

Tesla shareholders back huge payout for CEO Musk, company says

June 14 2024, by John BIERS



Tech billionaire Elon Musk is encouraging shareholders in electric automaker Tesla to vote in favor of a plan that includes a massive pay package for the company's founder and chief executive.

Tesla shareholders voted in favor of a huge compensation package for CEO Elon Musk, endorsing the potential windfall after a Delaware court

invalidated it, a company official said Thursday.

Based on preliminary [vote](#) results, [investors](#) backed a plan of up to \$56 billion for the mercurial Musk, corporate secretary Brandon Ehrhart said at Tesla's annual meeting in Austin, Texas.

"I just want to start off by saying, hot damn, I love you guys," a euphoric Musk said as he took the microphone after the preliminary vote results were announced.

The [package](#) was originally approved by investors in 2018, but a Delaware court struck it down in January 2024, prompting Tesla to launch a campaign to revive it.

Legal experts say that Thursday's vote does not automatically mean Musk will receive the payout, but that the win could strengthen Tesla's appeal of the Delaware ruling.

Tesla shares rose 0.7 percent in after-hours trading.

The stock gained 2.9 percent in Thursday's session after Musk posted late Wednesday on social media platform X that investors backed the pay plan.

Analysts said passage of the compensation package will likely ensure Tesla continues to be led by Musk, who had hinted he might exit without an adequately large stake in Tesla. Musk had about 20.5 percent of Tesla shares at the end of 2023.

Litigation continues

Shareholders overwhelmingly backed the Musk compensation plan in 2018, but it was struck down by Delaware judge Kathaleen McCormick,

who ruled that the plan was devised in a "deeply flawed" manner given Musk's extensive ties to key Tesla directors who blessed the plan.

In April, Tesla revived the package, with chair Robyn Denholm imploring investors to "fix this issue" after the Delaware ruling, arguing ratification would "restore Tesla's stockholder democracy" after the 2018 [shareholder](#) vote.

Musk backers, like billionaire investor Ron Baron, have offered unflinching support.

"Shareholders should ask themselves this question: is Tesla better off with or without Elon," Baron said in a public letter.

"At Baron Capital, our answer is clear, loud and unequivocal: Tesla is better with Elon. Tesla is Elon."

But other investors such as California State Teachers' Retirement System balked at the package.

CalSTRS chief investment officer Chris Ailman told CNBC that he considers Musk "brilliant," but that the current package is "ridiculous."

Dorothy Lund, an expert in [corporate governance](#) at Columbia Law School in New York, said the effect of the latest shareholder vote was uncertain because the plan has still been blocked by the Delaware court.

But Lund said the vote likely strengthens Tesla's appeal of McCormick's decision because it shows that shareholders backed the plan even after the judge blocked it.

"It's probably a way to set up an appeal," Lund said.

Gregory Varallo, who represented shareholders who opposed the plan in the Delaware litigation, argued the vote had no bearing on the case.

"We believe that the ratification vote that Elon demanded and coerced is deeply flawed as a matter of law, legally ineffective and does not impact our case," Varallo said in an email. "We will respond to any arguments raised in due course."

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Citation: Tesla shareholders back huge payout for CEO Musk, company says (2024, June 14) retrieved 20 June 2024 from <https://techxplore.com/news/2024-06-tesla-shareholders-huge-payout-ceo.html>

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