

October 21, 2025

Dear Fellow Shareholders,

Following recent misguided recommendations from ISS and Glass Lewis regarding Proposals 1, 3 and 4, I want to set the record straight on the reelection of our directors and Elon's equity incentives.

At Tesla, we would rather design visionary systems than be constrained by what's conventional. We are not afraid to break the mold and we build things the right way. In contrast, ISS and Glass Lewis evaluate all companies and all proposals using the same simplistic, one-size-fits-all framework. They are fundamentally unable to evaluate companies, like Tesla, that chart their own course and challenge the status quo. Thankfully our shareholders have ignored their recommendations—otherwise, you may have missed out on our market capitalization soaring 20x¹ while the proxy advisors time and time again recommended “against” Tesla proposals designed to promote the sort of extraordinary growth we have enjoyed.

I encourage you to **ignore ISS's and Glass Lewis's advice** for this year's Annual Meeting and vote **with the Board's recommendations** on all proposals. Let me address some of the key misconceptions reflected in ISS's and Glass Lewis's recommendations.

But you're giving him too much money!

- Elon gets *nothing* unless shareholders enjoy exceptional investment returns. The 2025 CEO Performance Award was designed with one overarching purpose: to supercharge Tesla's next phase of exceptional growth, innovation and value creation. There are no layoffs, and Elon only gets additional voting rights if he delivers on bold market capitalization and operational goals. Furthermore, he only gets to keep those voting rights and obtain the associated economic benefits if he leads Tesla for at least 7.5 more years. This plan delivers enormous upside to shareholders, who will receive approximately nine-tenths of the value created.² To put it into perspective, even if Elon only hits the first milestone, he will be delivering approximately a *trillion* dollars of sustained value to shareholders, almost doubling our current market capitalization,³ far exceeding any payout to Elon for achieving that tranche. In other words: this performance incentive award is generally contingent on delivering products that support Elon's vision for Sustainable Abundance, addresses shareholder concerns regarding retention and long-term succession, and ultimately creates extraordinary shareholder value. There is no guaranteed pay because we believe the key to Tesla's long-term success lies in ensuring alignment of our CEO's interests with those of our shareholders.

But you're going to cause too much dilution!

- Shareholders should consider this award to be an investment; not dilution. If the full 2025 CEO Performance Award vests at the highest market capitalization milestone, Tesla's market capitalization would experience a 7.5x increase in value⁴ in exchange for 13.12% dilution by the proxy advisors' highest estimate.⁵ The proxy advisors' preoccupation with dilution misses the point that the pie must increase by more than seven-fold to get there. In contrast to ISS's and Glass Lewis's

rigid views of the world—which sees shareholders as “giving away value”—those of us on the Board believe in a reality where every shareholder gets a bigger slice of the growing pie. While I don’t agree with many statements in the proxy advisors’ reports, I agree with ISS’s acknowledgement that our 2025 CEO Performance Award is designed so that “historical value would be realized not only for Musk, but also for the company’s shareholders.”⁶

But the product goals are way too easy!

- There are no “easy” milestones under the 2025 CEO Performance Award. To achieve the final Adjusted EBITDA milestone, Elon will need to lead Tesla to \$400 billion in Adjusted EBITDA⁷—which means growing our current Adjusted EBITDA by ~26x.⁸ This award aims to see Tesla grow larger than any company in history. Each and every operational milestone, including the product goals, must be validated by an extraordinarily ambitious—and sustained—increase in market capitalization. Market capitalization—the market’s verdict on real value—can’t be “gamed” through aggressive pricing or other tactics to create illusory growth; Tesla’s market capitalization targets require profitable, real-world products. If Elon doesn’t deliver sustained increases in market capitalization to validate the success of any product goal, he will earn nothing under such product goal.

You didn’t need to do this to keep Elon. What he really wants is votes!

- The 2025 CEO Performance Award channels Elon’s desire for a stable ownership structure to promote extraordinary growth into what shareholders actually care about: sustained, long-term value creation. While the Special Committee evaluated designing a high-vote structure, it wasn’t feasible under current rules. Instead, the 2025 CEO Performance Award improves upon the wildly successful 2018 CEO Performance Award by separating voting power from economic value to strengthen alignment among Elon, Tesla and shareholders and promotes longer term retention by delaying vesting of any earned share for at least 7.5 years. Voting rights on a tranche are only earned after shareholders win—and win big.

But your governance for compensation is flawed!

- The disinterested Special Committee undertook a seven-month long process to design and negotiate the 2025 CEO Performance Award and Special Share Reserve under the A&R 2019 Equity Incentive Plan. Most importantly, even following that rigorous process shareholders still have the final say. Governance is not an end in and of itself, but a necessary ingredient for durable, long-term value creation. We judge governance by results, and Tesla’s stock has delivered annualized returns of almost 50%⁹ since the beginning of 2018, far outpacing the broader market.¹⁰ While ISS and Glass Lewis would prefer that we follow the herd and apply their cookie-cutter guidelines, it is precisely Tesla’s ability to lead, innovate and think independently that has enabled such extraordinary shareholder returns.

And your directors are bad at governance!

- Our longest standing independent director, Ira, is uniquely qualified to serve on our board and lead our governance efforts, having received numerous awards in the corporate governance and growth company spaces. While Ira has been guiding our governance and compensation, total shareholder returns have topped 39,000%.¹¹

- As Tesla continues to grow shareholder value through technological progress, Kathleen's decades of legal and operating experience and compensation, human capital and management knowledge will be crucial for Tesla to win the AI talent war.
- To be a great director at Tesla, there's no question that you must have thick skin. As a trailblazing company willing to break the mold in pursuit of an extraordinary future, it's no surprise that our directors are easy targets. Despite this, our directors have consistently demonstrated their integrity and risen above the criticisms of those too narrow-minded to appreciate our ambitious vision. The fact is both Ira and Kathleen are widely recognized as corporate governance leaders because they remain passionately focused on our mission to create Sustainable Abundance for all. They have the fortitude to do the right thing—which is often the hard thing—by prioritizing shareholders' long-term interests rather than caving to short-term desires in support of the whims of critics.

Tesla designs and builds robots, but we don't let robots design our governance structure as ISS and Glass Lewis would prefer. That is why we have assembled a Board with a wide array of perspectives, from people with varied experiences. In contrast to the formulaic approach reflected in ISS's and Glass Lewis's recommendations on our directors and Proposals 3 and 4, we on the Tesla Board don't see governance as a one-size-fits-all exercise. We view governance as a dynamic process, where we act with transparency and integrity as all of our directors work together to deliver financial value to our shareholders. The way we practice governance demands bold, deliberative and thought-provoking leadership as we face new challenges, navigate new paths, and ultimately drive Tesla into an exciting future with Sustainable Abundance for all. Our more thoughtful governance process requires dedication and contributions from incredible directors like Ira, Kathleen and Joe.

So, in evaluating these recommendations from ISS and Glass Lewis, as well as any third-party advice regarding your vote at this year's Annual Meeting, we encourage you—shareholders who have made an actual financial investment in Tesla's future—to make your own decision rather than following proxy advisors who don't own a single share of Tesla stock.

I think it is noteworthy that ISS and Glass Lewis have both announced plans to update their product offerings, with Glass Lewis admitting that "the traditional one-size-fits-all model of proxy advice no longer meets the needs of a diverse client base."¹² So, their models are changing, just not today, and not for our Annual Meeting. Well, at Tesla, we know that progress waits for no one and speed is crucial to success. While the proxy advisors tinker with their models, I urge you to take back your vote.

If you prefer that Tesla turn into just another car company mired in the ways of the past, then you should follow ISS and Glass Lewis. If you believe that Tesla, under the visionary leadership of Elon and the oversight of a Board that includes business leaders with integrity like Ira, Kathleen and Joe, then you should vote with Tesla.

Thank you for your continued support of Tesla.

Sincerely,



Robyn Denholm
Chairperson of the Board of Directors

Additional Information and Where to Find It

Tesla, Inc. ("Tesla") has filed 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 contains 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 HAS FILED OR WILL FILE WITH THE SEC BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT TESLA AND THE MATTERS TO BE VOTED ON AT THE 2025 ANNUAL MEETING. Shareholders are 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 are 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 the Definitive Proxy Statement commencing on pages 130 and 152, respectively, and is available here:

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001318605/000110465925090866/tm252289-12_def14a.htm.

Information regarding the participants' holdings of Tesla's securities can be found in the section titled "Ownership of Securities" in the Definitive Proxy Statement commencing on page 160 and is available here:

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001318605/000110465925090866/tm252289-12_def14a.htm.

Non-GAAP Financial Information

Our non-GAAP financial measures include Adjusted EBITDA. This non-GAAP financial measure also facilitates management's internal comparisons to Tesla's historical performance as well as comparisons to the operating results of other companies. Management believes that it is useful to supplement its GAAP financial statements with this non-GAAP financial information because management uses such information internally for its operating, budgeting and financial planning purposes. Management also believes that presentation of the non-GAAP financial measures provides useful information to our investors regarding our financial condition and results of operations, so that investors can see through the eyes of Tesla management regarding important financial metrics that Tesla uses to run the business and allowing investors to better understand Tesla's performance. Non-GAAP information is not prepared under a comprehensive set of accounting rules and, therefore, should only be read in conjunction with financial information reported under U.S. GAAP when understanding Tesla's operating performance. A reconciliation between GAAP and non-GAAP financial information is provided below.

Reconciliation of GAAP to Non-GAAP Financial Information (Unaudited)

In millions of USD	LTM Ended June 30, 2025
Net income attributable to common stockholders (GAAP)¹	5,882
Interest expense	365
Provision for income taxes ¹	1,511
Depreciation, amortization and impairment	5,724
Stock-based compensation expense	2,244
Digital assets loss, net ¹	(513)
Adjusted EBITDA (non-GAAP)^{1,2}	15,213

- (1) As a result of the adoption of the new crypto assets standard, the previously reported quarterly periods in 2024 have been recast.
- (2) Beginning in Q1'25, Adjusted EBITDA (non-GAAP) is presented net of digital assets gains and losses and all prior periods have been adjusted.
- (3) Certain amounts that appear in this table may not add up due to rounding.

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- 1 Based on the market capitalization of Tesla on March 21, 2018 and August 29, 2025.
- 2 Based on the market capitalization of Tesla on September 3, 2025 of approximately \$1 trillion, calculation assumes: (i) all taxes and offset amounts for award are paid with cash and no additional dilutive events and (ii) all award tranches vest at the final market capitalization milestone of \$8.5 trillion.
- 3 Based on the market capitalization of Tesla on September 3, 2025, the date the award was approved by the Board.
- 4 Based on the market capitalization of Tesla on September 3, 2025 of approximately \$1 trillion, calculation assumes: (i) all taxes and offset amounts for award are paid with cash and no additional dilutive events and (ii) all award tranches are earned at the final market capitalization milestone of \$8.5 trillion.
- 5 ISS Report at p. 37.
- 6 ISS Report at p. 39.
- 7 Each \$400 billion Adjusted EBITDA milestone must be achieved over non-overlapping periods, each made up of four consecutive quarters.
- 8 Based on ~\$15 billion Adjusted EBITDA for the 12-month period ending June 30, 2025. The net income attributable to common stockholders (GAAP) for the same period is ~\$6 billion. See the Tesla, Inc. Second Quarter Update, dated July 23, 2025, furnished as an exhibit to Tesla's Current Report on Form 8-K filed with the SEC on July 23, 2025.
- 9 Calculated through September 30, 2025.
- 10 Based on annualized return of S&P 500 over the past 10 years.
- 11 Calculated from June 29, 2010 (Tesla's IPO price per share) through close of business on September 30, 2025, based on Tesla, Inc. (TSLA) share price performance and reinvested dividends over the period.
- 12 <https://www.glasslewis.com/news-release/glass-lewis-leads-change-in-proxy-voting-practices>;
<https://insights.issgovernance.com/posts/iss-stoxx-introduces-new-research-services-to-support-investors-proprietary-stewardship-programs/>.