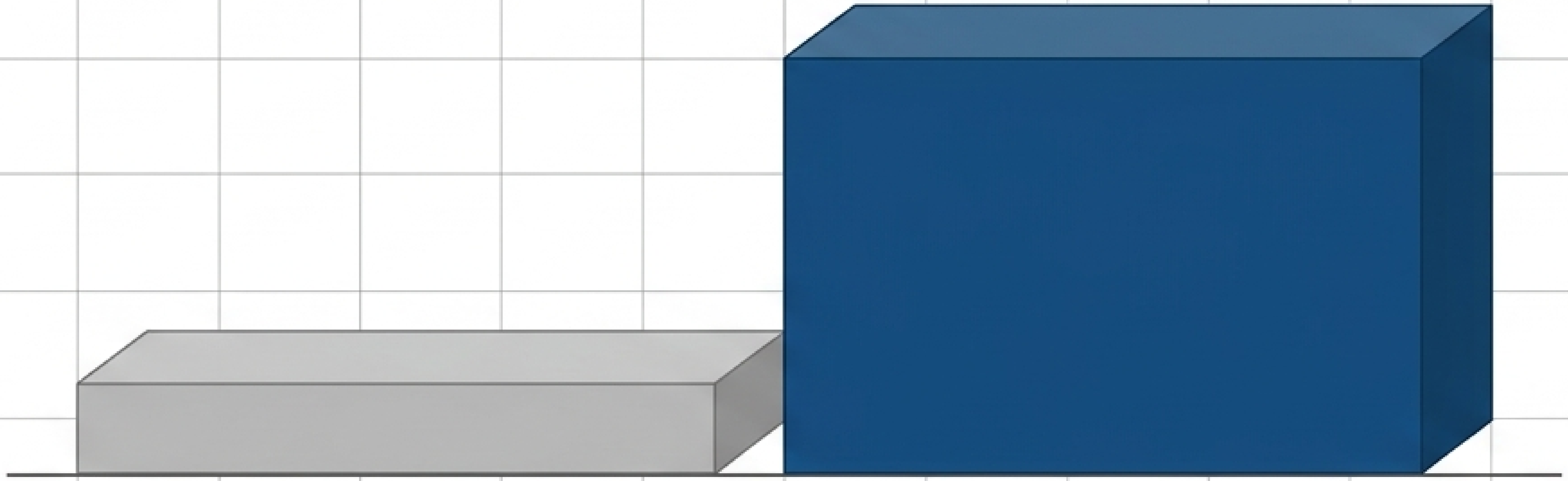
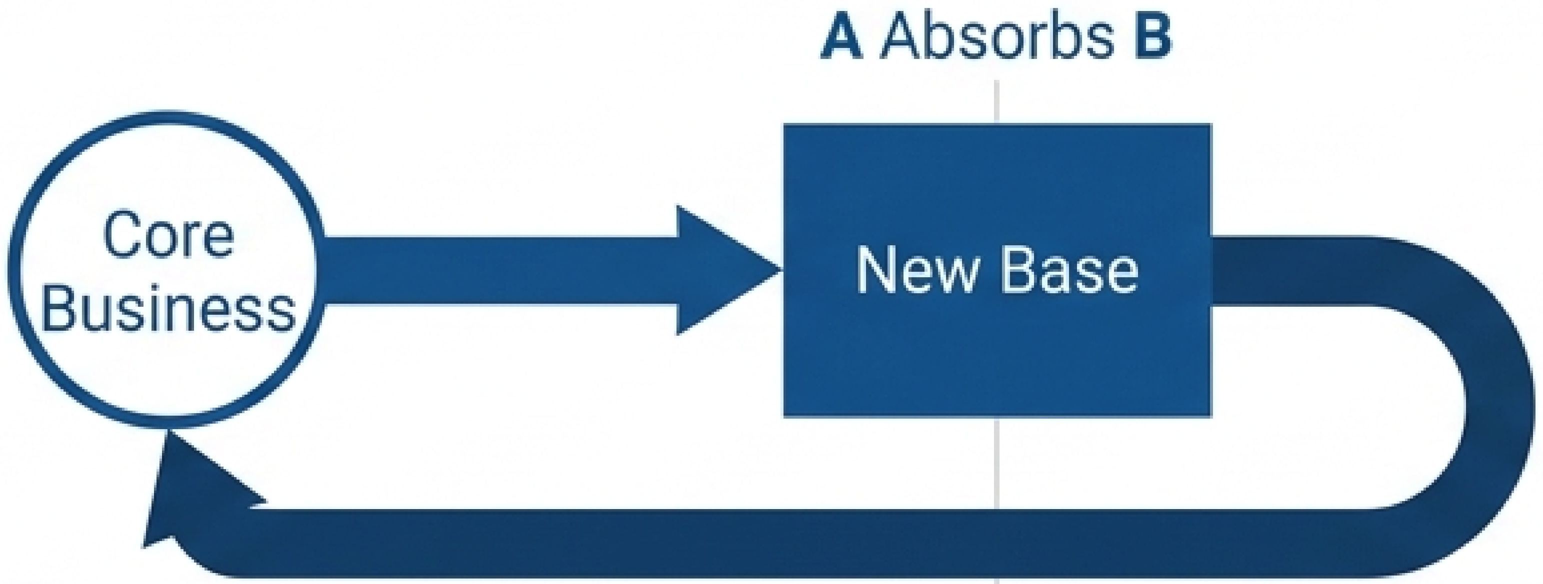
The Light Toll Builds Its Railroad

$190,000,000,000

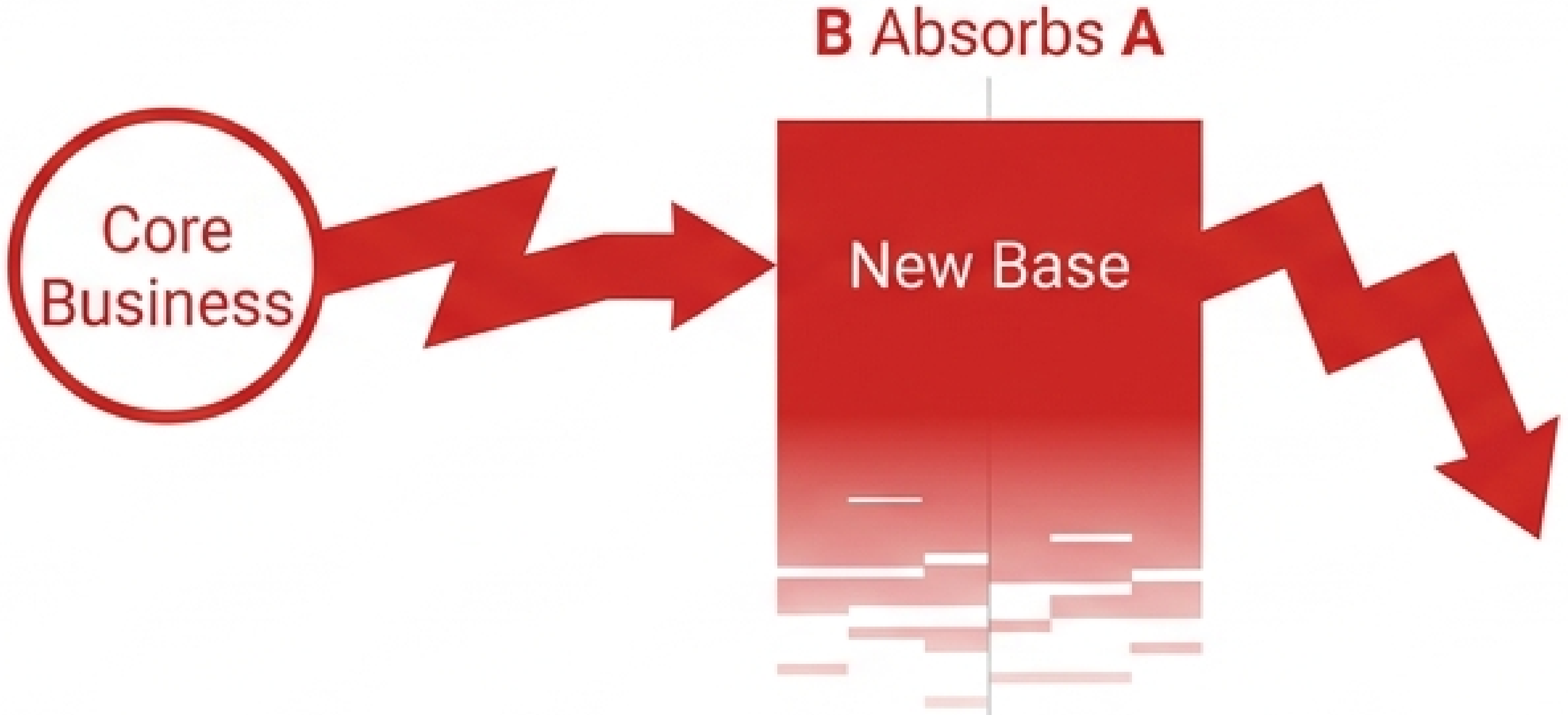


Microsoft's Capital Allocation Experiment.

The Direction of Absorption

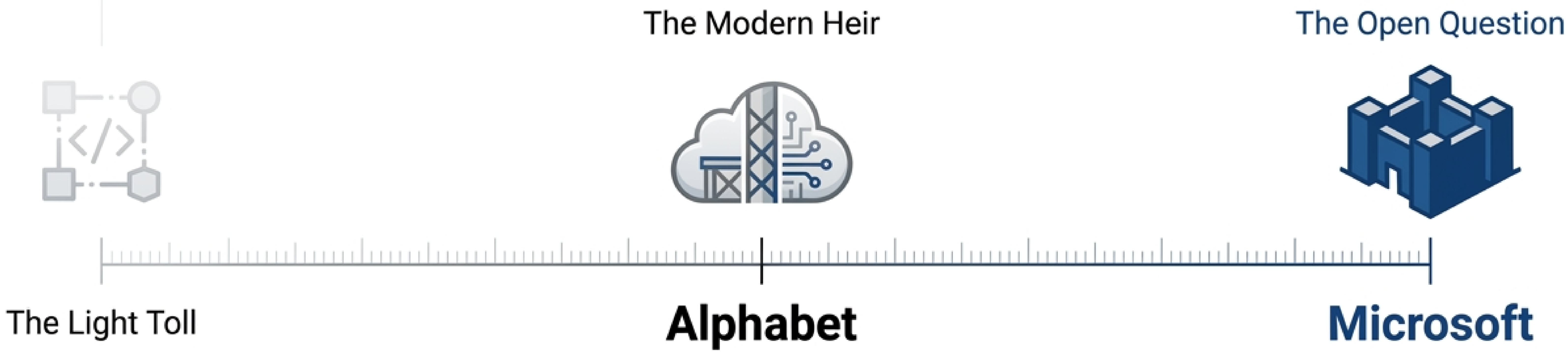


Investment: The toll generates more than the construction consumes.



Consumption:
The business devouring its own surplus.

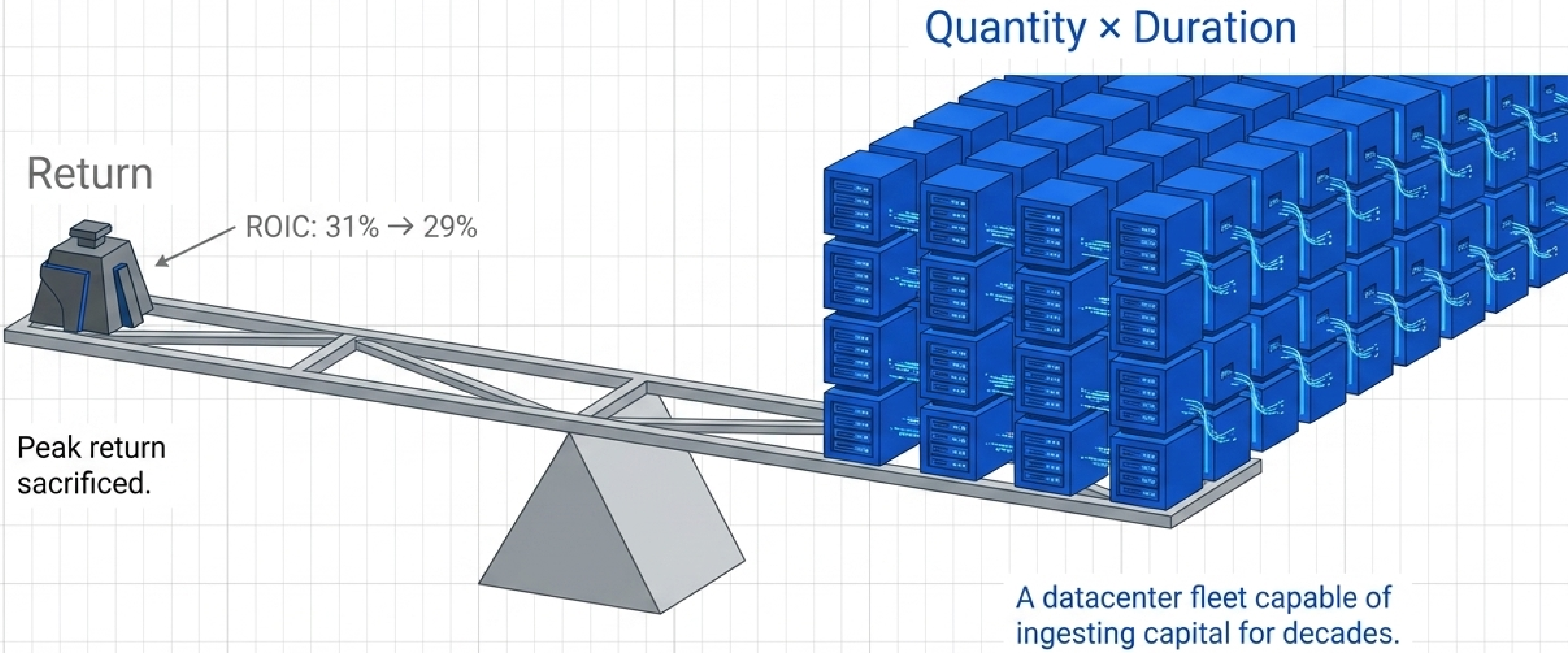
From Software to Steel



Cash generated > Cash absorbed.

The choice: Return surplus or build a new base capable of absorbing it.

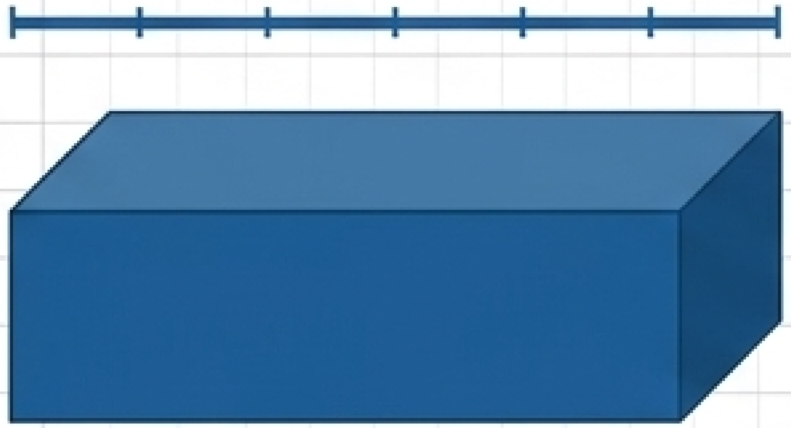
The Arbitrage Equation



Base structural rule: The exchange compounding rewards most—if return stays above cost.

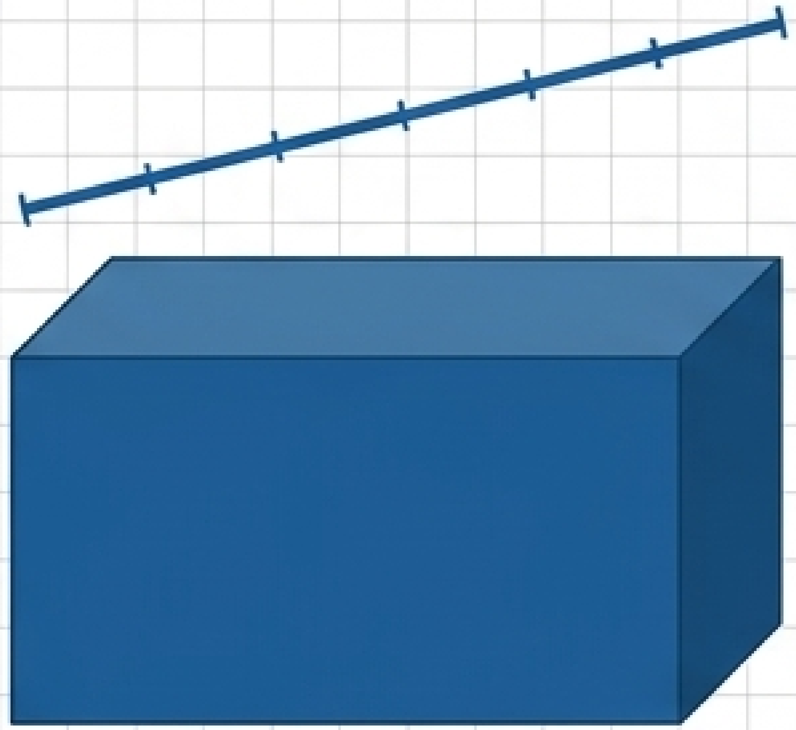
Financed Entirely From Within

Linde



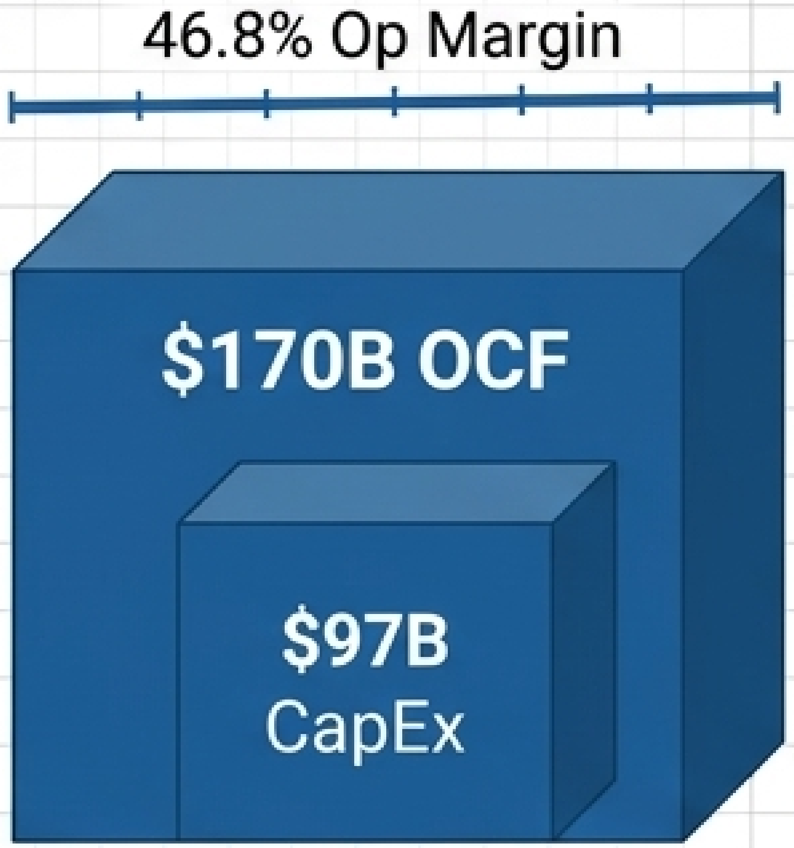
Rate holding while
base grows.

Union Pacific



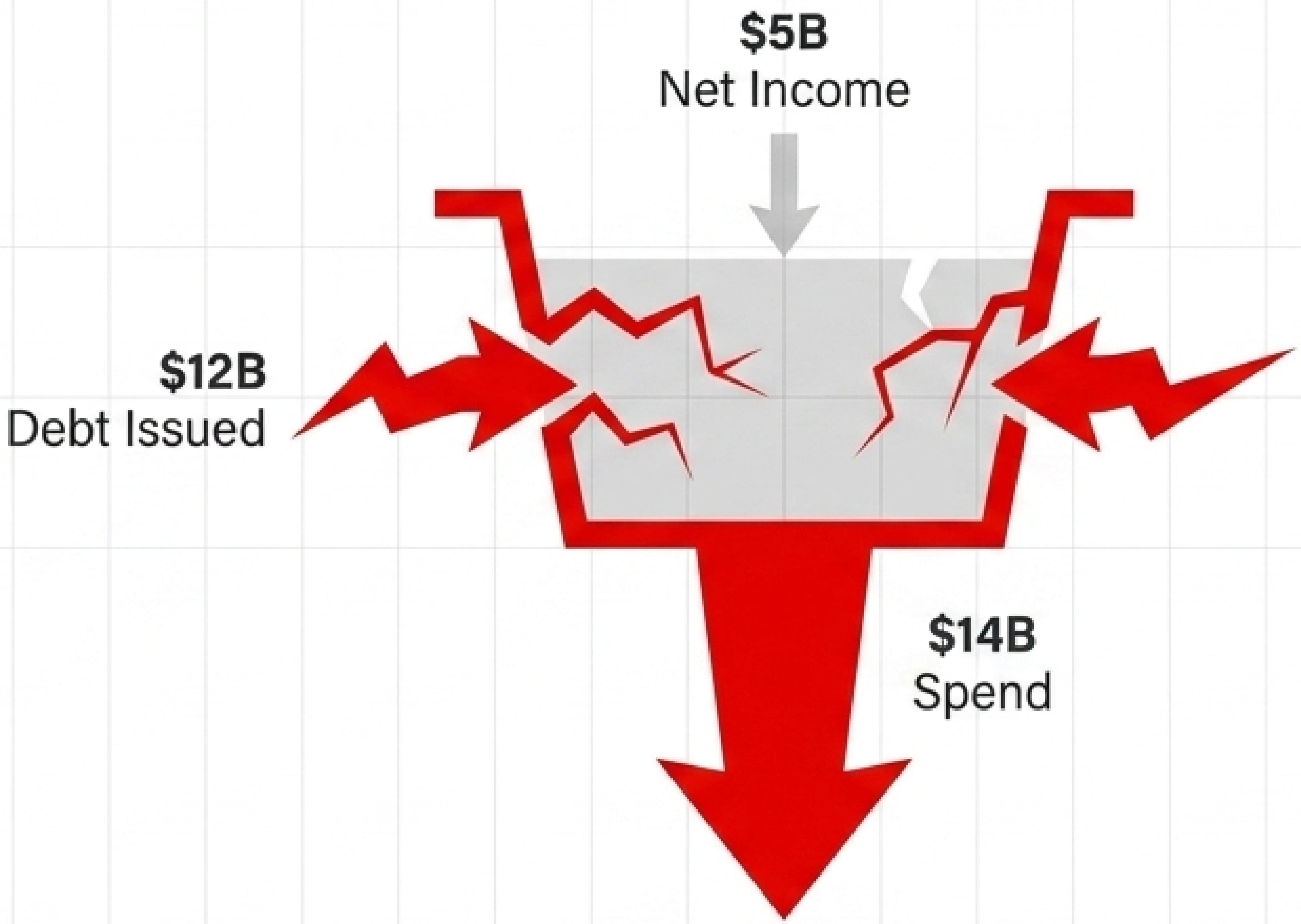
Rate rising as
base enlarges.

Microsoft



Trailing 12-Months.
No external equity.
Declining debt.

Duke Energy



Negative free cash flow.

External funding required.

Surplus consumed.

The base grows with someone else's money.

The Trajectory of the Dial

CapEx vs. Operating Cash Flow

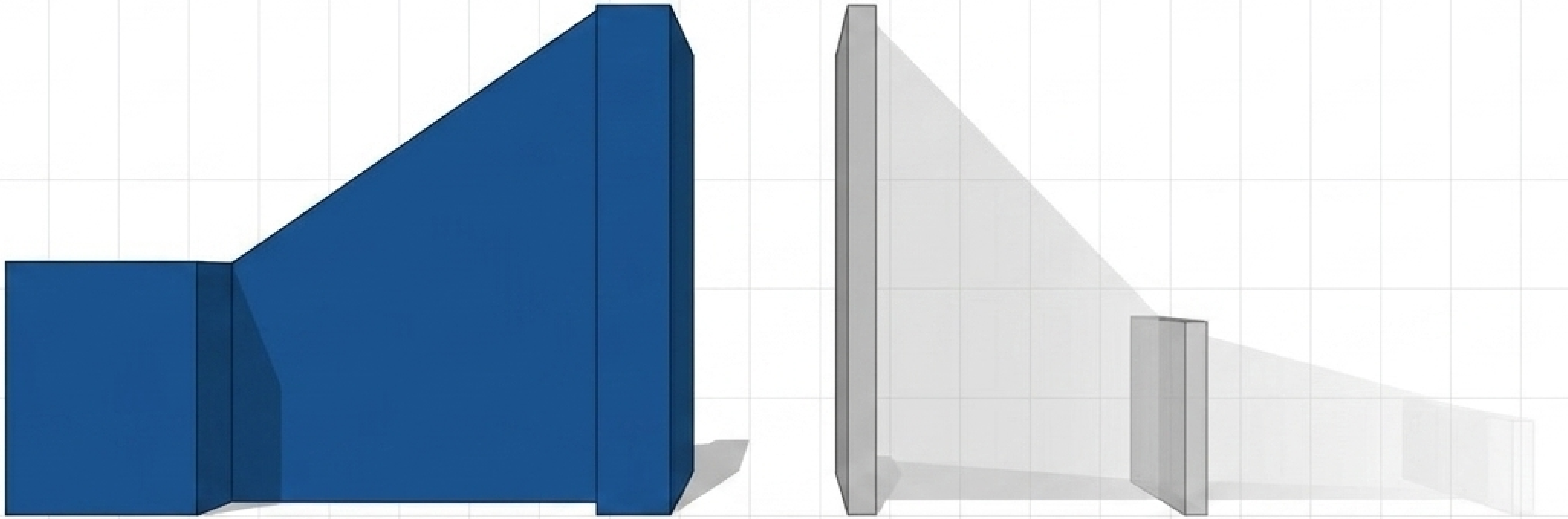
Trailing Year: 57% Guided Destination: ~100%

Free cash flow contracting by design.

The Balance Sheet Witness

$142B → $343B

30% → 14% of capitalization



Shareholders' Equity

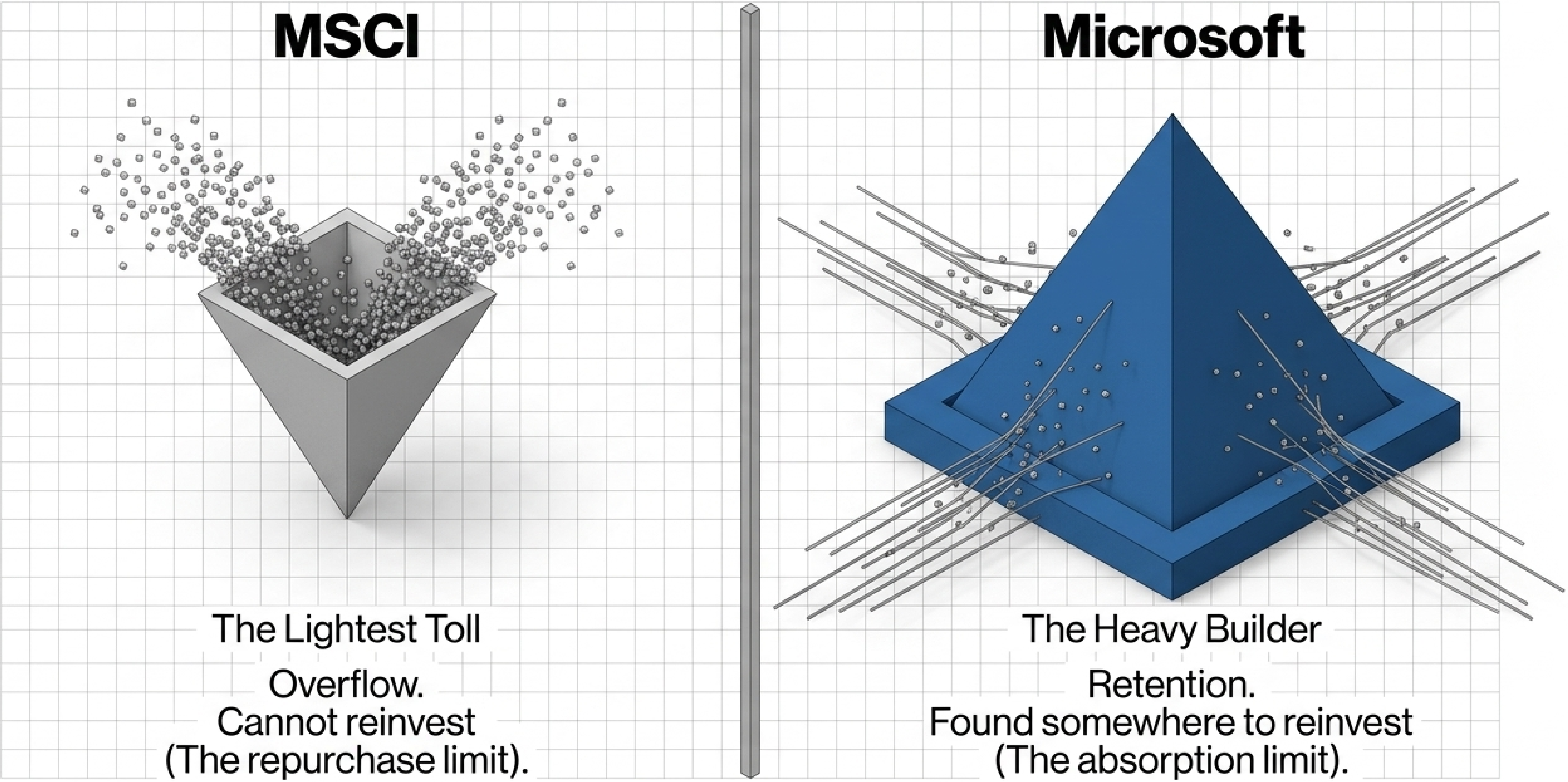
Total Debt

4 years

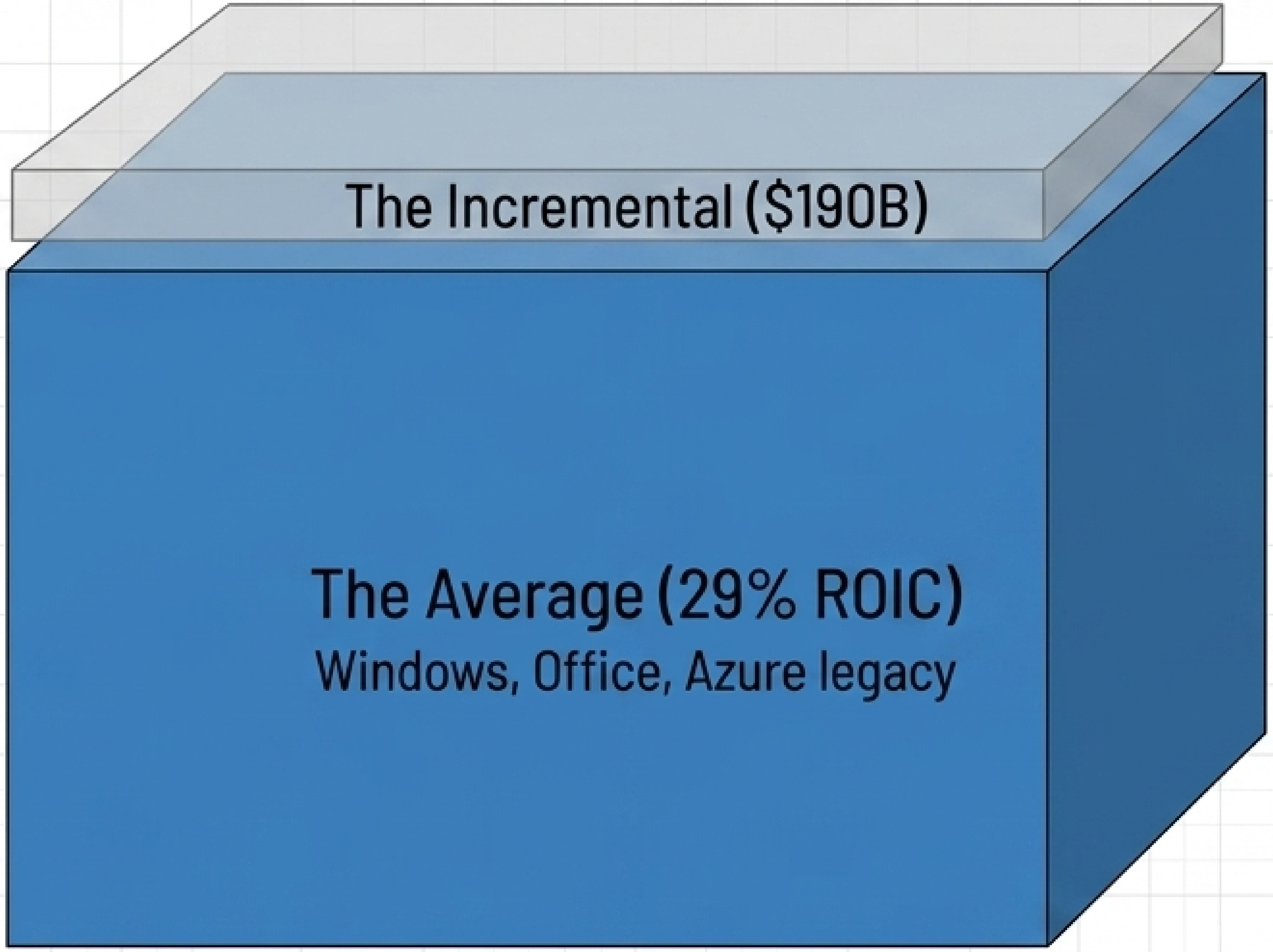
The enlarged base retained, accumulated, visible.

Deleveraging while building.

The Two Limits of Compounding



The Illusion of the Average

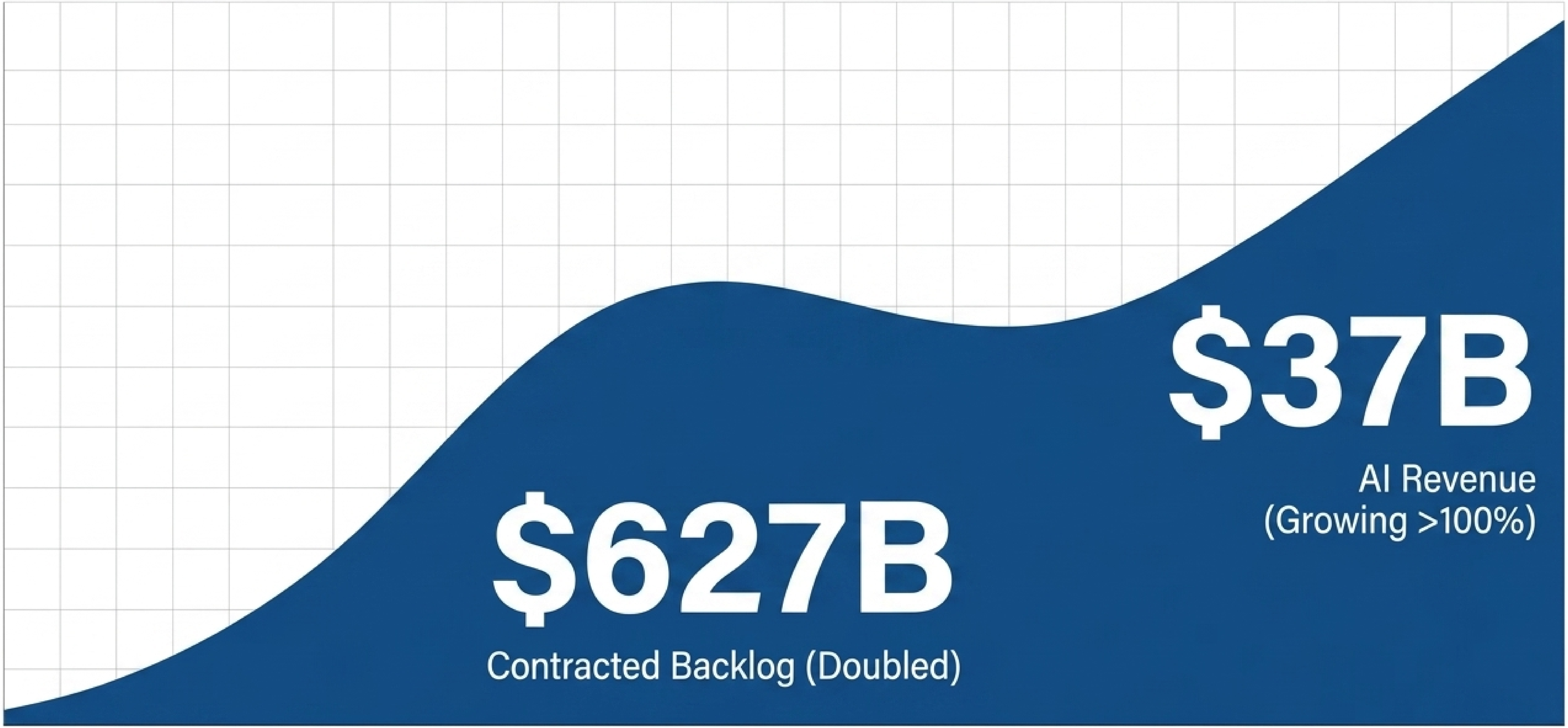


The new capital produces nothing yet.

The average return carries the weight.

It is the incremental that the buyer of a share today acquires.

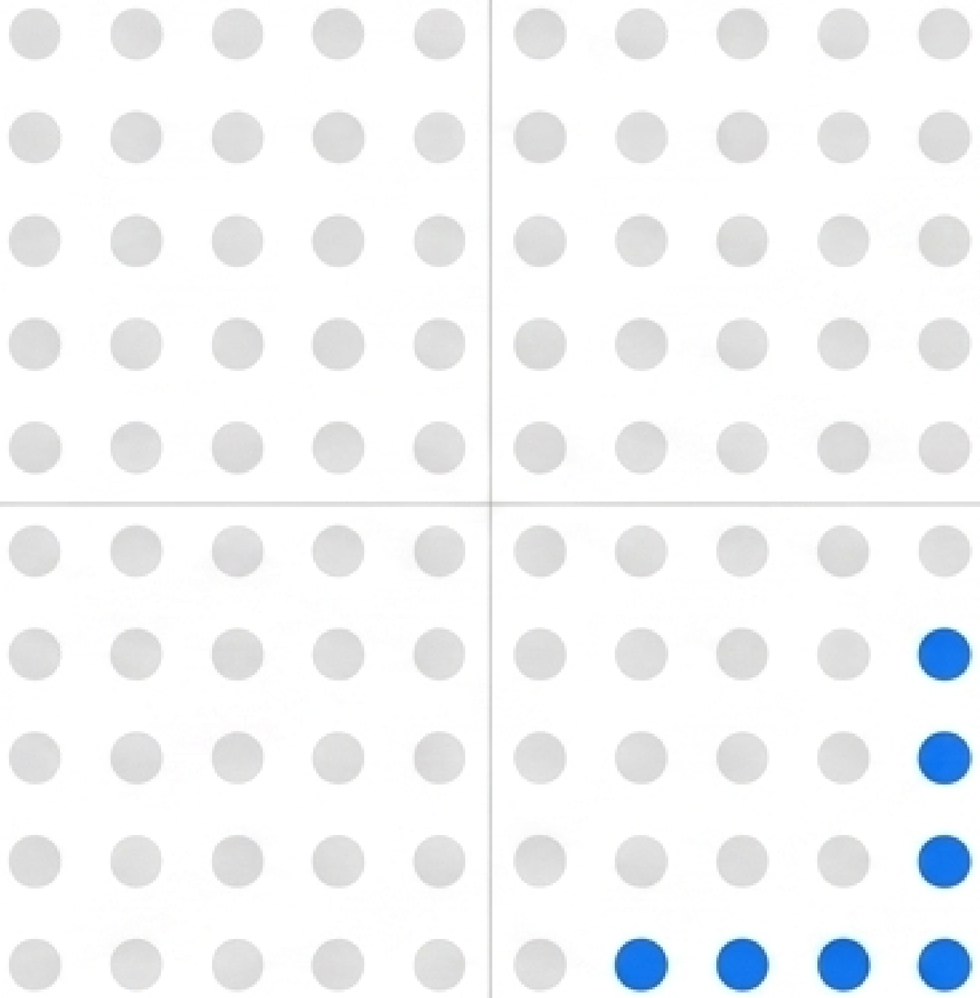
Loading Weight While the Swell Rises



Capacity built into demand that precedes it.

The exact inverse of loading weight onto a flat sea.

The Remaining Impurities



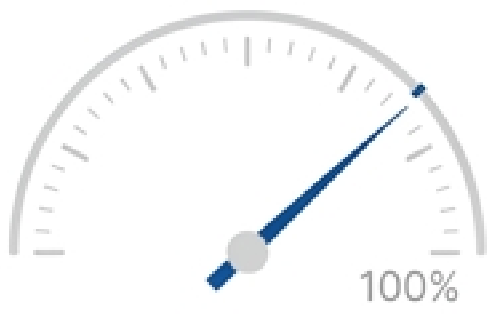
Single Counterparty Risk.	The Uncollected Tollbooth
Nearly half of the contracted backlog tied to one entity.	Copilot converts only a single-digit share of paid seats.

Neither reverses absorption, but both narrow the margin for error.

The Falsifiable Markers

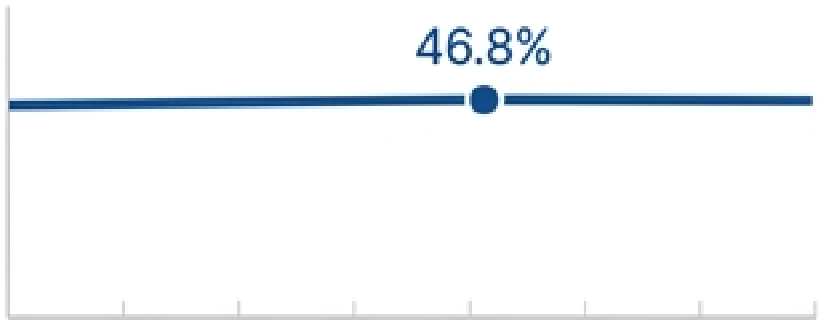
The structural tests for the incremental return.

CapEx vs OCF



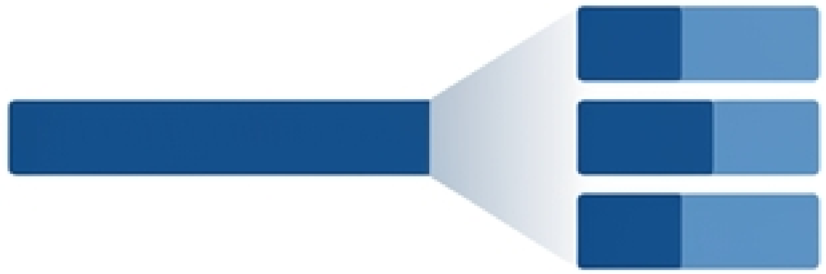
1. The surplus must turn.

Operating Margin



2. The margin must hold.

Backlog Diversification



3. The risk must broaden.

Copilot Conversion

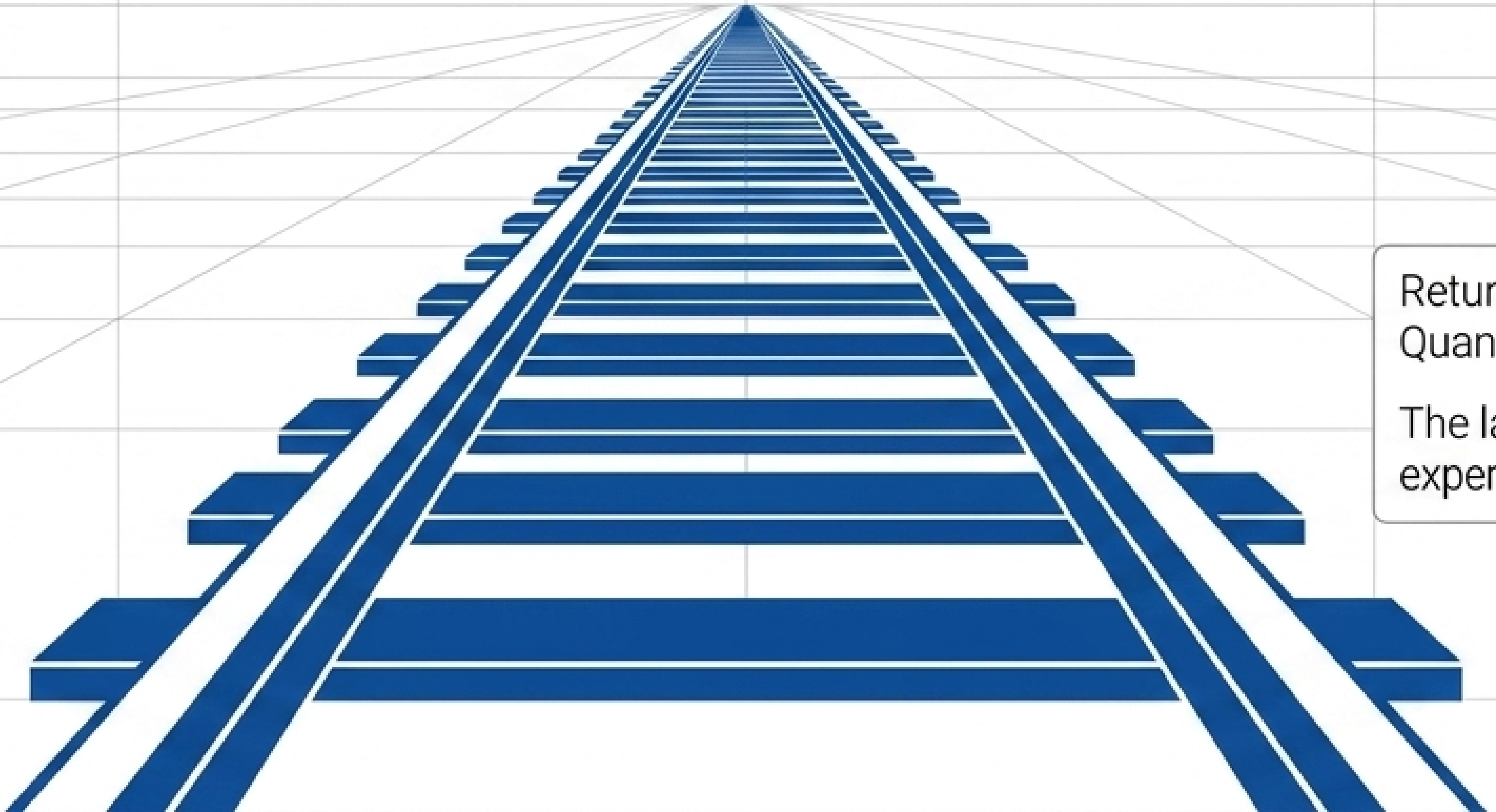
4. The booth must collect.

If they break, the statements will say so long before the narrative does.

Buying a Structure, Not a Forecast

“The Republic thunders past with the rush of the express.”

— Andrew Carnegie, 1886.



Return exchanged for Quantity and Duration.

The largest absorption experiment in business history.

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