

# Market Talk

Shareholders Approve Elon Musk's  
\$1 Trillion Pay Package

Tesla shareholders approved a \$1 trillion pay package for CEO Elon Musk after over 75% of shareholders voted in favor of the package. Several large shareholders, such as Norway's Norges Bank Investment Management, had voiced opposition to the pay package citing that it would give too much control to one individual, but in the end the measure passed with overwhelming support. Musk had said that he would step down as Tesla's CEO if the package was not approved. He currently owns about 12% of Tesla and each set of completed milestones would grant him about 1% of the adjusted share count, meaning if he's able to meet all the required milestones within 10 years, the pay package would increase his stake by 12% (423,743,904 shares) to at least 24%.

The payouts are contingent on Musk meeting different milestones, including increasing Tesla's market value from its current value up to US\$8.5 trillion in increments and operational milestones which include delivery of 20 million vehicles to customers, sale of 10 million subscriptions for its "Full-Self Driving" (FSD) software, 1 million Optimus robot deliveries, as well as 1 million robotaxis in commercial operation. Additionally, Musk must increase Tesla's Ebitda from \$10 billion a year to \$400 billion, meeting milestones that increased by increasingly larger increments.

**High Hurdles Ahead for Musk's Compensation**

Musk must meet the market value milestones along with an operational milestone. The first milestone is to increase market value to \$2 trillion, from the current \$1.5 trillion, along with achieving 20 million vehicle deliveries. While the \$2 trillion market value achievement isn't far given current levels, Tesla has sold about 8.5 million vehicles so far, averaging 1.8 million over the past couple of years. Scaling up to 20 million vehicle deliveries will be an especially difficult task. Sales have been trending lower abroad and the expiration of EV credits at the end of September has reduced consumer incentives in the US, something Tesla has attempted to solve by introducing cheaper versions of its Model 3 and Model Y vehicles while other automakers have significantly reduced their EV ambitions.

Source: Information provided herein may include content obtained from various publicly accessible online sources such as companies' filings, Bloomberg, S&P Research, Wall Street journal and other sources.

The second milestone of \$2.5 trillion and 10 million FSD subscriptions will be equally daunting. Tesla recently revealed that only about 10% of its fleet has a subscription to the software. Meanwhile, Optimus robots haven't reached production yet and robotaxis remain in limited testing.

The pay package, though theoretically achievable over the long run, was largely symbolic and served as a vote of confidence in the CEO. If Musk is able to reach the \$8.5 trillion in market value along with all the other milestones, his stake in the automaker would be worth \$2.4 trillion. The approval was announced during the company's annual shareholder meeting, where Musk discussed Tesla's future. He expects Optimus, Tesla's long-delayed semi truck, and the steering wheel-less Cybercab to start production next year, but Tesla has been infamous for making promises they haven't been able to keep.

Market Value Milestones	Operational Milestones
\$2 trillion	20 million vehicles delivered
\$2.5 trillion	10 million active FSD subscriptions
\$3 trillion	1 million robots delivered
\$3.5 trillion	1 million robotaxis in commercial operation
\$4 trillion	\$50 billion adjusted Ebitda
\$4.5 trillion	\$80 billion adj. Ebitda
\$5 trillion	\$130 billion adj. Ebitda
\$5.5 trillion	\$210 billion adj. Ebitda
\$6 trillion	\$300 billion adj. Ebitda
\$6.5 trillion	\$400 billion adj. Ebitda
\$7.5 trillion	
\$8.5 trillion	

Source: Tesla PRE 14A (proxy statement) (pages 60-69) (filed Sep 09, 2025)

Strategy Team

Eiji Aono  
Chief Investment Officer

Gabriel Osio  
Strategy Associate

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