Tesla, Inc.
Form FWP
May 03, 2019

Issuer Free Writing Prospectus dated May 2, 2019

Filed Pursuant to Rule 433

Registration No. 333-231168

Supplementing the Preliminary Prospectus Supplement dated May 2, 2019

(To Prospectus dated May 1, 2019)

Tesla, Inc.

2.00% Convertible Senior Notes due 2024

(the Convertible Notes Offering)

The information in this pricing term sheet relates to the Convertible Notes Offering and should be read together with the preliminary prospectus supplement dated May 2, 2019 relating to the Convertible Notes Offering (together with the accompanying prospectus dated May 1, 2019, the Preliminary Prospectus Supplement), including the documents incorporated by reference therein, filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

The information in this pricing term sheet supersedes and updates the information in the Preliminary Prospectus Supplement to the extent inconsistent therewith.

Issuer:	Tesla, Inc., a Delaware corporation (the Issuer)
Ticker / Exchange for Common Stock:	TSLA / The Nasdaq Global Select Market (Nasdaq)
Pricing Date:	May 2, 2019
Settlement Date:	May 7, 2019 (T+2)
Nasdaq Last Reported Sale Price on May 2, 2019:	$244.10 per share of common stock of the Issuer, par value $0.001 per share (the Common Stock)
Total Transaction Size:	Approximately $2.3 billion in net proceeds from the Common Stock Offering (defined below) and Convertible Notes Offering (or up to approximately $2.7 billion if the underwriters options to purchase additional shares of Common Stock and additional Notes (defined below) are both exercised in full).
	Convertible Notes Offering
Securities Offered:	2.00% Convertible Senior Notes due 2024 (the Notes)
Aggregate Principal Amount Offered:	$1,600,000,000 aggregate principal amount of Notes (or $1,840,000,000 aggregate principal amount of Notes if the underwriters exercise in full

	their option to purchase additional Notes)
Maturity:	May 15, 2024, unless earlier purchased or converted
Interest Rate:	2.00% per annum, accruing from May 7, 2019
Interest Payment Dates:	May 15 and November 15 of each year, beginning on November 15, 2019

Price to Public:	100% of the principal amount of the Notes plus accrued interest, if any, from May 7, 2019
Conversion Premium:	Approximately 27.5% above the Price to Public in the Common Stock Offering
Initial Conversion Price:	Approximately $309.83 per share of Common Stock
Initial Conversion Rate:	3.2276 shares of Common Stock per $1,000 principal amount of Notes
Underwriting Discount:	$11.00 per $1,000 principal amount of Notes
	$17.6 million in aggregate (or $20.2 million in aggregate if the underwriters exercise in full their option to purchase additional Notes)
Net Proceeds:	The Issuer estimates that the net proceeds from the Convertible Notes Offering will be approximately $1.6 billion (or approximately $1.8 billion if the underwriters exercise in full their option to purchase additional Notes), after deducting underwriting discounts and estimated offering expenses.
	The Issuer intends to use the net proceeds from the Convertible Notes Offering and its concurrent Common Stock Offering to further strengthen its balance sheet, as well as for general corporate purposes. In addition, the Issuer will use approximately $262.1 million of these proceeds (after such cost is partially offset by the proceeds from warrant transactions described in Description of Convertible Note Hedge and Warrant Transactions in the Preliminary Prospectus Supplement) to pay the net cost of the convertible note hedge transactions entered into in connection with this Convertible Notes Offering.
	If the underwriters exercise their option to purchase additional Notes, the Issuer may sell additional warrants and use a portion of the net proceeds from the sale of the additional Notes, together with the proceeds from the additional warrants, to enter into additional convertible note hedge transactions and for general corporate purposes.
Convertible Note Hedge Transactions and Warrant Transactions:	In connection with the pricing of the Notes, the Issuer has entered into privately negotiated convertible note hedge transactions with one or more of the underwriters or their respective affiliates or other financial institutions (hedge counterparties). The convertible note hedge transactions will cover, subject to customary anti-dilution adjustments, the number of shares of Common Stock that will initially underlie the Notes.
	The Issuer also has entered into warrant transactions with the hedge counterparties relating to the same number of shares of Common Stock, with a strike price of $607.50, subject to customary anti-dilution adjustments.

The convertible note hedge transactions are expected to reduce potential dilution to Common Stock and/or offset potential cash payments the Issuer is required to make in excess of the principal amount upon any conversion of Notes. However, the warrant transactions could separately have a dilutive effect to the extent that the market price per share of Common Stock exceeds the applicable strike price of the warrants on the applicable expiration dates.

If the underwriters exercise their option to purchase additional Notes, the Issuer may enter into additional convertible note hedge and warrant transactions.

CUSIP: 88160R AG6

ISIN: US88160RAG65

Book-Running Managers: Goldman Sachs & Co. LLC

Citigroup Global Markets Inc.

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Deutsche Bank Securities Inc.

Morgan Stanley & Co. LLC

Credit Suisse Securities (USA) LLC

Co-Managers: SG Americas Securities, LLC

Wells Fargo Securities, LLC

Adjustment to Conversion Rate Upon Conversion In Connection With a Make Whole Fundamental Change: The following table sets forth the number of additional shares of Common Stock, if any, by which the conversion rate will be increased for conversions in connection with a make whole fundamental change (as defined in the Preliminary Prospectus Supplement):

	Stock Price											
ective te	**$ 243.00**	**$ 260.00**	**$ 280.00**	**$ 309.83**	**$ 350.00**	**$ 400.00**	**$ 500.00**	**$ 750.00**	**$ 1,000.00**	**$ 1,500.00**	**$ 2,000.00**	**$ 2,500.**
y 7, 19	0.8876	0.7790	0.6738	0.5508	0.4306	0.3279	0.2080	0.0926	0.0520	0.0199	0.0066	0.00
y 15, 20	0.8876	0.7738	0.6591	0.5270	0.4006	0.2958	0.1790	0.0759	0.0425	0.0165	0.0055	0.00
y 15, 21	0.8876	0.7565	0.6306	0.4883	0.3560	0.2509	0.1418	0.0570	0.0322	0.0129	0.0043	0.00
	0.8876	0.7248	0.5836	0.4284	0.2909	0.1894	0.0961	0.0371	0.0217	0.0090	0.0030	0.00

y 15, 22												
y 15, 23	0.8876	0.6708	0.5034	0.3284	0.1893	0.1032	0.0438	0.0179	0.0111	0.0047	0.0016	0.00
y 15, 24	0.8876	0.6185	0.3438	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.00

The exact stock price and effective date may not be set forth in the table above, in which case:

- if the stock price is between two stock prices in the table or the effective date is between two effective dates in the table, the number of additional shares will be determined by a straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the earlier and later effective dates based on a 365-day year, as applicable;

- if the stock price is greater than $2,500.00 per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above as described in the Preliminary Prospectus Supplement), no additional shares will be added to the conversion rate; and

- if the stock price is less than $243.00 per share (subject to adjustment in the same manner as the stock prices set forth in the column headings of the table above as described in the Preliminary Prospectus Supplement), no additional shares will be added to the conversion rate.

Notwithstanding the foregoing, in no event will the conversion rate per $1,000 principal amount of Notes exceed 4.1152 shares of Common Stock, subject to adjustment in the same manner as the conversion rate as set forth under Conversion Rate Adjustments in the Preliminary Prospectus Supplement.

Concurrent Common Stock Offering (the Common Stock Offering):

Securities Offered:	3,086,419 shares of Common Stock (or 3,549,381 shares if the underwriters exercise in full their option to purchase additional shares) of the Issuer
Price to Public:	$243.00 per share of Common Stock
Net Proceeds:	The Issuer estimates that the net proceeds from the Common Stock Offering will be approximately $737.0 million (or $847.6 million if the underwriters exercise in full their option to purchase additional shares), after deducting underwriting discounts and estimated offering expenses.
	The Issuer intends to use the net proceeds from the Common Stock Offering and the Convertible Notes Offering to further strengthen its balance sheet, as well as for general corporate purposes. In addition, the Issuer will use approximately $262.1 million of these proceeds (after such cost is partially offset by the proceeds from warrant transactions described under Description of Convertible Note Hedge and Warrant Transactions in the Preliminary Prospectus Supplement) to pay the net cost of the convertible note hedge transactions entered into in connection with the Convertible Notes Offering.
Elon Musk Share Purchase:	Elon Musk, Chief Executive Officer of the Issuer, is purchasing a total of 102,880 shares of Common Stock for an aggregate purchase price of approximately $25.0 million in the Common Stock Offering at the public offering price.

Changes to Information in the Preliminary Prospectus Supplement:

The following changes are made to the information set forth in the Preliminary Prospectus Supplement, and will be reflected in the final prospectus supplement for the Convertible Notes Offering.

The following information set forth under the heading Summary Consolidated Financial Data in the Preliminary Prospectus Supplement, and will be reflected in the final prospectus supplement for the Convertible Notes Offering as follows:

	As of March 31, 2019		
	Actual	**As Adjusted for this Offering (unaudited) (in thousands)**	**As Further Adjusted for this Offering and the Concurrent Common Stock Offering**
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 2,198,169	$ 3,517,889	$ 4,254,882
Restricted cash(1)	484,629	484,629	484,629

Working (deficit) capital	(1,564,978)	(245,258)	491,735
Property, plant and equipment, net	9,850,929	9,850,929	9,850,929
Total assets	28,912,524	30,232,244	30,969,237
Total current liabilities	9,242,800	9,242,800	9,242,800
Long-term debt and finance leases, net of current portion(2)	9,787,950	11,387,950	11,387,950
Resale value guarantees, net of current portion	211,390	211,390	211,390
Total stockholders equity(3)	4,605,596	4,343,516	5,080,509

(1) The Issuer maintains certain cash balances restricted as to withdrawal or use. The Issuer s restricted cash is comprised primarily of cash as collateral for the Issuer s sales to lease partners with a resale value guarantee, letters of credit, real estate leases, insurance policies, credit card borrowing facilities and certain operating leases. In addition, restricted cash includes cash received from certain fund investors that have not been released for use by the Issuer and cash held to service certain payments under various secured debt facilities.

(2) Reflects on an as-further-adjusted basis the issuance of $1.60 billion aggregate principal amount of 2.00% convertible senior notes due 2024 in this offering. In accordance with ASC 470-20, convertible debt that may be wholly or partially settled in cash is required to be separated into a liability and an equity component, such that interest expense reflects the issuer s nonconvertible debt interest rate. Upon issuance, a debt discount is recognized as a decrease in debt and an increase in equity. The debt component accretes up to the principal amount over the expected term of the debt. ASC 470-20 does not affect the actual amount that the Issuer is required to repay, and the amount shown above for the notes offered hereby is the aggregate principal amount of the notes without reflecting the debt discount or fees and expenses that the Issuer is required to recognize or the increase in additional paid-in capital on the Issuer s consolidated balance sheet.

(3) As noted in footnote (2), in accordance with ASC 470-20, convertible debt that may be wholly or partially settled in cash is required to be separated into a liability and an equity component, such that interest expense reflects the issuer s nonconvertible debt interest rate. Upon issuance, a debt discount is recognized as a decrease in debt and an increase in equity. The debt component accretes up to the principal amount over the expected term of the debt. ASC 470-20 does not affect the actual amount that the Issuer is required to repay, and the amount shown above for the notes offered hereby is the aggregate principal amount of the notes without reflecting the debt discount or fees and expenses that the Issuer is required to recognize or the increase in additional paid-in capital on the Issuer s consolidated balance sheet.

The following information set forth under the heading Capitalization in the Preliminary Prospectus Supplement, and will be reflected in the final prospectus supplement for the Convertible Notes Offering as follows:

CAPITALIZATION

The following table sets forth the Issuer s unaudited cash and cash equivalents, restricted cash, the current portion of the Issuer s long-term debt and finance leases and total capitalization as of March 31, 2019:

on an actual basis;

on an as-adjusted basis to give effect to this offering of notes (assuming the underwriters do not exercise their over-allotment option to purchase additional notes) after deducting the underwriting discount and the Issuer s estimated offering expenses, and the application of the net proceeds from this offering and the Issuer s concurrent common stock offering to pay the cost of the convertible note hedge and warrant transactions entered into in connection with this offering (after such cost is partially offset by the proceeds to the Issuer from the warrant transactions), as described in Use of Proceeds ; and

on an as-further-adjusted basis to give effect to the sale of the shares in the concurrent common stock offering (assuming the underwriters do not exercise their option to purchase additional shares), based on the public offering price of $243.00 per share after deducting the underwriting discount and the Issuer s estimated offering expenses.

You should read this table in conjunction with Use of Proceeds as well as the Issuer s Management s Discussion and Analysis of Financial Condition and Results of Operations and the Issuer s consolidated financial statements, including the related notes, incorporated by reference into this prospectus supplement and the accompanying prospectus from the Issuer s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019, incorporated by reference herein. Operating lease liabilities are characterized as operating liabilities rather than debt, and are therefore not included in the table below.

	As of March 31, 2019		
	Actual	As Adjusted for this Offering (unaudited)	As Further Adjusted for this Offering and the Concurrent Common Stock Offering
	(in thousands, except per share data)		
Cash and cash equivalents	$ 2,198,169	$ 3,517,889	$ 4,254,882
Restricted cash(1)	$ 484,629	$ 484,629	$ 484,629
Current portion of long-term debt and finance leases	$ 1,705,711	$ 1,705,711	$ 1,705,711
Long-term debt:			
1.25% convertible senior notes due 2021(2)	$ 1,258,166	$ 1,258,166	$ 1,258,166
2.375% convertible senior notes due 2022(2)	878,824	878,824	878,824
5.30% senior notes due 2025	1,779,546	1,779,546	1,779,546
2.00% convertible senior notes due 2024 offered concurrently herewith(3)		1,600,000	1,600,000
Other long-term debt and finance leases, net of current portion(2)(4)	5,871,414	5,871,414	5,871,414
Stockholders equity:			
Preferred stock, par value $0.001; 100,000 shares authorized, no shares issued and outstanding, actual; no shares issued and outstanding, as adjusted and as further adjusted			
Common stock, par value $0.001; 2,000,000 shares authorized; 173,682 shares issued and outstanding, actual; 176,768 shares issued and outstanding, as-adjusted and as-further-adjusted	174	174	177
Additional paid-in capital	10,563,746	10,301,666	11,038,656
Accumulated other comprehensive loss	(35,019)	(35,019)	(35,019)

Accumulated deficit	(5,923,305)	(5,923,305)	(5,923,305)
Total stockholders equity	4,605,596	4,343,516	5,080,509
Total capitalization	$ 14,393,546	$ 15,731,466	$ 16,468,459

(1) The Issuer maintains certain cash balances restricted as to withdrawal or use. The Issuer s restricted cash is comprised primarily of cash as collateral for our sales to lease partners with a resale value guarantee, letters of credit, real estate leases, insurance policies, credit card borrowing facilities and certain operating leases. In addition, restricted cash includes cash received from certain fund investors that have not been released for use by the Issuer and cash held to service certain payments under various secured debt facilities.

(2) In accordance with ASC 470-20, convertible debt that may be wholly or partially settled in cash is required to be separated into a liability and an equity component, such that interest expense reflects the issuer s nonconvertible debt interest rate. Upon issuance, a debt discount is recognized as a decrease in debt and an increase in equity. The debt component accretes up to the principal amount over the expected term of the debt. The amount shown in the table above for the 1.25% Convertible Senior Notes due 2021 and the 2.375% Convertible Senior Notes due 2022 reflects the carrying value as of March 31, 2019. ASC 470-20 does not affect the actual amount that the Issuer is required to repay. The Issuer had $1.4 billion in aggregate principal amount of the Issuer s 1.25% Convertible Senior Notes due 2021, and $977.5 million in aggregate principal amount of the Issuer s 2.375% Convertible Senior Notes due 2022 outstanding as of March 31, 2019.

(3) Reflects on an as-further-adjusted basis the issuance of $1.60 billion aggregate principal amount of 2.00% Convertible Senior Notes due 2024 offered hereby. In accordance with ASC 470-20, convertible debt that may be wholly or partially settled in cash is required to be separated into a liability and an equity component, such that interest expense reflects the issuer s nonconvertible debt interest rate. Upon issuance, a debt discount is recognized as a decrease in debt and an increase in equity. The debt component accretes up to the principal amount over the expected term of the debt. ASC 470-20 does not affect the actual amount that the Issuer is required to repay, and the amount shown above for the notes offered hereby is the aggregate principal amount of the notes without reflecting the debt discount or fees and expenses that the Issuer is required to recognize or the increase in additional paid-in capital on the Issuer s consolidated balance sheet.

(4) As of March 31, 2019, the Issuer had borrowed $1.9 billion under the Credit Agreement.

The number of shares of common stock that will be outstanding after this offering is based on the 173,681,977 shares outstanding as of March 31, 2019 and excludes:

- 30,894,313 shares of common stock issuable upon the exercise of options outstanding at March 31, 2019 at a weighted average exercise price of $275.44 per share;
- 5,192,006 shares of common stock issuable upon the vesting of restricted stock units outstanding at March 31, 2019;
- 15,173,325 shares of common stock reserved for future issuance under the Issuer s stock-based compensation plans, consisting of 13,370,496 shares of common stock reserved for issuance under the Issuer s Amended and Restated 2010 Equity Incentive Plan and 1,802,829 shares of common stock reserved for issuance under the Issuer s 2010 Employee Stock Purchase Plan and shares that become available under the Amended and Restated 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan pursuant to provisions thereof that automatically increase the share reserves under the plans each year;
- the shares of common stock reserved for issuance upon conversion of the Issuer s Existing Notes and the warrant transactions entered into in connection with the issuance of these notes;
- the shares of common stock reserved for issuance upon conversion of the Issuer s SolarCity Convertible Notes;
- the shares of common stock to be reserved for issuance upon conversion of the notes being offered hereby and the warrant transactions being entered into in connection therewith; and
- any shares issued pursuant to the Issuer s S-4 (File No. 333-229749) in connection with the Issuer s pending acquisition of Maxwell Technologies, Inc., which shares are expected to have a market value of approximately $219 million when issued.

The Issuer has filed a registration statement (including the Preliminary Prospectus Supplement and accompanying prospectus) with the Securities and Exchange Commission (the SEC) for the Convertible Notes Offering to which this communication relates. Before you invest, you should read the Preliminary Prospectus

Supplement and accompanying prospectus in that registration statement and other documents the Issuer has filed with the SEC for more complete information about the Issuer and the Offerings. You may get these documents for free by visiting EDGAR on the SEC s website at www.sec.gov.

Alternatively, any underwriter or any dealer participating in the Convertible Notes Offering will arrange to send you the Preliminary Prospectus Supplement and accompanying prospectus if you request it by calling (i) Goldman Sachs & Co. LLC, toll free at (866) 471-2526, (ii) Citigroup Global Markets Inc., toll free at (800) 831-9146, (iii) Merrill Lynch, Pierce, Fenner & Smith Incorporated, toll free at (800) 294-1322, (iv) Deutsche Bank Securities Inc., toll free at (800) 503-4611, (v) Morgan Stanley & Co. LLC, toll free at (866) 718-1649, (vi) Credit Suisse Securities (USA) LLC, toll free at (800) 221-1037, (vii) SG Americas Securities, LLC, toll free at (855) 881-2108 or (viii) Wells Fargo Securities, LLC, toll free at (800) 645-3751.

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