A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA – School of Business and Economics.

Tesla: A Sequence of Belief

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A Project carried out on the Master in Finance Program, under the supervision of:

Professor Paulo Soares de Pinho

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Abstract:

Title: Tesla: A Sequence of Belief

This case analyses the many challenges and achievements of a start-up company on its pursuit to take on the traditional players in an industry that is difficult to enter and succeed in. Additionally, this case details the road Tesla embarked on which tested investor confidence as Tesla strived to deliver on its increasingly ambitious goals. Furthermore, the case explores the strategic fit of merging two companies that are operating in two different industries but face similar financial problems arising from increasing debt levels and lack of profits.

Keywords: Capital Raising, Strategy, Mergers & Acquisitions, Conflict of Interest

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Introduction

On November 17, 2016, Jason Wheeler, Tesla's CFO, had just received confirmation that the deal had closed for his company's much-debated acquisition of SolarCity – a solar energy company that designs, finances and installs solar power systems. With leadership celebrations on the evening's agenda Jason could not help but to ponder on the future of the growing company. Despite thorough due diligence and thousands of hours spent analyzing the proposed deal the reality was that debt levels were at an all-time high and would substantially increase from the acquisition. Just a month ago, during its third quarter earnings call, Tesla welcomed its second ever quarterly profit since inception—and the first in twelve quarters. With the introduction of and push for production ramp up of its mass-market Model 3 car, the stakes at Tesla to deliver on its promises of profitability and deliveries were at unprecedented levels.

Tesla Motors, Inc. Born

Tesla Motors, Inc. was founded on July 1, 2003, by entrepreneurs and engineers Martin Eberhard and Marc Tarpenning—whom became CEO and CFO, respectively—with the goal of building on the success that General Motors[1] (GM) generated from its pilot program for fully electric vehicles. The program—called EV1—was a response to the shifting legal environment in California where car manufacturers were forced to produce zero-emission vehicles in order to maintain fossil fuel-driven vehicle sales. GM abandoned the program in 2003 when regulations loosened to allow low-emission, natural gas and hybrid cars in place of fully electric vehicles. At that point, the EV1 had already gathered recognition and ultimately resistance to the program's cancellation. The two founders saw an opportunity to enter the vacuum left by the EV1 program and to build an EV program with the support for EV development and an existing fanbase that had been left empty-handed when GM pulled the plug on its EV1 vehicles and reclaimed all cars.[2]

Initially funded by the two founders, the startup later raised $7.5 million in a 2004 Series A[3] funding round lead by Elon Musk—the founder of PayPal[4] and SpaceX[5]—who assumed the

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[1] One of the big American automotive manufacturers with a global customer base.
[2] All EV1 cars were leased and drivers were not allowed to purchase the cars.
[3] First venture capital funding raised after a startup's seed capital—initial funding used to start a company.
[4] A global online payments platform.
[5] An American privately held aerospace manufacturer and space transportation services company.

position of chairman of the board of directors. Elon's influence grew over time as he made large contributions in subsequent capital raising rounds. **Exhibit 1** shows Elon's intercorporate relationships between the companies he was associated with. Following a lawsuit denying Martin's claim that there were only two founders, Marc and himself, and Elon's early investment contributions and eagerness to be involved in operations, Tesla named Elon co-founder of Tesla.

Tesla revealed its first car on July 19, 2006—the fully electric sports car *Roadster*—which was based on the chassis and body design of Lotus[6]. With the increased support of the board of directors, Elon on August 2, 2006, published his vision and strategy for Tesla in a blog post titled *The Secret Tesla Motors Master Plan*. The post stated:

> Build sports car
> Use that money to build an affordable car
> Use *that* money to build an even more affordable car
> While doing above, also provide zero emission electric power generation options

Production of the Roadster—the first car of Tesla's master plan—commenced in February 2008. By 2012, when production of the roadster ended, Tesla had produced 2,500 cars.

As the small manufacturing company slowly grew through subsequent funding rounds, the Tesla leadership team experienced some turbulence when the company's first CEO and co-founder—Martin Eberhard—stepped down on August 8, 2007. With Martin moving to the company's advisory board, Michael Marks, an early Tesla investor, took the interim CEO role until Ze'ev Drori assumed the permanent CEO role in November of the same year. The turmoil continued into 2008 when Martin and Marc ultimately left the company in early 2009. Martin sued Elon in 2009 for distorting the truth about the problems Tesla faced at the time but later dropped the suit. 2008 also saw Tesla appoint Deepak Ahuja for the vacated role of CFO in June 2008 and in October the same year, Elon was appointed CEO of the company.

Model S

With the global financial crisis in full effect, Elon and Deepak were forced to make drastic changes to weather the storm. Challenges raising capital forced Tesla to lay off approximately 60

[6] British company that manufacturers sports and race cars.

employees. Additionally, Tesla faced production obstacles from sourcing parts and technical problems with the Roadsters already delivered, notably transmission breakdowns. In December 2008, Tesla raised $40 million in convertible debt financing[7] to support further development and production of the Roadster. The capital was injected by most of Tesla's investors after Tesla received affirmation of the investors' willingness to invest further.

With the unveiling of the fully electric prototype Model S on March 26, 2009—the second step in Tesla's master plan—Tesla found itself entering the luxury four-door sedan segment that long had been occupied by the big German car manufacturers such as Mercedes, BMW and Audi. See **Exhibits 2a, 2b** and **2c** for Tesla's peer group data for 2013, 2014 and 2015, respectively. Tesla received 520 reservations for the Model S in the first week and a month later, reservations had doubled.

Tesla's recovery from the financial crisis continued with a strategic partnership with Daimler AG[8] where the German automaker acquired a 10% stake in Tesla. The two manufacturers agreed to cooperate on electric drive development, battery systems and vehicle projects.

In June 2009, further help was coming from closer to home when the U.S. Department of Energy (DoE) granted Tesla a $465 million low-interest loan, as part of the Advanced Technology Vehicle Manufacturing program, to accelerate the development and production of Model S and support all-electric vehicle, emission-free technology development.

Initial Public Offering

On June 28th, 2010 Tesla announced its filing for an Initial Public Offering (IPO) which valued the company at $1.33 billion. Tesla became only the second American car company to go from start-up to IPO without filing for bankruptcy.[9] Despite not recording a profitable quarter since incorporation, demand for the shares was strong and Tesla raised its target price the day before the first day of trading from a range of $14 to $16 per share to $17 per share. Tesla issued 11,880,600 shares in the IPO. When the closing bell rang after the first day of trading Tesla's share price had increased 41% to a price of $23.89 per share. **Exhibit 3** shows Tesla's share

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[7] Convertible debt are loans that can be turned into equity at a predetermined conversion ratio in the future.
[8] German auto group whose portfolio include Mercedes-Benz Cars, Daimler Trucks, etc.
[9] Ford Motor Company being the first and went public in 1956.

price history. Tesla had raised $202 million in the process. **Exhibits 4a** and **4b** show Tesla's capital raising rounds from IPO through November 17, 2016.

On July 16, 2010, Toyota and Tesla announced another partnership where Toyota would pay up to $69 million for the development of a powertrain system, which would include the battery, motor and associated software on the electric version of the Toyota RAV4 model.

To keep up with growing demand for its cars Tesla completed the construction of its Fremont factory in California in October of 2010 with construction made possible by a U.S. DoE loan. The purpose of the facility was to serve as the home for Model S which was unveiled in 2011 and went into full production in 2012. Tesla predicted it would produce 5,000 Model S's in 2012. Tesla ended 2011 with $90 million worth of customer deposits after roughly 8,000 customer placed orders for the Model S. All orders required a reservation deposit. At the end of 2012, Tesla delivered roughly 2,650 Model S's, lower than initially planned, driven by challenges with production ramp up and supply chain hiccups. Tesla also had 15,000 customer reservations still in the orderbook. The Model S would prove a success and gained worldwide recognition and awe which included winning the reputable Motor Trend Car of the year award, among other recognitions, in 2013.

The Fremont factory would also play an integral role in supporting production of Model X, Tesla's take on a Sports Utility Vehicle (SUV). In February 2012, Tesla unveiled the expansion of its vehicle portfolio by the introduction of the Model X which offered "the best of an SUV with the benefits of a minivan." Model X is a fully electric SUV that can seat up to 7 adults with production due to commence in 2013 and mass production scheduled for 2014.

During the third quarter of 2012 Tesla introduced its Supercharger network which provided Tesla owners the ability to recharge their cars on the go from any of Tesla's strategically located powerful chargers. With these chargers, drivers could regain up to 165 miles of range in 30 minutes. Tesla offered the recharge free of charge as the cost of running them was very low due to low rent along highway stops and solar panels powered the charging stations.

Stock of the Year

Ten years after Tesla's inception, 2013's first quarterly report resulted in Tesla's first ever profit of $11 million. Tesla's share price had ranged between $30-40 per share over the past year but more than doubled following the positive news to reach $87.80 a week after the earnings call. See **Exhibits 5a, 5c** and **5c** for Tesla's annual balance sheet, income statement and statement of cash flows, respectively.

With the development and production ramp ups of Model S and Model X, the need for Tesla to invest in research & development and associated tooling kept growing. Additionally, the DoE loan required recurring payments. To address the additional capital needs, in May 2013, Tesla announced it raised $1.02 billion with $660 million coming from convertible bonds[10] carrying an interest rate of 1.50% and the remaining portion coming from equity. Terms of the convertible bonds offer allowed holders to convert into 8.0306 shares of common stock for each $1,000 of convertible bonds held. At the time of the offering the conversion price was $124.52 per share. Holders were allowed to convert their bonds to shares on or after March 1, 2018. To better protect common shareholders from potential share value dilution, Tesla supplemented the capital raising by purchasing call options that effectively raised the conversion price from $124.52 to $184.48 per share. With this capital inflow Tesla paid of the remaining balance on the DoE loan was paid off in full—nine years prematurely. Tesla ended 2013 as Nasdaq's best performer after making a gain of 325% which saw the stock go from $35.36 to $150.43 per share.

Tesla's management team took additional steps to assure mass production capabilities and assure demand for its cars could be met. In 2013, Tesla announced a plan to construct Gigafactory—a massive battery manufacturing plant in Nevada, U.S. Along partners such as Panasonic[11] the combined investment into the factory would reach $4-5 billion by 2020 of which Tesla committed to contribute $2 billion towards the total. Completion of the plant and commencement of production was scheduled for 2017. During Q1 2014, Tesla issued $2 billion worth of senior convertible notes to finance its portion of the investment, $800 million of which carried an interest rate of 0.25% and due 2019—available for conversion on or after December 1, 2018, and $1.2 billion carrying an interest rate of 1.25% and due 2021—available for conversion on or after December 1, 2020. Both of these notes could be converted into 2.7788 share of common stock on or after their respective due dates which translated to an initial conversion price of $359.87 per share.

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[10] Option to convert bond to predetermined number of shares at a predetermined future date.

[11] Japanese multinational electronics corporation that Tesla buys its battery cells from.

In October of 2014, Tesla launched its "semi-autonomous" Autopilot system which offered lane centering, self-parking and adaptive cruise control, the ability to change lanes and also to summon the car from its parked position. The system was an option available for Model S and Model X where software updates transmitted over-the-air, with no need to take the car to a service point to get it updated.

Tesla Energy

Tesla started 2015 with a quarter of increasing vehicle deliveries and vehicle production beating guidance. In an April 2015 event, Elon introduced a second leg to Tesla Motors Inc. with the unveiling of the Powerwall and Powerpack. These applications—or battery systems—provide "provision for backup power, grid independence, peak demand reduction, demand response, reducing intermittency of renewable generation and wholesale electric market services." The Powerwall is a rechargeable wall-mounted energy storage device that is intended for residential use where solar panels generate the energy during sun hours and energy is converted to storable energy via an inverter. The Powerwall stores the energy for later use and can power a house. The other product coming out of Tesla's energy arm was the much larger Powerpack which is intended for commercial use.

In August of 2015 Tesla announced an offering of $500 million of common stock to aid in the development and production of Model X and the Gigafactory construction. Attached to the offering was an option for the underwriters[12] to purchase an additional $75 million of additional common stock during a 30-day period. Due to even stronger demand, Tesla ultimately raised $750 million from the 3,099,173 shares sold in the equity offering.

Although deliveries of the Model X were initially scheduled for the beginning of 2014, it took an additional 18 months and numerous pushbacks for Tesla to finally ship the first Model X in September of 2015. Due to tooling problems and production ramp up difficulties, a stark contrast existed from the initial forecast of the first delivery by early 2014.

Tesla ended 2015 with a new CFO—Jason Wheeler—after Deepak decided to vacate the role after eight years as CFO of Tesla. After briefly passing the $280 per share mark in August,

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[12] A firm that buys the securities from the issuer and then sells the securities to investors. Underwriters assumes the risk of the offering by ensuring the issuing firm a predetermined price for a predetermined number of shares.

Tesla's share price ended the year at $240.01 per share. Despite Model S being the best-selling car in the plug-in electric vehicle segment, Jason had a big task ahead with Tesla posting a net loss of $889 million on revenues of $4.05 billion for the 2015 fiscal year. Long-term debt had been growing steadily driven by bond issuances and represented just over $2 billion dollar on Tesla's balance sheet at year-end 2015. With production delays, high debt levels and increased capital expenditures expected at $1.5 billion for 2016, Jason was in for a challenging 2016.

EVs for All

On March 31, the last day of the first quarter of 2016, Elon introduced the final piece to his master plan: the affordably priced mass-market Model 3. The customer response was massive, and Tesla received 325,000 reservations in the first week after the unveiling. With a $1,000 refundable deposit attached to every reservation, Tesla accumulated $325 million in cash which Tesla used to pay back loans. These 325,000 deposits also represented $14 billion in expected future sales[13]. Despite an inflow of cash and implied future sales, Tesla only records revenue when its cars are delivered to the customer. This means that although Tesla produced a lot of cars and can have them ready to ship, capital deployed is tied up in various inventory accounts until the cars are delivered and revenue can be recognized. See **Exhibit 6** for Tesla's inventory.

During the first quarter earnings call Tesla also revealed the advancement of its production target to reach a total unit production of 500,000 cars by 2018, a full two years earlier than initially planned. This ramp up of cars produced would account for Model S, Model X and Model 3 and would imply a five-fold ramp up of production capabilities over the two years starting in Q2 2016. See **Exhibit 7** which shows the plug-in electric vehicles sales in the U.S. by model. To fund this push, Tesla announced it had revised its forecast for capital expenditures for 2016 by about 20% which put total capital expenditures for 2016 in the region of $1.8 billion. In the Q1 2016 update letter Tesla admitted this increase in capital expenditures would "likely require some additional capital." The additional capital arrived in May the following quarter from an equity raising round and boosted the cash balance for quarter-end Q2 2016 to $3.25 billion, up significantly from $1.44 billion recorded at the end of Q1 2016. On May 18, in the public offer,

[13] Based on average selling price of $43,000 per car.

Tesla sold 7,915,004 shares of common stock that were priced at $215 per share which resulted in gross proceeds of just over $1.7 billion.

SolarCity Acquisition Proposal

On June 21, 2016, Tesla announced it had made an offer to acquire SolarCity—a company that designs, manufactures, sells, leases and installs solar energy products for both residential and commercial customers.

SolarCity was founded in 2006 by the Rive brothers—Lyndon and Peter—who are also cousins of Elon Musk. At the end of 2015 SolarCity had grown into the largest provider of solar energy products with a market share of 29% by offering long-term agreements to customers to lower their cost of energy. This approach offers customers to go solar with little or no upfront cost but a commitment to a long-term lease contract with fixed monthly charges. Contracts range from 15-30 years with the most common contract being a 20-year contract. SolarCity also offers what it calls Power Purchase Agreements where the "customers pay a rate based on the amount of electricity the solar energy system actually produces." These two options leave SolarCity with the hefty upfront cost since its customers pay little initially to have the solar systems installed.

SolarCity went public in December of 2012 at a share price of $8 per share and a market capitalization of $584.6 million, raising $92 million in the process. During 2013, SolarCity's stock soared almost five-fold following increased sales and leases. With the acquisition of Silevo—a solar panel technology and manufacturing company—in 2014, SolarCity expanded to offer an end-to-end solution to going solar. Silevo was acquired to help "produce high efficiency solar cells and modules at scale." SolarCity also announced in 2014 the plan to build a $750 million solar panel factory in Buffalo, New York. SolarCity's investment into the factory would be supplemented by provisional grants from the state of New York where SolarCity would invest $150 million in the construction of the facility. Conditions included SolarCity to invest $5 billion in combined capital and operational expenses over a 10-year period as well as provide 1,500 high-tech jobs and another 2,000 support roles. At the end of 2015 SolarCity had installed a total of 230,000 solar energy systems across the U.S. with 110,000 installations in 2015 alone.

Due to the nature of the leasing sales model where SolarCity provides for the upfront cost, SolarCity does not realize full revenue until the end of the contract when all payments have been made. This implication caused operating cash flows to consistently be negative. At the end of 2015, SolarCity reported a net loss of $769 million from operating activities. **Exhibits 8a, 8b** and **8c** show SolarCity's annual balance sheet, income statement and statement of cash flows, respectively. To operate under such conditions, SolarCity was inherently dependent on the continuance of raising external funding. Much of that fundraising came from debt capital where SolarCity relied on multiple sources of debt, including solar bonds, non-recourse solar asset-back notes, revolving credit facility and convertible notes. Elon was an early backer of the company and at the time of the proposal owned 20% of SolarCity outstanding shares. **Exhibit 9** shows Elon Musk's holding stakes in SolarCity and Tesla.

The all-equity offer valued SolarCity at $26.50 to $28.50 per share—which represented a premium of 21%-30% premium over its latest 5-day average price. The proposed exchange rate would be 0.122x to 0.131x shares of Tesla common stock for every share of SolarCity common stock. At the time of the proposal announcement, SolarCity shares were trading down 52% from the beginning of the year. See **Exhibit 10** for SolarCity's share price history. At the time of the announcement, Tesla had a market capitalisation of $30.74 billion but Tesla shares dropped 10.4% from $219.61 to $196.66 the day after the announcement. This resulted in a drop in market capitalisation to $27.53 billion—a loss of $3.21 billion in light of an acquisition worth $2.6 billion. See **Exhibit 11a** for Tesla's and SolarCity's price evolution since SolarCity's IPO. **Exhibit 11b** shows both firms price evolution since the acquisition proposal.

Master Plan, Part Deux

To fuel the idea of this proposal, on July 20, 2016, Tesla and Elon shared its revised master plan—the Master Plan, Part Deux—which in short stated:

> "Create stunning solar roofs with seamlessly integrated battery storage
> Expand the electric vehicle product line to address all major segments
> Develop a self-driving capability that is 10X safer than manual via massive fleet learning
> Enable your car to make money for you when you aren't using it"

Elon was convinced that adding SolarCity to the Tesla umbrella would be the final piece to his revolving *Master Plan, Part Deux* by creating "the world's only vertically integrated energy company offering end-to-end clean energy products to our customers." By housing solar generation, storage and usage under the same roof, Tesla wanted to create a one-stop shop for consumers with a strong awareness for sustainability. The deal was assumed to bring $150 million in direct cost synergy savings in the first year, driven by cross-selling efficiencies and overhead expenses. Moreover, Tesla expected SolarCity to increase Tesla's cash balance by more than half a billion over the next three years.

The idea was that the three pillars—generation, storage and consumption—would accelerate the transition towards a sustainably powered future that would enable users to live a life completely without reliance on fossil fuels. The combined company would be able to drive product development and innovation much more efficiently and utilize Tesla's wide distribution network to reach consumers and rely on SolarCity's expertise in installation to get it up and running. Another assumption made by Tesla was that because loyal Tesla buyers buy electric cars, customers would have an overlapping product interest and naturally be interested in solar power.

A concern among investors and analysts was the prospect of an unprofitable and cash burning company proposing to acquire another unprofitable and cash burning company. Analysts at J.P. Morgan noted the day after the initial proposal (June 21, 2016) that:

> "The acquisition combines one high-debate business with large historical and ongoing free cash burn that promises to make significant strides toward better cash management, with yet another high-debate business with large historical and ongoing free cash burn that promises to make significant strides toward better cash management."[14]

Some analysts and journalists also suggested this could be a bailout of SolarCity who was facing liquidity issues with some pointing to the fact that Elon owned 20% of SolarCity stock. Further concerns evolved around the potential conflict of interest where Elon had significant influence and ownership in both firms, combined with family ties to the SolarCity founders.

The Deal

Ten days later, on August 1, 2016, Tesla announced it had reached an agreement to merge with SolarCity. The merger agreement was pending majority approval by disinterested[15] shareholders given the revised deal proposal. Tesla board members Elon and Antonio Gracias recused

[14] JP Morgan note from June 22, 2016.
[15] Shareholders with no conflicts of interest, such as owning stock in both merging firms.

themselves from voting on the acquisition as they were on both boards. Jeffrey Straubel, Tesla's CTO and SolarCity board member, did not partake in the discussions of Tesla's management in relation to the acquisition nor was he voting on the acquisition as member of the SolarCity board. Only Nancy E. Pfund and Donald R. Kendall voted on the SolarCity board as Lyndon and Peter Rive are cousins of Elon Musk and John H.N. Fisher's firm is on both boards. The SolarCity board unanimously approved the merger and recommended its shareholders to also do so. Tesla has 7 board members and SolarCity has 8. **Exhibit 12** shows the board members and their roles of both firms.

The updated offer would exchange 0.110x of Tesla common shares for every SolarCity common share, valuing SolarCity at $25.37 per share which was below the initially targeted range. The total offer valued SolarCity at $2.6 billion. Included in the agreement was what is known as a "go-shop" period which allowed SolarCity to accommodate alternative proposals over the following 45 days.

Following the news of the approved acquisition, rating agency Standard & Poor's issued a statement saying it put Tesla on the watchlist for potential downgrade of Tesla's credit rating citing "significant risk related to the sustainability of the company's capital structure following the proposed transaction." **Exhibit 13a** shows Standard & Poor's credit rating scale. On August 1, 2016, Tesla had a B- rating which suggested that the company could meet its financial commitments but was prone to adverse circumstances that can arise from macroeconomic, financial or regulatory changes. Tesla received its first rating by Standard & Poor's in May 2014. See **Exhibit 13b** for Tesla's credit rating history.

Before shareholders were due to vote on the acquisition, Tesla posted third quarter results on October 26, 2016. Tesla presented a net income of $22 million—its first profit after twelve quarters of presenting losses and only the second profitable quarter since its IPO. This positive number was supported by record revenues of $2.3 billion for the quarter and an increase of 145% from the same period in 2015. The cash balance at the end of Q3 2016 had increased substantially from the end of 2015 and stood at $3.1 billion mainly due to the equity raising of $1.7 billion raised in Q2 2016. See **Exhibits 14a, 14b** and **14c** for Tesla's quarterly financial statements. Tesla had offered $2.6 billion worth of common Tesla stock for all outstanding shares of SolarCity. This acquisition would also transfer SolarCity's $3.4 billion debt onto

Tesla's books. With expected capital expenditures of $1.8 billion for the year, and with combined debt of almost $6 billion for the merged company, Tesla was once again pushing investor confidence.

Before slowly making amends towards the arranged festivities in a nearby restaurant, Jason remained thoughtful in his office for some time, reflecting about the future and what would happen if Tesla once again would fail to deliver on its promises.

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Tesla: A Sequence of Belief

Exhibits

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A Project carried out on the Master in Finance Program, under the supervision of:

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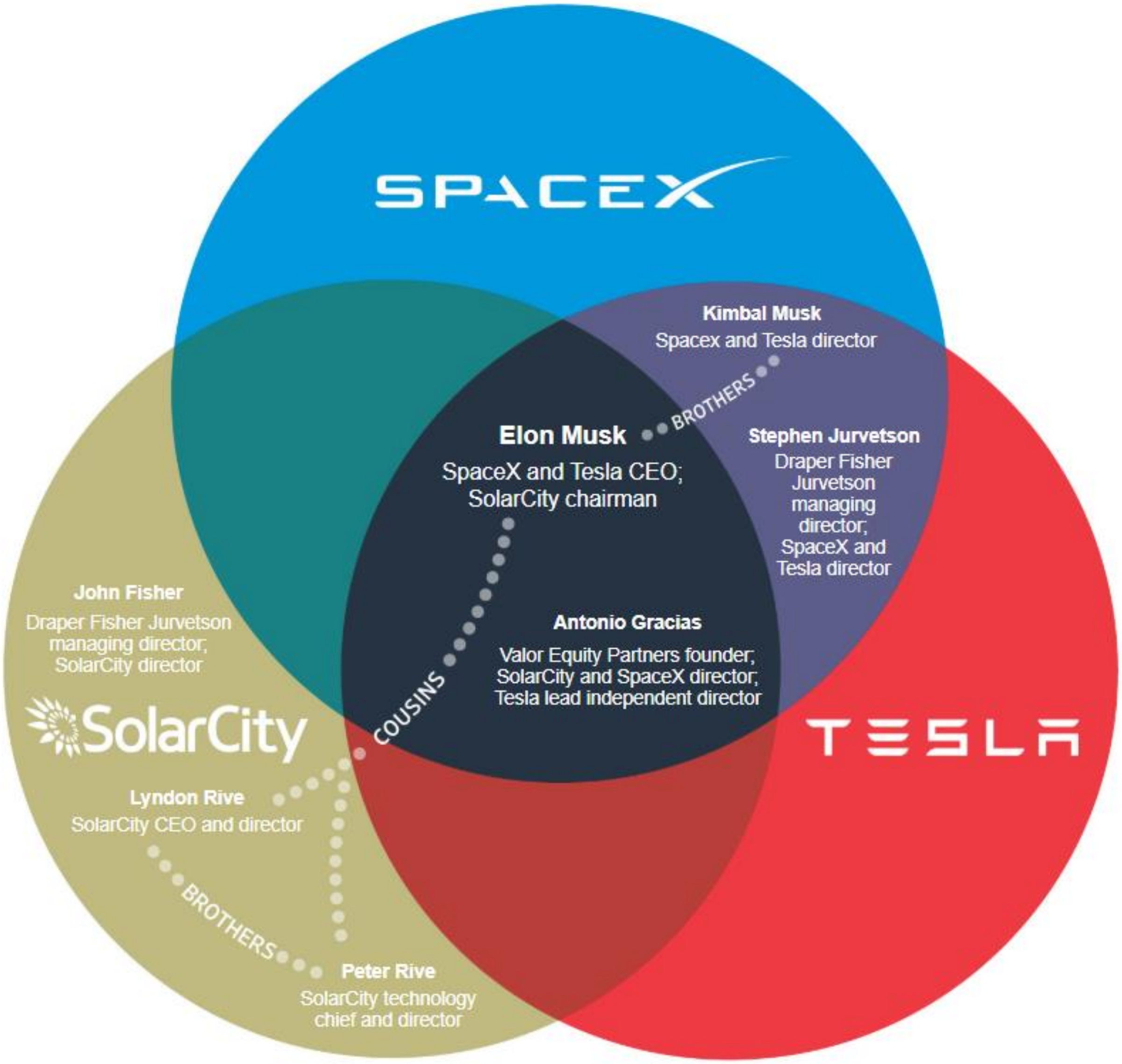
Exhibit 1 – Intercorporate Relationships



Source: "Elon Musk Supports His Business Empire With Unusual Financial Moves," Wall Street Journal, April 27, 2016, https://www.wsj.com/articles/elon-musk-supports-his-business-empire-with-unusual-financial-moves-1461781962, accessed November 2019.

Exhibit 2a – Tesla Peer Data 2013

Ratios - Key Metrics									
Annual Standardised in Millions of Euros									
	BMW	Daimler	Audi	Ford	GM	Honda	Nissan	Toyota	Peer Average
	2013	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**	**2013**
Profitability									
Gross Margin	20.1%	21.4%	18.4%	16.2%	11.6%	25.6%	16.6%	15.5%	18.2%
EBITDA Margin	19.6%	10.5%	14.0%	10.3%	8.1%	11.5%	11.3%	11.5%	12.1%
Operating Margin	10.5%	6.6%	10.1%	8.7%	3.2%	5.5%	4.6%	6.0%	6.9%
Pretax Margin	10.4%	8.6%	10.7%	9.8%	4.8%	4.9%	5.6%	6.4%	7.7%
Effective Tax Rate	32.5%	14.0%	24.6%	16.9%	28.5%	36.6%	25.5%	39.3%	27.2%
Net Margin	7.0%	7.4%	8.0%	8.1%	3.4%	3.1%	4.2%	3.9%	5.6%
DuPont/Earning Power									
Asset Turnover	0.56	0.71	1.17	0.75	0.98	0.78	0.74	0.67	0.80
x Pretax Margin	10.4%	8.6%	10.7%	9.8%	4.8%	4.9%	5.6%	6.4%	7.7%
Pretax ROA	5.8%	6.1%	12.4%	7.3%	4.7%	3.8%	4.1%	4.2%	6.1%
x Leverage (Assets/Equity)	3.91	3.95	2.47	7.74	4.21	2.70	3.33	2.92	3.90
Pretax ROE	24.0%	25.2%	32.2%	68.3%	18.9%	10.4%	14.2%	12.4%	25.7%
x Tax Complement	0.67	0.67	0.74	0.83	0.72	0.75	0.70	0.69	0.72
ROE	16.1%	17.0%	23.9%	56.8%	13.6%	7.8%	9.9%	8.5%	19.2%
x Earnings Retention	0.68	0.65	0.96	0.87	1.00	0.63	0.69	0.70	0.77
Reinvestment Rate	10.9%	11.0%	22.9%	49.4%	11.5%	4.9%	6.9%	6.0%	15.4%
Liquidity									
Quick Ratio	0.83	0.90	1.26	1.65	1.08	1.00	1.45	0.93	1.14
Current Ratio	1.02	1.19	1.54	1.76	1.31	1.30	1.70	1.07	1.36
Times Interest Earned	17.4	15.1	81.7	10.3	21.2	44.8	16.7	62.4	33.70
Cash Cycle (Days)	134.0	131.1	27.2	169.6	17.2	84.1	169.6	106.5	104.91
Leverage									
Assets/Equity	3.91	3.95	2.47	7.74	4.21	2.70	3.33	2.92	3.90
Debt/Equity	1.95	1.82	0.08	4.39	0.92	0.97	1.28	1.16	1.57
% LT Debt to Total Capital	37.0%	36.9%	0.9%	54.3%	27.8%	26.8%	34.6%	27.3%	30.7%
(Total Debt - Cash) / EBITDA	3.77	4.87	-	4.88	-	2.54	3.56	3.93	3.93
Operating									
A/R Turnover	3.1	3.8	12.2	1.8	8.3	4.8	2.0	3.1	4.89
Avg. A/R Days	118.4	97.3	29.9	202.1	43.9	76.8	181.7	116.5	108.33
Inv Turnover	6.3	5.3	9.2	16.3	9.6	6.5	7.1	11.2	8.94
Avg. Inventory Days	58.2	69.2	39.7	22.4	38.3	56.1	51.8	32.8	46.06
Avg. A/P Days	42.6	35.3	42.4	54.9	65.0	48.8	63.9	42.8	49.46
Fixed Asset Turnover	1.93	2.44	6.23	3.46	5.64	2.57	2.21	3.37	3.48
WC / Sales Growth	(0.5%)	1.9%	(0.9%)	3.5%	2.2%	(2.2%)	7.5%	(1.0%)	1.3%
Bad Debt Allowance (% of A/R)	0.4%	1.2%	2.4%	0.2%	1.5%	-	0.9%	0.2%	1.0%
ROIC	6.3%	8.2%	15.1%	9.8%	5.4%	3.5%	5.0%	4.2%	7.2%
Revenue per Employee	€ 703,510.70	€ 429,257.30	€ 721,080.20	$834,755.7	$719,569.4	¥52,342,922.7	¥54,969,848.5	¥66,921,721.6	

Source: Thomson Reuters Eikon

Exhibit 2b – Tesla Peer Data 2014

Ratios - Key Metrics									
Annual Standardised in Millions of Euros									
	BMW	Daimler	Audi	Ford	GM	Honda	Nissan	Toyota	Peer Average
	2014	2014	2014	2014	2014	2014	2014	2014	2014
Profitability									
Gross Margin	21.2%	21.8%	17.4%	11.4%	8.9%	23.3%	17.6%	19.0%	17.6%
EBITDA Margin	20.8%	11.3%	13.7%	5.4%	6.2%	11.3%	11.0%	14.3%	11.8%
Operating Margin	11.3%	7.2%	9.6%	0.1%	1.1%	6.6%	4.5%	8.9%	6.2%
Pretax Margin	10.8%	7.8%	11.1%	0.9%	2.7%	7.5%	5.1%	9.5%	6.9%
Effective Tax Rate	33.2%	28.3%	26.1%	0.3%	5.4%	28.7%	21.7%	31.5%	21.9%
Net Margin	7.2%	5.6%	8.2%	0.9%	2.6%	5.3%	4.0%	6.5%	5.0%
DuPont/Earning Power									
Asset Turnover	0.55	0.73	1.12	0.70	0.91	0.84	0.77	0.67	0.79
x Pretax Margin	10.8%	7.8%	11.1%	0.9%	2.7%	7.5%	5.1%	9.5%	6.9%
Pretax ROA	5.9%	5.7%	12.5%	0.6%	2.5%	6.3%	3.9%	6.3%	5.5%
x Leverage (Assets/Equity)	4.16	4.34	2.70	8.54	5.01	2.53	3.39	2.86	4.19
Pretax ROE	24.0%	23.6%	32.3%	4.9%	10.9%	16.4%	13.1%	18.3%	17.9%
x Tax Complement	0.67	0.68	0.73	1.00	0.93	0.67	0.73	0.75	0.77
ROE	16.0%	16.1%	23.6%	4.9%	10.1%	11.0%	9.6%	13.7%	13.1%
x Earnings Retention	0.67	0.62	0.95	(0.59)	0.31	0.76	0.68	0.71	0.51
Reinvestment Rate	10.7%	10.1%	22.4%	(2.9%)	2.3%	8.4%	6.5%	9.8%	8.4%
Liquidity									
Quick Ratio	0.77	0.84	1.24	1.58	1.07	0.89	1.44	0.94	1.10
Current Ratio	0.96	1.15	1.51	1.68	1.27	1.17	1.66	1.07	1.31
Times Interest Earned	22.0	26.5	84.8	0.4	5.9	64.3	17.4	123.1	43.05
Cash Cycle (Days)	134.8	137.1	31.9	188.1	33.0	84.5	172.4	104.4	110.78
Leverage									
Assets/Equity	4.16	4.34	2.70	8.54	5.01	2.53	3.39	2.86	4.19
Debt/Equity	2.08	1.99	0.09	4.88	1.32	0.93	1.30	1.13	1.72
% LT Debt to Total Capital	36.5%	38.4%	1.0%	55.6%	38.4%	26.4%	35.1%	27.1%	32.3%
(Total Debt - Cash) / EBITDA	3.61	4.53	-	10.71	1.34	2.80	3.85	3.13	4.28
Operating									
A/R Turnover	3.0	3.6	9.7	1.7	6.4	5.1	2.0	3.3	4.35
Avg. A/R Days	120.1	102.9	37.7	219.9	56.8	72.0	182.6	110.7	112.84
Inv Turnover	6.1	5.3	9.3	16.4	10.3	7.5	7.9	11.5	9.29
Avg. Inventory Days	59.7	68.8	39.4	22.3	35.6	48.7	46.6	31.8	44.11
Avg. A/P Days	45.0	34.7	45.3	54.1	59.4	36.1	56.8	38.1	46.19
Fixed Asset Turnover	1.82	2.45	5.95	2.94	4.87	2.64	2.34	3.55	3.32
WC / Sales Growth	(2.2%)	(0.2%)	1.3%	1.8%	0.6%	(4.0%)	(0.6%)	0.5%	(0.4%)
Bad Debt Allowance (% of A/R)	0.3%	1.0%	1.4%	0.5%	1.3%	0.3%	1.0%	0.2%	0.8%
ROIC	6.4%	6.3%	14.7%	0.9%	3.7%	6.5%	4.9%	7.0%	6.3%
Revenue per Employee (€)	€ 709,394.50	€ 468,354.90	€ 725,248.90	$783,027.2	$716,914.9	¥64,182,183.5	¥69,087,805.4	¥76,421,602.3	

Source: Thomson Reuters Eikon

Exhibit 2c – Tesla Peer Data 2015

Ratios - Key Metrics									
Annual Standardised in Millions of Euros									
	BMW	Daimler	Audi	Ford	GM	Honda	Nissan	Toyota	Peer Average
	2015	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**	**2015**
Profitability									
Gross Margin	19.7%	21.1%	19.5%	19.6%	12.8%	22.5%	18.8%	19.8%	19.2%
EBITDA Margin	19.2%	12.8%	15.7%	9.6%	10.5%	9.7%	11.8%	15.3%	13.1%
Operating Margin	10.4%	8.5%	8.3%	4.7%	4.4%	5.0%	4.5%	10.1%	7.0%
Pretax Margin	10.0%	8.5%	9.0%	6.9%	6.2%	6.0%	6.0%	10.6%	7.9%
Effective Tax Rate	30.7%	31.6%	18.7%	28.1%	(14.6%)	30.4%	28.7%	30.9%	23.1%
Net Margin	6.9%	5.8%	7.4%	4.9%	7.1%	4.2%	4.3%	7.3%	6.0%
DuPont/Earning Power									
Asset Turnover	0.56	0.73	1.09	0.69	0.73	0.77	0.72	0.61	0.74
x Pretax Margin	10.0%	8.5%	9.0%	6.9%	6.2%	6.0%	6.0%	10.6%	7.9%
Pretax ROA	5.6%	6.3%	9.8%	4.7%	4.5%	4.7%	4.3%	6.5%	5.8%
x Leverage (Assets/Equity)	4.05	4.05	2.67	7.85	4.87	2.59	3.52	2.84	4.06
Pretax ROE	23.1%	26.2%	26.4%	38.6%	22.2%	12.0%	15.0%	18.5%	22.8%
x Tax Complement	0.69	0.66	0.80	0.72	1.16	0.63	0.67	0.75	0.76
ROE	16.0%	17.3%	21.0%	27.8%	25.7%	7.6%	10.0%	13.9%	17.4%
x Earnings Retention	0.67	0.59	1.00	0.68	0.77	0.69	0.70	0.71	0.73
Reinvestment Rate	10.7%	10.2%	21.0%	18.8%	19.9%	5.2%	7.0%	9.9%	12.8%
Liquidity									
Quick Ratio	0.77	0.88	1.14	1.67	0.78	0.91	1.40	0.96	1.06
Current Ratio	0.94	1.19	1.43	1.77	0.97	1.19	1.61	1.09	1.27
Times Interest Earned	17.4	44.6	104.7	8.3	15.9	36.9	20.2	120.3	46.04
Cash Cycle (Days)	136.6	146.5	34.5	194.1	40.4	93.2	195.4	108.0	118.59
Leverage									
Assets/Equity	4.05	4.05	2.67	7.85	4.87	2.59	3.52	2.84	4.06
Debt/Equity	2.05	1.89	0.09	4.64	1.58	0.96	1.38	1.13	1.72
% LT Debt to Total Capital	36.3%	38.4%	1.0%	55.6%	42.1%	28.1%	32.1%	27.3%	32.6%
(Total Debt - Cash) / EBITDA	3.93	4.07	-	6.44	2.05	3.81	3.97	3.10	3.91
Operating									
A/R Turnover	3.0	3.3	9.0	1.6	5.2	4.8	1.8	3.2	3.99
Avg. A/R Days	121.0	109.4	40.9	228.2	70.1	76.8	207.3	113.0	120.84
Inv Turnover	6.7	5.3	8.3	14.8	8.6	7.3	7.5	10.8	8.66
Avg. Inventory Days	54.8	69.2	44.3	24.6	42.4	50.2	48.8	33.8	46.01
Avg. A/P Days	39.2	32.2	50.7	58.7	72.1	33.7	60.7	38.7	48.25
Fixed Asset Turnover	1.84	2.50	5.55	2.80	3.15	2.26	2.27	3.22	2.95
WC / Sales Growth	(2.5%)	0.1%	(1.0%)	0.7%	(5.9%)	(1.4%)	1.7%	1.0%	(0.9%)
Bad Debt Allowance (% of A/R)	0.3%	0.8%	1.5%	0.4%	1.2%	0.2%	1.1%	0.5%	0.8%
ROIC	6.3%	6.7%	13.0%	5.4%	8.2%	4.7%	5.1%	7.1%	7.1%
Revenue per Employee (€)	€ 772,735.70	€ 530,037.00	€ 733,274.80	$774,911.9	$629,814.4	¥65,964,686.8	¥77,842,265.4	¥79,751,563.7	

Source: Thomson Reuters Eikon

Exhibit 3 – Tesla Share Price History

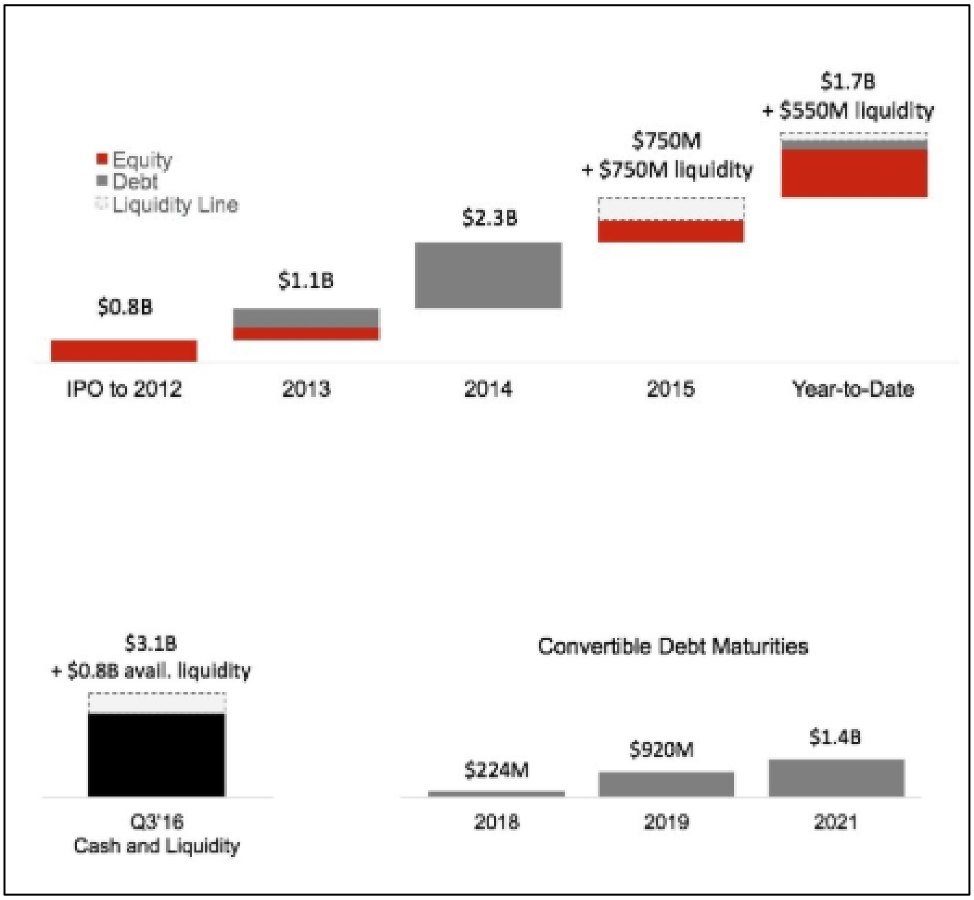
Source: Thomson Reuters Eikon

Exhibit 4a – Tesla Sources of Capital Raised

Issuing Date	Equity Type	Debt Type	Offering Share Price	Number of Shares Offered	Gross Amount Raised	Conversion Price	Interest Rate	Maturity/ Convertible
6/29/2010	IPO		$17.00	11,880,600	$201,970,200			
6/3/2011	Follow-on offering		$28.76	6,095,000	$175,292,200			
10/3/2012	Public offering of common stock		$28.25	7,964,601	$224,999,978			
5/15/2013	Public offering of common stock		$92.20	3,902,862	$359,843,876			
5/15/2013		Convertible senior note			$660,000,000	$124.52	1.50%	2018
3/5/2014		Convertible senior note			$800,000,000	$359.87	0.25%	2019
3/5/2014		Convertible senior note			$1,200,000,000	$359.87	1.25%	2021
4/15/2014		Additional notes related to above			$120,000,000	$359.87	0.25%	2019
4/15/2014		Additional notes related to above			$180,000,000	$359.87	1.25%	2021
8/13/2015	Public offering of common stock		$242.00	3,099,173	$749,999,866			
5/18/2016	Public offering of common stock		$215.00	7,915,004	$1,701,725,860			

Source: Tesla SEC Filings

Exhibit 4b – Tesla Capital Issuance History



Source: "Tesla and SolarCity," Tesla Blog, November 1, 2016, https://www.tesla.com/en_IE/blog/tesla-and-solarcity?redirect=no, accessed October 2019.

Exhibit 5a – Tesla Annual Balance Sheet

Tesla Inc (TSLA US) - As Reported

In Millions of USD except Per Share 12 Months Ending	FY 2010 12/31/2010	FY 2011 12/31/2011	FY 2012 12/31/2012	FY 2013 12/31/2013	FY 2014 12/31/2014	FY 2015 12/31/2015
Balance Sheet						
Current Assets						
Cash And Cash Equivalents	99.6	255.3	201.9	845.9	1,905.7	1,196.9
Marketable Securities	—	25.1	—	—	—	—
Accounts Receivable	6.7	9.5	26.8	49.1	226.6	169.0
Inventory	45.2	50.1	268.5	340.4	953.7	1,277.8
Prepaid Expenses And Other Current Assets	—	—	—	27.6	76.1	115.7
Prepaid Expenses And Other Current Assets	10.8	9.4	8.4	27.6	—	—
Restricted Cash	73.6	23.5	19.1	3.0	17.9	22.6
Total Current Assets	**235.9**	**372.8**	**524.8**	**1,265.9**	**3,180.1**	**2,782.0**
Noncurrent Assets						
Property Plant & Equipment, Net	114.6	298.4	552.2	738.5	1,829.3	3,403.3
Intangible assets, net	—	—	—	—	—	12.8
Restricted Cash	4.9	8.1	5.2	6.4	11.4	31.5
Other assets	—	—	—	—	766.7	0.0
Other assets	22.7	22.4	22.0	23.6	43.2	46.9
Operating Lease Vehicles, Net	8.0	11.8	10.1	382.4	—	1,791.4
Total Assets	**386.1**	**713.4**	**1,114.2**	**2,416.9**	**5,830.7**	**8,067.9**
Current Liabilities						
Accounts Payable	29.0	56.1	303.4	304.0	777.9	916.1
Long-Term Debt, Current Portion	—	7.9	50.8	0.0	—	—
Capital Lease Obligations, Current Portion	0.3	1.1	4.4	7.7	—	—
Accrued Liabilities	20.9	32.1	39.8	108.3	268.9	422.8
Deferred Revenue	4.6	2.3	1.9	91.9	191.7	424.0
Reservation Payments	30.8	91.8	138.8	—	0.0	136.8
Reservation Payments	—	—	—	—	—	0.0
Customer deposits	—	—	—	163.2	257.6	283.4
Long-term debt and capital leases	—	—	—	—	611.1	—
Convertible senior notes	—	—	—	0.2	58.2	—
Current portion of long-term debt and capital leases	—	—	—	—	—	627.9
Total Current Liabilities	**85.6**	**191.3**	**539.1**	**675.2**	**2,107.2**	**2,811.0**
Total Current Liabilities	**—**	**—**	**—**	**—**	**58.2**	**—**
Non Current Liabilities						
Capital Lease Obligations, Less Current Portion	0.5	2.8	10.0	12.9	—	—
Convertible Notes Payable	—	—	—	0.0	—	0.0
Long-Term Debt	71.8	268.3	401.5	586.1	1,818.8	2,021.1
Deferred Revenue, Less Current Portion	2.8	3.1	3.1	181.2	292.3	446.1
Common Stock Warrant Liability.	12.3	14.9	25.2	236.3	—	1,293.7
Common Stock Warrant Liability.	6.1	8.8	10.7	—	487.9	0.0
Other Long-Term Liabilities	—	—	—	58.2	154.7	365.0
Total Liabilities	**179.0**	**489.4**	**989.5**	**1,749.8**	**4,860.8**	**6,937.0**
Total Liabilities	**—**	**—**	**—**	**0.0**	**58.2**	**—**
Stockholder Equity						
Common Stock	0.1	0.1	0.1	0.1	0.1	0.1
Additional Paid-In Capital	621.9	893.3	1,190.2	1,806.6	2,345.3	3,409.5
Accumulated other Comprehensive Income	—	0.0	—	—	0.0	-3.6
Accumulated Deficit	-415.0	-669.4	-1,065.6	-1,139.6	-1,433.7	-2,322.3
Convertible senior notes (Notes 13)	—	—	—	—	—	47.3
Shares Issued And Outstanding	94.9	104.5	114.2	123.1	125.7	131.4
Par Value	0.00	0.00	0.00	0.00	0.00	0.00
Total stockholders' equity (deficit)	207.0	224.0	124.7	667.1	911.7	1,083.7
Shares Authorized	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Total liabilities and stockholders' equity	**386.1**	**713.4**	**1,114.2**	**2,416.9**	**5,830.7**	**8,067.9**

Source: Thomson Reuters Eikon

Exhibit 5b – Tesla Annual Income Statement

Tesla Inc (TSLA US) - As Reported

In Millions of USD except Per Share 12 Months Ending	FY 2010 12/31/2010	FY 2011 12/31/2011	FY 2012 12/31/2012	FY 2013 12/31/2013	FY 2014 12/31/2014	FY 2015 12/31/2015
Income Statement						
Revenues						
Automotive Sales.	97.1	148.6	385.7	1,997.8	3,192.7	3,741.0
Other Revenue	—	—	—	—	—	—
Development Services	19.7	55.7	27.6	15.7	5.6	305.1
Total Revenues	**116.7**	**204.2**	**413.3**	**2,013.5**	**3,198.4**	**4,046.0**
Operating Expenses						
Total Operating Expenses	177.6	313.1	424.4	517.5	1,068.4	1,640.1
Cost Of Sales	—	—	—	—	—	—
Research And Development (Net Of Develo	93.0	209.0	274.0	232.0	464.7	717.9
Selling, General And Administrative	84.6	104.1	150.4	285.6	603.7	922.2
Gross Profit (Loss)	30.7	61.6	30.1	456.3	881.7	923.5
Loss From Operations	-146.8	-251.5	-394.3	-61.3	-186.7	-716.6
Automotive Sales	80.0	115.5	371.7	1,543.9	2,310.0	2,823.3
Development Services	6.0	27.2	11.5	13.4	6.7	299.2
Other Cost of Revenues	—	—	—	—	—	—
Total Cost Of Revenues	86.0	142.6	383.2	1,557.2	2,316.7	3,122.5
Non-Operating Expenses						
Interest Expense	-1.0	0.0	-0.3	32.9	-100.9	-118.9
Interest Income	0.3	0.3	0.3	-0.2	1.1	1.5
Provision For Income Taxes	0.2	0.5	0.1	2.6	9.4	13.0
Loss Before Income Taxes	-154.2	-253.9	-396.1	-71.4	-284.6	-875.6
Other Expense, Net	-6.6	-2.6	-1.8	-22.6	1.8	-41.7
Earnings						
Net loss attributable to noncontrolling intere	—	—	—	—	—	—
Net Loss Per Share Of Common Stock, Ba	-3.04	-2.53	-3.69	-0.62	-2.36	-6.93
Weighted Average Shares Used In Comput	50.7	100.4	107.3	119.4	124.5	128.2
Net Income for Cash Flow Derivation/Cumu	-154.3	—	—	—	—	—
Net Loss	**-154.3**	**-254.4**	**-396.2**	**-74.0**	**-294.0**	**-888.7**

Source: Thomson Reuters Eikon

Exhibit 5b – Tesla Annual Statement of Cash Flows

Tesla Inc (TSLA US) - As Reported						
In Millions of USD except Per Share 12 Months Ending	FY 2010 12/31/2010	FY 2011 12/31/2011	FY 2012 12/31/2012	FY 2013 12/31/2013	FY 2014 12/31/2014	FY 2015 12/31/2015
Cash Flow						
Cash From Operating Activities						
Net Loss	-154.3	-254.4	-396.2	-74.0	-294.0	-888.7
Depreciation And Amortization	10.6	16.9	28.8	106.1	231.9	422.6
Inventory Write-Downs	1.0	1.8	4.9	8.9	15.6	44.9
Loss On Abandonment Of Fixed Assets	—	—	—	1.8	14.2	37.7
Stock-Based Compensation	21.2	29.4	50.1	80.7	156.5	198.0
Change in Fair Value of Warrant Liability	—	—	—	-13.5	-1.9	—
Interest on convertible notes	—	—	—	—	—	—
Change in Fair Value of Warrant Liability	5.0	2.8	1.9	-10.7	0.0	0.0
Other	0.0	0.3	1.5	1.8	7.5	26.4
Discounts and Premiums on Short-Term Marketable Securities	—	-0.1	0.1	—	—	—
Inventory	-20.1	-13.6	-194.7	-460.6	-1,050.3	-1,573.9
Accounts Payable	-0.2	—	—	—	—	—
Accounts Receivable	-3.2	-2.8	-17.3	-21.7	-183.7	46.3
Prepaid Expenses And Other Current Assets	-5.0	-0.2	1.1	-17.5	-60.6	-29.6
Accrued Liabilities	13.3	12.3	9.6	66.4	162.1	—
Deferred Revenue	4.8	-1.9	-0.5	268.1	209.7	322.2
Change in Accounts Payable and Accrued Expenses	—	31.9	187.8	21.0	252.8	263.3
Reservation Payments-CF	-0.2	—	—	—	—	—
Reservation Payments-CF	4.7	61.0	47.1	24.4	106.2	36.7
Excess Tax Benefits From Stock-Based Compensation	-0.1	—	—	—	—	—
Amortization of Department of Energy (DOE) loan origination costs	—	—	—	5.6	0.0	0.0
Other Assets-CF	-8.4	—	—	—	—	—
Other Assets-CF	-0.5	-0.3	-0.5	-0.4	-4.5	-24.4
Other Long-Term Liabilities	3.5	2.6	10.3	269.3	311.5	466.0
Net Cash Used In Operating Activities	-127.8	-114.4	-266.1	264.8	-57.3	-524.5
Amortization of discount on convertible debt	—	—	—	9.1	69.7	72.1
Customer deposits	—	—	—	—	—	—
Foreign Currency Transaction Gain Loss Before Tax	—	—	—	—	—	55.8
Cash From Investing Activities						
Purchases Of Property And Equipment Excluding Capital Leases	-40.2	-197.9	-239.2	-264.2	-969.9	-1,634.9
Purchases of short-term marketable securities	—	—	—	0.0	-205.8	0.0
Business acquisition	—	—	—	—	—	-12.3
Decrease (Increase) in Other Restricted Cash	-1.3	-3.2	-1.3	0.1	-3.8	-26.4
Maturities of Short-Term Marketable Securities	-100.0	—	—	14.8	0.0	0.0
Withdrawals Out of (Transfers into)Our Dedicated Department of Energ	26.4	50.1	8.6	—	—	—
Maturities of Short-Term Marketable Securities	—	40.0	40.0	—	—	—
Maturities of Short-Term Marketable Securities	—	—	—	0.0	189.1	0.0
Purchases of Long-Term Marketable Securities	—	-65.0	-15.0	—	—	—
Payments Related To Acquisition Of Fremont Manufacturing Facility An	-65.2	—	—	—	—	—
Net Cash Used In Investing Activities	**-180.3**	**-175.9**	**-206.9**	**-249.4**	**-990.4**	**-1,673.6**
Cash from Financing Activities						
Principal Payments On Capital Leases And Other Debt	-0.3	-0.4	-2.8	—	—	—
Principal Payments On Capital Leases And Other Debt	—	—	-12.7	—	—	—
Proceeds From Issuance Of Convertible Notes And Warrants	71.8	204.4	—	660.0	2,300.0	319.0
Proceeds From Issuance Of Convertible Notes And Warrants	—	—	188.8	0.0	3.3	568.7
Principal Payments On Capital Leases And Other Debt	—	—	—	-177.5	-11.2	0.0
Principal Payments On Capital Leases And Other Debt	—	—	—	-452.3	-603.4	-203.8
Principal Payments On Capital Leases And Other Debt	—	—	—	-8.4	0.0	0.0
Proceeds from Issuance of Common Stock in Public Offerings	50.0	—	—	—	—	—
Proceeds from Issuance of Common Stock in Public Offerings	30.0	172.4	221.5	360.0	0.0	730.0
Proceeds from Issuance of Common Stock in Private Placements	188.8	59.1	—	55.0	0.0	20.0
Effect of exchange rate changes on cash and cash equivalents	—	—	—	-6.8	-35.5	-34.3
Common Stock And Loan Facility Issuance Costs	-3.7	—	—	-16.9	-35.1	-17.0
Income Taxes Paid	0.0	0.3	0.1	0.3	3.1	9.5
Interest Paid	1.1	3.5	6.9	9.0	20.5	32.1
Proceeds From Exercise Of Stock Options	1.4	10.5	24.9	95.3	100.5	106.6
Net Increase (Decrease) In Cash And Cash Equivalents	29.9	155.7	-53.4	644.0	1,059.8	-708.8
Proceeds From Issuance Of Convertible Notes And Warrants	—	—	—	120.3	389.2	0.0
Cash And Cash Equivalents At End Of Period	99.6	255.3	201.9	845.9	1,905.7	1,196.9
Cash And Cash Equivalents At Beginning Of Period	69.6	99.6	255.3	201.9	845.9	1,905.7
Principal payments on capital leases and other debt	—	—	—	—	—	—
Proceeds from issuance of convertible notes and warrants	—	—	—	—	—	—
Excess Tax Benefits From Stock-Based Compensation	0.1	—	—	—	—	—
Net Cash Provided By Financing Activities	**338.0**	**446.0**	**419.6**	**635.4**	**2,143.1**	**1,523.5**
Reference Items						
Free cash flow (cash flow from operations plus capital expenditures)	—	—	—	0.6	-1,027.2	-524.5
Capital expenditures	—	—	—	—	—	-1,634.9

Source: Thomson Reuters Eikon

Exhibit 6 – Tesla Inventory

Annual Standardised in Millions of U.S. Dollars

	2015	2014	2013	2012	2011	2010
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010
Total Inventory	1,278	954	340	269	50	45
Inventories - Finished Goods	477	397	69	63	26	20
Inventories - Work In Progress	164	56	43	25	4	5
Inventories - Raw Materials	529	392	185	164	12	16
Inventories - Other	109	108	44	18	8	5

Source: Thomson Reuters Eikon

Exhibit 7 – U.S. Plug-in Electric Vehicle Sales by Model

U.S. Plug-in Electric Vehicle Sales by Model						
Model	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
BMW Active E		965				965
BMW i3				6,092	11,004	17096
BMW i8				555	2,265	2820
BMW X5					774	774
BMW 3 Series Plug In					54	54
Cadillac ELR			6	1,310	1,024	2340
Chevrolet Spark			560	1,145	2,629	4334
Chevrolet Volt	7,671	23,461	23,094	18,805	15,393	88424
Fiat 500E			260	1,503	3,477	5240
Ford C-MAX Energi		2,374	7,154	8,433	7,591	25552
Ford Focus EV		683	1,738	1,964	1,582	5967
Ford Fusion Energi			6,089	11,550	9,750	27389
Honda Accord			526	449	63	1038
Honda Fit EV		93	569	407	2	1071
Kia Soul EV				250	1,015	1265
Mercedes B-Class Electric				774	1,906	2680
Mercedes S550 Plug In					118	118
Mitsubishi i-MiEV	76	588	1,029	196	115	2004
Nissan LEAF	9,674	9,819	22,610	30,200	17,269	89572
Porsche Cayenne S E-Hybrid				112	1,163	1275
Porsche Panamera S E-Hybrid			51	879	407	1337
Smart ED	310	2				312
Smart for Two EV		137	923	2,594	1,387	5041
Tesla Model S		2,171	19,000	16,750	26,200	64121
Tesla Model X					208	208
Toyota Prius Prime		12,749	12,088	13,264	4,191	42292
Toyota RAV4 EV		192	1,005	1,184	18	2399
Volvo XC90					86	86
VW e-Golf				357	4,232	4589
Total	**17731**	**53234**	**96702**	**118773**	**113923**	**400363**

Source: "U.S. Plug-in Electric Vehicles Sales by Model," U.S. Department of Energy, https://afdc.energy.gov/data/10567, accessed December 2019.

Exhibit 8a – SolarCity Annual Balance Sheet

Annual Standardised in Millions of U.S. Dollars				
	2015	**2014**	**2013**	**2012**
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
Assets ($ Millions)				
Cash and Short Term Investments	393.9	642.7	577.1	160.1
Cash & Equivalents	382.5	504.4	577.1	160.1
Short Term Investments	11.3	138.3	--	--
Accounts Receivable - Trade, Net	34.0	22.7	23.0	24.6
Accounts Receivable - Trade, Gross	38.3	24.6	24.0	24.8
Provision for Doubtful Accounts	(4.3)	(1.9)	(1.0)	(0.2)
Total Receivables, Net	45.5	52.7	43.1	42.1
Receivables - Other	11.5	30.0	20.1	17.5
Total Inventory	343.0	217.2	111.4	87.1
Inventories - Work In Progress	7.5	8.0	5.5	17.4
Inventories - Raw Materials	335.4	209.3	105.9	69.7
Prepaid Expenses	79.9	50.9	27.0	11.5
Other Current Assets, Total	39.9	34.0	29.0	13.1
Restricted Cash - Current	39.9	20.9	19.2	7.5
Deferred Income Tax - Current Asset	0.0	13.1	9.8	5.6
Total Current Assets	902.1	997.6	787.7	313.9
Property/Plant/Equipment, Total - Gross	4,961.3	2,859.6	1,661.1	1,008.0
Buildings - Gross	73.4	14.0	--	6.9
Land/Improvements - Gross	6.7	6.7	--	--
Machinery/Equipment - Gross	191.5	79.2	--	22.9
Construction in Progress - Gross	642.5	157.5	53.0	41.6
Other Property/Plant/Equipment - Gross	4,047.2	2,602.2	1,608.1	936.5
Property/Plant/Equipment, Total - Net	4,922.4	2,898.7	1,704.9	1,002.8
Accumulated Depreciation, Total	(328.9)	(189.7)	(86.5)	(55.8)
Goodwill, Net	321.9	315.9	--	--
Intangibles, Net	195.2	223.6	278.2	0.6
Intangibles - Gross	257.7	251.3	--	--
Accumulated Intangible Amortization	(62.5)	(27.7)	--	--
Long Term Investments	--	--	--	--
Note Receivable - Long Term	488.5	34.5	--	--
Other Long Term Assets, Total	457.0	80.8	38.8	25.0
Deferred Charges	215.7	13.1	--	--
Restricted Cash - Long Term	--	--	0.3	2.8
Other Long Term Assets	241.3	67.6	38.5	22.2
Total Assets	7,287.1	4,551.2	2,809.5	1,342.3
Liabilities ($ Millions)				
Accounts Payable	365.0	237.8	121.6	63.0
Payable/Accrued	--	--	--	--
Accrued Expenses	215.8	103.8	72.2	48.0
Notes Payable/Short Term Debt	0.0	0.0	0.0	0.0
Current Port. of LT Debt/Capital Leases	414.9	59.0	40.0	36.6
Other Current liabilities, Total	197.7	165.9	104.5	66.4
Dividends Payable	26.8	8.6	20.4	12.0
Customer Advances	124.7	112.1	84.1	51.1
Income Taxes Payable	--	--	--	0.0
Other Current Liabilities	46.2	45.2	--	3.3
Total Current Liabilities	1,193.4	566.5	338.2	214.0
Total Long Term Debt	2,441.0	1,457.6	624.0	252.9
Long Term Debt	2,332.6	1,356.4	518.4	83.5
Capital Lease Obligations	108.4	101.2	105.6	169.3
Total Debt	2,855.9	1,516.6	664.1	289.5
Deferred Income Tax	1.4	13.2	9.2	5.6
Deferred Income Tax - LT Liability	1.4	13.2	9.2	5.6
Minority Interest	856.0	596.7	231.5	109.6
Other Liabilities, Total	1,916.8	1,171.6	988.9	576.6
Other Long Term Liabilities	1,916.8	1,171.6	988.9	576.6
Total Liabilities	6,408.6	3,805.6	2,191.9	1,158.7
Shareholders Equity ($ Millions)				
Common Stock, Total	0.0	0.0	0.0	0.0
Common Stock	0.0	0.0	0.0	0.0
Additional Paid-In Capital	1,195.2	1,004.0	819.9	330.1
Retained Earnings (Accumulated Deficit)	(316.7)	(258.4)	(202.3)	(146.5)
Total Equity	878.6	745.6	617.6	183.6
Total Liabilities & Shareholders' Equity	7,287.1	4,551.2	2,809.5	1,342.3

Source: Thomson Reuters Eikon

Exhibit 8b – SolarCity Annual Income Statement

Annual Standardised in Millions of U.S. Dollars				
	2015	2014	2013	2012
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
Revenue	399.6	255.0	163.8	126.9
Net Sales	399.6	255.0	163.8	126.9
Other Revenue, Total	--	--	--	--
Total Revenue	399.6	255.0	163.8	126.9
Cost of Revenue, Total	280.8	176.4	124.5	99.5
Cost of Revenue	280.8	176.4	124.5	99.5
Gross Profit	118.8	78.6	39.4	27.5
Selling/General/Admin. Expenses, Total	687.6	383.3	184.4	118.5
Selling/General/Administrative Expense	589.7	322.6	164.0	106.7
Labor & Related Expense	69.3	57.3	19.9	8.0
Advertising Expense	28.6	3.4	0.5	3.8
Research & Development	64.9	19.2	1.5	--
Depreciation/Amortization	14.0	11.7	2.8	--
Amortization of Intangibles	14.0	11.7	2.8	--
Total Operating Expense	1,047.4	590.6	313.2	217.9
Operating Income	(647.8)	(335.6)	(149.4)	(91.0)
Interest Income(Exp), Net Non-Operating	(91.9)	(55.8)	(25.7)	(20.1)
Interest Inc.(Exp.),Net-Non-Op., Total	(91.9)	(55.8)	(25.7)	(20.1)
Gain (Loss) on Sale of Assets	--	--	--	--
Other, Net	(25.8)	(10.6)	(1.4)	(2.5)
Other Non-Operating Income (Expense)	(25.8)	(10.6)	(1.4)	(2.5)
Net Income Before Taxes	(765.5)	(402.0)	(176.6)	(113.7)
Provision for Income Taxes	3.3	(26.7)	(24.8)	0.1
Net Income After Taxes	(768.8)	(375.2)	(151.8)	(113.7)
Minority Interest	710.5	319.2	96.0	14.4
Equity In Affiliates	--	--	--	--
U.S. GAAP Adjustment	--	--	--	--
Net Income Before Extra. Items	(58.3)	(56.0)	(55.8)	(99.3)
Net Income	(58.3)	(56.0)	(55.8)	(99.3)
Preferred Dividends	--	--	--	(10.1)
Total Adjustments to Net Income	--	--	--	(10.1)
Income Available to Com Excl ExtraOrd	(58.3)	(56.0)	(55.8)	(109.4)
Income Available to Com Incl ExtraOrd	(58.3)	(56.0)	(55.8)	(109.4)
Basic Weighted Average Shares	97.2	93.3	79.8	14.2
Basic EPS Excluding Extraordinary Items	(0.60)	(0.60)	(0.70)	(7.68)
Basic EPS Including Extraordinary Items	(0.60)	(0.60)	(0.70)	(7.68)
Dilution Adjustment	--	0.0	0.0	0.0
Diluted Net Income	(58.3)	(56.0)	(55.8)	(109.4)
Diluted Weighted Average Shares	97.2	93.3	79.8	14.2
Diluted EPS Excluding ExtraOrd Items	(0.60)	(0.60)	(0.70)	(7.68)
Diluted EPS Including ExtraOrd Items	(0.60)	(0.60)	(0.70)	(7.68)

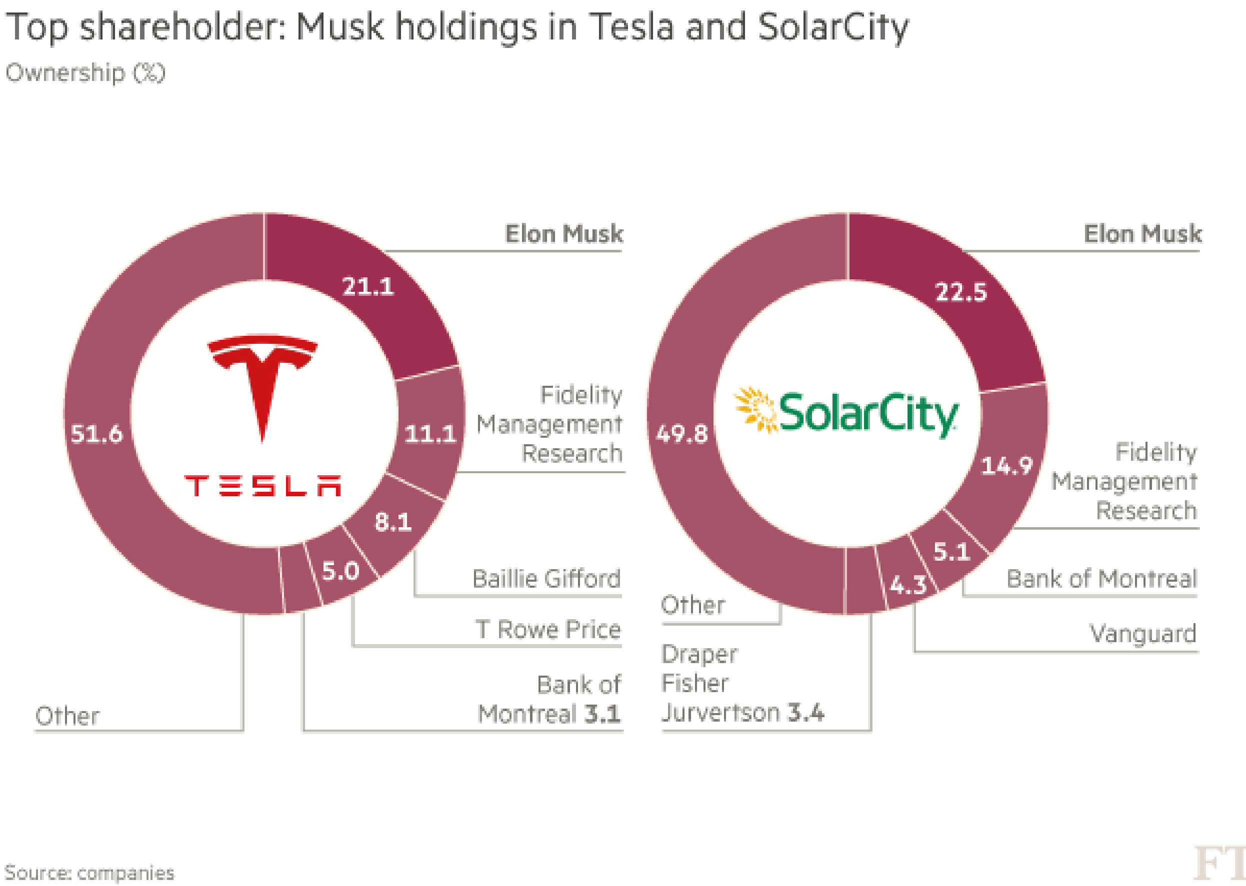
Source: Thomson Reuters Eikon

Exhibit 8c – SolarCity Annual Statement of Cash Flows

Annual Standardised in Millions of U.S. Dollars				
	2015	**2014**	**2013**	**2012**
Period End Date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
Cash Flow-Operating Activities ($ Millions)				
Net Income/Starting Line	(768.8)	(375.2)	(151.8)	(113.7)
Depreciation/Depletion	166.7	97.9	41.4	20.8
Depreciation	166.7	97.9	41.4	20.8
Amortization	--	--	--	--
Deferred Taxes	(0.5)	(26.7)	(25.4)	0.0
Non-Cash Items	(206.3)	36.3	(0.6)	6.8
Unusual Items	4.9	5.9	0.4	0.0
Other Non-Cash Items	(211.3)	30.4	(1.0)	6.8
Changes in Working Capital	19.1	49.9	310.9	125.9
Accounts Receivable	7.4	(8.9)	0.3	(17.8)
Inventories	(125.3)	(97.3)	(20.0)	55.7
Prepaid Expenses	(24.5)	(23.6)	(19.3)	7.9
Other Assets	(118.7)	(49.7)	(19.9)	(5.8)
Accounts Payable	125.5	112.5	50.8	(99.6)
Accrued Expenses	147.5	(22.7)	84.4	70.1
Other Liabilities	7.3	139.7	234.6	115.3
Cash from Operating Activities	(789.9)	(217.8)	174.5	39.8
Cash Flow-Investing Activities ($ Millions)				
Capital Expenditures	(1,842.2)	(1,185.9)	(726.1)	(428.5)
Purchase of Fixed Assets	(1,842.2)	(1,185.9)	(726.1)	(428.5)
Other Investing Cash Flow Items, Total	115.4	(159.0)	(3.8)	0.0
Acquisition of Business	(9.5)	--	(3.8)	--
Sale of Business	--	1.9	--	0.0
Sale/Maturity of Investment	170.7	28.8	--	--
Investment, Net	(1.2)	--	--	--
Purchase of Investments	(44.6)	(189.1)	--	--
Other Investing Cash Flow	--	(0.5)	--	--
Cash from Investing Activities	(1,726.7)	(1,344.8)	(729.9)	(428.5)
Cash Flow-Financing Activities ($ Millions)				
Financing Cash Flow Items	1,047.2	659.0	349.8	130.6
Other Financing Cash Flow	1,047.2	659.0	349.8	130.6
Total Cash Dividends Paid	--	--	--	--
Issuance (Retirement) of Stock, Net	11.7	(44.9)	197.7	175.2
Sale/Issuance of Common	--	0.0	174.1	92.4
Common Stock, Net	--	0.0	174.1	92.4
Sale/Issuance of Preferred	--	0.0	0.0	81.1
Preferred Stock, Net	--	0.0	0.0	81.1
Options Exercised	11.7	(44.9)	23.6	1.7
Issuance (Retirement) of Debt, Net	1,335.9	875.9	424.9	192.5
Short Term Debt Issued	--	--	--	--
Short Term Debt Reduction	(1.8)	--	--	--
Short Term Debt, Net	(1.8)	--	--	--
Long Term Debt Issued	1,581.1	1,233.7	534.9	298.7
Long Term Debt Reduction	(243.4)	(357.7)	(109.9)	(106.1)
Long Term Debt, Net	1,337.7	875.9	424.9	192.5
Cash from Financing Activities	2,394.8	1,490.0	972.4	498.3
Foreign Exchange Effects	--	--	--	--
Net Change in Cash	(121.8)	(72.7)	417.0	109.6
Net Cash - Beginning Balance	504.4	577.1	160.1	50.5
Net Cash - Ending Balance	382.5	504.4	577.1	160.1
Cash Interest Paid	54.0	22.7	6.6	6.7
Cash Taxes Paid	2.8	1.9	(1.7)	2.7
Free Cash Flow	(2,632.1)	(1,403.7)	(551.6)	(388.7)

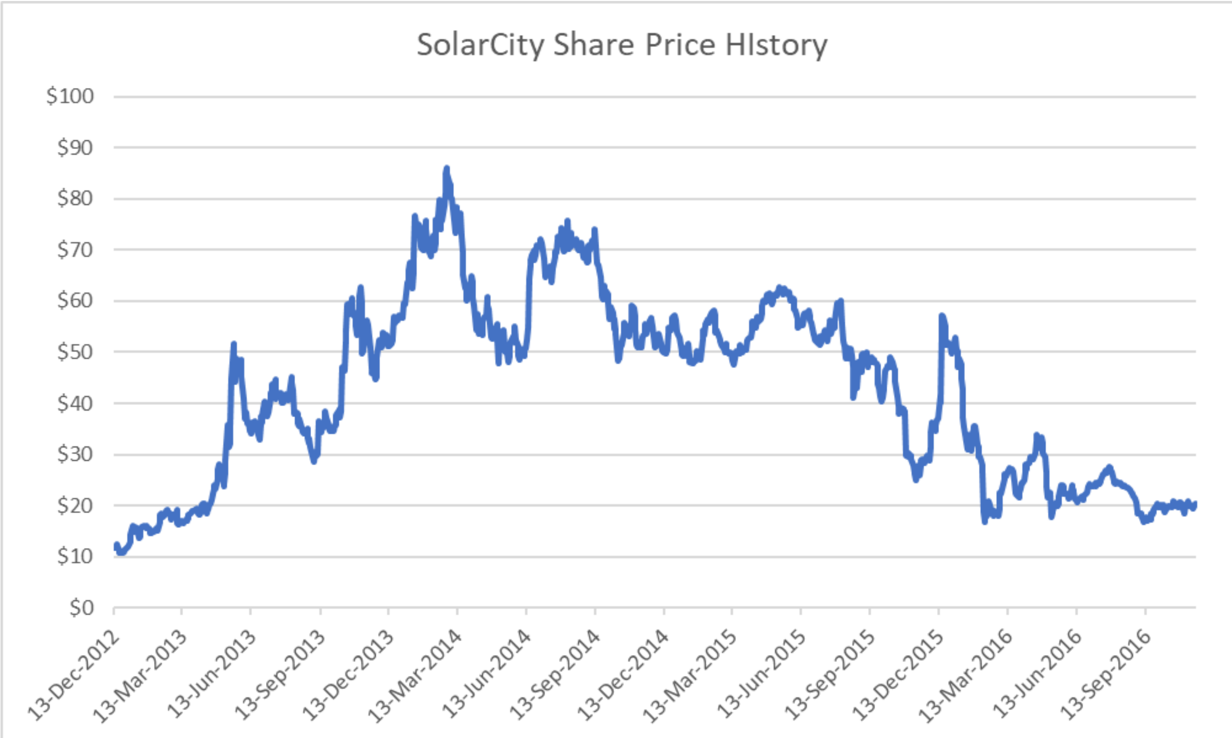
Source: Thomson Reuters Eikon

Exhibit 9 – Elon Musk Holdings in Tesla and SolarCity



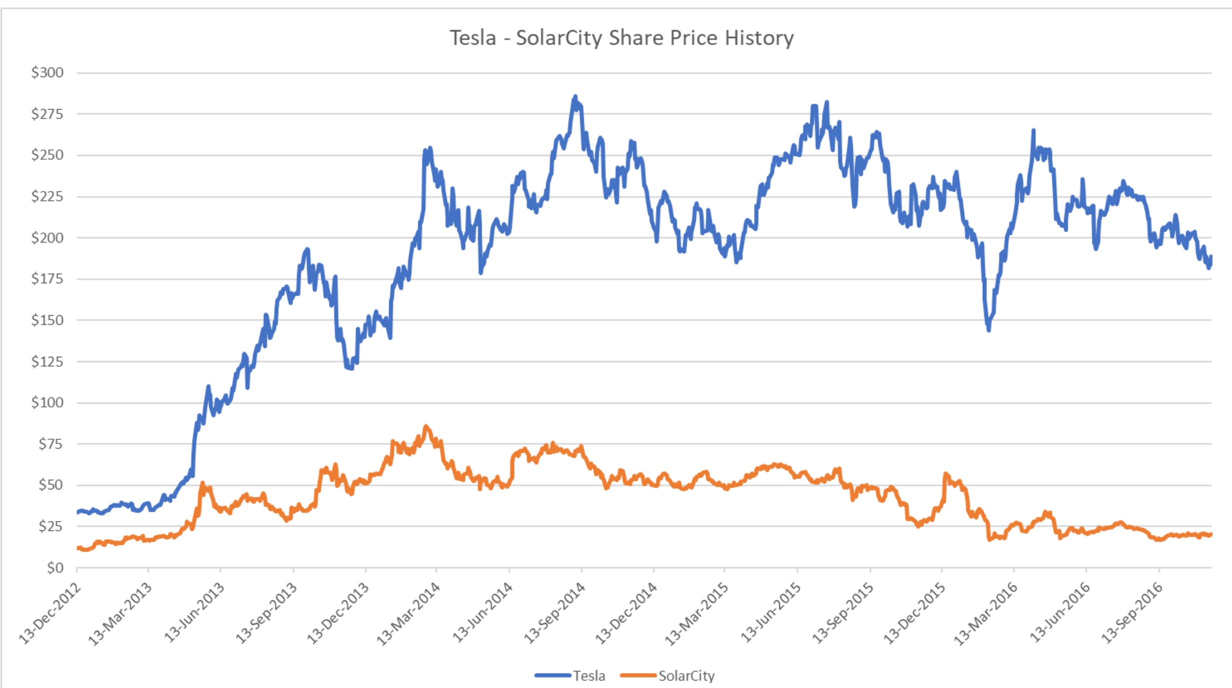
Source: "Tesla boss Elon Musk test investors with one-stop shop energy company," Financial Times, June 22, 2016, https://www.ft.com/content/e8272396-3839-11e6-a780-b48ed7b6126f, accessed December 2019.

Exhibit 10 – SolarCity Share Price History



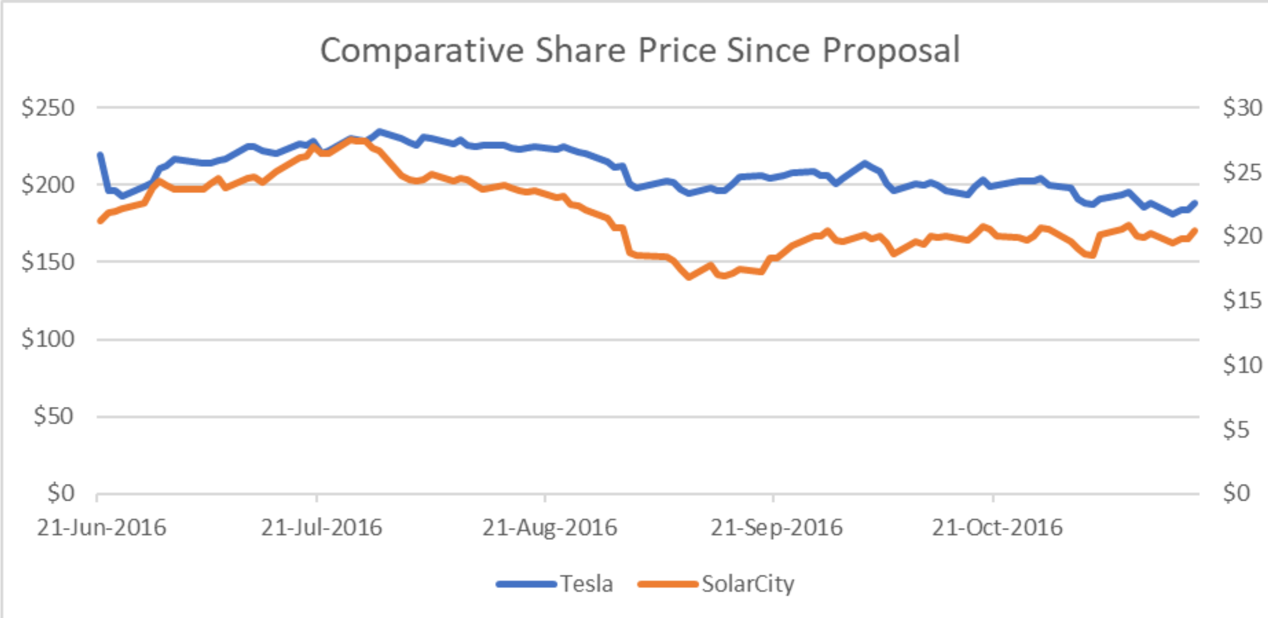
Source: Thomson Reuters Eikon

Exhibit 11a – Tesla & SolarCity Price Evolution Since SolarCity IPO Until Acquisition Closes



Source: Thomson Reuters Eikon

Exhibit 11b – Tesla & SolarCity Price Evolution since Proposal on June 21



Source: Thomson Reuters Eikon

Exhibit 12 – Tesla and SolarCity Board Members

Name	Title	Tesla Board	SolarCity Board
Elon Musk	Tesla CEO and Chairman, SolarCity Chairman	X	X
Antonio Gracias	CEO of Valor Management Corp.	X	X
Brad Buss	Former SolarCity CFO	X	
Robyn Denholm	CFO/COO of Juniper Networks	X	
Ira Ehrenpreis	Partner at Technology Partners	X	
Stephen Jurvetson	Managing Director, Draper Fisher Jurvetson	X	
Kimbal Musk	Co-founder and former CEO of The Kitchen	X	
Lyndon Rive	SolarCity CEO and co-founder		X
Peter Rive	SolarCity CTO and co-founder		X
John H.N. Fisher	Managing Director, Draper Fisher Jurvetson		X
Jeffrey B. Straubel	Tesla CTO		X
Nancy E. Pfund	Managing Partner, DBL Investors		X
Donald R. Kendall	CEO of Five StoneCapital, LP		X

Source: Tesla and SolarCity SEC Filings

Exhibit 13a – Standard & Poor's Credit Rating Scale

Long-Term Issue Credit Ratings*	
Category	Definition
AAA	An obligation rated 'AAA' has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.
AA	An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.
BB, B, CCC, CC, and C	Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.
BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.
CC	An obligation rated 'CC' is currently highly vulnerable to nonpayment. The 'CC' rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.
C	An obligation rated 'C' is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.
D	An obligation rated 'D' is in default or in breach of an imputed promise. For non-hybrid capital instruments, the 'D' rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to 'D' if it is subject to a distressed exchange offer.

Source: Standard & Poor's

Exhibit 13b – Standard & Poor's and Moody's Credit Rating Comparison

Moody's	S&P
Aaa	AAA
Aa1	AA+
Aa2	AA
Aa3	AA−
A1	A+
A2	A
A3	A−
Baa1	BBB+
Baa2	BBB
Baa3	BBB−
Ba1	BB+
Ba2	BB
Ba3	BB−
B1	B+
B2	B
B3	B−
Caa	CCC
Ca	CC
	C
C	D

Source: "Rating Tier Definitions," Wikipedia, https://en.wikipedia.org/wiki/Bond_credit_rating

Exhibit 13c – Tesla Credit Rating History

Data Date	S&P Credit Rating	Moody's Expected Equivalent
20140531	B-	B3
20140630	B-	B3
20140731	B-	B3
20140831	B-	B3
20140930	B-	B3
20141031	B-	B3
20141130	B-	B3
20141231	B-	B3
20150131	B-	B3
20150228	B-	B3
20150331	B-	B3
20150430	B-	B3
20150531	B-	B3
20150630	B-	B3
20150731	B-	B3
20150831	B-	B3
20150930	B-	B3
20151031	B-	B3
20151130	B-	B3
20151231	B-	B3
20160131	B-	B3
20160229	B-	B3
20160331	B-	B3
20160430	B-	B3
20160531	B-	B3
20160630	B-	B3
20160731	B-	B3
20160831	B-	B3
20160930	B-	B3
20161031	B-	B3

Source: Thomson Reuters Eikon, Wikipedia

Exhibit 14a – Tesla Quarterly Balance Sheet

Quarterly Standardised in Millions of U.S. Dollars															
				2015				2014				2013			
Period End Date	30-Sep-2016	30-Jun-2016	31-Mar-2016	31-Dec-2015	30-Sep-2015	30-Jun-2015	31-Mar-2015	31-Dec-2014	30-Sep-2014	30-Jun-2014	31-Mar-2014	31-Dec-2013	30-Sep-2013	30-Jun-2013	31-Mar-2013
Assets ($ Millions)															
Cash and Short Term Investments	3,084	3,246	1,442	1,197	1,426	1,151	1,510	1,906	2,371	2,675	2,583	846	795	746	214
Accounts Receivable - Trade, Net	327	179	318	169	120	139	200	227	157	97	72	49	48	114	46
Total Receivables, Net	327	179	318	169	120	139	200	227	157	97	72	49	48	114	46
Total Inventory	1,605	1,610	1,302	1,278	1,294	1,212	1,055	954	752	597	451	340	348	255	238
Prepaid Expenses	133	145	154	116	134	106	136	76	65	62	49	28	27	14	11
Other Current Assets, Total	24	25	24	23	25	21	21	18	17	12	1	3	1	1	17
Total Current Assets	5,172	5,204	3,240	2,782	2,999	2,629	2,921	3,180	3,363	3,442	3,156	1,266	1,219	1,130	526
Property/Plant/Equipment, Total - Gross	5,221	4,777	4,266	3,974	3,577	3,050	2,567	2,122	1,648	1,241	1,019	879	771	691	657
Buildings - Gross	422	389	361	338	321	339	310	230	166	134	118	95	74	60	51
Land/Improvements - Gross	769	635	551	522	396	296	250	204	188	131	120	113	108	85	81
Machinery/Equipment - Gross	3,003	2,877	2,667	2,421	2,112	1,387	1,243	1,116	926	782	670	595	545	509	474
Construction in Progress - Gross	1,027	876	687	693	747	1,027	764	572	369	193	111	76	44	37	51
Property/Plant/Equipment, Total - Net	7,258	6,527	5,837	5,195	4,465	3,766	3,136	2,596	2,022	1,567	1,301	1,121	923	727	591
Accumulated Depreciation, Total	(912)	(784)	(673)	(571)	(473)	(404)	(342)	(293)	(243)	(205)	(169)	(140)	(116)	(95)	(75)
Other Long Term Assets, Total	162	138	115	91	84	73	62	55	53	46	43	30	24	31	27
Deferred Charges	--	--	--	--	--	--	--	--	21	21	20	7	--	8	--
Restricted Cash - Long Term	91	72	48	32	26	20	14	11	9	7	7	6	8	7	5
Other Long Term Assets	71	67	67	60	58	54	49	43	22	17	17	16	16	16	22
Total Assets	12,592	11,869	9,192	8,068	7,547	6,468	6,120	5,831	5,438	5,054	4,500	2,417	2,166	1,888	1,144
Liabilities ($ Millions)															
Accounts Payable	1,606	1,115	1,013	916	825	772	732	778	649	444	376	304	302	262	304
Accrued Expenses	566	486	345	322	310	296	270	198	147	131	98	68	56	39	26
Notes Payable/Short Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Port. of LT Debt/Capital Leases	261	627	635	628	652	638	630	611	607	603	598	8	588	6	56
Other Current liabilities, Total	1,649	1,538	1,194	945	767	678	560	520	436	398	341	295	223	180	149
Customer Advances	1,316	1,239	908	707	618	561	476	449	389	367	311	255	204	163	134
Income Taxes Payable	129	72	94	101	64	49	84	71	41	28	28	38	19	16	15
Other Current Liabilities	204	228	192	137	86	68	--	--	7	2	2	2	--	--	--
Total Current Liabilities	4,082	3,766	3,188	2,811	2,554	2,384	2,192	2,107	1,840	1,576	1,413	675	1,169	487	536
Total Long Term Debt	2,455	2,657	2,527	2,068	2,028	2,050	1,954	1,877	1,862	1,847	1,602	599	88	588	399
Long Term Debt	2,455	2,657	2,527	2,068	2,013	2,038	1,943	1,877	1,849	1,833	1,590	586	77	579	389
Capital Lease Obligations	--	--	--	--	15	11	11	--	13	14	13	13	11	9	10
Total Debt	2,715	3,284	3,162	2,696	2,679	2,688	2,585	2,488	2,469	2,451	2,201	607	677	594	456
Deferred Income Tax	--	--	--	--	--	--	--	--	5	5	5	5	--	--	--
Deferred Income Tax - LT Liability	--	--	--	--	--	--	--	--	5	5	5	5	--	--	--
Other Liabilities, Total	3,375	2,925	2,507	2,105	1,651	1,318	1,147	935	773	674	567	470	344	184	40
Total Liabilities	9,912	9,349	8,221	6,984	6,233	5,752	5,294	4,919	4,479	4,102	3,588	1,750	1,602	1,258	975
Shareholders Equity ($ Millions)															
Common Stock, Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Common Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Paid-In Capital	5,531	5,384	3,561	3,409	3,340	2,503	2,430	2,345	2,284	2,204	2,101	1,807	1,687	1,714	1,223
Retained Earnings (Accumulated Deficit)	(2,876)	(2,898)	(2,605)	(2,322)	(2,002)	(1,772)	(1,588)	(1,434)	(1,326)	(1,251)	(1,189)	(1,140)	(1,123)	(1,085)	(1,054)
Other Equity, Total	25	34	14	(4)	(24)	(15)	(16)	0	--	--	--	--	--	--	--
Total Equity	2,680	2,520	970	1,084	1,315	716	826	912	958	952	912	667	564	629	169
Total Liabilities & Shareholders' Equity	12,592	11,869	9,192	8,068	7,547	6,468	6,120	5,831	5,438	5,054	4,500	2,417	2,166	1,888	1,144

Source: Thomson Reuters Eikon

Exhibit 14b – Tesla Quarterly Income Statement

Quarterly Standardised in Millions of U.S. Dollars															
	2016			2015				2014				2013			
	Sep-2016	Jun-2016	Mar-2016	Dec-2015	Sep-2015	Jun-2015	Mar-2015	Dec-2014	Sep-2014	Jun-2014	Mar-2014	Dec-2013	Sep-2013	Jun-2013	Mar-2013
Period End Date	30-Sep-2016	30-Jun-2016	31-Mar-2016	31-Dec-2015	30-Sep-2015	30-Jun-2015	31-Mar-2015	31-Dec-2014	30-Sep-2014	30-Jun-2014	31-Mar-2014	31-Dec-2013	30-Sep-2013	30-Jun-2013	31-Mar-2013
Revenue	2,298.4	1,270.0	1,147.0	1,214.4	936.8	955.0	939.9	956.7	851.8	769.3	620.5	615.2	431.3	405.1	561.8
Net Sales	2,298.4	1,270.0	1,147.0	1,214.4	936.8	955.0	939.9	956.7	851.8	769.3	620.5	615.2	431.3	405.1	561.8
Total Revenue	2,298.4	1,270.0	1,147.0	1,214.4	936.8	955.0	939.9	956.7	851.8	769.3	620.5	615.2	431.3	405.1	561.8
Cost of Revenue, Total	1,661.7	995.2	894.6	995.8	705.3	741.6	679.8	695.0	600.0	556.4	465.4	458.6	328.5	304.7	465.5
Cost of Revenue	1,661.7	995.2	894.6	995.8	705.3	741.6	679.8	695.0	600.0	556.4	465.4	458.6	328.5	304.7	465.5
Gross Profit	636.7	274.8	252.5	218.6	231.5	213.4	260.1	261.7	251.9	213.0	155.1	156.6	102.9	100.5	96.3
Selling/General/Admin. Expenses, Total	336.8	321.2	318.2	288.7	236.4	201.8	195.4	197.0	155.1	134.0	117.6	101.5	77.1	60.0	47.0
Selling/General/Administrative Expense	296.4	293.8	274.6	264.5	208.3	183.2	176.7	175.1	138.0	117.0	97.2	87.4	67.4	50.3	41.4
Labor & Related Expense	40.4	27.3	43.7	24.2	28.1	18.6	18.6	21.9	17.1	17.0	20.4	14.1	9.7	9.6	5.7
Research & Development	214.3	191.7	182.5	190.2	178.8	181.7	167.2	139.6	135.9	107.7	81.5	68.5	56.4	52.3	54.9
Depreciation/Amortization	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total Operating Expense	2,212.8	1,508.1	1,395.3	1,474.7	1,120.5	1,125.2	1,042.3	1,031.5	890.9	798.1	664.5	628.6	461.9	416.9	567.4
Operating Income	85.6	(238.0)	(248.2)	(260.3)	(183.7)	(170.2)	(102.4)	(74.8)	(39.1)	(28.8)	(44.0)	(13.4)	(30.6)	(11.8)	(5.6)
Interest Expense, Net Non-Operating	(46.7)	(46.4)	(40.6)	(38.6)	(29.3)	(24.4)	(26.6)	(28.7)	(29.1)	(31.2)	(11.9)	(6.2)	(6.5)	(20.1)	(0.1)
Interest Expense - Non-Operating	(58.1)	(56.3)	(49.7)	(68.3)	(41.1)	(36.7)	(34.9)	(34.6)	(32.8)	(33.2)	(11.9)	(6.8)	(6.9)	(20.5)	(0.1)
Interest Capitalized - Non-Operating	11.4	9.9	9.1	29.7	11.8	12.3	8.3	5.9	3.7	2.0	--	0.6	0.4	0.4	--
Interest/Invest Income - Non-Operating	2.9	2.2	1.3	0.8	0.3	0.2	0.2	0.2	2.8	0.5	0.1	0.1	0.1	0.0	0.0
Interest Income - Non-Operating	2.9	2.2	1.3	0.8	0.3	0.2	0.2	0.2	0.3	0.5	0.1	0.1	0.1	0.0	0.0
Investment Income - Non-Operating	--	--	--	--	0.0	--	--	--	2.5	--	--	--	--	--	--
Interest Inc.(Exp.),Net-Non-Op., Total	(43.9)	(44.1)	(39.4)	(37.9)	(29.0)	(24.1)	(26.4)	(28.5)	(26.3)	(30.8)	(11.7)	(6.1)	(6.4)	(20.1)	(0.1)
Other, Net	(11.8)	(7.4)	9.2	(17.1)	(15.5)	13.2	(22.3)	(0.6)	(5.6)	(1.2)	6.7	4.6	(0.7)	1.7	17.1
Other Non-Operating Income (Expense)	(11.8)	(7.4)	9.2	(17.1)	(15.5)	13.2	(22.3)	(0.6)	(5.6)	(1.2)	6.7	4.6	(0.7)	1.7	17.1
Net Income Before Taxes	30.0	(289.5)	(278.4)	(315.3)	(228.1)	(181.1)	(151.1)	(103.9)	(71.0)	(60.8)	(49.0)	(14.9)	(37.7)	(30.2)	11.4
Provision for Income Taxes	8.1	3.6	3.8	5.0	1.8	3.2	3.0	3.7	3.7	1.2	0.8	1.4	0.8	0.3	0.2
Net Income After Taxes	21.9	(293.2)	(282.3)	(320.4)	(229.9)	(184.2)	(154.2)	(107.6)	(74.7)	(61.9)	(49.8)	(16.3)	(38.5)	(30.5)	11.2
Net Income	21.9	(293.2)	(282.3)	(320.4)	(229.9)	(184.2)	(154.2)	(107.6)	(74.7)	(61.9)	(49.8)	(16.3)	(38.5)	(30.5)	11.2

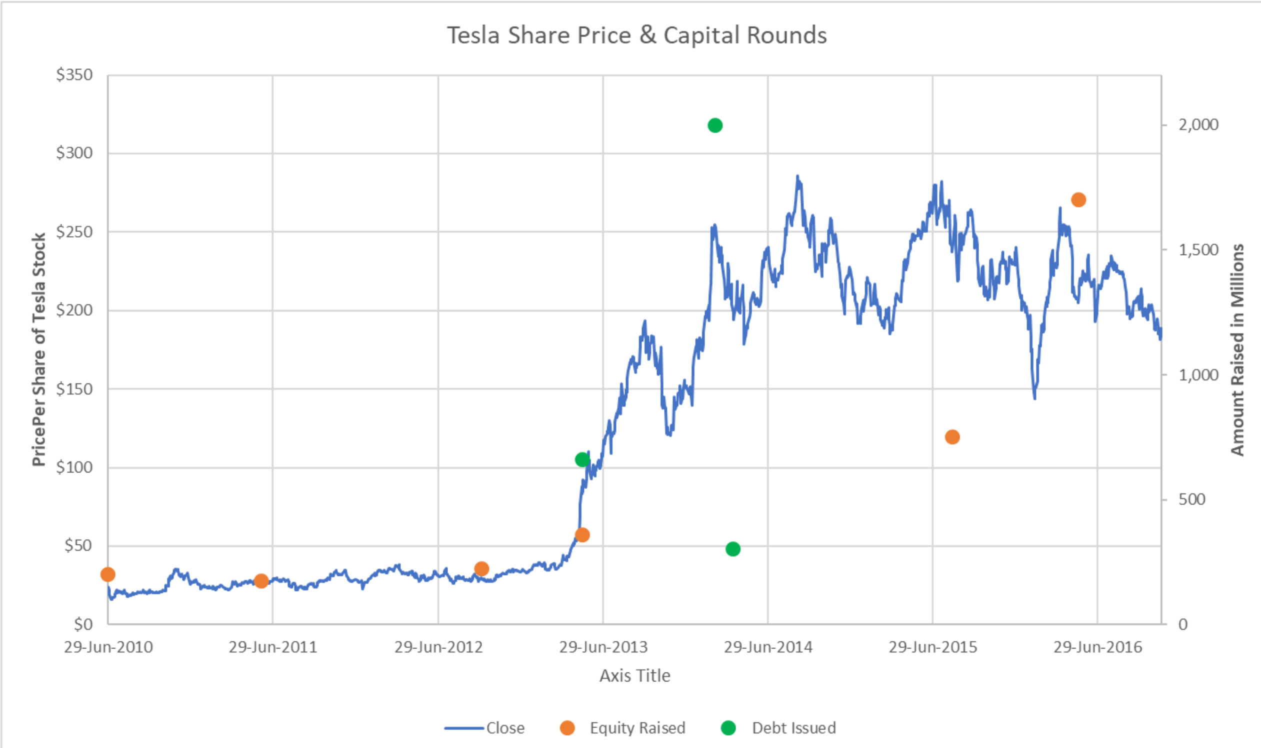
Source: Thomson Reuters Eikon

Exhibit 14c – Tesla Quarterly Statement of Cash Flows

Quarterly-Single Period Standardised in Millions of U.S. Dollars															
				2015				2014				2013			
Period End Date	30-Sep-2016	30-Jun-2016	31-Mar-2016	31-Dec-2015	30-Sep-2015	30-Jun-2015	31-Mar-2015	31-Dec-2014	30-Sep-2014	30-Jun-2014	31-Mar-2014	31-Dec-2013	30-Sep-2013	30-Jun-2013	31-Mar-2013
Cash Flow-Operating Activities ($ Millions)															
Net Income/Starting Line	21.9	(293.2)	(282.3)	(320.4)	(229.9)	(184.2)	(154.2)	(107.6)	(74.7)	(61.9)	(49.8)	(16.3)	(38.5)	(30.5)	11.2
Depreciation	280.5	183.2	156.5	143.7	110.4	91.4	77.1	68.0	65.0	54.7	44.3	37.6	28.5	22.2	17.9
Non-Cash Items	157.0	100.8	147.2	162.4	108.6	63.4	100.5	66.6	76.4	69.7	48.9	15.2	31.3	31.1	6.1
Unusual Items	21.2	2.1	39.2	50.6	11.2	12.3	8.7	4.2	15.4	8.6	1.6	2.9	2.2	4.1	1.5
Other Non-Cash Items	135.8	98.7	108.1	111.9	97.4	51.1	91.8	62.4	61.0	61.1	47.3	12.3	29.1	27.1	4.6
Changes in Working Capital	(35.7)	159.5	(271.0)	(15.6)	(192.4)	(130.1)	(155.2)	(113.4)	(94.7)	(66.1)	17.3	97.4	83.6	(61.0)	28.9
Accounts Receivable	(109.1)	157.9	(159.3)	(32.1)	15.5	60.7	2.2	(74.5)	(61.2)	(24.1)	(23.8)	(1.0)	66.0	(67.4)	(19.3)
Inventories	(580.3)	(705.3)	(512.7)	(482.5)	(385.2)	(399.0)	(307.2)	(377.6)	(214.5)	(260.4)	(197.7)	(102.1)	(229.2)	(147.5)	18.2
Prepaid Expenses	15.1	28.6	(9.1)	6.4	(32.6)	40.1	(43.5)	(31.1)	(5.3)	(12.8)	(11.4)	(8.4)	(5.7)	(0.9)	(2.6)
Other Assets	4.9	(0.6)	(6.9)	(10.1)	(5.9)	(2.3)	(6.1)	1.2	(5.2)	(0.6)	0.1	(0.5)	(0.3)	0.1	0.2
Accounts Payable	--	--	--	--	--	--	(43.2)	81.6	36.7	56.0	78.5	(4.4)	31.8	(32.1)	25.7
Accrued Expenses	--	--	--	--	--	--	90.7	79.4	31.5	32.0	19.2	32.1	19.4	14.0	0.9
Payable/Accrued	484.6	152.4	60.6	174.1	28.0	--	--	--	--	--	--	--	--	--	--
Other Liabilities	149.1	526.4	356.4	328.6	187.7	156.7	151.9	207.7	123.4	143.9	152.4	181.8	201.5	172.6	5.8
Other Operating Cash Flow	--	--	--	--	--	--	--	--	--	--	0.0	--	--	--	--
Cash from Operating Activities	423.6	150.3	(249.6)	(29.8)	(203.3)	(159.5)	(131.8)	(86.4)	(28.0)	(3.6)	60.6	134.0	104.9	(38.2)	64.1
Cash Flow-Investing Activities ($ Millions)															
Capital Expenditures	(247.6)	(294.7)	(216.9)	(411.2)	(392.4)	(405.2)	(426.1)	(368.7)	(284.2)	(175.7)	(141.4)	(89.4)	(76.5)	(40.5)	(57.7)
Purchase of Fixed Assets	(247.6)	(294.7)	(216.9)	(411.2)	(392.4)	(405.2)	(426.1)	(368.7)	(284.2)	(175.7)	(141.4)	(89.4)	(76.5)	(40.5)	(57.7)
Other Investing Cash Flow Items, Total	(20.4)	(25.1)	(17.0)	(3.1)	(11.7)	(17.7)	(6.3)	(3.6)	(7.5)	178.3	(187.8)	(0.1)	(1.0)	13.3	2.5
Acquisition of Business	--	--	--	0.0	0.0	--	--	--	--	--	--	--	--	--	--
Sale/Maturity of Investment	0.0	--	--	--	--	--	--	0.0	0.0	--	--	0.0	0.0	0.0	0.0
Purchase of Investments	--	--	--	--	--	0.0	0.0	0.0	(5.6)	(11.2)	(189.1)	0.0	0.0	0.0	0.0
Other Investing Cash Flow	(20.4)	(41.8)	(17.0)	(3.1)	(11.7)	(5.4)	(6.3)	(3.6)	(1.9)	0.3	1.3	(0.1)	(1.0)	13.3	2.5
Cash from Investing Activities	(268.0)	(319.9)	(233.8)	(414.3)	(404.1)	(422.8)	(432.3)	(372.2)	(291.6)	2.6	(329.2)	(89.5)	(77.5)	(27.2)	(55.2)
Cash Flow-Financing Activities ($ Millions)															
Financing Cash Flow Items	(2.3)	(14.7)	(1.0)	(0.5)	(11.3)	(4.3)	(1.0)	0.0	0.0	(83.6)	(555.0)	(0.5)	(0.2)	--	--
Total Cash Dividends Paid	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Issuance (Retirement) of Stock, Net	43.0	1,759.4	52.8	12.6	785.2	23.7	35.2	10.5	36.8	68.1	374.1	13.1	27.1	572.5	17.9
Options Exercised	43.0	57.6	52.8	12.6	35.2	23.7	35.2	10.5	36.8	17.4	35.7	13.1	27.1	37.2	17.9
Warrants Converted	--	--	--	--	--	0.0	0.0	0.0	0.0	50.8	338.4	0.0	0.0	--	--
Issuance (Retirement) of Debt, Net	(361.5)	231.9	663.6	212.9	120.1	199.0	151.9	0.8	(3.1)	296.9	1,997.5	(2.0)	(2.7)	218.2	(14.2)
Long Term Debt Issued	750.4	820.8	671.8	343.8	179.1	209.2	155.6	3.3	0.0	300.0	2,000.0	0.0	0.0	660.0	0.0
Long Term Debt Reduction	(1,112.0)	(588.8)	(8.1)	(130.9)	(59.0)	(10.2)	(3.7)	(2.5)	(3.1)	(3.1)	(2.5)	(2.0)	(2.7)	(441.8)	(14.2)
Long Term Debt, Net	(361.5)	231.9	663.6	212.9	120.1	199.0	151.9	0.8	(3.1)	296.9	1,997.5	(2.0)	(2.7)	218.2	(14.2)
Cash from Financing Activities	(320.9)	1,976.6	715.4	225.0	894.0	218.4	186.2	11.3	33.8	281.5	1,816.6	10.5	24.2	597.0	3.7
Foreign Exchange Effects	3.2	(2.6)	12.9	(10.0)	(11.2)	4.6	(17.7)	(17.7)	(18.3)	--	--	(4.2)	--	--	--
Net Change in Cash	(162.0)	1,804.5	244.9	(229.1)	275.4	(359.4)	(395.6)	(465.0)	(304.2)	281.0	1,548.0	50.8	49.1	531.6	12.5
Net Cash - Beginning Balance	0.0	0.0	1,196.9	0.0	0.0	0.0	1,905.7	0.0	0.0	0.0	845.9	0.0	0.0	0.0	201.9
Net Cash - Ending Balance	(162.0)	1,804.5	1,441.8	(229.1)	275.4	(359.4)	1,510.1	(465.0)	(304.2)	281.0	2,393.9	50.8	49.1	531.6	214.4
Free Cash Flow	176.0	(144.4)	(466.5)	(441.1)	(595.7)	(564.7)	(557.9)	(455.1)	(312.2)	(179.3)	(80.7)	44.6	28.4	(78.7)	6.4

Source: Thomson Reuters Eikon

TN Exhibit 1 – Tesla Share Price and Timing of Convertible Debt and Equity Raising



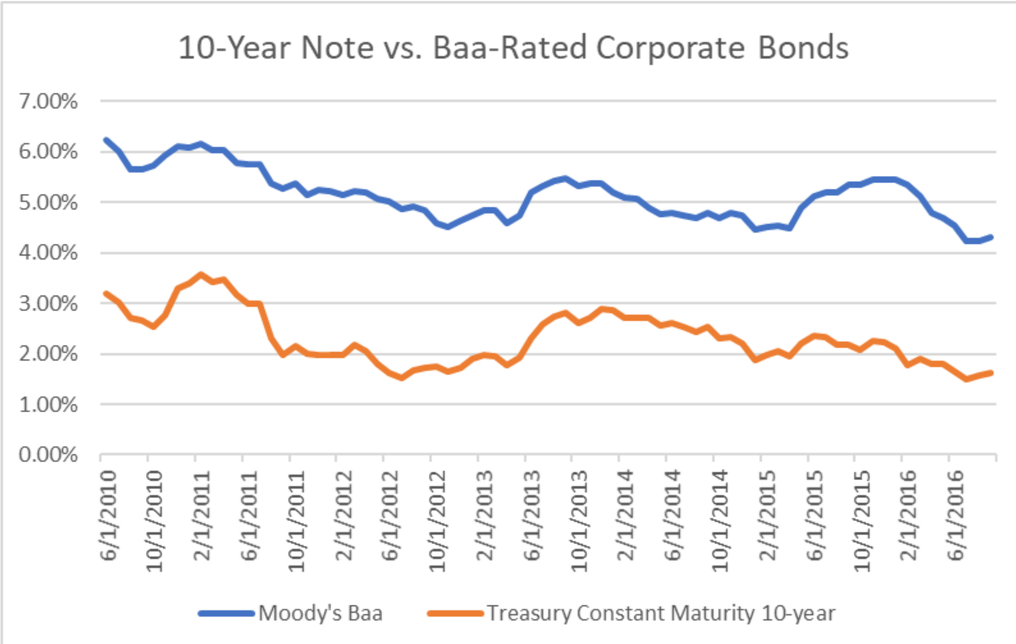
Source: Thomson Eikon Reuters, Tesla SEC Filings

TN Exhibit 2 – Tesla Debt-to-Equity Ratios

Year	Long-term Debt	L-T debt, current portion	Capital Leases	Convertible Senior Notes	Stockholders' Equity	D/E
2010	71.8	0	0.8	0	207	0.35
2011	268.3	7.9	3.9	0	224	1.25
2012	401.5	50.8	14.4	0	124.7	3.74
2013	586.1	0	20.6	0.2	667.1	0.91
2014	2429.9	0	0	58.2	911.7	2.73
2015	2021.1	627.9	0	47.3	1083.7	2.49

Source: Tesla Financial Statements

TN Exhibit 3 – U.S. 10-Year Interest Rate and Moody's Baa-Rated Debt Spread



Source: Center for Research in Security Prices (CRSP), Federal Reserve Economic Data (FRED)