

**Tesla Motors, Inc.****(TSLA: NNM; \$22.84)****Sell | Target: \$19**

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12-month Price Target:	\$19
Current Price:	\$22.84
Shares Outstanding (M):	94.2
Institutional Holdings:	8%
Market Cap (M):	\$2,152.4
EV (M):	\$2,124.7
EV/EBITDA:	NM
52-wk Range:	\$14.98-\$36.42
Avg. Daily Vol. (000):	1,272
Dividend:	NA
Price/Book Value:	10.4x
Book Value/sh:	\$2.19

**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: INLINE QTR; NO NEW OEMS; HIGHER CAPEX; SELL**

- **4Q10 inline but higher capex impacts 2011.** TSLA reported 4Q10 sales and EPS largely inline with expectations. Sales of \$36.3M and GAAP EPS of \$0.54 were neither great nor terrible. TSLA offered initial 2011 guidance of \$160-\$175M, in line with our previous forecasts. Swing factors include how quickly they can satisfy the RAV4 powertrain contract, uptake in battery pack sales and ability to satisfy Roadster demand in 2011 vs. 2012 (backlog is high).
- **Expenses and capex going up.** The sales guidance comes at a price, namely far higher capex and somewhat higher expenses. TSLA indicated they had deferred some capex in 2010 until 2011 but the \$190-\$215M is far higher than our \$135M forecast. We have always believed the tooling and assembly equipment, along with road & safety tests, prototype builds and current factory under utilization would prove more costly than first thought and the 2011 capex guidance and higher opex appear to support that view.
- **No new OEMs.** TSLA did not add any new OEM partnerships in 4Q10 and indicated it had its hands full with the Toyota Rav4 contract. Furthermore, although TSLA sold more battery packs/chargers to Daimler for Daimler's Smart ForTwo electric drive, there is no timetable for commercial production and no guarantee that TSLA wins that business if/when it occurs.
- **Turning away Roadster business?** TSLA stated they were turning away Roadster sales as it winds down these "collector items". We thought they were cars for sale not toys. We guess TSLA wants to focus on the Model S development with its lower expected price point, greater size and range rather than low volume expensive EVs.
- **Reduce target to \$19 on higher expenses and capex.** We use a combination of EV/Sales, EV-EBITDA multiples on 2014E discounted at 20% and a 5-year DCF to reach our target price. We would use any strength from positive sentiment to reduce long positions and / or initiate short ones. We reiterate our SELL rating. We believe execution risk remain very high with competition rapidly accelerating.

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**Figure 1: 4Q10 Performance Relative to CapStone Investments Estimates**

Line Item	4Q10A	4Q10E	H/(L) Variance	% Var. Rel. to Est.	Historical			
					4Q09A	% Chg	3Q10A	% Chg
Automotive Sales	\$29.2	\$23.5	\$5.7	24%	\$18.6	57%	\$23.4	25%
Development Service Sales	\$7.1	\$14.4	(\$7.3)	-51%	NA	NM	\$7.9	-10%
Total Sales	\$36.3	\$37.9	(\$1.6)	-4%	\$18.6	95%	\$31.2	16%
Auto Gross Margin	20%	10%	10%	98%	10%	106%	17%	19%
Develop. Services Gross Mgn	78%	60%	18%	30%	NA	NM	68%	14%
Gross Margin	31.2%	21.5%	9.7%	45%	9.6%	226%	29.8%	5%
R&D	\$37.6	\$36.0	\$1.7	5%	\$8.1	362%	\$26.7	41%
SG&A	\$25.3	\$30.3	(\$4.9)	-16%	\$16.6	53%	\$20.4	24%
EBITDA	(\$48.8)	(\$55.1)	\$6.36	12%	(\$21.0)	-132%	(\$34.7)	-40%
EBITDA Margin	-134%	-146%	11.2%	8%	-113%	-19%	-111%	-21%
GAAP EPS	(\$0.54)	(\$0.60)	\$0.06	9%	(\$1.15)	53%	(\$0.38)	-44%
Adjusted EPS	(\$0.47)	(\$0.56)	\$0.09	16%	(\$1.15)	59%	(\$0.37)	-26%
<b>FY11 Revenue Guidance</b>	\$160-\$175M							

Source: Company reports and CapStone Investments estimates

### Positives for Tesla during the call/quarter:

- Sequential sales growth of ~16% was driven by strong powertrain component sales (>\$9M, up ~80% q/q).
- Gross margin reached a record 31.2% ahead of our expectations on stronger than expected ASP for the Roadster and some cost reductions.
- TSLA introduced its first Model S alpha prototype which the company exhibited at the North American auto show in Detroit last month. TSLA believes it will have the beta prototype ready sometime in mid-to-late 2011.
- Daimler increased its orders for the battery pack and charger for the Smart ForTwo electric drive from 1,500 to 1,800 sets. However the Smart ForTwo car is not yet in volume production so the incremental revenue impact will be limited until the RFP is awarded. TSLA would appear to have the inside track to win the business but the timing and scale are unknown.
- Tesla and Toyota finalized the powertrain specs for Toyota RAV4 EV, which could deliver ~\$60M in additional development service revenue (~\$9M from the original order) over the next 4-5 quarters (assuming TSLA hits its operational and delivery targets).
- TSLA claims to have established most of its sourcing relationships.

### Negatives for Tesla during the call/quarter:

- Capex for 2011 is going way up. TSLA deferred capex in 2010 and now plans on spending \$190-\$215M in 2011, far higher than the \$135M we had previously forecast. One of our concerns has always centered TSLA's underestimation of the capital intensity needed to manufacture an automobile.
- Vertical strategy will be costly. The CEO admitted TSLA would not have the same leverage with auto parts suppliers given its small size. Part of TSLA's vertical strategy is to be able to adapt quickly (e.g. if demand

exceeds expectations they could add another shift) and use only one shift to build the Model S. Management believes that part of the reason they want to be able to manufacture and assemble virtually all aspects of the Model S is to more tightly control unit costs. However, we could easily see under absorption becoming a problem if demand does not ramp as expected.

- No new OEM partnerships announced. TSLA did not sign any new OEMs for battery or powertrain development. Management indicated they had their hands full satisfying the Toyota partnership for the RAV4 but additional outside validation of their technology would likely have boosted the stock.
- Model S reservations improved only modestly. TSLA reported it ended 4Q10 with ~3,400 reservations and now has ~3,700, which we view as neutral at best. TSLA indicated that they really have not begun to sell the Model S since they do not have a test model (beta) available. Fair enough. So why have 16 dealerships open when you only plan on selling another 1,000 Roadsters through 2012 and you have no Model S to test drive? We still do not agree with the distribution strategy. Dealerships make most of their profits on parts/service and used cars, not new cars.
- Net losses more than doubled. While revenue did grow nicely, the net loss more than doubled y/y. Development services revenue declined ~10% q/q as the Daimler A-class program was completed, partially offset by early work of the RAV4 powertrain.
- Cash burn increased q/q. TSLA drew down ~\$15M from the DoE loan, but the real draw down is just beginning. We expect that as TSLA's fully builds out its Fremont facility we expect the company to max out the \$465M DoE loan.

### **Conclusion – More capex means costs are creeping up**

We have modestly increased our 2011E and 2012E forecasts for net losses. We continue to believe that Tesla will face some delays implementing its vertical strategy. We believe its distribution strategy will prove costly and unnecessary and that competitor entrance in EVs will siphon away some customers. We have modestly reduced our price target from \$22 to \$19 to reflect our higher losses and reiterate our SELL rating.

### **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					
	1Q	2Q	3Q	4Q	2009 YEAR	1Q	2Q	3Q	4Q	2010A YEAR	1Q	2Q	3Q	4Q	2011E YEAR	2012E YEAR
	Mar-09	Jun-09	Sep-09	Dec-09		Mar-10	Jun-10	Sep-10	Dec-10		Mar-11	Jun-11	Sep-11	Dec-11		
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**

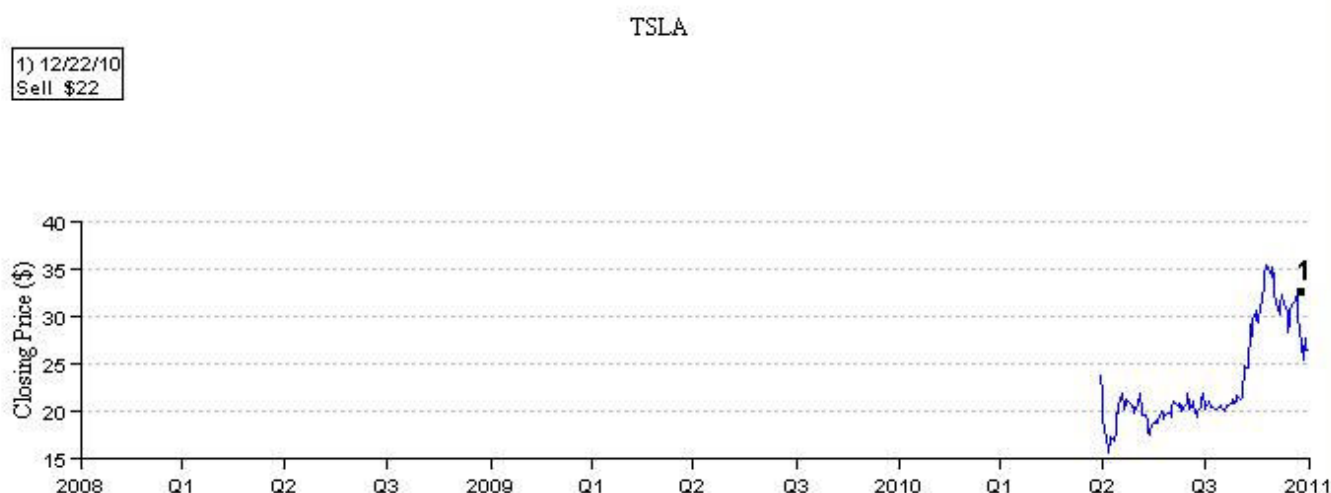
\$M	2009				2009 YEAR	2010A				2010A YEAR	2011E				2011E YEAR	2012E YEAR
	1Q Mar-09	2Q Jun-09	3Q Sep-09	4Q Dec-09		1Q Mar-10	2Q Jun-10	3Q Sep-10	4Q Dec-10		1Q Mar-11	2Q Jun-11	3Q Sep-11	4Q Dec-11		
<b>Operating Sources:</b>																
Net Income	(\$16.0)	(\$10.9)	(\$4.6)	(\$24.2)	(\$55.7)	(\$29.5)	(\$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
Total	(14.6)	(9.2)	(2.7)	(22.3)	(48.8)	(27.4)	(36.0)	(31.8)	(48.5)	(143.7)	(42.6)	(46.8)	(42.6)	(38.3)	(170.2)	(74.1)
<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
Total	(1.9)	(4.9)	(21.7)	(9.0)	(37.5)	(5.8)	5.5	(17.6)	12.5	(5.4)	(16.4)	(6.3)	(11.0)	(15.7)	(49.5)	57.3
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
Operating Cash Flow	(\$17.4)	(\$16.6)	(\$26.7)	(\$37.5)	(\$98.2)	(\$38.7)	(\$42.7)	(\$115.3)	(\$59.7)	(\$256.3)	(\$94.5)	(\$103.1)	(\$117.6)	(\$97.0)	(\$412.1)	(\$171.2)
Cash Flow per Share	(\$0.83)	(\$0.79)	(\$1.27)	(\$1.78)	(\$4.66)	(\$1.76)	(\$1.86)	(\$1.25)	(\$0.63)	(\$5.05)	(\$0.96)	(\$1.04)	(\$1.18)	(\$0.97)	(\$4.29)	(\$1.73)
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
Beginning Cash and Invest.	\$9.3	\$0.0	\$0.0	\$106.5	\$9.3	\$69.6	\$61.5	\$47.3	\$96.6	\$69.6	\$99.6	\$73.8	\$39.4	\$15.5	\$99.6	\$12.1
Net Cash Flow	(9.3)	0.0	106.5	(36.9)	60.4	(8.1)	(14.2)	49.3	3.0	29.9	(25.8)	(34.4)	(23.9)	(3.3)	(87.4)	(4.2)
Ending Cash and Invest.	\$0.0	\$0.0	\$106.5	\$69.6	\$69.6	\$61.5	\$47.3	\$96.6	\$99.6	\$99.6	\$73.8	\$39.4	\$15.5	\$12.1	\$12.1	\$7.9
<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		
Total Current Assets				100.6		100.6	90.0	241.1	235.9		218.5	199.9	189.8	197.4		
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		
Total Assets				\$130.4		\$145.3	\$148.0	\$361.6	\$386.1		\$385.1	\$408.6	\$452.1	\$487.1		
<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		
Current Liabilities				\$57.5		\$59.1	\$68.6	\$69.3	\$88.1		\$80.1	\$89.5	\$92.3	\$87.5		
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		
Total Liabilities				\$64.7		\$105.4	\$138.5	\$141.7	\$179.0		\$0.0	\$0.0	\$0.0	\$0.0		
Total Convertible Pfd Stock				\$319.2		\$319.2	\$319.2	\$0.0	\$0.0		\$0.0	\$0.0	\$0.0	\$0.0		
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		
Total Liabilities & Convert Pfd				\$383.9		\$424.6	\$457.7	\$141.7	\$179.0		\$230.3	\$308.5	\$379.9	\$443.1		
Shareholders' Equity				(\$253.5)		(\$279.3)	(\$309.8)	\$219.9	\$207.0		\$154.7	\$100.1	\$72.2	\$44.0		
Total Liabilities and Equity				\$130.4		\$145.3	\$148.0	\$361.6	\$386.1		\$385.1	\$408.6	\$452.1	\$487.1		
<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

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