



By: TA | AP Insight

What stands in the way of Musk becoming history's first trillionaire?



Elon Musk turned off many potential buyers of his Tesla cars and sent sales plunging with his foray into **politics**. But the stock has soared anyway and now he wants the company to pay him more — a lot more.

Shareholders gathering Thursday for Tesla's annual meeting in Austin, Texas, will decide in a proxy vote whether to grant Musk, the company's CEO and already the **richest person** in the world, enough stock to potentially make him history's first trillionaire.

It's a vote that has sparked heated debate on both sides of the issue, even drawing **the pope's comments** on it as an example of income inequality.

Several pension funds have come out against the package, arguing that the board of directors is too beholden to Musk, his behavior too reckless lately and the riches offered too much.

Supporters say Musk is a genius who is the only person capable of ushering in a Tesla-dominated future in which hundreds of thousands of self-driving Tesla cars — many without steering wheels — will ferry people and humanoid Tesla robots will march around factories and homes, picking up boxes and watering plants.

The pay is necessary to incentivize him, they say, and keep him focused.

Musk has threatened to walk away from the company if he doesn't get what he wants and has blasted some of the package's critics as "corporate terrorists."

What is up for a vote

To get his Tesla shares, Musk has to secure approval from a majority of the company's voting shareholders. Improving the odds, Musk gets to vote his own shares, worth 15% of the company.

Shareholders first heard about the **pay package** in September when the board of

directors proposed it in a detailed filing to federal securities regulators.

The document, running 200 pages, also contains other proposals up for a vote at the meeting, including whether to allow Tesla to invest in another Musk company, xAI, and who should serve on the board in the future.

How Musk can get \$1 trillion

Musk won't get necessarily get all of that money, or even a cent of it, if the package is approved. He first has to meet several operational and financial targets.

To get the full pay, for instance, he has to deliver to the car market 20 million Teslas over 10 years, more than double the number he has churned out over the past dozen years. He also has to massively increase the market value of the company and its operating profits and deliver one million robots, from zero today.

Musk will get \$50 billion in additional Tesla shares if he increases the company's market value by 80%

If he falls short of the biggest goals, though, the package could still hand him plenty of money.

Musk will get \$50 billion in additional Tesla shares, for example, if he increases the company's market value by 80%, something he did just this past year, as well as doubling vehicle sales and tripling operating earnings — or hitting any other two of a dozen operational targets.

Musk v Rockefeller

Musk is already the richest man in the world with a net worth of \$493 billion, according to Forbes magazine, and well ahead of some of the wealthiest of years past.

He's worth more than two Cornelius Vanderbilts, the shipping and railroad magnate of the 19th Century whose inflation-adjusted wealth hit \$200 billion or so at its peak.

Musk is still trailing John D. Rockefeller, but he's closing in fast

The steel giant, Andrew Carnegie, was once worth \$300 billion, according to the Carnegie Corp., well below Musk's wealth, too.

Musk is still trailing John D. Rockefeller, but he's closing in fast. The railroad titan hit peak inflation-adjusted wealth of \$630 billion in 1913, according to Guinness World Records.

What really drives Musk, or so he says

Musk says it's not really about the money but about getting a higher Tesla stake — it will double to nearly 30% — so he can control the company.

He says that's a pressing concern given all the power Tesla may soon have, specifically something he referred to in a recent investor meeting as its future "robot army."

That was a reference to Tesla's Optimus division, which makes humanoid workers that will be so numerous that, as Musk put it recently, he wouldn't want anyone else but himself to control them.

Split among shareholders

Many investors have come out in support of the package, including Baron Capital Management, whose founder called Musk indispensable to the company. "Without his relentless drive and uncompromising standards," wrote founder Ron Baron, "there would be no Tesla."

Critics include the biggest in the U.S. public pension fund, Calpers, and **Norway's sovereign**

wealth fund, the world's largest.



Even the Vatican has weighed in, decrying the wealth gap in the world and blasting the trillion dollar offer in particular – Pope Leo XIV

They argue the pay is excessive, with the Norway fund expressing concern that the board that designed it, which includes Musk's brother, is not independent enough.

Two giant corporate watchdogs, Institutional Shareholder Service and Glass Lewis, said they are voting against it, too.

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"If that is the only thing that has value anymore," said Pope Leo XIV, "then we're in big trouble."

Musk's record at Tesla is mixed

Judging from the stock price alone, Musk has been spectacularly successful. The company is now worth \$1.5 trillion.

But a lot that runup reflects big bets by investors that Musk will be able deliver things that are difficult to pull off, and the way Musk has run the company recently doesn't inspire confidence. He has **broken numerous promises**, and his tendency to say whatever is on his mind has sabotaged the company.

He frequently teeters on the edge of disaster, and then pulls back just in the nick of time - Nancy Tengler

Just this year, for instance, he vowed to deliver driverless taxis in several cities, secure regulatory approval in Europe for his self-driving software and push sales up 20% or 30%.

Instead, his driverless robotaxis in Austin and San Francisco have human safety monitors inside. Europeans still haven't approved his software. And Tesla sales continue to plunge, with new figures out Monday showing a stunning 50% drop last month in Germany alone.

That said, Musk has pulled off the impossible before. His company a half dozen years ago was widely feared to be near bankruptcy because he wasn't making enough cars, but then he succeeded and the stock soared.

"He frequently teeters on the edge of disaster," said Tesla owner and money manager Nancy Tengler, "and then pulls back just in the nick of time."