## News Content

Billionaire Elon Musk's artificial intelligence (AI) startup xAI announced Sunday that the company raised $6 billion in Series B funding that lifts the company's valuation to $24 billion after the investment.Among the investors in xAI's $6 billion Series B round were Valor Equity Partners, Vy Capital, Andreessen Horowitz, Sequoia Capital, Fidelity Management & Research Company, Prince Alwaleed Bin Talal and Kingdom Holding, according to the company.Musk's xAI, which was publicly unveiled in July 2023, explained that it plans to use the cash infusion to further develop products and bring them to market."xAI will continue on this steep trajectory of progress over the coming months, with multiple exciting technology updates and products soon to be announced," the company wrote. "The funds from the round will be used to take xAI's first products to market, build advanced infrastructure, and accelerate the research and development of future technologies."ELON MUSK TO MAKE GROK CHATBOT OPEN-SOURCE, TAKING SWIPE AT OPENAIElon Musk's xAI hauled in $6 billion in Series B funding.Musk wrote in a post on X that xAI had a pre-money valuation of $18 billion before it concluded the Series B funding round.READ ON THE FOX BUSINESS APP"There will be more to announce in the coming weeks," Musk added in a separate post.The funding announcement comes after the company launched its Grok chatbot in November, which has since been incorporated into the X for users who purchase a subscription to the social media platform.ELON MUSK DENIES AI STARTUP HAS RAISED $500M OF $1B GOALxAI's pre-money valuation was $18 billion, according to Elon Musk.In December, xAI indicated in a regulatory filing with the Securities and Exchange Commission (SEC) that it intended to raise $1 billion in capital from equity investors. At the time, the company indicated it had sold about $134 million of that total.On several occasions over the last year, Musk denied that xAI was raising capital. In response to a report from January by Bloomberg News indicating that xAI was discussing a valuation of $15 billion to $20 billion, Musk said it was "simply not accurate," and also sought to tamp down reports about the SEC fundraising filing by saying, "We are not raising money right now."WHAT IS ARTIFICIAL INTELLIGENCE (AI)?Elon Musk launched xAI as a competitor to Sam

## News Content

Altman's OpenAI.xAI's announcement also mentioned that the company is "hiring for numerous roles and seeks talented individuals ready to join a small team focused on making a meaningful impact on the future of humanity.""Join xAI if you believe in our mission of understanding the universe, which requires maximally rigorous pursuit of the truth, without regard to popularity or political correctness," Musk added on X.Story continuesMusk launched xAI to compete with OpenAI, a company he co-founded before departing its board of directors in 2018 based on his belief that OpenAI had fallen behind Google in the AI race and that there may be a conflict of interest due to his pursuit of AI initiatives at Tesla.Earlier this year, he filed a lawsuit arguing OpenAI breached its founding agreement to develop AI for the benefit of humanity rather than for profit because of the company's partnership with Microsoft.OpenAI pushed back on the lawsuit, saying Musk left the board because he wanted a controlling equity interest, to be CEO and to have control over the board. An open letter from Altman and fellow OpenAI co-founders Greg Brockman and Ilya Sutskever discussed those dynamics with Musk and noted his suggestion that OpenAI merge with Tesla.Original article source: Elon Musk's xAI gets $6B in new funding and announces valuationView comments

Over the past year, Rivian Automotive Inc. (NASDAQ:RIVN) and many other electric vehicle makers, including Tesla Inc. (NASDAQ:TSLA), have experienced a slowdown in growth as reality has set in. Consumer demand for these vehicles has not been as strong as initially anticipated, compounded by the inherent competition within the EV market.Warning! GuruFocus has detected 4 Warning Signs with RIVN.The hype around electric vehicles has indeed waned, as evidenced by Rivian's share price dropping nearly 90% to around $10, compared to $130 per share when it debuted as a publicly traded company three years ago.Rivian's Valuation Is Starting to Make SenseAs a result, the share prices of Rivian and dozens of other EV companies have declined as they have had to adjust their plans downward, moving closer to a more realistic market outlook.In

## News Content

early May, Rivian reported its first-quarter results, updating investors on financial metrics and strategic changes aimed at making its business model more accessible to a broader audience.Despite reporting figures below Wall Street expectations, Rivian produced 13,980 vehicles and delivered 13,580, remaining on pace for its annual target of 57,000. The company's focus on driving continued demand, enhancing the customer experience, achieving more significant cost reductions and plant efficiencies, progressing with R2 model development and moving toward profitability were all positive steps, in my view.The significant challenge is executing this strategy amidst an increasingly competitive landscape, with abundant supply meeting a more clearly defined customer demand.While the company is not currently trading at a value considered a bargain, I believe Rivian is moving closer to striking a balance between a business finally heading in the right direction and with a fair market price.Strategic shift to lower-priced models and optimized production capacityRivian released its first-quarter 2024 earnings results on May 7. One of the highlights was the company's strategic shift, unveiling its new mid-sized, lower-priced platform with the R2, R3 and R3X models to reach a wider audience. Until now, the company has sold around 60,000 units annually, with its SUVs priced between $76,700 and $93,000 on average.The company announced the R2 model will start at around $45,000, making it competitive with Tesla's Model Y. This is excellent news for expanding its market reach. Additionally, R2 production will take place in Rivian's current facilities, which should enhance capital efficiency. According to the company, this move is expected to save over $2 billion and enable production to start in the first half of 2026. This is another piece of great news.Story continuesHowever, the not-so-great news was the company plans to build a new manufacturing facility in Georgia to produce the R2 units. This raises questions among investors, considering the company's claim it could produce the R2 in its current facilities. This decision leaves investors wondering if it is efficiently utilizing its resources, especially given its current financial situation.Financials remain troubling, but its valuation is improvingRivian appears to be on a promising path to lowering its conversion cost per vehicle in the second half of 2024, with management highlighting expectations to reach profitability by the fourth quarter.In the first quarter, Rivian reported a gross profit per vehicle of $38,718, indicating it still needs to achieve a sustainable business model at the current level. The company also announced it expects significant improvements in vehicle costs. It is developing the R2 model, which should be priced much lower than the R1, potentially representing a significant step forward in cost-per-vehicle conversion.Rivian's latest financial results continue to be less than encouraging. The cash burn is particularly worrying. Rivian now has $5.97 billion in cash and equivalents, down from $11.78 billion in the same period last year, highlighting the financial strain from deliveries and operational losses.Rivian's Valuation Is Starting to Make SenseSource: Rivian's first-quarter presentationThe $1.20 billion in revenue generated in the first quarter of this year, combined with a loss from operations of $1.48 billion, is also far from appealing, considering that last year the company lost slightly less cash, $1.43 billion, in the same period. This is a warning sign as the company has been growing revenue, but has yet to improve its operating losses.Rivian's Valuation Is Starting to Make SenseSource: Rivian's first-quarter presentationAlthough the company's market value has depreciated by 23% over the last 12 months, the current share price still does not position it in bargain territory. Yet, it is not too bad either.Rivian trades at a price-sales ratio of 2, which is more than double the auto industry average of 0.80 and higher than that of Chinese EV manufacturers like BYD Co. (BYDDY). However, it is about a third of the price-sales ratio at which Tesla traded in the past 12 months and about one-fifth of Lucid Group's (NASDAQ:LCID) multiple.Rivian's Valuation Is Starting to Make SenseRIVN Data by GuruFocusThe bottom lineRivian's recent developments suggest the company is on a promising path. Management rethinking its investment plan to reduce capital expenditures should keep Rivian funded through the first half of 2026, a prudent move in an industry that is much more mature than it was three years ago.The strategic shift to reach a wider audience with the R2 model is good news. With a competitive starting price and a reservation count of 68,000 units, strong market interest indicates the R2 could bear good fruit for the company in the coming quarters.Despite Rivian's financial results being pretty disappointing, with not much progress over the past year, it seems the valuation is finally getting more realistic. While it may still be imprudent to go all in on Rivian, I believe this could be a great time to start reconsidering any bearish outlook on the company's share price.This article first appeared on GuruFocus.View comments

Nvidias star founder Jensen Huang endorsed Teslas strategy for AI-enabled autonomous vehicles weeks ahead of a key vote that determines if CEO Elon Musk receives his record compensation.Musk is all but betting the company on his recent pivot to AI, having quietly scuppered his vision of growing volumes more than tenfold to 20 million vehicles a year by 2030as much as Toyota and Volkswagen sell combined.Tesla is far ahead in self-driving cars, Huang attested to in an interview with Yahoo Finance uploaded to YouTube late last week.The AI pivot is controversial since it moves Tesla further away from its stated mission of accelerating the global transition to sustainable transportation. And while Musks so-called supervised Full Self-Driving may be the best-known advanced driver assist system (ADAS) on the market, few customers saw the value of plunking down $15,000 for a system that would require them to babysit their car as it attempts to navigate city streets.As a result, Musk's been forced to slash the price back down to $8,000, the level it was when he first launched FSD beta in October 2020.High quality endorsementAn endorsement from the likes of Huang, whose draw at developer conferences now fill entire stadiums, could go a long way in assuaging investor concerns he himself might have veered off course.The technology is really revolutionary and the work that theyre doing is incredible, the Nvidia boss continued.What is this a rock concert? No its the Jensen Huang keynote at @nvidias #GTC24. Wow, what a difference a few years makes! pic.twitter.com/RqsiOg6Q2D Bob O'Donnell (@bobodtech) March 18, 2024In a couple of weeks, shareholders are due to vote a second time on Musk's record pay packageworth roughly $55 billion at the current stock priceafter a

## News Content

Delaware court in January voided the original 2018 vote for procedural reasons related to the quality of Teslas governance.With proxy advisors like Glass Lewis now recommending that investors vote against approving Musk's pay, the outcome of the June 13 annual meeting is proving tighter than expected.A vote of confidence in his new AI strategy from someone like Huang could boost his chances. Few businessmen are as respected as Huang, who founded Nvidia and managed its exponential growth over recent years thanks to a prescient bet on repurposing graphic processors to train AI models like OpenAIs flagship GPT-4o.Story continuesMusk and Tesla gobbling up Nvidia AI chips at record paceHuang praised the twelfth and latest version of Teslas Full Self-Driving (FSD) software, which abandoned the previous approach of hard-coding commands in computer language in favor of relying solely on an AI-enabled neural network.It learns from watching videos, Huang said. This technology is very similar to the technology of large language models, but it requires just an enormous training facility and the reason for that is because the data rate of video, the amount of data, is so, so high.https://www.youtube.com/watch?v=ER7iqeYx9HUThat said, Huang also knows how important Tesla is as a client. Musk is a voracious customer of Nvidias AI training chips, more than doubling his compute capacity just in the first quarter over the final three months of last year.During that period Tesla spent the staggering sum of $1 billion to build out its AI infrastructure, and thats just the beginning. Tesla forecasts its compute capacity equivalent to 35,000 GPU clusters should hit 85,000 by years end, by which point it may have spent $10 billion.To afford that kind of investment at a time when its core car business needs to keep offering margin-eroding incentives to keep sales from cratering, Musk is willing to go to almost any length to cut costs elsewhere.He has already sacked thousands of employees, fired the team behind his industry-leading Supercharger network and scrapped plans to invest in all-new assembly lines for its a upcoming $25,000 entry model, now widely expected to be a Model 3 hatchback.But if it helps Tesla hold onto its leadership in the EV industryand make Musk $55 billion wealthier in the processthose sacrifices may not have been in vain.This story was originally featured on Fortune.comView comments

**News Content**

Investing.com -- Proxy advisory group Glass Lewis has recommended that Tesla (NASDAQ:TSLA)'s shareholders reject a proposed multi-billion dollar compensation package for Chief Executive Elon Musk at the electric carmaker's upcoming meeting next month, media reports have said.Glass Lewis called the pay agreement, which was recently valued at $46 billion, according to the Wall Street Journal, "excessive" on both a "pure dollar basis and in terms of the dilutive effect upon exercise." In a 71-page report over the weekend, the advisor added that Tesla's "provided rationale does little to combat" these concerns.Tesla's board of directors had originally approved a pay package worth around $55.8 billion in 2018, although it was voided by a judge in the U.S. state of Delaware in January. Last month, the company re-proposed an agreement that includes a 10-year grant of stock options.The large size of Musk's potential compensation is justified by Tesla hitting ambitious revenue and stock price targets during his tenure at the helm of the company, Tesla's board chair Robyn Denholm told Reuters earlier this month.Related ArticlesGlass Lewis recommends Tesla shareholders vote against Musk pay package - reportsProsecution appeal begins for Samsung chief Lee over 2015 merger caseEuropean shares little changed, inflation data in focusView comments

Investing.com -- Investors are looking ahead to fresh U.S. inflation data later in the holiday-shortened week, with stock markets on Wall Street closed for Memorial Day on Monday. The European Central Bank is poised to cut interest rates prior to its peers in other major economies, the ECB's chief economist has suggested in an interview with the Financial Times. Elsewhere, proxy advisor Glass Lewis calls on Tesla (NASDAQ:TSLA) shareholders to reject a massive pay package for Chief Executive Elon Musk.1. PCE data ahead this weekThe Feds preferred inflation gauge -- the personal consumption expenditures (PCE) price index -- due on Friday will be closely watched for clues about the direction of interest rates over the rest of the year.The data comes as markets are becoming resigned to the higher-for-longer interest rate narrative after last week's Fed minutes, along with cautious sounding remarks from policymakers who expressed doubt whether inflation is indeed on a sustainable downward trajectory to its stated 2% target level.Investors will get the chance to hear more from several Fed speakers during the week, including Governor Michelle Bowman, Cleveland Fed President Loretta Mester, Governor Lisa Cook, New York Fed President John Williams and Atlanta Fed President Raphael Bostic.The economic calendar also features revised data on first quarter economic growth on Thursday and the Feds Beige Book -- a summary of economic conditions in the U.S. -- on Wednesday.2. ECB's Lane says central bank ready to start slashing rates - FTThe European Central Bank is now in a position to begin cutting interest rates down from a record high of 4% at its upcoming policy meeting next week, the ECB's chief economist Philip Lane told the Financial Times.Speaking in an interview with the FT, Lane said that "barring major surprises, at this point in time there is enough in what we see to remove the top level of restriction."Spurred on by data showing inflation in the euro zone nearing the ECB's 2% target, markets are widely betting that the central bank will lower its benchmark deposit rate by 25 basis points at its June 6 gathering.While such a move would echo similar cuts by central banks in countries like Switzerland and Sweden, it would come before other major economies. The Fed and the Bank of England are not tipped to reduce rates until later this year, and investors are wagering that the Bank of Japan could continue to increase them.Lane suggested that prices in the bloc may have cooled faster than in other economies because it was heavily impacted by a short-term spike in energy costs following the outbreak of the war in Ukraine.Story continuesEconomists predict that May inflation data out of the euro zone on Friday will show that prices ticked up at a faster annual rate than in the prior month, while the underlying figure is seen remaining at the same year-on-year pace. Investors will likely be keen to see if these numbers will factor in to how the ECB approaches further potential cuts.3. Asian stocks edge higher, more rate cues awaitedMost Asian stocks advanced on Monday, recovering some ground from losses seen last week, amid anticipation over more cues on U.S. inflation and interest rates in the coming days.Regional markets took some positive cues from a strong close on Wall Street on Friday, as gains in technology stocks helped the Nasdaq Composite close at an all-time high.Chinas Shanghai Shenzhen CSI 300 and Shanghai Composite indices both jumped.Data on Monday showed Chinese industrial profits grew at a steady pace in April from the prior month, signaling steady improvement in one of the countrys biggest industries. But easing optimism over recent stimulus measures from Beijing kept gains in Chinese markets limited.4. Proxy advisor Glass Lewis recommends Tesla shareholders vote against Musk pay packageProxy advisory group Glass Lewis has recommended that Tesla's shareholders reject a proposed multi-billion dollar compensation package for Chief Executive Elon Musk at the electric carmaker's upcoming meeting next month.Glass Lewis called the pay agreement, which was recently valued at $46 billion, according to the Wall Street Journal, "excessive" on both a "pure dollar basis and in terms of the dilutive effect upon exercise." In a 71-page report over the weekend, the advisor added that Tesla's "provided rationale does little to combat" these concerns.Tesla's board of directors had originally approved a pay package worth around $55.8 billion in 2018, although it was voided by a judge in the U.S. state of Delaware in January. 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Data showing an unexpected build in U.S. inventories also weighed on crude.Related ArticlesPCE data ahead this week, ECB's rate path in focus - what's moving marketsECB policy must stay restrictive into 2025, chief economist saysFrance looks to elusive EU capital market to fix start-up fundingView comments

(Bloomberg) -- Ten years ago almost to the day, while checking out a handful of luxury sedans from one of Chinas largest automakers SAIC Motor Corp., President Xi Jinping gave a pivotal speech that would set China on the course to dominate the electric vehicle industry.Most Read from BloombergIsraeli Airstrike, Egyptian Guards Death Ratchet Up TensionsMusks xAI Raises $6 Billion in Bid to Challenge OpenAIChina Creates $47.5 Billion Chip Fund to Back Nations FirmsSevere Turbulence Leaves 12 Injured on Qatar Airways FlightFor Private Credit's Top Talent, $1 Million a Year Is Not EnoughThe path to becoming a strong automaking nation lies in developing new-energy vehicles, Xi said, according to a 2014 Xinhua report. Claiming a head start, or high ground, in this sector is key to the competition globally, Xi said.In 2014, China sold around 75,000 EVs and hybrids, and exported about 533,000 cars. The domestic market was dominated by international manufacturers such as Volkswagen AG and General Motors Co., which were allowed to enter by forming joint ventures with local players in the 1980s and 1990s. This helped China transform from a bike-riding nation to a car-driving one. Homegrown carmakers and brands that didnt work with foreign partners were seen as inferior and lagging behind in engine and other automotive technology.To get ahead and tackle environmental challenges, Beijing bet on fuel efficient and alternative energy vehicles. The state had published a guideline in 2012 that established ways to develop the industry by setting sales goals, providing subsidies and allocating resources for building charging infrastructure, among other things. Xis speech two years later signaled Chinas determination to use this as a way leapfrog traditional Western and Asian auto powerhouses, in particular Japan, home to Toyota Motor Corp.With the stage set, China needed a catalyst to spur consumer interest in EVs, which in the early 2010s were mostly cheap cars with short ranges. That ended up being Tesla Inc., which became the first foreign automaker to set up a wholly owned operation in China. With that special permission, Tesla completed its Shanghai factory in 2019. Its entry into the market motivated local players to come up with better EVs with longer ranges.Fast forward to 2024, and China has become the worlds largest auto market and sells more electrified vehicles than any other country, with 9.5 million cars delivered last year. It also controls the majority of the battery supply chain. Homegrown champion BYD Co. dethroned Volkswagen to become the best-selling brand in China and in the last quarter of 2023, surpassed Tesla as the worlds largest producer of EVs. China also overtook Japan as the largest auto exporter, sending 4.14 million units abroad with 1.55 million of them being EVs or plug-in hybrids.Story continuesRead More: Chinas Stranglehold on EV Supply Chain Will Be Tough to BreakThe achievements proved that Beijings industrial policy and investments paid off. But theyre also adding to tensions with the West. Chinas success in EVs, which could disrupt traditional auto supply chains that employ millions of people, has become a key source of discomfort in Washington and Brussels.As a price war at home and slowing growth drives Chinese automakers to search for buyers for its affordable and tech-laden EVs elsewhere, theyre running into trade barriers, especially in the EU and the US, which are meanwhile trying to develop their own EV supply chains. Both have accused China of exporting its excess capacity.The US has quadrupled import tariffs on Chinese cars to more than 100%, while the EU is investigating Chinese EVs to see if there has been an unfair advantage from government subsidies. Brazil recently removed a tax break on imported EVs and even Russia, arguably Beijings strongest ally and the largest destination for Chinese auto exports since the war with Ukraine, has asked Chinese carmakers to consider localizing production.Beijing has threatened to hit back, with the China Chamber of Commerce to the EU on May 22 saying that the import tariffs on cars with large engines may be raised to 25% from 15%. Theres a June 5 deadline for the EU to inform Chinese EV exporters of preliminary findings and whether tariffs will be imposed.SAIC, the state-owned manufacturer whose facility Xi visited 10 years ago, happens to be one of the three Chinese automakers, along with BYD and Zhejiang Geely Holding Group Co., selected for further

## News Content

scrutiny by the EU in its anti-subsidy investigation. SAIC owns the British-origin MG brand, which is one of the top selling EVs in Europe.At an event marking the 10th anniversary of Xis speech on Friday, SAIC officials including Chief Engineer Zu Sijie said theyve remembered the presidents instructions well, and the company has consistently innovated around technologies like smart driving and connected cars.Li Zheng, the co-founder of SAIC Qingtao New Energy Technology Co., a battery startup backed by SAIC, took the opportunity to promise executives wont be complacent as EV competition rises, noting that progress in solid-state batteries, which have a higher energy density and reduced fire risk, will be one way for China to maintain its edge.New-energy vehicles have become a strategic industry, fiercely contested by countries around world, Li said. Theyre a key supporting force to our countrys revitalization of green sectors.A lot can happen in 10 years, but with SAIC having invested about 150 billion yuan ($21 billion) into R&D over the past decade alone, even despite trade wars, 2034 looks bright.--With assistance from Jinshan Hong.Most Read from Bloomberg BusinessweekTikTok Video Playing on Finance Bro Stereotype Becomes a Viral HitHow the Harvard of Trading Ruined Thousands of Young Peoples LivesThe Dodgers Mogul and the Indian Infrastructure Giant That WasntThe Six Choke Points That Can Upend Global TradeWhen Business Is Just a Game©2024 Bloomberg L.P.View comments