

Tesla loses \$126 billion in value amid Musk Twitter deal funding concern

Synopsis

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Tesla CEO Elon Musk.

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[Tesla](#) Inc lost \$126 billion in value on Tuesday amid investor concerns that Chief Executive Elon Musk may have to sell shares to fund his \$21 billion equity contribution to his \$44 billion buyout of Twitter Inc.

Tesla is not involved in the Twitter deal, yet its shares have been targeted by speculators after Musk declined to disclose publicly where his cash for the acquisition is coming from. The 12.2% drop in Tesla's shares on Tuesday equated to a \$21 billion drop in the value of his Tesla stake, the same as the \$21 billion in cash he committed to the Twitter deal.

Wedbush Securities analyst Daniel Ives said that worries about upcoming stock sales by Musk and the possibility that he is becoming distracted by Twitter weighed on [Tesla shares](#). "This (is) causing a bear festival on the name," he said.

Tesla did not immediately respond to a request for comment.

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Twitter's shares also slid on Tuesday, falling 3.9% to close at \$49.68 even though Musk agreed to buy it on Monday for \$54.20 per share in cash. The widening spread reflects investor concern that the precipitous decline in Tesla's shares, from which Musk derives the majority of his \$239 billion fortune, could lead the world's richest person to have second thoughts about the Twitter deal.

"If Tesla's share price continues to remain in freefall that will jeopardize his financing," said OANDA senior market analyst Ed Moya.

As part of the Tesla deal, Musk also took out a \$12.5 billion margin loan tied to his [Tesla stock](#). He had already borrowed against about half of his Tesla shares.

University of Maryland professor David Kirsch, whose research focuses on innovation and entrepreneurship, said investors started to worry about a "cascade of margin calls" on Musk's loans.