

**Tesla, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except per share data)

	December 31, 2017	December 31, 2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,367,914	\$ 3,393,216
Restricted cash	155,323	105,519
Accounts receivable, net	515,381	499,142
Inventory	2,263,537	2,067,454
Prepaid expenses and other current assets	268,365	194,465
Total current assets	6,570,520	6,259,796
Operating lease vehicles, net	4,116,604	3,134,080
Solar energy systems, leased and to be leased, net	6,347,490	5,919,880
Property, plant and equipment, net	10,027,522	5,982,957
Intangible assets, net	361,502	376,145
Goodwill	60,237	—
MyPower customer notes receivable, net of current portion	456,652	506,302
Restricted cash, net of current portion	441,722	268,165
Other assets	273,123	216,751
<b>Total assets</b>	<b>\$ 28,655,372</b>	<b>\$ 22,664,076</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 2,390,250	\$ 1,860,341
Accrued liabilities and other	1,731,366	1,210,028
Deferred revenue	1,015,253	763,126
Resale value guarantees	787,333	179,504
Customer deposits	853,919	663,859
Current portion of long-term debt and capital leases	796,549	984,211
Current portion of solar bonds and promissory notes issued to related parties	100,000	165,936
Total current liabilities	7,674,670	5,827,005
Long-term debt and capital leases, net of current portion	9,415,700	5,860,049
Solar bonds issued to related parties, net of current portion	100	99,164
Convertible senior notes issued to related parties	2,519	10,287
Deferred revenue, net of current portion	1,177,799	851,790
Resale value guarantees, net of current portion	2,309,222	2,210,423
Other long-term liabilities	2,442,970	1,891,449
<b>Total liabilities</b>	<b>23,022,980</b>	<b>16,750,167</b>
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests in subsidiaries	397,734	367,039
Convertible senior notes (Note 13)	70	8,784
<b>Equity</b>		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000,000 shares authorized; 168,797 and 161,561 shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	169	161
Additional paid-in capital	9,178,024	7,773,727
Accumulated other comprehensive gain (loss)	33,348	(23,740)
Accumulated deficit	(4,974,299)	(2,997,237)
Total stockholders' equity	4,237,242	4,752,911
Noncontrolling interests in subsidiaries	997,346	785,175
<b>Total liabilities and equity</b>	<b>\$ 28,655,372</b>	<b>\$ 22,664,076</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Tesla, Inc.**  
**Consolidated Statements of Operations**  
(in thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
<b>Revenues</b>			
Automotive sales	\$ 8,534,752	\$ 5,589,007	\$ 3,431,587
Automotive leasing	1,106,548	761,759	309,386
Total automotive revenues	9,641,300	6,350,766	3,740,973
Energy generation and storage	1,116,266	181,394	14,477
Services and other	1,001,185	467,972	290,575
Total revenues	11,758,751	7,000,132	4,046,025
<b>Cost of revenues</b>			
Automotive sales	6,724,480	4,268,087	2,639,926
Automotive leasing	708,224	481,994	183,376
Total automotive cost of revenues	7,432,704	4,750,081	2,823,302
Energy generation and storage	874,538	178,332	12,287
Services and other	1,229,022	472,462	286,933
Total cost of revenues	9,536,264	5,400,875	3,122,522
<b>Gross profit</b>	2,222,487	1,599,257	923,503
<b>Operating expenses</b>			
Research and development	1,378,073	834,408	717,900
Selling, general and administrative	2,476,500	1,432,189	922,232
Total operating expenses	3,854,573	2,266,597	1,640,132
<b>Loss from operations</b>	(1,632,086)	(667,340)	(716,629)
Interest income	19,686	8,530	1,508
Interest expense	(471,259)	(198,810)	(118,851)
Other (expense) income, net	(125,373)	111,272	(41,652)
<b>Loss before income taxes</b>	(2,209,032)	(746,348)	(875,624)
Provision for income taxes	31,546	26,698	13,039
<b>Net loss</b>	(2,240,578)	(773,046)	(888,663)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	(279,178)	(98,132)	—
<b>Net loss attributable to common stockholders</b>	<u>\$ (1,961,400)</u>	<u>\$ (674,914)</u>	<u>\$ (888,663)</u>
Net loss per share of common stock attributable to common stockholders			
Basic	<u>\$ (11.83)</u>	<u>\$ (4.68)</u>	<u>\$ (6.93)</u>
Diluted	<u>\$ (11.83)</u>	<u>\$ (4.68)</u>	<u>\$ (6.93)</u>
Weighted average shares used in computing net loss per share of common stock			
Basic	<u>165,758</u>	<u>144,212</u>	<u>128,202</u>
Diluted	<u>165,758</u>	<u>144,212</u>	<u>128,202</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Tesla, Inc.**  
**Consolidated Statements of Cash Flows**  
**(in thousands)**

	Year Ended December 31,		
	2017	2016	2015
<b>Cash Flows from Operating Activities</b>			
Net loss	\$ (2,240,578)	\$ (773,046)	\$ (888,663)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,636,003	947,099	422,590
Stock-based compensation	466,760	334,225	197,999
Amortization of debt discounts and issuance costs	91,037	94,690	78,054
Inventory write-downs	131,665	65,520	44,940
Loss on disposals of fixed assets	105,770	34,633	37,723
Foreign currency transaction losses (gains)	52,309	(29,183)	55,765
Loss (gain) related to SolarCity acquisition	57,746	(88,727)	—
Non-cash interest and other operating activities	135,237	(15,179)	20,382
Changes in operating assets and liabilities, net of effect of business combinations:			
Accounts receivable	(24,635)	(216,565)	46,267
Inventories	(178,850)	(632,867)	(369,364)
Operating lease vehicles	(1,522,573)	(1,832,836)	(1,204,496)
Prepaid expenses and other current assets	(72,084)	56,806	(29,595)
MyPower customer notes receivable and other assets	(15,453)	(49,353)	(24,362)
Accounts payable and accrued liabilities	388,206	750,640	263,345
Deferred revenue	468,902	382,962	322,203
Customer deposits	170,027	388,361	36,721
Resale value guarantee	208,718	326,934	442,295
Other long-term liabilities	81,139	132,057	23,697
Net cash used in operating activities	(60,654)	(123,829)	(524,499)
<b>Cash Flows from Investing Activities</b>			
Purchases of property and equipment excluding capital leases, net of sales	(3,414,814)	(1,280,802)	(1,634,850)
Maturities of short-term marketable securities	—	16,667	—
Purchases of solar energy systems, leased and to be leased	(666,540)	(159,669)	—
Increases in restricted cash	(223,090)	(206,149)	(26,441)
Business combinations, net of cash acquired	(114,523)	213,523	(12,260)
Net cash used in investing activities	(4,418,967)	(1,416,430)	(1,673,551)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuances of common stock in public offerings	400,175	1,701,734	730,000
Proceeds from issuances of convertible and other debt	7,138,055	2,852,964	318,972
Repayments of convertible and other debt	(3,995,484)	(1,857,594)	—
Repayments of borrowings under Solar Bonds issued to related parties	(165,000)	—	—
Collateralized lease borrowings	511,321	769,709	568,745
Proceeds from exercises of stock options and other stock issuances	259,116	163,817	106,611
Principal payments on capital leases	(103,304)	(46,889)	(203,780)
Common stock and debt issuance costs	(63,111)	(20,042)	(17,025)
Purchases of convertible note hedges	(204,102)	—	—
Proceeds from settlements of convertible note hedges	287,213	—	—
Proceeds from issuances of warrants	52,883	—	—
Proceeds from issuance of common stock in private placement	—	—	20,000
Payments for settlements of warrants	(230,385)	—	—
Proceeds from investments by noncontrolling interests in subsidiaries	789,704	201,527	—
Distributions paid to noncontrolling interests in subsidiaries	(261,844)	(21,250)	—
Payments for buy-outs of noncontrolling interests in subsidiaries	(373)	—	—
Net cash provided by financing activities	4,414,864	3,743,976	1,523,523
Effect of exchange rate changes on cash and cash equivalents	39,455	(7,409)	(34,278)
Net (decrease) increase in cash and cash equivalents	(25,302)	2,196,308	(708,805)
Cash and cash equivalents, beginning of period	3,393,216	1,196,908	1,905,713
Cash and cash equivalents, end of period	\$ 3,367,914	\$ 3,393,216	\$ 1,196,908
<b>Supplemental Non-Cash Investing and Financing Activities</b>			
Shares issued in connection with business combinations and assumed vested awards	\$ 10,528	\$ 2,145,977	\$ —
Acquisitions of property and equipment included in liabilities	\$ 914,108	\$ 663,771	\$ 267,334
Estimated fair value of facilities under build-to-suit leases	\$ 313,483	\$ 307,879	\$ 174,749
<b>Supplemental Disclosures</b>			
Cash paid during the period for interest, net of amounts capitalized	\$ 182,571	\$ 38,693	\$ 32,060
Cash paid during the period for taxes, net of refunds	\$ 65,695	\$ 16,385	\$ 9,461

The accompanying notes are an integral part of these consolidated financial statements.