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THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
MARK D. LEVINE

May 13, 2026

Elon Musk
Chief Executive Officer, Chief Technology Officer, and Chair

Gwynne Shotwell
President and Chief Operating Officer

Bret Johnsen
Chief Financial Officer

SpaceX
1 Rocket Road
Hawthorne, CA 90250

Dear Mr. Musk, Ms. Shotwell, and Mr. Johnsen:

We write as the Trustee of the New York State Common Retirement Fund, the investment adviser, custodian, and a trustee of the five New York City public pension systems, and Chief Executive Officer of California Public Employees' Retirement System, with combined assets under management exceeding \$1 trillion, held for millions of working and retired public servants, teachers, firefighters, police officers, nurses, and other beneficiaries whose retirement security depends on the long-term health of the U.S. public capital markets and strong corporate governance.

We are writing to express our serious concerns with the reported novel and extreme governance structure and provisions SpaceX is planning to disclose in its registration statement. Public reporting following the Company's April 1, 2026 confidential submission of its draft registration statement indicates that the proposed governance would constitute the most management-favorable governance structure ever brought to the U.S. public markets at this scale. These reported provisions include perpetual super voting shares, a CEO removal restriction that requires the CEO's own consent for removal, mandatory arbitration of shareholder claims, controlled company status that has qualifications for exemptions for certain independent board requirements, Texas-law barriers to limit derivative litigation, and concentration of CEO, CTO, and Chair roles in a single individual who simultaneously leads multiple other large-scale companies.

The signatories of this letter, like virtually all public pension funds, hold substantial passive allocations indexed to the broad U.S. equity market. If SpaceX is admitted to the major U.S. equity indices following its offering, and the Company's expected market capitalization makes that admission a near certainty over time, the signatories and their beneficiaries become holders of SpaceX shares.

One Share, One Vote

The principle that voting rights should be proportionate to economic interest is considered a hallmark of robust corporate governance. Reports regarding SpaceX's proposed structure indicate that Class B shares are concentrated in Mr. Musk and a small group of insiders and would carry 10 votes per share, while Class A shares offered to the public only carry one vote per share. Based on this information, Mr. Musk is projected to retain approximately 79 percent of the voting power while holding approximately 42 percent of the equity. Under this structure, public shareholders would acquire the majority of the economic exposure without a corresponding proportional voice in the governance of the company, including the election of directors and/or the potential removal of management.

A Board and CEO Governed by Themselves

SpaceX's reported governance structure is even more restrictive than the dual-class arrangements at Meta, Alphabet, or Snap. As reported, Mr. Musk could only be removed from the board, or from his positions as CEO and Chair, by a vote of Class B holders – votes he himself controls. Removal of the Company's most powerful officer would, as a mathematical matter, require his own vote – essentially making him unremovable without his own consent. This level of insulation from accountability is virtually unheard of among any other large U.S. issuer whose governing documents foreclose accountability to public owners on these terms. Compounding this, SpaceX reportedly intends to elect controlled-company status, which would allow it to bypass any requirements for a majority-independent board or for independent compensation and nominating committees, all while Musk simultaneously serves as CEO, CTO and Chair on a nine-person board.

Mandatory Arbitration

It is reported that SpaceX intends to include a provision in its governing documents requiring shareholder claims arising under federal securities laws to be resolved through mandatory binding arbitration. While the SEC reversed its policy in 2025 to allow such clauses, to our knowledge, no major U.S. issuer has previously adopted such a provision for a public offering. Mandatory arbitration eliminates the class-action lawsuit structure essential to remedying widespread harms, keeps corporate law from developing through public court decisions, and shields the Company from the deterrents of sound judicial review. For institutional investors of our size, the inability to participate in or benefit from securities class actions on behalf of beneficiaries or to appeal on the merits, is a meaningful diminution of the legal rights ordinarily attached to a public security.

Texas-Law Barriers to Shareholder Rights

SpaceX has reincorporated under the new Texas Business Organizations Code. According to reports, the Company intends to leverage Texas law alongside the Company's charter and bylaws, to effectively increase the procedural hurdles to initiate tender offers, proxy contests, or shareholder proposals. These measures are also expected to complicate the removal of incumbent

directors and officers. Furthermore, under the recently enacted Texas law, Texas incorporated public companies may amend their bylaws to require shareholders to hold up to three percent of outstanding stock to maintain standing for a derivative action. At SpaceX's projected valuation, that 3% threshold would require a shareholder to hold billions of dollars in stock to be able to commence litigation. In practice, this creates nearly insurmountable barriers to accountability where it is likely that only Mr. Musk himself could meet such an ownership requirement. According to analysts, these high thresholds effectively eliminate derivative litigation as a real mechanism for shareholder-led corporate governance accountability.

Ongoing Governance Concerns

Investors evaluating SpaceX's proposed structure cannot do so in isolation—and must consider it alongside documented oversight challenges in related entities. On December 19, 2025, the Delaware Supreme Court reversed the prior rescission of Mr. Musk's 2018 Tesla compensation package in the Delaware Court of Chancery's decision in *Tornetta v. Musk*. Notably, the Delaware Supreme Court did not reach the merits of the lower court's findings—including that the process was “unfair” and that Mr. Musk exercised “control” over a non-independent board – instead expressly resolving the appeal on the narrower ground that total rescission was an improper remedy and noted that the Justices held “varying views on the liability determination.”

Following the initial *Tornetta* decision, Tesla reincorporated from Delaware to Texas, where Tesla shareholders subsequently approved a new performance-based compensation package for Mr. Musk valued at up to approximately \$1 trillion at maximum payout, the largest executive compensation arrangement in the history of the public markets. Press reports indicate that the SpaceX board followed a similar pattern in January 2026, reportedly approving a parallel performance-based grant providing for up to 200 million super-voting Class B restricted shares, contingent on reaching a \$7.5 trillion valuation and establishing a one-million-person Mars colony, together with an additional tranche of up to 60.4 million super-voting shares, tied to separate valuation targets and the operation of space-based data centers. These awards were reportedly approved without an independent compensation committee process. The pattern, moving compensation outside customary governance checks, relocating to jurisdictions that constrain shareholder remedies, and structurally entrenching the founder against removal, is a through-line that long-term capital is entitled to weigh.

Mr. Musk's regulatory and securities law history also remains material to the governance assessment. In 2018, the U.S. Securities and Exchange Commission charged Mr. Musk with civil securities fraud arising from his “funding secured” tweet about taking Tesla private. Mr. Musk and Tesla each paid \$20 million in penalties; Mr. Musk was required to step down as Chair of the Tesla board for at least three years; and the Tesla board was required to implement controls over Mr. Musk's public communications. The Second Circuit affirmed the enforceability of that consent decree against Mr. Musk's First Amendment challenge in 2023. In January 2025, the SEC filed a separate civil enforcement action alleging that Mr. Musk failed to timely disclose his beneficial ownership of more than five percent of Twitter common stock in 2022, and underpaid Twitter shareholders by at least \$150 million as a result. In May 2026, Elon Musk Revocable Trust reached a proposed \$1.5. million settlement, notably the maximum statutory fine for this type of violation, with the SEC to resolve these allegations without admitting or denying wrongdoing. This agreement, which awaits final approval from the court, would result in the dismissal of claims against Mr. Musk personally.

Mr. Musk is currently seeking to overturn a March 2026 jury verdict in a separate class-action lawsuit where he was found liable for defrauding Twitter shareholders during the acquisition process. Moreover, there is ongoing litigation around SpaceX's environmental impacts, and Tesla's Autopilot safety and ongoing governance battle with OpenAI. These matters bear directly on disclosure discipline and on fiduciary norms. All of this takes on heightened importance in a company whose proposed governance excludes the ordinary mechanisms by which shareholders would otherwise enforce them and as other significant legal actions remain pending.

The arrangements reported at SpaceX must also be evaluated against the competing demands on Mr. Musk's time and attention. Mr. Musk would serve concurrently as CEO, CTO, and Chair of SpaceX while continuing to lead Tesla, X, xAI, the Boring Company, and Neuralink. The simultaneous Tesla and SpaceX compensation packages, each conditioned on extraordinary multi-year valuation and operational milestones, place SpaceX and Tesla in the unusual position of essentially competing against one another for the focused attention of their shared chief executive. Long-term shareholders, under the reported governance structure, will have no independent board majority, no functioning derivative remedy, and no entitlement to true judicial review through which to address the conflicts that this concentration of roles will inevitably produce.

Related-Party Entanglement Across the Musk Enterprise

It has been reported that SpaceX consummated an all-stock acquisition of xAI in February 2026, valuing the combined entity at approximately \$1.25 trillion. Furthermore, Tesla reportedly invested \$2 billion in SpaceX during the first quarter of 2026; and both companies are allegedly engaged in the joint development the Terafab semiconductor facility. These transactions occurred before SpaceX had a public board, public shareholders, or an independent committee process of the type ordinarily applied to controlling shareholder transactions. The proposed governance structure offers no assurance that future transactions among Mr. Musk's affiliated entities, including any potential SpaceX-Tesla combination of the kind publicly speculated upon, will be rigorously evaluated by directors independent of Mr. Musk and approved by the uncoerced informed vote of a majority of the unaffiliated public shareholders.

We acknowledge SpaceX's extraordinary technical and commercial achievements, and we recognize the role the Company plays in U.S. national security and commercial space. In fact, precisely because SpaceX is poised to occupy a position of systemic importance in the public markets, and to become, through index inclusion, an unavoidable holding in our portfolios, its governance must at least adhere to the baseline protections upon which long-term institutional capital depends, rather than seeking to diminish them.

We respectfully urge SpaceX to reconsider its alleged proposed governance structure prior to filing the S-1. At a minimum, to ensure such strong corporate governance, we believe the offering should:

- Adopt a one-share, one-vote structure or, in the alternative, a time-based sunset on super-voting shares of no more than seven years from the IPO;
- Eliminate any provisions conditioning removal of the CEO or Chair on the consent of the officer being removed;

- Ensure a majority-independent board, separate the CEO and Chair roles, and maintain independent compensation, nominating, and audit committees;
- Eliminate any mandatory arbitration provision applicable to shareholder claims or disputes;
- Forgo the Texas three-percent threshold rule for derivative actions; and
- Require all material related-party transactions with Mr. Musk's other affiliated entities be approved by a committee of independent directors and a non-waivable majority-of-the-minority vote of unaffiliated shareholders.

We request a meeting with you and your advisers to discuss these concerns and the path to a structure consistent with the Company's stature, its national-security role, and the fiduciary obligations of the long-term capital that will fund it.

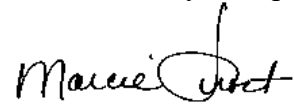
Sincerely,



Thomas P. DiNapoli
New York State Comptroller



Mark Levine
New York City Comptroller



Marcie Frost
Chief Executive Officer, CalPERS