

EXCLUSIVE TECHNOLOGY

Elon Musk-Led Group Makes \$97.4 Billion Bid for Control of OpenAI

Unsolicited offer complicates Sam Altman's plans to convert OpenAI to a for-profit company

By [Jessica Toonkel](#) [Follow](#) and [Berber Jin](#) [Follow](#)

Feb. 10, 2025 3:39 pm ET



Elon Musk is in a battle with Sam Altman over the company behind ChatGPT. PHOTO: SAMUEL CORUM/GETTY IMAGES

A consortium of investors led by Elon Musk is offering \$97.4 billion to buy the nonprofit that controls OpenAI, upping the stakes in his battle with Sam Altman over the company behind ChatGPT.

Musk's attorney, Marc Toberoff, said he submitted the bid to OpenAI's board of directors Monday.

The unsolicited offer adds a major complication to Altman's carefully laid plans for OpenAI's future, including converting it to a for-profit company and spending up to \$500 billion on AI infrastructure through a joint venture called Stargate. He and Musk are already fighting in court over the direction of OpenAI.

"It's time for OpenAI to return to the open-source, safety-focused force for good it

once was,” Musk said in a statement provided by Toberoff. “We will make sure that happens.”

Representatives for OpenAI didn’t immediately respond to a request for comment.

Altman and Musk co-founded OpenAI in 2015 as a charity. In 2019, after Musk left the company and Altman became chief executive, OpenAI created a for-profit subsidiary that has served as a vehicle for it to raise money from Microsoft and other investors. Altman is in the process of turning the subsidiary into a traditional company and spinning out the nonprofit, which would own equity in the new for-profit.

One of the thorniest questions in the conversion has been how the nonprofit will be valued. Musk’s bid sets a high bar and may mean that he, or whoever runs the nonprofit, would end up with a large and possibly controlling stake in the new OpenAI.

The bid is being backed by Musk’s own artificial intelligence company xAI, which could merge with OpenAI following a deal. He also has several investors backing him, including Valor Equity Partners, Baron Capital, Atreides Management, Vy Capital and 8VC, a venture firm led by Palantir co-founder Joe Lonsdale. Ari Emanuel, CEO of Hollywood company Endeavor, is also backing the offer through his investment fund.

Musk has filed a series of legal complaints accusing OpenAI of betraying its original nonprofit mission by creating a for-profit arm and colluding with its largest investor, Microsoft, to dominate the development of AI.

On Jan. 7, Toberoff sent a letter to the attorneys general in California, where OpenAI is based, and Delaware, where it is incorporated, asking that they open up bidding for the company to determine the fair market value of its charitable assets. Musk and other critics have said they believe OpenAI may undervalue the nonprofit when they spin it out.

OpenAI has called Musk’s legal claims baseless and overreaching and said the nonprofit will receive full value in its ownership stake of the for-profit. The company released documents in December that it said showed Musk previously supported turning OpenAI into a for-profit but walked away because he couldn’t

get control of it.

Toberoff said Musk's investor group is prepared to match or exceed any bids higher than their own.

"If Sam Altman and the present OpenAI Inc. Board of Directors are intent on becoming a fully for-profit corporation, it is vital that the charity be fairly compensated for what its leadership is taking away from it: control over the most transformative technology of our time," he said.



Sam Altman appeared with President Trump last month at the White House to announce a plan called Stargate. PHOTO: ANDREW HARNIK/GETTY IMAGES

The day after President Trump was inaugurated, Altman appeared alongside him and other business leaders to announce a plan called Stargate to invest up to \$500 billion over the next four years in U.S. data centers.

Despite his close relationship with Trump, Musk wasn't part of the announcement.

Hours after the White House press conference, Musk claimed on X that Stargate's backers didn't have the promised money and called Altman "a swindler." Altman disputed Musk's claims.

Even before Musk's latest move, OpenAI faced numerous obstacles in what would be one of the biggest ever conversions of a charity to a for-profit company. Rival Meta Platforms sent a letter to California's attorney general in December expressing its opposition to the plan. And OpenAI is locked in negotiations with Microsoft and other stakeholders over how much equity they should receive in the

new company.

OpenAI has pledged to complete the transition by late 2026 as part of a \$6.6 billion funding round in October that valued it at \$157 billion.

It is separately in talks to raise up to \$40 billion in a new funding round that would value the company as high as \$300 billion, The Wall Street Journal reported last month. Japanese conglomerate SoftBank would lead the round and is in discussions to invest between \$15 billion and \$25 billion.

OpenAI and SoftBank are separately trying to raise billions for Stargate, an effort that may become more difficult due to uncertainty about the company's future sparked by Musk's bid.

Write to Jessica Toonkel at jessica.toonkel@wsj.com and Berber Jin at berber.jin@wsj.com

Videos