

Tesla shareholders reject bid to strip Musk of chairman role

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In this Dec. 2, 2015, file photo, Tesla Motors Inc. CEO Elon Musk delivers a speech at the Paris Pantheon Sorbonne University as part of the United Nations Climate Change Conference in Paris. Musk has rebuffed a shareholder attempt to overhaul the electric car maker's board and strip him of his role as chairman, despite worries about the company's shaky finances and inability to meet its production goals for its first mass-market sedan. All three directors seeking to remain on Tesla's nine-member board were re-elected during the company's annual meeting Tuesday, June 5, 2018, as most shareholders opposed a rebellion seeking to remove them. (AP Photo/Francois Mori, File)

Tesla CEO Elon Musk has rebuffed a shareholder attempt to overhaul the electric car maker's board and strip him of his role as chairman, despite worries about the company's shaky finances and inability to meet its production goals for its first mass-market sedan.

All three directors seeking to remain on Tesla's nine-member board were re-elected during the company's annual meeting held Tuesday in Mountain View, California.

Directors Antonio Gracias, James Murdoch and Elon's brother, Kimbal Musk, won by "a wide margin," according to Tesla. CtW Investment Group, an activist firm that represents labor union pension funds, had spearheaded a rebellion seeking to oust the trio from the board on the grounds that they didn't know about the auto industry at a critical time in Tesla's existence.

The company said a "supermajority" of shareholders also rejected a proposal to force Musk to step down as Tesla's chairman, a position he has held since 2004—four years before he also assumed the CEO job.

The precise voting totals will be disclosed within the next few days.

Elon Musk holds a 22 percent stake in Tesla, increasing the degree of difficulty for shareholders trying to challenge his authority. After the results were announced, he sought to reassure shareholders attending the meeting and others watching on a webcast.

After describing the past few months as among the most "hellish" in his life, Musk said he expected Tesla to post a quarterly profit during the July-September period. That's something the Palo Alto, California, company has rarely pulled off in a 15-year history marked by steady losses while investing heavily in its technology and manufacturing plants.

Tesla has been burning through so much cash—more than \$1 billion during the first three months of this year alone—that investors have been worrying it will have to sell more stock or add to its already hefty debt load to raise enough money to survive.

After conceding that "staying alive" is difficult in the auto industry, Musk told shareholders that Tesla will be "cash flow positive" during the second half of this year. If Musk is correct, the prediction will translate into Tesla bringing in more cash than it's spending in both the third and fourth quarters.

To do that, Tesla will probably have to meet Musk's manufacturing goals for its Model 3, a sedan with a starting price tag of \$35,000 that represents the company's attempt to reach a mass market. Tesla still needs to more than double its recent production rate to reach Musk's target of delivering 5,000 Model 3s per week. Musk reiterated previous predictions that that will happen during the second half of this year.

Tesla's stock gained about 1 percent to \$294.35 in Tuesday's extended trading. That's about 24 percent below its all-time high set in September at \$389.61

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