

Deals

Saudi Fund in Talks to Invest in Tesla Buyout Deal

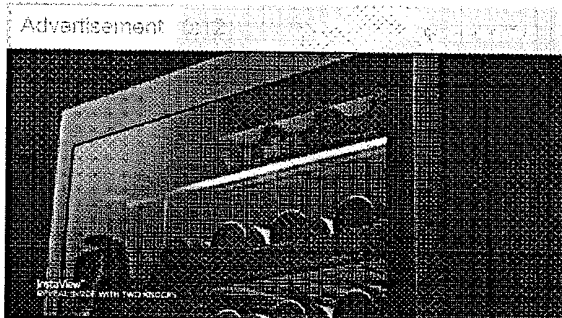
By Matthew Martin, Ruth David, and Claire Boston

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EXHIBIT 332
Elon Musk 11/5/2021
Reported by: Candice Andino TX CSR No. 9332, RMR

- ▶ Kingdom fund said to be in talks on ways to invest in buyout
- ▶ As board prepares to meet advisers, investor lawsuits begin

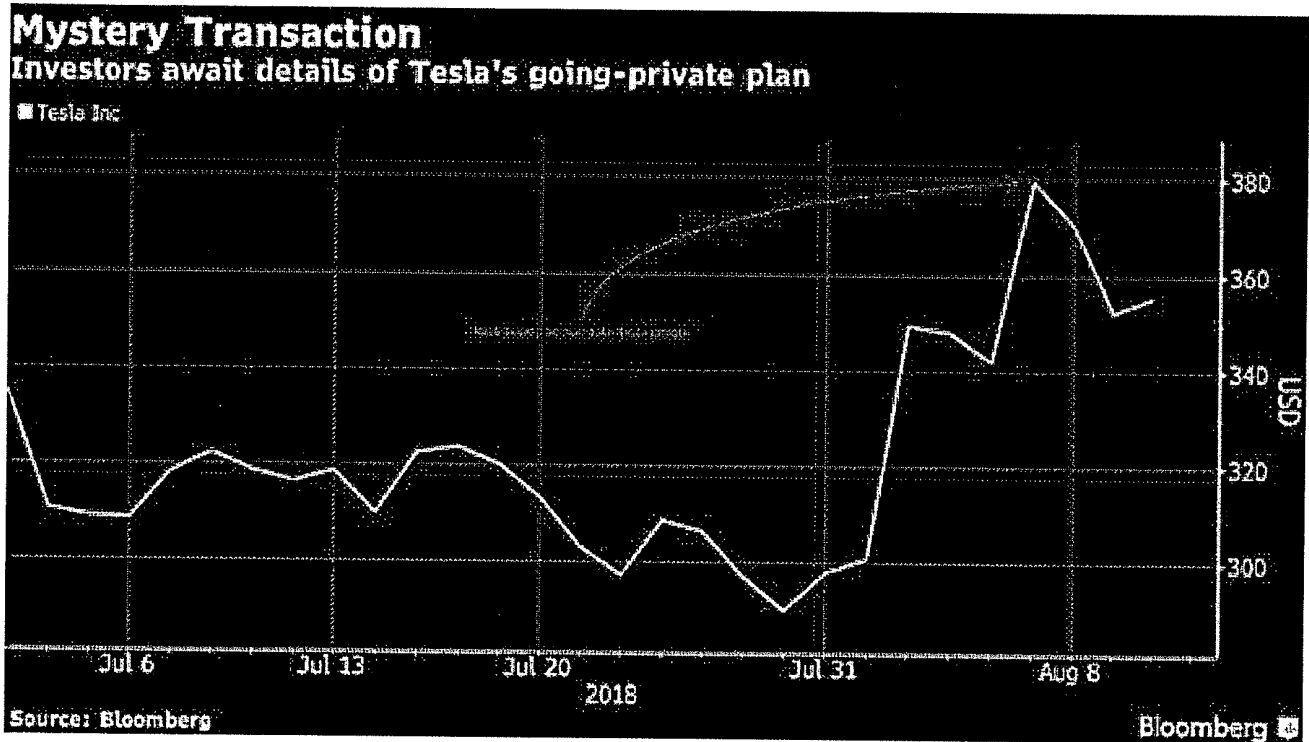


UNITED STATES DISTRICT COURT	
NORTHERN DISTRICT OF CALIFORNIA	
Case Number:	3:18-cv-04865-EMC
PLTF / DEFT	
Exhibit No.	332
Date Admitted:	
By:	
Angella Meuleman, Deputy Clerk	

Elon Musk's attempt to take Tesla Inc. private will receive added scrutiny this week as the electric-car maker's board meets with advisers to assess a proposal that's drawn interest from Saudi Arabia's sovereign wealth fund.

The Saudi Kingdom's Public Investment Fund is working to be part of any investor pool that emerges to take Tesla private, people with knowledge of the fund's plans told Bloomberg News on Sunday. The fund, which recently built a stake just shy of 5 percent, is exploring how it can be involved, the people said on condition of anonymity.

The potential transaction's staggering \$82 billion price tag means Tesla is still likely to need to tap other sources of cash. Musk is hoping to avoid having one or two large stakeholders in a company and would instead prefer to gather the funds from a larger group, the people said, and is canvassing other potential investors including asset managers. Tesla directors will probably tell Musk, the chairman, to recuse himself, according to CNBC, and they've told him to hire his own separate advisers.



Musk's tweet announcing the deal -- and a proclamation of "Funding secured" -- shocked investors, and he has yet to back up his claim that he has financing for the transaction. The U.S. Securities and Exchange Commission is examining whether the tweet was meant to be factual, according to a person familiar with the matter, and at least two investors have sued Musk and Tesla alleging share-price manipulation. While the entrepreneur owns 20 percent of Tesla, more than \$60 billion would be needed to buy the business from public shareholders.

The Public Investment Fund didn't respond to requests for comment, and Tesla declined to comment.

Tesla shares were little changed at \$355.16 as of 10:29 a.m. on Frankfurt's Tradegate, before the U.S. market opens.

It won't be easy for Tesla to obtain the funding, according to Nannan Kou, a senior associate at Bloomberg NEF in Beijing.

"The question is still around Tesla's future sales. This is essentially a chicken-and-egg problem," Kou said in an email. "At this stage, it is hard for Tesla to convince the general investors that delivery will ramp up quickly. So the potential investor must be patient and strategic-looking."

Earlier Discussions

Discussions over taking Tesla private have failed before. Musk and SoftBank Group's Masayoshi Son held talks last year that touched on taking Tesla private, two people with knowledge of the talks have said. The discussions failed to progress due to disagreements over ownership.

SoftBank isn't planning to participate as a potential source of capital in a deal taking Tesla private, according to people with knowledge of that matter who asked not to be identified as the details aren't public. Among the reasons, they said, is that SoftBank has already placed big bets on the future of the automobile with General Motors Co., and that Tesla faces increased competition and has yet to deliver on its mass-market ambitions.

The Saudi fund's talks began before the controversial Aug. 7 tweet in which Musk said he was weighing a plan to take the company private. The PIF sees its investment in Tesla as a strategic way for the world's biggest crude producer to hedge against oil, said the people, who asked not to be identified. The Saudi fund hasn't made any firm decisions on whether to increase its stake, or by how much, but talks are ongoing, they said. It wasn't immediately clear how much the fund would invest in Tesla.

To read more about Tesla:

Musk Tweet Draws Tesla Investor Lawsuits Over Share Price Jump

Tesla Marks the Latest High-Profile Bet for Saudi Wealth Fund

Can Elon Musk Tweet That? The SEC May Have an Opinion: QuickTake

Wall Street is awash with speculation on who might team up with Musk to do a deal. Musk and his advisers are seeking a wide pool of investors to back a potential take-private of the automaker to avoid concentrating ownership among a few new large holders, according to people familiar

with the matter. Musk has said he still expects to own about 20 percent of Tesla after any transaction, and that he hopes all shareholders will remain owners of a private company.

The SEC, which already had been gathering information about Tesla's public pronouncements on manufacturing goals and sales targets, is intensifying scrutiny of the company's statements in the wake of Musk's tweet, people familiar with the matter have said.

The Public Investment Fund approached Musk several months ago to discuss buying a minority stake, but he initially resisted the investment and said there were no plans to issue new shares, according to a different person familiar with the talks at the time. As a result, PIF itself decided to buy about \$2 billion in Tesla shares on the market with the help of an investment bank, the person said.

The current talks about the PIF potentially participating in a take-private transaction started in recent weeks, the other people said.

The Saudi government is planning to turn the PIF into a \$2 trillion powerhouse to help diversify the kingdom's oil-dependent economy. In a tweet on Sunday, the nation's Energy Department said Saudi Arabia currently is working to develop a city to support the supply of raw materials and parts for the automobile industry. The goal is to reduce imports, increase exports, encourage foreign investments and provide jobs.

For more on Tesla, check out the *Decrypted* podcast:

– *With assistance by Oliver Sachgau, Dinesh Nair, Zaid Sabah, Ed Hammond, and Yan Zhang*

(Updates with early trading in Frankfurt in sixth paragraph.)

In this article

TSLA

TESLA INC

1,489.58 USD ▲ +4.56 +0.31%

GM

GENERAL MOTORS C

26.62 USD ▲ +0.29 +1.10%

CL1

WTI Crude

42.02 USD/bbl. ▼ -0.17 -0.40%

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