

Tesla board forms committee to consider going private

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Tesla's board of directors is moving forward on CEO Elon Musk's proposal to take the automaker private by creating a special committee to study options

Tesla's board of directors said Tuesday it formed a special committee to consider chief executive Elon Musk's proposal to take the electric auto

giant private.

Musk disclosed on Monday that he had been in talks with Saudi Arabia's [sovereign wealth fund](#) and other potential investors on a plan that would delist Tesla from the stock market.

By going private, Tesla could operate without requirements for financial reports and other pressures of a publicly traded firm. But it could also lose visibility and limit its ability to raise capital.

A statement Tuesday from Tesla's board said the special committee "has the full power and authority of the board of directors to take any and all actions on behalf of the board of directors as it deems necessary to evaluate and negotiate a potential going private transaction and alternatives to any transaction proposed by Mr. Musk."

It added that no transaction would be consummated without the approval of the special committee.

"No assurances can be given regarding the likelihood, terms and details of any proposal or potential going private transaction, that any proposal made by Mr. Musk ... will be accepted by the special [committee](#)," the statement said.

Musk said that the Saudi Arabian sovereign wealth fund "has approached me multiple times" starting in early 2017 about taking Tesla private and had already taken a stake of nearly five percent through share purchases.

He said the Saudis were interested "because of the important need to diversify away from oil" and added that the sovereign fund "has more than enough capital needed to execute on such a transaction."

California-based Tesla has become one of the most valuable automakers

on expectations it will disrupt the industry, although it produced only slightly more than 100,000 vehicles last year.

The company has been struggling to boost production of its Model 3, which is less expensive than its first models and could help expand Tesla's base.

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