Neoclouds are priced at the margin, and the margin is financing.

Against an investment-grade contract, CoreWeave and IREN borrow about as cheaply as SpaceX. The gap opens on the dollar no contract backs: it costs them ~13–22%, against ~10–14% for SpaceX, the one company sitting on ~$90bn already raised.

01 · NEXT DOLLAR

~15%+

CoreWeave's next corporate dollar costs ~15% or more.

Its WACC, ~9–14%, looks in line with peers because it averages in secured and older money.

P. 02

02 · DEBT PRICING

~6–7%

Investment-grade contract debt costs about the same at CoreWeave and IREN.

The split is at the corporate layer, where low-coupon converts cost ~13–20% all-in.

P. 03–04

03 · SPACEX

~1–3 pts

SpaceX's edge is quantity, not price.

~$116bn raised in 2026, ~81% equity, yet blended cost is only ~1–3 points lower; ~3–8 on speculative capacity.

P. 05–06

04 · CONTRACTS

~6% vs ~9%

Thin contracts get cheap debt; rich ones get expensive, short debt.

Hyperscaler 5-year contracts finance at ~6%; 3-year AI-lab contracts at ~9%, over about 30 months.

P. 07

05 · DEMAND

~4 vs ~14 pts

Demand moves short contracts; financing moves long ones.

Demand swings returns ~4 points on 5-year contracts, ~14 on 3-year. On October 21, equities moved; credit didn't rally.

P. 08

Prices at October 20–21, 2026. Ranges are approximate and are the information. Method and caveats: page 09; sources: page 10.

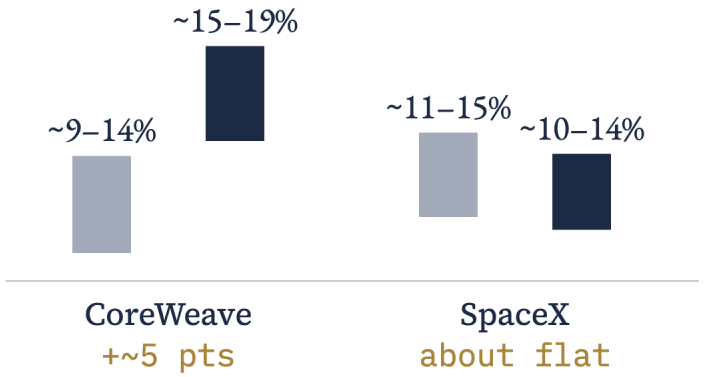
NOT INVESTMENT ADVICE

CoreWeave's average cost of capital looks fine. Its next dollar doesn't.

At ~60% debt, CoreWeave's WACC averages in contract-backed and older money and lands near its peers'. The next unsecured dollar costs ~15% or more, and CAPM understates distress.

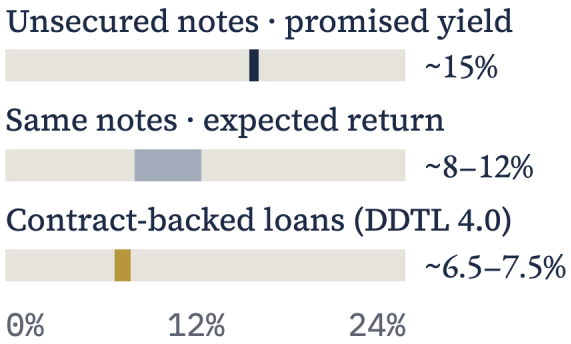
01 · TWO MEASURES

Grey: WACC. Navy: the next corporate dollar.



02 · PROMISED VS EXPECTED

A bond's yield is a ceiling on its return. Netting expected default losses roughly halves it.



03 · WHY THE AVERAGE MISLEADS

About 60% of CoreWeave's capital is debt and leases, much of it secured on investment-grade contracts at ~7–10%. That pulls the average down.

Its regression beta (~2, R^2 ~0.1–0.2) prices equity as if default risk were ordinary. At spreads above 1,000bp it isn't, so the equity cost in that WACC is likely too low.

The market is pricing the next dollar, not the average one.

~9–14%	~60%	~1,000bp+	~15%+
COREWEAVE WACC AT MARKET WEIGHTS	DEBT AND LEASES, SHARE OF CAPITAL	2031 SPREAD OVER TREASURIES (TRACE)	NEXT UNSECURED DOLLAR, OCT 2026

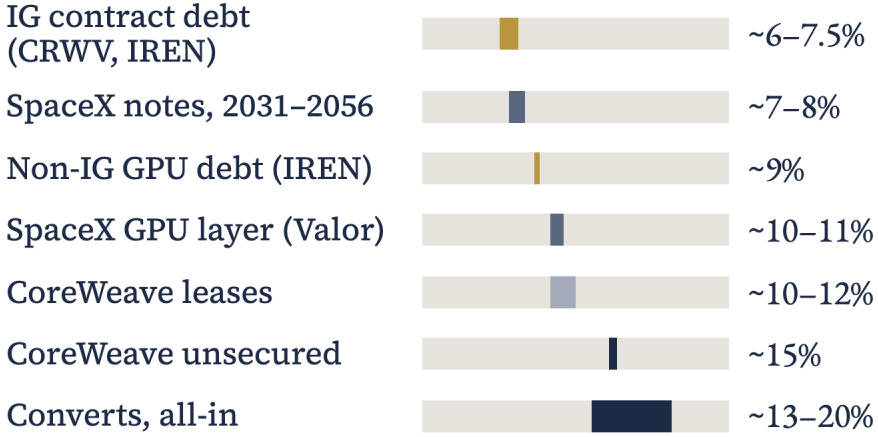
Equity prices at Oct 20, 2026 close; 10-year Treasury ~5.15% (FRED). Bond yields FINRA TRACE, Oct 21. Expected return uses the TRACE spread (~1,020bp over a ~5.0% five-year Treasury), 40% recovery; press-reported CDS (~1,080–1,195bp) is consistent. Sources: p. 10.

The customer, not the issuer, prices contract-backed debt.

Debt secured on an investment-grade contract costs about the same at CoreWeave and IREN. The four diverge at the corporate layer, which funds everything the contracts don't.

01 · COST BY LAYER, OCTOBER 2026

Marginal cost by layer, 0–24% scale. Gold is contract-backed.



02 · SAME CUSTOMER, SAME PRICE

CoreWeave's non-recourse DDTL 4.0 pays ~SOFR + 2.25%. IREN's Microsoft-backed GPU notes pay 5.96%. Both are secured on a hyperscaler's payments.

Without that contract, IREN's GPU debt costs 9% for 30 months: about 3 points more, and far shorter.

03 · WHERE THEY SPLIT

The next corporate dollar costs ~7–8% at SpaceX, in investment-grade notes (TRACE, Oct 21), and ~15% at CoreWeave.

SpaceX's own GPU layer, financed through a related party, costs an implied ~10–11%, near CoreWeave's mid-stack loans.

~6–7%
DEBT SECURED ON A HYPERSCALER CONTRACT

~9%
GPU DEBT WITHOUT ONE (IREN)

~10–11%
SPACEX GPU LAYER, IMPLIED

~15%
COREWEAVE UNSECURED, PROMISED (TRACE)

CoreWeave 10-Q Q2 2026; IREN FY26 10-K; SpaceX Q2 10-Q, Q3 8-K; SpaceX note yields FINRA TRACE, Oct 21. Valor rate implied (~11%) from related-party interest of ~$351m in Q3 on ~$13bn, assuming all of it is Valor; not disclosed.

NOT INVESTMENT ADVICE

Low coupons hide equity-like costs.

Holders of a convertible pay par for a bond plus a call option on the shares. Priced that way, the four recent issues below cost about as much as equity.

01 · WHAT THE COUPON LEAVES OUT

Bond plus option at 50–80% volatility, solved for the straight-debt yield implied at issue.

Issue	Coupon	Option, % of par	Implied straight yield
CoreWeave 2033 (Sep 2026)	2.875%	~40–58%	~12–18%
IREN 2033 (May 2026)	1.0%	~40–55%	~8–13%
Nebius 2030 (Aug 2026)	0.5%*	~20–35%	~10–16%
Nebius 2034 (Aug 2026)	4.5%*	~30–48%	~13–18%

* Plus accretion: the 2030s to 110% of principal, the 2034s to 125%.

02 · ALL-IN COST

Weighting the bond at its straight yield and the option at a geared equity return gives ~13–20% for all three issuers.

IREN's implied ~8–13% lines up with its 9% non-IG GPU debt, a check on the method.

Capped calls trim the dilution but are paid for in cash up front.

~$21bn
CONVERTS ISSUED BY CRWV, IREN, NBIS IN CALENDAR 2026

~11–22%
COST OF EQUITY, THE FOUR

~13–20%
ALL-IN COST OF RECENT CONVERTS

Issue terms from 8-Ks and 6-Ks. Black-Scholes on the conversion option, strike scaled for accretion; ignores issuer calls, so long-dated option values are generous.

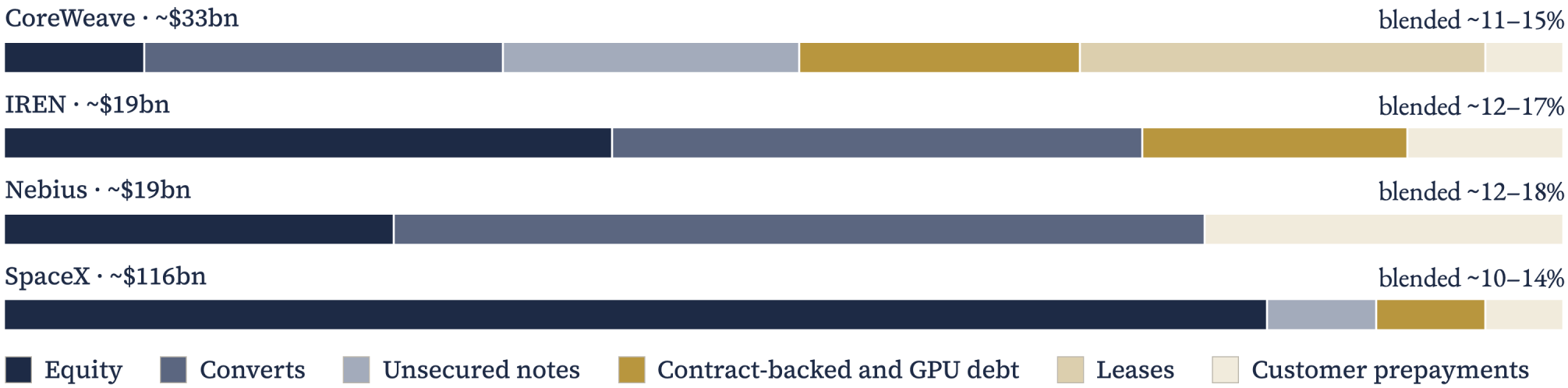
NOT INVESTMENT ADVICE

SpaceX's edge is how much it raised, not what it pays.

Weighting what each company actually raised in 2026 by today's cost of each layer, the ranges overlap. SpaceX raised ~$116bn, ~81% of it equity, and holds ~$90bn of cash and securities.

01 · WHAT EACH RAISED IN 2026, BY LAYER

Share of funding raised in 2026 to date (IREN: fiscal year from July 2025), blended at today's cost of each layer.



~$94bn
SPACEX EQUITY RAISED, 2026 TO DATE

~81%
EQUITY SHARE OF SPACEX'S 2026 FUNDING

~$90bn
SPACEX CASH AND SECURITIES, SEP 30

~1–3 pts
SPACEX'S EDGE ON BLENDED MARGINAL COST

2026 financing cash flows plus post-period issuance to mid-September; costs are today's. Prepayments costed as customer loans, between the customer's funding cost and the issuer's unsecured yield.

NOT INVESTMENT ADVICE

With a contract the gap closes. Without one it opens.

Cost of funding one block of capacity: an advance rate on contract-backed debt, the rest from the corporate layer. SpaceX funds its own GPUs at ~10–11%, so its cost barely moves with the advance rate.

01 · COST OF FUNDING A BLOCK OF CAPACITY

Share funded by contract-backed debt across the top.

	0% (speculative)	50%	70% (IG contract)
CoreWeave	~15–19%	~11–13%	~9–11%
IREN	~13–22%	~10–14%	~8–11%
Nebius	~14–21%	~10–14%	~9–11%
SpaceX	~10–14%	~10–12%	~10–12%

02 · READING THE TABLE

With a hyperscaler contract behind it, CoreWeave or IREN can fund a block at or below SpaceX's cost.

Without one, SpaceX is ~3–8 points cheaper, and it has the money in hand with nothing to refinance.

So the competitive threat is concentrated where there is no contract, which is also where GPU pricing would crack first.

~8–11%
IG-CONTRACTED BLOCK, CRWV AND IREN

~10–12%
SAME BLOCK AT SPACEX

~3–8 pts
SPACEX EDGE ON SPECULATIVE CAPACITY

Secured cost ~6–7.5% (SpaceX: Valor ~10–11%). Corporate layer: CoreWeave ~15–19%; IREN and Nebius convert-to-equity range; SpaceX ~85% equity, ~15% notes.

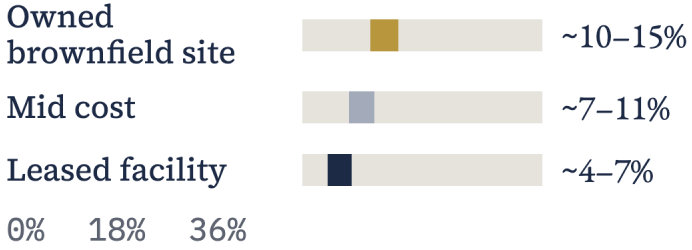
NOT INVESTMENT ADVICE

Contract type sets both the return and the cost of financing it.

Two archetypes from IREN's and Nebius's filings. The rich contract comes with expensive financing; the cheap financing comes with the thin contract.

01 · HYPERSCALER, 5-YEAR

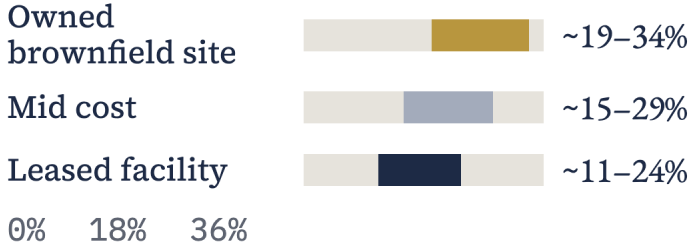
~$9–12m revenue per MW a year (IREN and Nebius Microsoft contracts). Debt ~6%, investment grade, ~60% of GPU cost.



Unlevered return over the asset's life. At 15% it never pays back.

02 · AI LAB, 3-YEAR

>$20m revenue per MW a year (recent IREN contracts). Debt ~9%, non-IG, ~30 months, ~90% of GPU cost.



With prepayments of ~45–55% of GPU cost on top, funding exceeds GPU cost; the corporate layer funds mainly the data center.

03 · AGAINST THE HURDLES

Contract-backed debt: ~6–9%. Blended marginal cost: ~10–18%. Next corporate dollar: ~10–22%.

A hyperscaler contract clears only its own debt. The equity on top of it is a thin spread trade, and adding 6% debt to a ~7% asset lowers the equity return.

~1.7x
CONTRACT REVENUE OVER GPU COST, BOTH ARCHETYPES

~2 yrs
GPU PAYBACK, 3-YEAR CONTRACT (IREN'S FIGURE)

~3–5 yrs
SAME CONTRACT, ALL CAPITAL, AT 15%

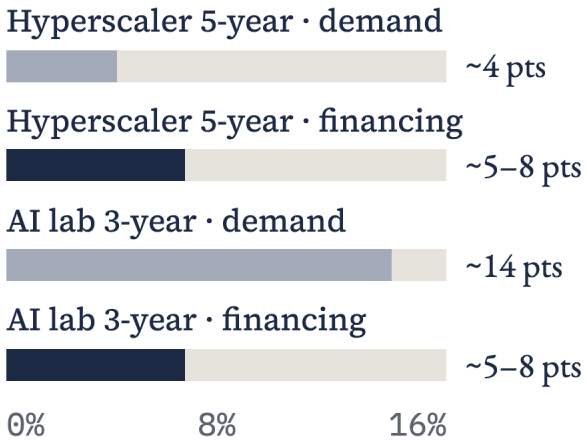
Life 3–7 years, second-life 30–70%, utilization 70–95%; facility ~$6–14m/MW; direct costs ~$0.6–1.0m/MW-yr. Nebius's ~300MW is press-reported. Archetypes, not company returns.

Demand moves short contracts. Financing moves long ones.

For a hyperscaler contract, the swing from financing outweighs the swing from demand. For a 3-year AI-lab contract it is the other way round. The SpaceX print was a demand signal.

01 · WHAT MOVES THE RETURN

Range of unlevered return from demand (life, second-life price, utilization) against the financing gap (project-level to corporate dollar).



02 · OCTOBER 21, CLOSE

Close-to-close moves on the day after SpaceX's Q3 print.

	Close-to-close
CoreWeave	~−0.5%
IREN	~+4.6%
Nebius	~+0.1%
SpaceX	~+7.8%
Nasdaq 100	~+1.1%

03 · CREDIT DIDN'T RALLY

CoreWeave's 2031 notes yield ~15% (TRACE, Oct 21), up from ~9% in the spring, and were little changed on SpaceX's print.

By the close, IREN gained ~5%; CoreWeave, where financing binds, slipped ~0.5%, and Nebius was flat against a Nasdaq up ~1%.

Even SpaceX's notes have repriced: its 2031s yield ~6.8% and its 2056s ~8.1% (TRACE), up about 1.5 points since June.

One day of prices: consistent with the thesis, not a test of it.

Closes on October 20 and 21 (Yahoo Finance); Nasdaq 100 via QQQ. Bond yields FINRA TRACE. One day: a proper test needs several days of closes.

NOT INVESTMENT ADVICE

How the costs were measured, and what to distrust.

01 · METHOD

Two lenses. Competitive: the marginal cost of the next dollar, by layer and blended at the mix actually raised. Valuation: WACC at market weights with expected, not promised, debt costs.

Debt is promised yield for the competitive lens and expected return for WACC. Converts are bond plus option. Leases count as debt. Prepayments count as customer loans.

Cost of equity: CAPM, 10-year Treasury ~5.15%, equity risk premium 4.5–5.5%, beta ranges informed by weak regressions.

02 · WHAT TO DISTRUST

Fundamentals are mostly June 30. CoreWeave's bonds repriced ~20 points after it; the filings don't show that.

Betas: R^2 ~0.1–0.35; SpaceX has ~17 weeks of trading. Read the ordering across companies, not the levels.

Bond yields for CoreWeave and SpaceX are from FINRA TRACE. CDS is press-reported and used only as a cross-check.

03 · LEFT OUT DELIBERATELY

Company-level returns: per-MW pricing isn't disclosed comparably, so returns appear only as contract archetypes.

SpaceX's '$30–50 per watt' pricing: unclear whether annual or contract value.

A view on SpaceX's share price: if the shares trade above intrinsic value, issuing them costs existing holders less than 11–15%.

NOT INVESTMENT ADVICE

Sources and disclosures

COREWEAVE	10-Q for Q2 2026; 8-Ks of Jun 11, Aug 11, Sep 17 and 22, 2026 (notes, earnings, 2033 convert).
IREN	10-K for FY ended Jun 30, 2026, incl. subsequent events; FY26 results 8-K of Aug 27, 2026.
NEBIUS	6-K interim financials for Q2 2026; 6-Ks of Aug 19–24, 2026 (converts, indentures); 6-K of Sep 8, 2025 (Microsoft contract).
SPACEX	10-Q for Q2 2026; Q3 2026 earnings 8-K of Oct 20, 2026; notes pricing 8-K of Jun 23, 2026.
MARKET DATA	Share prices, Oct 20 and Oct 21 closes (Yahoo Finance); 10-year Treasury (FRED, Oct 19); CoreWeave and SpaceX note prices and yields (FINRA TRACE, Oct 20–21).
PRESS	CNBC, Oct 14–20 (CoreWeave CDS, S&P rating); Bloomberg via press (SpaceX ratings and July spreads); IREN earnings call, Feb 2025 (facility cost per MW).

Everything is approximate and rounded; ranges are the information. Press-reported market levels are labeled and should be checked against TRACE and a CDS feed before reuse. Prices as of October 20–21, 2026.

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