INVESTRA

Potential Effects of a SpaceX–Tesla Merger

C-Suite Private Client Advisory

Prepared for InVestra | October 23, 2026

PURPOSE

A client-facing framework for senior SpaceX executives and their families to evaluate how a potential combination with Tesla could affect personal wealth, equity compensation, taxes, governance rights, liquidity, estate planning, employment arrangements, disclosure obligations, risk concentration and near-term planning decisions.

Important: This report is based on public information available through October 23, 2026. The transaction is under evaluation and no final terms have been announced. Scenario conclusions are conditional, not predictions. This document is not legal, tax, accounting or investment advice; client-specific action should be coordinated with qualified counsel and tax advisers.

Executive Summary

The merger question is now a live planning issue, but the personal outcome for a SpaceX executive will depend less on the headline $3.5 trillion combined valuation than on the exact merger architecture. SpaceX and Tesla have formed independent special committees to evaluate a transaction; reported structures include a SpaceX acquisition of Tesla and a combination under a newly formed holding company, with all-stock consideration among the forms under discussion. Elon Musk has publicly supported a combination but is excluded from the special-committee deliberations because of conflicts. [1] [2][3]

Priority	Why it matters to a SpaceX C-suite client	Planning implication
1. Exchange ratio & security treatment	Each class of stock, option, RSU/RSA and performance award may be treated differently. A “fair” corporate exchange ratio can still create different personal outcomes because of exercise prices, vesting, tax basis and voting rights.	Build a security-by-security merger model before any vote, election or amendment.
2. Class B / voting rights	SpaceX Class B carries 10 votes per share and special board-election rights. A rollover into ordinary one-vote stock could reduce governance influence without reducing headline economic value.	Treat voting rights as a separately negotiated economic asset; review charter conversion triggers.
3. Tax character and timing	Stock-for-stock treatment may defer shareholder-level tax if the transaction qualifies as a reorganization; cash, option cash-outs, accelerated vesting and other “boot” can create current income.	Model federal and state tax by instrument, not by household-level gain alone.
4. Change-in-control compensation	Acceleration, retention awards, severance or modified agreements can implicate Section 280G and the 20% Section 4999 excise tax for affected executives. SpaceX is now publicly traded, eliminating the private-company shareholder-approval exception.	Commission a 280G study early—before compensation arrangements are amended inside the one-year presumption window.
5. Liquidity vs. concentration	A combination may improve trading liquidity and index ownership while simultaneously increasing exposure to one Musk-controlled ecosystem spanning space, AI, energy, autos, robotics and connectivity.	Use merger liquidity to create a staged diversification policy, not a one-time sale decision.
6. Securities-law constraints	Executives remain subject to insider-trading rules, Section 16 reporting, short-swing profit rules, trading windows and 10b5-1 constraints. Deal knowledge will likely extend blackout periods.	Pre-clear liquidity and gifting plans; avoid assuming a signed deal means immediate ability to trade.
7. Estate and transfer planning	A transaction can reset valuation, increase liquidity and reduce discounts, potentially increasing transfer-tax exposure. The 2026 federal basic exclusion is $15 million per individual.	Accelerate only those transfers that fit long-term family objectives; valuation and MNPI constraints must be coordinated.
8. Employment and role design	A combined enterprise could expand remit for some executives and duplicate functions for others; title, reporting line, restrictive covenants, retention packages and succession planning may all change.	Negotiate role economics and governance at the same time as equity treatment—not after closing.

CORE INVESTRA MESSAGE TO CLIENTS

Do not evaluate the deal as "SpaceX stock becomes Tesla stock." The correct analysis is a personal balance-sheet conversion: every security, contractual right, tax attribute, governance right and liquidity constraint must be mapped from pre-close to post-close form.

1. Current Transaction Context: What Is Known vs. Unknown

Known as of October 23, 2026

- SpaceX and Tesla have each formed special committees of independent directors to evaluate a potential merger. Musk has described himself as a conflicted party and said he is not participating in the committee negotiations. [1] [2]
- Reuters reports that advisers have been hired and that early-stage discussions have included a SpaceX acquisition of Tesla and a merger under a new holding company; an all-stock transaction is among the consideration structures being evaluated. [2]
- Public market values referenced around the announcement were approximately $2.0 trillion for SpaceX and $1.5 trillion for Tesla, implying a combined pre-synergy equity value near $3.5 trillion. [1][2]
- SpaceX is now a public company (Nasdaq: SPCX) with Class A one-vote shares and Class B ten-vote shares. Its IPO filings stated that Musk would retain more than 80% of combined voting power. [4]
- SpaceX's publicly identified executive officers are Elon Musk (CEO/CTO/Chair), Gwynne Shotwell (President/COO/director) and Bret Johnsen (CFO). [5]
- Tesla already owns a less-than-1% stake in SpaceX following its 2026 investment, and the companies have existing commercial, licensing and support relationships. [6][7]

Unknown / must not be assumed

- Which company would legally survive, whether a new parent would be formed, and the jurisdiction and charter of any new parent.
- The exchange ratio, control premium or discount, collar mechanics, reference price period and treatment of market movements between signing and closing.
- Whether SpaceX Class B voting rights would be preserved, replicated, diluted, sunset, converted or exchanged into a new high-vote class.
- The treatment of vested and unvested options, RSUs, RSAs, performance awards, ESPP rights and any bespoke executive grants.
- Whether awards would be assumed, substituted, cashed out, accelerated, converted into new-company awards, or made subject to new service/performance conditions.
- Whether transaction-related retention, severance, tax-reimbursement or make-whole arrangements will be offered.
- Timing of regulatory approvals, shareholder votes and closing, and whether any government-contract, national-security, foreign-ownership or international approvals create structural conditions.
- Post-close executive structure, reporting lines, compensation philosophy, insider-trading policy, stock ownership guidelines, hedging/pledging rules and lock-up arrangements.

2. Transaction Structures and Their Client-Level Consequences

Structure	Corporate result	Likely client-level effects	Key questions
A. SpaceX acquires Tesla	Tesla shareholders receive SpaceX stock and Tesla becomes a subsidiary or merges into	SpaceX holders may keep issuer continuity; Class B preservation may be easier. New Tesla	Does Class B remain outstanding? What is Tesla exchange ratio? Do SpaceX

Structure	Corporate result	Likely client-level effects	Key questions
	SpaceX.	dilution changes ownership percentages. SpaceX officers remain insiders of surviving public parent.	awards remain untouched or get amended?
B. New holding company	Both SpaceX and Tesla merge into subsidiaries of a new parent; holders receive NewCo shares.	Every SpaceX security may require conversion. Potentially cleanest way to redesign governance, share classes and compensation, but creates the most instrument-mapping work.	Does NewCo recreate 10:1 voting? Does a merger trigger Class B transfer conversion? Are options substituted under tax-preserving rules?
C. Tesla acquires SpaceX	SpaceX holders receive Tesla stock; SpaceX becomes subsidiary or is merged.	Potentially greatest change for SpaceX clients: dual-class rights may disappear unless Tesla creates a special class; equity plans and option terms likely need broader conversion.	What premium compensates SpaceX holders for loss of control rights? How are SpaceX performance awards translated?
D. Partial combination / asset contribution	Selected AI, chip, connectivity, robotics or infrastructure assets moved into JV/subsidiary.	Less immediate personal tax and equity conversion, but may alter value attribution, performance metrics and executive scope.	Who owns contributed IP? Does executive equity participate in value shifted between entities?
E. No deal / expanded collaboration	Committees decline a full merger; commercial agreements deepen.	Avoids change-in-control tax/comp issues but leaves cross-company related-party, concentration and governance questions.	Are new intercompany agreements arm's length? Do compensation metrics change to reflect shared projects?

Illustrative relative ownership. At $2.0T SpaceX equity value and $1.5T Tesla equity value, a zero-premium, all-stock combination would allocate roughly 57.1% of NewCo economic ownership to pre-deal SpaceX holders and 42.9% to pre-deal Tesla holders. That ratio is only a starting point: premiums, collar terms, employee awards, treasury shares, debt-like items, tax attributes and special-voting securities can materially alter the negotiated ratio.

3. Equity and Compensation: Security-by-Security Impact

3.1 Common shares

- For vested SpaceX Class A shares, the principal questions are exchange ratio, tax qualification, fractional-share cash, lock-ups, blackout status and post-close basis/holding period.
- For SpaceX Class B shares, the analysis must separately value voting power. Class B carries ten votes per share and, under SpaceX's charter, special rights to elect a majority of the board while Class B remains outstanding. Transfers generally cause automatic conversion to Class A, subject to permitted-transfer exceptions. [4]
- A merger agreement can potentially provide bespoke treatment for Class B, but clients should not assume that "one Class B share converts into one economically equivalent NewCo share" preserves governance equivalence. A 10:1 vote ratio, class-election rights and transfer rules are distinct rights.
- Any exchange-ratio collar should be modeled against the client's actual holding mix. A fixed exchange ratio transfers interim market-price risk; a fixed-value collar shifts more of that risk to the other side but can create nonlinear outcomes at collar boundaries.

3.2 Stock options

- Assumed/substituted options: the surviving company may replace SpaceX options with economically equivalent options over surviving-company shares. For statutory options, Internal Revenue Code Section 424 provides a framework under which a merger-related assumption or substitution can avoid being treated as a disqualifying modification if value-spread and benefit tests are satisfied. [12][13]

- Cashed-out options: the merger agreement may cancel vested "in-the-money" options for cash or stock equal to the spread. For nonqualified options, cash-out generally accelerates ordinary compensation income; employment and payroll tax withholding must be modeled.
- Underwater options: agreements frequently cancel options with exercise prices above the transaction value for no consideration, but the actual plan/award terms control. Clients should identify underwater grants before negotiations because a later retention grant can have different tax and vesting terms.
- Accelerated options: acceleration may increase current value but can also increase 280G exposure. It may also shorten decision windows for exercise, tax withholding and diversification.
- Exercise-before-close decisions: exercising solely to "get stock before the merger" can create avoidable tax, liquidity and concentration risk. Decisions should compare spread, remaining term, tax character, expected merger treatment and blackout restrictions.

3.3 RSUs, restricted stock and performance awards

- RSUs usually convert based on the exchange ratio, but vesting can remain service-based, accelerate on closing, or become double-trigger (closing plus qualifying termination). Tax is usually driven by settlement/vesting mechanics and Section 409A terms.
- Restricted stock may already be taxable if an 83(b) election was made; otherwise a merger-related lapse or modification of forfeiture conditions can change the income-timing profile. Each grant should be reviewed against its election history and vesting schedule.
- Performance awards are especially sensitive: metrics tied to standalone SpaceX market capitalization, free cash flow, launch cost, Starlink economics or other company-specific objectives may become impossible or inappropriate post-merger. The merger agreement or compensation committee may need to convert metrics, deem achievement, prorate, or replace awards.
- Changes made within one year before a change in control can receive special scrutiny under the 280G rules. Do not casually "fix" awards after deal talks begin without a coordinated 280G and disclosure review. [14][15]

4. Illustrative Executive Exposure Using Publicly Disclosed Holdings

This section is illustrative only. The figures below use beneficial-ownership data from SpaceX's 2026 offering materials and the October 22, 2026 SPCX closing price of $144.75. Beneficial ownership can include exercisable options and does not equal freely tradable, after-tax wealth. The analysis should not be used as a client account value. [8][9]

Publicly named executive	Disclosed beneficial ownership	Total shares / equivalents	Gross notional value @ $144.75	Primary planning sensitivity
Gwynne Shotwell	5,759,610 Class A + 7,113,550 Class B	12,873,160	$1.86B	High sensitivity to Class B voting treatment, transfer conversion, tax basis, options and post-close role.
Bret Johnsen	9,048,565 Class A	9,048,565	$1.31B	High sensitivity to exchange ratio, award treatment, CFO role integration, disclosure and diversification windows.

Exchange-ratio sensitivity example. For a client with 10 million economically participating SpaceX shares, every 1% movement in the negotiated value attributed to SpaceX relative to a $2.0 trillion reference valuation represents roughly $14.5 million of mark-to-market value at a $144.75 reference price before considering tax, exercise prices,

vesting or voting rights. The practical point is that “small” fairness-opinion differences can be material at executive holding sizes.

5. Federal and State Tax Consequences

TAX FRAMING

The merger itself can be tax-deferred for stockholders while still producing current taxable income from option cash-outs, vesting acceleration, cash in lieu of fractional shares, retention payments or severance. Household tax modeling must therefore separate shareholder capital gain from compensation income.

5.1 Stock-for-stock reorganization treatment

- Internal Revenue Code Section 368 recognizes several forms of corporate reorganization, including statutory mergers and certain stock-for-stock acquisitions. If the final transaction qualifies and a holder receives qualifying stock, gain can generally be deferred subject to the detailed rules. [11]
- Cash or other non-stock consideration (“boot”) may create current gain up to the amount of boot, subject to transaction structure and shareholder tax basis. Fractional-share cash often produces a small current realization.
- Basis generally carries over and holding period can tack in qualifying reorganizations, but the exact result depends on the form of exchange and security. Clients need tax-lot-level records before closing because post-close brokerage basis reporting can be incomplete for decades-old employee shares.
- A taxable acquisition—particularly a cash deal—could crystallize very large capital gains. High-income clients should model federal long-term capital-gain tax plus the 3.8% Net Investment Income Tax where applicable, as well as state residency and sourcing. [16]

5.2 Compensation income and withholding

- Nonqualified option exercise or cash-out can create ordinary wage income equal to spread, subject to withholding and potentially additional Medicare tax. If consideration is delivered in stock, clients may still need cash for withholding.
- RSU settlement is generally wage income; accelerated settlement can bunch income into the transaction year and affect estimated payments, charitable planning and state tax apportionment.
- Restricted stock with a valid 83(b) election may have a materially different tax profile from otherwise identical restricted stock without an election. Verify election copies and grant documentation now, not during closing week.
- Statutory options require separate ISO/ESPP analysis. A qualifying merger substitution can preserve status under Section 424 if requirements are met; cash-out or improper modification can alter tax treatment. [12][13]

5.3 Section 280G / 4999 “golden parachute” risk

- Section 280G generally treats certain compensation contingent on a change in ownership or control as parachute payments when aggregate present value reaches at least three times the executive’s base amount. Excess parachute payments can be nondeductible to the corporation and subject the executive to a 20% excise tax under Section 4999. [14][15]
- Potential components include accelerated equity vesting, severance, transaction bonuses, retention arrangements, enhanced benefits, certain consulting arrangements, and amendments to agreements closely associated with the transaction.
- Agreements or significant amendments entered into within one year before the change are presumed contingent on the change unless rebutted by clear and convincing evidence. That makes the period after merger discussions become public especially sensitive. [15]
- SpaceX’s stock is now publicly traded. The private-company shareholder-approval exception in Section 280G is therefore generally unavailable for a future SpaceX change in control, unlike the exemption that can apply to a non-public corporation satisfying the statutory requirements. [14]

- Planning may include reducing contingent value, structuring reasonable-compensation arrangements, timing bona fide compensation, or choosing between "best-net" cutback and full-payment approaches—but these are fact-intensive and must be designed by compensation tax counsel.

5.4 State tax and residency

- Executive relocation decisions near signing/closing can be scrutinized. Residence, domicile, workday sourcing and equity-compensation sourcing rules differ by state and can apply across the vesting period, not simply the sale date.
- Texas has no individual state income tax, but executives with prior service or residence in California, New York or other taxing states may still face sourced wage or capital-gain issues depending on facts.
- Do not change residence solely for a transaction without documenting domicile, family and business ties, day counts and the sourcing treatment of each award.

6. Estate, Gift, Trust and Family Wealth Planning

The 2026 federal basic estate/gift tax exclusion is $15 million per individual, and the annual gift-tax exclusion is $19,000 per donee. [17][18] For executives with concentrated SpaceX holdings, the potential merger can matter more because it changes valuation, liquidity, volatility and transfer restrictions than because it changes these federal thresholds.

Planning area	Pre-signing / pre-close opportunity	Merger-related risk	InVestra coordination point
Completed gifts / dynasty trusts	Transfer future appreciation out of estate where consistent with family plan.	If a transaction is sufficiently certain, valuation may need to reflect merger probability; gift can also raise assignment-of-income issues if sale rights are effectively fixed.	Coordinate valuation counsel, tax counsel and trading-compliance team before transfer.
GRATs / sales to grantor trusts	Volatile stock can create upside transfer if appreciation exceeds hurdle rate.	A near-certain merger can compress or reallocate volatility; liquidity may alter valuation discounts.	Run multiple price paths and include post-merger stock, not only standalone SPCX.
Charitable gifts	Low-basis stock can fund donor-advised funds/private foundations and diversify without donor-level capital gain in appropriate structures.	MNPI, prearranged-sale doctrine and charity acceptance policies can restrict timing.	Pre-clear with securities counsel and charity; do not wait until closing.
Family entities	May support governance and succession planning.	Public stock and merger liquidity can reduce minority/marketability discounts; transfer restrictions may change.	Update entity agreements for new security class and transfer rules.
Basis / records	Reconstruct tax lots, exercise records and 83(b) elections.	Merger creates new CUSIPs and share lots; bad records can create over-withholding or audit risk.	Build a permanent digital tax-lot archive before conversion.
Insurance / liquidity	Review estate liquidity needs for concentrated stock.	NewCo value could rise sharply while liquidity remains restricted by insider status.	Stress test estate tax and family liquidity independent of ability to sell.

7. Securities-Law, Trading and Disclosure Consequences

- Executive officers and directors of SEC-reporting companies are Section 16 insiders. Most equity transactions must be reported within two business days on Forms 3, 4 or 5, and Section 16 can require disgorgement of short-swing profits from matched purchases and sales within six months. [19]
- A merger process generates material nonpublic information for a long period. Trading windows may close before public disclosure and remain constrained through signing, shareholder votes, regulatory developments and closing. Family members, trusts and controlled entities can create attribution and compliance issues.
- Rule 10b5-1 plans remain useful but are not instantaneous liquidity tools. SEC rules impose cooling-off periods and require officer/director certifications when plans are adopted or modified. [20]
- Gifts by insiders can carry reporting and insider-trading implications; a transfer to a trust is not automatically "outside" securities-law controls.
- Post-close, clients may become insiders of a new issuer even if their title changes. Form 3 onboarding, award conversion reporting, 10b5-1 plan migration, broker instructions and powers of attorney should be managed as a closing workstream.
- Pledging or using concentrated shares as collateral should be reassessed because a merger can change volatility, margin requirements, company anti-pledging policies and lender haircuts.

8. Governance, Employment and Career Implications

8.1 Governance rights

- SpaceX's Class B structure currently concentrates control and includes special board-election rights. A merger can reallocate that control even if economic ownership percentages appear stable. [4]
- For executives holding Class B, transfer and estate-planning structures may interact with automatic conversion rules. Any NewCo charter should be reviewed for permitted transferees, sunset provisions, voting caps, class votes and director-election rights.
- Texas law now provides statutory presumptions and mechanisms relevant to director/officer duties and interested transactions for listed corporations, and Texas requires board and, where applicable, shareholder approval for mergers under its Business Organizations Code. The companies' charters can alter default vote requirements. [21] [22][23]
- Because Musk is conflicted and controls SpaceX voting power, process integrity—special committee independence, fairness analyses, recordkeeping and shareholder disclosures—will be central to litigation risk and timing. [2][3]

8.2 Role, title and reporting line

Executive profile	Potential upside	Potential downside / negotiation issue
President / COO	Broader operating remit across launch, Starlink, AI infrastructure, manufacturing and possibly Tesla operations; greater strategic centrality.	Overlapping operating organizations can cause scope ambiguity. Negotiate authority, reporting line, board access, budget control, succession and retention economics.
CFO	Largest-ever merger integration can expand remit across capital markets, treasury, reporting, tax and allocation.	Tesla and SpaceX finance teams overlap. Clarify CFO designation, principal financial/accounting officer status, signing authority, reporting systems, debt covenants and retention/severance.
CTO / engineering leaders	Access to shared chips, compute, robotics, energy storage, manufacturing and satellite connectivity.	Priority conflicts, export controls, classified programs and IP segregation may limit integration. Define domain ownership and incentive metrics.
Legal / policy / government affairs	Expanded strategic importance given antitrust, national-security and government	Higher personal certification, disclosure, investigations and conflict-management

Executive profile	Potential upside	Potential downside / negotiation issue
	contracting issues.	burden.
HR / people leaders	Opportunity to harmonize equity, talent markets and leadership architecture.	Culture integration, duplicate roles and compensation harmonization can drive attrition; retention pool design has tax and fairness consequences.

8.3 Employment agreements and restrictive covenants

- Review definitions of “change in control,” “good reason,” “cause,” “successor,” “affiliate,” “competition” and “confidential information.” A merger can trigger rights even if employment continues.
- Confirm whether equity acceleration is single-trigger or double-trigger and whether the transaction is a “change in control” under each plan—tax definitions, contract definitions and accounting definitions may not match.
- Ensure successor-assumption clauses bind NewCo. If role changes materially, negotiate amendments before closing while avoiding unnecessary 280G inflation.
- Noncompete and nonsolicit scope can expand unintentionally if “company business” suddenly includes autos, energy, AI, social media, satellites and robotics. Counsel should narrow post-close restrictive covenants to defensible business lines and geographies.

9. Regulatory, National-Security and Government-Contract Risk

Area	Why the deal could draw scrutiny	Possible executive/client consequence
U.S. antitrust / HSR	A $3.5T combination far exceeds the 2026 HSR reporting threshold of $133.9M. Agencies examine horizontal, vertical and ecosystem effects, including access to critical inputs and trends toward integration. [24] [25]	Long closing timeline extends blackout periods; retention awards and role commitments may need long-stop dates; deal break can reprice equity.
Government contracts	SpaceX is subject to FAR and agency-specific rules and performs sensitive government work. [26]	Integration systems, procurement, cost allocation and conflict controls may be ring-fenced; executive responsibilities can remain siloed.
FOCI / facility clearances	SpaceX filings note foreign ownership, control or influence mitigation requirements and CFIUS jurisdiction over certain transactions. [26]	Foreign holdings and Tesla’s global footprint may influence mitigation structures, board/access restrictions and information firewalls.
China / cross-border exposure	Tesla has substantial manufacturing and commercial ties to China while SpaceX serves U.S. national-security customers; Reuters specifically identifies this contrast as a deal complication. [3]	Executives may face enhanced recusal, information-access, travel, data-segregation and security-clearance protocols.
Export controls / classified programs	Space and defense technologies can be subject to ITAR/EAR and classified-access restrictions.	Technology “synergy” may be legally constrained; combined-company integration plans must preserve need-to-know barriers.
Telecom / FCC and international licenses	Starlink and mobile connectivity depend on U.S. and international authorizations. [26]	Change-of-control filings/consents may affect closing conditions and timing, indirectly extending trading restrictions.

10. Personal Balance-Sheet and Investment Implications

- Liquidity may improve because a larger combined company may have deeper trading volume, broader index ownership and more institutional demand. But executive status can make personal liquidity materially lower than public float suggests.
- Concentration may increase rather than decrease. A SpaceX executive receiving NewCo stock would own a single security exposed to launch, satellite broadband, AI infrastructure, automotive, autonomy, energy storage, robotics, regulatory and Musk key-person risks.
- Correlation can change. Tesla and SpaceX historically have different operating drivers; combining them may reduce some business-level diversification but increase exposure to common capital-allocation and governance decisions.
- Dividend expectations are unlikely to be the primary liquidity source if the combined company remains capital-intensive. SpaceX recently guided to very large near-term capital spending, while Tesla also funds substantial manufacturing and AI investment. [3]
- Use staged diversification rules tied to windows, tax lots and minimum-retention policy. Avoid a binary “hold vs. sell” framework.
- Debt secured by stock should be stress tested at 30%, 50% and 70% drawdowns, including lender concentration limits and blackout periods during which selling collateral may be impossible.

11. Scenario Matrix for InVestra Client Conversations

Scenario	Illustrative transaction feature	Client wealth effect	Tax / comp effect	Recommended posture
1. SpaceX-favorable all-stock	SpaceX receives >57% of NewCo economic value; Class B replicated.	Positive relative transfer; governance largely preserved.	Potential tax deferral on shares; awards mostly substituted.	Focus on diversification, 280G and NewCo governance details.
2. Market-value all-stock	~57/43 split; no premium; Class B replicated.	Mostly value-neutral at signing, then driven by market reaction/synergies.	Shareholder tax may be deferred; comp mechanics still matter.	Do not overreact to headline value; model each award and tax lot.
3. Tesla-favorable ratio	SpaceX receives <57% despite current reference values.	Economic dilution for SpaceX holders.	Tax may still defer, but lost value is not a tax benefit.	Scrutinize fairness opinion, reference dates and premiums.
4. Class B governance haircut	Economic ratio fair, but Class B converts to one-vote stock.	Economic value preserved; influence reduced.	Limited direct tax difference but material governance impact.	Treat voting rights as a negotiated term; review estate-control plan.
5. Cash-heavy / option cash-out	Meaningful cash or cash-out of awards.	Immediate liquidity and diversification.	Current capital gain and/or ordinary income; 280G risk rises.	Reserve cash for tax; coordinate charitable and estimated-payment planning.
6. Long regulatory delay	Signed deal remains pending 12–24+ months.	Higher event risk and price volatility; opportunity cost.	Blackout/retention complexity; new awards may enter 280G window.	Build liquidity runway independent of closing; avoid transaction-dependent spending.
7. Deal breaks	No closing after public process.	SPCX/TSLA may reprice; standalone strategies continue.	Retention/severance treatment depends on terms; some planning may become unnecessary.	Ensure plans are robust to no-deal outcome; avoid irreversible tax moves based solely on closing.

12. Role-Specific Issues for Publicly Identified SpaceX Executive Officers

Elon Musk — CEO / CTO / Chair

- Control is the defining issue. SpaceX's pre-merger super-voting structure gives Musk far greater voting control than his Tesla economic stake. Depending on exchange ratio and NewCo class structure, a merger could increase, preserve or reduce effective control. [4]
- Conflict process is central because Musk leads both companies and has significant ownership in each. His recusal from special-committee negotiations reduces but does not eliminate litigation, disclosure and fairness concerns. [1] [2][3]
- Tesla compensation change-in-control provisions require separate counsel analysis; public commentary has highlighted the possibility that a qualifying transaction could interact with performance award terms. This should be treated as a document-specific legal issue, not assumed outcome. [27]

Gwynne Shotwell — President / COO / Director

- Her disclosed beneficial ownership includes both Class A and Class B shares, making preservation or conversion of Class B rights a personal planning issue in addition to exchange-ratio value. [8]
- As the operating leader and customer/government-relationship executive, her role could become more strategically important in a combined enterprise; it also creates integration and national-security boundary responsibilities.
- Any acceleration or retention package should be evaluated for 280G exposure, reasonable-compensation support, new service conditions, and succession/governance terms.
- Existing estate structures holding Class B stock should be checked against permitted-transfer and automatic-conversion provisions before any pre-close transfer.

Bret Johnsen — CFO

- His disclosed beneficial ownership is concentrated in Class A, so exchange-ratio value, option mechanics, liquidity windows and tax basis may be more important than Class B voting preservation. [8]
- A combined-company finance leadership structure can create both promotion and redundancy risk. Employment terms should specifically address principal financial officer designation, reporting line, role diminution and successor assumption.
- As CFO, he will likely face unusually heavy transaction-related disclosure, valuation, fairness, financing, tax and integration responsibilities, which can delay personal trading and complicate 10b5-1 plan timing.

13. Recommended 30/60/90-Day InVestra Client Action Plan

Timing	Client action	Why now
Now–30 days	Inventory every security: class, shares, grant date, basis, exercise price, vesting, expiry, 83(b), plan/award agreement, trust/entity owner and pledge status.	Merger treatment cannot be modeled from brokerage market value alone.
Now–30 days	Create a restricted-information protocol for household, family office, trustees, attorneys, advisers and lenders.	Deal MNPI can spread unintentionally through estate and liquidity planning.
Now–30 days	Reconstruct tax lots and historical option exercise documentation; locate 83(b) elections.	Merger conversion can make later reconstruction much harder.
Now–30 days	Review 10b5-1 plan status, trading windows, planned gifts and pledges with securities	Public deal process may limit ability to adopt/modify plans.

Timing	Client action	Why now
	counsel.	
30–60 days	Run merger models across at least five exchange ratios and three Class B governance outcomes.	Separates economic value from voting-control value.
30–60 days	Commission preliminary 280G calculations for executives with change-in-control, acceleration or retention rights.	Avoids late discovery of 20% excise-tax exposure.
30–60 days	Stress test personal liquidity without transaction closing for 24 months.	Regulatory or litigation delay is plausible.
30–60 days	Review estate plan, trust situs, trustees, powers, transfer restrictions and charitable objectives.	Pre-close planning must account for MNPI and merger-probability valuation.
60–90 days / term sheet	Review deal term sheet or proxy at instrument level: exchange ratio, award treatment, Class B, lock-up, withholding, fractional shares, governance, severance, retention and role.	This is where client-specific economics become determinable.
Pre-close	Build closing-day tax reserve and post-close diversification schedule; pre-clear sales/gifts where possible.	Closing can create taxable compensation even in a tax-deferred stock merger.
Post-close 0–180 days	Reconcile converted shares and basis, Section 16 filings, new insider status, new trading policy, insurance, estate documents and concentration limits.	Operational errors are common after large security conversions.

14. Questions Every SpaceX Executive Should Have Answered Before Voting or Signing a New Agreement

1. What exactly happens to each class of my SpaceX stock and each individual award at signing, at shareholder approval, at closing and if the deal terminates?
2. What is the exchange ratio, how was it determined, what valuation dates are used, and is there a collar or adjustment mechanism?
3. Does my Class B stock preserve 10:1 voting power and board-election rights? If not, what is the negotiated rationale and economic consideration?
4. Will any transfer into NewCo stock trigger an automatic Class B conversion under the existing charter, and how does the merger agreement address that?
5. Does the transaction qualify as a tax-deferred reorganization for my shares? Which items create current income or gain?
6. How are my options treated—assumed, substituted, cashed out, accelerated, canceled or repriced—and what happens to ISO/NSO status?
7. Will RSUs and performance awards continue, accelerate, convert to time-based awards, or use new performance metrics?
8. Does closing or a post-close role change trigger severance, “good reason,” retirement, acceleration or other benefits?
9. What is my preliminary 280G number, and which payments drive it? Is there a cutback, best-net or gross-up provision?
10. What trading blackout applies now and after signing? Can I adopt or modify a 10b5-1 plan, and when could trading begin?

11. What Section 16 filings will award conversion itself require? How are family trusts and controlled entities handled?
12. What role, title, reporting line, authority and board access will I have post-close? What happens if those change within 12–24 months?
13. What successor entity assumes my indemnification, D&O coverage, advancement rights and employment obligations?
14. How will the combined company treat pledging, hedging, ownership requirements and minimum stock-retention policies?
15. What government-security, FOCI, export-control or data-access restrictions will apply to my combined-company responsibilities?
16. What happens if the merger is announced but fails to close? Which retention or severance payments survive termination?

15. Proposed InVestra Advisory Workstream

Workstream	Deliverable	External coordination
Personal merger balance sheet	Pre-/post-deal map of every equity instrument, tax basis, voting right, vesting condition, liquidity restriction and ownership entity.	Corporate/securities counsel, compensation counsel, CPA.
Exchange-ratio dashboard	Client-specific wealth impact at multiple SpaceX/Tesla valuation ratios, premiums and collars.	Investment banker fairness materials when public.
Tax & 280G model	Capital gain, wage income, NIIT, state sourcing, withholding, estimated-tax and 280G sensitivity.	Tax counsel / CPA / compensation consultant.
Liquidity & diversification policy	Rule-based selling program by tax lot and trading window with minimum retained exposure and downside stress tests.	Securities counsel; broker/custodian.
Estate & trust conversion map	Identify which trusts/entities hold which classes, whether merger transfer changes voting status, and post-close amendment needs.	Estate counsel; valuation firm; trustees.
Executive contract review	Economic summary of change-in-control, good-reason, severance, retention, restrictive covenant and indemnification provisions.	Employment and corporate counsel.
Closing reconciliation	Validate converted shares, option strikes, vesting, basis, withholding, Form 4s, trust registrations and custodian positions.	Company stock-plan admin; counsel; CPA; custodian.

16. Risk Heatmap

Risk	Likelihood at this stage	Potential client impact	Priority
Exchange ratio / valuation dispute	High	Very high for concentrated holders	Critical
Class B governance dilution	Medium–High	High for Class B holders	Critical
280G / change-in-control tax	Medium	High for covered executives	Critical
Extended blackout / delayed	High	Medium–High	High

Risk	Likelihood at this stage	Potential client impact	Priority
liquidity			
Regulatory delay or conditions	High	High	High
Deal termination	Medium	High due to repricing and planning reversal	High
Role duplication / employment change	Medium–High	High	High
Basis / conversion administration error	Medium	Medium–High	High
Estate-plan mismatch with new security	Medium	Medium	Medium–High
Cyber/data/information segregation burdens	Medium–High	Medium	Medium
Immediate shareholder-level tax in all-stock deal	Low–Medium if structured as reorganization	High if qualification fails or cash is material	High

17. Bottom Line for InVestra Clients

A SpaceX–Tesla combination could be economically attractive and still create adverse personal outcomes for an executive who does not plan instrument by instrument. The largest client-level risks are (1) an unfavorable relative valuation or collar, (2) loss or dilution of Class B governance rights, (3) accelerated taxable compensation and Section 280G exposure, (4) prolonged insider-trading restrictions, (5) role or contract changes, and (6) a post-merger concentration problem that looks more liquid but is not more diversified.

InVestra should position itself as the client's integration layer. Corporate counsel will negotiate the transaction, tax counsel will opine on technical tax treatment, and the company will administer awards. InVestra's differentiated role is to translate those corporate decisions into a complete personal balance-sheet plan—with tax reserves, diversification rules, trust mapping, liquidity runway and decision checkpoints before and after closing.

Appendix A — Key Public Data Points Used in This Report

Data point	Public reference / status
Merger exploration	Independent special committees at both SpaceX and Tesla; no final terms announced. [1][2][3]
Potential structures	Reported early-stage consideration includes SpaceX acquisition of Tesla and NewCo holding company; all-stock consideration among structures. [2]
Indicative market values	Approximately $2T SpaceX and $1.5T Tesla around announcement; combined ~ $3.5T before synergies/premium. [1][2]
SPCX reference price	October 22, 2026 close: $144.75. [9]
SpaceX share classes	Class A: one vote; Class B: 10 votes plus special board-election rights. [4]

Data point	Public reference / status
SpaceX named executive officers	Elon Musk; Gwynne Shotwell; Bret Johnsen. [5]
Public beneficial ownership	Shotwell: 5,759,610 A + 7,113,550 B; Johnsen: 9,048,565 A in offering materials. [8]
2026 HSR threshold	$133.9M size-of-transaction threshold, effective February 17, 2026. [24]
2026 federal estate/gift exclusion	$15,000,000 basic exclusion; $19,000 annual exclusion per donee. [17][18]

Appendix B — Selected Sources

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Important Disclosures

For discussion purposes only. This report is intended to support conversations between InVestra and sophisticated executive clients. It is not an offer, recommendation, fairness opinion, legal opinion, tax opinion, valuation opinion or prediction that a transaction will occur. Public information can change rapidly. Individual results depend on security terms, tax basis, residency, award agreements, employment contracts, trust/entity ownership, securities-law status and final merger documents. InVestra should coordinate all transaction-specific conclusions with the client's legal and tax advisers.