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SWINGING FOR THE FENCES

HOW DO CEO MEGA GRANTS PAY OUT FOR COMPANIES AND SHAREHOLDERS?

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INTRODUCTION

Around the time that Tesla's board of directors granted founder and CEO Elon Musk a massive 10-year, $2.3 billion expected equity award in 2018, a small number of companies offered similar one-time "mega grants" to their CEOs (deemed "copycat" or "me-too" grants).[1] Most of these were in emergent industries (such as technology and biotechnology), although established companies in more traditional mainline industries also offered mega grants to their CEOs.

The disclosure justifying these compensation decisions is fairly anodyne, containing boilerplate language that is mostly indistinguishable from the standard language used in proxy statements to explain typical CEO structures. These grants were intended to provide "incentive" to achieve corporate objectives, encourage "superior, long-term performance," and "align the interests" of the CEO with shareholders (generally by rewarding stock-price appreciation).[2]

The outcome of Musk's initial mega grant is now legally resolved (achieved, thrown out, and eventually reinstated—ultimately amounting to a sum well in excess of originally expected value). But the outcomes of the grants awarded to less-public CEOs have been less thoroughly analyzed.[3] In this Closer Look, we study the payout of these "me too" grants. How much value did the CEO receive relative to original expectations? How did the company's stock price perform relative to benchmarks? Given the results, we consider the rationale for offering mega grants going forward. How do mega grants change the risk, retention, and performance incentives placed on an executive, and how does this structure impact the company and shareholders?

From an economic perspective, mega grants represent highly convex compensation contracts. They substantially increase the CEO's exposure to firm-specific upside while capping downside at zero. Standard agency models predict that such convexity can increase effort and risk-taking, particularly when performance thresholds are difficult to achieve. Whether this convexity is value-enhancing or value-destroying depends on the firm's investment opportunity set, the CEO's outside wealth, and the board's ability to monitor risk choices.

CEO MEGA GRANTS

Our sample includes equity awards between 2016 to 2022 valued at $100 million or more, based on proprietary data from Equilar and supplemented with data from media sources.[4]

Sample By CEO

Our sample includes 28 unique CEOs, whose grants consisted of the following:[5]

- 11% "plain vanilla" time-vested restricted stock grants (RSUs)
- 32% performance-vested restricted stock (PSUs)
- 29% stock options (either at-the-money or performance-based)
- 29% a mix of RSUs, PSUs, and/or stock options (see Exhibit 1)

The expected value of these awards as reported in the Summary Compensation Table (SCT) of the annual proxy at the time of issuance ranged from a low of $109 million to a high of $1.09 billion (median $211 million, mean $287 million).[6] As we might expect, the mega grant comprised nearly the entirety of compensation awarded to these CEOs that year. On average, the mega grant equaled 97 percent (99 percent median) of total compensation in the SCT (see Exhibit 2).

Sample By Grant

Mega grants do not always consist of a single equity type (RSU, PSU, or stock option). In some cases, the CEO receives more than one equity type as part of the overall package. For example, in 2019, Alphabet awarded its CEO $31 million in restricted stock with a one-year vest, $125 million in restricted stock with a three-year vest, and $121 million in performance stock with a two-year measurement period (total expected value of $277 million). When a CEO received more than one equity award, we analyzed the payout and performance of each award individually.

In total, our sample includes 40 unique awards:

- 30% plain vanilla, time-vested RSUs
- 40% performance-vested restricted stock (PSUs)
- 8% time-vested, at-the-money stock options
- 23% performance-vested stock options (see Exhibit 3)

The vesting period for these awards ranges from 3 years to 10 years (median 5 years, average 5.9 years).[7] 63 percent of awards in our sample include a performance-based trigger. These triggers generally require extremely aggressive stock-price and operating performance, encouraging "swing for the fence" outcomes.

In terms of options theory, these awards resemble deep out-of-the-money call options. When performance thresholds are remote, the CEO's marginal payoff from moderate improvements in performance is small, but the payoff from extreme positive outcomes is large. This structure can rationally induce "risk-seeking in the domain of losses," particularly if the CEO perceives that base-case performance will not lead to vesting.

For example, in 2020, Airbnb awarded its CEO performance shares consisting of 10 tranches of restricted stock (1.2 million shares per tranche, or 12 million total), with escalating stock-price triggers starting at $125 per share and increasing in $40 increments to $485. Achieving the highest threshold would require an increase in market value of Airbnb from $75 billion to $291 billion over a 10-year period.

Such escalating tranches create non-linear payoff regions. The CEO's incentive is not smooth across performance levels; instead, incentives spike near thresholds. Economic theory suggests that behavior may cluster around these hurdles, potentially encouraging short-term actions designed to cross specific price points rather than maximize long-term firm value.

As another example, in 2021 ServiceNow offered $139 million in performance stock options to its CEO, consisting of 8 tranches with escalating stock-price and operating triggers. The CEO was required to achieve *both* a subscription revenue goals and a stock-price level for each tranche to vest (see Exhibit 4).

Mega Grant Ex-Post Payout

In measuring the payout values of grants, we separate those that are fully vested (complete) from those whose measurement period is not yet complete and ultimate payout not yet known (open). In our sample, 62.5 percent are complete and 37.5 percent are still open.

We measure the "payout value" as the pre-tax realizable value at each vesting date. This value represents the value available to the CEO on the day vesting conditions are met and is therefore a fair measure of the compensation actually awarded to the CEO by the company in satisfaction of the incentives embedded in the grant program.

If, for example, a CEO's grant consists of 3 tranches of 1 million performance shares or options, we separately value each tranche on the date each performance objective is achieved.[8] If the shares or options are time-vested, we value each tranche at the stock price on the date of vesting.[9] (An alternative method of determining the "payout value" is to compute the value realized by the CEO. This value equals the pre-tax dollar amount realized by the CEO when the underlying shares are sold for cash. This is a more difficult computation because the dates of these actions can extend far into the future.)[10]

Among the completed grants, the median (average) CEO received only 25 percent (82 percent) of expected value at issuance, which equates to $33 million (average $116 million). The outcomes for individual CEOs vary significantly. For example, the CEOs of Axon Enterprise and Regeneron received vested shares worth more than 3 times the originally expected value, whereas five of the 16 CEOs received zero value (see Exhibit 5).

This gap between expected value (as reported under accounting rules) and realizable value reflects the embedded performance risk. The grant-date fair value incorporates volatility and time value assumptions but does not represent a certainty-equivalent value to the CEO. From a contracting standpoint, the relevant metric is not expected accounting value but the certainty-adjusted value given the CEO's risk aversion, CEO effort, and personal wealth portfolio concentration.

Among the open grants, the median (average) CEO received 37 percent (82 percent) of expected value or $99 million (average $290 million). However, it is important to note that at least some of these awards will continue to pay out in the future, and their ultimate realizable value will be higher (see Exhibit 6).

One reason the open grants have a higher payout than completed grants is that the sample of completed grants includes CEOs who were terminated or whose companies failed, with their grants "closed" at termination or bankruptcy.

This potentially introduces a selection effect: poor performance mechanically truncates the contract. As a result, observed payouts are conditioned on survival. This makes ex-post evaluation complex, because low payouts may reflect either appropriate downside protection for shareholders or inefficient incentive structures that encouraged excessive risk-taking and failure.

STOCK-PRICE PERFORMANCE

Finally, we look at company stock performance against the market benchmark to understand how mega grant companies performed leading up to and after the grant date.

Prior Performance

Companies that offer mega grants fall into two broad buckets: One bucket (13 of the 28 companies in our sample) include companies that offered the mega grant immediately prior to or subsequent to their IPO. Because these companies do not have prior stock-price data, it is difficult to determine their historical performance.

Among those with longer trading history (15 of the 28 companies), we find the typical mega-grant company underperformed the S&P 500 by 33 percentage points over the 3-year period leading up to the grant. Still, a handful of companies in this group generated significant positive performance, thereby skewing the average relative return to positive 43 percent (see Exhibit 7).

It might be the case that boards decide to offer a mega grant to materially increase the risk appetite of the CEO in order to turn around lagging performance or to maintain strong performance.

Ex-Post Performance

More important for boards and shareholders, however, is how companies performed after mega grants were issued.

For completed grants, we measure the price of the company stock between the grant date until the final vesting date. (For companies that issued grants immediately prior to IPO, we use the first trading date following IPO as the start date.) We compare this performance to the S&P 500 over the same period.

Companies with completed mega grants exhibited median performance of -27.5 percent compared with median S&P 500 performance of 32.9 percent (see Exhibit 8).

For open grants, we measure performance for both the company and the S&P 500 through December 31, 2025. This sample exhibited median company performance of 9.8 percent compared with median S&P 500 performance of 86.6 percent (see Exhibit 9).

Needless to say, many companies issuing mega grants underperformed the market. Underperformance alone does not establish that the incentive structure failed. If boards adopted mega grants in firms facing high uncertainty or strategic inflection points, lower average returns may reflect the risk profile of the underlying opportunity set rather than the contract itself. The relevant counterfactual is not average market performance but expected performance absent the mega grant.

Across all companies, only 13 of the 40 mega grants (32.5 percent) corresponded with outperformance. This distribution is consistent with tournament-style incentives: a small number of large winners and a substantial number of non-payers. The question for shareholders is whether the right tail sufficiently compensates for the left tail. In portfolio terms, are mega-grant firms generating positive expected value, or are they simply increasing variance?[11]

Similarly, only 13 of the 40 grants realized a payout higher than the originally expected amount. The typical CEOs received much less than the originally expected value (in many cases, zero). Some companies' stock price exhibited an inverted v-shape, spiking in the months following grant date only to decline later. In these cases, the CEO might have realized a partial vesting of performance shares, with the more aggressive, higher performance targets unmet.

CONCLUSION

What can we conclude from these data?

First, it is evident that mega grants intended to encourage significant improvements in company performance did not, in the median case, produce substantial positive stock-price performance.

Second, and related, mega grants did not reliably produce substantial realizable compensation for the CEOs who received them. In most cases, the realizable payout to the CEO was considerably lower than expected value. That means many of the CEOs listed in media articles of the "highest paid CEOs" never actually realized their reported compensation levels. The dollar amounts published in these articles—and the annual proxy from which they were derived—are not adequately adjusted for the risks associated with the managerial actions necessary to achieve the requisite targets.

Third, it is clear that the outcomes—both in corporate performance and in vested compensation—are highly skewed, characterized by a small number of winners among a substantial number of losers. The results are more akin to a portfolio of venture-capital investments than a broadly diversified market of established institutions. This analogy is economically important. Venture-style compensation is appropriate when firms operate in winner-take-all markets, where extreme outcomes dominate average ones. In more stable industries with incremental value creation, highly convex contracts may distort incentives by encouraging variance rather than expected value maximization.

Did the boards of these companies err in electing to award massive equity grants to their CEOs? Optimal contracting theory would suggest that mega grants are efficient only if they solve a binding incentive problem that cannot be addressed with standard annual equity awards. For example, if the firm requires transformational change that involves irreversible investment and high execution risk, a point-in-time convex award may commit both parties to a high-variance strategy. By contrast, if annual awards could deliver similar incentives with greater flexibility,

the mega grant may simply reduce board optionality. The answer therefore to the question posed is that it is exceedingly difficult to say. The boards encouraged moonshot performance. Is the failure to achieve that performance a failure of the incentive system or the expected result in a highly competitive market (perhaps a winner-take-all setting) where the average corporate outcome is negative? Certainly, if every CEO in our sample received the full payout amounts of their award, their boards would be open to criticism for setting the performance targets too low.

A related question is whether the incentives encouraged the performance the board envisioned at the time of the grant.[12] An additional economic issue is dynamic incentives. Once a CEO realizes that upper-tier performance hurdles are unlikely to be achieved, the marginal incentive effect may collapse. At that point, the board faces pressure to "reset" incentives, potentially leading to re-pricing or supplemental awards. This dynamic undermines the original commitment value of the mega grant. In situations where thresholds were achieved, both the CEO and shareholders benefited significantly. When they were not achieved, the company did not make the expected payments and the actual compensation cost to the corporation and shareholders was significantly lower (in many cases, zero). One could make the claim that the successful CEOs in our sample were simply lucky. Of course, one could also make the claim the unsuccessful CEOs were unlucky.

A final question is whether it is better to offer massive point-in-time equity awards rather than the more typical annual awards over time at multiple stock prices. Point-in-time awards might be more appropriate in situations where highly convex compensation contracts are necessary to instill managerial urgency to undertake major strategic and operational change ("winner-take-all" market situations). By contrast, annual equity awards allow the board to tailor each package—and adjust operating and stock price targets—to meet the present economic situation.This reduces risk and increases the board's flexibility but also allows for the performance bar to be lowered following a period of stock price decline.

WHY THIS MATTERS

1. Mega grants force boards to make an explicit tradeoff between convexity and flexibility. Highly convex contracts can magnify incentives but reduce the board's ability to adapt compensation to evolving information. They also increase the variance of shareholder outcomes. The core governance question is not whether mega grants are large, but whether their structure appropriately matches the firm's economic environment.
2. Companies that award mega grants to their CEO exhibit highly divergent outcomes, with a significant number underperforming and with only a small number outperforming common stock-market benchmarks. How can shareholders and stakeholders determine whether this incentive structure is the right one for improving the potential performance of the company?
3. Despite the poor payout performance of some mega grants, companies continue to offer them and CEOs continue to accept them. What does this say about the risk appetite of these companies, boards, and CEOs? Does a CEO who asks for and receives a $100 million+ award need incentive to be more aggressive in their managerial decision making? Or are they already inherently risk takers? Are mega grants the product of sound decision making among board members, or do they indicate a CEO overly motivated by what other CEOs have received? Are mega grants simply an extreme case of the imitating behavior we see in compensation practices of other companies?
4. When and in what situations is it favorable to offer a single point-in-time equity award rather than annual equity awards that are smaller and more consistently sized? Does the shock value of a massive price tag with stake-in-the-ground performance targets amplify the incentive value of these awards to the executive? Or does it expose the company to too much uncertainty and too much media and proxy advisor attention—given that the targets of a typical mega grant are rarely met in full? What adverse effects occur when it becomes apparent to the CEO that many of the trigger targets will not be achieved?
5. Although most mega grants are justified as necessary to incentivize the CEO (or in some cases to provide additional compensation when the board believes that the CEO was not appropriately rewarded in prior years), it is also possible that these mega grants are the result of the CEO having power over the board of directors. Is it possible that poor governance is the explanation for mega grants to the CEO and the poor performance of some companies engaging in this behavior? ■

[1] In November 2025, Tesla shareholders approved a second and more massive equity grant to Musk with a potential payout of $1 trillion, based on the achievement of multiple milestones. See Theo Francis, Becky Peterson, and Andrew Mollica, "The Hurdles Elon Musk Must Clear to Unlock $1 Trillion in Tesla Pay," *The Wall Street Journal* (November 7, 2025). Tesla, Form DEF-14A, filed with the Securities and Exchange Commission (September 17, 2025).

[2] See David F. Larcker and Brian Tayan, "Mega Grants: Why Would A Board Approve Nine-Figure CEO Pay?" Stanford Closer Look Series (August 2023).

[3] Some media reports have reviewed a selection of mega grants. See Biz Carson, "Elon Musk's Moonshot Pay Deal Spawned Copycats That Flopped," *Bloomberg* (November 6, 2025). Theo Francis, "Supersize CEO Pay Packages Aren't Paying Off for Shareholders," *The Wall Street Journal* (January 17, 2026).

[4] Our final sample originated with Equilar proprietary data and was supplemented with CEOs included on lists published by various media sources. See Equilar and The New York Times, "200 Highest Paid CEOs," Equilar (June 11, 2021). Mark Anthony Gubagaras and Darakhshan Nazir, "Digital Ad Company CEO Out-Earns Big Tech Peers in 2021," S&P Global (August 23, 2022). Matthew Friestedt and Precious Nwankwo, "CEO Mega Grant Practices," *Journal of Compensation and Benefits* (May/June 2019).

[5] We do not include grants to board chairs or senior executives other than the CEO. We also do not include the 2018 grant given to Elon Musk.

[6] The methodology for valuing equity awards at the time of issuance is specified by FASB Accounting Standards Codification (ASC) Topic 718, Compensation—Stock Compensation. Stock awards are valued based on the market price of the underlying shares at the time of issuance or based on the probabilistic outcome of performance shares under a variety of scenarios. Stock options are typically valued using the Black-Scholes pricing model or lattice model. See FASB, "ASC Topic 718, Compensation—Stock Compensation," (updated October 2021), available at: https://storage.fasb.org/ASU_2021-07.pdf.

[7] According to Equilar, the standard vesting period for CEO time-based equity grants is 3 to 4 years, with stock options having a 7-to-10-year term before expiration. See Courtney Yu, "Analyzing Time-Based Vesting Periods," Equilar (December 22, 2025), available at: https://www.equilar.com/blogs/615-analyzing-time-based-vesting-periods.html.

[8] If the performance objective is not achieved, the realizable value is zero.

[9] An out-of-the-money, time-vested stock option has a realizable value of zero on the vesting date (although it might subsequently go "in the money" if the stock price increases before expiration).

[10] Taxes are also important for computing value realized by the CEO. We do not have insight into the effective tax rate for each CEO.

[11] For a detailed example, see David F. Larcker and Brian Tayan, "CEO Pay at Valeant: Does Extreme Compensation Create Extreme Risk?" Stanford Closer Look Series (April 2016).

[12] It would be useful to know the counterfactual (what would have happened if the company had not offered the mega grant). Unfortunately, constructing a sensible counterfactual is very difficult in this setting.

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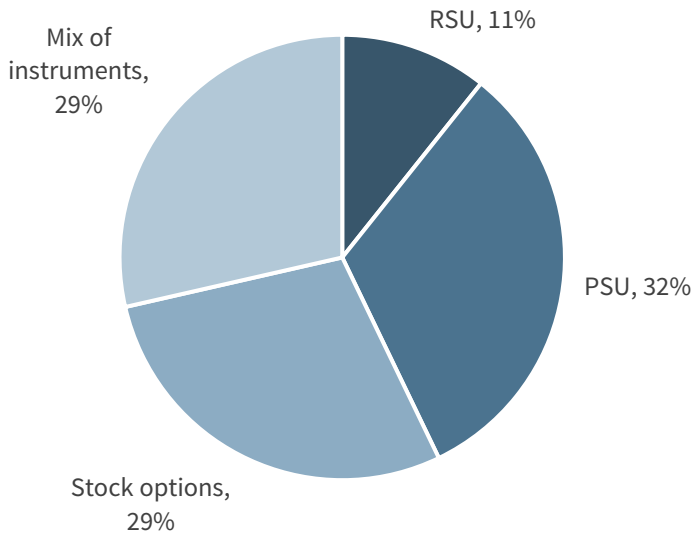
EXHIBIT 1 — MEGA GRANTS, BY CEO



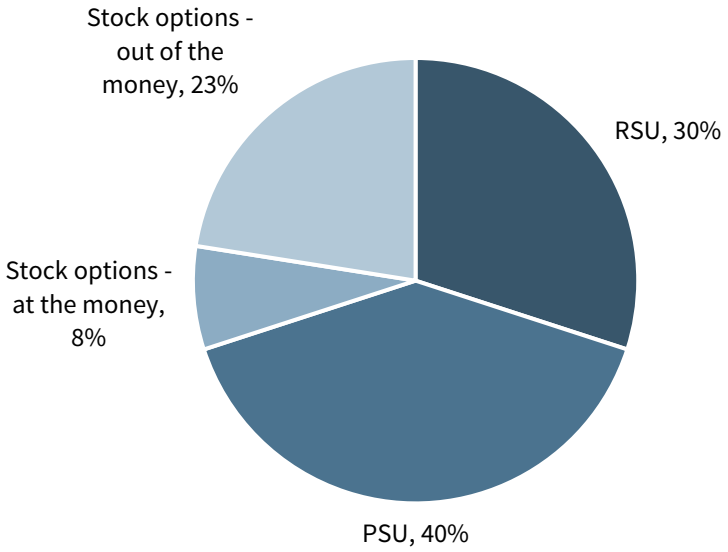
Source: Includes 28 CEOs. Research by the authors based on SEC filings. Restricted stock units (RSUs) are time-vested equity awards of company shares. RSUs deliver shares upon vesting, regardless of performance beyond continued service. Performance stock units (PSUs) are performance-vested equity awards of company shares, received on the achievement of specified performance targets, such as stock price, total shareholder return (TSR), or operating metrics.

EXHIBIT 2 — MEGA GRANT AS A PERCENTAGE OF TOTAL COMPENSATION

Year of Grant	Company	CEO	Total Equity Value	Total Compensation	Equity as % of Total
2016	Alphabet	Sundar Pichai	198,695,790	199,718,200	99.49%
2018	Dropbox	Andrew W. Houston	109,569,500	110,232,500	99.40%
2020	Axon Enterprise Inc	Patrick Smith	245,953,429	246,026,710	99.97%
2020	Palantir Technologies	Alexander Karp	1,094,251,743	1,098,513,297	99.61%
2020	DoorDash	Tony Xu	413,369,623	413,669,920	99.93%
2020	Opendoor	Eric Wu	370,051,408	370,240,992	99.95%
2020	Paycom Software	Chad Richison	209,564,040	211,131,206	99.26%
2020	IAC/InterActiveCorp	Joseph Levin	184,350,476	202,403,426	91.08%
2020	Regeneron Pharmaceuticals	Leonard S. Schleifer	130,000,032	135,350,121	96.05%
2020	Airbnb	Brian Chesky	119,880,000	120,099,075	99.82%
2019	Alphabet	Sundar Pichai	276,612,071	280,621,552	98.57%
2020	RH	Gary Friedman	173,606,989	178,007,868	97.53%
2020	Sorrento Therapeutics	Henry Ji	150,317,148	164,350,434	91.46%
2021	Trade Desk	Jeff Green	828,384,776	834,959,367	99.21%
2022	Qualtrics	Zig Serafin	540,000,000	540,513,050	99.91%
2021	Expedia Group	Peter Kern	294,567,250	296,247,749	99.43%
2021	Endeavor Group	Ariel Emanuel	293,746,113	308,177,233	95.32%
2020	Coty	Sue Nabi	280,200,000	283,791,455	98.73%
2021	Warner Bros. Discovery	David Zaslav	190,000,000	246,573,481	77.06%
2021	Roblox	David Baszucki	232,185,000	232,786,391	99.74%
2021	Amazon.com	Andrew Jassy	211,933,520	212,701,169	99.64%
2021	Bright Health Group	G. Mike Mikan	178,494,502	180,813,849	98.72%
2021	Intel	Patrick Gelsinger	169,541,400	178,590,400	94.93%
2021	ServiceNow	William McDermott	139,242,879	165,802,037	83.98%
2021	FreshWorks	Rathna GirishMathrubootham	233,414,700	234,027,721	99.74%
2021	Affirm Holdings	Max Levchin	451,052,591	451,207,726	99.97%
2022	Peloton	Barry McCarthy	167,628,328	168,073,420	99.74%
2021	Crowdstrike	George Kurtz	146,123,040	147,695,746	98.94%

Source: Research by the authors based on SEC filings. Compensation figures represent the expected value of awards based on values disclosed in the Summary Compensation Table and related supplementary tables.

EXHIBIT 3 — MEGA GRANTS, BY AWARD



Source: Includes 40 individual awards. Research by the authors based on SEC filings. Restricted stock units (RSUs) are time-vested equity awards of company shares. RSUs deliver shares upon vesting, regardless of performance beyond continued service. Performance stock units (PSUs) are performance-vested equity awards of company shares, received on the achievement of specified performance targets, such as stock price, total shareholder return (TSR), or operating metrics.

EXHIBIT 4 — MEGA GRANTS, BY AWARD

Year of Grant	Company	CEO	Equity Award	Expected Value	Trigger	Description	Term
2016	Alphabet	Sundar Pichai	RSU	198,695,790	Time-based	Standard	4 year vest
2018	Dropbox	Andrew W. Houston	PSU	109,569,500	Performance-based	9 tranches, escalating stock price triggers	10 year term
2020	Axon Enterprise Inc	Patrick Smith	Stock options	245,953,429	Performance-based	12 tranches, escalating stock price, revenue, EBITDA goals	10 year term
2020	Palantir Technologies	Alexander Karp	RSU	296,400,000	Time-based	Standard	10 year vest
			Stock options	797,851,743	Time-based	Issued at-the-money	10 year term
2020	DoorDash	Tony Xu	PSU	413,369,623	Performance-based	9 tranches, escalating stock price triggers	7 year term
2020	Opendoor	Eric Wu	PSU	354,175,995	Performance-based	6 tranches, escalating stock price triggers	7 year term
			RSU	15,875,413	Time-based	Required IPO	4 year vest
2020	Paycom Software	Chad Richison	PSU	176,367,450	Performance-based	2 tranches, stock price triggers	10 year term
			PSU	33,196,590	Performance-based	2 tranches, stock price triggers	2 year term
2020	IAC/InterActiveCorp	Joseph Levin	PSU	184,350,476	Performance-based	4 tranches, escalating stock price triggers	10 year term
2020	Regeneron Pharmaceuticals	Leonard S. Schleifer	PSU	130,000,032	Performance-based	Escalating stock price triggers	5 year term
2020	Airbnb	Brian Chesky	PSU	119,880,000	Performance-based	10 tranches, escalating stock price triggers	10 year term
2019	Alphabet	Sundar Pichai	RSU	31,191,632	Time-based	Standard	1 year vest
			RSU	124,762,460	Time-based	Standard	3 year vest
			PSU	120,657,979	Performance-based	2 tranches, TSR triggers	3 year term
2020	RH	Gary Friedman	Stock options	173,606,989	Performance-based	4 tranches, escalating stock price triggers	4 year vest, 10 year term
2020	Sorrento Therapeutics	Henry Ji	Stock options	150,317,148	Performance-based	10 tranches, escalating stock price triggers	10 year term
2021	Trade Desk	Jeff Green	Stock options	828,384,776	Performance-based	8 tranches, escalating stock price triggers	10 year term
2022	Qualtrics	Zig Serafin	RSU	360,000,000	Time-based	Standard	4 year vest
			PSU	180,000,000	Performance-based	Revenue and income measures	4 year term
2021	Expedia Group	Peter Kern	RSU	157,180,000	Time-based	Back-end weighted	5 year vest
			Stock options	137,387,250	Time-based	Issued at-the-money	3 year vest, 7 year term
2021	Endeavor Group	Ariel Emanuel	RSU	84,245,940	Time-based	Standard	2 year vest
			PSU	209,500,173	Performance-based	Escalating stock price triggers, uncapped	10 year term
2020	Coty	Sue Nabi	RSU	280,200,000	Time-based	Standard	3 year vest
2021	Warner Bros. Discovery	David Zaslav	Stock options	190,000,000	Performance-based	10 tranches, escalating stock price triggers	7 year term
2021	Roblox	David Baszucki	PSU	232,185,000	Performance-based	7 tranches, escalating stock price triggers	7 year term
2021	Amazon.com	Andrew Jassy	RSU	211,933,520	Time-based	Back-end weighted	10 year vest
2021	Bright Health Group	G. Mike Mikan	RSU	26,460,000	Time-based	Back-end weighted	3 year vest
			PSU	68,355,000	Performance-based	4 tranches, escalating stock price triggers	5 year term
			Stock options	83,679,502	Time-based	Issued at-the-money	4 year vest, 10 year term
2021	Intel	Patrick Gelsinger	RSU	35,017,200	Time-based	Standard	3 year vest
			PSU	105,415,800	Performance-based	3 tranches, stock price and market cap triggers	3 and 5 year vest
			Stock options	29,108,400	Performance-based	Issued out-of-the-money	4 year vest, 10 year term
2021	ServiceNow	William McDermott	Stock options	139,242,879	Performance-based	8 tranches, escalating stock price and revenue triggers	5 year vest, 10 year term
2021	FreshWorks	Rathna GirishMathrubootham	PSU	233,414,700	Performance-based	5 tranches, escalating stock price triggers	7 year term
2021	Affirm Holdings	Max Levchin	Stock options	451,052,591	Performance-based	10 tranches, escalating stock price triggers	5 year term
2022	Peloton	Barry McCarthy	Stock options	167,628,328	Time-based	Issued at-the-money	4 year vest, 10 year term
2021	Crowdstrike	George Kurtz	PSU	146,123,040	Performance-based	4 tranches, escalating stock price triggers	5 year vest

Source: Research by the authors based on SEC filings. The stock options for the CEO of Expedia were time-vested awards that vested out of the money.

EXHIBIT 5 — THE REALIZABLE VALUE OF MEGA GRANTS, COMPLETED AWARDS

Year of Grant	Company	CEO	Equity Award	Status	Note	Expected Value	Value at Vesting	% of Expected
2016	Alphabet	Sundar Pichai	RSU	Complete	Fully vested	198,695,790	272,057,025	137%
2020	Axon Enterprise Inc	Patrick Smith	Stock options	Complete	12 tranches vested	245,953,429	822,792,193	335%
2020	Opendoor	Eric Wu	PSU	Complete	1 of 6 tranches vested	354,175,995	57,682,367	16%
			RSU	Complete	Fully vested	15,875,413	37,401,597	236%
2020	Paycom Software	Chad Richison	PSU	Complete	1 of 2 tranches vested	33,196,590	38,288,215	115%
2020	Regeneron Pharmaceuticals	Leonard S. Schleifer	PSU	Complete	Fully vested	130,000,032	441,836,929	340%
2019	Alphabet	Sundar Pichai	RSU	Complete	Fully vested	31,191,632	32,968,028	106%
			RSU	Complete	Fully vested	124,762,460	192,414,503	154%
			PSU	Complete	2 tranches vested	120,657,979	311,242,716	258%
2020	Sorrento Therapeutics	Henry Ji	Stock options	Complete	0 of 10 tranches vested	150,317,148	-	0%
2022	Qualtrics	Zig Serafin	RSU	Complete	Partially vested	360,000,000	244,065,001	68%
			PSU	Complete	1 of 4 tranches vested	180,000,000	45,075,000	25%
2021	Expedia Group	Peter Kern	Stock options	Complete	Fully vested	137,387,250	-	0%
2021	Endeavor Group	Ariel Emanuel	RSU	Complete	Fully vested	84,245,940	57,345,572	68%
			PSU	Complete	Partially vested	209,500,173	26,499,984	13%
2020	Coty	Sue Nabi	RSU	Complete	Fully vested	280,200,000	288,400,000	103%
2021	Roblox	David Baszucki	PSU	Complete	0 of 7 tranches vested	232,185,000	-	0%
2021	Bright Health Group	G. Mike Mikan	RSU	Complete	Partially vested	26,460,000	571,025	2%
			PSU	Complete	0 of 4 tranches vested	68,355,000	-	0%
			Stock options	Complete	Partially vested	83,679,502	2,968,669	4%
2021	Intel	Patrick Gelsinger	RSU	Complete	Fully vested	35,017,200	23,588,047	67%
			PSU	Complete	0 of 3 tranches vested	105,415,800	-	0%
			Stock options	Complete	0 vested	29,108,400	-	0%
2021	FreshWorks	Rathna GirishMathrubootham	PSU	Complete	0 of 5 tranches vested	233,414,700	-	0%
2022	Peloton	Barry McCarthy	Stock options	Complete	0 vested	167,628,328	-	0%

Source: Research by the authors based on SEC filings.

EXHIBIT 6 — THE REALIZABLE VALUE OF MEGA GRANTS, OPEN AWARDS

Year of Grant	Company	CEO	Equity Award	Status	Note	Expected Value	Value at Vesting	% of Expected
2018	Dropbox	Andrew W. Houston	PSU	Open	1 of 9 tranches vested	109,569,500	54,994,009	50%
2020	Palantir Technologies	Alexander Karp	RSU	Open	18 of 40 quarters vested	296,400,000	796,389,750	269%
			Stock options	Open	18 of 40 quarters vested	797,851,743	2,208,694,500	277%
2020	DoorDash	Tony Xu	PSU	Open	2 of 9 tranches vested	413,369,623	251,758,214	61%
2020	Paycom Software	Chad Richison	PSU	Open	0 of 2 tranches vested	176,367,450	-	0%
2020	IAC/InterActiveCorp	Joseph Levin	PSU	Open	0 of 4 tranches vested	184,350,476	-	0%
2020	Airbnb	Brian Chesky	PSU	Open	2 of 10 tranches vested	119,880,000	348,000,000	290%
2020	RH	Gary Friedman	Stock options	Open	2 of 4 tranches vested	173,606,989	-	0%
2021	Trade Desk	Jeff Green	Stock options	Open	2 of 8 tranches vested	828,384,776	164,208,000	20%
2021	Expedia Group	Peter Kern	RSU	Open	2 of 3 tranches vested	157,180,000	98,822,500	63%
2021	Warner Bros. Discovery	David Zaslav	Stock options	Open	0 of 10 tranches vested	190,000,000	-	0%
2021	Amazon.com	Andrew Jassy	RSU	Open	Partially vested	211,933,520	27,883,113	13%
2021	ServiceNow	William McDermott	Stock options	Open	4 of 8 tranches vested	139,242,879	42,946,307	31%
2021	Affirm Holdings	Max Levchin	Stock options	Open	4 of 10 tranches vested	451,052,591	166,600,000	37%
2021	Crowdstrike	George Kurtz	PSU	Open	3 of 4 tranches vested	146,123,040	183,600,000	126%

Source: Research by the authors based on SEC filings. Realizable value calculated based on vested awards as of December 31, 2025.

EXHIBIT 7 — STOCK-PRICE PERFORMANCE OF MEGA GRANT COMPANIES, PRIOR TO AWARD

Company	Grant Date	Change in Stock	Change in S&P	Difference
Alphabet	2/3/2016	97%	117%	-19%
Axon Enterprise Inc	2/26/2018	20%	99%	-79%
Paycom Software	11/23/2020	370%	163%	207%
IAC/InterActiveCorp	11/5/2020	67%	164%	-97%
Regeneron Pharmaceuticals	12/31/2020	26%	154%	-128%
Alphabet	12/19/2019	67%	68%	-1%
RH	10/18/2020	383%	168%	214%
Sorrento Therapeutics	8/7/2020	621%	67%	554%
Trade Desk	10/6/2021	418%	137%	281%
Expedia Group	2/25/2021	47%	146%	-99%
Coty	6/30/2020	-77%	86%	-162%
Warner Bros. Discovery	5/16/2021	47%	149%	-102%
Amazon.com	7/5/2021	115%	148%	-33%
Intel	2/11/2021	35%	89%	-54%
ServiceNow	10/29/2021	325%	155%	170%
			Median	-33%
			Average	43%

Stock-price performance represents the 3 year cumulative return leading up to the grant date.
Source: Research by the authors based on data from CRSP and Yahoo! Finance.

EXHIBIT 8 — STOCK-PRICE PERFORMANCE OF MEGA GRANT COMPANIES, COMPLETED AWARDS

Company	CEO	Start Date	End Date	Status	Change in Stock	Change in S&P	Difference
Alphabet	Sundar Pichai	2/3/2016	12/25/2019	Complete	79.3%	69.4%	9.9%
Axon Enterprise Inc	Patrick Smith	2/26/2018	5/26/2023	Complete	249.9%	51.3%	198.6%
Opendoor	Eric Wu	12/17/2020	12/1/2022	Complete	-50.8%	9.5%	-60.4%
		6/19/2020	11/1/2020	Complete	42.3%	6.9%	35.4%
		9/3/2020	12/1/2022	Complete	29.3%	18.0%	11.3%
Paycom Software	Chad Richison	1/30/2020	12/31/2021	Complete	52.8%	45.1%	7.6%
Regeneron Pharmaceuticals	Leonard S. Schleifer	12/31/2020	12/31/2025	Complete	56.0%	82.3%	-26.3%
Alphabet	Sundar Pichai	12/19/2019	12/28/2020	Complete	30.8%	16.5%	14.3%
		12/19/2019	12/25/2022	Complete	28.9%	19.5%	9.4%
		12/19/2019	12/31/2022	Complete	30.1%	19.8%	10.3%
Sorrento Therapeutics	Henry Ji	8/7/2020	2/13/2023	Complete	-98.2%	23.5%	-121.7%
Qualtrics	Zig Serafin	2/1/2022	6/27/2023	Complete	-39.6%	-3.7%	-35.9%
		2/1/2022	6/27/2023	Complete	-39.6%	-3.7%	-35.9%
Expedia Group	Peter Kern	2/25/2021	6/1/2024	Complete	-27.4%	38.0%	-65.4%
Endeavor Group	Ariel Emanuel	4/29/2021	3/24/2025	Complete	9.1%	36.9%	-27.8%
		4/29/2021	3/24/2025	Complete	9.1%	36.9%	-27.8%
Coty	Sue Nabi	6/30/2020	8/31/2023	Complete	151.9%	45.4%	106.5%
Roblox	David Baszucki	3/11/2021	3/1/2024	Complete	-44.1%	30.4%	-74.5%
Bright Health Group	G. Mike Mikan	11/29/2021	11/21/2024	Complete	-98.1%	27.8%	-125.9%
		6/24/2021	10/2/2025	Complete	-99.5%	57.4%	-156.9%
		6/24/2021	2/10/2025	Complete	-99.5%	42.2%	-141.6%
Intel	Patrick Gelsinger	2/11/2021	2/11/2024	Complete	-27.4%	28.2%	-55.6%
		3/22/2021	3/22/2024	Complete	-35.1%	32.8%	-68.0%
		2/11/2021	12/4/2024	Complete	-63.8%	55.4%	-119.2%
		2/11/2021	12/4/2024	Complete	-63.8%	55.4%	-119.2%
FreshWorks	Rathna GirishMathrubootham	9/23/2021	12/1/2025	Complete	-75.1%	93.6%	-168.7%
Peloton	Barry McCarthy	2/1/2022	5/2/2024	Complete	-88.3%	11.4%	-99.7%
						Median	-35.9%
						Average	-41.7%

Stock-price performance represents the cumulative return between grant date and completion of the award or CEO termination.
Source: Research by the authors based on data from CRSP and Yahoo! Finance.

EXHIBIT 9 — STOCK-PRICE PERFORMANCE OF MEGA GRANT COMPANIES, OPEN AWARDS

Company	CEO	Start Date	End Date	Status	Change in Stock	Change in S&P	Difference
Dropbox	Andrew W. Houston	11/1/2018	12/31/2025	Open	17.2%	149.8%	-132.6%
Palantir Technologies	Alexander Karp	10/1/2020	12/31/2025	Open	1779.0%	102.5%	1676.5%
		10/1/2020	12/31/2025	Open	1779.0%	102.5%	1676.5%
DoorDash	Tony Xu	12/10/2020	12/31/2025	Open	21.8%	86.6%	-64.9%
Paycom Software	Chad Richison	11/23/2020	12/31/2025	Open	-60.4%	91.3%	-151.8%
IAC/InterActiveCorp	Joseph Levin	11/5/2020	12/31/2025	Open	-45.1%	95.0%	-140.1%
Airbnb	Brian Chesky	12/11/2020	12/31/2025	Open	-2.5%	86.9%	-89.4%
RH	Gary Friedman	10/18/2020	12/31/2025	Open	-53.5%	99.8%	-153.3%
Trade Desk	Jeff Green	10/6/2021	12/31/2025	Open	-44.4%	56.9%	-101.3%
Expedia Group	Peter Kern	2/25/2021	12/31/2025	Open	80.2%	78.8%	1.5%
Warner Bros. Discovery	David Zaslav	5/16/2021	12/31/2025	Open	-14.9%	64.4%	-79.3%
Amazon.com	Andrew Jassy	7/5/2021	12/31/2025	Open	25.6%	57.6%	-32.0%
ServiceNow	William McDermott	10/29/2021	12/31/2025	Open	9.8%	48.6%	-38.9%
Affirm Holdings	Max Levchin	1/12/2021	12/31/2025	Open	-35.2%	80.1%	-115.3%
Crowdstrike	George Kurtz	8/28/2021	12/31/2025	Open	77.9%	51.2%	26.7%
						Median	-79.3%
						Average	152.2%

Stock-price performance represents the cumulative return between grant date and December 31, 2025.
Source: Research by the authors based on data from CRSP and Yahoo! Finance.