

Two Critical Proposals For the Future of Tesla

Proposal 3 Amended & Restated 2019 Equity Incentive Plan

Equity is the cornerstone of Tesla's compensation philosophy. It is essential that we maintain sufficient equity reserves and maximum flexibility to use that equity to attract, retain and motivate talent at Tesla. We also believe we need a framework to decide how to honor the deal we made with Elon and the extraordinary value that he created for Tesla shareholders under the 2018 CEO Performance Award.

Importantly, this is not a vote on a specific award. This is a vote to allow your Board to determine how to attract, retain and incentivize Tesla's talented workforce—from top to bottom.

Create a Special Share Reserve

+207,960,630 shares

- Seeks to address uncertainty caused by the ongoing *Tornetta* litigation
- Gives the Board the ability to grant the remainder of the shares Elon earned under the 2018 CEO Performance Award at any time and at its discretion (regardless of the status of the *Tornetta* litigation)
- Should the Board grant Elon an award before the *Tornetta* litigation concludes and Tesla prevails in court, the Board has committed that Elon will receive no material additional benefit than he would have under the 2018 CEO Performance Award—there will be no “double dip”

Replenish the General Share Reserve

+60,000,000 shares

- Ensures sufficient equity to continue granting awards over the next few years to Tesla's current and future employees, directors and other eligible service providers
- Perpetuates strong ownership culture that aligns employee and shareholder interests and supports shareholder value creation
- 60 million share increase not to be used for awards to Elon

Proposal 4 2025 CEO Performance Award

This 2025 Award builds upon the success of the 2018 Award framework: 100% aligned with shareholders and designed to retain Elon for years to come.

If Elon fails to achieve incredibly ambitious market capitalization AND operational milestones



Elon earns nothing

If Elon succeeds in achieving these milestones



Tesla will become more valuable than any company in history¹ and shareholders will benefit from unprecedented growth and value creation

Award Terms

There are 12 tranches over a 10-year performance period, each with approximately 35 million shares per tranche, totaling 423,743,904 shares of performance-based restricted common stock. Elon earns the vote for each tranche only after Tesla achieves a market capitalization milestone AND an operational milestone. Each operational milestone can only satisfy the requirements for one tranche. And then, Elon has to stay in an eligible role at Tesla until the vesting dates to actually receive them.

While you may think the targets put forward in the 2025 CEO Performance Award are staggering, Elon has shown that he can achieve these great heights when incentivized to do so. If he falls short, you as a shareholder will still benefit. If he succeeds, you will win even more.

Tranche	Market Cap Milestone ²		Operational Milestone
1	\$2.0 Trillion ~36x General Motors	+	1 of 12
2	\$2.5 Trillion ~29x Ferrari	+	1 of 11 remaining
3	\$3.0 Trillion ~12x Toyota	+	1 of 10 remaining
4	\$3.5 Trillion ~4x JP Morgan Chase	+	1 of 9 remaining
5	\$4.0 Trillion ~6x Oracle	+	1 of 8 remaining
6	\$4.5 Trillion ~2x Amazon	+	1 of 7 remaining
7	\$5.0 Trillion ~3.5x Broadcom	+	1 of 6 remaining
8	\$5.5 Trillion ~3x Meta	+	1 of 5 remaining
9	\$6.0 Trillion ~2.5x Alphabet	+	1 of 4 remaining
10	\$6.5 Trillion ~2x Apple	+	1 of 3 remaining
11	\$7.5 Trillion ~2x Microsoft	+	1 of 2 remaining
12	\$8.5 Trillion ~2x Nvidia	+	1 of 1 remaining

Operational Milestones

Products



Cumulative delivery of 20 million vehicles³



10 million active FSD subscription



Delivery of 1 million AI Bots



1 million Robotaxis in operation

Adjusted EBITDA⁴ (~\$15 billion today)⁵

\$50 billion

\$80 billion

\$130 billion

\$210 billion

\$300 billion

\$400 billion⁶

\$400 billion⁶

\$400 billion⁶

Earning Shares and Vesting Period

Shares are deemed Earned Shares when the tranche meets both the market capitalization and operational milestones. Elon gets to vote those once earned

Generally, shares that become Earned Shares prior to the 5th anniversary of the 2025 CEO Performance Award vest on the 7.5th anniversary of the 2025 CEO Performance Award

Shares that become Earned Shares after the 5th anniversary of the 2025 CEO Performance Award vest on the 10th anniversary of the 2025 CEO Performance Award

Holding Period

Earned Shares must be held by Elon until the later of five years from the date they are earned or the applicable vesting period

CEO Succession

There must be a CEO succession framework in place for Elon to earn the 11th and 12th share tranches

1. Based on market capitalization milestones compared to publicly traded companies as of the date of the preliminary proxy statement.
2. Industry benchmarks based off the market capitalizations for each company as of August 29, 2025.
3. 20 Million Tesla Vehicles Delivered means the Company has cumulatively Delivered 20 million Tesla Vehicles (from the time of the first Delivery of a Tesla Vehicle).
4. Adjusted EBITDA on a determination date means Tesla's net (loss) income attributable to common shareholders before interest expense, (benefit) provision for income taxes, depreciation, amortization and impairment, stock-based compensation and digital assets gains and losses, as reported by Tesla in its financial statements on Forms 10-Q and 10-K (or other Exchange Act filing) filed with the SEC, for the four consecutive fiscal quarters of Tesla that immediately precede such determination date.
5. Adjusted EBITDA - TTM as of Q2 (June 30, 2025).
6. Each \$400 billion Adjusted EBITDA milestone must be achieved over nonoverlapping periods.

Additional Information and Where to Find It

Tesla, Inc. ("Tesla") intends to file with the U.S. Securities and Exchange Commission (the "SEC") a definitive proxy statement on Schedule 14A (the "Definitive Proxy Statement") and a proxy card with respect to its solicitation of proxies for Tesla's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting"). The Definitive Proxy Statement will contain important information about the matters to be voted on at the 2025 Annual Meeting. SHAREHOLDERS OF TESLA ARE URGED TO READ THESE MATERIALS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT TESLA WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT TESLA AND THE MATTERS TO BE VOTED ON AT THE 2025 ANNUAL MEETING. Shareholders will be able to obtain free copies of these documents, and other documents filed with the SEC by Tesla, through the website maintained by the SEC at www.sec.gov. In addition, shareholders will be able to obtain free copies of these documents from Tesla by contacting Tesla's Investor Relations by e-mail at ir@tesla.com, or by going to Tesla's Investor Relations page on its website at ir.tesla.com.

Participant Information

Tesla, its directors (Elon Musk, Robyn Denholm, Ira Ehrenpreis, Joe Gebbia, Jack Hartung, James Murdoch, Kimbal Musk, JB Straubel and Kathleen Wilson-Thompson), and certain of its executive officers (Vaibhav Taneja and Tom Zhu) are deemed to be "participants" (as defined in Section 14(a) of the Securities Exchange Act of 1934, as amended) in the solicitation of proxies from Tesla's shareholders in connection with the matters to be considered at the 2025 Annual Meeting. Information about the compensation of our named executive officers and our non-employee directors is set forth in the sections titled "Executive Compensation for Fiscal Year 2024" and "Compensation of Directors" in Tesla's preliminary proxy statement on Schedule 14A for the 2025 Annual Meeting, filed on September 5, 2025 (the "Preliminary Proxy Statement"), commencing on pages 134 and 156, respectively, and is available [here](#). Information regarding the participants' holdings of Tesla's securities can be found in the section titled "Ownership of Securities" in the Preliminary Proxy Statement commencing on page 164 and is available [here](#). Updated information regarding the identity of potential participants, and their direct or indirect interests, by security holdings or otherwise, will be set forth in the section titled "Ownership of Securities" of the Definitive Proxy Statement and other materials to be filed with the SEC in connection with the 2025 Annual Meeting.