

Automobiles

Saudi Arabia's sovereign fund builds \$2bn Tesla stake

Investment vehicle overseen by Mohammed bin Salman acquired 3% to 5% of shares earlier this year

Exhibit 322



UNITED STATES DISTRICT COURT	
NORTHERN DISTRICT OF CALIFORNIA	
Case Number:	3:18-cv-04865-EMC
PLTF / DEFT	322
Exhibit No.	
Date Admitted:	
By:	
Angella Meuleman, Deputy Clerk	

The Tesla founder and CEO, said 'Yes' when asked whether he wanted to take his company private to save 'a lot of headaches' associated with public markets © Reuters

Arash Massoudi in London and **Richard Waters** in San Francisco AUGUST 7 2018

Saudi Arabia's sovereign wealth fund has built a significant stake in [Tesla](#) — the latest bold bet by the state fund overseen by powerful crown prince Mohammed bin Salman.

Saudi's Public Investment Fund built the undisclosed stake of between 3 and 5 per cent of Tesla's shares this year, according to people with direct knowledge of the matter.

At Tesla's current share price the position is worth between \$1.7bn and \$2.9bn. The stake, which is below the 5 per cent threshold that requires public disclosure, makes the PIF one of Tesla's eight biggest shareholders, according to Bloomberg data.

The PIF, which [has more than \\$250bn](#) in assets, initially approached Tesla and chief executive Elon Musk to express interest in purchasing newly issued shares in the electric vehicle company.

However, Tesla did not act on the interest, one person informed on the matter said. Instead, the Saudi state fund acquired the position in secondary markets with the help of [JPMorgan](#). Mr Musk and Tesla are aware of the PIF's shareholding, this person said.

The exact timing of the purchase is not known, though it is believed to have taken place after the crown prince's tour of the US in March.

Another person said the PIF and Mr Musk have been in touch since the Saudi fund [bought a \\$3.5bn stake](#) in ride-hailing group Uber in June 2016.

£2.2bn

Tesla's cash reserves at the end of June

Mr Musk has resisted selling new shares this year, even though rating agency Moody's and many Wall Street analysts have argued he should build a bigger

financial cushion.

Tesla burnt through \$1.8bn in the first half of the year, leaving it with cash reserves of \$2.2bn at the end of June. Mr Musk maintains that the electric carmaker will be cash-flow positive in the final two quarters of this year.

Saudi Arabia's investment appeared to confirm Mr Musk's claim last week that "we certainly could raise money". However, the Tesla boss also said it would be "better discipline" not to sell more shares. He is trying to [prove to Wall Street](#) that Tesla finally, after 15 years, has a financially sustainable business.

Chinese internet company [Tencent took a 5 per cent stake](#) in Tesla through stock market purchases early last year, paying out about \$1.7bn to amass the position.

Tesla's stock is a battleground for short-sellers and those who believe in Mr Musk's vision for the company. According to Markit data, 27 per cent of the company's free float is out on loan to investors betting that its share price will decline, making it one of the most heavily shorted companies on the US market.

Short positions in Tesla stock



The PIF is driving the economic diversification efforts of Prince Mohammed, who is looking to wean his country's economy off a reliance on income generated from selling oil. Its operations are managed by the crown prince's trusted lieutenant Yasir al-Rumayyan.

In addition to the bet on Uber, the PIF has made several big-ticket investments, including a \$45bn investment in the SoftBank Vision Fund and an up to \$20bn commitment in an infrastructure fund managed by Blackstone. It also, in March, made a \$400m investment in Florida-based Magic Leap, which makes "mixed reality" headsets.

The fund continues to look for other investment opportunities in companies linked to alternative energy. During his visit to the US Prince Mohammed and SoftBank founder Masayoshi Son [unveiled an initiative](#) to create the world's largest solar power generation project in the kingdom, aiming to spend \$200bn by 2030.

More recently, the PIF [has been in talks](#) with global banks to borrow between \$6bn and \$8bn, marking the first time that the vehicle entrusted with driving the kingdom's economic transformation will directly tap banks to fund its mission.

Additional reporting by Simeon Kerr and James Fontanella-Khan in New York

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