United States District Court
Northern District of California
Δ DEFENDANT Δ
Case No. 4:24-CV-04722-YGR
Case Title Musk et al. v. Altman et al.
Exhibit No. DX-0686
Date Entered
Mark Busby, Clerk
By: , Deputy Clerk

From: "Elon Musk" <erm@spacex.com>
To: "Ilya Sutskever" [redacted]
Cc: "Greg Brockman" [redacted]
Subject: Re: Current State
Date: Wed, 13 Sep 2017 07:40:05 -0000
Importance: Normal

Sounds good. The three common stock seats (you, Greg and Sam) should be elected by common shareholders. They will de facto be yours, but not in the unlikely event that you lose the faith of a huge percentage of common stockholders over time or step away from the company by choice.

I think that the Preferred A investment round (supermajority me) should have the right to appoint four (not three) seats. I would not expect to appoint them immediately, but, like I said I would unequivocally have initial control of the company, but this will change quickly. The rough target would be to get to a 12 person board (probably more like 16 if this board really ends up deciding the fate of the world) where each board member has a deep understanding of technology, at least a basic understanding of AI and strong & sensible morals.

Apart from the Series A four and the Common three, there would likely be a board member with each new lead investor/ally. However the specific individual new board members can only be added if all but one existing board members agrees. Same for removing board members.

There will also be independent board members we want to add who aren't associated with an investor. Same rules apply: requires all but one of existing directors to add or remove.

I'm super tired and don't want to overcomplicate things, but this seems approx right. At the sixteen person board level, we would have 7/16 votes and I'd have a 25% influence, which is my min comfort level. That sounds about right to me. If everyone else we asked to join our board is truly against us, we should probably lose.

As mentioned, my experience with boards (assuming they consist of good, smart people) is that they are rational and reasonable. There is basically never a real hardcore battle where an individual board vote is pivotal, so this is almost certainly (sure hope so) going to be a moot point.

As a closing note, I've been really impressed with the quality of discussion with you guys on the equity and board stuff. I have a really good feeling about this.

Lmk if above seems reasonable.

Elon

> On Sep 12, 2017, at 11:44 PM, Ilya Sutskever [redacted] wrote:
>
> Hi Elon,
>
> To summarize our understanding of the current state:
>
> On equity:
>
> Greg: 10M grant/10M investment
> Sam: 10M grant/10M investment
> Ilya: 12M grant/2.5M investment + 5.5M loan from Greg securitized by Ilya's YC vested stock, from his work at OpenAI

>
>
> On control:
>
> 3 board seats for Elon, 1 board seat each for Ilya/Greg/Sam. Plan to expand board over time through unanimous consent of current board, up to 12 people. Details TBD on tiebreak and whether the directors are statically allocated.
>
>
> On credit:
>
> Elon is extremely happy to help Greg and Ilya get credit for their work -- and is very open to any ideas Greg and Ilya may have.
>
>
> Looking forward to the conclusions of your conversation with Sam tomorrow.
>
> Ilya