

**Tesla Motors, Inc.****(TSLA: NNM; \$27.45)****Sell | Target: \$19**

May 3, 2011

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12-month Price Target:	\$19
Current Price:	\$27.45
Shares Outstanding (M):	94.2
Institutional Holdings:	19%
Market Cap (M):	\$2,586.9
EV (M):	\$2,559.2
EV/EBITDA:	NM
52-wk Range:	\$14.98-\$36.42
Avg. Daily Vol. (000):	1,928
Dividend:	NA
Price/Book Value:	12.5x
Book Value/sh:	\$2.20

**Financials**

FYE Dec		2010A	2011E	2012E
EBITDA (M):		(\$136.2)	(\$173.6)	(\$63.2)
P/E Ratio:		NM	NM	NM
Revenue (M):	Q1	\$20.8	\$37.8	\$39.9
	Q2	\$28.4	\$46.2	\$46.6
	Q3	\$31.2	\$47.2	\$193.7
	Q4	\$36.3	\$39.8	\$309.0
<b>Total</b>		<b>\$116.7</b>	<b>\$171.0</b>	<b>\$589.2</b>
EPS:	Q1	(\$1.35)	(\$0.52)	(\$0.43)
	Q2	(\$1.68)	(\$0.57)	(\$0.45)
	Q3	(\$0.38)	(\$0.55)	(\$0.32)
	Q4	(\$0.54)	(\$0.51)	(\$0.28)
<b>Total</b>		<b>(\$3.04)A</b>	<b>(\$2.15)</b>	<b>(\$1.47)</b>

**Company Description**

Founded in 2003 and headquartered in Palo Alto, CA, Tesla Motors designs, manufactures and sells high performance electric vehicles (EV) and electric powertrain technology including battery packs. Launched in 2008, Tesla's Roadster was the first commercial EV that complied with federal standards with ~ 1,400 vehicles sold through 3Q10. Tesla's next-generation EV called the Model S is set to launch in 2012 with extended range features. The company also sells battery packs to Daimler for use in their smart and A-class EVs and recently agreed to jointly develop batteries for Toyota's RAV4 model.

**TSLA: HAS STRATEGY SHIFTED FROM MODEL S? REITERATE SELL**

- **Strategy shift?** Tesla reports 1Q11 results AMC on Wednesday with a 5pm call. We forecast revenue of \$37.8M and a loss of \$0.52. While EVs have garnered a lot of media attention the past few months (both good and bad) we have noticed a subtle strategy shift on the part of Tesla. The company appears to be de-emphasizing its Model S in favor of a more broadly appealing, mass market crossover model (Model X), perhaps recognizing the Model X may have a better chance to succeed against the slew of competitor vehicles slated to be launched over the next 6-18 months.
- **Secondary raise likely in the next few months.** Tesla had made no secret of its desire to raise an additional \$100-\$150M in cash to promote development of the Model X and build out its production facility. However, we contend that a potential capital raise is evidence that developing, manufacturing, marketing and selling an EV from scratch (Model S) is more capital intensive than Tesla first believed.
- **How have the prototypes fared?** We seek details on the performance of the Model S alpha prototype (braking, handling, noise-vibration-harshness (NVH) and crash test) under driving conditions. Typically auto makers need to build at least 20 prototypes to pass crash test ratings. Tesla disclosed it had finished its 15<sup>th</sup> in February so the results should be available. Although it is difficult to verify results as they are closely guarded, favorable results could provide an indication that the Model S beta prototype, expected to be completed sometime in the summer, is on track.
- **Daimler's tie-up with Bosch bodes poorly for Tesla?** Tesla OEM partner Daimler recently expanded an existing relationship with Bosch GmbH to jointly develop electric motors for Mercedes-Benz and Smart EVs in 2012. Currently, Tesla supplies battery packs and chargers to Daimler but could this expanded relationship signal a shift away from Tesla by Daimler?
- **Reiterate SELL.** Our SELL thesis is predicated on (1) highly competitive EV space with established auto OEMs will limit gross margins (2) Tesla has no history producing a car and cost overruns are likely (3) slippage in the mid-2012 time frame to deliver a Model S (4) slower than expected rate of adoption for EVs. Outside of heightened press for EV adoption we believe little has changed to alter our thesis and continue to believe the shares are overvalued.

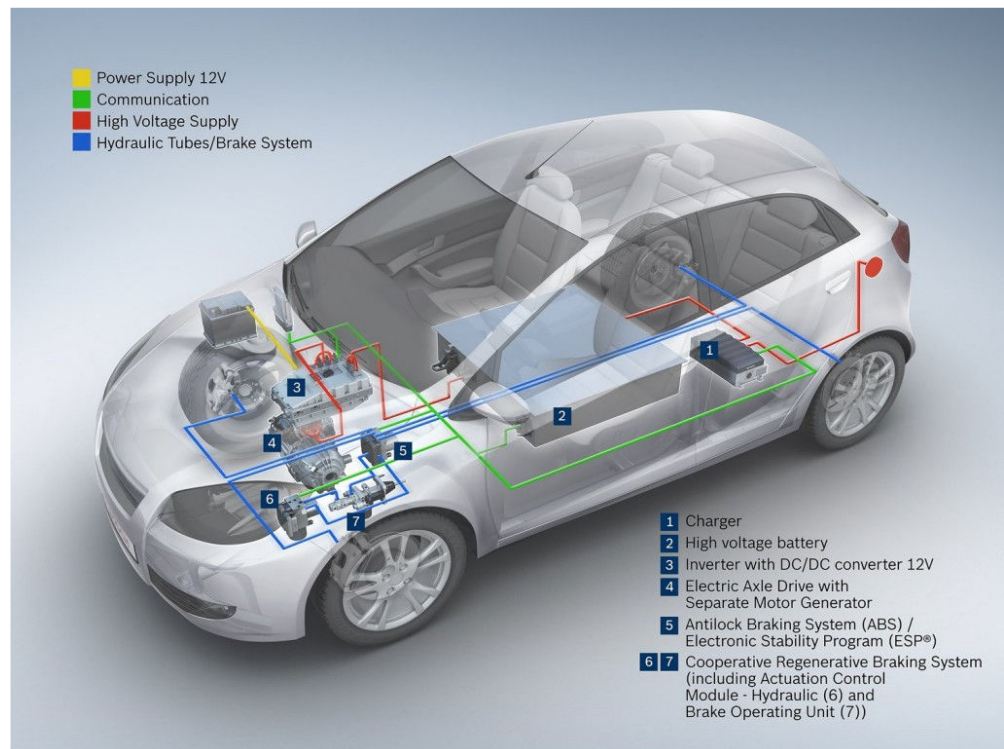
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## Is Daimler spreading its bets or could it replace Tesla?

The announcement of a partnership between Daimler and Robert Bosch GmbH to jointly develop an all new electric vehicle drive train to be used in new Mercedes Benz and Smart EVs starting in 2012 if all goes to plan. In particular Daimler has been somewhat behind other major auto OEMs in developing EVs. For example, despite the availability of the Smart fortwo in a number of locations in the U.S. the car has received a lot of grief for its limited top speed (~62 m.p.h.) and expensive purchase and lease financing (\$2,500 down, \$599/month for a typical 4-year lease). Compare this to a 2011 Nissan Leaf that costs ~\$350/month to lease with \$2,000 down.

**Figure 1: Is Tesla's Battery Pack Supply Relationship in Trouble at Daimler?**



Source: All Cars Electric, Bosch GmbH

Figure 1 shows a diagram of Bosch's EV powertrain, a newer version of which may be the backbone of the pending joint venture between Robert Bosch and Daimler. The Bosch powertrain includes a battery and charger. Currently Tesla supplies battery packs and chargers that Daimler uses in its Smart fortwo EV. While currently only a small portion of Tesla's current revenue, we believe Tesla was hoping to expand upon its current agreement with Daimler but this new relationship may place such an expansion at risk.

Management suggested on the last earnings call in February that it with their focus on the Model S, the OEM partnership to develop the all EV Rav-4 with Toyota and the existing Daimler agreement they were not likely to pursue other large OEM partnerships (even though they had discussions). Perhaps if the Daimler relationship diminishes Tesla would have the capacity and inclination to pursue other OEM deals. We shall see.

**INVESTMENT RISK**

Tesla faces intense competition from established auto OEMs, execution risk for Model S, lack of widespread EV adoption, potential reduction in government support and continued operating losses.

**VALUATION METHODOLOGY**

We value TSLA using 3 metrics - EV/S, EV/EBITDA and a 5-year DCF. Our \$19 target price is the average relative multiples and our DCF - using 15x terminal EBITDA multiple and 14% WACC.



**Figure 2: Tesla Motors, Inc.: HISTORICAL AND PROJECTED INCOME STATEMENT**

\$M	2009					2010A					2011E					2012E
	1Q Mar-09	2Q Jun-09	3Q Sep-09	4Q Dec-09	2009 YEAR	1Q Mar-10	2Q Jun-10	3Q Sep-10	4Q Dec-10	2010A YEAR	1Q Mar-11	2Q Jun-11	3Q Sep-11	4Q Dec-11	2011E YEAR	
Automotive Revenues	\$20.9	\$26.9	\$45.5	\$18.6	\$111.9	\$20.6	\$24.0	\$23.4	\$29.2	\$97.1	\$23.0	\$30.3	\$30.4	\$23.1	\$106.9	\$532.1
Battery Packs, Develop. Service Revenue	0.0	0.0	0.0	0.0	0.0	0.2	4.4	7.9	7.1	19.7	14.8	15.8	16.8	16.7	64.0	57.1
<b>Total Revenues</b>	<b>\$20.9</b>	<b>\$26.9</b>	<b>\$45.5</b>	<b>\$18.6</b>	<b>\$111.9</b>	<b>\$20.8</b>	<b>\$28.4</b>	<b>\$31.2</b>	<b>\$36.3</b>	<b>\$116.7</b>	<b>\$37.8</b>	<b>\$46.2</b>	<b>\$47.2</b>	<b>\$39.8</b>	<b>\$171.0</b>	<b>\$589.2</b>
YoY Growth	0%	0%	0%	0%	659%	0%	5%	-31%	95%	4%	82%	62%	51%	10%	46%	245%
QoQ Growth	NA	29%	69%	-59%		12%	36%	10%	16%		4%	22%	2%	-16%		
Cost of Sales - Auto	22.9	24.8	37.8	16.8	102.4	17.0	22.1	21.9	25.0	86.0	26.6	33.8	34.5	28.0	122.9	502.8
Cost of Sales - Batteries, Develop. Services	0.0	0.0	0.0	0.0	0.0	0.1	1.9	2.5	1.6	6.0	5.9	5.9	5.9	5.8	23.5	18.6
<b>Total COGS</b>	<b>22.9</b>	<b>24.8</b>	<b>37.8</b>	<b>16.8</b>	<b>102.4</b>	<b>17.0</b>	<b>22.1</b>	<b>21.9</b>	<b>25.0</b>	<b>86.0</b>	<b>26.6</b>	<b>33.8</b>	<b>34.5</b>	<b>28.0</b>	<b>122.9</b>	<b>502.8</b>
Gross Profit	(2.0)	2.1	7.7	1.8	9.5	3.9	6.3	9.3	11.3	30.7	11.2	12.4	12.7	11.8	48.1	86.4
R & D	7.9	1.9	1.3	8.1	19.3	13.3	15.4	26.7	37.6	93.0	35.9	41.5	40.1	35.8	153.4	101.7
S G & A	6.6	8.2	10.7	16.6	42.2	16.6	22.2	20.4	25.3	84.6	25.7	26.3	26.4	26.3	104.7	119.1
Total Operating Expenses	14.5	10.2	12.0	24.7	61.4	29.9	37.6	47.1	63.0	177.6	61.6	67.9	66.6	62.1	258.1	220.8
EBIT	(16.6)	(8.1)	(4.3)	(22.9)	(51.9)	(26.0)	(31.4)	(37.8)	(51.6)	(146.8)	(50.5)	(55.5)	(53.8)	(50.3)	(210.1)	(134.4)
<b>EBITDA</b>	<b>(15.2)</b>	<b>(6.4)</b>	<b>(2.3)</b>	<b>(21.0)</b>	<b>(45.0)</b>	<b>(23.9)</b>	<b>(28.9)</b>	<b>(34.7)</b>	<b>(48.8)</b>	<b>(136.2)</b>	<b>(43.6)</b>	<b>(47.6)</b>	<b>(43.5)</b>	<b>(39.0)</b>	<b>(173.6)</b>	<b>(63.2)</b>
EBITDA Margin	-73%	-24%	-5%	-113%	-40%	-115%	-102%	-111%	-134%	-117%	-115%	-103%	-92%	-98%	-102%	-11%
Interest & Other Income, Net	0.6	(2.8)	(0.5)	(1.1)	(3.2)	(3.4)	(7.1)	3.0	0.3	(7.3)	0.9	0.7	0.8	0.6	3.0	(11.2)
Pretax Income	(16.0)	(10.9)	(4.8)	(24.0)	(55.1)	(29.4)	(38.5)	(34.9)	(51.4)	(154.2)	(49.6)	(54.7)	(53.1)	(49.7)	(207.1)	(145.6)
Taxes	0.0	0.0	(0.2)	0.2	0.0	0.1	0.0	0.1	(0.0)	0.2	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.3)
Tax Rate	0.0%	-0.1%	4.5%	-1.0%	0.0%	-0.4%	0.0%	-0.2%	0.1%	-0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
<b>GAAP Net Income</b>	<b>(16.0)</b>	<b>(10.9)</b>	<b>(4.6)</b>	<b>(24.2)</b>	<b>(55.1)</b>	<b>(29.5)</b>	<b>(38.5)</b>	<b>(34.9)</b>	<b>(51.4)</b>	<b>(154.3)</b>	<b>(49.5)</b>	<b>(54.6)</b>	<b>(52.9)</b>	<b>(49.6)</b>	<b>(206.6)</b>	<b>(145.3)</b>
GAAP Net Margin	-77%	-40%	-10%	-130%	-49%	-142%	-136%	-112%	-142%	-132%	-131%	-118%	-112%	-125%	-121%	-25%
<b>GAAP EPS</b>	<b>(\$0.77)</b>	<b>(\$0.52)</b>	<b>(\$0.22)</b>	<b>(\$1.15)</b>	<b>(\$2.65)</b>	<b>(\$1.35)</b>	<b>(\$1.68)</b>	<b>(\$0.38)</b>	<b>(\$0.54)</b>	<b>(\$3.04)</b>	<b>(\$0.52)</b>	<b>(\$0.57)</b>	<b>(\$0.55)</b>	<b>(\$0.51)</b>	<b>(\$2.15)</b>	<b>(\$1.47)</b>
YoY Growth	NA	NA	NA	NA	3%	-76%	-223%	-73%	53%	-15%	61%	66%	-45%	6%	29%	32%
QoQ Growth	NA	32%	58%	-425%		-17%	-25%	77%	-44%		4%	-9%	4%	7%		
Chg in Fair Value Warrants	0.1	0.0	0.3	0.0	0.4	2.3	6.3	(3.1)	(0.6)	5.0	(0.6)	(0.6)	(0.6)	(0.6)	(2.3)	(2.3)
Amort. Stock Comp. Expense	0.1	0.2	0.2	0.0	0.4	3.4	6.1	3.8	7.8	21.2	3.5	3.5	3.5	3.5	14.0	16.0
Pro Forma Net Income	(\$15.9)	(\$10.7)	(\$4.1)	(\$24.2)	(\$54.3)	(\$23.8)	(\$26.1)	(\$34.2)	(\$44.1)	(\$128.1)	(\$46.6)	(\$51.7)	(\$50.0)	(\$46.7)	(\$195.0)	(\$131.7)
<b>Pro forma EPS</b>						<b>(\$1.09)</b>	<b>(\$1.14)</b>	<b>(\$0.37)</b>	<b>(\$0.47)</b>	<b>(\$2.53)</b>	<b>(\$0.49)</b>	<b>(\$0.54)</b>	<b>(\$0.52)</b>	<b>(\$0.48)</b>	<b>(\$2.03)</b>	<b>(\$1.33)</b>
Average Shares Outstanding	20.9	20.9	21.0	21.1	21.1	21.9	22.9	92.3	94.2	50.7	95.0	95.7	96.5	97.2	96.1	99.1
<u>Percent of Revenue</u>																
Cost of Sales	109.8%	92.2%	83.1%	90.4%	91.5%	81.5%	78.0%	70.2%	68.8%	73.7%	70.5%	73.2%	73.0%	70.4%	71.9%	85.3%
Gross Profit	(9.8%)	7.8%	16.9%	9.6%	8.5%	18.5%	22.0%	29.8%	31.2%	26.3%	29.5%	26.8%	27.0%	29.6%	28.1%	14.7%
R & D	38.0%	7.2%	2.8%	43.8%	17.2%	63.7%	54.3%	85.5%	103.7%	79.7%	95.0%	90.0%	85.0%	90.0%	89.7%	17.3%
S G & A	31.6%	30.6%	23.6%	89.1%	37.7%	79.7%	78.2%	65.4%	69.9%	72.4%	68.0%	57.0%	56.0%	66.0%	61.3%	20.2%
Total Operating Expenses	69.7%	37.8%	26.3%	132.9%	54.9%	143.4%	132.5%	150.9%	173.5%	152.1%	163.0%	147.0%	141.0%	156.0%	151.0%	37.5%

Source: Company reports and CapStone Investments estimates

**Figure 3: Tesla Motors, Inc.: HISTORICAL AND PROJECTED CASH FLOWS AND BALANCE SHEET**

\$M	2009					2010A					2011E					
	1Q Mar-09	2Q Jun-09	3Q Sep-09	4Q Dec-09	2009 YEAR	1Q Mar-10	2Q Jun-10	3Q Sep-10	4Q Dec-10	2010A YEAR	1Q Mar-11	2Q Jun-11	3Q Sep-11	4Q Dec-11	2011E YEAR	2012E YEAR
<b>Operating Sources:</b>																
Net Income	(\$16.0)	(\$10.9)	(\$4.6)	(\$24.2)	(\$55.7)	(\$29.5)	(\$38.5)	(\$34.9)	(\$51.4)	(\$154.3)	(\$49.5)	(\$54.6)	(\$52.9)	(\$49.6)	(\$206.6)	(\$145.3)
Depreciation and Amortization	1.4	1.7	1.9	1.9	6.9	2.1	2.5	3.1	2.9	10.6	6.9	7.9	10.4	11.3	36.5	71.2
<b>Total</b>	<b>(14.6)</b>	<b>(9.2)</b>	<b>(2.7)</b>	<b>(22.3)</b>	<b>(48.8)</b>	<b>(27.4)</b>	<b>(36.0)</b>	<b>(31.8)</b>	<b>(48.5)</b>	<b>(143.7)</b>	<b>(42.6)</b>	<b>(46.8)</b>	<b>(42.6)</b>	<b>(38.3)</b>	<b>(170.2)</b>	<b>(74.1)</b>
<b>Change in Working Capital</b>																
Accounts Receivable	2.8	(4.0)	3.2	(2.1)	(0.2)	(2.4)	(0.5)	(1.6)	1.4	(3.2)	(0.3)	(1.5)	(0.2)	1.4	(0.6)	(60.4)
Inventories	(4.9)	(3.8)	4.7	(3.9)	(7.9)	(5.5)	(1.1)	(10.3)	(5.7)	(22.6)	(8.1)	(14.3)	(13.6)	(12.3)	(48.3)	(43.4)
Other Current Assets	(0.2)	(2.3)	(0.3)	0.4	(2.5)	(0.1)	(1.3)	(8.5)	(2.0)	(11.8)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Debt Current Liabilities	0.5	5.2	(29.3)	(3.4)	(27.0)	2.2	8.5	2.8	18.7	32.2	(8.0)	9.5	2.7	(4.7)	(0.5)	161.1
<b>Total</b>	<b>(1.9)</b>	<b>(4.9)</b>	<b>(21.7)</b>	<b>(9.0)</b>	<b>(37.5)</b>	<b>(5.8)</b>	<b>5.5</b>	<b>(17.6)</b>	<b>12.5</b>	<b>(5.4)</b>	<b>(16.4)</b>	<b>(6.3)</b>	<b>(11.0)</b>	<b>(15.7)</b>	<b>(49.5)</b>	<b>57.3</b>
Capital Expenditures	0.9	2.5	2.3	6.2	11.9	5.5	12.2	65.9	23.6	107.2	35.5	50.0	64.0	43.0	192.5	154.4
<b>Operating Cash Flow</b>	<b>(\$17.4)</b>	<b>(\$16.6)</b>	<b>(\$26.7)</b>	<b>(\$37.5)</b>	<b>(\$98.2)</b>	<b>(\$38.7)</b>	<b>(\$42.7)</b>	<b>(\$115.3)</b>	<b>(\$59.7)</b>	<b>(\$256.3)</b>	<b>(\$94.5)</b>	<b>(\$103.1)</b>	<b>(\$117.6)</b>	<b>(\$97.0)</b>	<b>(\$412.1)</b>	<b>(\$171.2)</b>
<b>Cash Flow per Share</b>	<b>(\$0.83)</b>	<b>(\$0.79)</b>	<b>(\$1.27)</b>	<b>(\$1.78)</b>	<b>(\$4.66)</b>	<b>(\$1.76)</b>	<b>(\$1.86)</b>	<b>(\$1.25)</b>	<b>(\$0.63)</b>	<b>(\$5.05)</b>	<b>(\$0.96)</b>	<b>(\$1.04)</b>	<b>(\$1.18)</b>	<b>(\$0.97)</b>	<b>(\$4.29)</b>	<b>(\$1.73)</b>
Non-Operating Activities:	8.1	16.6	133.2	0.6	158.6	30.6	28.5	164.5	62.7	286.2	68.7	68.7	93.7	93.7	324.7	167.0
<b>Beginning Cash and Invest.</b>	<b>\$9.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$106.5</b>	<b>\$9.3</b>	<b>\$69.6</b>	<b>\$61.5</b>	<b>\$47.3</b>	<b>\$96.6</b>	<b>\$69.6</b>	<b>\$99.6</b>	<b>\$73.8</b>	<b>\$39.4</b>	<b>\$15.5</b>	<b>\$99.6</b>	<b>\$12.1</b>
<b>Net Cash Flow</b>	<b>(9.3)</b>	<b>0.0</b>	<b>106.5</b>	<b>(36.9)</b>	<b>60.4</b>	<b>(8.1)</b>	<b>(14.2)</b>	<b>49.3</b>	<b>3.0</b>	<b>29.9</b>	<b>(25.8)</b>	<b>(34.4)</b>	<b>(23.9)</b>	<b>(3.3)</b>	<b>(87.4)</b>	<b>(4.2)</b>
<b>Ending Cash and Invest.</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$106.5</b>	<b>\$69.6</b>	<b>\$69.6</b>	<b>\$61.5</b>	<b>\$47.3</b>	<b>\$96.6</b>	<b>\$99.6</b>	<b>\$99.6</b>	<b>\$73.8</b>	<b>\$39.4</b>	<b>\$15.5</b>	<b>\$12.1</b>	<b>\$12.1</b>	<b>\$7.9</b>
<b>Assets</b>																
Cash & Equivalents				\$69.6		\$61.5	\$47.3	\$96.6	\$99.6		\$73.8	\$39.4	\$15.5	\$12.1		
Restricted Cash				0.0		0.0	0.0	88.1	73.6		73.6	73.6	73.6	73.6		
Accounts Receivable				3.5		5.9	6.5	8.1	6.7		7.0	8.5	8.7	7.4		
Inventories				23.2		28.6	29.5	39.5	45.2		53.3	67.5	81.1	93.5		
Prepaid & Other CA				4.2		4.5	6.7	8.9	10.8		10.8	10.8	10.8	10.8		
<b>Total Current Assets</b>				<b>100.6</b>		<b>100.6</b>	<b>90.0</b>	<b>241.1</b>	<b>235.9</b>		<b>218.5</b>	<b>199.9</b>	<b>189.8</b>	<b>197.4</b>		
Operating Lease Vehicles				0.0		0.0	0.0	5.7	8.0		8.0	8.0	8.0	8.0		
Net PP&E				23.5		26.9	33.2	37.2	114.6		131.0	173.2	226.8	254.2		
Goodwill & Intangible Assets				3.6		7.5	5.4	57.5	4.9		4.9	4.9	4.9	4.9		
Other Assets				2.8		10.4	19.4	20.1	22.7		22.7	22.7	22.7	22.7		
<b>Total Assets</b>				<b>\$130.4</b>		<b>\$145.3</b>	<b>\$148.0</b>	<b>\$361.6</b>	<b>\$386.1</b>		<b>\$385.1</b>	<b>\$408.6</b>	<b>\$452.1</b>	<b>\$487.1</b>		
<b>Liabilities</b>																
Accounts Payable				\$15.1		\$18.2	\$25.6	\$27.0	\$37.9		\$27.9	\$35.4	\$36.1	\$29.4		
Accrued Liabilities				14.5		7.9	8.4	10.7	12.0		12.0	12.0	12.0	12.0		
Defd Development Compensation				0.2		0.0	0.0	0.0	3.6		3.6	3.6	3.6	3.6		
Deferred Revenue				1.4		6.7	8.1	3.5	3.5		3.5	3.5	3.5	3.5		
Capital Lease Obligations, Current				14.5		7.9	8.4	10.7	12.0		12.0	12.0	12.0	12.0		
Reservation Payments				1.4		6.7	8.1	3.5	3.5		3.5	3.5	3.5	3.5		
<b>Current Liabilities</b>				<b>\$57.5</b>		<b>\$59.1</b>	<b>\$68.6</b>	<b>\$69.3</b>	<b>\$88.1</b>		<b>\$80.1</b>	<b>\$89.5</b>	<b>\$92.3</b>	<b>\$87.5</b>		
Common Stock Warrant Liability				0.0		0.0	16.7	6.7	6.1		0.0	0.0	0.0	0.0		
Convertible Pfd Stock Warrant Liability				1.7		10.4	0.0	0.0	0.0		0.0	0.0	0.0	0.0		
Capital Lease Obligations, Non-Current				0.8		0.7	0.6	0.6	0.8		0.0	0.0	0.0	0.0		
Deferred Revenue, less current				1.2		1.4	2.1	2.5	2.5		0.0	0.0	0.0	0.0		
Long-Term Debt - DoE Loan				0.0		29.9	45.4	56.6	71.8		140.5	209.2	277.8	345.8		
Other Long Term Liabilities				3.5		3.9	5.0	6.1	9.8		9.8	9.8	9.8	9.8		
<b>Total Liabilities</b>				<b>\$64.7</b>		<b>\$105.4</b>	<b>\$138.5</b>	<b>\$141.7</b>	<b>\$179.0</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>		
Total Convertible Pfd Stock				<b>\$319.2</b>		<b>\$319.2</b>	<b>\$319.2</b>	<b>\$0.0</b>	<b>\$0.0</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>		
Series A Convert. Pfd (7.2M shs)				3.5		3.5	3.5	0.0	0.0		0.0	0.0	0.0	0.0		
Series B Convert. Pfd (17.5M shs)				12.9		12.9	12.9	0.0	0.0		0.0	0.0	0.0	0.0		
Series C Convert. Pfd (35.2M shs)				39.8		39.8	39.8	0.0	0.0		0.0	0.0	0.0	0.0		
Series D Convert. Pfd (18.4M shs)				44.9		44.9	44.9	0.0	0.0		0.0	0.0	0.0	0.0		
Series E Convert. Pfd (102.8M shs)				135.7		135.7	135.7	0.0	0.0		0.0	0.0	0.0	0.0		
Series F Convert. Pfd (27.8M shs)				82.4		82.4	82.4	0.0	0.0		0.0	0.0	0.0	0.0		
<b>Total Liabilities &amp; Convert Pfd</b>				<b>\$383.9</b>		<b>\$424.6</b>	<b>\$457.7</b>	<b>\$141.7</b>	<b>\$179.0</b>		<b>\$230.3</b>	<b>\$308.5</b>	<b>\$379.9</b>	<b>\$443.1</b>		
<b>Shareholders' Equity</b>				<b>(\$253.5)</b>		<b>(\$279.3)</b>	<b>(\$309.8)</b>	<b>\$219.9</b>	<b>\$207.0</b>		<b>\$154.7</b>	<b>\$100.1</b>	<b>\$72.2</b>	<b>\$44.0</b>		
<b>Total Liabilities and Equity</b>				<b>\$130.4</b>		<b>\$145.3</b>	<b>\$148.0</b>	<b>\$361.6</b>	<b>\$386.1</b>		<b>\$385.1</b>	<b>\$408.6</b>	<b>\$452.1</b>	<b>\$487.1</b>		
<b>Key Financial Ratios</b>																
Days Receivable Outstanding				17.1		26.0	20.8	23.5	16.9		16.9	16.9	16.9	16.9		
Inventory Turns				2.9x		2.4x	3.0x	2.2x	2.2x		2.0x	2.0x	1.7x	1.2x		
Days Payable				74.1		79.8	82.3	78.8	95.3		95.3	95.3	95.3	95.3		
Book Value				(\$12.03)		(\$12.75)	(\$13.51)	\$2.38	\$2.20		\$1.58	\$1.01	\$0.73	\$0.44		
Cash per Share				\$3.31		\$2.81	\$2.06	\$1.05	\$1.06		\$0.75	\$0.40	\$0.16	\$0.12		

Source: Company reports and CapStone Investments estimates









## IMPORTANT DISCLOSURES

Price charts generated by Jovus, Inc

TSLA

1) 12/22/10	2) 02/16/11
Sell \$22	Sell \$19



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