

Control of Tesla Is at Stake in Vote on Elon Musk's Pay Plan



Mr. Musk's supporters say he may quit if shareholders don't approve a trillion-dollar package. Some investors say it's excessive and would give him too much sway.

By [Jack Ewing](#)
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Tesla's shareholders will decide this week whether the automaker should award its chief executive, Elon Musk, stock worth almost \$1 trillion if he achieves a series of impossible-sounding goals.

But there are big questions about how tough those goals really are.

Mr. Musk would acquire voting control over nearly 29 percent of Tesla shares if he met all of the targets in a 10-year performance plan. Among other things, the company would have to deploy one million humanlike robots and boost its stock market value to \$8.5 trillion from \$1.4 trillion today.

That sounds difficult. But the plan would also allow Tesla's board of directors to grant Mr. Musk a portion of the shares even if he fell short. Some corporate governance experts said the board, which includes Mr. Musk's brother and several long standing friends and business associates, could award him shares regardless of his performance.

"These are not independent decision makers," said Dorothy Lund, a professor at Columbia Law School who teaches and writes about corporate governance.

She cited a Delaware court decision that struck down a previous pay plan for Mr. Musk in part because the judge found that many Tesla directors were too close to him personally or owed their wealth to him.

Tesla has criticized that decision as violating the will of Tesla shareholders, who approved the earlier plan by large margins twice. The Delaware Supreme Court is expected to rule soon on the company's appeal.

Tesla's board is "very active, very independent, and I think the outside world doesn't appreciate it," Robyn Denholm, the board's chair, said in a September interview with The New York Times.

Supporters of Mr. Musk said the board should have some leeway in awarding shares because markets and technology could change. They also contend that they don't believe that he would be given shares he had not truly earned.

"I don't see that as a big concern," said Andrew Rocco, a stock strategist at Zacks Investment Research. "As controversial as Musk is, he sets big goals, and in time he attains these goals and surpasses them."

Ms. Denholm said there were no escape clauses for a key part of the plan that would require Mr. Musk to raise Tesla's stock price by 500 percent. "Market capitalization — the market's verdict on real value — can't be 'gamed' through aggressive pricing or other tactics to create illusory growth," she said in a letter to shareholders.

Tesla, Mr. Musk and their critics have been waging contentious campaigns before the company's annual meeting on Thursday. The fight has distinct echoes of the hostility that characterizes American politics. Mr. Musk's right-wing politics appear to be at a play, too, with state pension managers in states governed by Democrats, like California and New York, opposing the pay plan and those in Republican-run states, like Florida, supporting it.

Even Pope Leo XIV has weighed in, citing Mr. Musk's pay as an example of the gap between rich and poor. "If that is the only thing that has value anymore, then we're in big trouble," he told Crux, a Roman Catholic news site, this summer.

Mr. Musk and his critics are agreed on one thing — this is a fight over how much influence he has over Tesla. Mr. Musk has said he is more interested in greater voting control than in money. After taxes, his stake would be around 25 percent. While that is well short of a majority, in practice it would be very difficult to pass measures he opposed.

"I don't think it's an overstatement to say that it would revive the era of robber barons who wielded near-absolute control," Brad Lander, the New York City comptroller, said during a conference call organized by SOC Investment Group, an organization associated with labor unions that opposes Mr. Musk's compensation plan.

A Tesla dealership in Las Vegas. The automaker has criticized a court decision that struck down a previous pay plan for Mr. Musk as violating the will of shareholders. Credit...Mikayla Whitmore for The New York Times

Tesla's board sees the plan as a way to motivate him as he transforms the company from primarily selling electric cars to making robots and self-driving taxis.

The board points to Mr. Musk's achievements. Tesla is the only profitable U.S. electric carmaker. His admirers in and out of the company see him as the only person who can deliver products that usher in "sustainable abundance."

But Tesla's robots and self-driving cars may not generate significant revenue, let alone profits, for years. Skeptics say some of his promises, including that Tesla robots could care for children or perform surgery, are far-fetched.

Mr. Musk told investors and analysts in October that he needed to have strong influence over the "robot army" that Tesla would build. His supporters interpreted that as a desire to prevent control from falling into the wrong hands.

"Control of Tesla could affect the future of civilization," Mr. Musk said on X.

Visions of futuristic products are central to Tesla's lofty stock-market valuation, said John Paul MacDuffie, a professor of management at the Wharton School of the University of Pennsylvania who focuses on transportation. Wall Street values Tesla at more than four times the value of Toyota Motor, the world's largest car company by sales.

"Musk has persuaded some investors that everyone is going to be in a robotaxi," Mr. MacDuffie said. "I don't buy it."

For Mr. Musk to collect the whole package, which is broken into 12 parts, Tesla would have to achieve milestones like selling 10 million subscriptions to self-driving software and increasing earnings before depreciation and other items to \$400 billion from \$17 billion last year.

"He doesn't get any compensation if he doesn't deliver," Ms. Denholm, the board chair, said during the Times interview at Tesla's California offices.

She said Mr. Musk required enormous compensation because he was driven to do things "that no one else has done before, doing things that further humankind."

But the board could give him some of the shares if it determined that he had missed a product target because of natural disasters, war, interference by government regulators or other, unspecified circumstances.

It would be possible "for Mr. Musk to earn at least the first three tranches of the award without meeting a single operational milestone," according to a report by Glass Lewis, a firm that advises investors on shareholder votes. Each tranche includes stock worth tens of billions of dollars.

Glass Lewis and ISS Stoxx, another advisory firm, recently recommended that investors reject the pay package. During a conference call last month, Mr. Musk accused the firms of "corporate terrorism."

Tesla said in a letter to shareholders that the firms' opinions were flawed. "Their analysis cannot distinguish between innovation and risk, or between ambition and mismanagement," the company said.

ISS declined to comment on Mr. Musk's remark. Glass Lewis said in a statement that it offered "informed analysis and recommendations to our clients worldwide."

Tesla's board has created a website to promote the pay plan and has run video ads on social media. Mr. Musk has posted about the shareholder vote more than 60 times in recent months.

The intensity of the campaign reflects the board's eagerness to win the vote by a wide margin to mute criticism, said Ann Lipton, a professor of corporate governance at the University of Colorado School of Law.

Many analysts expect the plan to pass because Mr. Musk is allowed to vote his own shares in Texas, where the company moved its incorporation after losing the Delaware case on his earlier pay package. He controls about 15 percent of the total. But if the new pay package secures fewer than half of shares owned by outside investors, it could hurt Tesla's reputation, Ms. Lipton said during the SOC conference call.

"The mythology of Elon Musk kind of depends on the perception that he has the continuing devotion of Tesla shareholders," she said.

Tesla's board said in a statement that the intensity of its campaign "is being driven by the significance of this election to the future of Tesla" and the need to reach smaller investors who collectively own a lot of the company's stock.

Investors will vote on other important measures, including an investor's proposal that calls for Tesla to invest in xAI, Mr. Musk's privately held artificial intelligence company. The board has taken no position on that measure, but Mr. Musk favors it.

Shareholders will also vote on a proposal by Thomas DiNapoli, the New York State comptroller, to eliminate a restriction on shareholder lawsuits. After moving its corporate domicile to Texas, Tesla took advantage of a state law allowing it to ban suits by shareholders who own less than 3 percent of the company. Only a few investment funds meet that threshold.



A Tesla dealership in Las Vegas. The automaker has criticized a court decision that struck down a previous pay plan for Mr. Musk as violating the will of shareholders. Mikayla Whitmore for The New York Times

Tesla's board maintains that the restriction protects the company from suits by people who don't represent the views of a significant number of shareholders.

Investors can still band together to clear that threshold, the board said in a regulatory filing. Mr. DiNapoli, who oversees a pension fund that owns about \$1.5 billion in Tesla stock, said that was impractical and wants any shareholder to be able to sue.

Ms. Denholm warned shareholders in a letter last week that if they rejected the pay plan, Mr. Musk might quit. "We run the risk that he gives up his executive position, and Tesla may lose his time, talent and vision."

To Mr. Musk's supporters, threatening to walk is a normal way to negotiate. But **Randall Peterson**, a professor at **London Business School** who studies corporate boards, said the dependence on a single executive was a red flag.

"The graveyards are filled with indispensable men," Prof. Peterson said.

<https://www.nytimes.com/2025/11/03/business/elon-musk-tesla-pay-vote.html>