

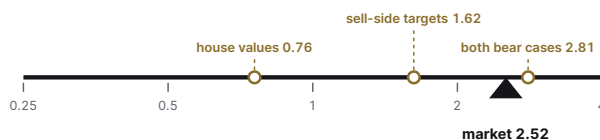
THEMATIC · CORPORATE STRUCTURE · TSLA · SPCX · 23 OCTOBER 2026

Tesla and SpaceX (TSLA, SPCX) — Who Benefits Most from a Merger?

Both companies now have special committees studying a combination, and neither has agreed to any terms. On the two companies' own figures, an all-stock merger creates between $-\$4.4B$ and $\$6.6B$ of value we can count, against $\$3.47$ trillion of combined market value. What it does is move value between holders, and the exchange ratio decides which way. At a ratio set by today's prices, Tesla's holders receive more than they give on our values, on the sell side's targets and in five of nine scenario pairs. SpaceX's public holders give it. If SpaceX is the acquirer, the chief executive gains control of Tesla's business; under his 2025 Tesla award as written, a deal below $\$505.98$ a Tesla share would forfeit all 423.7 million of his unearned award shares.

TON618 CAPITAL RESEARCH · AS OF 23 OCTOBER 2026

The ratio the market sets, and where each view breaks even (SPCX shares per TSLA share)



An all-stock combination makes almost nothing you can count.

It moves a great deal between holders, and the exchange ratio decides which way. At the market ratio, value flows to Tesla's holders on our values and the sell side's; prices alone move nothing.

THE PARTIES · THE RATIO · THE COMPANY · THE CONTROL · THE PROCESS · THE ARGUMENTS

A Tesla-SpaceX merger is usually argued as a question of whether rockets and cars belong together. Contracts already settle most of that: SpaceX buys Tesla's batteries and plans chips with it, and Tesla owns a sliver of SpaceX. The question a combination actually answers has a number attached: at what ratio Tesla's shares become SpaceX's, who then owns how much, and who decides. This note prices that ratio on three bases, builds the combined accounts from both third-quarter filings, reads what the companies' own documents say a combination triggers, and sorts the public arguments by the party each serves. It does not say whether the deal should happen.

THE QUESTIONS

What this note answers

1. Who are the parties, and what does each give and get in cash, control, cost of capital, risk and legal position?
2. What does the exchange ratio transfer, and to whom: at market prices, on our fair values, and on each side's own case for its stock?
3. What would the combined company look like: its earnings, its cash, the capital spending it must fund and the returns it earns?
4. Who would control it, and what do the companies' charters and Tesla's 2025 pay award say a combination triggers?

5. What stands between a committee and a closing: the vote, the law and the regulators?
6. What is the public arguing, and which party does each argument serve?
7. If a deal happens, what does each position earn on market prices: a Tesla holder who wants out, a buyer who wants SpaceX through Tesla, and the other positions a deal pays?
8. What would re-rank the answer?

2.52

SPACEX SHARES PER TESLA SHARE AT MARKET PRICES, AGAINST A BREAK-EVEN OF 0.76 ON OUR FAIR VALUES AND 1.62 ON THE SELL SIDE'S MEAN TARGETS

The combination makes the most sense for Tesla's public holders, and the least for SpaceX's. The ranking is by who gets the better of the exchange on value; what each position would actually be paid, on market prices, is in §8. At a ratio set by today's prices, Tesla's holders other than the chief executive receive \$357B more than they give on our fair values, and they gain on the sell side's targets and in five of nine pairings of our scenarios. What they give up is a vote: from about four-fifths of the votes that decide at Tesla to 10% of a company with a ten-vote class. SpaceX's holders other than the chief executive give \$276B on our values and pay any premium; they get Tesla's cash, about 3 months of SpaceX's guided spending. For Elon Musk a deal with SpaceX as the acquirer raises his say over Tesla's business from 17.7% to about 77% of the votes; his economics are flat at market and negative at any premium. Under his 2025 Tesla award as written, a change in control below a \$505.98 deal price forfeits all 423.7 million unearned award shares. The combination itself is worth -\$4.4B to \$6.6B. The Fund holds no position.

\$357B

to Tesla's holders other than Musk on our values at the market ratio (\$373B on sell-side targets)

\$0

moved at the market ratio on market prices; SpaceX's holders gain in four of our nine scenario pairings, including every one with SpaceX in its bear case

77%

Musk's share of the votes after, with SpaceX as the acquirer, from 17.7% of Tesla's today

\$505.98

the Tesla deal price below which a change in control forfeits all 423.7 million of Musk's unearned award shares

Terms used throughout, defined once. **Exchange ratio:** the number of SpaceX shares issued for each Tesla share; at market it is Tesla's price divided by SpaceX's. **Premium:** how far the ratio is set above the market ratio, paid to the holders being acquired. **Break-even ratio:** the ratio at which a holder base receives exactly what it gives; on any set of values it is the value of a Tesla share divided by the value of a SpaceX share. **Value transfer:** value received less value given, summed over a holder base. **Fair value:** the probability-weighted value per share in our latest notes on each company: SpaceX \$123.95 (bear \$9.91, base \$66.78, bull \$352.32 at 25/50/25) and Tesla \$93.88 (bear \$28.47, base \$56.28, bull \$240.03 at 30/45/25). **Special committee:** a committee of directors without a personal interest in a transaction, formed to negotiate it. **Change in control:** the event in Tesla's 2025 pay award, defined as the holders of another company, as a group, ending with more than half the votes. **Class B:** SpaceX's ten-vote shares, which only Musk and his permitted transferees may hold. **Free cash flow:** operating cash flow less capital spending. **ROIC:** after-tax operating profit over invested capital, trailing twelve months, compared with each company's hurdle rate.

THE OTHER SIDE, FIRST

The case for a combination, in the strongest terms of SpaceX's own holders

The note ranks SpaceX's public holders last, so their case comes first, at full strength. It runs as follows.

1. **At market prices nobody is robbed.** A ratio set from the two closing prices transfers nothing on the market's own valuation. A transfer appears only when someone substitutes a model for the price. Our fair values and the sell side's targets both say SpaceX is the cheaper stock of the two, and both have been wrong before. The honest ratio is the one buyers and sellers set every day.
2. **SpaceX needs the cash, and Tesla has it.** SpaceX guided fourth-quarter capital spending to \$35–40 billion, and our base case for it burns \$84B in 2027. Tesla holds \$35.9B of net cash, \$30B of committed bank lines and about \$18.7B a year of operating cash flow. Without Tesla, SpaceX funds the gap with debt (its sale-leasebacks cost an implied 10.7%), with a reported but unconfirmed chip financing of about \$40 billion, or with new shares sold below the value its holders put on them.

3. **Risk falls.** SpaceX's shares have moved 71% a year over the last three months, Tesla's 50% (a figure that includes its fall after July's results; from the next day it is 39%), with a correlation of 0.30. A combined share would have moved about 51%.
4. **The pieces fit better under one owner.** SpaceX already buys Megapack batteries from Tesla (\$626 million in nine months), the two plan a chip fab together (Terafab) with no agreed cost split, and Tesla's fleet data, factories and robots are inputs to SpaceX's compute and space plans. Common ownership ends the negotiation of every one of those prices.
5. **The related-party web disappears.** A director sits on both boards; Tesla owns 19 million SpaceX shares; the two companies sell to each other; each quarter Tesla books a mark on its SpaceX stake. A combination closes all of it. On Tesla's 2025 award as written, a change in control at market would also forfeit the chief executive's 423.7 million unearned Tesla award shares, a claim worth \$16.2B at today's price that would spread across the combined company.

Of these claims this note tests the first with three bases and nine scenario pairs, sizes the second against SpaceX's guided spending and the third against what a holder could do alone, prices the fourth as a synergy, and reads the fifth in the award's own words. On the sell side's own Tesla target and SpaceX at its price, the market ratio is a purchase for SpaceX's holders, not a sale; this note runs that row (Exhibit 1). It cannot test whether one management can run both companies better than two, and it does not try.

§1 · THE PARTIES

The parties, and how they reached a committee

Tesla has bought a Musk company once before. In 2016 it acquired SolarCity, the solar installer founded by Musk's cousins, which he chaired and of which he was the largest holder. Tesla's board formed no special committee; the deal needed a majority of the votes cast by disinterested holders and won 85.1% of them. Holders sued. The Delaware courts applied entire fairness, their strictest standard, assumed without deciding that Musk controlled Tesla at about 22%, and found the deal fair; the final appeal ended on 6 June 2023, seven years after the agreement.

The present round began with xAI. In an advisory vote in November 2025, more of Tesla's votes were cast for investing in xAI than against, but abstentions count as votes against under Tesla's bylaws and the proposal failed. Two months later Tesla agreed to invest about \$2 billion in xAI on the terms other investors received. On 2 February SpaceX acquired xAI as a combination of entities under Musk's common control, with no special committee or minority vote in the agreement, and Tesla's right became 19 million SpaceX shares.

On SpaceX's third-quarter call on 20 October, Musk said both companies had formed special committees "at the request of shareholders" and that, as a conflicted party, he could not take part. Both third-quarter quarterly reports, filed on 22 October, now put the committees in writing, with different mandates. Tesla's committee of disinterested directors is to "explore deepening Tesla's relationship with SpaceX, which could be through certain arrangements including without limitation a business combination". SpaceX's is to "evaluate a potential combination", and any deal also needs the approval of its "controlling shareholder". Neither has named its members or advisers. At most six of Tesla's nine directors could sit on its committee: Musk is the counterparty, his brother Kimbal is not independent by the board's own determination, and Ira Ehrenpreis has sat on SpaceX's board since February. Tesla declined questions on the subject on its own call the next day. There is no definitive agreement, and no merger proxy has been filed.

The parties, and what a combination changes for each:

PARTY	WHAT IT HOLDS OR IS OWED	WHAT A COMBINATION CHANGES
Tesla's public holders	2.83 billion shares (Musk holds 17.7% of all shares, 19.8% excluding the 423.7 million unearned award shares, which vote pro rata)	Value: gain at the market ratio on most bases, not all (§2). Control: from about four-fifths of the votes that decide (the basis on which Musk holds 19.8%) to 10% of the combined votes. Cash: \$35.9B of net cash joins SpaceX's build
SpaceX's float and locked-up holders	7.49 billion shares outside Musk and Tesla; float 4.5 billion after 26 October	Value: give on our values and the sell side's targets; pay any premium. Gain Tesla's cash and lower volatility
Elon Musk	17.7% of Tesla; 44.7% of SpaceX's economics, 86.1% of its votes	With SpaceX as the acquirer, votes over Tesla's business rise to about 77%; economics flat at market, negative at any premium; the 2025 Tesla award forfeits in a change in control below \$505.98 (§4)
Tesla's committee	Mandate to explore, recommend	Must defend a ratio to holders who gain on most bases but lose most of their vote
SpaceX's committee	Mandate to evaluate, approve, alongside the controlling shareholder	Must defend issuing 10.0 billion new shares, 73% of SpaceX's count, at a ratio 3.3 times our break-even
SpaceX's lenders	\$38.8B of debt and finance leases, including \$12.9B of sale-leasebacks with Valor, a fund run by a SpaceX director	A cushion of \$35.9B of net cash and Tesla's operating cash flow
Tesla's lenders	\$9.5B of debt, almost all non-recourse; \$30B of undrawn lines, most of which step down within 18 months	Lend to a group whose 2027 base case burns \$80B, but their agreements carve a Musk-controlled combination out of the change-of-control default while Tesla stays investment grade (§4)
Cross-holders	Alphabet 551 million SPCX shares (\$81.3B); Nvidia 123 million (\$18.1B)	Give as SpaceX holders on our values; both also sell to or buy from SpaceX's compute business
Funds holding both	In proportion to market value	Indifferent: every transfer is between their own two holdings
Compute customers	One customer was 34.5% of SpaceX's third-quarter revenue	A supplier with more cash, tied more closely to a rival in AI models
The US government	SpaceX flew 11 of 12 national-security launches in 2025 and holds facility security clearances	A cleared contractor's parent would own Tesla's China business (17.9% of nine-month revenue)

§2 · THE RATIO

What the ratio moves

At the 23 October closes (\$372.22 and \$147.49), an all-stock deal at market would issue 2.52 SpaceX shares for each Tesla share: 10.0 billion new shares, 73% of SpaceX's count, leaving Tesla's holders with 42% of the combined company. A 15% premium takes them to 46%; 30% to 49%. Reversing the direction, with Tesla issuing 0.396 of its shares for each SpaceX share, gives the same economics at market; the direction changes the votes, not the split (§4). Tesla's holders would hold a majority of the shares only above a ratio of 3.43, a premium of 36%; with SpaceX's ten-vote class surviving, a majority of the votes is out of reach at any ratio a committee would entertain. These figures count Musk's 423.7 million unearned award shares as exchanged; if they are forfeited in a change in control (§4), a deal at market issues 8.9 billion shares, 66% of SpaceX's count, and Tesla's holders own 40%.

A ratio set from prices transfers nothing on prices. The transfer appears when a holder values the two stocks differently from the market, and the size of it is the gap between the market ratio and that holder's break-even ratio. Exhibit 1 sets out ten.

EXHIBIT 1 — THE MARKET RATIO AGAINST TEN BREAK-EVEN RATIOS

Break-even exchange ratio on each basis (SPCX shares per TSLA share, log scale) against the ratio a deal at market sets



How to read it. Each row is one way of valuing the two stocks. The triangle marks that row's break-even exchange ratio, in SpaceX shares per Tesla share, on a logarithmic scale; the solid vertical line is the 2.52 ratio a deal at market would set, and the dashed lines the ratios at 15% and 30% premiums. The right-hand columns print each break-even and what Tesla's holders would gain or give at the market ratio on that row's values. Compare each triangle with the solid line: the one thing it shows is that the market ratio sits above the break-even, so value flows to Tesla's holders, on every row except the market row, which moves nothing, both bear cases, and the two rows that value Tesla at or above its price against SpaceX at or below its own.

On our fair values the break-even is 0.76: the market ratio pays Tesla's holders 3.3 times what they give, a transfer of \$499B from SpaceX's holders to Tesla's. That is the obvious headline, and it is also the claim that flatters our own published views, since both our notes put each stock below its price. So we test it hardest.

The asymmetry is ours in size, not in direction. Tesla trades at 4.0 times our fair value and SpaceX at 1.19 times. For the market ratio to be fair on our methods, we would have to be under-valuing Tesla 3.3 times as much as we under-value SpaceX. The sell side's mean targets give an independent read: \$412.79 for Tesla, 11% above its price, and \$254.23 for SpaceX, 72% above. Their break-even is 1.62, and on their numbers Tesla's holders gain 32% at the market ratio. The direction does not depend on our models; the size does.

It depends mostly on SpaceX. Exhibit 2 pairs every one of our scenarios for each company. At the market ratio Tesla's holders gain in five of the nine pairings, and the pattern is set by the SpaceX column: they gain in every Tesla scenario if SpaceX lands in its bull case, lose in every one if it lands in its bear case. SpaceX's scenarios span 36 times from bear to bull; Tesla's span 8 times. A Tesla holder who accepts the market ratio is, above all, buying SpaceX's distribution of outcomes.

EXHIBIT 2 — TESLA'S HOLDERS AT THE MARKET RATIO, IN EACH PAIRING OF OUR SCENARIOS

What Tesla's holders gain or give at the market ratio, if each company lands in one of its house scenarios

		SpaceX scenario (house, per share)			Gain in 5 of 9 states 62% if the two were independent SpaceX range 36× bear to bull Tesla range 8× market ratio 2.52
		bear · \$9.91	base · \$66.78	bull · \$352.32	
Tesla scenario	bear · \$28.47	-6% break-even 2.81	+288% break-even 0.42	+1683% break-even 0.08	
	base · \$56.28	-32% break-even 5.61	+116% break-even 0.84	+837% break-even 0.16	
	bull · \$240.03	-52% break-even 24.16	-17% break-even 3.59	+155% break-even 0.68	

How to read it. Rows are our three Tesla scenarios and columns our three SpaceX scenarios, each labeled with its value per share. Each cell prints the percentage Tesla's holders would gain (gold) or give (gray) at the 2.52 market ratio if both companies landed in that pairing, and the break-even ratio for the pairing. Read down a column, then across a row: the one thing it shows is that the SpaceX column decides the sign, with gains in every cell under SpaceX's base and bull cases except one, and losses in every cell under its bear case.

Each side's own case. A SpaceX holder who believes our SpaceX bull case (\$352.32) and takes Tesla at its price has a break-even of 1.06 and gives 25% of their stake at the market ratio. A Tesla holder who takes Tesla's price as the floor and our SpaceX fair value has a break-even of 3.00 and needs a 19% premium to be whole. No ratio between 1.06 and 3.00 satisfies both; one of them has to give up their case. The mirror runs the other way too. On the sell side's Tesla target (\$412.79) against SpaceX's close the break-even is 2.80, above the market ratio, so SpaceX's holders would gain 5%: a SpaceX holder who gives Tesla's own case more credit than its price is a holder for whom the market ratio is a purchase rather than a sale. (Our Tesla bull case, \$240.03, sits below Tesla's price, so it cannot stand in for a Tesla holder's case.)

The premium. A premium moves about \$80B from SpaceX's holders to Tesla's per 10 points up to 15%, and \$71B per 10 points from 15% to 30% (Tesla's holders pay part of their own premium through their stake in the combined company). At 30% the transfer is \$226B on market prices, \$57.08 per Tesla share and \$16.64 per SpaceX share.

§ 3 · THE COMPANY

The combined company

Built from both third-quarter quarterly reports, with each company's own adjusted measure beside the accounting figure, the combined company looks like this:

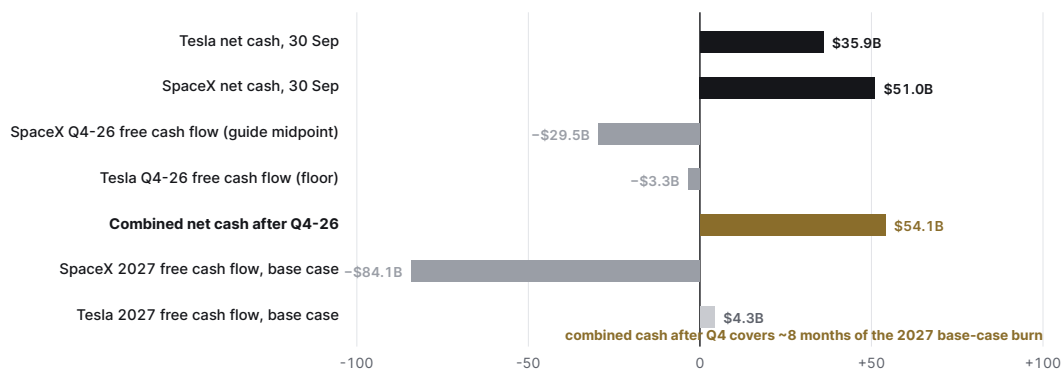
\$ MILLIONS	Q3-26	NINE MONTHS 2026	TRAILING TWELVE MONTHS
Tesla revenue	28,046	78,669	103,570
SpaceX revenue	14,575	27,083	32,043
Less sales between them	-221	-626	-626
Combined revenue	42,400	105,126	134,987
Tesla operating income	718	2,057	3,466
SpaceX operating income	2,791	705	-668
Combined operating income	3,459	2,614	2,650
Combined adjusted EBITDA (each company's measure)	12,659	24,167	29,792
Combined net income, without Tesla's SpaceX mark	5,260	1,193	-314
Combined operating cash flow	15,894	27,994	34,472
Combined capital spending	24,325	61,083	70,367
Combined free cash flow	-8,431	-33,089	-35,895

The sales between them are almost all Megapacks: Tesla booked \$626 million of revenue from SpaceX in nine months at a gross margin of about 24%, and SpaceX capitalized \$480 million of them as equipment; the \$146 million difference is not explained in either filing, so the elimination uses Tesla's figures. Tesla's mark on its SpaceX stake (a \$142 million loss in the third quarter, a \$863 million gain over nine months) disappears with the stake. Everything else the two sell each other is, in both filings' word, immaterial. The Terafab cost split has no agreed terms, so there is nothing yet to eliminate.

Whose cash funds whose build. At 30 September Tesla held \$35.9B of net cash and SpaceX \$51.0B. SpaceX's fourth-quarter capital-spending guide of \$35-40 billion means Tesla's entire net cash covers about 3 months of SpaceX's spending. After the fourth quarter, on SpaceX's guide and Tesla's own, the pair would hold about \$54B. Against that, the 2027 base cases in our two models burn \$80B between them (SpaceX burns \$84B; Tesla's base case generates \$4.4B), so the combined cash lasts about 8 months of 2027. Tesla's \$30B of bank lines does not change the picture much: \$20B of it is a delayed-draw term loan whose undrawn amount steps down to \$10 billion at twelve months and to zero at eighteen. The combination answers SpaceX's funding question for about a quarter.

EXHIBIT 3 — CASH ON HAND AGAINST THE BUILD

Cash on hand against the build, \$B: net cash at 30 September, the guided fourth quarter, and each parent's 2027 base case



How to read it. Horizontal bars in billions of dollars around a zero line. The black bars are each company's net cash at 30 September; the gray bars are the guided fourth quarter's free cash flow and each company's 2027 base-case free cash flow from our two models; the gold bar is the pair's net cash after the fourth quarter. Compare the gold bar with SpaceX's 2027 bar: the one thing it shows is that the two companies' combined cash after this quarter covers well under a year of SpaceX's base-case 2027 spending.

The accounting. SpaceX accounted for xAI as a combination under common control because Musk had "a controlling financial interest" in each "through his majority voting interest in each such entity". He does not hold a majority of Tesla's votes, so on our reading that route is closed: one company would buy the other and mark its assets to fair value.

SpaceX's holders keep 57.6% of the economics in either direction, and most of the votes, so on our reading SpaceX would be the acquirer for accounting purposes. Tesla's book equity, net of its SpaceX stake, is \$87.0 billion; the price SpaceX would pay at market is \$1.47 trillion. The \$1.38 trillion difference becomes goodwill and intangible assets. If a fifth of it were amortized over ten years, the charge would be \$21.9 billion a year after tax, against combined trailing net income of −\$0.3 billion: reported earnings would stay negative for a decade on purchase accounting alone.

What the combination is worth, and what it creates. No new model is built here: the combined value is the sum of the two parents' values plus the items a combination adds. On our fair values the combined company is worth \$87.16 a share at the market ratio, against a market value of \$147.49; on our bull cases \$243.48, on our bear cases \$10.37. Both parents' growth stages, terminal growth and hurdle rates carry over unchanged (SpaceX: 10% cost of capital, terminal growth 3–4%, staged legs of two to four years; Tesla: segment rates of 10.1–13.7%, stages ending where installed capacity binds). One change from the parents: Tesla's model carries its SpaceX stake at book value (\$2.87B); here it is re-marked at 19 million shares times SpaceX's value on each basis, which moves Tesla's fair value by −\$0.13 a share on our values. Both parent models predate our 23 October rule that terminal growth be set from dated long-run GDP projections. On the parents' own sensitivities, half a point less terminal growth for SpaceX (\$116.42) and 2.5% for Tesla (\$91.03) take the combined value to \$82.34 a share and the break-even on our values to 0.78, from 0.76; the ranking does not change. The items a combination adds are set out with their ranges below.

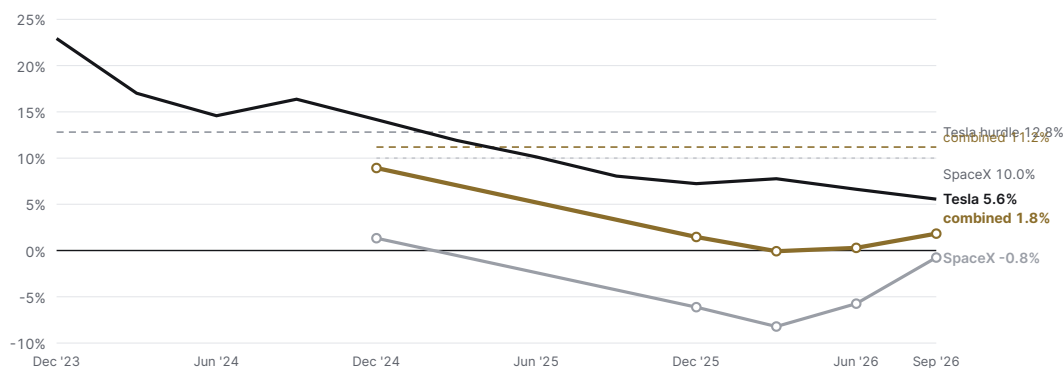
LEVER	LOW	BASE	HIGH	WHY
Funding: Tesla's cash replaces SpaceX's borrowing	\$0.0B	\$0.6B	\$7.3B	Base: \$15 billion displaces SpaceX's 6.07% notes for three years against Tesla's 3.9% yield on cash. High: all of Tesla's net cash displaces debt priced like the sale-leasebacks for five years. Low: Tesla's own spending absorbs its cash
Tax: SpaceX's \$9.7B of federal losses used sooner	\$0.0B	\$0.4B	\$0.8B	Timing only: SpaceX turned profitable before tax in the third quarter and, on our reading, would use the losses itself; an ownership change can cap them
Prices between them (Terafab, Megapacks)	\$0	\$0	\$0	A transfer price decides who bears a cost, not its size
Commercial: Grok, Starlink, batteries, compute	\$0	\$0	\$0	Available by contract today; the largest is already running
Deal costs	−\$4.4B	−\$2.9B	−\$1.5B	0.1–0.3% of Tesla's market value
Total	−\$4.4B	−\$2.0B	\$6.6B	−\$0.19 to \$0.28 per combined share

Even the high case is 2.9% of what a 30% premium moves between holders.

Returns. Neither business earns its hurdle on trailing figures. Tesla's trailing return on invested capital fell from 22.9% to 5.6% over twelve quarters, against its 12.81% hurdle. SpaceX's is negative at −0.8% but has risen 5.4 points since December as compute revenue arrived. Combined, on a hurdle of 11.2% weighted by market value, the pair earns 1.8%, flat over the three quarters SpaceX has published, so a combination averages one shortfall that is shrinking with one that is widening.

EXHIBIT 4 — RETURN ON INVESTED CAPITAL AGAINST EACH HURDLE

Return on invested capital, trailing twelve months, against each hurdle: Tesla, SpaceX and the two combined



How to read it. Trailing-twelve-month after-tax operating profit over average invested capital (equity plus debt, less cash), by quarter. Black is Tesla over twelve quarters; gray is SpaceX over the quarters its filings allow; gold is the two combined. The dashed lines are the hurdles: Tesla's 12.81%, SpaceX's 10.0% and the combined 11.2%. Compare each solid line with its dashed one: the one thing it shows is that all three sit below their hurdles, with Tesla's gap widening and SpaceX's narrowing.

§ 4 · THE CONTROL

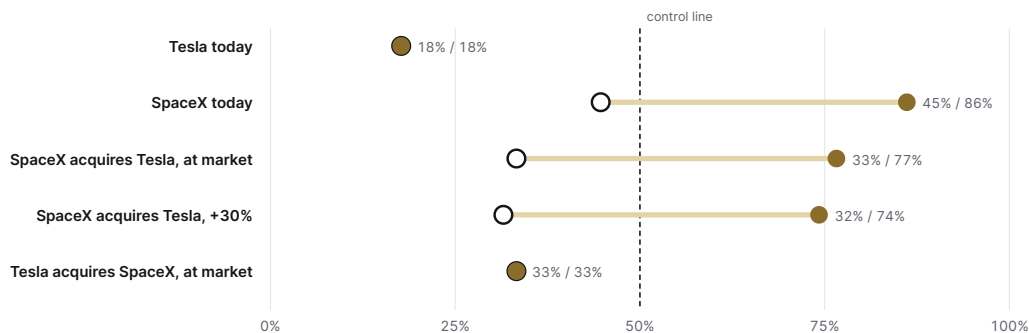
Control, and what the documents say a combination triggers

SpaceX's charter decides more of this than any committee will. Class A shares carry one vote, Class B ten, and only Musk and his permitted transferees may hold Class B. His 5.22 billion Class B shares (including 1.30 billion restricted shares he votes but that remain subject to conditions) and 849 million Class A shares, per his 30 June filing, give him 44.7% of SpaceX's economics and 86.1% of its votes. The charter also requires a separate vote of the Class B holders, about 98% of them his, to approve "any Combination Transaction": a merger of SpaceX itself, a sale of substantially all its assets or a transfer of control. A deal done through a subsidiary might fall outside that definition, but his 86% of the votes decides any vote that is required. In a combination each class must receive equivalent economics, but Class B may receive stock with different voting rights, which is how xAI's high-vote shares became SpaceX Class B in February.

Direction decides the votes. If SpaceX acquires Tesla and Tesla's holders receive Class A, Musk's share of the combined votes is about 77% at market, against 17.7% of Tesla's today and 86.1% of SpaceX's. If Tesla acquires SpaceX, Tesla has one class of stock, so his votes would equal his economics, about 33%, unless Tesla's charter added a high-vote class. Tesla's own board looked at that in 2025: its audit committee found it "not feasible for Tesla to pursue such a structure in a manner contemplated by the Special Committee".

EXHIBIT 5 — MUSK'S SHARE OF THE ECONOMICS AND OF THE VOTES, BEFORE AND AFTER

Elon Musk's share of the economics (hollow) and of the votes (gold), before and after, in each direction



How to read it. One row per company or deal structure. The hollow circle is Musk's share of the economics and the gold dot his share of the votes, on a scale from 0 to 100%; the dashed line marks 50%. Compare the rows for each direction: the one thing it shows is that SpaceX as the acquirer leaves him with three-quarters of the votes on a third of the economics, while Tesla as the acquirer, with one class of stock, leaves votes equal to economics.

Tesla's 2025 award. In November 2025 Tesla's holders approved an award of 423.7 million restricted shares to Musk in twelve tranches, each earned on a market-value milestone (from \$2 trillion to \$8.5 trillion) and an operational one. None has been earned, and each share that vests carries an offset of \$334.09, the grant-date price, which Musk pays. A change in control occurs when holders of another company, as a group, end with more than half the votes of Tesla or its ultimate parent; at the market ratio, in either direction, SpaceX's holders would. Tranches are then earned on market value alone, measured as Tesla's shares outstanding immediately before the change in control times the higher of the last close and the deal price, and "any Unearned Shares that do not become Earned Shares as a result of the change in control will be automatically forfeited." The first tranche needs a deal price of \$505.98 a Tesla share, a premium of 36%, and is worth \$6.1B net of the offset. At market, at 15% and at 30%, no tranche is earned and all 423.7 million shares are forfeited. Net of the offset they are worth \$16.2B at Friday's close and \$63.5B at a 30% premium; Tesla's quarterly report carries \$115.6–130.1 billion of the award's grant-date value as unrecognized expense, \$9.74 billion for the milestone it judges probable and the rest for those it does not.

The forfeited claim spreads across the combined company. Net of the offset, a deal at market costs Musk about \$10.5B on this count and one at a 30% premium about \$42.4B, on top of the premium itself. The same change in control lifts the service condition, otherwise running to January 2028, on the 286.4 million restricted shares from his 2018 award; those are already his and inside his 17.7%. Only Tesla as the acquirer at no more than 0.291 Tesla shares per SpaceX share, a 26% discount to SpaceX's price, avoids a change in control, and then every unearned milestone rises by the purchase price, about \$1.47 trillion at today's prices. The award's terms make the direction, the premium and any replacement of the award matter to Musk personally. SpaceX's own award to him was "equitably adjusted" for the xAI merger; how a Tesla combination would treat it is not in any filing.

The lenders. Tesla's three new credit agreements, signed on 29 September and filed with its quarterly report, contain a carve-out for this case. A transaction that would otherwise be a change of control is not one if the new controlling holder is a "Permitted Holder" (Musk, his family and entities he controls) and Tesla keeps investment-grade ratings from at least two of Moody's, S&P and Fitch from the announcement through the 90th day after it; the test period extends while any agency has Tesla on watch for a downgrade or on a negative or developing outlook. The facilities' change-of-control default therefore turns on Tesla's own rating, not on the lenders' consent.

\$5 · THE PROCESS

From a committee to a closing

The law is Texas, not Delaware. Both companies are Texas corporations; Tesla converted in June 2024. Under Texas's 2025 amendments a listed company's directors are presumed to act in good faith, and a shareholder can overcome that

only by pleading fraud, intentional misconduct, an act beyond the company's powers or a knowing violation of law. A conflicted transaction is protected if approved by disinterested directors or a committee, or by shareholders, who need not be disinterested. A company may ask the business court to confirm its committee's independence in advance; neither has disclosed a petition. Both companies require a holder to own 3% of the shares to sue on the company's behalf, about 119 million Tesla shares, a rule Tesla's holders voted in November 2025 to keep. Delaware's courts, until its own 2025 amendments, reviewed controller deals for entire fairness unless they used both a committee and a minority vote. A suit like SolarCity's would be harder to bring in Texas today.

The vote. Tesla's certificate requires a majority of all outstanding shares, so an abstention counts as a vote against. With Musk's 17.7% voting for, the rest of the register must deliver 39.2% of its shares; if he stands aside, 60.8%. The 423.7 million unearned award shares lower the bar a little, because Tesla's secretary votes them in proportion to everyone else's votes: with Musk for, yes votes from 35% to 38% of the other 2.83 billion shares suffice, depending on turnout. Tesla's 2025 meeting is the only calibration: a routine item drew 83% of the shares, so half of all shares is about 60% of a normal turnout; the 2025 award won 56.9% of all outstanding shares and the xAI proposal 31.8%. A further hurdle may apply. Texas's business-combination statute, which covers Tesla, bars a merger with a 20% holder's affiliate for three years after he crosses 20%, unless the board approved the share acquisition beforehand or two-thirds of the shares he does not own approve the merger at a meeting at least six months later: 2.17 billion shares, 54.9% of all outstanding. Whether Musk counts depends on how his shares are counted (17.7%, 19.8% or, with the unearned award shares, 28.4%); SpaceX's prospectus calls him "an approximately 20% shareholder of Tesla as of November 10, 2025". The documents do not settle it. At SpaceX, the Class B vote and Musk's majority settle the outcome, by written consent if he chooses.

The regulators. Antitrust looks thin for a concrete reason: the two companies report no segment in common (Tesla: automotive, and energy generation and storage; SpaceX: Space, Connectivity and Super Intelligence), and what links them is one selling to the other. A pre-merger antitrust filing would still be needed, as it was for Tesla's stake. Both are US companies under a US citizen's control, so the foreign-investment review board has no obvious hook. The friction is security clearance. SpaceX says it is required to maintain foreign-ownership mitigation for contracts that need facility clearances, and the rules look through to the "ultimate parent". A combination would put a company with a factory in Shanghai, \$6.0B drawn on a working-capital facility from Chinese lenders and 17.9% of its nine-month revenue in China under the same parent as the leading national-security launch provider. We read the likely cost as ring-fencing rather than ineligibility; neither company has addressed it. Starlink's radio licenses would need the communications regulator's consent to any change in who controls the licensee.

§6 · THE ARGUMENTS

What the public is arguing, and whom each argument serves

We found forty distinct arguments in 109 searches across sell-side commentary, the financial press, governance voices, investor blogs, social posts reproduced by the press, the companies' statements and both third-quarter calls: 20 for a combination, 17 against and three that depend on terms. Each is recorded in its strongest form, with the party it actually serves, a verdict and the omission that matters, sized on this note's numbers. Seventeen check out against the filings, three are false, two are true only in part, four cannot be verified and fourteen are forecasts. Twelve serve Tesla's public holders, nine serve Musk and six serve SpaceX's float. The ten that matter most:

THE ARGUMENT, IN ITS STRONGEST FORM	SERVES	VERDICT	THE OMISSION, SIZED
The two companies form one AI stack (compute, power, launch, Starlink, robots, chips) worth more together	Musk	Forecast	No source puts a number on it; the cooperation already runs by contract (\$626 million of Megapacks in nine months); our levers total ~\$4.4B to \$6.6B
Tesla's cash funds SpaceX's compute more cheaply	Tesla's holders, as told	True in direction, small in scale	Tesla's trailing free cash flow, \$3.3B, is about 8 days of SpaceX's guided fourth-quarter spending; its net cash about 3 months
Tesla's holders deserve a 20–40% premium	Tesla's holders	Forecast	The premium is struck on a price 4.0 times our fair value; at a \$506 deal price (36%) the first tranche of Musk's award is earned in a change in control
"0.7 SpaceX shares per Tesla share"	—	False	0.7 is the ratio of the market values; the share ratio is 2.52
Musk gains control	Musk	Verified	A widely quoted bank estimate puts his votes at 56% (basis unpublished); with Class B surviving and Tesla's holders receiving Class A, it is about 77%
The merger hands Musk his award regardless of any operational milestones	—	True in part, misleading	Operational milestones do fall away in a change in control, but the market-value test stays; at today's price every unearned share is forfeited
SpaceX overpays for an expensive Tesla	SpaceX's float	Verified in direction	On our values the market ratio moves \$499B to Tesla's holders; on the sell side's, \$521B
SpaceX's side is in Musk's gift	SpaceX's float	Verified	Its public holders own about 55% of the economics and 14% of the votes; no minority vote has been offered
The deal is "inevitable", 80–95% likely	No party's numbers	Forecast	Money-backed prices are 65.5% (announcement by end-2027) and 59% (definitive by May 2027); no high estimate prices the all-shares vote
Buying Tesla is SpaceX's route into the S&P 500	SpaceX's locked-up holders	Forecast	S&P's exception for a non-member acquiring a member is discretionary; index funds that hold both pay for the flows

The finding is in the pattern. The most widely circulated arguments for a combination (synergy, control, an end to conflicts, inevitability) serve Musk, and the numbers most often cited behind them, the share ratio, his voting power and the award, are wrong or unsized. The funding argument is told as one for both sides, and Tesla's own cash flow contradicts it at scale. The case that SpaceX overpays is the one our numbers and the sell side's both support, and it belongs to the holders with about 14% of SpaceX's votes and no promised vote of their own. Among institutions with published views, Barclays and JPMorgan both see SpaceX as the likely acquirer in an all-stock deal, with JPMorgan's premium reported at 30–35%; Morgan Stanley mapped eleven areas of overlap without a merger call; Morningstar argued the business case could be met by joint ventures or supply agreements. Of two corporate-law scholars quoted in the press, Ann Lipton (University of Colorado) told AFP the legal obstacles look slight after the Texas move, and Eric Talley (Columbia) told Reuters that how Texas would treat such a case is unknown; no Texas court has yet ruled on a controller merger under the 2025 rules. We found no published view from ISS or Glass Lewis.

Single-source reports stay watch items until a filing or an independent outlet confirms them: that SpaceX approached Tesla and advisers have been hired; that Musk's public endorsement complicated the process; a target of announcing in the first half of 2027; a circulating roster for Tesla's committee that includes a director who sits on SpaceX's board; a \$40 billion chip financing for SpaceX; and a July report, denied by Musk, that Tesla weighed selling its China business.

§7 · THE PLAYERS

The players: who gains, who gives, and the terms that would change it

Ranked by what the combination does for each, on the numbers above, from most sense to least.

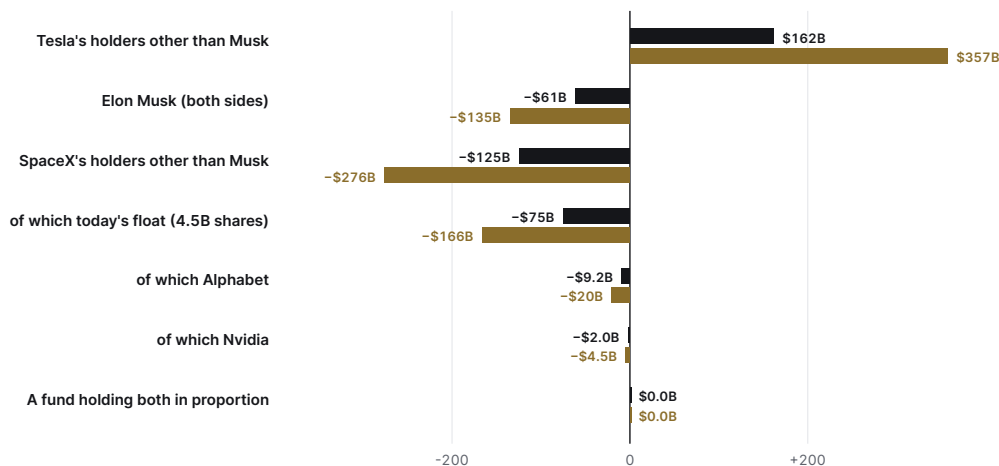
1. **Tesla's public holders.** At the market ratio they gain \$357B on our values and gain on the sell side's targets; with the award's terms as written they also share in the forfeited award. They give up most of their vote and join a company whose 2027 base case burns cash. *Two readings:* a holder who trusts our values or the sell side's sees a cheap swap; a holder who trusts Tesla's price and doubts SpaceX's sees a loss of 9% that only a premium of 19% repairs. *The terms that tell them apart:* the premium, and whether the vote is conditioned on a majority of disinterested shares, which would give them the decision.

2. **Elon Musk.** With SpaceX as the acquirer, his votes over Tesla's business rise from 17.7% to about 77%, the related-party process ends, and the capital of both companies comes under one roof. Before the award, his economics are flat at market and negative at any premium, because he owns more of the payer than of the payee: a 30% premium costs him \$61B. And with the 2025 award as written a change in control forfeits his unearned Tesla shares, \$10.5B net to him at market and \$42.4B at 30%. *The terms that tell the readings apart:* whether the Tesla award is replaced, and the direction.
3. **The lenders.** SpaceX's gain a cushion of \$35.9B and Tesla's operating cash, about 3 months of guided spending. Tesla's would lend to a group whose 2027 base case burns \$80B, and their September agreements carve a Musk-controlled combination out of the change-of-control default while Tesla stays investment grade.
4. **Funds holding both, and the committees.** Indifferent on value. Each committee's case is a ratio: Tesla's can defend the market ratio on almost any set of values; SpaceX's has to defend a ratio 3.3 times our break-even and 1.55 times the sell side's.
5. **Compute customers and the government.** Small and mostly negative: a supplier tied more closely to a competitor in AI models; a cleared contractor with a China-exposed parent.
6. **SpaceX's public holders.** They give \$276B on our values and 15% of their stake on the sell side's targets, and they pay any premium: \$125B at 30%. A holder who believes our SpaceX bull case gives 25%. *Two readings:* a holder who trusts our values or the sell side's sees a sale at too low a price; a holder who credits the sell side's Tesla target and takes SpaceX at its price gains 5% at the market ratio. *The terms that tell them apart:* the ratio against 1.62, and a disinterested-majority condition on SpaceX's side. What they get is Tesla's cash for about a quarter, lower volatility (which float holders could buy by owning both, but the roughly 3.0 billion locked-up shares outside Musk's cannot), and, if the award's terms stand, a share of the forfeited claim, about \$5.4B at a market-ratio deal.

What would re-rank the list: a ratio below about 1.62 moves SpaceX's holders off the bottom on the sell side's numbers, and below 0.76 on ours; a replacement of the Tesla award in the combined company moves Musk's economics back to neutral at market; Tesla as the acquirer with one class of stock removes most of his control gain; a disinterested-majority vote or a two-thirds requirement gives Tesla's public holders the deciding vote; and a confirmed \$40 billion chip financing would supply about as much as Tesla's net cash, weakening the funding argument for SpaceX's holders.

EXHIBIT 6 — WHO GETS, WHO GIVES

Value received less value given, \$B: at a 30% premium on market prices (black), and at the market ratio on house values (gold)



How to read it. Horizontal bars in billions of dollars around a zero line, one pair per holder group: value received less value given in an all-stock deal. Black is a deal at a 30% premium valued at market prices; gold is a deal at the market ratio valued at our fair values. Alphabet and Nvidia are part of SpaceX's other holders, and today's float is shown as a subset of them. The award forfeiture is left out because it depends on terms not yet set (the award may be replaced); \$4 sizes it. Compare the black and gold bars for each group: the one thing it shows is that on either basis the value moves from SpaceX's holders, the chief executive included, to Tesla's other holders, and that a fund holding both in proportion is untouched.

If a deal happens: what each position earns

Everything in this section is conditional on a deal, and it is measured on market prices, because a deal's exchange ratio is set off market prices and that is what a holder who sells actually receives. Our values matter here only in the no-deal branch and for holders who keep the SpaceX shares afterward. Our probability of a completed combination by the end of 2027 is about 30%; Kalshi prices a definitive agreement before 1 May 2027 at 59%, and an agreement is not a closing. What follows are payoffs, not recommendations.

The working terms. SpaceX acquires Tesla in stock and Tesla's holders receive Class A shares, at a 30% premium to Tesla's price. Thirty percent sits inside the ranges reported for the banks that have published one (JPMorgan 30–35%, RBC 20–30%) and below the 36% at which the first tranche of Musk's award is earned in a change in control; the table also shows no premium, 15% and 36%. These are working assumptions, not a forecast of terms, and they are not the only terms possible: the controlling holder on the paying side loses at any positive premium (§7), and at the market ratio, which SpaceX's holders' own case calls the honest one, no holder earns a premium and SpaceX's holders pay nothing. Tesla closed at \$373.71 on 20 October, before SpaceX's results call, and at \$372.22 on 23 October; two closes cannot show how much deal expectation a price carries, so the premium is measured from the 23 October close. SolarCity took 109 days from agreement to vote.

PREMIUM	SPCX PER TSLA SHARE	SPCX PRICE AFTER THE DEAL	DEAL VALUE PER TSLA SHARE	NET GAIN PER TSLA SHARE	SPCX COST VIA TSLA
None (market ratio)	2.52	\$147.49	\$372.22	\$0.00	\$147.49
15%	2.90	\$138.67	\$402.47	\$30.25	\$128.25
30% (working)	3.28	\$130.85	\$429.30	\$57.08	\$113.45
36%	3.43	\$127.97	\$439.21	\$66.99	\$108.45

The table is on the net basis: SpaceX's price absorbs the premium its holders pay, so the combined company is worth the two market values together, spread over more shares. If SpaceX's price did not move at all, the gain at 30% would be \$111.67 a share instead of \$57.08; that is the upper bound, not the central case. (We apply the award's \$505.98 line to the deal price at SpaceX's pre-deal close; the award does not say when the SpaceX shares are valued, and on the net value the first tranche would need a premium of about 85%.)

A Tesla holder who wants out. Selling now gets \$372.22. Waiting for a deal adds about \$57.08 a share, 15%, at the working terms if it closes; \$162B across Tesla's holders other than Musk, paid by SpaceX's holders. Weighted by our 30% completion probability, the deal's contribution is about \$17.12 a share, 4.6%, before any other move in either stock; if completion were as likely as the market prices an agreement, about \$33.68, 9%. Waiting has a cost: Tesla's shares have moved about 50% a year over the last three months (39% excluding the day after July's results), about \$185 a share for one standard deviation over a year. The deal's expected contribution is about a tenth of one year's ordinary price risk. After an announcement the deal value floats with SpaceX's price, so a holder who wants the premium without SpaceX's risk can sell Tesla once terms are public, at whatever discount the market then demands for the chance the deal fails; a holder who waits for the close carries SpaceX's price and the shares that become free to trade, including Musk's (up to 6.4 billion, per the prospectus), whose lock-up ends in June 2027.

A buyer who wants SpaceX and buys Tesla to get it. If the deal closes at the working terms, each Tesla share bought today becomes SpaceX stock at an effective \$113.45 a share, against SpaceX at about \$130.85 once the premium is absorbed: a discount of 13% (23% against today's \$147.49). Weighted by our probability, the deal's contribution is about 4.6% of the price paid, before any other move (9% at the market's agreement probability). In the other 70% of outcomes the buyer owns Tesla, not SpaceX, and over the last three months the two stocks' relative volatility, how much one moves against the other, has been about 73% a year (65% excluding the day after Tesla's July results). The route is a discount on SpaceX with a large chance of holding the other stock.

A SpaceX holder. At the working terms each SpaceX share pays about \$16.64 of the premium, 11% of its price. On market prices nothing offsets that, because Tesla's \$35.9B of net cash is already in Tesla's price; what changes is the risk: that cash sits under SpaceX's build, volatility is lower (which the roughly 3.0 billion locked-up shares outside Musk's

cannot buy on their own after 26 October), and, if the award's terms stand, a share of Musk's forfeited claim (\$4) is added. A holder who credits the sell side's Tesla target gains at the market ratio (\$2), though not at the working premium.

Other positions that pay on a deal. Each pays only if a deal happens, and each carries a risk of its own.

- *A relative-value pair*, long Tesla and short 2.52 SpaceX shares for each Tesla share: it gains about 27% of the Tesla side at the working terms, because it collects the premium on one leg and SpaceX's absorption of it on the other, and it hedges the market move the two stocks share. Otherwise it carries their 73% relative volatility, before the cost of borrowing SpaceX shares. Weighted by our probability, about 8%, roughly a ninth of one year's relative risk.
- *Merger arbitrage* after an announcement (long Tesla, short SpaceX at the agreed ratio, earning the gap between the deal value and Tesla's price until closing): its risk is a broken deal, and the named frictions are the vote, the Texas two-thirds question and the clearance review.
- *Agreement contracts* on Polymarket and Kalshi pay on an announcement; Kalshi prices a definitive agreement before May 2027 at 59%–60%, and Polymarket's nearest contract, an announcement by 30 June 2027, at 59.5%; both sit above our probability of about 45% for the longer window of twelve months.
- *SpaceX's bonds* (\$25 billion of notes at an effective 6.07%) could gain a cushion of Tesla's \$35.9B of net cash and its operating cash flow; the pair's 2027 base-case burn limits how much.
- *Options on Tesla* would also carry the announcement jump; we have not priced them.

Short positions in Tesla also lose on a deal at any positive premium.

\$9 · THE WATCH LIST

What carries the story to the next note

 **2.52 vs 0.76** the market ratio against our break-even: every watch item below either moves one of the two or decides who sets the first

Each item is armed in our register with its basis and what it changes. None is a committee statement, a leak or a prediction-market move.

1. **A definitive agreement or a merger proxy.** Basis: an 8-K under item 1.01 from either company, a preliminary or definitive merger proxy, or a registration statement for the shares. On filing, this note's ratio, transfer and control arithmetic is re-run on the agreed terms and a standalone note follows. Prediction markets price an announcement by 31 December 2027 at 65.5% (Polymarket) and a definitive agreement before 1 May 2027 at 59% (Kalshi), against 66% and 66% respectively on 20 October; our probabilities stay at about 45% for a definitive agreement within twelve months and 30% for completion by the end of 2027.
2. **The vote condition.** Basis: the agreement or proxy. A condition requiring a majority of disinterested shares, or a two-thirds vote under the Texas business-combination statute, moves the decision to Tesla's public holders. A petition to the business court on committee independence would be disclosed by 8-K.
3. **The Tesla award.** Basis: any amendment, replacement or board determination on the 2025 award in connection with a combination, or the merger proxy's description of its treatment. As written, it forfeits in a change in control below \$505.98.
4. **The premium and the direction.** Basis: the agreed ratio. A 30% premium moves \$226B; SpaceX as the acquirer preserves the ten-vote class.
5. **Tesla's annual meeting, 3 December.** Basis: Tesla's filings to the meeting. A supplement adding a combination item would be the first filing with terms; a meeting held on the three-item ballot records no agreement by early December.
6. **The chip financing.** Basis: a SpaceX 8-K under items 1.01 or 2.03, or its annual report. Confirmed at \$30 billion or more, it covers most of what Tesla's cash would contribute.
7. **The ratio itself.** Basis: daily closes. A market ratio below 1.62 would put SpaceX's holders ahead on the sell side's numbers without any deal term changing.

What would change our view

The ranking would move toward SpaceX's holders on any of these: a ratio at or below the sell side's break-even of 1.62, whether set by terms or by prices; a SpaceX share sale priced below our \$123.95 fair value (a 424B prospectus or an 8-K), which would make Tesla's cash worth more than the funding lever's high case; or a definitive agreement with a disinterested-majority condition on the SpaceX side as well. It would move further toward Tesla's public holders on a premium above 15%, or on the award being forfeited as written; it would move against them on the conditions our SpaceX update names for its bear case, such as realized revenue at or below \$20 per watt for two consecutive quarters, since SpaceX's bear case is the one state in which the market ratio costs them. It would move toward Musk on a replacement of the Tesla award in the combined company at no cost to the other holders, and away from him on Tesla being the acquirer with one class of stock. A definitive agreement changes the subject of the note from who a combination would serve to what the agreed ratio does, and would be written as its own note.

\$10 · SOURCES

Sources & Method

Company filings. Tesla: Form 10-Q for the quarter ended 30 September 2026, accession 0001628280-26-066775 (face statements; Notes 1, 2, 8, 11, 13 and 14; Part II Item 5 on the special committee; Exhibits 10.1–10.3, the 29 September 2026 credit agreements); Form 8-K and Exhibit 99.1 for the third quarter, 0001628280-26-066738 (adjusted EBITDA and non-GAAP reconciliations, quarterly figures since the third quarter of 2025); Definitive Proxy Statement of 19 October 2026, 0001104659-26-116700 (ownership, the voting agreement on unearned award shares, related-person transactions, directors) and the four additional soliciting materials of the same day; Definitive Proxy Statement of 17 September 2025, 0001104659-25-090866 (the 2025 CEO Performance Award: milestones, change in control, acquisition adjustments, offset amount; Annex E certificate of formation §4.3(a)); 8-K of 7 November 2025, 0001104659-25-108507 (2025 meeting results); 8-K of 16 May 2025, 0001104659-25-050072 (3% derivative-suit bylaw); 8-K of 14 June 2024, 0001104659-24-071439 (conversion to Texas); Form 10-K for 2025, 0001628280-26-003952 (Section 21.606, tax attributes). SpaceX: Form 10-Q for the quarter ended 30 September 2026, 0001628280-26-066880 (face statements; Notes 3, 9, 16, 17, 18, 20; the special-committee disclosure); Form 10-Q for the quarter ended 30 June 2026, 0001628280-26-052535; Form 8-K and Exhibit 99.1 for the third quarter, 0001628280-26-066482; prospectus (Form 424B4) of 12 June 2026, 0001628280-26-042639 (2023–2025 audited statements, the first-quarter 2026 interim statements, share classes, lock-up, related-party transactions, regulation and risk factors); charter and bylaws (8-K of 15 June 2026, 0001628280-26-043288, Exhibits 3.1 and 3.2); the xAI merger agreement (Form S-1 Exhibit 2.1, 0001628280-26-036936). Holdings: Musk's Schedule 13G on SpaceX, 0001104659-26-095936; Google's, 0001193125-26-352289; Valor's, 0001213900-26-087780; Founders Fund's, 0001426012-26-000004; NVIDIA's Form 13F for 30 June 2026, 0001045810-26-000065. SolarCity: Tesla 8-Ks of 21 June 2016 (0001193125-16-627915), 1 August 2016 (0001193125-16-665620) and 18 November 2016 (0001193125-16-772291). All retrieved from SEC EDGAR on 23 October 2026.

Prior TON618 notes relied upon. SpaceX (SPCX) — The Quarter That Doubled the Bill, 20 October 2026 (SpaceX fair value, scenarios, stage table, model sensitivities, merger probabilities); Tesla (TSLA) — The Price Moved the Finish Line, 24 October 2026 (Tesla fair value, scenarios, stage table and the year-by-year free cash flow behind the funding arithmetic).

Law. Texas Business Organizations Code chapter 21 as amended by Senate Bill 29 (89th Legislature, enrolled text), §§21.218, 21.416, 21.4161, 21.418, 21.419, 21.457, 21.552 and 21.602–21.606; Delaware General Corporation Law §144 as amended in 2025; *In re Tesla Motors, Inc. Stockholder Litigation*, Delaware Supreme Court, 6 June 2023; *In re Match Group, Inc. Derivative Litigation*, Delaware Supreme Court, 4 April 2024; 32 CFR §117.11; 50 U.S.C. §4565; 47 U.S.C. §310(d).

Market data. Closing prices for 23 October 2026 are the regular-session 4:00 p.m. ET prints from the brokerage feed; earlier closes are settled closes. Daily closes since SpaceX's listing on 12 June 2026, and the three-month realized volatilities and correlation, are from the same feed. Sell-side mean price targets are the brokerage feed's consensus fields (Tesla updated 22 October, SpaceX 20 October). Prediction markets were read directly from Polymarket's and Kalshi's public interfaces on 24 October 2026 at 02:59 UTC.

Method. No new valuation model is built. Values per share come from our two latest notes on the companies: SpaceX's update of 20 October 2026 and Tesla's update of 24 October 2026, with each scenario, stage table and hurdle rate unchanged; the one change is that Tesla's SpaceX stake is re-marked from book value to the stake's value on each basis. The break-even exchange ratio on any basis is the value of a Tesla share divided by the value of a SpaceX share, with Tesla's SpaceX shares cancelled in the combination. Transfers are value received less value given for each holder base; at the market ratio they sum to the value the combination creates, which the levers table sizes separately. The combined statements add the two companies' reported figures, eliminate

Tesla's Megapack sales to SpaceX on Tesla's figures and Tesla's mark on its SpaceX stake, and take SpaceX's fourth quarter of 2025 as its 2025 annual figures less its nine-month comparatives. Purchase-accounting figures use market values at the 23 October closes and a grid of intangible shares, not a forecast. The scenarios in §8 are conditional on a deal and on market prices: deal values are on a net basis (SpaceX's price absorbs the premium, the combined market value spread over the combined share count), with the gross figure (SpaceX unmoved) shown as the upper bound; volatilities are realized over the three months to 23 October; the bank premium ranges are as reported in the press, not from the banks' own notes. Returns on invested capital follow the house definition (trailing after-tax operating profit over average equity plus debt less cash); SpaceX's quarters are built from its filings' own tables. The argument census records each claim once, in its strongest form; individual posters are not named, and institutions are named only where their position is in their own publication or carried by two independent outlets. Every figure in the note is produced by a script archived with the note's data; most are reproduced in the accompanying workbook.

Disclosures

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