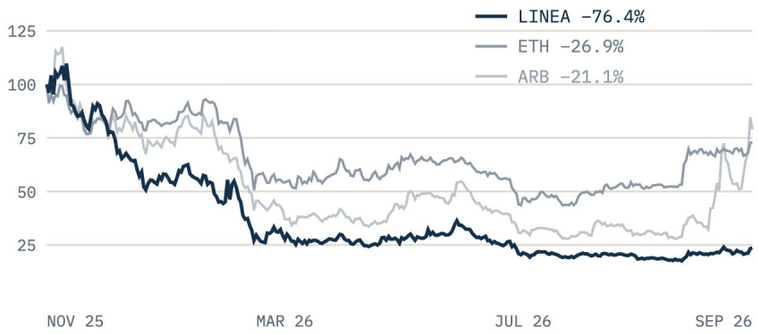
Emissions follow a calendar. The burn follows usage. Usage has not yet arrived.

Unlocks are set by a schedule that does not care how busy the network is. The burn is funded by fees, which care about nothing else. Since the burn went live the schedule has added 16bn tokens and the burn has removed 38mm — under a quarter of one percent of the dilution — and it has not fired since 2 December 2025. Fees fell faster than the price did, so the multiple the market pays on them went from 34x to 176x. The adoption case is not an unpriced option. It is already in the price, waiting to be validated.

01 · WHAT'S HAPPENING: LINEA, ETH AND ARB

Indexed to 100 at the burn's go-live. LINEA fell three times as far as the asset its fees are paid in.



Not market beta: ETH explains 40% of the daily moves and the L2 peer adds five points. What is left is Linea's own economics.

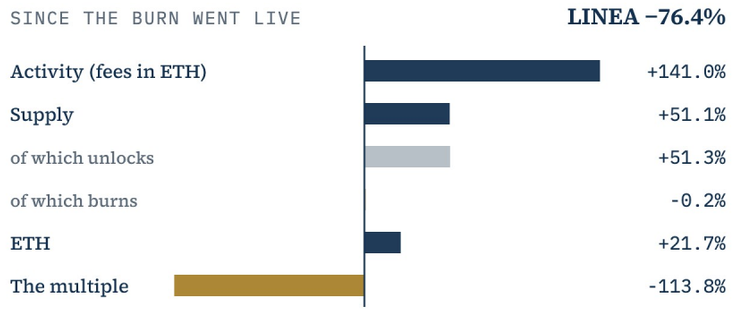
02 · WHAT'S IN BETWEEN: THE MULTIPLE

Market cap over annualised network fees, log scale. It rose as fees fell away beneath the price.

Fees in ETH fell 87%; market cap fell 51%. The gap is what buyers still pay for adoption that has not shown up. It is a residual, not an observed price.

03 · WHAT ARE THE SOURCES

Each term's share of the move. Right of zero pushed the price the way it went; left pushed back. Shares add to 100%.



The burn bar is drawn at its true width. Only fees respond to adoption; the schedule and the cost base do not.

38mm vs 16.3bn
LINEA BURNED VS UNLOCKED

0.23%
BURNS AS A SHARE OF UNLOCK DILUTION

158 ETH
ARREARS TO CLEAR BEFORE THE NEXT BURN

0.89
BETA TO ETH · R^2 OF 0.40

~53x
FEE LEVEL NEEDED FOR BURNS TO OFFSET UNLOCKS, AT TODAY'S ETH PRICE

To offset today's unlock pace, fees would need to run about 53 times their current level, once arrears are cleared.

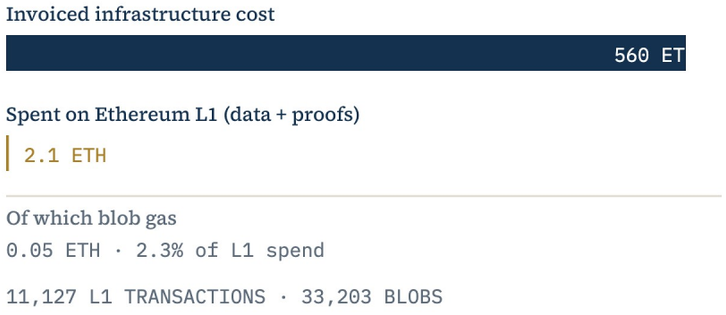
Daily log returns, UTC days, 4 November 2025 to 20 September 2026. Identity: ln(price) = ln(ETH) + ln(annualised fees in ETH) + ln(market cap / annualised fees) − ln(circulating supply); the four terms are log contributions and add exactly. Fees are gross L2 fees in native ETH, 30-day trailing average, annualised at 365 days; exact for 333 of 376 days from coinbase balance changes, block-sampled before 22 October 2025. Circulating supply is built from the token contract on both chains: L1 total supply less protocol-locked, protocol-controlled, claim-contract and burn-pending balances; bridge escrow is not deducted. Twelve wallets holding about 9.5bn LINEA could not be resolved from on-chain evidence and are treated as circulating; deducting them changes how the move splits between supply and the multiple, not the total. Burns count only the five revenue-funded burns; the 378mm burn of 10 March 2026 was funded from the Ecosystem Fund out of tokens already outside circulating supply. Prices from CoinGecko at 00:00 UTC, cross-checked against Kraken daily candles (0.28% median difference on LINEA). Costs are fixed plus variable and fiat-linked: about $63K a month plus 31% of fees, fitted on eleven months and excluding the March 2026 true-up. Because revenue accrues in ETH, a lower ETH price raises the cost base and lifts the threshold. The multiple is market cap over fees and is a residual, not an observed price. Modelled outputs, not price predictions. The author holds LINEA.

Costs follow a calendar too, and the bill arrives in USD, not ETH.

Emissions ignore usage. So does the cost base: about $63,000 a month before a single transaction is processed. Fees are the only term that responds to adoption, which is why scale decides everything here. In a year the chain spent 2.1 ETH posting data and proofs to Ethereum against 560 ETH of invoiced cost, so this is an off-chain bill — provers, servers, people — charged in dollars while revenue accrues in ETH. Margin therefore moves with two things at once: how busy the network is, and the price of ETH.

01 · WHERE THE MONEY GOES

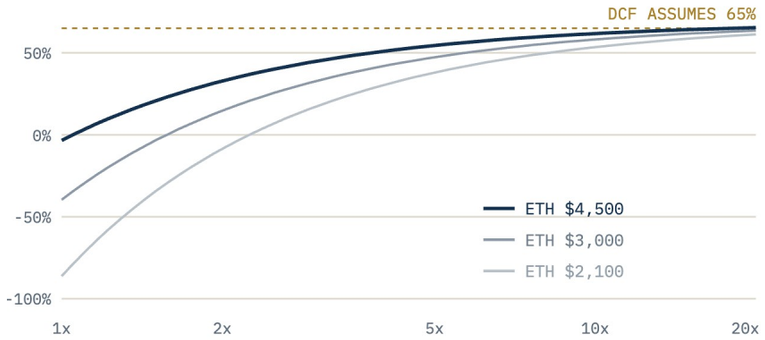
Invoiced cost against what was actually spent on Ethereum, transaction by transaction.



L1 data availability is 0.4% of the bill. The usual worry for a rollup is not the problem; the fixed off-chain base is.

02 · MARGIN IS A FUNCTION OF SCALE

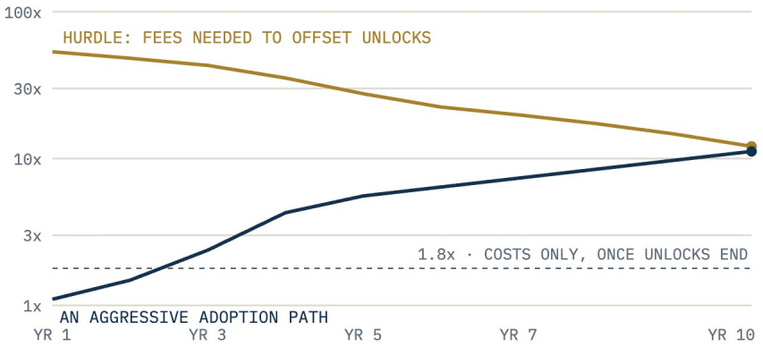
Margin against the fee level, at three ETH prices. Costs are fixed plus 31% of fees.



Only adoption moves the chain along these curves. Break-even needs about 1.8x today's fees; the model's 65% needs ten to twenty times.

03 · A RACE THE BURN HAS TO WIN

Fees needed for burns to offset unlocks, as multiples of today's. The bar falls as the unlock schedule decays.



From 53x today to about 12x in year ten. Fees growing 10%, 35%, 60%, 80%, 30%, then 15% a year reach 11x by then — the two meet at the end of the horizon, and only just.

2.1 ETH
SPENT ON ETHEREUM L1 IN A YEAR

0.4%
L1 SHARE OF THE COST BASE

−0.74
CORRELATION OF ETH COST PER BLOB WITH THE ETH PRICE

25% vs 65%
MARGIN OBSERVED VS ASSUMED IN THE DCF

10–20x
FEES AT WHICH THE ASSUMED MARGIN ARRIVES

Costs in dollars, revenue in ETH: the burn is long ETH twice over. And even on an aggressive adoption path, it offsets dilution only in the horizon's final year.

L1 spend is every Linea batch submission and proof finalization on Ethereum from 10 September 2025 to 21 September 2026, priced from transaction receipts: 11,127 transactions, 33,203 blobs, 2.144 ETH. Invoiced cost is the amount charged to the revenue vault, attributed to the period it covers. The cost model regresses invoices on fees in dollars over eleven months, excluding the March 2026 true-up: about $63K a month plus 31% of fees, R-squared 0.93. The fixed and variable split is inferred from that relationship, not separately observed, and every threshold here moves with it. Denomination is inferred from unit cost per blob, far more stable in dollars than in ETH. The hurdle anchors year one to the unlock pace of the last 90 days and applies the published schedule's decay shape from there; observed first-year unlocks ran well above the schedule's year-one allocation, a reconciliation still open. Prices are held at today's levels: a lower LINEA price lowers the hurdle, a lower ETH price raises it. The fee path compounds annual growth of 10%, 35%, 60%, 80%, 30%, then 15%. Modelled outputs, not price predictions. The author holds LINEA.

What would have to be wrong for any of this to change?

The arithmetic is exact and the inputs are rebuilt from the chain rather than reported by anyone. What is not exact is the handful of judgment calls underneath, and each is worth a specific number rather than a disclaimer. Below: how it is measured, what was chosen and what that choice is worth, and what remains unknown after a year of data.

01 · HOW IT IS MEASURED

Supply, rebuilt rather than reported

252,887 transfer events replayed from the genesis mint. Reconstructed supply matches the token contract to the wei. 40 addresses classified, each with a transaction hash or a tracing path. No explorer or aggregator labels.

Fees, exact where they can be

Gross fees in native ETH, exact on 333 of 376 days from coinbase balance changes. Block-sampled before 22 October 2025, when priority fees were credited to no address; that sampler runs about 6% low.

Prices, one source, one instant

CoinGecko at 00:00 UTC, cross-checked against a second venue: 0.28% median difference on LINEA, 0.03% on ETH.

The identity closes

ln(price) = ln(ETH) + ln(fees in ETH) + ln(multiple) − ln(supply). The check reads zero on all 346 days, in both supply definitions. It holds by construction, so a zero check catches data faults — a missing day, a misaligned row. It tests the bookkeeping, not the thesis.

02 · WHAT WAS CHOSEN, AND WHAT IT IS WORTH

Which wallets count as circulating

Twelve wallets holding about 9.5bn LINEA cannot be classified on-chain. Treating them as circulating rather than protocol-held moves 0.36 log points between supply and the multiple, and leaves the total unchanged.

The March 2026 burn, excluded

378mm LINEA, ten times every other burn combined, funded from the Ecosystem Fund out of tokens already outside circulating supply. Including it would credit the mechanism with a treasury decision.

The multiple is a residual

Market cap over fees absorbs whatever the other three terms do not explain. It measures how much buyers held on, never why.

The March cost true-up, excluded from run-rate

An invoice arrived for a day with zero L1 activity, six weeks late. It is an accrual correction, not a cost.

03 · WHAT IS STILL UNKNOWN

Where roughly 373 ETH of fees went

Before 22 October 2025 priority fees were credited to no address. Beta v4.0 shipped that day, but no release note says the recipient changed. Cause unresolved.

What twelve wallets are for

No shared signers with any protocol Safe, and outflows that run through pass-through addresses into an exchange. Suggestive, not conclusive.

Thirteen days at launch

The price window starts 23 September 2025. TGE sits outside the data tier's rolling year.

How costs split into fixed and variable

Inferred from eleven months of invoices against fees, not separately observed. Every threshold on the previous slide moves with that split.

0.000	0.89 ± 0.06	−133% ± 70pts	0.36	1 year
DAILY IDENTITY CHECK, ALL 346 DAYS · CHECKS THE ARITHMETIC, NOT THE THESIS	BETA TO ETH · MEASURED TIGHTLY	TOKEN-SPECIFIC DRIFT PER YEAR · MEASURED LOOSELY	LOG POINTS AT STAKE IN THE SUPPLY DEFINITION	OF DATA, ONE FEE REGIME CHANGE, ONE BURN EPISODE

One year in, the identity is exact while the fundamentals it decomposes are not yet measurable at useful precision. That is the finding, not a caveat to it.

All chain data from raw JSON-RPC on Ethereum and Linea — transfer, vault, burner, swap-adapter and rollup events — verified against contract state, on two independent providers. Tokenomics from docs.linea.build. Prices from CoinGecko, cross-checked against Kraken. Windows: 4 November 2025 to 20 September 2026 for the decomposition, 10 September 2025 to 21 September 2026 for costs. Daily log returns on UTC days, annualised at 365. Modelled outputs, not price predictions. Not affiliated with Consensys or Linea. The author holds LINEA.