

Portfolio Management Business Development Corporate Strategy Global Perspective

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Elon Musk, CEO
Tesla Inc (TSLA)

Shareholder Communication

Do you really think that the shareholder begrudges you a “very” generous compensation package – or a certain ownership position for that matter? Part of the responsibility for the rejection by the judge in Delaware “lies” on your shoulders for not disseminating a more compelling argument to the market. If you’re acting in the best interests of the shareholder, the “real” owner of TSLA, how can you lose an argument with ownership? It goes without saying, your financial interests should be aligned with the long-term financial interests of the Tesla (TSLA) organization.

Stop wasting valuable corporate resources! Just modify your argument to the market. What long-term shareholder can really argue against your proposed compensation package, or your recent ownership position demand? Objectively, you’ve taken the TSLA organization from generating revenue of approximately \$117M annually in 2010 to an organization that is generating revenue over \$96B annually. Unbelievably, during this time of incredible growth, how many years did you serve the TSLA organization under a zero-compensation rate?

Taking this operational growth rate argument one step further, TSLA generated a **negative** EBITDA of \$136M in 2010 and in 2023 TSLA generated an EBITDA of approximately \$15B. I believe this represents a growth rate north of 11,000%. Any way you cut it, Elon Musk (his vision and his leadership) has created unbelievable value (wealth) for the long-term shareholder of TSLA.

To further illustrate this wealth creation, at the end of 2010 around the IPO, TSLA had a market capitalization of approximately \$2B. Currently, it’s more than \$550B. This represents a growth rate of approximately 25,000%. Since going public, it’s pretty easy to see the value created by the leadership of Elon Musk for the TSLA organization and the common stockholder.

This all sounds great, but as a long-term shareholder, I disagree with your proposed compensation package, your corporate relocation request and your ownership demand. Why? As a shareholder, I want all (or much more) of your “greatness” focused on creating value for the Tesla organization – not all of your side interests: Twitter (X), Space X, the Boring Company, Neuralink and the recently formed xAI. You’re still human with limited bandwidth in your brain. Admittedly, I can acknowledge that your brain bandwidth far exceeds most of humanity.

But as a TSLA owner, I want you to better recognize the “value” that Tesla (TSLA) represents to your past, present and future. It is the only organization in your portfolio that is publicly traded in the “equity” capital markets. And we both know that equity is required to finance any dream.

Stop the B.S. Let’s fully recognize the inherent value of the publicly traded capital markets to you: in particular, how the “equity” capital market provides you with LIQUIDITY, which is essentially the “freedom” to impulsively buy Twitter (X) – or “pursue” any other dream within your great mind.

So, in terms of efficiently financing your dreams, I think the publicly traded capital markets (debt and equity) represent a much larger source of funds than the private capital markets. Furthermore, I believe these markets provide you with more choice as you scale your dreams and ambition.

As a long-term, equity investor of TSLA, I want your focus, determination and vision creating value for the TSLA organization.

At the end of the day, let’s work together to finance your great dreams!

Respectfully,

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