

After 4 US price cuts, Tesla raises cost for older models

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A Tesla electric vehicle emblem is affixed to a passenger vehicle Sunday, Feb. 21, 2021, in Boston. Tesla is dropping prices for the third time since late last year in an apparent effort to attract new buyers. The cuts range from \$5,000 for slower-selling high-priced models to \$1,000 at the low end of its price range. Credit: AP Photo/Steven Senne, File

After cutting U.S. vehicle prices four times this year, Tesla raised the cost overnight on its slow-selling more expensive models.

The hike could be an effort to appease investors, who [dumped shares of Tesla](#) on Thursday after its earnings and profit margins dropped due to previous price cuts.

Investors also expressed concerns Friday in a letter to Tesla's board that CEO Elon Musk is too distracted running his other companies, including Twitter and SpaceX, to effectively lead the electric car and solar panel company.

The Austin, Texas, company added \$2,500 to all four versions of the Models S and X, increasing their prices by 2.4% to 2.9%.

The lowest-price Model S now starts at \$87,490, while the base price for the X is \$97,490, according to Tesla's website early Friday. Neither is eligible for the U.S. government's \$7,500 electric vehicle tax credit because they exceed sticker price limits.

Prices of the company's top-selling Model Y small SUV and Model 3 small sedan remained the same after being lowered earlier this week.

Tesla shares closed Thursday down nearly 10% after Musk said the company would sacrifice profit margins in order to boost sales. On Wednesday Tesla [reported first-quarter net income](#) that fell 24% from a year ago, and operating profit margins that dropped from 19.2% in the first quarter of last year to 11.4% last quarter.

The stock closed Friday at \$165.08, up 1.3%.

The price increases come at a strange time for Tesla because global sales of the aging Model X large SUV and Model S big sedan fell nearly 38%

in the first quarter to 10,695.

In a letter to Tesla Chairwoman Robyn Denholm and the board, a group of 17 investors who say they hold over \$1.5 billion in Tesla shares called on the board to make sure Tesla has a CEO who dedicates enough time and attention to running the company.

The group, which includes Amalgamated Bank, the New York City Comptroller's Office, and some pension and investment funds, wrote that it has lost confidence in the board over its "meager oversight" of Musk.

Messages were left Friday seeking comment from Tesla.

"The Board has allowed the CEO to be overcommitted at a time when the company faces critical challenges, including increased competition, regulatory scrutiny, and a stock slide," the letter said.

The group asked for a plan to overhaul composition of the board, including moving out directors with close ties to Musk.

In addition to Tesla, Musk is CEO of Twitter and SpaceX, and is co-founder of Neuralink, The Boring Company and Open AI.

The group, citing complaints about racial discrimination, [poor plant safety](#), and investigations by U.S. highway safety regulators and the Justice Department, wrote that Tesla "appears to be embracing a broader culture of being 'above the law.'"

Amalgamated Bank, the first investor listed on the letter, says on its website that it works with over 1,000 unions and has given strike loans to workers walking picket lines. Tesla has been in a battle with the United Auto Workers union over organizing its factory in Fremont, California.

Investors have not been kind to electric vehicle makers in the past week. Through Friday, Tesla shares were down 11% for the week, while startups Rivian, Lucid and Lordstown Motors all lost between 8% and 10% of their value. Fisker dropped 11% for the week, and Nio fell 10%. Nikola bucked the trend, rising almost 12.5%.

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