



Tesla, Inc.

Illustrative Table of Potential Dilutive Impact of Convertible Senior Notes

UNAUDITED

Convertible Senior Notes

In May 2013, we issued 1.5% convertible senior notes due 2018, in March/April 2014, we issued 0.25% convertible senior notes due 2019 and 1.25% convertible senior notes due 2021, and in March 2017, we issued 2.375% convertible senior notes due 2022 (collectively, the “Notes”). These Notes have a dilutive effect on earnings per share (EPS) while the Notes are outstanding, but we have entered into bond hedge transactions in connection with each issuance of Notes that are intended to reduce the actual dilution upon conversion of these Notes. The bond hedges are not included in the calculation of diluted EPS as they are anti-dilutive. In addition, in November 2016, we acquired SolarCity Corp., which in October 2013 issued 2.75% convertible senior notes due 2018, in September/October 2014 issued 1.625% convertible senior notes due 2019, and in December 2015 issued convertible senior notes due December 2020 (collectively, the “SolarCity Notes”). These SolarCity Notes have a dilutive effect on EPS while the SolarCity Notes are outstanding, but in 2014, SolarCity purchased capped call options that are intended to reduce the actual dilution upon conversion of the 1.625% convertible senior notes due 2019. The capped call options are not included in the calculation of diluted EPS as they are anti-dilutive. As a result of our acquisition of SolarCity, the SolarCity Notes have become convertible into shares of our common stock.

Warrants

In addition, we also sold warrants relating to the same initial underlying number of shares of our common stock as the corresponding convertible senior note issuances in May 2013, March/April 2014, and March 2017. The strike prices for the May 2013 warrants are \$184.48, for the March/April 2014 warrants are \$512.66 and \$560.64, respectively, and for the March 2017 warrants are \$655.00. These warrants could separately have a dilutive effect on EPS to the extent that the market price per share of our common stock exceeds their strike prices and could cause actual dilution.

The following table provides key details as of December 31, 2016 (except for the Notes due 2022, which were issued in March 2017) about the Notes and the SolarCity Notes, including the issuance and maturity dates, principal outstanding, approximate conversion price and conversion ratio, as well as the applicable strike price and underlying shares of the warrants and bond hedge transactions.

Convertible Senior Notes							
Maturity Date	Jun. 2018	Mar. 2019	Mar. 2021	Mar. 2022	Nov. 2018	Nov. 2019	Dec. 2020
Issuance Date	May 2013	Feb. 2014	Feb. 2014	Mar. 2017	Oct. 2013	Sept. 2014	Dec. 2015
Interest Rate	1.50%	0.25%	1.25%	2.375%	2.75%	1.625%	0.0%
Aggregate Principal Amount (\$M)	\$205.0M	\$920.0M	\$1,380.0M	\$977.5M	\$230.0M	\$566.0M	\$113.0M
Approximate Conversion Price	\$124.52	\$359.87	\$359.87	\$327.50	\$560.60	\$759.36	\$300.00
Conversion Ratio	8.0306	2.7788	2.7788	3.0534	1.7838	1.3169	3.3333
Shares Underlying the Bond Hedge Transactions	1,646,377	2,556,496	3,834,744	2,984,698	N/A	N/A	N/A
Warrant Strike Price	\$184.48	\$512.66	\$560.64	\$655.00	N/A	N/A	N/A

Illustrative Table

The following table illustrates the potential dilutive shares that would be included in the calculation of our future reported diluted EPS assuming various hypothetical quarterly average market prices of our common stock (NASDAQ: TSLA). The potential dilutive shares are calculated using the treasury stock method. As mentioned above, total actual dilution at maturity is intended to be reduced by our bond hedges and the SolarCity capped call transaction.

Hypothetical Quarterly Average TSLA Stock Price ¹	Convertible Senior Notes ² Maturing in:							Impact of Issued Warrants ³	TOTAL DILUTIVE POTENTIAL SHARES FOR EPS PURPOSES ⁴	Offering bond hedges and capped call option ⁵	TOTAL EXPECTED DILUTION AT MATURITY OF NOTES
	June 2018	March 2019	March 2021	March 2022	November 2018	November 2019	December 2020				
\$100.00	-	-	-	-	-	-	-	-	-	-	
\$120.00	-	-	-	-	-	-	-	-	-	-	
\$140.00	0.2	-	-	-	-	-	-	-	0.2	(0.2)	
\$160.00	0.4	-	-	-	-	-	-	-	0.4	(0.4)	
\$180.00	0.5	-	-	-	-	-	-	-	0.5	(0.5)	
\$200.00	0.6	-	-	-	-	-	-	0.2	0.8	(0.6)	
\$220.00	0.7	-	-	-	-	-	-	0.4	1.1	(0.7)	
\$240.00	0.8	-	-	-	-	-	-	0.5	1.3	(0.8)	
\$260.00	0.9	-	-	-	-	-	-	0.6	1.5	(0.9)	
\$280.00	0.9	-	-	-	-	-	-	0.7	1.7	(0.9)	
\$300.00	1.0	-	-	-	-	-	0.4	0.8	2.2	(1.0)	
\$320.00	1.0	-	-	-	-	-	0.4	0.9	2.3	(1.0)	
\$340.00	1.0	-	-	0.1	-	-	0.4	1.0	2.5	(1.2)	
\$360.00	1.1	0.0	0.0	0.3	-	-	0.4	1.1	2.8	(1.3)	
\$380.00	1.1	0.1	0.2	0.4	-	-	0.4	1.1	3.4	(1.9)	
\$400.00	1.1	0.3	0.4	0.5	-	-	0.4	1.2	3.9	(2.3)	
\$420.00	1.2	0.4	0.5	0.7	-	-	0.4	1.2	4.3	(2.7)	
\$440.00	1.2	0.5	0.7	0.8	-	-	0.4	1.3	4.7	(3.1)	
\$460.00	1.2	0.6	0.8	0.9	-	-	0.4	1.3	5.1	(3.5)	
\$480.00	1.2	0.6	1.0	0.9	-	-	0.4	1.3	5.5	(3.8)	
\$500.00	1.2	0.7	1.1	1.0	-	-	0.4	1.4	5.8	(4.1)	
\$520.00	1.3	0.8	1.2	1.1	-	-	0.4	1.4	6.1	(4.3)	
\$540.00	1.3	0.9	1.3	1.2	-	-	0.4	1.6	6.5	(4.6)	
\$560.00	1.3	0.9	1.4	1.2	-	-	0.4	1.7	6.9	(4.8)	
\$580.00	1.3	1.0	1.5	1.3	0.4	-	0.4	1.9	7.7	(5.0)	
\$600.00	1.3	1.0	1.5	1.4	0.4	-	0.4	2.1	8.1	(5.2)	
\$620.00	1.3	1.1	1.6	1.4	0.4	-	0.4	2.3	8.5	(5.4)	
\$640.00	1.3	1.1	1.7	1.5	0.4	-	0.4	2.5	8.9	(5.6)	
\$660.00	1.3	1.2	1.7	1.5	0.4	-	0.4	2.7	9.3	(5.7)	
\$680.00	1.3	1.2	1.8	1.5	0.4	-	0.4	3.0	9.7	(5.9)	
\$700.00	1.4	1.2	1.9	1.6	0.4	-	0.4	3.2	10.1	(6.0)	
\$720.00	1.4	1.3	1.9	1.6	0.4	-	0.4	3.5	10.4	(6.2)	
\$740.00	1.4	1.3	2.0	1.7	0.4	-	0.4	3.7	10.8	(6.3)	
\$760.00	1.4	1.3	2.0	1.7	0.4	0.7	0.4	3.9	11.9	(6.4)	
\$780.00	1.4	1.4	2.1	1.7	0.4	0.7	0.4	4.1	12.2	(6.6)	
\$800.00	1.4	1.4	2.1	1.8	0.4	0.7	0.4	4.3	12.5	(6.7)	

The table above is for illustrative purposes and does not represent our forecast of future stock performance.

¹ The prices listed in the table are for illustrative purposes only. Although dilution continues beyond \$800 per share, we have not presented further data.

² Shares issuable for the Notes and the SolarCity Notes are for illustrative purposes only, and would only be issuable upon conversion of the Notes and the SolarCity Notes, subject to their terms.

³ Shares issuable for the warrants are for illustrative purposes only and would only be issuable upon exercise of the warrants, subject to their terms.

⁴ Represents the number of shares to be used for illustrative purposes only in calculating diluted EPS in accordance with GAAP.

⁵ The bond hedges and capped call options are intended to reduce the actual dilution from the applicable convertible senior notes upon conversion.