losses might land

If the lab has large prepaid obligations, suppliers may be cushioned initially. If collections stall and leases or financing remain fixed, losses may appear first as liquidity pressure or weaker utilization. Later effects can reach risk premiums, equity valuations and broad-index holders. These are conditional pathways, not evidence of an observed cascade.

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POLICY AND INFRASTRUCTURE CONSTRAINTS

A policy watchlist should specify what would falsify the thesis

POLICY RECORD

Define the threshold for changing views and the original record that can support it.

Upside evidence

An approved tariff that makes cost and service timing predictable, binding interconnection and water agreements, and paid customer use can jointly support a project. A verified energization date or an independent increase in cash collections offers stronger evidence than a receiving agency's list of prospective projects. For a favorable antitrust outcome, confirm scope and finality. [131] [134]

Downside evidence

A denied site permit, a published extension, an accepted tariff that changes minimum payments, or a court order targeting a commercial capability changes the analysis more than a speech. Track approved, stayed and appealed actions separately. Attribute affected dollars and milestones to specific projects and counterparties. [119] [127] [141]

Decision rule

Promote a signal when a primary record changes an operative right or obligation and the affected entity discloses a measurable impact. Re-evaluate if the project finds a documented substitute, the order is stayed, the affected activity is narrower than first reported, or independent cash flow remains robust.

Keep an audit trail

Store event date, source link, jurisdiction, issuer or agency, binding status, effective date, asset and causal mechanism. If the outcome has not been observed, label the forecast as scenario. Avoid filling missing contract data with unstated assumptions or equating public scrutiny with political capture.

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DECISION TOOLS AND MONITORING

Build an auditable transaction ledger

FIELD NOTE

Every line represents one financial edge, with evidence of status and a known denominator.

The minimum schema

Use a unique agreement ID, counterparty, covered entity, economic layer, dates, term, currency, amount, metric type, conditions, evidence source, funding or service milestone and the next verification event. Record whether figures are drawn, signed, maximum, scheduled, historical, revised, modeled or unknown. Add cash-flow direction and whether associated service revenue is separately reported.

For layered deals, store identity links rather than concatenate top-line amounts. One contract can support several statements; a renewal or revision is a version, not a new deal by default. When a corporate affiliate appears, record its role and include group exposure separately with a clear basis. [4] [1]

Controls that prevent false precision

Track announced funding against completed or recorded funding. Bridge designated revenues to actual dated recognition and receipts; if no matching disclosure exists, retain unknown. Cross-check public counterparties one by one. Do not multiply an exposure index, guarantee cap or interest rate by a tax-adjusted probability without recorded assumptions and a defined risk horizon.

Maintain a reconciliation log for unmatched or contrary items and attach direct source sections. Keep a documented cutoff and decide whether a new filing changes the underlying fact, timing, size or only the public wording. This makes later revisions cheaper and prevents unsupported summation.

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DECISION TOOLS AND MONITORING

An independent-demand audit

FIELD NOTE

A durable business can rely on external cash even while strategic financing accelerates capacity growth.

Segment cash by payer and funding

Classify verified paid use from independent customers, partner-distributed external demand, activity funded by rebates or credits, and transactions with unknown ultimate economic funding. Ask for evidence on paid adoption, renewals at market rates, collections by channel and seat or usage economics. Keep pass-through spending separate from net margin. Do not use account logos or contracted seats as evidence that use is monetized.

A simple worked example: a service invoices $100 in accepted usage and collects $85 in the period. Of collections, $45 can be tied to independently funded clients, $25 to partner-distributed sales whose ultimate payer is not disclosed and $15 to funding-linked use. The classifiable known independent amount is $45, not $70 or 45% of future demand. This is illustrative, not market data.

Reward evidence quality

Report independent cash as a range only where genuine bounds are known; otherwise state an amount verified and a separate unclassified amount, not a point estimate for the ecosystem. Reconcile timing, availability of credits, working capital and pricing. Check whether customer contracts can be canceled or subject to rebates, and whether disclosed minimums exceed projected practical usage. [8] [1]

Useful improvements include cash receipt reconciliation, funded renewals without credits, disclosed share of usage by payer independence, concentrated receivables turnover and service continuity under a counterparty loss scenario. A management claim of external demand works best when accompanied by denominators and concession terms.

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DECISION TOOLS AND MONITORING

A contract-to-cash dashboard

FIELD NOTE

Compare same-date snapshots with source-specific definitions and revisions.

Commercial conversion

Track the capacity schedule against funded construction, ready-for-service acceptance, installed accelerators, metered utilization, signed billable service, receivables and receipts. Forecasts should identify what turns on at each stage, how cancellations work, and what price or unit utilization is needed to meet cash obligations. Show delays against original milestones without asserting the same change happened at every site.

Watch quarterly operating collections, payables and receivable concentrations alongside reported revenue, not only a backlog headline. Track guarantees by eligible site and outstanding maxima separately from funded loans. Review collateral type, substitution rights, net exposure after recoveries and expiry triggers. [10] [1]

External verification

Review official site interconnection, utility proceedings and permits before assuming a location can reach full load. Match nominee managers' reported positions to issuer share counts and voting rights at the applicable dates. Archive holdings snapshots that are otherwise overwritten. Do not infer proxy outcomes from 13F figures. [9] [13]

Tag each metric observed, preliminary, future, max, model, estimate or unavailable. Assign an update owner, reconciliation standard and correction route. Escalate on a missing fact that would affect conclusions rather than drawing a stronger conclusion from an incomplete record.

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DECISION TOOLS AND MONITORING

Three scenarios for the next phase

FIELD NOTE

These are analytical frames, not forecasts or estimated probabilities.

Buildout converts to independent usage

In this case, more facilities meet staged service dates and external workloads support the incremental capacity. Net prices and operating margins persist after sales credits lapse. Payer diversity and collections improve as fixed spend ramps. Strategic finance remains useful as a bridge to adequate cash flows, not a permanent substitute. The evidence would be renewed external customer cash, cash conversion, broadened counterparties and physical deployment against committed dates. [4] [1]

A second frame is a timing mismatch: approvals and power arrive late, new models consume fewer resources per task, or uptake takes longer than planned. Rescheduling and replacement workflows may prevent credit loss, even while expected revenue is deferred and asset carrying costs rise. Site-level milestones matter more than undifferentiated capacity estimates.

Financing-dependent demand weakens

If sponsor capital is less available while pricing and utilization fall, linked balance sheets can transmit strain. A customer may renegotiate service rights or fail to meet payments; a supplier may face lower demand and a lower stake value; a guarantor faces only the covered contingency under specified terms. Bond markets and shareholder flows can amplify price changes. That is a path to test, not a prediction that these outcomes will occur. [6] [5] [10]

Track three falsifiers separately: independently funded collections increasing without related support, fixed payments covered despite delays, and recovered or re-leased capacity following a tenant event. Lower share prices alone prove none of these operating changes.

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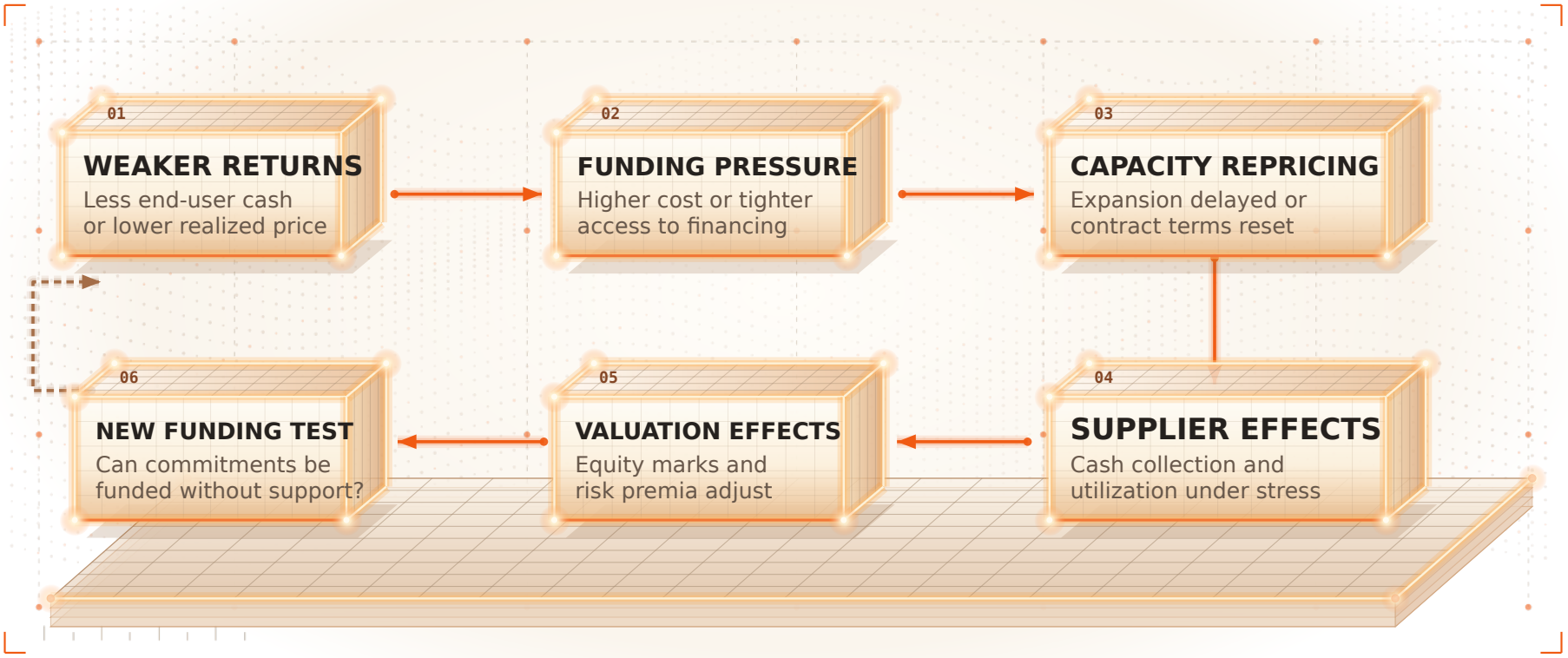
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VISUAL EVIDENCE

Exhibit 16 How stress can propagate

48PEGASUS RESEARCH / WIREFRAME / CONCEPTUAL

How stress can propagate



SCENARIO MAP

CONCEPTUAL / A PROPAGATION PATH IS NOT A FORECAST

RELATIONSHIP

TECHNICAL GRID

The figure maps one way weaker customer economics or tighter capital could spread. Contract protections, refinancing, independent demand and ability to redirect capacity can absorb some stress. Sequence, severity and timing are illustrative.

48PEGASUS Research conceptual exhibit. Not empirical data.

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DECISION TOOLS AND MONITORING

A linked balance-sheet stress example

FIELD NOTE

Illustrative dollars only. The calculation does not describe any company or deal.

State a baseline and shock

Suppose one facility has annual contracted cash of $120 million, operating costs of $35 million and scheduled debt service of $65 million, leaving $20 million before tax and other capital items. Starting coverage is about 1.31x: ($120m − $35m) divided by $65m. If receipts fall to $90 million and costs are unchanged, coverage falls to about 0.85x. There is a $10 million payment gap before reserves or support. This is an illustrative model with static costs and no accounting inference.

Separately suppose a defined limited guarantee could cover a qualifying $8 million of the shortfall, after certain conditions. Do not assume eligibility, collection, or no recoveries without reading terms. If the payment is made, the project’s shortfall is reduced, while some loss or funding cost transfers to another party.

Expand without double counting

Stress tenant collections, construction delay, electricity cost, interest and refinancing separately. Show correlation explicitly when one sponsor affects both customer funding and credit performance. Distinguish a mark-to-market change in an equity stake from a cash payment and from eventual guarantee recovery. A creditor and a guarantor may report the same underlying exposure at different points, which is not automatically an additive loss. [6] [7]

Use disclosed rights, credible replacement tenants and conservative activation dates. Review financing maturities, liquidity and fallback options. Do not extrapolate the toy example to system-scale solvency.

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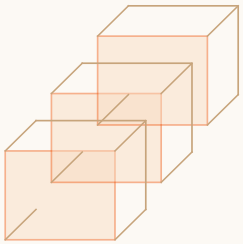
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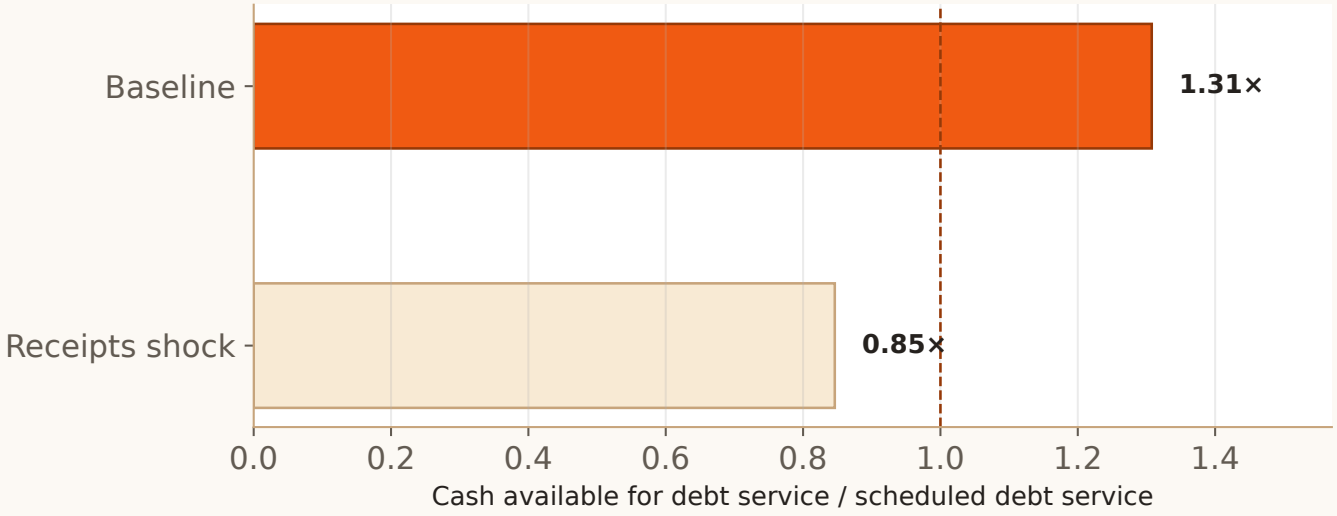
Exhibit 17 Cash coverage under a hypothetical shock

48PEGASUS RESEARCH / ILLUSTRATIVE STRESS ARITHMETIC

Cash coverage under a hypothetical shock

One fictional project, not a real counterparty.





Illustrative only. Baseline cash receipts of $120 million less $35 million operating costs yield $85 million available for $65 million scheduled debt service. A $30 million collections shock leaves $55 million and a $10 million gap before reserves or contingent support. No real issuer or loss probability is modeled.

48PEGASUS Research illustrative calculation; not empirical.

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DECISION TOOLS AND MONITORING

Red flags and validating evidence

FIELD NOTE

A warning sign earns a verification step, not an accusation.

Signals worth investigating

Look for falling collected cash relative to revenue, concentrated receivables, frequent revisions to large long-term arrangements, narrowing definitions of external demand, firm reliance on repeatedly extended vendor-funded incentives, and missing site milestones. Compare contract amendments across parties. Consider ordinary explanations such as seasonal billing, transition to another product family, treasury management or infrastructure scheduling.

Separate disagreement about valuation from disagreement about conduct. A high valuation can reflect optimistic assumptions without wrongdoing. The evidence threshold for alleging manipulation is substantially higher than the threshold for flagging fragility. [8] [4]

Evidence that would reduce concern

Look for consistent independent collections, resilient renewals excluding large credits, operating margin holding after recognizing service costs, improved diversification, scheduled openings without material deficits, and confidence that replacement tenants can use existing assets. Enforcement or court outcomes should be described at their precise procedural stage.

If an issuer provides fuller disclosures, update the fact register and avoid defending obsolete conclusions. Track when a position, valuation, rule or contract changes. Where key evidence is confidential, disclose the resulting limitation rather than fill it with a conjecture.

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DECISION TOOLS AND MONITORING

Conclusion and leading indicators

FIELD NOTE

The durable test is independent cash support through the contract calendar.

What the evidence supports

Investor-supplier financing is real and economically consequential. It can enable capacity that would otherwise be slow to build. It can also make future revenue, creditor recovery and equity valuations move together. Neither public ownership overlap nor vendor support establishes fraud, collusion, or a measured share of artificial demand. Class rights, contractual triggers, payer identity and cash schedules matter more than a broad label. [3] [4] [9]

Incoming political majorities may affect priorities, but enacted authority, rulemaking, permit terms, court outcomes and contract delivery determine the cash path. Where a buildout cannot meet a ready-for-service requirement, risk depends on which contractual party bears the delay. [15] [16] [10]

The next facts to watch

Prioritize independent collections and quality of renewals, competitive price and utilization, fixed spend and maturities, declared guarantee trigger status, site-by-site service acceptance, and official legislative or permitting milestones. Keep time-stamped ownership snapshots and verify how votes were actually exercised before drawing control conclusions. [1] [6]

Favorable evidence can warrant more confidence and adverse evidence a narrower claim or closer review. The proper output is an evidence ledger with explicit assumptions and a plan for resolving unknowns, not a price forecast or investment recommendation. Keep scenario outcomes separate from the findings.

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Jonathan G. Browning

Jonathan G. Browning is the Founder & CEO of 48PEGASUS and a co-author of this paper. His professional background includes strategy and operations leadership in energy and real estate, with experience designing business workflows, implementing CRM and reporting systems, and assessing how AI and automation fit operational decisions.

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