

TESLA MOTORS INC
Form S-4/A
October 11, 2016
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As filed with the Securities and Exchange Commission on October 11, 2016

Registration No. 333-213390

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 5 to
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TESLA MOTORS, INC.
(Exact name of registrant as specified in its charter)

Delaware

001-34756
(Commission)

91-2197729

**(State or other jurisdiction of
incorporation or organization)**

File Number)

**(I.R.S. Employer
Identification Number)**

3500 Deer Creek Road

Palo Alto, California 94304

(650) 681-5000

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal
Executive Offices)**

Todd A. Maron

Philip L. Rothenberg

Jonathan A. Chang

M. Yun Huh

Denise Ho

Tesla Motors, Inc.

3500 Deer Creek Road

Palo Alto, California 94304

(650) 681-5000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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San Mateo, California 94402
(650) 638-1028

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525 University Avenue
Palo Alto, California 94301
(650) 470-4500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the Merger.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
If applicable, place an x in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to the securities to be issued in the Merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS

DATED OCTOBER 11, 2016, SUBJECT TO COMPLETION

PRELIMINARY COPY

[], 2016

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

EXPLANATORY NOTE

On July 31, 2016, Tesla Motors, Inc. (Tesla), SolarCity Corporation (SolarCity) and D Subsidiary, Inc., a wholly owned subsidiary of Tesla (Merger Sub), entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the terms of and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into SolarCity (the Merger), with SolarCity surviving the Merger as a wholly owned subsidiary of Tesla.

If the Merger is completed, SolarCity stockholders will have the right to receive 0.110 shares (the Exchange Ratio) of Tesla Common Stock for each share of SolarCity Common Stock issued and outstanding (except shares held by SolarCity as treasury stock or shares owned by Tesla or Merger Sub), with cash paid in lieu of fractional shares. This Exchange Ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the Merger. Based on the closing price of Tesla Common Stock on the NASDAQ Global Select Stock Market (NASDAQ) on June 21, 2016, the last full trading day before the public announcement of Tesla's proposal to acquire SolarCity, the Exchange Ratio represents approximately \$24.16 in value for each share of SolarCity Common Stock. Based on the closing price of Tesla Common Stock on NASDAQ on [], 2016, the latest practicable date before the date of the enclosed joint proxy statement/prospectus, the Exchange Ratio represents approximately \$[] in value of each share of SolarCity Common Stock. Tesla stockholders will continue to own their existing shares of Tesla Common Stock. Tesla Common Stock is currently traded on NASDAQ under the symbol TSLA and SolarCity Common Stock is currently traded on NASDAQ under the symbol SCTY. **We urge you to obtain current market quotations of Tesla and SolarCity Common Stock.**

Based on the estimated number of shares of SolarCity Common Stock outstanding on September 23, 2016, the record date for the special meetings, Tesla expects to issue approximately 11,080,333 shares of Tesla Common Stock to SolarCity stockholders in connection with the Merger, which would result in Tesla stockholders owning approximately 93.1% of the Combined Company and former SolarCity stockholders will own approximately 6.9% of the Combined Company upon completion of the Merger.

Tesla and SolarCity will each hold special meetings of their respective stockholders in connection with the proposed Merger.

At the special meeting of Tesla stockholders (the **Tesla Special Meeting**), Tesla stockholders will be asked to consider and vote on (i) a proposal to adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger and issuance of Tesla Common Stock in connection with the Merger (the **Tesla Merger and Share Issuance Proposal**) and (ii) a proposal to adjourn the special meeting of Tesla stockholders, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the Tesla Merger and Share Issuance Proposal (the **Tesla Adjournment Proposal**). Approval of the Tesla Merger and Share Issuance Proposal requires (a) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the share issuance pursuant to the NASDAQ Stock Market Rules and (b) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the directors and named executive officers of SolarCity, including Messrs. Elon Musk, Antonio Gracias and Jeffrey B. Straubel and certain of their affiliates, cast in person or by proxy at the Tesla Special Meeting pursuant to the terms of the Merger Agreement. Approval of the Tesla Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to Tesla's Amended and Restated Bylaws, as amended to date.

At the special meeting of SolarCity stockholders (the **SolarCity Special Meeting**), SolarCity stockholders will be asked to consider and vote on (i) a proposal to adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger (the **SolarCity Merger Proposal**) and (ii) a proposal to adjourn the special meeting of SolarCity stockholders, if necessary or appropriate, to solicit

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additional proxies if there are not sufficient votes to approve the SolarCity Merger Proposal (the **SolarCity Adjournment Proposal**). Approval of the SolarCity Merger Proposal requires (a) the affirmative vote of the holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting pursuant to Delaware law and (b) the affirmative vote of the holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the directors and named executive officers of Tesla and SolarCity and certain of their affiliates, other than Nancy E. Pfund and Donald R. Kendall, Jr., cast on such matter in person or by proxy at the SolarCity Special Meeting pursuant to the terms of the Merger Agreement. Approval of the SolarCity Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to SolarCity's Amended and Restated Bylaws, as amended to date.

We cannot complete the Merger unless the Tesla stockholders approve the Tesla Merger and Share Issuance Proposal and the SolarCity stockholders approve the SolarCity Merger Proposal. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend your special meeting in person, please vote your shares as promptly as possible by:**

- (1) accessing the Internet website specified on your proxy card,
- (2) calling the toll-free number specified on your proxy card, or
- (3) marking, signing, dating and returning all proxy cards that you receive in the postage-paid envelope provided,

so that your shares may be represented and voted at the Tesla Special Meeting or SolarCity Special Meeting, as applicable.

On July 30, 2016, after careful consideration, the Tesla board of directors (the **Tesla Board**), with Messrs. Elon Musk and Antonio Gracias recusing themselves, approved the Merger Agreement and the issuance of shares of Tesla Common Stock to SolarCity stockholders in connection with the Merger (the **Tesla Share Issuance**) and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders. **The Tesla Board accordingly recommends that the Tesla stockholders vote FOR each of the Tesla Merger and Share Issuance Proposal and the Tesla Adjournment Proposal.**

After careful consideration, the Special Committee (the **Special Committee**) of the SolarCity board of directors (the **SolarCity Board**) unanimously determined that the Merger Agreement and the Merger are fair to, advisable and in the best interests of the SolarCity stockholders. On July 29, 2016, at a duly convened meeting of the SolarCity Board to consider the unanimous recommendation of the Special Committee, the SolarCity Board approved the Merger Agreement and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable and in the best interests of SolarCity and its stockholders. **The SolarCity Board accordingly recommends that the SolarCity stockholders vote FOR each of the SolarCity Merger Proposal and the SolarCity Adjournment Proposal.**

The obligations of Tesla and SolarCity to complete the Merger are subject to the satisfaction or waiver of conditions set forth in the Merger Agreement. More information about Tesla, SolarCity and the Merger is contained in the enclosed joint proxy statement/prospectus. Tesla and SolarCity encourage you to read the entire enclosed joint proxy statement/prospectus carefully, including the section entitled Risk Factors beginning on page 36.

We look forward to the creation of the world's first vertically integrated, end-to-end sustainable energy company in the combination of Tesla and SolarCity.

Sincerely,

Elon Musk

Lyndon Rive

Chief Executive Officer and Chairman

Co-Founder, CEO

Tesla Motors, Inc.

SolarCity Corporation

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE MERGER OR THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of the enclosed joint proxy statement/prospectus is [], and it is first being mailed or otherwise delivered to the stockholders of Tesla and SolarCity on or about [].

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TESLA MOTORS, INC.

3500 Deer Creek Road

Palo Alto, California 94304

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2016

Dear Stockholders of Tesla Motors, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Tesla Motors, Inc., a Delaware corporation (Tesla), which will be held at [] on [], 2016 at [], local time (the Tesla Special Meeting), for the following purposes:

to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of July 31, 2016 (the Merger Agreement), among Tesla, SolarCity Corporation (SolarCity), and D Subsidiary, Inc. (Merger Sub), a wholly owned subsidiary of Tesla, pursuant to which Merger Sub will merge with and into SolarCity (the Merger), with SolarCity surviving the Merger as a wholly owned subsidiary of Tesla, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, and to approve the transactions contemplated by the Merger Agreement, including the Merger and the issuance (the Tesla Share Issuance) of Tesla Common Stock, par value \$0.001 per share (the Tesla Common Stock), to SolarCity pursuant to the Merger (the Tesla Merger and Share Issuance Proposal); and

to consider and vote on a proposal to adjourn the Tesla Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the Tesla Merger and Share Issuance Proposal (the Tesla Adjournment Proposal).

Tesla will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the Tesla Special Meeting.

The Tesla board of directors (the Tesla Board) has fixed the close of business on September 23, 2016 as the record date for determination of Tesla stockholders entitled to receive notice of, and to vote at, the Tesla Special Meeting or any adjournments or postponements thereof. Only holders of record of shares of Tesla Common Stock at the close of business on the record date are entitled to vote at the special meeting and any adjournment or postponement of the special meeting.

The Tesla Board, with Messrs. Elon Musk and Antonio Gracias recusing themselves, (1) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders, (2) approved the Merger Agreement and the transactions contemplated thereby and (3) resolved to recommend that Tesla stockholders vote for the approval and adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance.

The Tesla Board recommends that Tesla stockholders vote FOR the Tesla Merger and Share Issuance Proposal and FOR the Tesla Adjournment Proposal.

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Approval of the Tesla Merger and Share Issuance Proposal requires (1) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the Tesla Share Issuance pursuant to the NASDAQ Stock Market Rules and (2) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the directors and named executive officers of SolarCity, including Messrs. Elon Musk, Antonio Gracias and Jeffrey B. Straubel, and certain of their affiliates cast in person or by proxy at the special meeting pursuant to the terms of the Merger Agreement. Approval of the Tesla Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to Tesla's Amended and Restated Bylaws, as amended to date.

Your vote is important. Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by:

- (1) accessing the Internet website specified on your proxy card;
- (2) calling the toll-free number specified on your proxy card; or
- (3) marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Tesla Special Meeting. If your shares are held in the name of a broker, bank, trust company or other nominee, please follow the instructions on the voting instruction card furnished by the record holder.

Please note that if you hold shares in different accounts, it is important that you vote the shares represented by each account.

The enclosed joint proxy statement/prospectus provides a detailed description of the Merger and the Merger Agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the Merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Tesla Common Stock, please contact Tesla's proxy solicitor:

Innisfree M&A Incorporated

501 Madison Avenue

New York, NY 10022

Stockholders Call Toll Free: (877) 456-3463

International Callers: +1 (412) 232-3651

By Order of the Board of Directors,

Elon Musk

Chief Executive Officer and Chairman

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SOLARCITY CORPORATION

3055 Clearview Way

San Mateo, California 94402

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [], 2016

Dear Stockholders of SolarCity Corporation:

We are pleased to invite you to attend the special meeting of stockholders of SolarCity Corporation, a Delaware corporation (SolarCity), which will be held at [] on [], 2016 at [], local time (the SolarCity Special Meeting), for the following purposes:

to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of July 31, 2016 (the Merger Agreement), among SolarCity, Tesla Motors, Inc., a Delaware corporation and D Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Tesla (Merger Sub), pursuant to which Merger Sub will merge with and into SolarCity (the Merger), with SolarCity surviving the Merger as a wholly owned subsidiary of Tesla, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice, and to approve the transactions contemplated by the Merger Agreement, including the Merger, pursuant to which Merger Sub will be merged with and into SolarCity and each outstanding share of common stock of SolarCity, par value \$0.0001 per share (the SolarCity Common Stock), will be converted into the right to receive 0.110 shares of common stock of Tesla, with cash paid in lieu of fractional shares (the SolarCity Merger Proposal); and

to consider and vote on a proposal to adjourn the SolarCity Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the SolarCity Merger Proposal (the SolarCity Adjournment Proposal).

SolarCity will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the SolarCity Special Meeting.

The SolarCity Board has fixed the close of business on September 23, 2016 as the record date for determination of SolarCity stockholders entitled to receive notice of, and to vote at, the SolarCity Special Meeting or any adjournments or postponements thereof. Only holders of record of shares of SolarCity Common Stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting and at any adjournment of the meeting.

The SolarCity board of directors (the SolarCity Board) formed a committee (the Special Committee) of independent and disinterested directors of SolarCity to evaluate the Merger and the Special Committee unanimously determined that the Merger Agreement and the Merger are fair to, advisable and in the best interests of the stockholders of SolarCity, and recommended to the SolarCity Board that it approve the Merger Agreement and the Merger. At a meeting duly called to consider the recommendation of the Special Committee, the SolarCity Board members present unanimously (1) determined that the Merger Agreement and the Merger are fair to, advisable and in the best interests

of SolarCity and its stockholders, (2) approved the Merger Agreement and the transactions contemplated thereby and (3) resolved to recommend that SolarCity stockholders vote for the approval and adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger.

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The SolarCity Board recommends that SolarCity stockholders vote FOR the SolarCity Merger Proposal and FOR the SolarCity Adjournment Proposal.

Approval of the SolarCity Merger Proposal requires (1) the affirmative vote of holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting pursuant to Delaware law and (2) the affirmative vote of holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the directors and named executive officers of Tesla and SolarCity, and certain of their affiliates, other than Nancy E. Pfund and Donald R. Kendall, Jr., cast on such matter in person or by proxy at the special meeting pursuant to the terms of the Merger Agreement. Approval of the SolarCity Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to SolarCity's Amended and Restated Bylaws, as amended to date.

Your vote is important. Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by:

- (1) accessing the Internet website specified on your proxy card;
- (2) calling the toll-free number specified on your proxy card; or
- (3) marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided,

so that your shares may be represented and voted at the SolarCity Special Meeting. If your shares are held in the name of a broker, bank, trust company or other nominee, please follow the instructions on the voting instruction card furnished by the record holder.

Please note that if you hold shares in different accounts, it is important that you vote the shares represented by each account.

The enclosed joint proxy statement/prospectus provides a detailed description of the Merger and the Merger Agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the Merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of SolarCity Common Stock, please contact SolarCity's proxy solicitor:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders Call Toll-Free: (800) 322-2885

International Callers: +1 (212) 929-5500

We appreciate your continued support of SolarCity and look forward to either greeting you personally at the SolarCity Special Meeting or receiving your proxy.

By order of the Board of Directors,

Lyndon Rive

Co-Founder and Chief Executive Officer

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Tesla and SolarCity from documents that are not included in or delivered with the accompanying joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference into the accompanying joint proxy statement/prospectus (other than certain exhibits or schedules to these documents) by requesting them in writing or by telephone from Tesla or SolarCity at the following addresses and telephone numbers:

For Tesla Stockholders:

Tesla Motors, Inc.
3500 Deer Creek Road
Palo Alto, California 94304
Attention: Investor Relations

Telephone: (650) 681-5000

For SolarCity Stockholders:

SolarCity Corporation
3055 Clearview Way
San Mateo, California 94402
Attention: Investor Relations

Telephone: (650) 963-5920

In addition, if you have questions about the Merger or the accompanying joint proxy statement/prospectus, would like additional copies of the accompanying joint proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact Innisfree M&A Incorporated, the proxy solicitor for Tesla, toll-free at (877) 456-3463 or international at +1 (412) 232-3651, or MacKenzie Partners, Inc., the proxy solicitor for SolarCity, toll-free at (800) 322-2885 or international at +1 (212) 929-5500.

If you would like to request documents, please do so no later than five business days before the date of the Tesla Special Meeting (which meeting is to be held on [], 2016) or five business days before the date of the SolarCity Special Meeting (which meeting is to be held on [], 2016), as applicable.

For a more detailed description of the information incorporated by reference in the accompanying joint proxy statement/prospectus and how you may obtain it, see *Where You Can Find More Information* beginning on page 181 of the accompanying joint proxy statement/prospectus.

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ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the **SEC**) by Tesla (File No. 333-213390), constitutes a prospectus of Tesla under Section 5 of the Securities Act of 1933, as amended (the **Securities Act**), with respect to the shares of Tesla Common Stock to be issued to SolarCity stockholders pursuant to the Merger Agreement. This joint proxy statement/prospectus also constitutes a joint proxy statement for Tesla and SolarCity under Section 14(a) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). It also constitutes a notice of meeting with respect to the special meeting of Tesla stockholders and a notice of meeting with respect to the special meeting of SolarCity stockholders.

You should rely only on the information contained or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated [], 2016, and you should assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate only as of such date. Neither our mailing of this joint proxy statement/prospectus to Tesla stockholders or SolarCity stockholders, nor the issuance by Tesla of Tesla Common Stock in connection with the Merger, will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding Tesla has been provided by Tesla, and information contained in this joint proxy statement/prospectus regarding SolarCity has been provided by SolarCity.

Neither Tesla stockholders nor SolarCity stockholders should construe the contents of this joint proxy statement/prospectus as legal, tax or financial advice. Tesla stockholders and SolarCity stockholders should consult with their own legal, tax, financial or other professional advisors. All summaries of, and references to, the agreements governing the terms of the transactions described in this joint proxy statement/prospectus are qualified by the full copies of and complete text of such agreements in the forms attached hereto as annexes, which are available on the Electronic Data Gathering Analysis and Retrieval System (**EDGAR**) of the SEC website at www.sec.gov.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Unless otherwise indicated or as the context otherwise requires, references in this joint proxy statement/prospectus to:

Tesla refers to Tesla Motors, Inc., a Delaware corporation, and its subsidiaries;

Tesla Common Stock refers to the common stock of Tesla, par value \$0.001 per share;

Combined Company refers collectively to Tesla and SolarCity, following completion of the Merger;

Merger refers to the merger of Merger Sub with and into SolarCity, with SolarCity surviving the Merger, as contemplated by the Merger Agreement;

Merger Agreement refers to the Agreement and Plan of Merger, dated July 31, 2016, among Tesla, Merger Sub and SolarCity;

Merger Sub refers to D Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Tesla;

SolarCity refers to SolarCity Corporation, a Delaware corporation, and its subsidiaries;

SolarCity Common Stock refers to the common stock of SolarCity, par value \$0.0001 per share; and

we, our and us refer collectively to Tesla and SolarCity.

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QUESTIONS AND ANSWERS

The following section provides brief answers to certain questions that you may have regarding the Merger Agreement and the proposed Merger. Please note that this section does not address all issues that may be important to you as a Tesla or SolarCity stockholder, as applicable. Accordingly, you should carefully read this entire joint proxy statement/prospectus, including each of the Annexes and the documents that have been incorporated by reference into this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

A: You are receiving this joint proxy statement/prospectus because you were a stockholder of record of Tesla or SolarCity as of the close of business on the record date for the special meeting of Tesla stockholders (the **Tesla Special Meeting**) or the special meeting of SolarCity stockholders (the **SolarCity Special Meeting**), respectively. Tesla and SolarCity have agreed to the combination of Tesla and SolarCity pursuant to an Agreement and Plan of Merger, dated as of July 31, 2016 (as it may be amended from time to time, the **Merger Agreement**), among Tesla, SolarCity and D Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Tesla (**Merger Sub**), pursuant to which Merger Sub will be merged with and into SolarCity (the **Merger**) with SolarCity surviving the Merger as a wholly owned subsidiary of Tesla. See the section entitled *The Merger Agreement* beginning on page 117 for more information. A copy of the Merger Agreement is attached to this joint proxy statement/prospectus as **Annex A** and incorporated herein by reference. Pursuant to the Merger Agreement, at the effective time of the Merger, each outstanding share of SolarCity Common Stock will be converted into the right to receive 0.110 shares (the **Exchange Ratio**) of Tesla Common Stock, with cash paid in lieu of fractional shares. Tesla stockholders will continue to own their existing shares of Tesla Common Stock. This joint proxy statement/prospectus serves as the proxy statement through which Tesla and SolarCity will provide their respective stockholders with important information regarding their respective special meetings, the Merger and the other transactions contemplated by the Merger Agreement and solicit proxies to obtain the necessary stockholder approvals for the adoption of the Merger Agreement and (in the case of Tesla) the issuance of Tesla Common Stock. It also serves as the prospectus by which Tesla will offer and issue shares of its common stock as merger consideration.

The Merger cannot be completed unless, among other things, Tesla stockholders and SolarCity stockholders approve the respective proposals to adopt the Merger Agreement and the transactions contemplated thereby, including the Merger and, in the case of Tesla, the issuance of Tesla Common Stock as merger consideration.

Tesla and SolarCity will hold separate special meetings to obtain these approvals. This joint proxy statement/prospectus contains important information about the Merger and the special meetings of the stockholders of Tesla and SolarCity, and you should read it carefully and in its entirety. The enclosed voting materials allow you to vote your shares without attending your respective special meeting. Your vote is important. We encourage you to vote as soon as possible.

Q: What is the strategic rationale for combining Tesla and SolarCity at this time?

A:

Tesla and SolarCity both believe that this is an opportune time to combine in order to operate more efficiently and fully integrate our products, while providing customers with an aesthetically beautiful and simple one-stop solar and energy storage experience. The Combined Company is expected to achieve approximately \$150 million in cost synergies in the first full year after closing, and save customers money, by lowering hardware costs through consolidation of supply chains, reducing installation costs, improving the Combined Company's manufacturing efficiency and reducing its customer acquisition costs. Additionally, the Combined Company will generate cost savings from not having to operate on an arm's-length basis in affiliate transactions.

In evaluating the proposed Merger, the Tesla Board and the SolarCity Special Committee and the SolarCity Board considered additional factors that weighed in favor of the Merger, as well as risks and other

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potentially negative factors concerning the Merger, including the potential risk of diversion of management focus and resources from other strategic opportunities, the difficulty of integrating the businesses and workforces of Tesla and SolarCity, and the possibility that the Combined Company may not capture all anticipated synergies. See the sections entitled *The Merger Tesla's Reasons for the Merger and Tesla Share Issuance* and *SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors*, beginning on pages 70 and 83, respectively, for more information.

Q: What will SolarCity stockholders receive in the Merger?

A: If the Merger is completed, holders of SolarCity Common Stock will be entitled to receive 0.110 shares of Tesla Common Stock for each share of SolarCity Common Stock they hold at the effective time of the Merger. SolarCity stockholders will not receive any fractional shares of Tesla Common Stock in the Merger. Instead, Tesla will pay cash in lieu of any fractional shares of Tesla Common Stock that a SolarCity stockholder would otherwise have been entitled to receive.

Q: What will happen to outstanding SolarCity equity awards in the Merger?

A: *Stock Options.* Each outstanding and unexercised option to purchase SolarCity Common Stock (excluding certain founder options granted in 2015 to Messrs. Lyndon Rive and Peter Rive, which will be cancelled for no consideration as of the effective time of the Merger), whether vested or unvested, will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla stock option, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), to purchase a number of shares of Tesla Common Stock (rounded down to the nearest whole share) equal to the product obtained by multiplying (i) the total number of shares of SolarCity Common Stock subject to such SolarCity option immediately prior to the effective time of the Merger by (ii) the Exchange Ratio, at a per-share exercise price (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (A) the exercise price per share of SolarCity Common Stock at which such SolarCity option was exercisable immediately prior to the effective time of the Merger by (B) the Exchange Ratio.

Restricted Stock Unit Awards. Each SolarCity restricted stock unit award, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla restricted stock unit award, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), with respect to a number of shares of Tesla Common Stock (rounded to the nearest whole share) equal to the product obtained by multiplying (a) the total number of shares of SolarCity Common Stock subject to the SolarCity restricted stock unit award immediately prior to the effective time of the Merger by (b) the Exchange Ratio.

Q: If I am a SolarCity stockholder, how will I receive the merger consideration to which I am entitled?

A: After receiving the proper documentation from you, following the effective date of the Merger, the exchange agent will forward to you the Tesla Common Stock and cash in lieu of fractional shares to which you are entitled. For additional information about the exchange of shares of SolarCity Common Stock for shares of Tesla Common Stock, see the section entitled *The Merger Exchange of Shares in the Merger* beginning on page 113.

Q: What is the value of the merger consideration?

A: The value of the merger consideration may fluctuate between the date of this joint proxy statement/prospectus and the completion of the Merger based upon the market value of Tesla Common Stock. In the Merger, SolarCity stockholders will receive the fixed amount of 0.110 shares of Tesla Common Stock in exchange for each share of SolarCity Common Stock. Any fluctuation in the market price of Tesla Common Stock after the date of this joint proxy statement/prospectus will change the value of the shares of Tesla Common Stock that SolarCity stockholders will receive at the effective time of the Merger.

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Based on the closing price of Tesla Common Stock on the NASDAQ Global Select Market (**NASDAQ**) on June 21, 2016, the last full trading day before the public announcement of Tesla's proposal to acquire SolarCity, the Exchange Ratio represented approximately \$24.16 in value for each share of SolarCity Common Stock. Based on the closing price of Tesla Common Stock on NASDAQ on [], 2016, the latest practicable date before the date of this joint proxy statement/prospectus, the Exchange Ratio represented approximately \$[] in value for each share of SolarCity Common Stock. We urge you to obtain current market quotations of Tesla Common Stock and SolarCity Common Stock.

Q: What will happen to Tesla Common Stock in the Merger?

A: If the Merger is completed, Tesla stockholders will not receive any merger consideration as a result of the Merger and will continue to own their existing shares of Tesla Common Stock.

Q: What percentage of Tesla's common stock will SolarCity stockholders own following the Merger?

A: Based on the estimated number of shares of SolarCity and Tesla Common Stock outstanding on September 23, 2016, the record date for the special meetings, SolarCity and Tesla estimate that, upon completion of the Merger, former SolarCity stockholders will own approximately 6.9% of Tesla.

Q: When and where will the special meetings be held?

A: The Tesla Special Meeting will be held at [] on [], 2016 at [], local time. The SolarCity Special Meeting will be held at [] on [], 2016 at [], local time.

Q: Who is entitled to vote at the special meetings?

A: Only stockholders of record of Tesla Common Stock at the close of business on September 23, 2016, are entitled to vote at the Tesla Special Meeting and any adjournment or postponement of the Tesla Special Meeting. Only stockholders of record of SolarCity Common Stock at the close of business on September 23, 2016 are entitled to vote at the SolarCity Special Meeting and any adjournment or postponement of the SolarCity Special Meeting.

Q: How can I attend the special meetings?

A: All of the Tesla stockholders are invited to attend the Tesla Special Meeting and all of the SolarCity stockholders are invited to attend the SolarCity Special Meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the applicable special meeting. If you hold your shares in street name, you also may be asked to present proof of ownership to be admitted to the applicable special

meeting. A brokerage statement or letter from your broker, bank, trust company or other nominee proving ownership of the shares on the record date for the applicable special meeting are examples of proof of ownership. **Please note, however, that if your shares are held in street name and you wish to vote at the special meeting, you must bring to the special meeting a legal proxy executed in your favor from the record holder (your broker, bank, trust company or other nominee) of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the special meetings, please vote as soon as possible.**

Q: What proposals will be considered at the special meetings?

A: At the Tesla Special Meeting, the Tesla stockholders will be asked to consider and vote on the following:

- (1) a proposal to adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger and issuance of Tesla Common Stock (the **Tesla Share Issuance**) in connection with the Merger (the **Tesla Merger and Share Issuance Proposal**); and
- (2) a proposal to adjourn the Tesla Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the Tesla Merger and Share Issuance Proposal (the **Tesla Adjournment Proposal**).

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Tesla will transact no other business at the Tesla Special Meeting except such business as may properly be brought before the Tesla Special Meeting or any adjournment or postponement thereof.

At the SolarCity Special Meeting, SolarCity stockholders will be asked to consider and vote on the following:

- (1) a proposal to adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger (the **SolarCity Merger Proposal**); and
- (2) a proposal to adjourn the SolarCity Special Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the SolarCity Merger Proposal (the **SolarCity Adjournment Proposal**).

SolarCity will transact no other business at the SolarCity Special Meeting except such business as may properly be brought before the SolarCity Special Meeting or any adjournment or postponement thereof.

Q: How does the Tesla board of directors recommend that I vote?

A: After careful consideration, the Tesla board of directors (the **Tesla Board**), with Messrs. Elon Musk and Antonio Gracias recusing themselves, approved the Merger Agreement and the Tesla Share Issuance and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders.

The Tesla Board recommends that Tesla stockholders vote FOR the Tesla Merger and Share Issuance Proposal and FOR the Tesla Adjournment Proposal.

Q: How does the SolarCity board of directors recommend that I vote?

A: After careful consideration, the Special Committee (the **Special Committee**) of the SolarCity board of directors (the **SolarCity Board**), consisting of two independent and disinterested directors of SolarCity, unanimously determined that the Merger Agreement and the Merger are fair to, advisable and in the best interests of the SolarCity stockholders, and recommended to the SolarCity Board that it approve and declare fair to, advisable and in the best interests of SolarCity stockholders, the Merger Agreement and the Merger. At a duly convened meeting of the SolarCity Board on July 29, 2016, on the unanimous recommendation of the Special Committee, the SolarCity Board approved the Merger Agreement and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable and in the best interests of SolarCity and its stockholders.

The SolarCity Board recommends that SolarCity stockholders vote FOR the SolarCity Merger Proposal and FOR the SolarCity Adjournment Proposal.

Q: Are any SolarCity stockholders already committed to vote in favor of the proposals?

A: Yes. In connection with the execution of the Merger Agreement, Mr. Elon Musk, solely in his personal capacity as a holder of SolarCity Common Stock, and an entity affiliated with him entered into a voting and support agreement whereby such stockholders, who hold approximately 21.7% of the outstanding shares of SolarCity Common Stock based on the number of shares of SolarCity Common Stock outstanding on September 23, 2016, the record date for the special meetings, will be obligated to vote in favor of the SolarCity Merger Proposal and the SolarCity Adjournment Proposal, among other things. See the section entitled *The Voting Agreement* beginning on page 136. Notwithstanding the foregoing, pursuant to the Merger Agreement, the consummation of the Merger is subject to a condition that the SolarCity Merger Proposal be approved by the affirmative vote of holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by Mr. Elon Musk and the other directors and named executive officers of Tesla and SolarCity, and certain of their affiliates, other than Nancy E. Pfund and Donald R. Kendall, Jr. (the **Excluded SolarCity Parties**), cast on such proposal in person or by proxy at the SolarCity Special Meeting.

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Q: How do I vote?

A: If you are a stockholder of record of Tesla as of the close of business on the record date for the Tesla Special Meeting or a stockholder of record of SolarCity as of the close of business on the record date for the SolarCity Special Meeting, you may vote in person by attending your special meeting or, to ensure your shares are represented at the meeting, you may vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

marking, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided.

If you hold Tesla or SolarCity shares in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at your special meeting.

Q: What constitutes a quorum?

A: *Tesla stockholders.* The presence, in person or by proxy, of a majority of all issued and outstanding shares of Tesla Common Stock entitled to vote at the Tesla Special Meeting will constitute a quorum for the transaction of business at the Tesla Special Meeting.

Shares of Tesla Common Stock represented at the Tesla meeting and entitled to vote but not voted, including shares for which a stockholder directs an abstention from voting and broker non-votes (shares held by banks, brokerage firms or nominees that are present in person or by proxy at the Tesla Special Meeting but with respect to which the broker or other stockholder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal), if any, will be counted as present for purposes of establishing a quorum.

Shares of Tesla Common Stock held in treasury will not be included in the calculation of the number of shares of Tesla Common Stock represented at the meeting for purposes of determining whether a quorum is present.

SolarCity stockholders. The presence, in person or by proxy, of a majority of all issued and outstanding shares of SolarCity Common Stock entitled to vote at the SolarCity Special Meeting will constitute a quorum for the transaction of business at the SolarCity Special Meeting.

Shares of SolarCity Common Stock represented at the SolarCity Special Meeting but not voted, including shares for which a stockholder directs an abstention from voting and broker non-votes (shares held by banks, brokerage firms or nominees that are present in person or by proxy at the SolarCity Special Meeting but with respect to which the broker or other stockholder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal), if any, will be counted as present for purposes of establishing a quorum.

Shares of SolarCity Common Stock held in treasury will not be included in the calculation of the number of shares of SolarCity Common Stock represented at the meeting for purposes of determining whether a quorum is present.

Q: What vote is required to approve each proposal?

A: *Tesla stockholders.* Approval of the Tesla Merger and Share Issuance Proposal requires (1) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the Tesla Share Issuance and (2) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the directors and named executive officers of SolarCity, including Messrs. Elon Musk, Antonio Gracias and Jeffrey B. Straubel and certain of their affiliates (the **Excluded Tesla Parties**), cast on the proposal in person or by proxy at the Tesla Special Meeting pursuant to the terms of the Merger Agreement.

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Approval of the Tesla Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal.

SolarCity stockholders. Approval of the Merger proposal requires (1) the affirmative vote of the holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting and (2) the affirmative vote of the holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties cast on the proposal in person or by proxy at the SolarCity Special Meeting pursuant to the terms of the Merger Agreement.

Approval of the SolarCity Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal.

Q: How many votes do I have?

A: *Tesla stockholders.* You are entitled to one vote for each share of Tesla Common Stock that you owned as of the close of business on the Tesla record date. As of the close of business on the Tesla record date, there were 149,792,626 shares of Tesla Common Stock outstanding and entitled to vote at the Tesla Special Meeting.

SolarCity stockholders. You are entitled to one vote for each share of SolarCity Common Stock that you owned as of the close of business on the SolarCity record date. As of the close of business on the SolarCity record date, there were 100,730,294 shares of SolarCity Common Stock outstanding and entitled to vote at the SolarCity Special Meeting.

Q: What will happen if I fail to vote or vote to abstain from voting?

A: *Tesla stockholders.* If you are a Tesla stockholder and fail to vote or fail to instruct your broker or nominee to vote, or vote to abstain from voting, it will have no effect on the Tesla Merger and Share Issuance Proposal, assuming a quorum is present. If you are a Tesla stockholder and fail to vote or fail to instruct your broker or nominee to vote, it will have no effect on the Tesla Adjournment Proposal, assuming a quorum is present; however, if you vote to abstain, it will have the same effect as a vote against the Tesla Adjournment Proposal.

SolarCity stockholders. If you are a SolarCity stockholder and fail to vote or fail to instruct your broker or nominee to vote, or vote to abstain from voting, it will have the same effect as (1) a vote against the SolarCity Merger Proposal that the holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting vote to approve the SolarCity Merger Proposal and (2) assuming a quorum is met, will have no effect on the SolarCity Merger Proposal for purposes of satisfying the requirement pursuant to the terms of the Merger Agreement that the holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties cast on such matter in person or by proxy at the SolarCity Special Meeting vote to approve the SolarCity Merger Proposal. If you are a SolarCity stockholder and fail to vote or fail to instruct your broker or nominee to vote, it will have no effect on the SolarCity Adjournment Proposal, assuming a quorum is present; however, if you vote to abstain, it will have the same effect as a vote against the SolarCity Adjournment Proposal.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), your broker, bank, trust company or other nominee cannot vote your shares on non-routine matters without instructions from you.

You should instruct your broker, bank, trust company or other nominee as to how to vote your shares, following the directions from your broker, bank, trust company or other nominee provided to you. Please check the voting form used by your broker, bank, trust company or other nominee. If you do not provide

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your broker, bank, trust company or other nominee with instructions on how to vote your shares, your broker, bank, trust company or other nominee may not vote your shares, which will have no effect on the Tesla Merger and Share Issuance Proposal and the Tesla Adjournment Proposal, in each case, assuming a quorum is present.

Please note that you may not vote shares held in street name by returning a proxy card directly to Tesla or SolarCity or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your broker, bank, trust company or other nominee.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you return your proxy card without indicating how to vote on any particular proposal, the Tesla Common Stock or SolarCity Common Stock represented by your proxy card will be voted in favor of that proposal.

Q: What does it mean if I receive multiple proxy cards?

A: Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card or voting instruction form you receive or vote using the telephone or the Internet as described in the instructions included with your proxy card(s) or voting instruction form(s).

Q: Can I change my vote after having returned a proxy or voting instruction card?

A: Yes. You can change your vote at any time before your proxy is voted at the applicable special meeting in one of three ways:

you can send a written notice of revocation;

you can grant a new, valid proxy bearing a later date (including by telephone or through the Internet); or

if you are a holder of record, you can attend your special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Corporate Secretary of Tesla or Corporate Secretary of SolarCity, as applicable, no later than the beginning of the applicable special meeting. If your shares are held in street name by your bank or broker, you should contact your broker to change your vote or revoke your proxy.

Q: Should SolarCity stockholders send in stock certificates or other evidence of ownership now?

A: No. After the Merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of SolarCity Common Stock for the merger consideration. If your shares of SolarCity Common Stock are held in street name by your broker, bank or other nominee, you may receive instructions from your broker, bank or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the merger consideration. **Do not send in your certificates now.**

Q: What happens if I transfer my shares of Tesla or SolarCity Common Stock before the special meeting?

A: The record dates for the Tesla and SolarCity Special Meetings are earlier than both the date of the special meetings and the date that the Merger is expected to be completed. If you transfer your Tesla or SolarCity shares after the applicable record date but before the applicable special meeting, you will retain your right to vote at the applicable special meeting. However, if you are a SolarCity stockholder, you will have transferred the right to receive the merger consideration in the Merger. In order to receive the merger consideration, you must hold your shares through the effective date of the Merger.

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Q: What if I hold shares in both Tesla and SolarCity?

A: If you are a stockholder of both Tesla and SolarCity, you will receive two separate packages of proxy materials. A vote cast as a Tesla stockholder will not count as a vote cast as a SolarCity stockholder, and a vote cast as a SolarCity stockholder will not count as a vote cast as a Tesla stockholder. Therefore, please separately submit a proxy for each of your Tesla and SolarCity shares.

Q: Who is the inspector of election?

A: The Tesla Board has appointed a representative of Broadridge Financial Solutions Inc. to act as the inspector of election at the Tesla Special Meeting. The SolarCity Board has also appointed a representative of Computershare Trust Company, N.A. to act as the inspector of election at the SolarCity Special Meeting.

Q: Where can I find the voting results of the special meeting?

A: The preliminary voting results, if available, will be announced at the Tesla Special Meeting and the SolarCity Special Meeting, respectively. In addition, within four business days following certification of the final voting results, each of Tesla and SolarCity intends to file the final voting results of its special meeting with the SEC as a current report on Form 8-K.

Q: What will happen if all of the proposals to be considered at the special meeting are not approved?

A: Approval of the Tesla Merger and Share Issuance Proposal by the Tesla stockholders and approval of the SolarCity Merger Proposal by the SolarCity stockholders are each conditions to the completion of the Merger. As a result, if such approval is not obtained, the Merger will not be completed. Approval of the Tesla Adjournment Proposal or the SolarCity Adjournment Proposal is not a condition to the completion of the Merger.

Q: Are Tesla or SolarCity stockholders entitled to appraisal rights?

A: No. Under the General Corporation Law of the State of Delaware (the DGCL), the holders of Tesla Common Stock and the holders of SolarCity Common Stock are not entitled to appraisal rights in connection with the Merger.

Q: What are the material U.S. federal income tax consequences of the Merger to U.S. holders of SolarCity Common Stock?

A:

SolarCity and Tesla intend for the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the **Code**). It is a condition to Tesla's obligation to complete the Merger that Tesla receive an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to Tesla, (**Wachtell Lipton**), to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to SolarCity's obligation to complete the Merger that SolarCity receive an opinion from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to the SolarCity Special Committee (**Skadden**), to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, on the basis of the opinions described above, U.S. holders (as defined under *Material U.S. Federal Income Tax Consequences*) of SolarCity Common Stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of shares of SolarCity Common Stock for shares of Tesla Common Stock in the Merger, except with respect to cash received in lieu of fractional shares.

Please carefully review the information set forth in the section entitled *Material U.S. Federal Income Tax Consequences* beginning on page 138 for a more complete description of the material U.S. federal income tax consequences of the Merger. **The tax consequences to you of the Merger will depend on your particular facts and circumstances. Please consult your own tax advisors as to the specific tax consequences to you of the Merger.**

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Q: What are the conditions to completion of the Merger?

A: In addition to the approval of the Tesla Merger and Share Issuance Proposal by the Tesla stockholders and the approval of the SolarCity Merger Proposal by the SolarCity stockholders as described above, completion of the Merger is subject to the satisfaction of a number of other conditions, including regulatory clearance. For additional information on the regulatory clearance required to complete the Merger, see the section entitled *The Merger Regulatory Approvals Required for the Merger* beginning on page 113. For additional information on the conditions to completion of the Merger, see the section entitled *The Merger Agreement Conditions to the Completion of the Merger* beginning on page 129.

Q: What happens if the Merger is not completed?

A: If the Merger is not completed, SolarCity stockholders will not receive any consideration for their shares. Instead, SolarCity and Tesla will remain independent public companies, and shares of SolarCity and Tesla Common Stock will continue to be independently listed and traded on NASDAQ. Under certain circumstances, SolarCity or Tesla may be required to pay the other party a termination fee in accordance with the Merger Agreement. The termination fees are described in more detail in the section entitled *The Merger Agreement Expenses and Termination Fees* beginning on page 132.

Q: Will I still be paid dividends prior to the Merger?

A: Neither Tesla nor SolarCity has historically paid dividends to its stockholders, and neither anticipates doing so in the foreseeable future. The Merger Agreement prohibits SolarCity from declaring, setting aside or paying any dividends on its capital stock without Tesla's consent before the earlier of the closing of the Merger and the termination of the Merger Agreement in accordance with its terms.

Q: When do you expect the Merger to be completed?

A: Tesla and SolarCity hope to complete the Merger as soon as reasonably practicable and are working to complete the Merger in the fourth quarter of 2016. However, the Merger is subject to regulatory clearances and other conditions, and it is possible that factors outside the control of both companies could result in the Merger being completed at a later time, or not at all. We cannot presently determine the length of time between the respective Tesla Special Meeting and the SolarCity Special Meeting and the completion of the Merger.

Q: What do I need to do now?

A: Carefully read and consider the information contained in and incorporated by reference into this joint proxy statement/prospectus, including its annexes.

If you are a holder of record, for your shares to be represented at your special meeting:

you can attend the applicable special meeting in person;

you can vote through the Internet or by telephone by following the instructions included in your proxy card;
or

you can indicate on the enclosed proxy card how you would like to vote and return the proxy card in the accompanying pre-addressed postage-paid envelope.

If you hold your shares in street name, in order for your shares to be represented at your special meeting, you should instruct your broker, bank, trust company or other nominee as to how to vote your shares, following the directions from your broker, bank, trust company or other nominee provided to you.

Q: Do I need to do anything with my shares of SolarCity Common Stock now?

A: If you are a SolarCity stockholder, after the Merger is completed, your shares of SolarCity Common Stock will be automatically converted into shares of Tesla Common Stock. You will receive instructions at that time regarding exchanging your shares for Tesla shares. You do not need to take any action at this time. Please do not send your SolarCity stock certificates with your proxy card.

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If you are a Tesla stockholder, you are not required to take any action with respect to your Tesla stock certificates. You will continue to hold your shares of Tesla Common Stock.

Q: Are there any risks in the Merger or Tesla Share Issuance that I should consider?

A: Yes. There are risks associated with all business combinations, including the Merger and the related Tesla Share Issuance. These risks are discussed in more detail in the section entitled *Risk Factors* beginning on page 36.

Q: What is householding and how does it affect me?

A: The SEC permits companies to send a single set of proxy materials to any household at which two or more stockholders reside, unless contrary instructions have been received, but only if the applicable company provides advance notice and follows certain procedures. In such cases, each stockholder continues to receive a separate notice of the meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of Tesla or SolarCity Common Stock held through brokerage firms. If your family has multiple accounts holding Tesla or SolarCity Common Stock, you may have already received householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Q: Who can help answer my questions?

A: Tesla or SolarCity stockholders who have questions about the Merger, the Tesla Share Issuance or the other matters to be voted on at the special meetings or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

if you are a Tesla stockholder:

Innisfree M&A Incorporated
501 Madison Avenue
New York, New York 10022
Stockholders Call Toll Free: (877) 456-3463
International Callers: +1 (412) 232-3651

if you are a SolarCity stockholder:

MacKenzie Partners, Inc.
105 Madison Avenue
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SUMMARY

*This summary highlights selected information included in this joint proxy statement/prospectus. You should carefully read this entire joint proxy statement/prospectus and its Annexes and the other documents referred to in this joint proxy statement/prospectus, because the information in this section may not provide all of the information that might be important to you in determining how to vote. Additional important information about Tesla and SolarCity is also contained in the Annexes to, and the documents incorporated by reference into, this joint proxy statement/prospectus. For a description of, and instructions as to how to obtain, this information, see *Where You Can Find More Information* on page 181 of this joint proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that item.*

Parties to the Merger Agreement (Page 56)

Tesla Motors, Inc.

Tesla Motors, Inc.

3500 Deer Creek Road

Palo Alto, California 94304

Phone: (650) 681-5000

Tesla Motors, Inc. is a Delaware corporation that designs, develops, manufactures and sells high-performance fully electric vehicles and energy storage products. Tesla has established its own network of vehicle sales and service centers and Supercharger stations globally to accelerate the widespread adoption of electric vehicles. Tesla currently offers for reservation or sale three fully electric vehicles, the Model S sedan, the Model X sport utility vehicle and the Model 3 sedan. Tesla also sells energy storage products, including the 7kWh and 10kWh Powerwall for residential applications and the 100 kWh Powerpack for commercial and industrial applications.

Tesla's common stock is listed on NASDAQ under the symbol TSLA.

Additional information about Tesla and its subsidiaries is included in the documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 181.

SolarCity Corporation

SolarCity Corporation

3055 Clearview Way

San Mateo, California 94402

Phone: (650) 638-1028

SolarCity Corporation is a Delaware corporation that designs, permits, finances, sells, installs, maintains and monitors solar energy systems for residential, commercial and government applications. SolarCity sells renewable energy to

customers at prices below utility rates, with a focus on reducing the cost of solar energy. SolarCity's long-term agreements with its customers generate recurring payments and create a portfolio of high-quality receivables that it monetizes to further reduce the cost of making the switch to solar energy. SolarCity currently installs more solar energy systems than any other company in the United States with just under 110,000 new installations in 2015. Additionally, SolarCity offers energy storage services through its collaborations with Tesla, including a turnkey residential battery backup service that incorporates Tesla's Powerwall.

SolarCity's common stock is listed on NASDAQ under the symbol SCTY.

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Additional information about SolarCity and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 181.

Merger Sub

D Subsidiary, Inc.

3500 Deer Creek Road

Palo Alto, California 94304

Phone: (650) 681-5000

D Subsidiary, Inc., a wholly owned subsidiary of Tesla, is a Delaware corporation that was formed on July 21, 2016 for the purpose of effecting the Merger. Upon completion of the Merger, Merger Sub will be merged with and into SolarCity, with SolarCity surviving as a wholly owned subsidiary of Tesla. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement in connection with the Merger.

The Merger and the Merger Agreement (Pages 57 and 117, respectively)

The terms and conditions of the Merger are set forth in the Merger Agreement, a copy of which is attached as **Annex A** to this joint proxy statement/prospectus. Tesla and SolarCity encourage you to read the entire Merger Agreement carefully because it is the principal legal document governing the Merger and the Tesla Share Issuance. For more information on the Merger Agreement, see the section entitled *The Merger Agreement* beginning on page 117.

Structure of the Merger (Page 57)

At the effective time of the Merger, Merger Sub will merge with and into SolarCity, the separate corporate existence of Merger Sub will cease, and SolarCity will continue as the surviving corporation in the Merger and as a wholly owned subsidiary of Tesla.

Merger Consideration (Page 57)

If the Merger is completed, SolarCity stockholders will receive 0.110 shares of Tesla Common Stock for each share of SolarCity Common Stock they hold, with cash paid in lieu of fractional shares. The Exchange Ratio is fixed and will not be adjusted for changes in the market value of the common stock of SolarCity or Tesla. Because of this, the implied value of the consideration to SolarCity stockholders may fluctuate between now and the completion of the Merger. Based on the closing price of Tesla Common Stock on NASDAQ on June 21, 2016, the last full trading day before public announcement of the proposed Merger, the 0.110 Exchange Ratio represented approximately \$24.16 in value for each share of SolarCity Common Stock. Based on the closing price of Tesla Common Stock on NASDAQ on [], 2016, the latest practicable date before the date of this joint proxy statement/prospectus, the 0.110 Exchange Ratio represented approximately \$[] in value for each share of SolarCity Common Stock.

Treatment of SolarCity Equity Awards (Page 109)

Treatment of SolarCity Stock Options

Each option to purchase SolarCity Common Stock (excluding certain founder options granted in 2015 to Messrs. Lyndon Rive and Peter Rive, which will be cancelled for no consideration as of the effective time of the Merger), whether vested or unvested, that is outstanding and unexercised will, as of the effective time of the

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Merger, be assumed by Tesla and converted into a Tesla stock option, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), to purchase a number of shares of Tesla Common Stock (rounded down to the nearest whole share) equal to the product obtained by multiplying (i) the total number of shares of SolarCity Common Stock subject to such SolarCity option immediately prior to the effective time of the Merger by (ii) the Exchange Ratio, at a per-share exercise price (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (A) the exercise price per share of SolarCity Common Stock at which such SolarCity option was exercisable immediately prior to the effective time of the Merger by (B) the Exchange Ratio. For a full description of the treatment of SolarCity stock options, see the section entitled *The Merger Treatment of SolarCity Equity Awards*.

Treatment of SolarCity Restricted Stock Unit Awards

Each SolarCity restricted stock unit award, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla restricted stock unit award, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), with respect to a number of shares of Tesla Common Stock (rounded to the nearest whole share) equal to the product obtained by multiplying (a) the total number of shares of SolarCity Common Stock subject to the SolarCity restricted stock unit award immediately prior to the effective time of the Merger by (b) the Exchange Ratio. For a full description of the treatment of SolarCity restricted stock unit awards, see the section entitled *The Merger Treatment of SolarCity Equity Awards*.

Treatment of SolarCity Employee Stock Purchase Plan (Page 112)

Effective as of July 31, 2016, the SolarCity employee stock purchase plan (the **SolarCity ESPP**) ceased to accept any new participants, and no participant in the SolarCity ESPP is permitted to increase his or her contributions after such date. The current offering period will be the final offering period, and any outstanding options under the SolarCity ESPP will be exercised on the fourth trading day prior to the effective time of the Merger or, if earlier, the date on which the current offering period would otherwise end. The SolarCity ESPP will terminate as of immediately prior to the effective time of the Merger. For a full description of the treatment of the SolarCity employee stock purchase plan, see the section entitled *The Merger Agreement Treatment of the SolarCity Employee Stock Purchase Plan*.

Tesla's Reasons for the Merger and Tesla Share Issuance; Recommendation of the Tesla Board of Directors (Page 70)

On July 30, 2016, the Tesla Board, with Messrs. Elon Musk and Antonio Gracias recusing themselves, (1) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders, (2) approved the Merger Agreement and the transactions contemplated thereby and (3) resolved to recommend that Tesla stockholders vote for the approval and adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance.

The Tesla Board recommends that Tesla stockholders vote **FOR the Tesla Merger and Share Issuance Proposal and **FOR** the Tesla Adjournment Proposal.**

For the factors considered by the Tesla Board in reaching its decision to approve the Merger Agreement, see *The Merger Tesla's Reasons for the Merger and Tesla Share Issuance; Recommendation of the Tesla Board of Directors* on page 70.

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Opinion of Tesla's Financial Advisor (Page 74)

Tesla retained Evercore Group L.L.C. (**Evercore**) as its financial advisor in connection with the Merger. As discussed in the following paragraph, on July 30, 2016, Evercore delivered to the Tesla Board its oral opinion, confirmed by its delivery of a written opinion dated July 30, 2016, that, as of the date thereof and subject to the assumptions, limitations, qualifications and conditions set forth in its opinion, the merger consideration was fair, from a financial point of view, to Tesla.

The full text of Evercore's written opinion, dated July 30, 2016, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Evercore in delivering its opinion, is attached as **Annex C** to this joint proxy statement/prospectus and is incorporated herein by reference in its entirety.

You are urged to read Evercore's opinion carefully and in its entirety. Evercore's opinion was provided for the information and benefit of the Tesla Board and was delivered to the Tesla Board in connection with its evaluation of whether the merger consideration to be paid by Tesla pursuant to the Merger Agreement is fair, from a financial point of view, to Tesla, and did not address any other aspect or implication of the Merger. Evercore's opinion does not constitute a recommendation to the Tesla Board or to any other persons in respect of the Merger Agreement and the transactions contemplated thereby, including the Merger, including as to how any holder of Tesla Common Stock should vote or act in respect of the Tesla Merger and Share Issuance Proposal.

For further information, see the section of this joint proxy statement/prospectus entitled *The Merger Opinion of Tesla's Financial Advisor* beginning on page 74 of this joint proxy statement/prospectus and **Annex C**.

SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors (Page 83)

On July 29, 2016, the Special Committee, consisting of independent and disinterested directors, and acting with the advice of its own legal and financial advisors, unanimously determined that the terms and conditions of the Merger Agreement and the Merger are fair to, advisable and in the best interests of SolarCity stockholders, and recommended to the SolarCity Board that it approve and declare fair to, advisable and in the best interests of the stockholders of SolarCity, the Merger Agreement and the Merger. On July 29, 2016, at a duly convened meeting of the SolarCity Board, based on the unanimous recommendation of the Special Committee, the SolarCity Board members present unanimously (1) determined that the Merger Agreement and the Merger are fair to, advisable and in the best interests of SolarCity and its stockholders, (2) approved the Merger Agreement and the transactions contemplated thereby and (3) resolved to recommend that SolarCity stockholders vote for the approval and adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger.

The SolarCity Board recommends that SolarCity stockholders vote FOR the SolarCity Merger Proposal and FOR the SolarCity Adjournment Proposal.

For the factors considered by the SolarCity Board and Special Committee in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby, see *The Merger SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors* beginning on page 83.

Opinion of the Financial Advisor to the SolarCity Special Committee (Page 88)

At the meeting of the Special Committee held on July 29, 2016, Lazard Frères & Co. LLC (**Lazard**) rendered its written opinion, consistent with its oral opinion rendered on the same date, to the Special Committee that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and

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limitations set forth in Lazard's opinion, the Exchange Ratio in the Merger was fair, from a financial point of view, to the holders of SolarCity Common Stock other than SolarCity (as the holder of treasury shares), Tesla or Merger Sub (the **Excluded Holders**) and Mr. Elon Musk and his affiliates (the **Principal Holders**).

The full text of Lazard's written opinion, dated July 29, 2016, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this joint proxy statement/prospectus as **Annex D** and is incorporated by reference into this joint proxy statement/prospectus in its entirety. The summary of Lazard's opinion is qualified in its entirety by reference to the full text of the opinion. SolarCity stockholders are encouraged to read Lazard's opinion and the summary of Lazard's opinion carefully and in their entirety.

The Tesla Special Meeting; Required Vote (Page 50)

The Tesla Special Meeting will be held at [], on [], 2016, at [], local time, unless adjourned or postponed to a later date or time. At the Tesla Special Meeting, Tesla stockholders will be asked:

(1) to consider and vote on the Tesla Merger and Share Issuance Proposal; and

(2) to consider and vote on the Tesla Adjournment Proposal.

You may vote at the Tesla Special Meeting if you owned shares of Tesla Common Stock at the close of business on September 23, 2016, the record date. As of the close of business on the record date, there were 149,792,626 shares of common stock of Tesla outstanding and entitled to vote. You may cast one vote for each share of common stock of Tesla that you owned as of the close of business on the Tesla record date.

As of the close of business on the record date, approximately 21.3% of the outstanding Tesla common shares were held by Tesla's directors and executive officers and their affiliates. We currently expect that Tesla's directors and executive officers will vote their shares in favor of the above-listed proposals, though they are under no obligation to do so.

Completion of the Merger is conditioned on approval of the Tesla Merger and Share Issuance Proposal. Approval of the Tesla Merger and Share Issuance Proposal requires (1) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the Tesla Share Issuance pursuant to Delaware law and (2) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the Excluded Tesla Parties cast on the proposal in person or by proxy at the Tesla Special Meeting pursuant to the terms of the Merger Agreement.

Approval of the Tesla Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal.

See *The Tesla Special Meeting of Stockholders* for additional information on the SolarCity Special Meeting, including details regarding proxy and voting procedures.

The SolarCity Special Meeting; Required Vote (Page 53)

The special meeting of SolarCity stockholders will be held at [], on [], 2016 at [], local time, unless adjourned or postponed to a later date or time. At the SolarCity Special Meeting, stockholders will be asked:

- (1) to consider and vote on the SolarCity Merger Proposal; and
- (2) to consider and vote on the SolarCity Adjournment Proposal.

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You may vote at the SolarCity Special Meeting if you owned shares of SolarCity Common Stock at the close of business on September 23, 2016, the record date. As of the close of business on the record date, there were 100,730,294 shares of SolarCity Common Stock outstanding and entitled to vote. You may cast one vote for each share of SolarCity Common Stock that you owned as of the close of business on the SolarCity record date.

Approval of the SolarCity Merger Proposal requires (1) the affirmative vote of holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting pursuant to Delaware law and (2) the affirmative vote of holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties cast on such matter in person or by proxy at the special meeting pursuant to the terms of the Merger Agreement.

Approval of the SolarCity Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote.

See *The SolarCity Special Meeting of Stockholders* for additional information on the SolarCity Special Meeting, including details regarding proxy and voting procedures.

Interests of Tesla's Directors and Executive Officers in the Merger (Page 106)

In considering the recommendation of the Tesla Board with respect to the Merger Agreement, you should be aware that certain of Tesla's directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of Tesla stockholders generally. Interests of directors and officers that may be different from or in addition to the interests of Tesla stockholders include, among others:

certain of Tesla's directors and executive officers serve (or in the past have served) on the SolarCity Board or as executive officers of SolarCity; and

certain of Tesla's directors and executive officers and their respective affiliates are securityholders of SolarCity.

As of September 23, 2016, Tesla's directors and executive officers beneficially owned (i) 25,004,557 shares of SolarCity Common Stock as a group, (ii) \$10 million in aggregate principal of zero-coupon convertible senior notes due on December 1, 2020, and (iii) \$65 million in aggregate principal of Solar Bonds due on February 17, 2018.

The Tesla Board was aware of these interests and considered them, among other matters, in evaluating and negotiating the Merger Agreement and in reaching a decision to approve the Merger Agreement and the transactions contemplated therein, and in making its recommendation that the Tesla stockholders vote **FOR** the Tesla Merger and Share Issuance Proposal and **FOR** the Tesla Adjournment Proposal. These interests are discussed in more detail in the section entitled *The Merger: Interests of Tesla's Directors and Executive Officers in the Merger* beginning on page 106.

Merger-Related Compensation for Tesla's Named Executive Officers (Page 108)

Tesla is not seeking a non-binding advisory vote from its stockholders with respect to certain compensation that will or may become payable to Tesla's named executive officers in connection with a Merger under the rules promulgated by the SEC under Section 14A of the Exchange Act because none of the named executive officers are entitled to any such compensation that would otherwise require such a vote. This is described in more detail in the section entitled

The Merger Merger-Related Compensation for Tesla's Named Executive Officers.

Interests of SolarCity's Directors and Executive Officers in the Merger (Page 108)

In considering the recommendation of the Tesla Board with respect to the Merger Agreement, you should be aware that certain of SolarCity's directors and executive officers may have interests in the Merger that are

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different from, or in addition to, the interests of SolarCity stockholders. Interests of directors and officers that may be different from or in addition to the interests of SolarCity stockholders include, among others:

The Merger Agreement provides for conversion of all SolarCity stock options (excluding certain founder options granted in 2015 to Messrs. Lyndon Rive and Peter Rive, which will be cancelled for no consideration as of the effective time of the Merger) and restricted stock units into corresponding awards with respect to Tesla Common Stock.

Certain of SolarCity's directors and executive officers hold securities of SolarCity other than SolarCity Common Stock.

Certain of SolarCity's directors and executive officers serve on the Tesla Board or as executive officers of Tesla.

Certain of SolarCity's directors and executive officers and their respective affiliates are securityholders of Tesla.

SolarCity's directors and executive officers are entitled to continued indemnification and insurance coverage under the Merger Agreement.

At the time the Special Committee was created, Ms. Nancy E. Pfund beneficially owned 3,066 shares of Tesla Common Stock and Mr. Donald R. Kendall, Jr. beneficially owned 700 shares of Tesla Common Stock.

The SolarCity Board and the Special Committee were aware of these interests and considered them, among other matters, in evaluating and negotiating the Merger Agreement and in reaching a decision to approve the Merger Agreement and the transactions contemplated therein, and in making its recommendation that the SolarCity stockholders vote FOR the SolarCity Merger Proposal and FOR the SolarCity Adjournment Proposal. See *The Merger Interests of SolarCity's Directors and Executive Officers in the Merger* beginning on page 108.

Merger-Related Compensation for SolarCity's Named Executive Officers (Page 113)

SolarCity is not seeking a non-binding advisory vote from its stockholders with respect to certain compensation that will or may become payable to SolarCity's named executive officers in connection with a Merger under the rules promulgated by the SEC under Section 14A of the Exchange Act because none of the named executive officers are entitled to any such compensation that would otherwise require such a vote. This is described in more detail in the section entitled *The Merger Merger-Related Compensation for SolarCity's Named Executive Officers*.

Regulatory Approvals Required for the Merger (Page 113)

The Merger is subject to the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the **HSR Act**), which prevents Tesla and SolarCity from completing the Merger until the applicable waiting period under the HSR Act is terminated or expires. Notification and Report Forms were filed with the U.S. Department of Justice (the **DOJ**) and the Federal Trade Commission (the

FTC) on August 15, 2016. The FTC granted early termination to the parties on August 24, 2016. The DOJ, the FTC and others may still challenge the Merger on antitrust grounds after the termination of the waiting period. At any time before or after the completion of the Merger, any of the DOJ, the FTC or another person could take action under the antitrust laws as it deems necessary or desirable in the public interest, including, without limitation, seeking to enjoin the consummation of the Merger, conditionally approve the Merger upon the divestiture of assets of Tesla or SolarCity, subject the consummation of the Merger to regulatory conditions or seek other remedies. We cannot assure you that a challenge to the Merger will not be made or that, if a challenge is made, it will not succeed.

Table of Contents**SolarCity Go-Shop (Page 126)**

At any time prior to September 14, 2016 (the **Go-Shop Period**), SolarCity may initiate, solicit and encourage any inquiry or the making of any proposal or offer that constitutes an Acquisition Proposal (as defined on page 127), including by making available information (including non-public information and data) and other access to the person making such Acquisition Proposal pursuant to a customary confidentiality agreement and participate in discussions with respect to any Acquisition Proposals and cooperate with any such discussions or any attempt to make any Acquisition Proposals.

No later than two business days after the conclusion of the Go-Shop Period, SolarCity must notify Tesla in writing of the identity of any person from whom it has received an Acquisition Proposal prior to the conclusion of the Go-Shop Period, and provide a copy of any Acquisition Proposal made in writing and a written summary of the material terms of any Acquisition Proposal not made in writing. The Go-Shop Period concluded on September 14, 2016, with no parties qualifying as Excluded Parties.

No Solicitation of Alternative Proposals (Page 126)

Tesla and SolarCity have each agreed that, from the time of the execution of the Merger Agreement (with respect to Tesla) or the expiry of the Go-Shop Period, except in connection with an Excluded Party (as defined on page 128) (with respect to SolarCity) until the earlier of the effective date of the Merger and the termination of the Merger Agreement, not to, and not to authorize or permit any of their respective affiliates, directors, officers, employees or representatives to, directly or indirectly (i) initiate, solicit or knowingly encourage any inquiry, proposal or offer that constitutes or would reasonably be expected to result in an Acquisition Proposal (as defined on page 127), (ii) participate in any discussions or negotiations regarding, or provide to any person nonpublic information and other access with respect to, or cooperate with any person with respect to, a proposal or offer that constitutes or would reasonably be expected to result in an Acquisition Proposal, (iii) enter into any Acquisition Agreement, Merger Agreement or similar definitive agreement relating to an Acquisition Proposal, (iv) adopt resolutions or otherwise take any action to make the provisions of any anti-takeover statute inapplicable to any Acquisition Proposal; or (v) terminate, amend, release, modify or fail to enforce any provision under any confidentiality, standstill or similar agreement, except solely to permit the submission of an Acquisition Proposal to the extent that failure to do so would be inconsistent with the fiduciary duties of such party's board.

Notwithstanding these restrictions, if at any time prior to obtaining the approval of its stockholders, Tesla or SolarCity receives a bona fide Acquisition Proposal that such party's board determines in good faith (after consultation with its advisors) constitutes or is reasonably expected to lead to a Tesla Superior Acquisition Proposal or a SolarCity Superior Proposal, as applicable (as defined on pages 127 and 128, respectively), then such party may (i) provide nonpublic information and access to such person making the proposal pursuant to a customary confidentiality agreement (provided that in the case of nonpublic information provided by SolarCity, such information is provided within 48 hours to Tesla), and (ii) participate in discussions with such person with respect to an acquisition proposal.

SolarCity has also agreed, following the conclusion of the Go-Shop Period, (i) to notify Tesla promptly within 48 hours upon the later of (A) receipt of an Acquisition Proposal and (B) the conclusion of the Go-Shop Period, regarding any inquiry that may reasonably be expected to lead to Acquisition Proposal, any request for information or any negotiations sought from either SolarCity or its representatives concerning an Acquisition Proposal, (ii) to include in its notice to Tesla a copy of the Acquisition Proposal and a written summary of the material terms of any Acquisition Proposal, inquiry or request not made in writing, and (iii) to keep Tesla reasonably informed on a prompt basis (and in any event within 48 hours) of any material developments, discussions or negotiations regarding (x) any Acquisition Proposal, in the case of any person that is not an Excluded Party (as defined below), or (y) any

Acquisition Proposal that is or would reasonably be expected to lead to a SolarCity Superior Proposal, in the case of any person that is an Excluded Party (as defined on page 128).

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Changes in Board Recommendations (Page 128)

The Merger Agreement provides that, subject to certain exceptions, neither the Tesla Board nor the SolarCity Board will (i) change, withhold, withdraw, qualify or modify, in a manner adverse to the other party (or publicly propose or resolve to change, withhold, withdraw qualify or modify) its recommendation of the Tesla Merger and Share Issuance Proposal or the SolarCity Merger Proposal, as applicable, (ii) fail to include the Tesla Merger and Share Issuance Proposal or the SolarCity Merger Proposal in the joint proxy statement/prospectus, as applicable, (iii) approve, authorize, endorse, declare advisable, adopt, enter into or recommend an Acquisition Proposal (as defined on page 127) to their respective stockholders, or (iv) fail to recommend against the acceptance of a tender or exchange offer within 10 business days after its commencement.

Notwithstanding the foregoing restrictions, at any time prior to obtaining the requisite SolarCity or Tesla stockholder approvals (as described below), as applicable, the SolarCity Board or the Tesla Board, as applicable, may, if it determines in good faith (after consultation with its outside counsel and financial advisor, and, in the case of an Acquisition Proposal received by the SolarCity Board, upon the recommendation of the Special Committee) that the failure to take such action would be inconsistent with its fiduciary duties under applicable law, (i) make an adverse recommendation change and terminate the Merger Agreement to enter into a binding agreement providing for a Tesla Superior Acquisition Proposal or a SolarCity Superior Proposal, as applicable (as defined on pages 127 and 128, respectively) (following receipt of an Acquisition Proposal that did not result from a breach of the non-solicitation provisions in the Merger Agreement and that it determines in good faith, after consultation with its advisors, and, in the case of an Acquisition Proposal received by the SolarCity Board, upon the recommendation of the Special Committee, constitutes a Tesla Superior Acquisition Proposal or SolarCity Superior Proposal, as applicable) or (ii) make an adverse recommendation change in response to an Intervening Event (as defined on page 129).

Conditions to the Completion of the Merger (Page 129)

The obligations of each of Tesla and SolarCity to effect the Merger are subject to the satisfaction or waiver of the following conditions:

approval by SolarCity stockholders of the SolarCity Merger Proposal (see the section titled *The SolarCity Special Meeting of Stockholders Required Vote* beginning on page 53);

approval by Tesla stockholders of the Tesla Merger and Share Issuance Proposal (see the section titled *The Tesla Special Meeting of Stockholders Required Vote* beginning on page 50);

approval for listing by NASDAQ, subject to official notice of issuance, of the Tesla Common Stock issuable to SolarCity stockholders in the Merger;

termination or expiration of any applicable waiting period under the HSR Act, which early termination was granted by the FTC on August 24, 2016 (see the section titled *The Merger Regulatory Approvals Required for the Merger* beginning on page 113);

absence of any law, order, judgment or other legal restraint by a court or other governmental entity that prevents, makes illegal or prohibits the closing of the Merger;

the SEC having declared effective the registration statement of which this joint proxy statement/prospectus forms a part; and

receipt of an opinion of that party's counsel to the effect that the Merger will qualify as a reorganization under the Code.

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In addition, the obligations of Tesla and Merger Sub to effect the Merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of SolarCity relating to organization, standing, power, capital structure (with the exception of certain representations and warranties related to capital stock and other securities), authority, execution and delivery, enforceability and accounts payables being true and correct in all material respects as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

certain representations and warranties of SolarCity relating to capital stock and other securities and brokers fees and expenses being true and correct (except for de minimis inaccuracies) as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

the representations and warranties of SolarCity relating to the absence of a material adverse effect since December 31, 2015 being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

each other representation and warranty of SolarCity being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date), except where the failure of such representations and warranties to be true and correct, individually and in the aggregate, has not had and would not reasonably be expected to have a material adverse effect;

SolarCity having performed in all material respects all obligations required to be performed by it under the Merger Agreement;

absence of a material adverse effect with respect to SolarCity since the date of the Merger Agreement;

with respect to any indebtedness of SolarCity or any of its subsidiaries (including any partially owned entity formed in connection with its financing activities) in excess of \$10 million, the absence of a SolarCity Default (as defined on page 130);

SolarCity's accounts payables not exceeding \$75 million more than the amount of its accounts payables on May 31, 2016; and

receipt of an officer's certificate executed by an executive officer of SolarCity on behalf of SolarCity certifying that the preceding conditions have been satisfied.

In addition, the obligations of SolarCity to effect the Merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of Tesla and Merger Sub relating to organization, standing, power, capital structure (except for certain representations and warranties relating to capital stock), authority, execution and delivery and enforceability being true and correct in all material respects as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

certain representations and warranties of SolarCity relating to capital stock being true and correct (except for de minimis inaccuracies) as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

each other representation and warranty of Tesla and Merger Sub being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly

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made as of an earlier date, in which case, as of such earlier date), except where the failure of such representations and warranties to be true and correct, individually and in the aggregate, has not had and would not reasonably be expected to have a material adverse effect;

the absence of a material adverse effect with respect to Tesla since the date of the Merger Agreement;

receipt of an officer's certificate executed by an executive officer of Tesla on behalf of Tesla certifying that the preceding four conditions have been satisfied;

Tesla and Merger Sub having performed in all material respects all obligations required to be performed by each of them under the Merger Agreement; and

receipt of an officer's certificate executed by an executive officer of each of Tesla and Merger Sub on behalf of each of Tesla and Merger Sub certifying that the preceding condition has been satisfied.

We cannot be certain when, or if, the conditions to the Merger will be satisfied or waived, or that the Merger will be completed.

Termination of the Merger Agreement (Page 131)

The Merger Agreement may be terminated by the mutual written consent of Tesla and SolarCity at any time prior to the effective time of the Merger. In addition, the Merger Agreement may be terminated by either of Tesla or SolarCity at any time prior to the effective time of the Merger, whether before or after receipt of the requisite stockholder approvals, under the following circumstances:

if the Merger is not consummated by April 30, 2017 (the **End Date**);

if Tesla stockholders fail to approve the Tesla Merger and Share Issuance Proposal at the Tesla Special Meeting;

if SolarCity stockholders fail to approve the SolarCity Merger Proposal at the SolarCity Special Meeting;

if the other party breaches or fails to perform any of its covenants or agreements in the Merger Agreement, or if the other party's representations or warranties fail to be true and correct, subject to the right of the breaching party to cure the breach;

if (1) prior to obtaining the requisite stockholder approvals the board of directors of the other party effects an adverse recommendation change, or (2) the other party fails to include its recommendation of the respective merger proposal or the share issuance proposal, as applicable, in this joint proxy statement/prospectus; or

to enter into a binding agreement providing for a Tesla Superior Acquisition Proposal or a SolarCity Superior Proposal, as applicable (so long as the terminating party has complied with its non-solicitation obligations under the Merger Agreement).

Expenses and Termination Fees (Page 132)

Generally, all fees and expenses incurred in connection with the Merger and the transactions contemplated by the Merger Agreement will be paid by the party incurring those expenses. However, the Merger Agreement provides that, upon termination of the Merger Agreement under certain circumstances, Tesla or SolarCity may be obligated to pay to the other party a termination fee of \$78.2 million. The Merger Agreement also provides that SolarCity will be obligated to pay Tesla a reduced fee of \$26.1 million if it terminates the Merger Agreement in order to enter into a definitive agreement with an Excluded Party (as defined on page 128) with respect to a SolarCity Superior Proposal. See the section entitled *The Merger Agreement Expenses and Termination Fees* beginning on page 132 for a more complete discussion for the circumstances under which termination fees will be required to be paid.

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Voting Agreement (Page 136)

In connection with the Merger Agreement, SolarCity entered into a voting and support agreement, a copy of which is attached as **Annex B** to this joint proxy statement/prospectus (the **Voting Agreement**), with Mr. Elon Musk, solely in his capacity as a holder of SolarCity Common Stock and not in any other capacity, and the Elon Musk Revocable Trust, dated July 22, 2003 (collectively, the **EM Stockholders**), pursuant to which:

the EM Stockholders agreed that they will vote their shares of SolarCity Common Stock in favor of the adoption and approval of the Merger Agreement and the transactions contemplated by the Merger Agreement, unless the SolarCity Board withdraws its recommendation with respect to the Merger Agreement and the Merger (as described in the section entitled *The Merger Agreement Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* beginning on page 128); and

in the event that SolarCity terminates the Merger Agreement in order to enter into a binding agreement with respect to a SolarCity Superior Proposal (as described in the section entitled *The Merger Agreement No Solicitation of Alternative Proposals* beginning on page 126), the EM Stockholders agreed that they would vote their shares of SolarCity Common Stock in favor of, or tender their shares of SolarCity Common Stock with respect to, that alternative proposal, as applicable, in the same proportion as all other shares of SolarCity Common Stock are voted in favor of, or tendered with respect to, that alternative proposal (or, at their option, the EM Stockholders may vote their shares entirely or in a greater proportion in favor of that alternative proposal).

No Appraisal Rights (Page 178)

Under Delaware law, holders of SolarCity Common Stock are not entitled to appraisal rights in connection with the Merger.

Accounting Treatment of the Merger (Page 115)

Tesla prepares its financial statements in accordance with U.S. Generally Accepted Accounting Principles (**U.S. GAAP**). The Merger will be accounted for in accordance with Accounting Standards Codification Topic 805, *Business Combinations*. The purchase price will be allocated to the fair values of assets acquired and liabilities assumed. Any excess purchase price after this allocation will be assigned to goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually, or more frequently if circumstances indicate potential impairment. The operating results of SolarCity will be part of the Combined Company beginning on the date of the Merger.

Material U.S. Federal Income Tax Consequences of the Merger (Page 138)

SolarCity and Tesla intend for the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Tesla's obligation to complete the Merger that Tesla receive an opinion from Wachtell Lipton to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to SolarCity's obligation to complete the Merger that SolarCity receive an opinion from Skadden to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly, on the basis of the opinions described above, U.S. holders (as defined under *Material U.S. Federal Income Tax Consequences*) of SolarCity Common Stock will not recognize any gain or loss for U.S. federal income tax purposes

upon the exchange of shares of SolarCity Common Stock for shares of Tesla Common Stock in the Merger, except with respect to cash received in lieu of fractional shares.

Please carefully review the information set forth in the section entitled *Material U.S. Federal Income Tax Consequences* beginning on page 138 for a more complete description of the material U.S. federal

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income tax consequences of the Merger. The tax consequences to you of the Merger will depend on your particular facts and circumstances. Please consult your own tax advisors as to the specific tax consequences to you of the Merger.

Comparison of the Rights of Holders of Tesla Common Stock and Holders of SolarCity Common Stock (Page 156)

SolarCity stockholders receiving the merger consideration will have different rights once they become stockholders of Tesla due to differences between the governing corporate documents of Tesla and SolarCity. These differences are described in detail in the section entitled *Comparison of the Rights of Holders of Tesla Common Stock and Holders of SolarCity Common Stock* beginning on page 156.

Future Liquidity Needs of the Combined Company (Page 137)

As of June 30, 2016, Tesla had \$3.25 billion in principal sources of liquidity available from its cash and cash equivalents, which included \$2.76 billion of money market funds. Subsequent to June 30, 2016, Tesla has received notices of conversion from holders of approximately \$426 million in aggregate principal amount of Tesla's convertible senior notes due 2018 (**2018 Notes**), which conversions require Tesla to repay the principal amount in cash. Tesla expects to pay this amount in the third quarter of 2016 and, after giving effect to these conversions, Tesla has approximately \$220 million in aggregate principal amount of 2018 Notes outstanding.

Sources of cash are predominately from Tesla's deliveries of vehicles, as well as customer deposits for vehicles, sales of regulatory credits, proceeds from retail financing activities, sales of energy products, and non-warranty repair and maintenance services. While Tesla expects that its current sources of liquidity, including cash and cash equivalents, together with its current projections of cash flow from operating and retail financing activities, will provide it with adequate liquidity based on its current plans through at least the end of the current fiscal year, Tesla may raise funds in the future, including through potential equity or debt offerings, subject to market conditions and recognizing that Tesla cannot be certain that additional funds would be available to it on favorable terms or at all. The amount and timing of funds that Tesla may raise is undetermined and would vary based on a number of factors, including Tesla and the Combined Company's liquidity needs as well as access to current and future sources of liquidity. For additional information, see the section entitled *Risk Factors* beginning on page 36.

Litigation Relating to the Merger (Page 115)

Between September 1, 2016 and October 5, 2016, seven lawsuits were filed in the Court of Chancery of the State of Delaware by purported stockholders of Tesla challenging the proposed Merger. These lawsuits are captioned as *City of Riviera Beach Police Pension Fund v. Elon Musk, et al.*, C.A. No. 12711-VCS; *Ellen Prasinis v. Elon Musk, et al.*, C.A. No. 12723-VCS; *Arkansas Teacher Retirement System, et al. v. Elon Musk, et al.*, C.A. No. 12740-VCS; *P. Evan Stephens v. Elon Musk, et al.*, C.A. No. 1275-VCS; *Pyare Diwana v. Elon Musk, et al.*, C.A. No. 12796-VCS; *Nguyen v. Elon Musk, et al.*, C.A. No. 12804-VCS; and *Wolf v. Elon Musk, et al.*, C.A. No. 12805-VCS (collectively, the **Actions**). Each of the Actions names as defendants the members of the Tesla Board, and certain of the Actions also name as defendants Merger Sub, SolarCity, certain members of

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the SolarCity Board, Evercore, and The Goldman Sachs Group, Inc. The Actions seek to assert claims derivatively on behalf of Tesla, alleging, among other things, that the members of the Tesla Board breached their fiduciary duties in connection with the proposed Merger and, in some cases, that SolarCity and members of the SolarCity Board, Evercore, and The Goldman Sachs Group, Inc. aided and abetted breaches of fiduciary duties and that certain individual defendants would be unjustly enriched by the proposed Merger. Certain of the Actions also assert putative class action claims against the members of the Tesla Board, including on the ground that the preliminary joint proxy statement/prospectus filed on August 31, 2016, including as amended, allegedly failed to disclose material facts in connection with the proposed Merger. The Actions seek, among other relief, damages in an unspecified amount, rescission of the proposed Merger, and attorneys' fees and costs. Certain of the plaintiffs have filed motions for a preliminary injunction to prevent Tesla from consummating the Merger or any vote thereon and motions for expedited proceedings. On September 23, 2016, the Court set a schedule for consolidation of the Actions and determination of a plaintiffs' leadership structure, and the Court scheduled a hearing for October 14, 2016, to consider any motion for expedited proceedings. On October 10, the Court entered orders consolidating the Actions and appointing lead plaintiffs and lead counsel. Tesla believes that the Actions are without merit.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF TESLA**

The following table sets forth selected historical consolidated financial data for Tesla. The historical consolidated financial information for each of the years in the five-year period ended December 31, 2015 is derived from the audited consolidated financial statements of Tesla as of and for each of the years in the five-year period ended December 31, 2015. The historical consolidated financial information for Tesla as of June 30, 2016 and for the six months ended June 30, 2016 and June 30, 2015 has been derived from Tesla's unaudited interim condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which is incorporated herein by reference, and in the opinion of Tesla's management, include all normal and recurring adjustments that are considered necessary for the fair statement of the results for the interim periods. You should not assume the results of operations for any past periods indicate results for any future period, including with respect to the future performance of Tesla following the date of this joint proxy statement/prospectus or following the completion of the Merger. You should read this information in conjunction with Tesla's consolidated financial statements and related notes thereto included in Tesla's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181. For financial information giving effect to the Merger and the transactions contemplated by the Merger Agreement, see *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 141.

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(in thousands, except per share data)						
Consolidated Statements of Operations Data:							
Total revenues	\$ 2,417,065	\$ 1,894,856	\$ 4,046,025	\$ 3,198,356	\$ 2,013,496	\$ 413,256	\$ 204,242
Gross profit	527,244	473,443	923,503	881,671	456,262	30,067	61,595
Loss from operations	(486,264)	(272,634)	(716,629)	(186,689)	(61,283)	(394,283)	(251,488)
Net loss	(575,455)	(338,408)	(888,663)	(294,040)	(74,014)	(396,213)	(254,411)
Net loss per share of common stock, basic and diluted ⁽¹⁾	\$ (4.22)	\$ (2.68)	\$ (6.93)	\$ (2.36)	\$ (0.62)	\$ (3.69)	\$ (2.53)
Weighted average shares used in computing net loss per share of common stock, basic and diluted ⁽¹⁾	136,330	126,320	128,202	124,539	119,421	107,349	100,389

**Consolidated
Balance Sheet
Data (at period
end):**

Working capital (deficit) ⁽²⁾	\$ 1,437,301	\$ 244,233	\$ (24,706)	\$ 1,072,907	\$ 590,779	\$ (14,340)	\$ 181,499
Total assets ⁽²⁾	11,868,952	6,468,185	8,092,460	5,830,667	2,416,930	1,114,190	713,448
Total long-term obligations ⁽²⁾⁽³⁾	5,545,108	3,317,590	4,145,197	2,753,595	1,074,650	450,382	298,064

- (1) Diluted net loss per share of common stock is computed excluding common stock subject to repurchase, and, if dilutive, potential shares of common stock outstanding during the period. Potential shares of common stock consist of stock options to purchase shares of Tesla's common stock, the conversion of Tesla's convertible senior notes (using the treasury stock method), warrants to purchase shares of Tesla's common stock issued in connection with Tesla's 2018 Notes, 2019 Notes, as defined in Note (2) below, and 2021 Notes, as defined in Note (2) below, (using the treasury stock method), warrants to purchase shares of Tesla's convertible preferred stock (using the treasury stock method) and the conversion of Tesla's convertible preferred stock and convertible notes payable (using the if-converted method). For purposes of these calculations, potential shares of Tesla Common Stock have been excluded from the calculation of diluted net loss per share of common stock as their effect is antidilutive since Tesla generated a net loss in each period.
- (2) In May 2013, Tesla issued \$660.0 million aggregate principal amount of 2018 Notes in a public offering. In accordance with accounting guidance on embedded conversion features, Tesla valued and bifurcated the conversion option associated with the 2018 Notes from the host debt instrument and initially recorded the conversion option of \$82.8 million in equity.

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The holders of 2018 Notes may convert their notes during a quarter if the closing price of our common stock exceeded 130% of the applicable conversion price of our 2018 Notes on at least 20 of the last 30 consecutive trading days of the preceding quarter. As of December 31, 2015, December 31, 2014 and June 30, 2016 and June 30, 2015, our 2018 Notes have met the conversion criteria; consequently the carrying value of 2018 Notes of \$612.5 million, \$594.3 million, \$608.9 million and \$603.2 million have been presented as current liabilities, respectively.

In March 2014, Tesla issued \$800.0 million principal amount of 0.25% convertible senior notes due 2019 (**2019 Notes**) and \$1.20 billion principal amount of 1.25% convertible senior notes due 2021 (**2021 Notes**) in a public offering. In April 2014, Tesla issued an additional \$120.0 million aggregate principal amount of 2019 Notes and \$180.0 million aggregate principal amount of 2021 Notes, pursuant to the exercise in full of the overallotment options of the underwriters of Tesla's March 2014 public offering. In accordance with accounting guidance on embedded conversion features, Tesla valued and bifurcated the conversion option associated with the notes from the host debt instrument and recorded the conversion option of \$188.1 million for the 2019 Notes and \$369.4 million for the 2021 Notes in stockholders' equity as of December 31, 2014.

(3) As of August 31, 2012, Tesla had fully drawn down our \$465.0 million under our DOE loan facility. In May 2013, Tesla used a portion of the Notes offering proceeds to repay all outstanding loan amounts under the DOE Loan Facility.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SOLARCITY**

The following table sets forth selected historical consolidated financial data for SolarCity. The historical consolidated financial information for each of the years in the five-year period ended December 31, 2015 is derived from the audited consolidated financial statements of SolarCity as of and for each of the years in the five-year period ended December 31, 2015. The historical consolidated financial information for SolarCity as of June 30, 2016 and for the six months ended June 30, 2016 and June 30, 2015 has been derived from SolarCity's unaudited interim condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, which is incorporated herein by reference, and in the opinion of SolarCity's management, include all normal and recurring adjustments that are considered necessary for the fair statement of the results for the interim periods. You should not assume the results of operations for any past periods indicate results for any future period, including with respect to the future performance of SolarCity following the date of this joint proxy statement/prospectus or of Tesla following the completion of the Merger. You should read this information in conjunction with SolarCity's consolidated financial statements and related notes thereto included in SolarCity's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181. For financial information giving effect to the Merger and the transactions contemplated by the Merger Agreement, see *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 141.

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(in thousands, except per share data)						
Consolidated Statements of Operations Data:							
Total revenue	\$ 308,356	\$ 170,282	\$ 399,619	\$ 255,031	\$ 163,837	\$ 126,908	\$ 59,551
Gross profit	101,288	65,083	118,828	78,599	39,369	27,456	12,415
Net loss	(533,362)	(302,670)	(768,822)	(375,230)	(151,758)	(113,726)	(73,714)
Net loss attributable to non-controlling interests and redeemable non-controlling interests ⁽¹⁾	(452,885)	(258,785)	(710,492)	(319,196)	(95,968)	(14,391)	(117,230)
Net (loss) income attributable to stockholders ⁽¹⁾	(80,477)	(43,885)	(58,330)	(56,034)	(55,790)	(99,335)	43,516
Net (loss) income per share attributable to common stockholders:							
Basic	\$ (0.81)	\$ (0.45)	\$ (0.60)	\$ (0.60)	\$ (0.70)	\$ (7.68)	\$ 0.82
Diluted	(0.81)	(0.45)	(0.60)	(0.60)	(0.70)	(7.69)	0.76

**Consolidated
Balance Sheet
Data (at period
end):**

Total current assets ⁽²⁾⁽³⁾	\$ 611,312	\$ 918,099	\$ 902,138	\$ 997,616	\$ 785,924	\$ 313,938	\$ 241,522
Total assets ⁽²⁾⁽³⁾	8,224,080	5,675,016	7,287,118	4,551,219	2,792,120	1,335,592	812,703
Total current liabilities ⁽³⁾	1,100,947	875,868	1,193,362	566,513	338,029	213,939	246,886
Total liabilities ⁽³⁾	6,352,705	4,191,085	5,552,555	3,208,847	1,942,996	1,042,371	601,997
Redeemable non-controlling interests in subsidiaries	344,932	285,081	320,935	186,788	44,709	12,827	22,308
Convertible redeemable preferred stock							125,722
Total stockholders equity (deficit)	890,803	759,019	878,566	745,642	617,598	183,601	(37,662)
Non-controlling interests in subsidiaries	635,640	439,831	535,062	409,942	186,817	96,793	100,338

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- (1) Under U.S. GAAP, SolarCity is required to present the impact of a hypothetical liquidation of its joint ventures on its consolidated statements of operations.
- (2) In November 2015, the Financial Accounting Standards Board (**FASB**) issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, to eliminate the requirement to classify deferred income tax assets and liabilities between current and noncurrent. The ASU simply requires that all deferred income tax assets and liabilities be classified as noncurrent. As of December 31, 2015, SolarCity early adopted the ASU prospectively but did not reclassify previous balances of deferred income tax assets and liabilities, as permitted by the ASU.
- (3) As a result of SolarCity's adoption of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (see below) in 2015, SolarCity reclassified deferred financing costs from assets and presented the balances as an offset against the associated debt for the six months period ended June 30, 2015 and years ended 2013, 2012, and 2011.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following table presents selected unaudited pro forma combined financial information about Tesla's consolidated balance sheet and statements of operations, after giving effect to the Merger with SolarCity. The information under Pro Forma Statements of Operations Data in the table below assumes the Merger had been consummated on January 1, 2015, the beginning of the earliest period presented. The information under Pro Forma Balance Sheet Data in the table below assumes the Merger had been consummated on June 30, 2016.

The unaudited pro forma condensed combined financial information includes adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. In addition, the unaudited pro forma condensed combined financial information does not reflect any cost savings or associated costs to achieve such savings from operating efficiencies, synergies, debt refinancing or other restructuring that may result from the Merger. The information presented below should be read in conjunction with the historical consolidated financial statements of each of Tesla and SolarCity, including the related notes, filed by each of them with the SEC, and with the Pro Forma Condensed Combined Financial Statements of Tesla and SolarCity, including the related notes, appearing elsewhere in this joint proxy statement/prospectus. See the sections entitled *Where You Can Find More Information* and *Unaudited Pro Forma Condensed Combined Financial Information*, beginning on pages 181 and 141, respectively, for more information. The unaudited pro forma condensed combined financial data are not necessarily indicative of results that actually would have occurred or that may occur in the future had the Merger been completed on the dates indicated.

(in thousands, except for per share data)	Six months ended June 30, 2016	Year ended December 31, 2015
Pro Forma Statements of Operations Data:		
Total revenues	\$ 2,683,988	\$ 4,362,696
Gross profit	584,513	959,444
Net loss attributable to stockholders	(754,050)	(1,054,658)
Net loss per share of common stock, basic and diluted	\$ (5.12)	\$ (7.57)
	As of June 30, 2016	
Pro Forma Balance Sheet Data:		
Working capital	\$ 987,194	
Total assets	20,099,825	
Current portion of long-term debt ⁽¹⁾	1,108,743	
Long-term debt, net of current portion ⁽²⁾	5,206,148	
Redeemable non-controlling interests and non-controlling interests in subsidiaries	914,758	

(1) Includes the current portion of solar bonds, solar asset-backed notes, and long-term debt and capital leases.

(2) Includes the non-current portion of solar bonds, solar asset-backed notes, and long-term debt and capital leases.

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The following table sets forth, for the six months ended June 30, 2016 and the year ended December 31, 2015, selected per share information for Tesla Common Stock on a historical and pro forma combined basis and, for the six months ended June 30, 2016 and the year ended December 31, 2015, selected per share information for SolarCity Common Stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2015, which is derived from the audited financial statements, the information in the table is unaudited. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the Merger and the other transactions contemplated by the Merger Agreement had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of Tesla or SolarCity following the date of this joint proxy statement/prospectus or following the completion of the Merger. You should read the data with the historical consolidated financial statements and related notes of Tesla and SolarCity contained in their respective Annual Reports on Form 10-K for the year ended December 31, 2015, and their respective Quarterly Reports on Form 10-Q for the quarter ended June 30, 2016, as applicable, all of which are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

The pro forma combined data and SolarCity equivalent pro forma data for book value per share gives effect to the Merger as if the Merger had been effective as of June 30, 2016, and as if the Merger had been effective as of January 1, 2015 in the case of the net loss per share data. The unaudited pro forma data combines the historical results of SolarCity into Tesla's consolidated statement of operations. While certain adjustments were made for the estimated impact of fair value adjustments and other Merger-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2015 or June 30, 2016.

The pro forma combined net loss per share of common stock set forth below were calculated using the methodology as described in the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 141. Neither Tesla nor SolarCity has declared a dividend on account of their respective common stock during the periods presented in the following table. The pro forma combined book value per share was calculated by dividing total combined Tesla and SolarCity pro forma common stockholders' equity by pro forma equivalent shares of common stock. The pro forma SolarCity equivalent per common share amounts were calculated by multiplying the pro forma combined per share amounts by the Exchange Ratio of 0.110.

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The unaudited pro forma adjustments are based upon available information and certain assumptions that Tesla and SolarCity management believe are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the Combined Company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the Merger or consider any potential impacts of current market conditions or the Merger on revenues, expense efficiencies, debt refinancing or restructuring, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the Merger, the operating results of SolarCity will be reflected in the consolidated financial statements of Tesla on a prospective basis.

	Six months ended June 30, 2016	Year ended December 31, 2015
Tesla historical data		
Net loss per share, basic and diluted	\$ (4.22)	\$ (6.93)
Book value per share	\$ 18.49	\$ 8.49
SolarCity historical data		
Net loss per share, basic and diluted	\$ (0.81)	\$ (0.60)
Book value per share	\$ 9.02	\$ 9.04
Tesla unaudited pro forma combined data		
Net loss per share, basic and diluted	\$ (5.12)	\$ (7.57)
Book value per share	\$ 33.81	n/m ⁽¹⁾
SolarCity equivalent unaudited pro forma data⁽²⁾		
Net loss per share, basic and diluted	\$ (0.56)	\$ (0.83)
Book value per share	\$ 3.72	n/m ⁽¹⁾

- (1) Pro forma book value per share as of December 31, 2015 is not meaningful as purchase accounting adjustments were calculated as of June 30, 2016.
- (2) The SolarCity pro forma equivalent per share amounts were calculated by multiplying the pro forma combined amounts by the Exchange Ratio of 0.110.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

Tesla Common Stock is listed on NASDAQ under the symbol TSLA, and SolarCity Common Stock is listed on NASDAQ under the symbol SCTY. The following table sets forth the high and low reported closing sale prices per share of Tesla Common Stock and SolarCity Common Stock for the calendar quarters indicated. As set forth below, neither Tesla nor SolarCity declared any cash dividends on account of the Tesla Common Stock nor the SolarCity Common Stock, respectively, for the calendar quarters indicated.

	Tesla Common Stock			SolarCity Common Stock		
	High	Low	Dividend Declared	High	Low	Dividend Declared
2013						
First Quarter	\$ 39.48	\$ 32.91	\$ 0.00	\$ 19.27	\$ 12.33	\$ 0.00
Second Quarter	\$ 110.33	\$ 40.50	\$ 0.00	\$ 51.60	\$ 18.23	\$ 0.00
Third Quarter	\$ 193.37	\$ 109.05	\$ 0.00	\$ 45.15	\$ 28.63	\$ 0.00
Fourth Quarter	\$ 193.00	\$ 120.50	\$ 0.00	\$ 62.77	\$ 35.50	\$ 0.00
2014						
First Quarter	\$ 254.84	\$ 139.34	\$ 0.00	\$ 86.14	\$ 59.27	\$ 0.00
Second Quarter	\$ 240.06	\$ 178.59	\$ 0.00	\$ 70.87	\$ 47.71	\$ 0.00
Third Quarter	\$ 286.04	\$ 215.40	\$ 0.00	\$ 75.63	\$ 59.60	\$ 0.00
Fourth Quarter	\$ 260.62	\$ 197.81	\$ 0.00	\$ 59.18	\$ 48.35	\$ 0.00
2015						
First Quarter	\$ 220.99	\$ 185.00	\$ 0.00	\$ 58.12	\$ 47.53	\$ 0.00
Second Quarter	\$ 268.79	\$ 187.59	\$ 0.00	\$ 62.72	\$ 50.48	\$ 0.00
Third Quarter	\$ 282.26	\$ 218.87	\$ 0.00	\$ 60.17	\$ 40.34	\$ 0.00
Fourth Quarter	\$ 247.57	\$ 206.93	\$ 0.00	\$ 57.26	\$ 25.07	\$ 0.00
2016						
First Quarter	\$ 238.32	\$ 143.67	\$ 0.00	\$ 52.79	\$ 16.67	\$ 0.00
Second Quarter	\$ 265.42	\$ 193.15	\$ 0.00	\$ 33.87	\$ 17.82	\$ 0.00
Third Quarter (through October 6, 2016)	\$ 234.79	\$ 194.47	\$ 0.00	\$ 27.50	\$ 16.77	\$ 0.00

The following table presents trading information for Tesla Common Stock and SolarCity Common Stock on June 21, 2016, the last full trading day before the public announcement of the proposed acquisition of SolarCity by Tesla, and [], 2016, the latest practicable trading day before the date of this joint proxy statement/prospectus.

	Tesla Common Stock			SolarCity Common Stock		
	High	Low	Close	High	Low	Close
June 21, 2016	\$ 222.57	\$ 218.81	\$ 219.61	\$ 22.00	\$ 20.80	\$ 21.19
[], 2016	\$ []	\$ []	\$ []	\$ []	\$ []	\$ []

For illustrative purposes, the following table provides equivalent per share information for SolarCity Common Stock on June 21, 2016, the last full trading day before the public announcement of the proposed acquisition of SolarCity by Tesla, and [], 2016, the latest practicable trading day before the date of this joint proxy statement/prospectus. Equivalent per share amounts for SolarCity Common Stock are calculated by multiplying per share information for Tesla Common Stock by the Exchange Ratio of 0.110, rounded to the nearest whole cent.

	Tesla Common Stock			SolarCity Equivalent Common Stock		
	High	Low	Close	High	Low	Close
June 21, 2016	\$ 222.57	\$ 218.81	\$ 219.61	\$ 24.48	\$ 24.07	\$ 24.16
[], 2016	\$[]	\$[]	\$[]	\$[]	\$[]	\$[]

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Tesla stockholders and SolarCity stockholders are advised to obtain current market quotations for Tesla Common Stock and SolarCity Common Stock. The market price of Tesla Common Stock and SolarCity Common Stock will fluctuate between the date of this joint proxy statement/prospectus and the date of completion of the Merger. No assurance can be given concerning the market price of Tesla Common Stock or SolarCity Common Stock before or after the effective time of the Merger. Changes in the market price of Tesla Common Stock prior to the completion of the Merger will affect the market value of the merger consideration that SolarCity stockholders will receive upon completion of the Merger.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, revenue enhancements, competitive positions, growth opportunities, plans and objectives of the management of each of Tesla, SolarCity and the Combined Company, the Merger and the markets for Tesla and SolarCity Common Stock and other matters. Statements in this joint proxy statement/prospectus and the documents incorporated by reference herein that are not historical facts are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Exchange Act, and Section 27A of the Securities Act. These forward-looking statements, including, without limitation, those relating to the future business prospects, revenues and income of Tesla and SolarCity, wherever they occur in this joint proxy statement/prospectus or the documents incorporated by reference herein, are necessarily estimates reflecting the best judgment of the respective managements of Tesla and SolarCity and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in and incorporated by reference into this joint proxy statement/prospectus.

Words such as estimate, project, plan, intend, expect, anticipate, believe, would, should, could and an are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this joint proxy statement/prospectus, including in the section entitled *Risk Factors* beginning on page 36. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include those set forth in Tesla's and SolarCity's filings with the SEC, including their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2015 and Quarterly Reports on Form 10-Q for the fiscal quarter ended June 30, 2016, as well as, among others, risks and uncertainties relating to:

the receipt of approval of both Tesla's and SolarCity's stockholders;

the possibility of regulatory challenges to the transactions contemplated by the Merger Agreement;

the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the Merger;

the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in connection with the Merger within the expected time frames or at all and to successfully integrate SolarCity's operations into those of Tesla;

continued liquidity and sufficiency of capital, including capital necessary to consummate the proposed transaction;

general economic and market conditions;

the integration of SolarCity's operations into those of Tesla being more difficult, time-consuming or costly than expected;

operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the transaction;

the difficulty of retaining certain key employees of SolarCity;

Tesla's and SolarCity's ability to adapt its services to changes in technology or the marketplace;

Tesla's and SolarCity's ability to maintain and grow their relationships with their respective customers;

the outcome of litigation in which Tesla or SolarCity is or may become involved;

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pricing trends, including Tesla's and SolarCity's ability to achieve economies of scale in manufacturing, installation and capital costs;

Tesla's and SolarCity's ability to implement their respective business strategies;

the success of new products released by Tesla and SolarCity;

the integration of new businesses Tesla may acquire or new business ventures Tesla may start;

changes to and the impact of the laws, rules and regulations (including tax and environmental laws, net energy metering policies, rules and regulations) that apply to and regulate Tesla's and SolarCity's operations; and

other developments in the markets in which SolarCity and Tesla operate, as well as management's response to any of the aforementioned factors.

The parties undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. In the event that a party does update any forward-looking statement, no inference should be made that the parties will make additional updates with respect to that statement, related matters or any other forward-looking statements.

Table of Contents**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the caption **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 34 of this joint proxy statement/prospectus, Tesla stockholders should carefully consider the following risks in deciding whether to vote for the approval of the Tesla proposals, and SolarCity stockholders should carefully consider the following risk factors in deciding whether to vote for the SolarCity proposals. In addition, stockholders of Tesla and stockholders of SolarCity should read and consider the risks associated with each of the businesses of Tesla and SolarCity because these risks will relate to the Combined Company. Certain of these risks can be found in Tesla's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016, which is incorporated by reference into this joint proxy statement/prospectus, and SolarCity's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2016, which is incorporated by reference into this joint proxy statement/prospectus. You should carefully read this entire joint proxy statement/prospectus and its Annexes and the other documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 181 of this joint proxy statement/prospectus.*

Risks Related to the Merger

The Exchange Ratio is fixed and will not be adjusted in the event of any change in the stock prices of either Tesla or SolarCity.

Upon closing of the Merger, each share of SolarCity Common Stock will be converted into the right to receive 0.110 shares of Tesla Common Stock with cash paid in lieu of fractional shares. This Exchange Ratio is fixed in the Merger Agreement and will not be adjusted for changes in the market price of either Tesla Common Stock or SolarCity Common Stock. Because the Exchange Ratio is fixed, changes in the price of Tesla Common Stock prior to the Merger will affect the value of the merger consideration that SolarCity stockholders will receive on the date of the Merger. In addition, Tesla will issue an amount of shares of Tesla Common Stock in the Merger based on the number of shares of SolarCity Common Stock outstanding as of the effective time of the Merger, and the amount of shares of Tesla Common Stock issued in the Merger will not change based on the price of the shares of Tesla Common Stock or SolarCity Common Stock as of the date of the Merger or their relative price, or any changes in their price or relative price prior to the Merger.

Stock price changes may result from a variety of factors (many of which are beyond our control), including the following:

changes in our respective businesses, operations and prospects;

changes in market assessments of the business, operations, and prospects of either company;

investor behavior and strategies, including market assessments of the likelihood that the Merger will be completed;

interest rates, general market and economic conditions and other factors generally affecting the price of Tesla's and SolarCity's common stock; and

federal, state, and local legislation, governmental regulation, and legal developments in the jurisdictions in which SolarCity and Tesla operate.

The price of Tesla Common Stock at the closing of the Merger may vary from its price on the date the Merger Agreement was executed, on the date of this joint proxy statement/prospectus, and/or on the dates of the special meetings of Tesla and SolarCity. As a result, the market value represented by the Exchange Ratio will also vary. For example, based on the range of closing prices of Tesla Common Stock during the period from June 21, 2016, the last full trading day before Tesla's public announcement of its intent to acquire SolarCity, through [], 2016, the latest practicable date before the date of this joint proxy statement/prospectus,

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the Exchange Ratio represented a market value ranging from a low of [] to a high of [] for each share of SolarCity Common Stock.

The ability of Tesla and SolarCity to complete the Merger is subject to a number of conditions, including the absence of antitrust challenges from governmental entities, which may impose conditions that could have an adverse effect on Tesla or SolarCity or could delay or cause us to abandon the Merger.

Notification and Report Forms required by the HSR Act were filed with the DOJ and the FTC on August 15, 2016. The FTC granted early termination of the applicable HSR Act waiting period to the parties on August 24, 2016. The DOJ, the FTC and others, however, may still challenge the Merger on antitrust grounds at any time before or after the completion of the Merger, any of the DOJ, the FTC or another person could take action under the antitrust laws as it deems necessary or desirable in the public interest, including without limitation seeking to enjoin the consummation of the Merger, conditionally approve the Merger upon the divestiture of assets of Tesla or SolarCity, subject the consummation of the Merger to regulatory conditions or seek other remedies. We cannot assure you that a challenge to the Merger will not be made or that, if a challenge is made, it will not succeed. The Merger Agreement may be terminated in accordance with its terms, and the Merger may not be completed.

Completion of the Merger is subject to a number of other conditions that must be fulfilled, including, among others, the conditions that (i) the Tesla Merger and Share Issuance Proposal be approved by (a) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the Tesla Share Issuance pursuant to the NASDAQ Market Rules and (b) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock cast in person or by proxy at the Tesla Special Meeting that are not owned, directly or indirectly, by the Excluded Tesla Parties, pursuant to the terms of the Merger Agreement; (ii) the SolarCity Merger Proposal be approved by (a) the affirmative vote of the holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting pursuant to Delaware law and (b) the affirmative vote of the holders of a majority of the shares of SolarCity Common Stock cast in person or by proxy at the SolarCity Special Meeting that are not owned, directly or indirectly, by the Excluded SolarCity Parties, pursuant to the terms of the Merger Agreement; (iii) the absence of certain continuing defaults or mandatory prepayment events under SolarCity's indebtedness; and (iv) SolarCity having a specified level of accounts payable. These conditions may not be fulfilled, and if this occurs, the Merger may not be completed. In addition, if the Merger is not completed by April 30, 2017, either Tesla or SolarCity may choose not to proceed with the Merger, and the parties can mutually decide to terminate the Merger Agreement at any time prior to the consummation of the Merger, before or after stockholder approval. In addition, Tesla or SolarCity may elect to terminate the Merger Agreement in certain other circumstances. See *The Merger Agreement Conditions to the Completion of the Merger* beginning on page 129 and *The Merger Agreement Termination of the Merger Agreement* on beginning on page 131 for a fuller description of these circumstances.

Any delay in completing the Merger may reduce or eliminate the expected benefits from the transaction.

The Merger is subject to a number of conditions beyond Tesla's and SolarCity's control that may prevent, delay or otherwise materially adversely affect its completion. Tesla and SolarCity cannot predict whether and when these other conditions will be satisfied. There can be no assurance that either Tesla or SolarCity or both parties will waive any condition to closing that is not satisfied. Furthermore, the requirements for obtaining the required clearances and approvals and the time required to satisfy any other conditions to the closing could delay the completion of the Merger for a significant period of time or prevent it from occurring. Any delay in completing the Merger could cause Tesla not to realize some or all of the benefits that it expects to achieve if the Merger is successfully completed within its expected timeframe. See the section entitled *The Merger Agreement Conditions to the Completion of the Merger* beginning on page 129.

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Failure to complete the Merger could negatively impact the stock prices and the future business and financial results of Tesla and SolarCity.

If the Merger is not completed, the ongoing businesses of Tesla or SolarCity may be adversely affected and Tesla and SolarCity will be subject to several risks, including the following:

being required, under certain circumstances, to pay a termination fee of \$78.2 million, in the case of a payment by Tesla to SolarCity, and \$78.2 million or \$26.1 million, in the case of a payment by SolarCity to Tesla (see *The Merger Agreement Expenses and Termination Fees* beginning on page 132);

having to pay certain costs relating to the proposed Merger, such as legal, accounting, financial advisor, filing, printing and mailing fees;

under the Merger Agreement, each of Tesla and SolarCity being subject to certain restrictions on the conduct of its business, which may adversely affect its ability to execute certain business strategies; and

the focus of management of each of the companies on the Merger instead of on pursuing other opportunities that may be beneficial to each company.

If the Merger does not occur, Tesla and SolarCity may incur these costs without realizing any of the benefits of the Merger being completed. In addition, if the Merger is not completed, Tesla and/or SolarCity may experience negative reactions from the financial markets and from their respective customers and employees. Tesla and/or SolarCity could also be subject to litigation related to any failure to complete the Merger or to enforcement proceedings commenced against Tesla or SolarCity to perform their respective obligations under the Merger Agreement. If the Merger is not completed, Tesla and SolarCity cannot assure their respective stockholders that these risks will not materialize or will not materially affect the business, financial results and stock prices of SolarCity or Tesla.

The Merger Agreement contains provisions that could discourage a potential competing acquiror or could result in any competing proposal being offered at a lower price than it might otherwise be.

The Merger Agreement contains no shop provisions that, after the expiration of the go-shop period, which concluded on September 14, 2016, with no parties qualifying as Excluded Parties, subject to limited exceptions, restrict SolarCity's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of SolarCity. Further, even if the SolarCity Board withdraws or modifies its recommendation of the SolarCity Merger Proposal, it will still be required to submit the matter to a vote of the SolarCity stockholders at the SolarCity Special Meeting unless the Merger Agreement is terminated in accordance with its terms. In addition, Tesla generally has an opportunity to offer to modify the terms of the Merger and the Merger Agreement in response to any competing Acquisition Proposals that may be made before the SolarCity Board may withdraw or modify its recommendation. In some circumstances, upon termination of the Merger Agreement, one of the parties may be required to pay a termination fee to the other party. Tesla is subject to similar no shop provisions with respect to competing third-party proposals to acquire all or a significant part of Tesla. For additional information, see the sections entitled *The Merger Agreement SolarCity Go-Shop* beginning on page 126, *No Solicitation of Alternative Proposals* beginning on page 126, *Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* beginning on page 128 and *Termination of the Merger Agreement* beginning on page 131.

These provisions could discourage a potential competing acquiror from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the Merger, or might result in a potential competing acquiror proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

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Tesla's Amended and Restated Bylaws provide that a state court within the State of Delaware will be the sole and exclusive forum for substantially all disputes between Tesla and its stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with Tesla or its current or former directors, officers or employees.

Tesla's Amended and Restated Bylaws (**Tesla's Bylaws**) provide that unless Tesla consents in writing to the selection of an alternative forum, a state court within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Tesla, any action asserting a claim of breach of fiduciary duty owed by any current or former director, officer or other employee of Tesla to Tesla or its stockholders, any action asserting a claim arising pursuant to any provision of the DGCL or Tesla's Amended and Restated Certificate of Incorporation (**Tesla's Charter**) or Tesla's Bylaws, any action asserting a claim governed by the internal affairs doctrine, or any action asserting an internal corporate claim as that term is defined by Section 115 of the Delaware General Corporation Law (the **DGCL**). The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Tesla or its current or former directors, officers or other employees, which may discourage such lawsuits against Tesla and its current or former directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in Tesla's Charter to be inapplicable or unenforceable in an action, Tesla may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business, results of operations, and financial condition.

SolarCity's Amended and Restated Bylaws, as amended to date, provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between SolarCity and its stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with SolarCity or its current or former directors, officers or employees.

SolarCity's Amended and Restated Bylaws, as amended to date (**SolarCity's Bylaws**), provide that unless SolarCity consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the **Delaware Court of Chancery**) (or, if no state court located within the State of Delaware has jurisdiction, any state or federal court located within the State of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of SolarCity, any action asserting a claim of breach of fiduciary duty owed by any current or former director, officer, employee or agent of SolarCity to SolarCity or its stockholders, any action asserting a claim arising pursuant to any provision of the DGCL or SolarCity's Amended and Restated Certificate of Incorporation (**SolarCity's Charter**) or SolarCity's Bylaws, or any action asserting a claim governed by the internal affairs doctrine. SolarCity's Bylaws further provide that any acquiror of SolarCity's capital stock is deemed to have notice of and consented to (i) this provision, (ii) the personal jurisdiction of the Delaware Court of Chancery (or any state or federal court located within the State of Delaware, as applicable), and (iii) having service of process made upon such stockholder. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with SolarCity or its current or former directors, officers, employees or agents, which may discourage such lawsuits against SolarCity and its current or former directors, officers, employees or agents. Alternatively, if a court were to find the choice of forum provision contained in SolarCity's Charter to be inapplicable or unenforceable in an action, SolarCity may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business, results of operations, and financial condition.

The Merger will involve substantial costs.

Tesla and SolarCity have incurred and expect to continue to incur substantial costs and expenses relating directly to the Merger and the Tesla Share Issuance, including debt refinancing costs, fees and expenses payable to financial advisors, other professional fees and expenses, insurance premium costs, fees and costs relating to regulatory filings

and notices, SEC filing fees, printing and mailing costs and other transaction-related costs, fees and expenses. If the Merger is not completed, Tesla and SolarCity will have incurred substantial expenses for which no ultimate benefit will have been received by either company.

Table of Contents***The pendency of the Merger and related uncertainty could adversely affect the relationships of Tesla and SolarCity with employees, customers, commercial partners, financing parties and other third parties.***

Uncertainty about the effect of the Merger on employees, customers, commercial partners and other third parties may have an adverse effect on SolarCity and Tesla. These uncertainties may cause customers, suppliers commercial partners, financing parties and others that deal with SolarCity or Tesla to seek to change, delay or defer decisions with respect to existing or future business relationships. Retention, hiring and motivation of certain current and prospective employees by SolarCity or Tesla may be challenging while the Merger is pending, as they may experience uncertainty about their future roles with SolarCity or Tesla. If key employees, customers, commercial partners, financing parties and other third parties terminate or change, or seek to terminate or change, their existing relationships with SolarCity or Tesla, SolarCity's business or Tesla's business, and the Combined Company's business as a result, could be harmed.

The consummation of the Merger may permit counterparties to other agreements to terminate those agreements.

SolarCity is party to certain agreements that give the counterparties to such agreements, including investors and commercial partners, certain rights, including notice, consent and other rights in connection with a change of control transactions or otherwise, that may give rise to a default by SolarCity under the agreements or a right by the counterparty to terminate the agreement. Under certain of these agreements, the Merger may constitute a change of control or otherwise give rise to consent or termination rights and, therefore, the counterparties may assert their rights in connection with the Merger and claim a default of the agreement by SolarCity and/or terminate the agreements, which may adversely affect business and operations of Tesla and the value of Tesla's common stock following the Merger.

The fairness opinions obtained by the Tesla Board and the SolarCity Special Committee from their respective financial advisors will not be updated to reflect changes in circumstances between signing the Merger Agreement and the completion of the Merger.

Neither the Tesla Board nor the SolarCity Special Committee has obtained an updated fairness opinion as of the date of this joint proxy statement/prospectus from Evercore, Tesla's financial advisor, or Lazard, the SolarCity Special Committee's financial advisor. Changes in the operations and prospects of Tesla or SolarCity, general market and economic conditions, and other factors that may be beyond the control of Tesla and SolarCity and on which the fairness opinions were based, may alter the value of Tesla or SolarCity or the price of shares of Tesla or SolarCity Common Stock by the time the Merger is completed.

The fairness opinions do not speak as of the time the Merger will be completed or as of any date other than the dates of such opinions. Neither Tesla nor SolarCity anticipates asking their respective financial advisors to update their fairness opinions. The fairness opinions of Evercore and Lazard are included as **Annexes C** and **D**, respectively, to this joint proxy statement/prospectus. For a description of the fairness opinions that the Tesla Board received from its financial advisor and a summary of the material financial analyses it provided to the Tesla Board in connection with rendering such opinions, see the section entitled *The Merger Opinion of Tesla's Financial Advisor* beginning on page 74. For a description of the opinion that the SolarCity Special Committee received from its financial advisor and a summary of the material financial analyses such financial advisor provided to the SolarCity Special Committee in connection with rendering such opinion, see the section entitled *The Merger Opinion of the Financial Advisor to the SolarCity Special Committee* beginning on page 88.

For a description of the factors considered by the Tesla Board in determining to approve the Merger and the Tesla Share Issuance, see the section entitled *The Merger Tesla's Reasons for the Merger and Tesla Share Issuance; Recommendation of the Tesla Board of Directors* beginning on page 70. For a description of the factors considered by

the SolarCity Board in determining to approve the Merger Agreement and the Merger, see the section entitled *The Merger SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors* beginning on page 83.

Table of Contents***Certain directors and executive officers of Tesla and SolarCity have interests in the Merger that may be different from, or in addition to, the interests of Tesla's stockholders and SolarCity's stockholders generally.***

Certain executive officers of Tesla and SolarCity participated in the negotiation of the terms of the Merger Agreement. The Tesla Board, with two directors recusing themselves, approved the Merger Agreement and the Tesla Share Issuance and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are advisable and in the best interests of Tesla and its stockholders. The Special Committee and the SolarCity Board, upon the recommendation of the Special Committee approved the Merger Agreement and determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to, advisable and in the best interests of SolarCity and its stockholders. In considering these facts and the other information contained in this joint proxy statement/prospectus, you should be aware that certain of Tesla's directors and executive officers and certain of SolarCity's directors and executive officers have interests in the Merger that may be different from, or in addition to, the interests of Tesla's or SolarCity's stockholders. For example, some Tesla directors and executive officers own shares in SolarCity and serve on the SolarCity Board, and some SolarCity directors own shares of Tesla and serve on the Tesla Board. See the sections entitled *Stock Ownership of Certain Beneficial Owners and Management/Directors of Tesla* beginning on page 172 and *The Merger Interests of Tesla's Directors and Executive Officers in the Merger* beginning on page 106 and *Stock Ownership of Certain Beneficial Owners and Management/Directors of SolarCity* beginning on page 175 and *The Merger Interests of SolarCity's Directors and Executive Officers in the Merger* beginning on page 108.

SolarCity stockholders will not be entitled to dissenters' or appraisal rights in the Merger.

Dissenters' or appraisal rights are statutory rights that, if applicable under law, enable stockholders of a corporation to dissent from an extraordinary transaction, such as a Merger, and to demand that such corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Under the DGCL, stockholders do not have appraisal rights if the shares of stock they hold, at the record date for determination of stockholders entitled to vote at the meeting of stockholders to act upon the Merger or consolidation, are either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Notwithstanding the foregoing, appraisal rights are available if stockholders are required by the terms of the Merger Agreement to accept for their shares anything other than (a) shares of stock of the surviving corporation, (b) shares of stock of another corporation that will either be listed on a national securities exchange or held of record by more than 2,000 holders, (c) cash instead of fractional shares or (d) any combination of clauses (a)-(c).

Because SolarCity Common Stock is listed on NASDAQ, a national securities exchange, and is expected to continue to be so listed on the record date, and because the Merger otherwise satisfies the foregoing requirements, holders of SolarCity Common Stock will not be entitled to dissenters' or appraisal rights in the Merger with respect to their shares of SolarCity Common Stock.

Pending litigation against Tesla could result in an injunction preventing the completion of the Merger or a judgment resulting in the payment of damages.

Between September 1, 2016 and October 5, 2016, seven lawsuits were filed in the Court of Chancery of the State of Delaware by purported stockholders of Tesla challenging the Merger. These lawsuits are captioned as *City of Riviera Beach Police Pension Fund v. Elon Musk, et al.*, C.A. No. 12711-VCS; *Ellen Prasinov v. Elon Musk, et al.*, C.A. No. 12723-VCS; *Arkansas Teacher Retirement System, et al. v. Elon Musk, et al.*, C.A. No. 12740-VCS; and *P. Evan Stephens v. Elon Musk, et al.*, C.A. No. 1275-VCS; *Pyare Diwana v. Elon Musk, et al.*, C.A. No. 12796-VCS; *Nguyen v. Elon Musk, et al.*, C.A. No. 12808-VCS; and *Wolf v. Elon Musk, et al.*, C.A. No. 12805-VCS (collectively, the

Actions), naming as defendants the Tesla Board, and certain of the Actions also name as defendants Merger Sub, SolarCity, and certain members of the SolarCity Board, Evercore, and The Goldman Sachs Group, Inc. Other potential plaintiffs may also file additional lawsuits challenging the proposed Merger. The outcome of any such litigation is uncertain.

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If any Action is not resolved, the lawsuit(s) could prevent or delay completion of the Merger and result in substantial costs to Tesla and SolarCity, including any costs associated with the indemnification of its respective directors and officers. One condition to closing the Merger is the absence of any law, order, judgment or other legal restraint by a court or other governmental entity that prevents, makes illegal or prohibits the closing of the Merger. If any lawsuit is filed challenging the Merger and is successful in obtaining an injunction preventing the parties to the Merger Agreement from consummating the Merger, such injunction may delay or prevent the Merger. As such, if plaintiffs are successful in obtaining an injunction prohibiting the consummation of the Merger or the other transactions contemplated by the Merger Agreement, then such injunction may prevent the Merger from being completed, or from being completed within the expected timeframe. Additionally, if the Merger is completed, Tesla would assume the risks and liabilities associated with litigation that SolarCity and certain members of the SolarCity Board are party to, and Tesla has agreed to indemnify the directors and officers of SolarCity following the completion of the Merger for liability arising out of the fact that each such person was a director or officer of SolarCity prior to the date of the Merger Agreement.

The defense or settlement of these Actions and any future additional litigation could be time-consuming and expensive, divert the attention of Tesla management and/or SolarCity management away from their regular business, and, if any one of these Actions or any future litigation is adversely resolved against either Tesla or SolarCity, could have a material adverse effect on their respective financial condition, results of operations or liquidity of Tesla or the Combined Company if resolved after the Merger is completed. For more information, see *The Merger Litigation Relating to the Merger*.

Until the completion of the Merger or the termination of the Merger Agreement in accordance with its terms, in consideration of the agreements made by the parties in the Merger Agreement, Tesla and SolarCity are each prohibited from entering into certain transactions and taking certain actions that might otherwise be beneficial to Tesla or SolarCity and their respective stockholders.

Until the Merger is completed, the Merger Agreement restricts each of Tesla and SolarCity from taking specified actions without the consent of the other party, and requires each of Tesla and SolarCity to operate in the ordinary course of business consistent with past practices. SolarCity is subject to a number of customary interim operating covenants relating to, among other things, its capital expenditures, incurrence of indebtedness, entry into or amendment of certain types of agreements, equity grants and changes in employee compensation. These restrictions may prevent Tesla and/or SolarCity from making appropriate changes to their respective businesses or pursuing attractive business opportunities that may arise prior to the completion of the Merger. See *The Merger Agreement Conduct of Business* beginning on page 122 for a description of the restrictive covenants applicable to Tesla and SolarCity, respectively.

Risks Related to the Business of the Combined Company Following the Merger

Tesla is expected to incur substantial expenses related to the integration of Tesla and SolarCity.

Tesla is expected to incur substantial expenses in connection with the integration of the business, policies, procedures, operations, technologies and systems of SolarCity with those of Tesla. There are a large number of systems that must be integrated, including management information, purchasing, administrative, accounting and finance, sales, marketing, billing, payroll and benefits, installation, engineering, infrastructure and regulatory compliance, among others. While Tesla has assumed that a certain level of expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of all of the expected integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately at the present time. These integration expenses likely will result in Tesla taking significant charges against earnings following the

completion of the Merger, but the amount and timing of such charges are uncertain at present, and if such charges are greater than expected, they could offset the cost synergies that Tesla expects to achieve from the Merger.

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Following the Merger, the Combined Company may be unable to integrate successfully the businesses of Tesla and SolarCity and realize the anticipated benefits of the Merger.

The Merger involves the combination of two companies which currently operate as independent public companies. Following the Merger, the Combined Company will be required to devote significant management attention and resources to integrating its business practices and operations. The Combined Company may fail to realize some or all of the anticipated benefits of the Merger if the integration process takes longer than expected or is more costly than expected. Potential difficulties the Combined Company may encounter in the integration process include the following:

the inability to successfully combine the businesses of Tesla and SolarCity in a manner that permits the Combined Company to achieve the synergies anticipated to result from the Merger, which would result in the anticipated benefits of the Merger not being realized partly or wholly in the time frame currently anticipated or at all;

lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the Combined Company;

complexities associated with managing the combined businesses;

integrating personnel from the two companies;

creation of uniform standards, controls, procedures, policies and information systems;

potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Merger; and

performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the Merger and integrating the companies' operations.

In addition, Tesla and SolarCity have operated and, until the completion of the Merger, will continue to operate, independently. It is possible that the integration process could result in the diversion of each company's management attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, suppliers and employees or our ability to achieve the anticipated benefits of the Merger, or could reduce the earnings or otherwise adversely affect the business and financial results of the Combined Company.

Activities undertaken during the pendency of the Merger to complete the Merger and the other transactions contemplated by the Merger Agreement may divert management attention and resources.

If the efforts and actions required of Tesla and SolarCity in order to consummate the Merger and the other transactions contemplated by the Merger Agreement are more difficult, costly or time consuming than expected, such efforts and actions could result in the diversion of each company's management's attention and resources or the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses, which could adversely affect the business and financial results of Tesla or SolarCity, as applicable.

In connection with the Merger and the continuing operations of the Combined Company following the Merger, Tesla may refinance a significant amount of indebtedness and otherwise require additional financing; it cannot guarantee that it will be able to obtain the necessary funds on favorable terms or at all.

Tesla may elect to refinance certain of SolarCity's indebtedness even if not required to do so by the terms of such indebtedness. In addition, Tesla may need or want to raise additional funds for the operations of the Combined Company following the Merger. Tesla and SolarCity have been and may continue to be engaged in discussions with certain potential financing sources, including with respect to one or more credit facilities to be entered into by Tesla or SolarCity at the time of the closing of the Merger, funds from which would be used in

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part to make any such refinancing and to provide a source of additional funds and liquidity for the operations of the Combined Company following the Merger. However, the ability of the Combined Company to obtain such financing will depend on, among other factors, prevailing market conditions at the time of the closing of the Merger and other factors beyond the control of the Combined Company. There is no assurance that the Combined Company will be able to obtain additional financing on terms acceptable to the Combined Company, or at all.

In connection with the Merger, Tesla or one of its subsidiaries will be subject to significant additional indebtedness, which could adversely affect Tesla, including by decreasing Tesla's business flexibility and increasing Tesla's interest expense.

As of June 30, 2016, Tesla's consolidated indebtedness was approximately \$3.7 billion, and SolarCity's consolidated indebtedness was approximately \$3.3 billion. If the Merger is completed, Tesla expects that certain entities forming part of the Combined Company will be subject to most of the consolidated indebtedness of SolarCity, and the Combined Company may have to incur additional indebtedness in connection with any extinguishment of certain of such debt in connection with the closing of the Merger, as well as for its ongoing business needs. As a result, it is expected that the Combined Company will be subject to substantially increased indebtedness in comparison to Tesla's indebtedness on a recent historical basis. This increased indebtedness could have the effect, among other things, of reducing Tesla's flexibility to respond to changing business and economic conditions and increasing Tesla's interest expense. In addition, the amount of cash required to pay interest on the Combined Company's indebtedness following completion of the Merger, and thus the demands on the Combined Company's cash resources, will be greater than the amount of cash required to service the indebtedness of Tesla prior to the transaction. The increased levels of indebtedness following completion of the Merger could therefore reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes.

Tesla's and SolarCity's operations require substantial ongoing capital, and if financing is not available to the Combined Company on acceptable terms, if and when needed, its operations, growth and prospects could be negatively affected.

Tesla's and SolarCity's respective businesses are capital intensive. Following the Merger, the Combined Company is expected to incur significant costs on an ongoing basis to continue its operations, develop and manufacture its current or future products, and to pay any significant unplanned or accelerated expenses or for new significant strategic investments. For example, the Combined Company may need or seek to raise capital from third-party fund investors and lenders to help finance the deployment of SolarCity's existing residential and commercial solar energy systems. If it is unable to do so when needed, or on desirable terms, to enable our customers' access to our solar energy systems with little or no upfront cost, it may be unable to finance installation of our customers' systems, or its cost of capital could increase and its liquidity may be constrained, any of which could have a material adverse effect on the Combined Company's business, financial condition and results of operations.

Tesla may also need or want to raise additional financing for working capital, capital expenditures, acquisitions or other general corporate purposes in connection with the Merger. Tesla's ability to raise capital from third-party fund investors and lenders to fund its operations and growth, or to refinance its existing indebtedness, will depend on, among other factors, Tesla's financial position and performance, as well as prevailing market conditions and other factors beyond Tesla's control, such as any decisions by credit ratings agencies with respect to credit ratings that they may maintain with respect to Tesla. Any concerns regarding Tesla's business and liquidity, uncertainty regarding the timing and completion of the Merger and the capital structure of SolarCity and Tesla following the Merger and general market conditions could negatively impact Tesla's ability to access the capital markets or to raise funds on acceptable terms, or at all.

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Current Tesla and SolarCity stockholders will have a reduced ownership and voting interest in the Combined Company after the Merger and will exercise less influence over the Combined Company's management.

Current Tesla stockholders currently have the right to vote in the election of the Tesla Board and other matters affecting Tesla. Current SolarCity stockholders currently have the right to vote in the election of the SolarCity Board and on other matters affecting SolarCity. Immediately after the Merger is completed, it is expected that current Tesla stockholders will own approximately 93.1% of the Tesla Common Stock and current SolarCity stockholders will own approximately 6.9% of the outstanding shares of Tesla Common Stock after the completion of the Merger, based on the number of shares of common stock outstanding of Tesla and SolarCity as of September 23, 2016, the record date for the special meetings.

As a result of the Merger, current Tesla and SolarCity stockholders will have less influence on the Combined Company's management and policies than they now have on the management and policies of Tesla and SolarCity, respectively.

Future equity issuances could result in dilution of the Tesla Common Stock, which could cause the price of Tesla Common Stock to decline, and future sales of Tesla Common Stock could depress the market price of Tesla Common Stock.

Tesla may from time to time in the future issue additional shares of common stock, including to finance the business of the Combined Company following the Merger. Such future issuances may be at prices that are below the prevailing or historical market price of Tesla Common Stock. Actual or anticipated issuances or sales of substantial amounts of common stock could cause the market price of Tesla Common Stock to decline and make it more difficult for Tesla to sell equity securities in the future at a time and on terms that Tesla deems appropriate. The issuance of any shares of Tesla Common Stock in the future (including after the date of this joint proxy statement/prospectus or the date of the Tesla or SolarCity Special Meetings and prior to the completion of the Merger) also would dilute the percentage ownership interest held by stockholders prior to such issuance and would reduce the percentage ownership that SolarCity stockholders would have owned in Tesla upon completion of the Merger, and any such dilution may reduce the value of the consideration that SolarCity stockholders will receive in the Merger. Further, Tesla's ability to complete any future capital raise, including any offering of shares of Tesla Common Stock, on commercially reasonable terms is dependent on market conditions and factors which may be beyond Tesla's control, including actual or anticipated fluctuations in Tesla's operating results, changes in earnings estimated by securities analysts or Tesla's ability to meet those estimates, the operating performance and stock price of comparable companies, changes to the regulatory and legal environment under which Tesla operates, and domestic and worldwide economic conditions.

The unaudited pro forma condensed combined financial data for Tesla included in this joint proxy statement/prospectus is preliminary, and Tesla's actual financial position and operations after the Merger may differ materially from the unaudited pro forma financial data included in this joint proxy statement/prospectus.

The unaudited pro forma financial data for Tesla included in this joint proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what Tesla's actual financial position or operations would have been had the Merger been completed within the expected time frame. Tesla's actual results and financial position after the Merger may differ materially and adversely from the unaudited pro forma financial data included in this joint proxy statement/prospectus. The unaudited pro forma condensed combined financial information reflects adjustments, which are based upon preliminary estimates, to record the SolarCity identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of SolarCity as of the date of the completion of the Merger. Further, the Combined

Company expects to recognize a significant amount of additional goodwill in the Merger. The goodwill will be subject to annual impairment assessments and a material charge may be necessary if the results of operations and cash flows are unable to support the goodwill subsequent

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to the Merger. For more information see the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 141.

The prospective financial forecasts for SolarCity included in this joint proxy statement/prospectus reflect SolarCity management estimates and SolarCity's actual performance may differ materially from the prospective financial forecasts included in this joint proxy statement/prospectus.

The prospective financial forecasts for SolarCity included in this joint proxy statement/prospectus are based on assumptions of, and information available to, SolarCity at the time such prospective financial forecasts were prepared. SolarCity does not know whether the assumptions made will prove correct. Any or all of such information may turn out to be wrong. Such information can be adversely affected by inaccurate assumptions or by known or unknown risks and uncertainties, many of which are beyond SolarCity's control. Further, prospective financial forecasts of this type are based on estimates and assumptions that are inherently subject to factors such as company performance, industry performance, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of SolarCity, including the factors described under *Other Risk Factors of Tesla and SolarCity* beginning on page 48 and *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 34, which factors and changes may cause the prospective financial forecasts or the underlying assumptions to be inaccurate. As a result of these contingencies, there can be no assurance that the prospective financial forecasts of SolarCity will be realized or that actual results will not be significantly higher or lower than projected. In view of these uncertainties, the inclusion of the prospective financial forecasts of SolarCity in this joint proxy statement/prospectus should not be regarded as an indication that the Tesla Board, the SolarCity Board, Tesla, SolarCity, Merger Sub, Evercore, Lazard or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results.

The prospective financial forecasts were not prepared with a view toward public disclosure or toward compliance with U.S. GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

In addition, the prospective financial forecasts have not been updated or revised to reflect information or results after the date the prospective financial forecasts were prepared or as of the date of this joint proxy statement/prospectus. For more information see the section entitled *The Merger Certain Tesla and SolarCity Unaudited Prospective Financial Information* beginning on page 99.

The Combined Company's future results will suffer if it does not effectively manage its expanded operations following the Merger.

Following the Merger, the size and scope of operations of the business of the Combined Company will increase beyond the current size and scope of operations of either Tesla's or SolarCity's current businesses. In addition, Tesla may continue to expand its size and operations through additional acquisitions or other strategic transactions. Tesla's future success depends, in part, upon its ability to manage its expanded business, which may pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the Tesla will be successful or that it will realize the expected economies of scale, synergies and other benefits currently anticipated from the Merger or anticipated from any additional acquisitions or strategic transactions.

The trading price of Tesla Common Stock is likely to continue to be volatile.

The trading price of Tesla Common Stock has been highly volatile and could continue to be subject to wide fluctuations in response to various factors, some of which are beyond Tesla's control. Tesla's Common Stock has experienced an intra-day trading high of \$271.57 per share and a low of \$141.05 per share over the last 52 weeks. The stock market in general, and the market for technology companies in particular, has experienced extreme

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price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of companies' stock, including Tesla's, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. For example, a stockholder litigation like this was filed against Tesla in 2013. While the trial court dismissed the plaintiffs' complaint with prejudice, this litigation (if the trial court's order is successfully appealed) or others like it could result in substantial costs and a diversion of the attention and resources of Tesla's management.

Tesla's stock price may be negatively impacted by risks and conditions that apply to Tesla, which are different from the risks and conditions applicable to SolarCity.

Upon completion of the Merger, SolarCity stockholders will become holders of Tesla Common Stock. The businesses and markets of Tesla and its subsidiaries and the other companies it may acquire in the future are different from those of SolarCity. There is a risk that various factors, conditions and developments that would not affect the price of SolarCity Common Stock could negatively affect the price of Tesla Common Stock. Please see Tesla's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as updated by any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K filed with the SEC, all of which are incorporated by reference in this joint proxy statement/prospectus, and the section entitled *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 34 for a summary of some of the key factors that might affect Tesla and the prices at which Tesla's common stock may trade from time to time.

The shares of Tesla Common Stock to be received by SolarCity stockholders as a result of the Merger will have different rights from the shares of SolarCity Common Stock currently held by SolarCity stockholders.

Upon completion of the Merger, SolarCity stockholders will become Tesla stockholders and their rights as stockholders will be governed by Tesla's Charter and Tesla's Bylaws. The rights associated with Tesla Common Stock are different from the rights associated with SolarCity Common Stock. See the section entitled *Comparison of the Rights of Holders of Tesla Common Stock and Holders of SolarCity Common Stock* beginning on page 156 for a discussion of the different rights associated with Tesla Common Stock.

The market price of Tesla's common stock may decline in the future as a result of the Merger.

The market price of Tesla Common Stock may decline in the future as a result of the Merger for a number of reasons, including if the integration of Tesla and SolarCity is unsuccessful (including for the reasons set forth in the preceding risk factor) or if Tesla fails to achieve the perceived benefits of the Merger, including financial results, as rapidly as or to the extent anticipated by financial or industry analysts. These factors are, to some extent, beyond the control of Tesla.

The Merger may not be accretive and may cause dilution to Tesla's earnings per share, which may negatively affect the market price of Tesla Common Stock.

Tesla currently anticipates that the Merger will be accretive to earnings per share in 2016, assuming refinancing of SolarCity's outstanding debt at or around the closing of the Merger and excluding one-time costs. This expectation, however, is based on preliminary estimates which may materially change, including the currently expected timing of the Merger. Tesla could also encounter additional transaction-related costs or other factors such as a delay in the closing of the Merger and/or the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to Tesla's earnings per share or decrease or delay the expected accretive effect of the Merger and

cause a decrease in the market price of Tesla Common Stock.

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Other Risk Factors of Tesla and SolarCity

Tesla's and SolarCity's businesses are and will be subject to the risks described above. In addition, Tesla and SolarCity are, and will continue to be, subject to the risks described in Tesla's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and SolarCity's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, respectively, as, in each case, updated by any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and are incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page 181 for the location of information incorporated by reference in this joint proxy statement/prospectus.

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THE TESLA SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place of the Tesla Special Meeting of Stockholders

The special meeting of Tesla stockholders will be held at [], on [], 2016 at [], local time.

Purpose of the Tesla Special Meeting of Stockholders

At the Tesla Special Meeting, Tesla stockholders will be asked:

to consider and vote on the Tesla Merger and Share Issuance Proposal; and

to consider and vote on the Tesla Adjournment Proposal.

Recommendation of the Tesla Board of Directors

On July 30, 2016, after careful consideration, the Tesla Board, with Messrs. Elon Musk and Antonio Gracias recusing themselves, approved the Merger Agreement and the Tesla Share Issuance and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders.

The Tesla Board accordingly recommends that the Tesla stockholders vote FOR each of the Tesla Merger and Share Issuance Proposal and the Tesla Adjournment Proposal.

Tesla Record Date; Stockholders Entitled to Vote

Only holders of record of shares of Tesla Common Stock at the close of business on September 23, 2016, the record date for the Tesla Special Meeting, will be entitled to notice of, and to vote at, the Tesla Special Meeting or any adjournments or postponements thereof. A list of stockholders of record entitled to vote at the special meeting will be available beginning two business days after notice of the special meeting is given, and continuing through the special meeting, at our executive offices and principal place of business at 3500 Deer Creek Road, Palo Alto, California 94304 for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting. The list will also be available at the special meeting for examination by any stockholder of record present at the special meeting.

As of the close of business on the record date, there were outstanding a total of 149,792,626 shares of Tesla Common Stock entitled to vote at the Tesla Special Meeting. As of the close of business on the record date, approximately 21.3% of the outstanding Tesla common shares were held by Tesla directors and executive officers and their affiliates. We currently expect that Tesla's directors and executive officers will vote their shares in favor of the above-listed proposals, though they are under no obligation to do so.

Quorum

Stockholders who hold at least a majority of the outstanding Tesla Common Stock as of the close of business on the record date and who are entitled to vote must be present or represented by proxy in order to constitute a quorum for the transaction of business at the Tesla Special Meeting. Shares of Tesla Common Stock represented at the Tesla

meeting and entitled to vote but not voted, including shares for which a stockholder directs an abstention from voting and broker non-votes (shares held by banks, brokerage firms or nominees that are present in person or by proxy at the Tesla Special Meeting but with respect to which the broker or other stockholder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal), if any, will be counted as present for purposes of establishing a quorum. Shares of Tesla Common Stock held in treasury will not be included in the calculation of the number of shares of Tesla Common Stock represented at the meeting for purposes of determining whether a quorum is present.

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Required Vote

Approval of the Tesla Merger and Share Issuance Proposal requires (i) the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the special meeting to approve the Tesla Share Issuance pursuant to the NASDAQ Stock Market Rules and (ii) the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the Excluded Tesla Parties (which, as of September 23, 2016, the record date for the special meetings, totals 31,748,536 shares, or 21.2% of the total amount of issued and outstanding shares of Tesla Common Stock) cast on the proposal in person or by proxy at the Tesla Special Meeting pursuant to the terms of the Merger Agreement. Approval of the Tesla Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to Tesla's Bylaws.

Abstentions and Broker Non-Votes

If you are a Tesla stockholder and fail to vote or fail to instruct your broker or nominee to vote, or vote to abstain from voting, it will have no effect on the Tesla Merger and Share Issuance Proposal, assuming a quorum is present. If you are a Tesla stockholder and fail to vote or fail to instruct your broker or nominee to vote, it will have no effect on the Tesla Adjournment Proposal, assuming a quorum is present; however, if you vote to abstain, it will have the same effect as a vote against the Tesla Adjournment Proposal.

Voting on Proxies; Incomplete Proxies

A proxy card is enclosed for your use. Tesla requests that you follow the instructions contained on the proxy card and vote via the Internet, by telephone, or mark, sign and date the accompanying proxy and return it promptly in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Tesla Common Stock represented by it will be voted at the Tesla Special Meeting or any adjournment thereof in accordance with the instructions contained in the proxy.

If a proxy is returned without an indication as to how the shares of Tesla Common Stock represented are to be voted with regard to a particular proposal, the Tesla Common Stock represented by the proxy will be voted in favor of each such proposal. At the date hereof, management has no knowledge of any business that will be presented for consideration at the special meeting and which would be required to be set forth in this joint proxy statement/prospectus or the related Tesla proxy card other than the matters set forth in Tesla's Notice of Special Meeting of Stockholders. If any other matter is properly presented at the Tesla Special Meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

Your vote is important. Accordingly, please vote today following the instructions contained on the enclosed proxy card whether or not you plan to attend the Tesla Special Meeting in person.

Shares Held in Street Name

If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), your broker, bank, trust company or other nominee cannot vote your shares on non-routine matters without instructions from you. You should instruct your broker, bank, trust company or other nominee as to how to vote your shares, following the directions from your broker, bank, trust company or other nominee provided to you. Please check the voting form used by your broker, bank, trust company or other nominee. If you do not provide your broker, bank, trust company or other nominee with instructions on how to vote your shares, your broker, bank, trust company

or other nominee may not vote your shares, which will have no effect on the Tesla Merger and Share Issuance Proposal and the Tesla Adjournment Proposal, in each case, assuming a quorum is present.

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Please note that you may not vote shares held in street name by returning a proxy card directly to Tesla or SolarCity or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your broker, bank, trust company or other nominee.

Revocability of Proxies and Changes to a Tesla Stockholder's Vote

You have the power to revoke your proxy at any time before your proxy is voted at the Tesla Special Meeting. You can revoke your proxy in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date (including by telephone or through the Internet); or

if you are a holder of record, you can attend the Tesla Special Meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by Tesla's Corporate Secretary at 3500 Deer Creek Road, Palo Alto, California 94304, no later than the beginning of the Tesla Special Meeting. If your shares are held in street name by your bank or broker, you should contact your broker to change your vote or revoke your proxy.

Solicitation of Proxies

In accordance with the Merger Agreement, the cost of proxy solicitation for the Tesla Special Meeting will be borne by Tesla. In addition to the use of the mail, proxies may be solicited by officers and directors and regular employees of Tesla, some of whom may be considered participants in the solicitation, without additional remuneration, by personal interview, telephone, facsimile or otherwise. Tesla will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. Tesla has retained Innisfree M&A Incorporated to assist in its solicitation of proxies and has agreed to pay them a fee of up to \$150,000, plus reasonable expenses, for these services.

Attending the Tesla Special Meeting of Stockholders

If you plan to attend the Tesla Special Meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the special meeting, you must bring to the special meeting a legal proxy executed in your favor from the record holder (your broker, bank, trust company or other nominee) of the shares authorizing you to vote at the special meeting.

In addition, if you are a registered stockholder, please be prepared to provide proper identification, such as a driver's license or passport. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or letter from your broker, bank, trust company or other nominee proving ownership on the Tesla record date, along with proper identification. Stockholders will not be allowed to use cameras, recording devices and other similar electronic devices at the meeting.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Tesla Special Meeting, please contact Innisfree M&A Incorporated at 501 Madison Avenue, New York, NY 10022, call toll-free at (877) 456-3463 or international at +1 (412) 232-3651.

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THE SOLARCITY SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place of the SolarCity Special Meeting of Stockholders

The special meeting of SolarCity stockholders will be held at [], on [], 2016 at [], local time.

Purpose of the SolarCity Special Meeting of Stockholders

At the SolarCity Special Meeting, SolarCity stockholders will be asked:

to consider and vote on the SolarCity Merger Proposal; and

to consider and vote on the SolarCity Adjournment Proposal.

Recommendation of the SolarCity Board and the Special Committee

The Special Committee unanimously determined that the terms and conditions of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to, advisable and in the best interests of the stockholders of SolarCity, recommended to the SolarCity Board that it approve and declare fair to, advisable and in the best interests of the stockholders of SolarCity, the Merger Agreement and the Merger and the other transactions contemplated thereby, and recommended that SolarCity's stockholders vote for the adoption of the Merger Agreement.

At a duly convened meeting of the SolarCity Board to consider the unanimous recommendation of the Special Committee, the SolarCity Board members present unanimously (i) determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are fair to, advisable and in the best interests of SolarCity and its stockholders, (ii) approved the form, terms, provisions and conditions of the Merger Agreement and the consummation of the Merger and the other transactions contemplated by the Merger Agreement, and (iii) resolved to recommend that SolarCity's stockholders vote for the adoption of the Merger Agreement.

Accordingly, the SolarCity Board, acting upon the unanimous recommendation of the Special Committee, recommends that the stockholders of SolarCity vote FOR each of the SolarCity Merger Proposal and the SolarCity Adjournment Proposal.

SolarCity Record Date; Stockholders Entitled to Vote

Only holders of record of shares of SolarCity Common Stock at the close of business on September 23, 2016, the record date for the SolarCity Special Meeting, will be entitled to notice of, and to vote at, the SolarCity Special Meeting and at any adjournment of the meeting. A list of stockholders of record of SolarCity entitled to vote at the special meeting will be available for ten days before the special meeting at SolarCity's executive offices and principal place of business at 3055 Clearview Way, San Mateo, California 94402 for inspection by stockholders during ordinary business hours for any purpose relating to the SolarCity Special Meeting. The list will also be available at the SolarCity Special Meeting for examination by any stockholder of record present at the SolarCity Special Meeting.

As of the close of business on the record date, there were outstanding a total of 100,730,294 shares of SolarCity Common Stock entitled to vote at the SolarCity Special Meeting. As of the close of business on the record date, approximately 32.1% of the outstanding shares of SolarCity Common Stock were held by SolarCity directors and

executive officers and their affiliates. We currently expect that SolarCity's directors and executive officers will vote their shares in favor of the above-listed proposals, though they are under no obligation to do so.

In connection with entering into the Merger Agreement, Mr. Elon Musk and an entity affiliated with him entered into a voting and support agreement whereby such stockholders, which hold approximately 21.7% of the

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outstanding shares of SolarCity Common Stock as of the record date, will be obligated to vote in favor of the SolarCity Merger Proposal and the SolarCity Adjournment Proposal, among other things. See the section entitled *The Voting Agreement*. Notwithstanding the foregoing, pursuant to the Merger Agreement, the consummation of the Merger is subject to a condition that the SolarCity Merger Proposal be approved by the affirmative vote of holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties cast on such proposal in person or by proxy at the SolarCity Special Meeting.

Quorum

A quorum is necessary to transact business at the SolarCity Special Meeting. The presence, in person or by proxy, of a majority of all issued and outstanding shares of SolarCity Common Stock entitled to vote at the SolarCity Special Meeting will constitute a quorum. Shares of SolarCity Common Stock represented at the SolarCity Special Meeting but not voted, including shares for which a stockholder directs an abstention from voting, will be counted as present for purposes of establishing a quorum. Similarly, broker non-votes (shares held by banks, brokerage firms or nominees that are present in person or by proxy at the SolarCity Special Meeting but with respect to which the broker or other stockholder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal) will be counted as present for purposes of establishing a quorum. Shares of SolarCity Common Stock held in treasury will not be included in the calculation of the number of shares of SolarCity Common Stock represented at the meeting for purposes of determining whether a quorum is present.

Required Vote

The votes required for each proposal are as follows:

SolarCity Merger Proposal: Approval of the SolarCity Merger Proposal requires (a) the affirmative vote of holders of a majority of the outstanding shares of SolarCity Common Stock entitled to vote in person or by proxy at the special meeting pursuant to Delaware law and (b) the affirmative vote of holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties (the directors and named executive officers of Tesla and SolarCity, and certain of their affiliates, other than Nancy E. Pfund and Donald R. Kendall, Jr.) cast on such matter in person or by proxy at the special meeting pursuant to the terms of the Merger Agreement.

SolarCity Adjournment Proposal: Approval of the SolarCity Adjournment Proposal requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal pursuant to SolarCity's Amended and Restated Bylaws, as amended.

The SolarCity Board recommends that SolarCity stockholders vote FOR the SolarCity Merger Proposal and the SolarCity Adjournment Proposal, and your properly signed and dated proxy will be so voted unless you specify otherwise.

Abstentions and Broker Non-Votes

If you are a SolarCity stockholder and fail to vote, fail to instruct your broker or nominee to vote, or vote to abstain, it (1) will have the same effect as a vote against the SolarCity Merger Proposal pursuant to Delaware law, which requires that the SolarCity Merger Proposal must be approved by a majority of the issued and outstanding shares of

SolarCity Common Stock entitled to vote in person or by proxy at the SolarCity Special Meeting, and (2) assuming a quorum is met, will have no effect on the SolarCity Merger Proposal for purposes of satisfying the requirement set forth in the Merger Agreement, which requires that the SolarCity Merger Proposal be approved by the holders of a majority of the shares of SolarCity Common Stock not owned, directly or indirectly, by the Excluded SolarCity Parties cast on such matter in person or by proxy at the SolarCity Special Meeting. If you are a SolarCity stockholder and fail to vote or fail to instruct your broker or nominee to vote, it will have no effect on

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the SolarCity Adjournment Proposal, assuming a quorum is present. If you are a SolarCity stockholder and you mark your proxy or voting instructions to abstain, it will have the effect of a vote against the SolarCity Adjournment Proposal.

Voting in Person

If you plan to attend the SolarCity Special Meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the special meeting, you must bring to the special meeting a legal proxy executed in your favor from the record holder (your broker, bank, trust company or other nominee) of the shares authorizing you to vote at the special meeting.

In addition, if you are a registered stockholder, please be prepared to provide proper identification, such as a driver's license or passport. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or letter from your broker, bank, trust company or other nominee proving ownership on the SolarCity record date, along with proper identification. Stockholders will not be allowed to use cameras, recording devices and other similar electronic devices at the meeting.

Voting of Proxies; Incomplete Proxies

A proxy card is enclosed for your use. SolarCity requests that you mark, sign and date the accompanying proxy and return it promptly in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of SolarCity Common Stock represented by it will be voted at the SolarCity Special Meeting or any adjournment thereof in accordance with the instructions contained in the proxy.

If a proxy is returned without an indication as to how the shares of SolarCity Common Stock represented are to be voted with regard to a particular proposal, the SolarCity Common Stock represented by the proxy will be voted in favor of each such proposal. At the date hereof, management has no knowledge of any business that will be presented for consideration at the special meeting and which would be required to be set forth in this joint proxy statement/prospectus or the related SolarCity proxy card other than the matters set forth in SolarCity's Notice of the Special Meeting of Stockholders. If any other matter is properly presented at the SolarCity Special Meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

Your vote is important. Accordingly, please mark, sign, date and return the enclosed proxy card whether or not you plan to attend the SolarCity Special Meeting in person.

Shares Held in Street Name

If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to SolarCity or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your bank or broker. Further, brokers who hold shares of SolarCity Common Stock on behalf of their customers may not give a proxy to SolarCity to vote those shares without specific instructions from their customers.

If you are a SolarCity stockholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares, which will have the same effect as a vote against the SolarCity Merger Proposal. If you are a

SolarCity stockholder and do not instruct your broker on how to vote your shares, it will have no effect on the SolarCity Adjournment Proposal, assuming a quorum is present.

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Revocability of Proxies

You have the power to revoke your proxy at any time before your proxy is voted at the SolarCity Special Meeting. You can revoke your proxy in one of three ways:

you can send a signed notice of revocation;

you can grant a new, valid proxy bearing a later date (including by telephone or through the Internet); or

if you are a holder of record, you can attend the SolarCity Special Meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by SolarCity's Corporate Secretary at SolarCity Corporation, 3055 Clearview Way, San Mateo, California 94402 no later than the beginning of the SolarCity Special Meeting. If your shares are held in street name by your bank or broker, you should contact your broker to change your vote or revoke your proxy.

Solicitation of Proxies

In accordance with the Merger Agreement, the cost of proxy solicitation for the SolarCity Special Meeting will be borne by SolarCity. In addition to the use of the mail, proxies may be solicited by officers and directors and regular employees of SolarCity, some of whom may be considered participants in the solicitation, without additional remuneration, by personal interview, telephone, facsimile or otherwise. SolarCity will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. SolarCity has retained MacKenzie Partners, Inc. to assist in its solicitation of proxies and has agreed to pay them a fee of up to \$75,000, plus reasonable expenses, for these services.

Adjournments

If a quorum is not present or represented, the stockholders entitled to vote at the SolarCity Special Meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. If a quorum is present at the SolarCity Special Meeting but there are not sufficient votes at the time of the special meeting to approve the SolarCity Merger Proposal, then SolarCity stockholders may be asked to vote on the SolarCity Adjournment Proposal. No notices of an adjourned meeting need be given unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the meeting. At any subsequent reconvening of the special meeting at which a quorum is present, any business may be transacted that might have been transacted at the original meeting and all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the time the proxy is voted at the reconvened meeting.

Assistance

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If you need assistance in completing your proxy card or have questions regarding the SolarCity Special Meeting, please contact MacKenzie Partners, Inc., SolarCity's proxy advisor:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Stockholders Call Toll Free: (800) 322-2885

International Callers: +1 (212) 929-5500

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INFORMATION ABOUT THE COMPANIES

Tesla Motors, Inc.

Tesla Motors, Inc.

3500 Deer Creek Road

Palo Alto, California 94304

Phone: (650) 681-5000

Tesla Motors, Inc. is a Delaware corporation that designs, develops, manufactures and sells high-performance fully electric vehicles and energy storage products. Tesla has established its own network of vehicle sales and service centers and Supercharger stations globally to accelerate the widespread adoption of electric vehicles. Tesla currently offers for reservation or sale three fully electric vehicles, the Model S sedan, the Model X sport utility vehicle and the Model 3 sedan. Tesla also sells energy storage products, including the 7kWh and 10kWh Powerwall for residential applications and the 100 kWh Powerpack for commercial and industrial applications.

Tesla's common stock is listed on NASDAQ under the symbol TSLA.

Additional information about Tesla and its subsidiaries is included in the documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

SolarCity Corporation

SolarCity Corporation

3055 Clearview Way

San Mateo, California 94402

Phone: (650) 638-1028

SolarCity Corporation is a Delaware corporation that designs, permits, finances, sells, installs, maintains and monitors solar energy systems for residential, commercial and government applications. SolarCity sells renewable energy to customers at prices below utility rates, with a focus on reducing the cost of solar energy. SolarCity's long-term agreements with its customers generate recurring payments and create a portfolio of high-quality receivables that it monetizes to further reduce the cost of making the switch to solar energy. SolarCity currently installs more solar energy systems than any other company in the United States with just under 110,000 new installations in 2015. Additionally, SolarCity offers energy storage services through its collaborations with Tesla, including a turnkey residential battery backup service that incorporates Tesla's Powerwall.

SolarCity's common stock is listed on NASDAQ under the symbol SCTY.

Additional information about SolarCity and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

Merger Sub

D Subsidiary, Inc.

3500 Deer Creek Road

Palo Alto, California 94304

Phone: (650) 681-5000

D Subsidiary, Inc., a wholly owned subsidiary of Tesla, is a Delaware corporation that was formed on July 21, 2016 for the purpose of effecting the Merger. Upon completion of the Merger, Merger Sub will be merged with and into SolarCity, with SolarCity surviving as a wholly owned subsidiary of Tesla. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement in connection with the Merger.

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THE MERGER

*This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this joint proxy statement/prospectus as **Annex A** and is incorporated by reference into this joint proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the Merger that is important to you. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger. This section is not intended to provide you with any factual information about Tesla or SolarCity. Such information can be found elsewhere in this joint proxy statement/prospectus and in the public filings Tesla or SolarCity make with the SEC that are incorporated by reference into this joint proxy statement/prospectus, as described in the section entitled *Where You Can Find More Information* beginning on page 181 of this joint proxy statement/prospectus.*

Structure of the Merger

At the effective time of the Merger, Merger Sub, a wholly owned subsidiary of Tesla formed to effect the Merger, will merge with and into SolarCity. SolarCity will be the surviving corporation in the Merger and will thereby become a wholly owned subsidiary of Tesla.

Merger Consideration

In the Merger, each outstanding share of SolarCity Common Stock (other than shares owned by SolarCity, Tesla or Merger Sub, which will be cancelled) will be converted into the right to receive 0.110 shares of Tesla Common Stock, with cash paid in lieu of fractional shares. This Exchange Ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the Merger. Tesla stockholders will continue to hold their existing Tesla shares.

Background of the Merger

Tesla's mission since its inception has been to accelerate the world's transition to sustainable energy. Going back to 2006, Mr. Elon Musk explained in a blog post entitled "The Secret Tesla Motors Master Plan" that Tesla sought to expedite the world's move from a mine-and-burn hydrocarbon economy towards a solar electric economy. Tesla's long-term growth strategy for achieving this mission and delivering value to Tesla stockholders focuses on opportunities for energy innovation and sustainable products for transportation and energy generation, storage and consumption, including by way of solar energy, in view of creating a vertically integrated sustainable energy provider.

Consistent with this mission, Tesla has over the years entered into various commercial and strategic partnerships with participants in the energy industry, including a number of publicly disclosed transactions with SolarCity since 2011. However, the need to expand and deepen Tesla's level of involvement in the solar energy industry has come into sharper focus in recent years. In May 2015, Tesla announced that it was launching a new line of sustainable energy products, including the Powerwall and Powerpack stationary storage products, which are designed to work alongside solar energy systems. Additionally, since June 2014, Tesla has been devoting significant time and resources to construct the Gigafactory, which when fully online is expected to produce more lithium ion batteries annually (for use in Tesla's electric vehicle and energy products) than were produced worldwide in 2013.

As Tesla has launched these new initiatives, members of the Tesla Board have on various occasions and in various settings discussed what more could be done to create a more vertically integrated sustainable energy company. Until June 2016, no conclusions were reached and no decisions were taken, but consistent with the Tesla Board's ongoing practice of reviewing and considering strategic opportunities for the company, there was a growing informal dialogue on this subject. In line with this dialogue, Messrs. Elon Musk and Lyndon Rive have at various points during the

course of the partnership between Tesla and SolarCity discussed opportunities to build on that partnership, including the possibility of Tesla acquiring SolarCity, but these discussions historically had never progressed beyond a high-level, conceptual stage.

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The SolarCity Board and senior management team regularly review SolarCity's performance, future growth prospects and overall strategic direction and consider potential opportunities to strengthen SolarCity's businesses and enhance stockholder value. These reviews have included consideration of investments and potential strategic business combinations, financings and other transactions with third parties that would further SolarCity's strategic objectives and enhance SolarCity's ability to serve customers and create stockholder value. They have also included consideration of the potential benefits and risks of those investments and transactions in light of, among other things, the business environment and SolarCity's competitive position.

In February 2016, Mr. Elon Musk suggested to Mr. Lyndon Rive that he believed more serious consideration of a potential combination between Tesla and SolarCity was in order. It was noted in this discussion that a combination could offer, among other things, the potential for creating differentiated products and services, including by combining Tesla's battery technology with SolarCity's product offerings and business model, bringing together the two companies' brands and combining resources to develop new and innovative products. This discussion never progressed beyond a high-level, conceptual stage, and no proposal was made at such time.

Following the conceptual discussion between Messrs. Elon Musk and Lyndon Rive, on February 29, 2016, at a special meeting of the Tesla Board, Mr. Jason Wheeler, Tesla's Chief Financial Officer, presented to the Tesla Board preliminary considerations related to product and operational synergies that might result from an acquisition of SolarCity, based upon publicly available information regarding SolarCity. Following discussion, the Tesla Board determined not to proceed with the evaluation of a potential strategic acquisition of a solar energy company, due to the potential impact on Tesla management's time and resources in light of Tesla's execution of ongoing operational and strategic initiatives, including Tesla's ongoing production ramp of its Model X vehicle.

A little more than three months later on May 31, 2016, following Tesla's continued production improvements, the Tesla Board held a regular meeting at which Mr. Wheeler and Mr. Todd Maron, Tesla's General Counsel, were present. At the meeting, Mr. Elon Musk raised the topic of potential strategic opportunities in the solar energy space, and the Tesla Board discussed with Mr. Wheeler and Mr. Maron the possible benefits and detriments of proceeding with an acquisition of a solar energy company in the context of Tesla's existing strategic plan and product development and production timelines, including the possibility of evaluating in the future an acquisition of SolarCity. Following discussion, the Tesla Board directed Tesla management to assess a potential acquisition of a solar energy company, including, among other things, assisting the Tesla Board in connection with its review and evaluation of (1) the strategic rationale of an acquisition of SolarCity or other potential acquisition targets in the solar energy industry; (2) the financial analysis and impact to Tesla of such an acquisition, including illustrative valuation and acquisition premiums for potential acquisitions; (3) the optimal form of purchase consideration (cash or stock or both) in a potential transaction; (4) how and when to approach a potential acquisition target and negotiate and execute a transaction consistent with Tesla's strategic objectives; and (5) risks inherent in any such potential acquisition. The Tesla Board also directed management to instruct Wachtell, Lipton, Rosen & Katz (Wachtell Lipton), as special outside counsel, to assist in the legal analysis relating to a potential transaction, and to engage an independent financial advisor to assist in a financial analysis of a potential transaction.

Following that meeting, at the Tesla Board's direction, Evercore was engaged as independent financial advisor to Tesla and the Tesla Board in connection with its evaluation of a potential strategic acquisition of a solar energy company, including to undertake a comprehensive review of the solar energy industry. The Tesla Board selected Evercore as its independent financial advisor after considering its experience in mergers and acquisitions, particularly in technology, and the absence of material conflicts on the part of Evercore.

On June 2, 2016, representatives of Party A, a potential strategic counterparty for a business combination transaction with SolarCity, met with SolarCity management for an introductory meeting when a Party A management delegation

was visiting the Silicon Valley area on other business. No specific transaction or proposal was discussed at this meeting and no proposal was made for a business combination transaction with SolarCity.

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Between June 5 and June 20, 2016, representatives of Evercore worked with Tesla management to conduct a preliminary financial analysis of certain strategic and financial alternatives in the solar energy industry available to Tesla, including a potential acquisition of SolarCity.

On June 20, 2016, the Tesla Board held a special meeting at which members of Tesla management, representatives of Evercore and representatives of Wachtell Lipton were present. Representatives of Wachtell Lipton reviewed with the Tesla Board certain legal matters, including the Tesla Board's fiduciary duties in relation to a potential acquisition of SolarCity or another solar energy company. After discussion, the Tesla Board determined that the strategic vision, expertise and perspectives of Messrs. Elon Musk and Antonio Gracias would continue to be helpful to the Tesla Board's evaluation of a potential acquisition of a solar energy company because of their involvement in the solar industry, but that Messrs. Elon Musk and Antonio Gracias, as a result of their service on the SolarCity Board, should recuse themselves from any vote by the Tesla Board on matters relating to a potential acquisition of SolarCity, including evaluation, negotiation and approval of the economic terms of any such acquisition. The Tesla Board also determined that the members of the Tesla Board other than Messrs. Elon Musk and Antonio Gracias should have the opportunity to deliberate with respect to any potential SolarCity transaction outside the presence of Messrs. Elon Musk and Antonio Gracias. The Tesla Board also determined that, in the event that Tesla were to proceed with a potential acquisition of SolarCity, the consummation of such acquisition would be conditioned on the approval of a majority of disinterested SolarCity stockholders and Tesla stockholders voting on the transaction. Representatives of Evercore then presented to the Tesla Board an overview, based upon publicly available information, of the solar energy industry, as well as an analysis of various potential targets in the solar energy industry, including Evercore's view that SolarCity was the most attractive asset for Tesla in the solar energy industry should it decide to pursue an acquisition in that industry. The Tesla Board then discussed with representatives of Evercore and Tesla management matters related to a potential acquisition of SolarCity, including potential customer, product and operational synergies between the companies, the financial and capital profile and valuation of SolarCity, the structure and timing of a potential acquisition, and the due diligence that would need to be conducted on SolarCity following a potential preliminary acquisition proposal. Messrs. Elon Musk and Gracias recused themselves and left the meeting and, following further deliberation by the other members of the Tesla Board and discussion with representatives of Evercore and Tesla management, including with respect to the value and structure of a potential acquisition proposal for SolarCity, and following review of various preliminary financial analyses performed by Evercore based on publicly available information regarding SolarCity, the Tesla Board (with Messrs. Elon Musk and Gracias absent, having recused themselves) approved the making of a preliminary, non-binding proposal, expressly subject, among other things, to the satisfactory completion by Tesla of due diligence with respect to SolarCity, to acquire all of the SolarCity common stock at an exchange ratio of 0.122 to 0.131 shares of Tesla common stock (representing value of \$26.50 to \$28.50 per share of SolarCity common stock based on the volume weighted average price of shares of Tesla common stock on the NASDAQ for the five days ending June 20, 2016) for each share of SolarCity common stock. The closing price of SolarCity common stock on June 20, 2016 was \$21.88.

On June 20, 2016, Tesla representatives provided to SolarCity management a written proposal, on behalf of the Tesla Board, to acquire all of SolarCity's issued and outstanding shares of common stock, subject to the completion of due diligence, at an exchange ratio of 0.122 to 0.131 shares of Tesla common stock for each share of SolarCity common stock. The proposal letter stated that, in light of Mr. Elon Musk's status as a stockholder of SolarCity, the proposal would be publicly disclosed the following day. Later on June 20, 2016, Tesla provided SolarCity with a draft non-disclosure agreement that would allow the parties to conduct due diligence on each other.

On June 21, 2016, Tesla announced on its website blog that it had made a preliminary proposal to the SolarCity Board to acquire all of the issued and outstanding shares of SolarCity common stock and included the letter that had been delivered to SolarCity on behalf of the Tesla Board the previous day. Mr. Elon Musk also filed an amendment to his Schedule 13D with respect to his ownership of SolarCity common stock disclosing the Tesla proposal.

On June 22, 2016, the SolarCity Board held a special meeting. At the meeting, with Mr. Antonio Gracias absent, the SolarCity Board approved the creation of a Special Committee (the Special Committee) consisting

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of Ms. Nancy E. Pfund and Mr. Donald R. Kendall, Jr., each determined by the SolarCity board to be an independent board member and disinterested with respect to Tesla's proposal, to consider the proposal from Tesla and any strategic alternatives thereto. The Special Committee was delegated exclusive authority to (1) take action with respect to the Tesla proposal and any alternatives thereto with any other parties and any evaluation or negotiation thereof, (2) engage independent legal and financial advisors on terms determined by the Special Committee, (3) contact third parties regarding the possibility of exploring an alternative transaction, (4) make a recommendation to the SolarCity board with respect to any proposed transaction from Tesla or other third parties and (5) evaluate, review and consider other potential strategic alternatives that may be available to SolarCity. The SolarCity board resolved not to recommend or approve any proposed transaction from Tesla or other third parties without the prior favorable recommendation of the Special Committee. The SolarCity board subsequently appointed Mr. Kendall as the Special Committee's chairman.

Also on June 22, 2016, the Special Committee held two meetings, with representatives of Skadden, Arps, Slate, Meagher & Flom LLP (**Skadden**), its independent legal advisor, in attendance. Representatives of Skadden provided the Special Committee with an overview of the Special Committee members' fiduciary duties and the process for evaluating and considering Tesla's proposal and potential alternatives thereto. After discussing with representatives of Skadden the benefit of engaging in preliminary discussions with Tesla, the Special Committee authorized Skadden to negotiate the non-disclosure agreement on its behalf. The Special Committee also discussed possible financial advisors that could assist it in reviewing the proposal from Tesla and other alternatives available to SolarCity, as well as whether the time was right for SolarCity to entertain an acquisition proposal at all.

On June 23, 2016, SolarCity and Tesla entered into a mutual non-disclosure agreement, which included a mutual standstill provision. On June 23 and 24, 2016, representatives of SolarCity's and Tesla's respective management teams, Evercore, Skadden and Wachtell Lipton participated in various introductory meetings regarding the due diligence process and SolarCity's business.

On June 25, 2016, the Special Committee held a meeting with representatives of Skadden in attendance. At the meeting, the Special Committee discussed with representatives of Skadden the process by which discussions with Tesla and other potential acquirers would be coordinated and the role of the independent advisors to the Special Committee as well as the role of SolarCity management and the manner in which SolarCity management would and would not be permitted to participate in negotiations with Tesla. The Special Committee next discussed several prospective financial advisors and after discussion and after receiving proposals from and interviewing several other nationally recognized financial advisors, determined to retain Lazard as its independent financial advisor, based on its qualifications, the results of its conflicts check and the absence of material conflicts on the part of Lazard. After such determination, members of management joined the meeting and the Special Committee discussed its decision with them. Subsequently, representatives of Lazard and the Special Committee entered into an engagement letter for Lazard to serve as the Special Committee's independent financial advisor, dated as of June 25, 2016.

On June 26, 2016, SolarCity granted Tesla and representatives of Evercore and Wachtell Lipton access to an electronic data room with preliminary due diligence information regarding SolarCity. Between June 26 and July 20, 2016, representatives of Tesla's and SolarCity's respective management teams, Evercore, Lazard, Wachtell Lipton and Skadden participated in numerous due diligence sessions on Tesla's and SolarCity's respective businesses and legal, financial and regulatory matters.

On June 26, 2016, a representative of Party B, a potential strategic counterparty for a business combination transaction with SolarCity, contacted Ms. Pfund by email to discuss a possible business combination transaction with SolarCity but no specific proposal or offer was made.

Later on June 26, 2016, the Special Committee held a meeting, with representatives of Skadden and Lazard in attendance. At the meeting, the Special Committee instructed Lazard to analyze information provided to

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Lazard by SolarCity management in connection with its analysis of Tesla's proposal and SolarCity's alternatives, including remaining as a standalone company and, at management's suggestion, a potential sale of SolarCity's module manufacturing business. Among other things, the Special Committee instructed Lazard to discuss with Tesla whether Tesla would be willing to consider such a potential purchase given Tesla's manufacturing expertise. The Special Committee also discussed with Lazard the inquiry that Ms. Pfund had received from Party B, and directed Lazard to contact Party B regarding next steps.

On June 28, 2016, representatives of Lazard met with representatives of Party B for an initial discussion, but Party B did not make any specific proposal or offer.

Later on June 28, 2016, the Special Committee held a meeting, with representatives of Skadden and Lazard in attendance. Representatives of Lazard provided the Special Committee with an update on the due diligence process and Lazard's discussions with representatives of Tesla regarding the Tesla proposal. Representatives of Lazard informed the Special Committee that Tesla had indicated in its discussions with Lazard that it was not interested in exploring an acquisition only of SolarCity's module manufacturing business. The Special Committee discussed this, financing matters and the timing involved with the Tesla proposal and alternatives thereto. Lazard then provided an update on its discussions with representatives of Party B. The Special Committee then discussed SolarCity's prospects as a standalone company and discussed a number of possible counterparties for an alternative strategic transaction with SolarCity in addition to Party B. After discussion, the Special Committee directed Lazard to contact one of the financial counterparties discussed, Party C, a private equity firm, to gauge its potential interest in a transaction with SolarCity, and an introductory meeting with Party C took place on June 30, 2016.

The Special Committee held a meeting on July 1, 2016, with representatives of Lazard and Skadden in attendance and discussed the Tesla proposal. Also at this meeting, representatives of Lazard provided the Special Committee with an update on potential alternatives to the Tesla proposal and discussions with Party B.

On July 4, 2016, the Special Committee held a meeting, with representatives of Lazard and Skadden in attendance. The Special Committee discussed the Tesla proposal with Lazard, SolarCity's due diligence on Tesla to evaluate the Tesla proposal and the financial information that representatives of Lazard had received from SolarCity management, among other things. Representatives of Lazard provided the Special Committee with an update on ongoing diligence efforts and discussions with Tesla, and provided updates on its discussions with representatives of Party B and Party C, including Party B's request for a meeting to conduct business and financial due diligence on SolarCity.

On July 5, 2016, the Tesla Board held a special meeting with members of Tesla management and representatives of Evercore and Wachtell Lipton in attendance. The directors discussed with Tesla management and representatives of Evercore and Wachtell Lipton the timeline and process for conducting due diligence on SolarCity, including specific topics to be diligenced, and Tesla management provided the Tesla Board an update regarding discussions and due diligence performed to date with SolarCity and its representatives. Representatives of Wachtell Lipton discussed with the Tesla Board the key terms of a draft merger agreement proposed to be sent to SolarCity, and the directors discussed the proposed terms and the negotiating strategy to be employed to obtain the most favorable transaction terms for Tesla and its stockholders. The Tesla Board authorized the delivery of the draft merger agreement, after reflecting changes requested by the Tesla Board, to the Special Committee.

On July 6, 2016, the Special Committee held a meeting, with representatives of Skadden and Lazard in attendance. The Special Committee discussed the process for considering the Tesla proposal while exploring other alternatives available to SolarCity (including to remain an independent publicly traded company), potential financing options, the potential benefits of a business combination transaction with Tesla, including the benefits of product differentiation provided by adding Tesla's battery technology to SolarCity's product and service offerings and combining the two

companies' brands, the risk that Tesla could retract its offer and the impact on stockholder value if SolarCity were subsequently required to raise equity, SolarCity's near-term operational and

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liquidity position, options to pursue in negotiating with Tesla, and any other parties potentially interested in acquiring SolarCity. It was noted that certain lenders appeared to be delaying funding certain financings of SolarCity as a result of the announcement of the Tesla proposal and that SolarCity was unable to access the equity capital markets as it regularly did as a result of the pending Tesla proposal. The Special Committee further discussed whether to propose a go-shop provision if the SolarCity board were to accept Tesla's proposal, and alternatives if the Tesla proposal were withdrawn, including the effect of a withdrawal of Tesla's proposal on SolarCity's stock price. The Special Committee discussed SolarCity's strategic alternatives in detail, including remaining a standalone public company, asset sales, seeking financing alternatives, potential strategic parties of interest in a business combination other than Tesla, potential regulatory or competition concerns with a business combination and other parties' interest in and likelihood of completing a business combination with SolarCity. At the meeting, representatives of Lazard also identified a number of additional potential strategic counterparties for a business combination transaction with SolarCity. Following this discussion, the Special Committee authorized and directed representatives of Lazard to contact the counterparties discussed during the meeting to evaluate whether such counterparties might be interested in a business combination transaction with SolarCity.

Later on July 6, 2016, representatives of Wachtell Lipton provided to representatives of Skadden an initial draft of the merger agreement. The draft merger agreement provided for a single-tier mutual termination fee payable in certain circumstances, including in the event that either party's board changed its recommendation in favor of the potential transaction, and contained a mutual no-shop provision that would prevent SolarCity from soliciting alternative proposals and Tesla from soliciting proposals to be acquired after signing the merger agreement. Also on July 6, 2016, representatives of Evercore provided Lazard with financial information regarding Tesla, and Tesla was provided with financial information regarding SolarCity, including forecasts prepared by SolarCity's management regarding the operations and financial results and cash position of SolarCity.

Subsequently, during the weeks beginning on July 4, 2016 and July 11, 2016, members of Tesla management and representatives of Evercore met numerous times with members of SolarCity management and representatives of Lazard to discuss the forecasts and the operating and financial assumptions employed by SolarCity management to prepare such forecasts, as well as SolarCity's financial results, cash position, financing needs, and amendments to waive the change of control provisions under certain of SolarCity's existing financing arrangements and related agreements that would otherwise be triggered in connection with a potential acquisition of SolarCity by Tesla.

Also on July 6 and 7, 2016, at the direction of the Special Committee, representatives of Lazard contacted representatives of Party A and a number of the potential counterparties discussed previously with the Special Committee to inquire whether such counterparties might be interested in a business combination transaction with SolarCity. Between June 21, 2016 and SolarCity's ultimate acceptance of Tesla's offer, representatives of Lazard contacted six potential strategic counterparties (including Parties A and B) about a possible acquisition of SolarCity, one potential financial counterparty (Party C) about a possible acquisition of or equity investment in SolarCity, six additional financial counterparties about a possible equity investment in SolarCity and received unsolicited inquiries from two potential financial counterparties about a possible equity investment in SolarCity.

On July 7, 2016 representatives of Skadden provided representatives of Party B a draft non-disclosure agreement in advance of the upcoming management meetings between SolarCity and Party B.

On July 9, 2016, the Special Committee held a meeting, with representatives of SolarCity management, Skadden and Lazard in attendance. Representatives of Lazard discussed with the Special Committee SolarCity's near-term liquidity position, and SolarCity management indicated to the Special Committee its belief that such position had been negatively impacted by Tesla's announced proposal to acquire SolarCity, causing a delay in funding of new financing and project commitments, and could be further affected by SolarCity's upcoming earnings announcement scheduled

for August 4, 2016, during which it was likely that SolarCity would revise megawatt growth guidance downward and report lower than expected cash balances as of the quarter end. The

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Special Committee discussed with its advisors and with SolarCity management the efforts underway to evaluate financing alternatives in the event that SolarCity were to accept the Tesla proposal, the strategy and tactics for negotiating with Tesla, and the timing for evaluating the Tesla proposal and alternatives thereto.

Representatives of Skadden then discussed with the Special Committee the initial draft merger agreement received from representatives of Wachtell Lipton. The Special Committee further discussed the advisability of a go-shop provision and also discussed with its advisors and SolarCity management the timing of a possible transaction with Party B and various standalone alternative measures to generate additional near-term liquidity for SolarCity. Representatives of Lazard updated the Special Committee on the status of outreach to other potential counterparties for a transaction with SolarCity. Representatives of Lazard further reported that Party C did not wish to acquire SolarCity at this time, but indicated a possible interest in participating in an equity investment transaction. The Special Committee also discussed with representatives of Lazard the time frame for completing a possible sale of its module manufacturing business, and concluded that such a sale would likely not be completed in a manner that would maximize value for stockholders. Subsequently, representatives of Evercore informed representatives of Lazard that Tesla was not interested in a purchase solely of SolarCity's module manufacturing business. After SolarCity management left the meeting, the Special Committee continued its discussions and representatives of Skadden provided the members of the Special Committee with guidance on their fiduciary duties in analyzing the Tesla proposal.

Also on July 10, 2016 SolarCity and Party B entered into a mutual non-disclosure agreement, which included a mutual standstill provision, on substantially the same terms as SolarCity's non-disclosure agreement with Tesla. Only Tesla and Party B ultimately entered into a non-disclosure agreement and received any material non-public information of SolarCity. On July 11 and July 12, 2016, representatives of Party B's management participated in a series of in person meetings with representatives of SolarCity management, Skadden and Lazard regarding business and legal due diligence matters.

On July 13, 2016, representatives of Skadden and Lazard met with representatives of Wachtell Lipton and Evercore to discuss certain changes to the draft merger agreement proposed by the Special Committee, including, among other things, having the acquisition consideration based on a fixed value per share of SolarCity common stock, rather than a fixed exchange ratio, the inclusion of a go-shop provision and a lower termination fee payable by SolarCity to Tesla in the event that SolarCity terminated the definitive agreement to enter into an alternative acquisition agreement identified during the go-shop period, and other changes related to conditions to the closing of the proposed merger and restrictions on certain activities by SolarCity during the period between the signing of a definitive agreement and the closing of the proposed merger. Representatives of Skadden requested that Tesla consider providing SolarCity with short-term financing during the pendency of a merger, and indicated that SolarCity did not contemplate seeking prior to the execution of a definitive agreement any amendments required under certain of its existing financing arrangements in connection with a potential acquisition of SolarCity by Tesla. Finally, representatives of Skadden indicated that the Special Committee would request that Mr. Elon Musk enter into a separate voting agreement, in his capacity as a SolarCity stockholder. Following this discussion, representatives of Evercore met with representatives of Lazard, conveying that Tesla, based on prior discussion of the Tesla Board, would likely accept a customary go-shop provision and reduced termination fee as proposed by the Special Committee, but that SolarCity should obtain financing from a third party during the pendency of a merger.

On July 14, 2016, the Special Committee held a meeting, with representatives of Skadden and Lazard in attendance, with management in attendance in part. Representatives of Lazard provided the Special Committee with an update on the status of SolarCity's exploration of strategic alternatives, including continuing discussions and reverse due diligence sessions with Tesla, and outreach to third parties with respect to such strategic alternatives, the financial information received from SolarCity management and the possible costs of accessing the capital markets. The Special

Committee and its advisors also discussed the content of SolarCity's then-scheduled August 4, 2016 earnings announcement, which would include a downward guidance revision and a lower than expected cash balance. The Special Committee and representatives of Lazard discussed the timing of

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a potential transaction with Party B, Lazard's outreach to certain other third parties, and where each of those other parties stood in considering a potential transaction with SolarCity. Representatives of Skadden provided the Special Committee with an update on discussions with representatives of Wachtell Lipton and Evercore regarding certain issues related to the Tesla proposal, including the draft merger agreement.

Mr. Kendall spoke with Mr. Elon Musk on July 14, 2016 regarding, among other things, the Special Committee's request that Mr. Elon Musk agree to sign a voting agreement requiring him to vote his controlled SolarCity shares in the same proportion as the disinterested stockholders on a competing proposal to acquire SolarCity and the proposed terms of a go-shop provision, including a two-tiered break-up fee.

Later on July 14, 2016, the Special Committee had another meeting with representatives of Skadden and Lazard, and Mr. Kendall updated the Special Committee on his conversation with Mr. Elon Musk. The Special Committee also discussed a potential equity investment transaction and whether certain other counterparties might be interested in such a transaction and next steps for considering such a transaction.

On July 15 and 16, 2016, the Special Committee held two meetings with representatives of Skadden and Lazard present, with management in attendance in part. Representatives of Lazard discussed Lazard's ongoing outreach to third parties regarding their potential interest in a transaction with SolarCity, including a potential equity investment transaction, as an alternative to the Tesla proposal. Representatives of Lazard reported that Parties B and C were open to considering such a transaction.

On July 18, 2016, representatives of Wachtell Lipton provided to representatives of Skadden a revised draft merger agreement, which draft included provisions, among others, that would permit Tesla to terminate the merger agreement without payment of a termination fee if, following the execution of the merger agreement, SolarCity was not able to obtain amendments required under certain of its existing financing arrangements in connection with the closing of the merger or SolarCity experienced certain defaults or other similar events under its existing financing arrangements. Representatives of Skadden provided to representatives of Wachtell Lipton the initial draft of a voting agreement with respect to shares of SolarCity common stock beneficially owned by Mr. Elon Musk, requiring that such shares be voted in favor of the Tesla proposal and be voted proportionately with the disinterested stockholders in favor of an alternative proposal if SolarCity's board determined to proceed with such alternative proposal as superior to the Tesla proposal.

Also on July 18, 2016, the Special Committee held a meeting with representatives of SolarCity management, Lazard and Skadden in attendance. At the meeting, SolarCity management provided an overview of its analysis of SolarCity's liquidity position (which is described in the section entitled *Certain SolarCity Unaudited Prospective Financial Information* beginning on page 103), and discussed developments relating to such analysis as well as management's efforts to secure short-term financing. The Special Committee discussed with SolarCity management and the Special Committee's advisors the Tesla proposal and alternatives then under consideration, including a transaction with Party B, an equity investment transaction, a public offering and remaining as a standalone company. The Special Committee determined to proceed in parallel with discussions for a potential equity investment transaction, short-term financing or a revolver increase and a possible investment from or transaction with Party B together with the Tesla proposal.

On July 19, 2016, at a special meeting of the Tesla Board at which members of Tesla management and representatives of Evercore and Wachtell Lipton were present, Tesla management updated the Tesla Board on its financial due diligence findings to date, including with respect to SolarCity's financing needs, amendments required under certain of SolarCity's existing financing arrangements in connection with the closing of the merger and the capital needs of the combined company. The Tesla Board discussed with members of Tesla management Tesla's business and product due diligence findings to date, including regarding the quality and competitive positioning of SolarCity's products and

manufacturing operations. The Tesla Board instructed Tesla management and Evercore and Wachtell Lipton to continue their due diligence review and report their findings to the Tesla Board. Messrs. Elon Musk and Gracias then recused themselves for the remainder of the meeting. The

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remaining directors then discussed the potential acquisition price and other key terms of the transaction. Representatives of Evercore presented to the Tesla board their updated valuation analysis with respect to SolarCity based on the ongoing due diligence. The Tesla board instructed its advisors to reject the Special Committee's proposal that the acquisition consideration should be based on a fixed value per share of SolarCity common stock, rather than a fixed exchange rate, given the increased uncertainty and risk of increased dilution to Tesla stockholders.

Also on July 19, 2016, the Special Committee held a meeting together with representatives of Lazard and Skadden, with management in attendance in part. At the meeting, representatives of Lazard presented information regarding Tesla that had been provided by Evercore and, based on such information, Lazard's preliminary valuation analysis of Tesla's common stock. Representatives of Lazard discussed this valuation and the market price of Tesla common stock together with the Special Committee, including the underlying assumptions related to such valuation. Representatives of Skadden then discussed with the Special Committee the status of merger agreement negotiations. After discussion, the Special Committee provided guidance with respect to such negotiations. The Special Committee and its advisors also discussed the possibility of an equity investment transaction or a business combination with other potentially interested third parties, including Party B, as alternatives to the Tesla proposal. Representatives of Lazard indicated that of the various financial counterparties it had contacted, Party C and two other financial counterparties were considering an equity investment transaction, although these two financial counterparties ultimately concluded that they would not make such an investment. With respect to a potential strategic business combination transaction, representatives of Lazard reported that only Party B was still evaluating its potential interest. At this time, representatives of SolarCity management joined the meeting, and discussed the status of the merger agreement with representatives of Skadden.

Between July 19, 2016 and July 30, 2016, representatives of Skadden and Wachtell Lipton engaged in numerous discussions and extensive negotiations regarding the terms of the merger agreement, and exchanged revised drafts of the merger agreement. The negotiations focused on, among other things, the length and terms of the go-shop provision, the conditions to closing, the scope of the restrictions on certain activities, including with respect to financing, by SolarCity during the period between the signing of a definitive agreement and the closing of a transaction, and the rights of Tesla in the event that, following the execution of the merger agreement, SolarCity was not able to obtain amendments required under certain of its existing financing arrangements in connection with the closing of the merger or SolarCity were to experience a default or another similar event under its existing financing arrangements.

On July 20, 2016, the Special Committee held two meetings with representatives of Skadden and Lazard in attendance, with management in attendance in part. At these meetings, representatives of Lazard updated the Special Committee on the process for Lazard's ongoing analysis of the Tesla proposal, including the effect of assumptions related to SolarCity's liquidity position, and discussed with the Special Committee strategies for negotiations with Tesla. Representatives of Skadden updated the Special Committee on the status of the merger agreement and summarized SolarCity's efforts to arrange short-term financing. The Special Committee provided Skadden with direction on how to respond to Wachtell Lipton on key terms of the merger agreement, including closing conditions and interim operating covenants. Representatives of Lazard updated the Special Committee regarding outreach efforts for an equity investment transaction and noted that, based on market conditions and discussions with financing sources it likely would be difficult to conduct an equity investment transaction in a manner that would maximize stockholder value.

On July 21, 2016, the Special Committee held a meeting with representatives of Skadden and Lazard in attendance. Representatives of Lazard presented to the Special Committee its preliminary valuation analysis with respect to SolarCity under the SolarCity management forecasts described in more detail in the section entitled *Certain SolarCity Unaudited Prospective Financial Information* beginning on page 103, advising the Special Committee that, in Lazard's

view, the valuation of SolarCity was dependent on SolarCity's ongoing liquidity, which likely fell somewhere in between the two forecasts presented, and that the value of the Tesla proposal should be analyzed not only as compared with the current trading price of SolarCity's common stock, but also as

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compared to the unaffected pre-offer trading price and SolarCity as a standalone company taking into account SolarCity's liquidity position and SolarCity's cost of capital. Representatives of Lazard advised the Special Committee that, based on data provided by SolarCity management, careful consideration of the Tesla proposal, another strategic alternative or near-term operational adjustments the Special Committee had previously discussed with management would be warranted. The Special Committee discussed the Tesla proposal and the value it offered SolarCity's stockholders as opposed to the value stockholders would receive if SolarCity remained an independent company, as well as the availability of other strategic alternatives. Representatives of Lazard next presented a preliminary analysis of the value of the Tesla proposal and the Special Committee discussed with representatives of Lazard and Skadden their reverse due diligence findings regarding Tesla. Lazard updated the Special Committee on the status of Lazard's outreach to other potential participants in a transaction, including an equity investment transaction, with SolarCity, and the status of discussions with Party B, noting that, except for Party B, no other potential counterparty was still considering a business combination transaction with SolarCity. The Special Committee discussed Lazard's outreach efforts and SolarCity's options and their relative strengths in maximizing stockholder value, including negotiating tactics regarding the Tesla proposal and the value proposition of remaining a standalone company as opposed to being acquired by Tesla. The Special Committee also discussed the status of communications with lenders regarding waivers of change of control provisions requested by Tesla. At this time representatives of SolarCity management joined the meeting and received an update. The Special Committee then discussed the terms of the proposed merger agreement, including the go-shop provision in the draft merger agreement and the smaller break-up fee that would be incurred if SolarCity accepted a superior proposal from a party identified during the go-shop process, and Tesla's proposal that SolarCity obtain waivers from lenders of the change of control provisions in certain of SolarCity's debt documents that would otherwise be triggered in a transaction with Tesla, the amount of time likely to be required to obtain such waivers, the likelihood that such waivers would be provided, and the impact that these terms and requests could have on the certainty of completion of a transaction with Tesla. The Special Committee discussed alternative counterproposals to secure flexibility for SolarCity to obtain financing in the interim period between signing and closing a transaction with Tesla, other terms in the merger agreement and discussion points to maximize stockholder value. The Special Committee discussed a possible alternative transaction with Party B, the deal structure that Party B was considering, and the uncertainty surrounding Party B's proposal.

On July 22, 2016, the Tesla Board held a special meeting, with Messrs. Elon Musk and Antonio Gracias absent, having recused themselves, at which members of Tesla management and representatives of Evercore and Wachtell Lipton were present. The Tesla Board reviewed additional due diligence findings with members of Tesla management and representatives of Evercore and Wachtell Lipton, and the representatives of Evercore presented to the Tesla Board their updated valuation analysis with respect to SolarCity based on their continuing due diligence. The Tesla Board requested that Mr. Elon Musk join the meeting to discuss with the other directors his views and expectations, in his capacity as Chief Executive Officer of Tesla, following a potential acquisition with respect to SolarCity's solar panel manufacturing operations and competitive positioning relative to the solar energy industry generally. Mr. Elon Musk then left the meeting, and the Tesla Board (with Messrs. Elon Musk and Antonio Gracias recusing themselves) discussed the negotiating strategy to be employed to obtain the acquisition price for SolarCity common stock most favorable to Tesla and its stockholders.

Also on July 22, 2016, the Special Committee held a meeting to continue to discuss the Tesla proposal and alternatives thereto, with representatives of Skadden and Lazard in attendance, with management in attendance in part. Representatives of Lazard discussed with the Special Committee SolarCity management's financial analysis and the assumptions underlying the analysis. Representatives of Lazard informed the Special Committee that Party B had determined not to proceed with a transaction with SolarCity for a variety of reasons, including regulatory issues unique to Party B and that Party B did not believe that it was in a position to make an acquisition proposal within the range of Tesla's original proposal. After discussion, the Special Committee directed Skadden to respond to Tesla on the open issues in the draft merger agreement, and determined that Mr. Kendall should call Ms. Robyn Denholm, an

independent director and Chair of the Audit Committee of the Tesla board, to communicate the Special Committee's key business terms.

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On July 23, 2016, the Special Committee held a meeting with representatives of Lazard and Skadden in attendance and management in attendance in part to continue to discuss the Tesla proposal and alternatives thereto, including remaining as an independent company. The Special Committee discussed Tesla's proposal that SolarCity obtain change of control waivers from SolarCity's lenders and other portions of the draft merger agreement. Following discussion with its advisors, the Special Committee directed Mr. Kendall convey to Tesla that the Special Committee would be willing to recommend a transaction with Tesla at an exchange ratio of 0.136 shares of Tesla common stock per share of SolarCity common stock. Representatives of Lazard and Skadden also discussed with the Special Committee SolarCity's standalone plan should SolarCity determine not to accept Tesla's proposal, including the possible reaction of the investor community if SolarCity announced that it was not accepting Tesla's proposal and in that event, to SolarCity's earnings results and guidance.

Later on July 23, 2016, at the instruction of the Special Committee, representatives of Lazard delivered to representatives of Evercore a proposed counteroffer of a fixed exchange ratio of 0.136 shares of Tesla common stock for each share of SolarCity common stock which contemplated that, in the event that the price of Tesla's common stock were to decline below \$175 per share prior to the closing, SolarCity would be permitted to terminate the definitive agreement for the acquisition by Tesla of SolarCity. Mr. Kendall also contacted Ms. Denholm to discuss the proposed counteroffer, and also discussed the factors underlying that proposal. Mr. Kendall updated the Special Committee on his conversation with Ms. Denholm at a later meeting of the Special Committee on July 23, 2016.

On July 24, 2016, the Tesla Board held a special meeting at which members of Tesla management, representatives of Evercore and representatives of Wachtell Lipton were also present. The Tesla Board reviewed additional due diligence findings with members of Tesla management and representatives of Evercore and Wachtell Lipton and discussed with members of Tesla management, including Mr. Elon Musk in his capacity as Chief Executive Officer of Tesla, their views and expectations following a potential acquisition with respect to SolarCity's solar panel manufacturing operations and competitive positioning relative to the solar energy industry generally. Ms. Denholm updated the Tesla Board on her conversation with Mr. Kendall. Messrs. Elon Musk and Gracias then left the meeting. The Tesla Board reviewed with representatives of Evercore and Wachtell Lipton SolarCity's counteroffer, the valuation of SolarCity based on Tesla's due diligence findings, and the negotiating strategy to be employed to obtain for Tesla and its stockholders the most favorable transaction terms that it could in the event the parties agreed to a transaction. After extensive discussion, the Tesla Board (with Messrs. Elon Musk and Antonio Gracias absent, having recused themselves) authorized the making of a revised proposal to acquire all of the SolarCity common stock at an exchange ratio of 0.105 shares of Tesla common stock for each share of SolarCity common stock. Following such authorization, representatives of Evercore communicated this revised proposal to representatives of Lazard.

Also on July 24, 2016, the Special Committee held two meetings with representatives of Lazard and Skadden in attendance. At the first meeting, representatives of Skadden provided an update that it had received from SolarCity management on discussions with possible lenders for short-term financing for SolarCity. At the second meeting, representatives of Lazard informed the Special Committee that a representative of Evercore had contacted Lazard to communicate an exchange ratio proposal of 0.105 shares of Tesla common stock for each share of SolarCity common stock, valued at approximately \$23.31 per share of SolarCity common stock based on the closing price for Tesla common stock on July 22, 2016. Evercore communicated that the offer was based on the totality of Tesla's due diligence review of SolarCity, which it had not conducted at the time of its initial proposal. The Special Committee discussed Tesla's proposal with its advisors, including whether a higher exchange ratio could be achieved and how to do so. The Special Committee further discussed how the revised Tesla proposal compared with Party B's perspective on the valuation of SolarCity. At this time representatives of SolarCity management joined the meeting. The Special Committee discussed with management Tesla's current proposal, SolarCity's liquidity needs and financing efforts and alternatives to a business combination transaction with Tesla. The Special Committee discussed reinitiating contact with Party B, but together with its advisors concluded that a transaction with Party B was unlikely to be completed in

a manner that would maximize value for SolarCity stockholders. The Special Committee directed representatives of Lazard to contact Evercore to

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discuss Evercore's valuation and the assumptions underlying Tesla's revised proposal. Management updated the Special Committee on its activities relating to short-term financing.

On July 25, 2016, the Special Committee held a meeting with representatives of Lazard and Skadden in attendance to discuss the revised Tesla proposal and alternatives thereto. After discussion, the Special Committee directed representatives of Lazard to present a counterproposal of 0.1265 shares of Tesla common stock per share of SolarCity common stock to Evercore. The Special Committee also discussed considerations for SolarCity if SolarCity were to remain a standalone public company. Representatives of SolarCity management then joined the meeting and received an update on the discussions, except that the management team was not informed of the Special Committee's specific counterproposal on price.

On July 26, 2016, representatives of Lazard communicated to representatives of Evercore the Special Committee's exchange ratio counterproposal of 0.1265 shares of Tesla common stock per share of SolarCity common stock. The counteroffer also contemplated, at the instruction of the Special Committee, that, in the event that the price of Tesla's common stock were to decline below \$175 per share prior to the closing, SolarCity would be permitted to terminate the definitive agreement for the acquisition by Tesla of SolarCity.

Later on July 26, 2016, the Special Committee had a meeting with representatives of Lazard and Skadden in attendance. Representatives of Lazard updated the Special Committee on their conversations with Evercore. Representatives of SolarCity management then joined the meeting and representatives of Skadden provided an overview of the revised draft merger agreement received from Wachtell and the group discussed the status of the proposed transaction with Tesla and SolarCity's alternatives to a business combination transaction.

On July 27, 2016, members of SolarCity management and representatives of Lazard indicated to Tesla that it had obtained amendments of certain of its existing financing arrangements that were required in connection with the closing of the merger. Based on this development, representatives of Tesla agreed that Tesla would not have specific termination or other rights under the merger agreement with respect to SolarCity's failure to obtain these or similar amendments, consents or waivers required under SolarCity's existing financing arrangements, but representatives of Wachtell Lipton and Skadden continued to negotiate the rights of Tesla and closing conditions under the merger agreement in the event that, following the execution of the merger agreement, SolarCity were to experience a default or another similar event under its existing financing arrangements.

Also on July 27, 2016, the Tesla Board held a special meeting with Messrs. Elon Musk and Gracias absent, having recused themselves, at which members of Tesla management and representatives of Evercore and representatives of Wachtell Lipton were present. The Tesla Board discussed additional due diligence findings with members of Tesla management and representatives of Evercore and Wachtell Lipton, and representatives of Wachtell Lipton presented to the Tesla Board a detailed summary of the material terms of the then-current draft of the proposed merger agreement and the proposed voting agreement between SolarCity and Mr. Elon Musk. The Tesla Board reviewed with representatives of Evercore and Wachtell Lipton SolarCity's counteroffer and, following discussion, authorized the making of a revised proposal at an exchange ratio of 0.110 shares of Tesla common stock for each share of SolarCity common stock.

Early on July 28, 2016, representatives of Evercore contacted representatives of Lazard to inform Lazard that the Tesla Board had determined to raise Tesla's exchange ratio proposal from 0.105 to 0.110 shares of Tesla common stock per share of SolarCity common stock and that this was Tesla's best and final offer.

Later on July 28, 2016, at 10:30 a.m. Pacific time, the Special Committee held a meeting to discuss updates with respect to the Tesla proposal, with representatives from Skadden and Lazard in attendance. Lazard reported Tesla's

best and final offer of an exchange ratio of 0.110 shares of Tesla common stock per share of SolarCity common stock. After discussion, the Special Committee discussed the terms of the go-shop and other provisions in the merger agreement as well as SolarCity's standalone plan and its activities relating to short-term financing, and determined to continue discussions the next day. The same day, one of the financial counterparties

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previously contacted by representatives of Lazard inquired as to the timing of any proposed equity investment transaction, but made no proposal with respect to either a potential equity investment or business combination transaction.

On July 29, 2016, the Special Committee met with representatives of Lazard and Skadden in attendance. Representatives of Lazard presented to the Special Committee an overview of the valuation analyses and other factors supporting Lazard's oral fairness opinion to be delivered later in the meeting and SolarCity's near-term liquidity needs. The Special Committee discussed this analysis. After discussion, representatives of Lazard delivered Lazard's oral opinion that the exchange ratio of 0.110 shares of Tesla common stock per share of SolarCity common stock was fair, from a financial point of view, to the holders of SolarCity common stock other than certain excluded holders, which was subsequently confirmed in writing, addressed to the Special Committee and dated July 29, 2016. Representatives of Skadden next provided an overview of the key terms of the draft merger agreement and voting agreement to be entered into in connection with the Tesla proposal. The Special Committee discussed the terms of the merger agreement and voting agreement with its advisors, including the terms of the go-shop and Mr. Elon Musk's obligations under the voting agreement. Representatives of Skadden also discussed with the Special Committee draft resolutions to be adopted by the Special Committee recommending that the SolarCity Board approve the merger agreement and voting agreement and submit the merger agreement to a vote of SolarCity's stockholders, and recommending that the stockholders approve and adopt the merger agreement and the transactions contemplated by the merger agreement. After discussion, including taking into consideration the fairness opinion provided by Lazard, the Special Committee determined to accept Tesla's offer and to, among other things, recommend that the SolarCity Board approve the merger agreement and voting agreement and submit the merger agreement to a vote of the SolarCity stockholders and recommend that the stockholders approve and adopt the merger agreement.

Later on July 29, 2016, the SolarCity Board, with Mr. Gracias absent, held a special meeting with representatives of SolarCity's management, with Skadden and Lazard in attendance. Representatives of Lazard presented to the SolarCity Board regarding the fairness opinion rendered to the Special Committee earlier in the day, and its view that the exchange ratio was fair, from a financial point of view, to the holders of SolarCity's common stock other than certain excluded holders. The SolarCity Board discussed these matters with representatives of Lazard and the other participants in the meeting. Representatives of Skadden provided an overview of the terms of the proposed merger agreement and voting agreement that SolarCity would be entering into in connection with the Tesla proposal, and explained the terms of a forum selection bylaw amendment that had been presented to the SolarCity Board for consideration. On the recommendation of the Special Committee, the members of the SolarCity Board present then unanimously (1) determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement were fair to, advisable and in the best interests of SolarCity and its stockholders, (2) approved the form, terms, provisions and conditions of the merger agreement and the consummation of the merger and the other transactions contemplated by the merger agreement, and (3) resolved to recommend that SolarCity's stockholders vote for the adoption of the merger agreement. The SolarCity Board also approved the forum-selection bylaw amendment in the form that was presented to the board of directors in advance of the meeting.

On July 30, 2016, the Tesla Board held a special meeting with Messrs. Elon Musk and Antonio Gracias absent, having recused themselves, to consider approval of the merger agreement and the transactions contemplated by the merger agreement. Representatives of Wachtell Lipton summarized for the Tesla Board the material terms of the proposed merger agreement, and reported on the resolution of open issues during the course of negotiations with SolarCity. Evercore provided to the Tesla Board Evercore's financial analysis of the proposed transaction, and Evercore rendered to the Tesla Board an oral opinion, subsequently confirmed by delivery of a written opinion, to the effect that, as of the date of the opinion and based on and subject to the assumptions, limitations, qualifications and conditions set forth in its opinion, the exchange ratio of 0.110 shares of Tesla common stock for each share of SolarCity common stock was fair, from a financial point of view, to Tesla. After discussion, the Tesla Board, with Messrs. Elon Musk and

Antonio Gracias absent, having recused themselves, (1) determined that the merger agreement and the transactions contemplated thereby, including the

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merger and the share issuance, are fair to, advisable and in the best interests of Tesla and its stockholders, (2) approved the merger agreement and the transactions contemplated thereby and (3) resolved to recommend that Tesla stockholders vote for the approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger and the Tesla share issuance.

The merger agreement was executed by the parties on July 31, 2016.

On August 1, 2016, before the markets opened, SolarCity and Tesla announced that they had entered into the merger agreement.

On August 18, 2016, Lazard became aware of a computational error, which double-counted certain amounts of SolarCity's projected outstanding indebtedness, in certain SolarCity spreadsheets setting forth SolarCity's financial information that Lazard used in its discounted cash flow valuation analyses, more fully described in the section entitled *Opinion of Financial Advisor to the SolarCity Special Committee* beginning on page 88. Tesla and Evercore subsequently confirmed that the computational error was not included in Tesla's or Evercore's valuation analysis. At the Special Committee's request, Lazard recalculated its discounted cash flow analyses after correcting the computational error. On August 24, 2016 and August 26, 2016, the Special Committee and SolarCity Board, with Mr. Gracias absent, respectively, met with representatives of Lazard in attendance. Representatives of Lazard reviewed with the Special Committee and the SolarCity board, respectively, its recalculated discounted cash flow analyses as of July 29, 2016, and the differences in Lazard's discounted cash flow analyses that resulted from the computational error described above. Representatives of Lazard confirmed to the Special Committee and the SolarCity Board, respectively, that, based upon economic, monetary, market and other conditions as in effect on, and the information made available to Lazard (other than with respect to the computational error noted above) as of, July 29, 2016, and subject to the assumptions, limitations, qualifications and conditions set forth in Lazard's opinion dated as of July 29, 2016, the recalculated discounted cash flow analyses would not have changed the conclusion set forth in Lazard's opinion as of the date it was delivered. Following receipt of Lazard's confirmation, the Special Committee on August 24, 2016 and those SolarCity Board members present on August 26, 2016 unanimously affirmed their recommendations that the stockholders of SolarCity vote to approve the merger proposal.

On August 25, 2016, the Tesla Board held a special meeting with Messrs. Elon Musk and Antonio Gracias absent, having recused themselves, at which members of Tesla management, Evercore and Wachtell Lipton were present. Evercore and Tesla management discussed new information that it had received relating to Lazard's valuation of SolarCity, including the computational error discussed above, as well as additional projections that SolarCity management had prepared prior to the execution of the Merger Agreement (as described in the section entitled *The Merger - Certain Tesla and SolarCity Unaudited Prospective Financial Information* beginning on page 99) but had not previously shared with Tesla or its representatives. Evercore explained why none of these factors changed its prior valuation analysis, including, as to the additional projections, because use of the SolarCity Liquidity Management Case in its valuation analysis would not have resulted in a lower valuation for SolarCity than the valuation which Evercore had used in rendering its fairness opinion based on the SolarCity Revised Sensitivity Case. After discussion, the Tesla Board determined that none of the factors changed its view as to the value of SolarCity.

Tesla's Reasons for the Merger and Tesla Share Issuance; Recommendation of the Tesla Board of Directors

On July 30, 2016, the Tesla Board, with Messrs. Elon Musk and Antonio Gracias recusing themselves, (1) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, are fair to, advisable and in the best interests of Tesla and its stockholders, (2) approved the Merger Agreement and the transactions contemplated thereby and (3) resolved to recommend that Tesla stockholders vote for the approval and adoption of the Merger Agreement and the transactions contemplated thereby, including the Merger

and the Tesla Share Issuance.

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Accordingly, the Tesla Board recommends that Tesla stockholders vote FOR the Tesla Merger and Share Issuance Proposal and FOR the Tesla Adjournment Proposal.

In reaching its decision, the Tesla Board, with Messrs. Elon Musk and Antonio Gracias recusing themselves, as described above in the section entitled *Background of the Merger* of this joint proxy statement/prospectus, held a number of meetings, consulted with Tesla's senior management and its legal and financial advisors at Wachtell Lipton and Evercore, respectively, and considered a number of factors.

The various factors the Tesla Board considered that weighed positively in favor of the Tesla Merger and Share Issuance Proposal included, among others and not necessarily in order of relative importance:

its belief that the Combined Company will operate more efficiently to create fully integrated residential, commercial and grid-scale products that improve the way energy is generated, stored and consumed, while providing customers an aesthetically beautiful and simple one-stop solar and storage experience delivered through a single installation, service contract and mobile phone application;

its expectation of substantial cost synergies associated with the Merger, including the opportunity for SolarCity to leverage Tesla's engineering and design capabilities, operations support and sales channel, as well as savings channeled to customers through reduced hardware and installation costs, improvements to the Combined Company's manufacturing efficiency and reduced customer acquisition costs;

its expectation of substantial revenue synergies associated with a merged customer base and integrated products;

its belief that a combination of Tesla's and SolarCity's businesses could eliminate certain of the costs and complexities currently associated with transactions between Tesla and SolarCity due to potential conflicts of interest, such as the costs associated with negotiating and drafting non-disclosure agreements and supply agreements between the parties as well as difficulties associated with seeking and receiving Audit Committee approval from each party for such related party transactions;

its belief that the businesses and corporate cultures of Tesla and SolarCity are complementary and the integration of the two companies can be completed in a timely and efficient manner with minimal disruption to employees; and

its expectation that upon completion of the Merger, current Tesla stockholders will continue to own approximately 93% of the outstanding Tesla stock.

These expectations and beliefs of the Tesla Board are based in part on the following factors that the Tesla Board considered:

its knowledge and understanding, based on its discussions with Tesla's management, of Tesla's business, operations, financial condition, earnings, strategy and future prospects;

information and discussions with Tesla management, in consultation with representatives of Evercore, regarding SolarCity's business, operations, financial conditions, earnings, strategy and future prospects, and the results of Tesla's legal, financial and business due diligence review of SolarCity;

its thorough deliberation and consideration of the Merger and other alternatives to the Merger, including during eight special meetings of the Tesla Board over the course of two months, as well as with its legal and financial advisors and members of Tesla's management;

management's knowledge of the prospective environment in which the Combined Company will operate following the Merger, including industry, economic and market conditions;

the historical and then-current trading prices and volumes of each of the Tesla and SolarCity Common Stock;

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the fact that the terms of the Merger Agreement were the product of arm's-length negotiations between Tesla and its advisors, on the one hand, and SolarCity and its advisors, on the other hand, and that Messrs. Elon Musk and Antonio Gracias recused themselves from the Tesla Board's vote to approve the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance;

the terms of the Merger Agreement, including:

the fixed Exchange Ratio in the Merger Agreement, which will not be increased or reduced, even in the event of a decrease in the price of Tesla or SolarCity Common Stock, respectively;

the fact that, as a condition to the completion of the Merger, the Tesla Merger and Share Issuance Proposal must be approved by the affirmative vote of the holders of a majority of the total votes of shares of Tesla Common Stock cast in person or by proxy at the Tesla Special Meeting, as well as by the affirmative vote of the holders of a majority of the shares of Tesla Common Stock not owned, directly or indirectly, by the directors and named executive officers of SolarCity, including Messrs. Elon Musk, Antonio Gracias and Jeffrey B. Straubel, and certain of their affiliates, cast in person or by proxy at the Tesla Special Meeting;

the fact that, as a condition to the Merger, SolarCity must meet certain criteria relating to its existing indebtedness and its accounts payable, as more fully described in the section entitled *The Merger Agreement Conditions to the Completion of the Merger* beginning on page 129;

the right of Tesla to receive a termination fee of \$78.2 million if SolarCity terminates the Merger Agreement under certain circumstances, or \$26.1 million if SolarCity terminates the Merger Agreement in order to enter into a definitive agreement with an Excluded Party (as defined in page 128) in respect of a SolarCity Superior Proposal, as more fully described in the section entitled *The Merger Agreement Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* and *The Merger Agreement Expenses and Termination Fees* beginning on pages 128 and 132, respectively; and

the fact that under certain circumstances, the Tesla Board may change its recommendation in response to an Intervening Event with respect to Tesla or a Tesla Superior Acquisition Proposal, as more fully described in the section entitled *The Merger Agreement Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* beginning on page 128.

the opinion of Evercore, provided in writing on July 30, 2016, to the effect that, as of such date, and based on and subject to the various assumptions made, procedures followed, factors considered, and qualifications and limitations described in the opinion, the merger consideration to be paid by Tesla was fair, from a financial point of view, to Tesla, as more fully described in the section entitled *The Merger Opinion of Tesla's Financial Advisor* beginning on page 74;

In addition, the Tesla Board considered a variety of risks and other potentially negative factors concerning the Merger Agreement, the Merger, the Tesla Share Issuance, and the other transactions contemplated by the Merger Agreement. These factors included the following, which are not necessarily listed in order of relative importance:

the risk that because the Exchange Ratio in the Merger is fixed, Tesla cannot be certain of the market value of the merger consideration until completion of the Merger;

the possibility that the Merger, the Tesla Share Issuance and other transactions contemplated by the Merger Agreement may not be completed on the terms or timeline currently contemplated or at all, including for reasons beyond the control of Tesla or SolarCity;

the risk that failure to complete the Merger, the Tesla Share Issuance and the other transactions contemplated by the Merger Agreement could negatively affect the price of Tesla Common Stock and future business and financial results of Tesla, and could lead to negative perceptions among investors and other stakeholders;

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the ownership dilution to current Tesla stockholders as a result of the issuance of Tesla Common Stock to holders of SolarCity Common Stock as merger consideration pursuant to the Merger Agreement;

the potential risk of diverting management focus, employee attention and resources from other strategic opportunities and operational matters while working to complete the proposed transactions and successfully integrate Tesla and SolarCity;

the costs to be incurred in connection with the Merger, the Tesla Share Issuance and the other transactions contemplated by the Merger Agreement, including the fees and expenses associated with completing such transactions;

the risk that SolarCity may be unable to retain key employees;

the risk that SolarCity may not be able to maintain or renew certain tax equity agreements, customer agreements or procurement, sales or supply contracts on favorable terms or at all;

the risk that SolarCity will not be able to refinance existing credit facilities or enter into new credit facilities on terms acceptable to SolarCity, or satisfy financial covenants and other terms under existing or new facilities;

the risk of not capturing all of the anticipated operational cost savings and synergies, and the risk that other anticipated benefits of the transactions may not be realized on the expected timeframe or at all;

the challenges of combining Tesla with SolarCity following the Merger, including technical, financial, operational, accounting and other challenges;

the fact that projections or future results of operations of the Combined Company are necessarily estimates based on assumptions, and not guarantees as to future financial performance as more fully described in the section entitled *The Merger Certain Tesla and SolarCity Unaudited Prospective Financial Information* beginning on page 99;

the risk that financing may not be available to Tesla, SolarCity or, after the consummation of the Merger, the Combined Company, on favorable terms or at all, or, after the consummation of the Merger, the Combined Company may be unable to terminate or repay its obligations under its existing indebtedness, as more fully described in the section entitled *Risk Factors Risks Related to the Merger* beginning on page 36;

the risk that prior to the expiration of the Go-Shop Period, SolarCity may enter into a binding agreement with respect to an alternative Acquisition Proposal, and may continue discussions after the expiration of the

Go-Shop Period with certain parties, as more fully described in the section entitled *The Merger Agreement SolarCity Go-Shop* and *The Merger Agreement No Solicitation of Alternative Proposals* beginning on page 126;

the risk that the SolarCity Board changes its recommendation in response to a SolarCity Superior Proposal under such circumstances as permitted in the Merger Agreement, as more fully described in the section entitled *The Merger Agreement Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* beginning on page 128;

the risk that payment by SolarCity to Tesla of a termination fee of \$78.2 million if the Merger Agreement is terminated under certain circumstances, or \$26.1 million if the Merger Agreement is terminated in order to enter into a definitive agreement with an Excluded Party (as defined on page 128) with respect to a SolarCity Superior Proposal, as more fully described in the section entitled *The Merger Agreement Expenses and Termination Fees* beginning on page 132, may not be sufficient to fully compensate Tesla for its losses in such circumstances; and

the risk that the incurrence of additional indebtedness in connection with the Merger would have adverse consequences on Tesla's business following the Merger.

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In addition to considering the factors described above, the Tesla Board considered the fact that some of Tesla's directors and executive officers have other interests in the Merger that are different from, or in addition to, the interests of Tesla stockholders generally, as more fully described in the section entitled *The Merger Interests of Tesla's Directors and Executive Officers in the Merger* beginning on page 106.

The Tesla Board concluded that the potentially negative factors associated with the Merger Agreement, the Merger, the Tesla Share Issuance, and the other transactions contemplated by the Merger Agreement, were outweighed by the potential benefits that it expected the Tesla stockholders would achieve as a result of entering into the Merger Agreement and consummating the transactions contemplated thereby. Accordingly, the Tesla Board determined that the Merger Agreement and transactions contemplated thereby, including the Merger and the Tesla Share Issuance, were advisable and in the best interests of Tesla and the Tesla stockholders.

The foregoing discussion of the factors considered by the Tesla Board is not intended to be exhaustive, but, rather, includes the material factors considered by the Tesla Board. In reaching its decision to approve the Merger Agreement and transactions contemplated thereby, including the Merger and the Tesla Share Issuance, the Tesla Board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Tesla Board considered all these factors as a whole, including thorough discussions with, and questioning of, Tesla's management and Tesla's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

This explanation of Tesla's reasons for the Merger and other information presented in this section is forward-looking in nature and should be read in light of the sections entitled *Risk Factors* beginning on page 36 and *Cautionary Statement Regarding Forward-Looking Statements* on page 34.

Opinion of Tesla's Financial Advisor

Tesla has retained Evercore to act as its financial advisor in connection with the Merger. As part of this engagement, Tesla requested that Evercore evaluate the fairness of the merger consideration to be paid by Tesla pursuant to the Merger Agreement, from a financial point of view, to Tesla. As discussed in the following paragraph, on July 30, 2016, Evercore delivered to the Tesla Board its oral opinion, confirmed by its delivery of a written opinion dated July 30, 2016, that, as of the date thereof, and subject to the assumptions, limitations, qualifications and conditions set forth in Evercore's written opinion, the merger consideration to be paid by Tesla pursuant to the Merger Agreement was fair, from a financial point of view, to Tesla.

The full text of Evercore's written opinion, dated July 30, 2016, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Evercore in delivering its opinion, is attached as **Annex C** to this joint proxy statement/prospectus and is incorporated herein by reference in its entirety. The description of Evercore's written opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by the full text of such opinion. Evercore's opinion does not constitute a recommendation to the Tesla Board or to any other persons in respect of the Merger, including as to how any holder of Tesla Common Stock should vote or act with respect to the Tesla Merger and Share Issuance Proposal. We encourage you to read Evercore's opinion carefully and in its entirety.

Evercore's opinion was provided for the information and benefit of the Tesla Board and was delivered to the Tesla Board in connection with its evaluation of whether the merger consideration to be paid by Tesla pursuant to the Merger Agreement is fair, from a financial point of view, to Tesla, and did not address any other aspect or implication of the Merger Agreement or the transactions contemplated thereby, including the Merger. Evercore's opinion did not address the relative merits of the Merger as compared to other business or financial strategies that might be available

to Tesla, nor did it address the underlying business decision of Tesla to engage in the Merger.

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Evercore's opinion necessarily was based upon information made available to Evercore as of July 30, 2016 and financial, economic, monetary, market, regulatory and other conditions and circumstances as they existed and as could be evaluated on such date. Evercore has no obligation to update, revise or reaffirm its opinion based on subsequent developments. Evercore's opinion did not express any opinion as to the price at which the shares of Tesla Common Stock will trade at any time.

The following is a summary of Evercore's opinion, and is qualified in its entirety by the full text of such opinion attached as **Annex C** to this joint proxy statement/prospectus. We encourage you to read Evercore's written opinion carefully in its entirety:

In connection with delivering its opinion, Evercore, among other things:

reviewed certain publicly available business and financial information relating to SolarCity and Tesla that Evercore deemed to be relevant, including publicly available research analysts' estimates;

reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to SolarCity prepared and furnished to Evercore by SolarCity management;

reviewed certain non-public projected cash-based financial data furnished to Evercore by SolarCity management relating to SolarCity;

reviewed certain non-public projected cash-based financial data relating to SolarCity under alternative business assumptions that were provided to Evercore by Tesla (such projected financial data, the **SolarCity Revised Sensitivity Case**);

reviewed certain non-public historical and projected operating data relating to SolarCity prepared and furnished to Evercore by SolarCity management;

discussed the past and current operations, financial projections and current financial condition of SolarCity, including a discussion of Q2 2016 results, with SolarCity management (including their views on the risks and uncertainties of achieving such projections);

reviewed the reported prices and the historical trading activity of SolarCity Common Stock and Tesla Common Stock;

compared the premium reflected in the Exchange Ratio with premiums paid in certain other transactions that Evercore deemed relevant;

reviewed the Goldman Sachs equity research model for Tesla published on July 6, 2016 (the **GSER Forecasts**) and discussed with Tesla management how the GSER Forecasts compared to their expectations with respect to the future operating and financial performance of Tesla (as described more fully on pages 76 and 80);

discussed with Tesla management the past and current operations, financial projections for fiscal year 2016 and current financial condition of Tesla, including a discussion of Q2 2016 results;

compared the financial performance of Tesla and its stock market trading multiples with those of certain other publicly traded companies that Evercore deemed relevant;

reviewed certain estimates as to the amount and timing of certain potential synergies anticipated by the management of Tesla to result from the Merger (the **Estimated Synergies**);

reviewed a draft of the Merger Agreement dated July 30, 2016, which Evercore assumed was in substantially final form and from which Evercore assumed the final form would not vary in any respect material to its analysis; and

performed such other analyses and examinations and considered such other factors that Evercore deemed appropriate.

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For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumes no liability therefor.

As discussed further in the section entitled *The Merger Certain Tesla and SolarCity Unaudited Prospective Financial Information*), SolarCity management prepared one set of unaudited financial projections that assumed a certain level of access to the capital markets and borrowing costs, which we refer to as the **SolarCity Unrestricted Liquidity Case**, which was provided to Tesla, the Special Committee, Evercore and Lazard. SolarCity management prepared a second case of unaudited financial projections that assumed different levels of access to the capital markets and borrowing costs that we refer to in this joint proxy statement/prospectus as the **SolarCity Liquidity Management Case**, which was provided to the Special Committee and Lazard but not to Tesla or Evercore. With respect to the SolarCity Unrestricted Liquidity Case, Evercore assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgment of management of SolarCity as to the future financial performance of SolarCity. With respect to the projected financial data for SolarCity in the SolarCity Revised Sensitivity Forecasts, as defined in this joint proxy statement/prospectus (which was prepared based on sensitivity assumptions provided to Evercore by Tesla), Evercore assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgment of management of Tesla as to the future financial performance of SolarCity. Tesla did not provide Evercore with an internal projected financial model or any other projected financial or operating data with respect to Tesla. Instead, following discussions with Evercore as to how certain public forecasts compared to Tesla management's expectations with respect to the future financial and operating performance of Tesla, and after confirming to Evercore that the GSER Forecasts were a reasonable estimate of Tesla's future financial and operating performance in light of management's expectations, Tesla instructed Evercore to utilize the GSER Forecasts for that purpose. Evercore expressed no view as to any projected financial and operating data relating to SolarCity or Tesla or any judgments, estimates or assumptions on which they are based. Evercore relied, at the direction of Tesla, without independent verification, upon the assessments of management of Tesla as to the Estimated Synergies and assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgment of management of Tesla.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Merger Agreement were true and correct, that each party would perform all of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the consummation of the Merger would be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the consummation of the Merger would be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on SolarCity or Tesla or the consummation of the Merger or materially reduce the benefits of the Merger to the holders of SolarCity Common Stock or Tesla Common Stock.

Evercore neither made nor assumed any responsibility for making any independent valuation or appraisal of the assets or liabilities of SolarCity or Tesla, nor was it furnished with any such appraisals, and Evercore did not evaluate the solvency or fair value of SolarCity or Tesla under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based upon information made available to Evercore as of July 30, 2016 and financial, economic, monetary, market, regulatory and other conditions and circumstances as they existed and as could be evaluated on July 30, 2016. It should be understood that subsequent developments may have affected or may affect Evercore's opinion and that Evercore does not have any obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness of the merger consideration to be paid by Tesla pursuant to the Merger Agreement, from a financial point of view, to Tesla. Evercore did not express any view on, and its opinion did not address, the fairness of the Merger to, or any consideration received in connection therewith by, the holders of any other securities, creditors or other constituencies of Tesla or SolarCity, or as to the fairness of the amount or nature of any compensation to

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be paid or payable to any of the officers, directors or employees of Tesla or SolarCity or any of the other parties to the Merger Agreement or any affiliates thereof, or any class of such persons, whether relative to the merger consideration or otherwise. Evercore assumed that any modification to the structure of the Merger would not vary in any respect material to its analysis. Evercore's opinion did not address the relative merits of the Merger as compared to other business or financial strategies that might be available to Tesla, nor did it address the underlying business decision of Tesla to engage in the Merger. Evercore's opinion does not constitute a recommendation to the Tesla Board or to any other persons in respect of the Merger, including as to how any holder of shares of Tesla Common Stock should vote or act in respect of the Merger. Evercore expressed no opinion as to the price at which Tesla Common Stock will trade at any time. Evercore is not a legal, regulatory, accounting or tax expert and assumed the accuracy and completeness of assessments by the management of Tesla and its advisors with respect to legal, regulatory, accounting and tax matters.

Summary of Material Financial Analyses

The following is a brief summary of the material financial and comparative analyses that Evercore deemed to be appropriate for a transaction such as the Merger and that were reviewed with the Tesla Board in connection with delivering Evercore's opinion. The summary of Evercore's financial analyses described below is not a complete description of the analyses underlying its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description.

The summary of the analyses and reviews provided below includes information presented in tabular format. In order to fully understand Evercore's analyses and reviews, the tables must be read together with the full text of each summary. The tables alone do not constitute a complete description of Evercore's analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of Evercore's analyses and reviews.

The Estimated Synergies were not incorporated into Evercore's financial analyses. To the extent that any of the quantitative data used in Evercore's financial analyses or described in this section *Opinion of Tesla's Financial Advisor* is based on market data, it is based on market data as it existed on or before July 29, 2016, the last trading day before Tesla and SolarCity announced that they had entered into the Merger Agreement, and is not necessarily indicative of current market conditions.

Evercore's Analysis of SolarCity

Evercore performed a series of analyses to derive indicative valuation ranges for SolarCity Common Stock. Evercore performed its analyses utilizing the SolarCity Unrestricted Liquidity Case. Evercore also performed its analyses based upon the SolarCity Revised Sensitivity Forecasts. Tesla provided Evercore with adjustments for the SolarCity Revised Sensitivity Forecasts that reduced SolarCity's projected capital needs through decreases in projected megawatts inspected and in projected research and development and overhead expenses.

Discounted Cash Flow Analysis

Evercore performed a discounted cash flow analysis of SolarCity to calculate a range of estimated present values as of December 31, 2016 of the standalone, levered, after-tax free cash flows that SolarCity was projected to generate from January 1, 2016 through December 31, 2020 under each of the SolarCity Unrestricted Liquidity Case and the

SolarCity Revised Sensitivity Forecasts. Evercore also calculated a range of terminal values for SolarCity by applying a range of perpetuity growth rates based on its professional judgment given the nature of SolarCity and its business and the industries in which it operates of 3.00% - 5.00%, to the projected standalone levered, after-tax free cash flows of SolarCity in the terminal year. The resulting cash flows and the terminal

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values were then discounted to present value using a range of discount rates of 12.0% - 15.0%, (based on a range of estimates of SolarCity's cost of equity using the capital asset pricing model (CAPM)), to derive a range of implied equity values for SolarCity. Under each of the SolarCity Unrestricted Liquidity Case and SolarCity Revised Sensitivity Forecasts, Evercore's analysis indicated an implied per-share equity value reference range for SolarCity on a standalone basis of approximately (i) \$37.51 to \$61.73 under the SolarCity Unrestricted Liquidity Case and (ii) \$24.76 to \$42.72 under the SolarCity Revised Sensitivity Forecasts.

Evercore calculated an implied exchange ratio reference range by dividing the low end of the implied per share equity value reference range for Tesla indicated by the discounted cash flow analyses (discussed below) by the high end of the implied per share equity value reference range for SolarCity indicated by the discounted cash flow analyses and by dividing the high end of the implied per share equity value reference range for Tesla indicated by the discounted cash flow analyses by the low end of the implied per share equity value reference range for SolarCity indicated by the discounted cash flow analyses. Utilizing the SolarCity Unrestricted Liquidity Case and the GSER Forecasts, this analysis indicated an implied exchange ratio reference range of 0.124 to 0.699 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger. Utilizing the SolarCity Unrestricted Liquidity Case and the IBES Consensus, this analysis indicated an implied exchange ratio reference range of 0.083 to 0.464 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger. Utilizing the SolarCity Revised Sensitivity Forecasts and the GSER Forecasts, this analysis indicated an implied exchange ratio reference range of 0.082 to 0.484 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger. Utilizing the Revised Sensitivity Case and the IBES Consensus, this analysis indicated an implied exchange ratio reference range of 0.055 to 0.321 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger.

Sum-of-the-Parts Analysis

Evercore analyzed SolarCity as the sum of its two operating entities: Development Company (DevCo), the segment of SolarCity's business that sells and installs solar systems, and Power Company (PowerCo), the segment of SolarCity's business that holds the portfolio of installed assets (i.e., Evercore performed a sum-of-the-parts analysis of SolarCity). Evercore valued DevCo based on the present value of future retained value associated with projected megawatts installed less unlevered DevCo cash flow, adjusted for recourse debt (less the amount of SolarCity's convertible debt that would convert into equity based on the implied share price). Evercore valued PowerCo based on the retained value of current contracted cash flows of solar assets on SolarCity's consolidated balance sheet, including the value of Solar Renewable Energy Certificates (SRECs), adjusted for non-recourse debt. Retained value is a non-GAAP measure historically utilized by SolarCity and comparable solar industry companies, and represents the estimated net present value of cash flows that are currently contracted or projected to be contracted, subject to certain adjustments such as those described below.

For the SolarCity sum-of-the-parts analysis, Evercore analyzed the DevCo business segment and PowerCo/SREC business segment of SolarCity as set forth below:

Devco

Evercore calculated the present value of future retained value associated with projected megawatts installed, less unlevered DevCo cash flow, from January 1, 2016 through December 31, 2020 based on each of the SolarCity Unrestricted Liquidity Case and the SolarCity Revised Sensitivity Forecasts. Evercore also calculated a range of estimated terminal values for DevCo by applying perpetuity growth rates based on its professional judgement, given the nature of SolarCity and its business and the industries in which it operates, of 3.0% - 5.0% to the estimated DevCo

retained value for the fiscal year ended December 31, 2020 included in each of the SolarCity Unrestricted Liquidity Case and the SolarCity Revised Sensitivity Forecasts. In calculating the terminal value for DevCo, Evercore assumed a reduction in tax equity financing. Tax equity financing is a financing

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structure designed to monetize government solar tax credits and relies on the availability of these credits and the amount of megawatts installed and available to be monetized via this structure. In the terminal year it was assumed that these solar tax credits would not extend into perpetuity and therefore were not accounted for in the terminal value. The DevCo retained values and terminal values described above were reduced by net recourse debt (less the amount of SolarCity's convertible debt that would convert into equity based on the implied share price) attributable to DevCo and discounted to present value using a discount rate range of 14.0% - 16.0%. The discount rate utilized by Evercore in this analysis of DevCo was based on similar rates used by equity research analysts that cover SolarCity.

PowerCo/SREC

SolarCity provided Evercore with PowerCo and SREC total net retained value amounts under various discount rates ranging from 8.0% - 10.0%. This range was determined by the implied discount rate of approximately 8% achieved in SolarCity's cash equity financing transaction with John Hancock Financial in May 2016. In performing this analysis, Evercore assumed no contributions of cash from renewals of contracts at the ends of their respective current terms.

Evercore then calculated a range of implied equity values of each of DevCo and PowerCo/SREC by subtracting net recourse debt from the DevCo retained values and terminal values and subtracting non-recourse debt from the PowerCo/SREC currently contracted cash flows, in each case, after application of the applicable discount rates of 14.0% - 16.0% for DevCo and 8.0% - 10.0% for PowerCo. Evercore then calculated a range of implied equity values per share of SolarCity Common Stock by adding the implied equity values of DevCo and PowerCo/SREC together and dividing the resulting sum by the fully diluted number of shares of SolarCity Common Stock assumed to be outstanding as of March 31, 2016. This calculation implied a range of equity values for a share of SolarCity Common Stock of \$31.00 to \$46.00 under the SolarCity Unrestricted Liquidity Case and \$16.00 to \$26.00 under the SolarCity Revised Sensitivity Forecasts.

Evercore calculated an implied exchange ratio reference range by dividing the low end of the "sum-of-the-parts" implied equity value per share reference range for SolarCity based upon each of the SolarCity Unrestricted Liquidity Case and the SolarCity Revised Sensitivity Forecasts by the 5-day volume weighted average price of Tesla Common Stock (the **5-day Tesla VWAP**) as of July 29, 2016 and the high end of the "sum-of-the-parts" implied equity value per share reference range for SolarCity based upon each of the SolarCity Unrestricted Liquidity Case and the SolarCity Revised Sensitivity Forecasts by the 5-day Tesla VWAP as of July 29, 2016. This analysis indicated implied exchange ratio reference ranges of: (i) 0.135 to 0.200 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger based upon the SolarCity Unrestricted Liquidity Case; and (ii) 0.068 to 0.115 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) in the Merger based upon the Revised Sensitivity Case.

Table of Contents*Precedent Premiums Paid Analysis*

Evercore performed an analysis of selected transactions to compare premiums paid in such transactions to the premium implied by the Exchange Ratio in the Merger. The selected transactions represented precedent public deals announced since 2014 with strategic acquirers, U.S. technology sector targets and transaction enterprise values in the range of \$2 billion to \$8 billion. Evercore noted that none of the companies that participated in the selected transactions are directly comparable to SolarCity or Tesla and none of the transactions in the selected transactions analysis are directly comparable to the Merger:

Date	Acquirer/Target	Transaction Equity Value (\$ MM)
06/01/16	Salesforce.com Inc. / Demandware Inc.	\$ 2,679
02/17/16	Tianjin Tianhai Invest C. Ltd. / Ingram Micro Inc.	6,023
01/13/16	Microchip Technology Inc. / Atmel Corp.	3,287
11/18/15	ON Semiconductor Corp. / Fairchild Semiconductor International	2,225
11/04/15	Expedia Inc. / HomeAway Inc.	3,201
11/24/15	Microsemi Corp. / PMC-Sierra Inc.	2,458
06/15/15	Cox Automotive Inc. / DealerTrack Technologies Inc.	4,371
05/12/15	Verizon Communications Inc. / AOL Inc.	4,054
04/27/15	Cap Gemini SA / iGATE Corp.	4,434
03/02/15	Hewlett Packard Co. / Aruba Networks Inc.	2,458
02/06/15	Harris Corp. / Exelis Inc.	4,699
02/02/15	SS&C Technologies Holdings Inc. / Advent Software Inc.	2,628
08/20/14	Infineon Technologies AG / International Rectifier Corp.	2,256
08/01/14	Scientific Games Corp. / Bally Technologies Inc.	5,117
07/28/14	Zillow Inc. / Trulia Inc.	2,818
06/23/14	Oracle Corp. / MICROS Systems Inc.	4,669
06/09/14	Analog Devices Inc. / Hittite Microwave Corp.	1,956

Evercore analyzed the premium paid relative to the undisturbed target stock price. Based on the median of the undisturbed premiums of the selected transactions (calculated to be 34%), Evercore used a premium range of 25% - 45% on SolarCity's trading price at close of market on June 21, 2016 to calculate an implied per share equity value range of \$26 to \$31. Evercore calculated an implied exchange ratio reference range by dividing the low end of the equity value per share reference range for SolarCity based on the precedent premiums paid analysis by the 5-day Tesla VWAP as of July 29, 2016 and by dividing the high end of the equity value per share reference range for SolarCity based on the precedent premiums paid analysis by the 5-day Tesla VWAP as of July 29, 2016. This indicated an implied exchange ratio reference range of 0.115 to 0.133 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) pursuant to the Merger Agreement.

Evercore's Analysis of Tesla

Evercore performed a series of analyses to derive indicative valuation ranges for Tesla Common Stock. Evercore performed its analyses using the GSER Forecasts, which Tesla instructed Evercore to utilize as a reasonable estimate of expected future financial performance of Tesla. As an additional data point, Evercore also performed its analyses based upon Institutional Brokers' Estimate System consensus as of July 29, 2016 (the **IBES Forecasts**).

Discounted Cash Flow Analysis

Evercore performed a discounted cash flow analysis of Tesla to calculate a range of estimated present values as of December 31, 2016 of the standalone unlevered, after-tax free cash flows that Tesla is projected to generate from January 1, 2017 through December 31, 2021, using information contained in the GSER Forecasts and the

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IBES Forecasts. The standalone unlevered, after-tax free cash flows that Tesla is projected to generate from January 1, 2017 through December 31, 2021 were calculated by making the following adjustments to Tesla's forecasted earnings before interest after taxes for each calendar year: adding back depreciation and amortization, deducting capital expenditures, adding back or deducting, as applicable, changes in net working capital, in the case of each of the foregoing, as included in the GSER Forecasts and the IBES Forecasts. Evercore calculated the per share value range for Tesla's common stock by utilizing a range of discount rates from 10.0% - 12.0%, with a mid-point equal to Tesla's weighted average cost of capital, as estimated by Evercore (based on CAPM), and a range of terminal values based on a range of estimated EBITDA exit multiples as well as a range of perpetuity growth rates of 6.00% - 8.00% (based on Evercore's professional judgment given the nature of Tesla and its business and the industries in which it operates). The applicable tax rate was assumed to be 24%. After adjusting for debt outstanding as of March 31, 2016 and cash as of March 31, 2016, Evercore determined an implied per share equity value reference range for Tesla on a standalone basis of approximately (i) \$200.83 to \$311.66 using the EBITDA multiple method and (ii) \$88.36 to \$302.21 using the perpetuity growth rate method. Using the IBES Forecasts and adjusting for debt outstanding as of March 31, 2016 and cash as of March 31, 2016, Evercore determined an implied per share equity value reference range for Tesla on a standalone basis of approximately (a) \$295.44 to \$459.93 using the EBITDA multiple method and (b) \$132.92 to \$451.02 using the perpetuity growth rate method.

Discounted Equity Value Analysis

Evercore performed a discounted equity value analysis of Tesla. A discounted equity value analysis is based on the potential future equity value of a company as a function of the company's estimated future earnings at a time when the company is believed to have achieved steady state. The future equity value is subsequently discounted to arrive at an estimate of the implied present value of the company.

Evercore computed the range of implied future equity values of Tesla by applying a range of price-to-earnings multiples for market-leading, publicly traded disruptors, such as Alphabet Inc., Apple Inc., Amazon.com, Inc., Facebook, Inc., salesforce.com, inc., Netflix, Inc., Under Armour, Inc., Mobileye N.V. and TripAdvisor, Inc. to the net income of Tesla for calendar year 2020 estimated by the GSER Forecasts and the IBES Forecasts. Each of these implied future equity values of Tesla was discounted to December 31, 2016 using a range of discount rates of 11.0% - 13.0% (based on an estimated cost of equity for Tesla derived using CAPM). Evercore then divided these discounted estimated future equity values of Tesla under each of the GSER Tesla Model and the IBES Consensus by the fully diluted number of shares of Tesla Common Stock assumed to be outstanding as of March 31, 2016. This calculation implied a range of equity values per share of Tesla Common Stock as of December 31, 2016 of \$121.70 to \$161.52 under the GSER Tesla Model and \$199.41 to \$265.88 under the IBES Consensus.

The following table illustrates Evercore's discounted equity value analysis of Tesla:

Model	Estimated Net Income CY2020E (\$)	P/E		Assumed Fully Diluted Stock Outstanding	Implied Present Value	
		Multiple	Range		Per Tesla Share (\$)	
GSER Tesla Model	\$ 1,540	20.0x	25.0	156.169	\$ 121.70	\$161.52
IBES Consensus	\$ 2,627	20.0x	25.0	162.219	\$ 199.41	\$265.88

(share numbers and \$ in millions, except per share data)

Other Factors

Evercore also reviewed and considered other factors, which were not considered part of its financial analyses in connection with rendering its advice, but were referenced for informational purposes, including, among other things, the 52-week trading range and research analyst price targets described below.

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Evercore reviewed historical trading prices of shares of SolarCity Common Stock and shares of Tesla Common Stock for the 52 weeks ended on July 29, 2016, the last trading day before Tesla and SolarCity announced that they had entered into the Merger Agreement, noting that the low and high closing prices during such period ranged from \$16.67 to \$60.17 for SolarCity and \$143.67 to \$270.13 for Tesla. Evercore calculated an implied exchange ratio reference range by dividing the low end of the historical trading price range for SolarCity by the high end of the historical trading price range for Tesla and by dividing the high end of the historical trading price range for SolarCity by the low end of the historical trading price range for Tesla. This indicated an implied exchange ratio reference range of 0.062 to 0.419 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) pursuant to the Merger Agreement.

Research Analyst Price Targets

Evercore reviewed publicly available share price targets of research analysts' estimates known to Evercore as of July 29, 2016, noting that the low and high share price targets ranged from \$18.00 to \$50.00 for SolarCity and that the low and high share price targets ranged from \$145.00 to \$500.00 for Tesla. Evercore calculated an implied exchange ratio reference range by dividing the low end of the share price target range for SolarCity by the high end of the share price target range for Tesla and by dividing the high end of the share price target range for SolarCity by the low end of the share price target range for Tesla. This indicated an implied exchange ratio reference range of 0.036 to 0.345 shares of Tesla Common Stock for each share of SolarCity Common Stock, as compared to the Exchange Ratio (which is 0.110) pursuant to the Merger Agreement. The price targets published by equity research analysts do not necessarily reflect current market trading prices for SolarCity Common Stock and Tesla Common Stock and these price targets are subject to numerous uncertainties, including the future financial performance of each company and market conditions.

Miscellaneous

In arriving at its opinion, Evercore did not draw, in isolation, conclusions from or with regard to any factor or analysis considered by it. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses. The order of the analyses and reviews described in the summary above and the results thereof do not represent the relative importance or weight given to these analyses and reviews by Evercore. Considering selected portions of the analyses and reviews in the summary set forth above, without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Evercore's opinion. Evercore may have considered various assumptions more or less probable than other assumptions, so the range of valuations resulting from any particular analysis or combination of analyses described above should not be taken to represent Evercore's view with respect to the actual value of SolarCity Common Stock or Tesla Common Stock.

For purposes of its analyses and reviews, Evercore considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of SolarCity, Tesla and their advisors. No company or business used in Evercore's analyses and reviews as a comparison is identical to SolarCity or Tesla, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in Evercore's analyses and reviews. The estimates contained in Evercore's analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by

Evercore's analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the

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estimates used in, and the results derived from, Evercore's analyses and reviews are inherently subject to substantial uncertainty, and Evercore assumes no responsibility if future results or values are materially different from those forecasted in such estimates. Under the terms of Evercore's engagement, Evercore provided Tesla with financial advisory services and delivered a fairness opinion to the Tesla Board in connection with the Merger. Pursuant to the terms of its engagement letter dated June 17, 2016, Tesla has agreed to pay Evercore certain fees for its services in connection with its engagement, including an opinion fee and a success fee. Evercore is entitled to receive an opinion fee of \$1.25 million, which Evercore earned upon delivery of its opinion to the Tesla Board. In addition, Evercore is entitled to receive a success fee of an additional \$5.75 million, which is contingent upon the completion of the Merger. In addition, Tesla has agreed to reimburse Evercore for its reasonable expenses (including legal fees, expenses and disbursements) incurred in connection with its engagement and to indemnify Evercore and any of its members, partners, officers, directors, advisors, representatives, employees, agents, affiliates or controlling persons, if any, against certain liabilities and expenses arising out of Evercore's engagement, any services performed by Evercore in connection therewith or any transaction contemplated thereby.

In the past two years, no material relationship existed between Evercore and its affiliates and Tesla or SolarCity pursuant to which compensation was received by Evercore or its affiliates as a result of such a relationship. In the future, Evercore may provide financial advisory or other services to SolarCity, Tesla or their respective affiliates, and in connection with any such services Evercore may receive compensation.

With respect to the Merger, Evercore did not recommend any specific merger consideration to the Tesla Board or Tesla management or that any specific consideration constituted the only appropriate consideration in the Merger.

In the ordinary course of business, Evercore or its affiliates may actively trade the securities, or related derivative securities, or financial instruments of Tesla, SolarCity and their respective affiliates, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or instruments.

The issuance of Evercore's opinion was approved by an opinion committee of Evercore.

SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors

On July 29, 2016, the Special Committee, consisting of independent and disinterested directors of SolarCity, and acting with the advice of the Special Committee's legal and financial advisors, unanimously determined that the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to, advisable and in the best interests of the stockholders of SolarCity. On the unanimous recommendation of the Special Committee, the SolarCity Board members present unanimously (1) determined that the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to, advisable and in the best interests of SolarCity and the stockholders of SolarCity, (2) approved the Merger Agreement and the consummation of the transactions contemplated thereby and (3) resolved to recommend that SolarCity's stockholders vote for the adoption of the Merger Agreement and the Merger.

Accordingly, the SolarCity Board recommends that the stockholders of SolarCity vote FOR the SolarCity Merger Proposal and FOR the SolarCity Adjournment Proposal.

In reaching its determination and recommendation, the Special Committee, as described above in the section entitled *Background of the Merger* of this joint proxy statement/prospectus, held a number of meetings, consulted with SolarCity's senior management and its advisors at Skadden and Lazard and considered a number of factors. In

determining to recommend that SolarCity stockholders vote for the SolarCity Merger Proposal, the SolarCity Board considered the Special Committee's evaluation, analysis and unanimous recommendation, and the fact that the Special Committee consists of two independent and disinterested directors of SolarCity who are

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not affiliated with Mr. Elon Musk or Tesla, are not employees of SolarCity or any of its affiliates and have no financial interest in the Merger different from, or in addition to, the interests of SolarCity's unaffiliated stockholders, other than their interests described under *Interests of SolarCity's Directors and Executive Officers in the Merger* beginning on page 108.

The various factors the Special Committee considered that weighed positively in favor of the SolarCity Merger Proposal included, among others and not necessarily in order of relative importance:

each of SolarCity's, Tesla's and the Combined Company's business, operations, financial condition, earnings and prospects. In particular, the Special Committee considered the following:

the Special Committee's view that the strength of Tesla's brand and Tesla's retail network and international presence may offer opportunities to reduce SolarCity's cost of customer acquisition;

the Special Committee's view that the acquisition by Tesla to create a vertically integrated sustainable energy company offering products such as integrated solar energy production and storage products was consistent with SolarCity's mission to accelerate the mass adoption of sustainable energy;

the opportunity to combine expertise, including the skills of experienced managers in manufacturing and the battery and energy storage industry, to better meet the needs of the customers of both Tesla and SolarCity; and

the expectation that the combination of SolarCity's and Tesla's businesses would expand the addressable market for both companies, and would create the world's first vertically integrated, end-to-end sustainable energy company;

the Special Committee's view that the Merger would provide improved access to capital and lower capital costs (including on potentially more favorable terms) for SolarCity;

the Special Committee's review and understanding of SolarCity's business, operations, strategic objectives, past and prospective financial performance, financial condition, projected working capital requirements, and past and prospective results of operations if it were to remain a standalone business, including SolarCity's existing financial covenants and its ability to raise debt and equity financing;

the Special Committee's consideration of the risks and challenges faced by SolarCity in accomplishing its strategic and business objectives, earnings and prospects, including the financing needs of SolarCity's business, general conditions in the residential solar industry and other risk factors set forth in SolarCity's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed with the SEC on August 9, 2016, which is incorporated herein by reference;

the Special Committee's view of the benefits of the Merger as compared to the possible alternatives to the Merger (including continuing to operate as a standalone business and a potential equity financing), the timing and likelihood of accomplishing the business plans and strategic objectives of those alternatives, and the potential benefits and risks of those alternatives, including the risks associated with those alternatives in light of industry- and SolarCity-specific dynamics and the risk that pursuing other potential alternatives could have resulted in the loss of an opportunity to consummate the contemplated transaction with Tesla;

the business reputation and capabilities of Tesla and its management team and the value of Tesla's brand, and that the Combined Company's management team will draw upon experienced leaders from both companies;

the fact that the consideration to be received by SolarCity stockholders consists entirely of Tesla Common Stock, which provides SolarCity stockholders with reduced volatility and an ownership interest in Tesla following the completion of the Merger, and which represents an opportunity to participate in the potential for earnings per share accretion and potential cost synergies created by the Merger;

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the Special Committee's consideration, prior to the execution of the Merger Agreement, with the assistance of the SolarCity's management team and the Special Committee's advisors, of its thorough process to explore SolarCity's strategic alternatives, including its outreach to various third-party acquirors;

the oral opinion of Lazard, the Special Committee's financial advisor, to the Special Committee (which was confirmed in writing by delivery of Lazard's written opinion dated July 29, 2016), to the effect that, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and conditions set forth therein, the Exchange Ratio was fair, from a financial point of view, to the holders of SolarCity's common stock (other than the Principal Holders and the Excluded Holders). See *The Merger Opinion of the Financial Advisor to the SolarCity Special Committee* beginning on page 88;

the Special Committee's belief that, as a result of extensive negotiations between the parties and their respective advisors, the implied value of the per share merger consideration of approximately \$25.37 per share (based on an Exchange Ratio of 0.110 and the closing price of Tesla Common Stock on July 28, 2016) was the highest price per share for SolarCity Common Stock that Tesla was willing to pay at the time of those negotiations, and that the combination of Tesla's agreement to pay that price and the go-shop process described below and under *The Merger Agreement SolarCity Go-Shop* beginning on page 126 would result in a sale of SolarCity at the highest price per share for the SolarCity Common Stock that was reasonably attainable;

current financial market conditions and historical market prices, volatility and trading information with respect to SolarCity and Tesla Common Stock;

the historical share prices of SolarCity and Tesla, including the fact that the implied per share value of the merger consideration to be received by SolarCity stockholders of 0.110 shares of Tesla Common Stock represented (based on the closing price of Tesla Common Stock on July 28, 2016):

a premium of approximately 20% based on the unaffected closing price per share of SolarCity Common Stock of \$21.19 on June 21, 2016; and

a premium of approximately 21% based on the volume-weighted average price per share of SolarCity Common Stock of \$21.02 over the 30-day period ending June 21, 2016;

the expectation that the combination of SolarCity's and Tesla's businesses will result in greater long-term stockholder value than the potential for earnings per share accretion that might result from other alternatives available to SolarCity, including seeking an alternative transaction with another third party or remaining an independent public company, in each case, considering the potential for SolarCity's stockholders to share in any future earnings growth of SolarCity's businesses and continued costs;

information and discussions with SolarCity's management and advisors regarding Tesla's business, assets, financial condition, results of operations, current business strategy and prospects, including the projected long-term financial results of Tesla;

the terms of the Merger Agreement, including the fact that the Merger Agreement contains go-shop provisions (as are more fully described under *The Merger Agreement SolarCity Go-Shop* and *The Merger Agreement No Solicitation of Alternative Proposals* beginning on page 126) intended to enable SolarCity to continue to evaluate potential alternatives to the proposed acquisition by Tesla, including:

SolarCity's right, at any time prior to September 14, 2016, to initiate, solicit and encourage any offers with respect to alternative acquisition proposals, and, until SolarCity's stockholders approve the proposal to adopt the Merger Agreement, to continue discussions, subject to certain conditions, after the Go-Shop Period ends with parties who had made an acquisition proposal during the Go-Shop Period if the SolarCity Board or Special Committee determines in good faith that such acquisition proposal constitutes or is reasonably expected to constitute a SolarCity superior proposal (as defined under *The Merger Agreement No Solicitation of Alternative Proposals*);

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the SolarCity Board's ability to withdraw or change its recommendation of the Merger Agreement, and SolarCity's right to terminate the Merger Agreement and accept a SolarCity superior proposal prior to the approval of SolarCity stockholders to adopt the Merger Agreement, subject in each case to SolarCity paying Tesla a termination fee of \$78.2 million, or \$26.1 million if the termination is in connection with SolarCity's entry into a definitive agreement with an excluded party with respect to a SolarCity superior proposal, which amounts the Special Committee believed were reasonable in light of, among other matters, the benefit of the Merger to SolarCity's stockholders, the typical size of such termination fees in similar transactions and the likelihood that a fee of such size would not be a meaningful deterrent to alternative acquisition proposals, as more fully described under *The Merger Agreement Expenses and Termination Fees* beginning on page 132;

the fact that Tesla only has the right on a single occasion to negotiate with SolarCity to match the terms of any SolarCity superior proposal from any excluded party or any subsequent modifications to such proposal, and the Special Committee's belief that the limitation of such right removes a potential deterrent to a third party's willingness to make an acquisition proposal;

the nature of the closing conditions included in the Merger Agreement, as well as the likelihood of satisfaction of all of the conditions to the completion of the proposed Merger;

the customary nature of the other representations, warranties and covenants of SolarCity in the Merger Agreement;

the right of SolarCity to seek to specifically enforce Tesla's obligations under the Merger Agreement (as more fully described in the section entitled *The Merger Agreement Specific Performance* beginning on page 135);

the fact that, if the Merger Agreement is terminated in connection with SolarCity's entry into a definitive agreement with respect to a SolarCity superior proposal, Mr. Elon Musk and an entity affiliated with him have agreed in the Voting Agreement to vote their shares of SolarCity Common Stock in the same proportion in favor of such proposal as the shares of SolarCity Common Stock held by unaffiliated stockholders are voted or, at their option, entirely or in greater proportion in favor of such proposal.

The Special Committee also considered the following factors relating to the procedural safeguards that it believed would ensure the fairness of the Merger and permit the Special Committee to represent effectively the interests of SolarCity's unaffiliated stockholders:

the fact that the Special Committee consists of independent and disinterested directors of SolarCity who are not affiliated with Mr. Elon Musk or Tesla, are not employees of SolarCity or any of its affiliates and have no financial interest in the Merger different from, or in addition to, the interests of SolarCity's unaffiliated stockholders, other than their interests described under *Interests of SolarCity's Directors and Executive Officers in the Merger* beginning on page 108;

the fact that the Special Committee was advised by Lazard, as financial advisor, and by Skadden, as legal advisor, each a nationally recognized firm selected by the Special Committee, and that, based on disclosures made to the Special Committee, the Special Committee concluded that each of Lazard and Skadden were free of material conflicts and could provide independent advice in connection with the proposed transaction;

the fact that, as part of its review of SolarCity's alternatives, the Special Committee considered the possibility of, and obtained the advice of its financial and legal advisors with respect to, strategic alternatives to the Merger;

the fact that the Special Committee conducted thorough deliberations over 30 formal meetings regarding the Merger and alternatives to the Merger;

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the fact that, with its advisors, the Special Committee conducted a thorough process to evaluate SolarCity's strategic alternatives, during which process representatives of SolarCity met with and sought offers from various potential buyers, none of whom made an offer;

the fact that the Special Committee explored various alternative transaction structures, including financing alternatives in the event that SolarCity opted to remain a standalone company;

the fact that each of the Special Committee and the SolarCity Board was aware that it had no obligation to recommend any transaction and that the Special Committee had the authority to reject any proposals made by Tesla or other potential acquirors;

the fact that the Special Committee made its evaluation of the Merger Agreement and the Merger based upon the factors discussed in this proxy statement and with the full knowledge of the interests of Mr. Elon Musk in the Merger; and

the condition to the Merger that the Merger Agreement must be approved and adopted by holders of a majority of the outstanding shares of common stock of SolarCity, as well as by holders of a majority of the disinterested shares of SolarCity voting at the SolarCity Special Meeting.

The Special Committee, in consultation with SolarCity's management and its legal and financial advisors, also considered a variety of risks and other potentially negative factors, including the following:

the potential expenses and transaction costs related to the Merger, including in connection with any litigation that may result from the announcement or pendency of the Merger;

the risk that because the Exchange Ratio in the merger consideration is fixed, SolarCity cannot be certain of the market value of the merger consideration until completion of the Merger;

the market value of the merger consideration until completion of the Merger;

because SolarCity stockholders will be receiving exclusively Tesla Common Stock in the Merger, the risks inherent in owning Tesla Common Stock, including the volatility of Tesla Common Stock, and the other risk factors set forth in Tesla's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016, filed with the SEC on August 5, 2016, which is incorporated herein by reference;

the fact that there can be no assurance that all conditions to the parties' obligations to complete the Merger will be satisfied;

the potential for diversion of management and employee attention and for increased employee attrition during the period prior to completion of the proposed Merger, and the potential effect of the proposed Merger on SolarCity's business and relations with customers, suppliers, financial counterparties and strategic alliance and joint venture partners;

the difficulty inherent in integrating the businesses, assets and workforces of two large companies and the risk that anticipated strategic and other benefits to SolarCity and Tesla following completion of the proposed Merger will not be realized or will take longer to realize than expected;

the terms of the Merger Agreement, including:

the restrictions on the conduct of SolarCity's business prior to completion of the proposed Merger;

Tesla's right to engage in negotiations with, and provide information to, a third party that makes an unsolicited proposal relating to an acquisition of Tesla in certain circumstances, as more fully described in the section entitled *The Merger Agreement No Solicitation of Alternative Proposals* beginning on page 126;

the right of the Tesla Board to change its recommendation in favor of the Merger or terminate the Merger Agreement in certain circumstances, as more fully described in the section entitled *The Merger Agreement Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations* beginning on page 128;

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the fact that if the Merger is not completed, SolarCity may be required to pay a termination fee in certain circumstances, as more fully described in the section entitled *The Merger Agreement Expenses and Termination Fees* beginning on page 132; and

various other risks associated with the Merger and the business of SolarCity and the Combined Company described in the sections entitled *Risk Factors* and *Cautionary Statements Regarding Forward-Looking Statements*, respectively.

The Special Committee considered all of these factors as a whole, and, on balance, concluded that they supported a determination that the Merger Agreement, the Merger and the transactions contemplated thereby, are fair to, advisable and in the best interests of the stockholders of the SolarCity. In considering the factors described above and any other factors, individual members of the Special Committee or the SolarCity Board may have viewed factors differently or given different weight or merit to different factors.

The foregoing discussion of the information and factors considered by the Special Committee is not exhaustive. In view of the wide variety of factors considered by the Special Committee in connection with its evaluation of the proposed Merger and the complexity of these matters, the Special Committee did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision.

In reaching its determinations, the SolarCity Board also considered:

the Special Committee's analyses, conclusions and unanimous determination, which the SolarCity Board adopted, that the terms and conditions of the Merger Agreement, the Merger and the other transactions contemplated thereby are fair to, advisable and in the best interests of the stockholders of SolarCity and the Special Committee's unanimous recommendation that the SolarCity Board approve and declare fair to, advisable and in the best interests of the SolarCity stockholders of the Company, the Merger Agreement, the Merger and the other transactions contemplated thereby and that SolarCity's stockholders vote for the approval and adoption of the Merger Agreement, the Merger and the transactions contemplated thereby; and

the oral opinion of Lazard, the Special Committee's financial advisor, to the Special Committee (which was confirmed in writing by delivery of Lazard's written opinion dated July 29, 2016), to the effect that, as of the date of such opinion, and subject to the assumptions, limitations, qualifications and conditions set forth therein, the Exchange Ratio was fair, from a financial point of view, to the holders of SolarCity's common stock (other than the Principal Holders and the Excluded Holders). See *The Merger Opinion of the Financial Advisor to the SolarCity Special Committee* beginning on page 88.

In considering the recommendation of the SolarCity Board to approve the proposal to approve and adopt the Merger Agreement and the Merger, SolarCity stockholders should be aware that SolarCity's executive officers and directors may have interests in the Merger that are different from, or in addition to, those of SolarCity stockholders generally. The SolarCity Board and the Special Committee were aware of these interests during their respective deliberations on the merits of the Merger and in deciding to recommend that SolarCity stockholders vote FOR the proposal to approve and adopt the Merger Agreement and the Merger. See the section entitled *Interests of SolarCity's Directors and Executive Officers in the Merger* beginning on page 106.

Opinion of Financial Advisor to the SolarCity Special Committee

The Special Committee retained Lazard to provide it with financial advisory services and a fairness opinion in connection with the Merger. On July 29, 2016, Lazard rendered its written opinion, consistent with its oral opinion rendered on the same date, to the Special Committee that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the Exchange Ratio was fair,

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from a financial point of view, to the holders of SolarCity Common Stock other than SolarCity (as the holder of treasury shares), Tesla or Merger Sub (the **Excluded Holders**) and Mr. Elon Musk and his affiliates (the **Principal Holders**).

The full text of Lazard's written opinion, dated July 29, 2016, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this proxy statement/prospectus as **Annex D** and is incorporated by reference herein in its entirety. The following summary of Lazard's opinion is qualified in its entirety by reference to the full text of the opinion. You are encouraged to read Lazard's opinion and this section carefully and in their entirety.

Lazard's engagement and its opinion were for the benefit of the Special Committee, and Lazard's opinion was rendered to the Special Committee in connection with its evaluation of the Merger and addressed only the fairness as of the date of the opinion, from a financial point of view, of the Exchange Ratio to holders of SolarCity Common Stock (other than the Excluded Holders and the Principal Holders). Lazard's opinion was not intended to, and does not, constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the Merger or any matter relating thereto. Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of the opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the opinion. Lazard did not express any opinion as to the prices at which shares of SolarCity Common Stock or Tesla Common Stock may trade at any time subsequent to the announcement of the Merger. In addition, Lazard's opinion did not address the relative merits of the Merger as compared to any other transaction or business strategy in which SolarCity might engage or the merits of the underlying decision by SolarCity to engage in the Merger.

In connection with its opinion, Lazard:

Reviewed the financial terms and conditions of a draft of the Merger Agreement, dated July 28, 2016;

Reviewed certain publicly available historical business and financial information relating to SolarCity and Tesla;

Reviewed various financial forecasts and other data provided to it by SolarCity relating to the business of SolarCity, including the SolarCity Unrestricted Liquidity Case and the SolarCity Liquidity Management Case (including, in each case, modifications thereto that were discussed with senior management of SolarCity and reviewed and approved for its use by the Special Committee), which forecasts are summarized in *The Merger Certain Tesla and SolarCity Unaudited Prospective Financial Information* beginning on page 99;

Reviewed the research report regarding the business and prospects of Tesla prepared by Goldman, Sachs & Co. and dated as of July 6, 2016, identified to it by Tesla and the Special Committee (the **Goldman Report**);

Held discussions with members of the senior managements of SolarCity and Tesla with respect to the businesses and prospects of SolarCity and Tesla, respectively;

Reviewed public information with respect to certain other companies in lines of business Lazard believed to be generally relevant in evaluating the businesses of Tesla;

Reviewed historical stock prices and trading volumes of SolarCity Common Stock and Tesla Common Stock; and

Conducted such other financial studies, analyses and investigations as Lazard deemed appropriate. Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of

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any of the assets or liabilities (contingent or otherwise) of SolarCity or Tesla or concerning the solvency or fair value of SolarCity or Tesla, and Lazard was not furnished with any such valuation or appraisal. With respect to SolarCity's financial forecasts utilized in Lazard's analyses, Lazard assumed, with the consent of the Special Committee, that (i) the SolarCity Unrestricted Liquidity Case had been reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of SolarCity without regard to certain liquidity constraints that SolarCity could face, as described to Lazard by management of SolarCity, and (ii) the SolarCity Liquidity Management Case had been reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of SolarCity taking into account operational adjustments that may be implemented if SolarCity were to face certain liquidity constraints, as described to Lazard by management of SolarCity. Management of Tesla advised Lazard that the Goldman Report was a reasonable basis upon which to evaluate the future financial performance of Tesla and Lazard was instructed by the Special Committee to use the Goldman Report for purposes of its financial analyses with respect to Tesla. Accordingly, with the consent of the Special Committee, Lazard assumed that the Goldman Report had been reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of Tesla. Lazard assumed no responsibility for and expressed no view as to any such forecasts or the assumptions on which they were based. Lazard noted that, in the absence of companies and precedent transactions believed by it to be sufficiently comparable for purposes of evaluating the valuation of SolarCity in connection with rendering its opinion, Lazard did not prepare a comparable companies analysis with respect to SolarCity or precedent transactions analysis in connection with rendering its opinion.

In rendering its opinion, Lazard assumed, with the consent of the Special Committee, that the Merger would be consummated on the terms described in the Merger Agreement, without any waiver or modification of any terms or conditions material to Lazard's analysis. Representatives of SolarCity advised Lazard, and Lazard assumed, that the Merger Agreement, when executed, would conform to the draft reviewed by Lazard, dated July 28, 2016, in all material respects. Lazard also assumed, with the consent of the Special Committee, that obtaining the necessary governmental, regulatory or third-party approvals and consents for the Merger would not have an adverse effect on SolarCity, Tesla or the Merger. Lazard further assumed, with the consent of the Special Committee, that the Merger qualifies for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Lazard did not express any opinion as to any tax or other consequences that might result from the Merger, nor did Lazard's opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that the Special Committee had obtained such advice as it deemed necessary from qualified professionals. Lazard expressed no view or opinion as to any terms or other aspects (other than the Exchange Ratio to the extent expressly specified in the opinion) of the Merger, including, without limitation, the form or structure of the Merger or any agreements or arrangements entered into in connection with, or contemplated by, the Merger. Lazard noted that SolarCity and the EM Stockholders have agreed to enter into a voting agreement pursuant to which such stockholders, subject to the terms thereof, will vote their shares of SolarCity Common Stock in favor of adoption of the Merger Agreement. In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Merger, or class of such persons, relative to the Exchange Ratio or otherwise.

Summary of Lazard's Financial Analyses

The following is a summary of the material financial analyses reviewed with the Special Committee in connection with Lazard's opinion, dated July 29, 2016. The summary of Lazard's analyses and reviews provided below is not a complete description of the analyses and reviews underlying Lazard's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of analysis and review and the application of those methods to particular circumstances, and, therefore, is not readily susceptible to summary description.

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In arriving at its opinion, Lazard did not draw, in isolation, conclusions from or with regard to any particular factor or analysis considered by it. Rather, Lazard made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses. Considering selected portions of the analyses and reviews in the summary set forth below, without considering the analyses and reviews as a whole, could create an incomplete or misleading view of the analyses and reviews underlying Lazard's opinion.

For purposes of its analyses and reviews, Lazard considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of SolarCity and Tesla. No company, business or transaction considered in Lazard's analyses and reviews is identical to SolarCity, Tesla or the Merger, and an evaluation of the results of those analyses and reviews is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions considered in Lazard's analyses and reviews. The estimates contained in Lazard's analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by Lazard's analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard's analyses and reviews are inherently subject to substantial uncertainty.

The summary of the analyses and reviews provided below includes information presented in tabular format. In order to fully understand Lazard's analyses and reviews, the tables must be read together with the full text of each summary. The tables alone do not constitute a complete description of Lazard's analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of Lazard's analyses and reviews.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before July 27, 2016, and is not necessarily indicative of current market conditions.

As discussed on page 57 in the section entitled *The Merger Background of the Merger*, on August 18, 2016, Lazard became aware of a computational error, which double-counted SolarCity's projected outstanding indebtedness of \$400 million under its revolving credit facility, in certain SolarCity spreadsheets setting forth SolarCity's financial information that Lazard used in its discounted cash flow valuation analyses. On August 24, 2016, representatives of Lazard reviewed with the Special Committee its recalculated discounted cash flow analyses as of July 29, 2016, after correcting the computational error, as well as the differences in the discounted cash flow valuation analyses that resulted from the computational error. Representatives of Lazard confirmed to the Special Committee that, based upon economic, monetary, market and other conditions as in effect on, and the information made available to Lazard (other than with respect to the computational error noted above) as of, July 29, 2016, and subject to the assumptions, limitations, qualifications and conditions set forth in Lazard's opinion dated as of July 29, 2016, the recalculated financial information would not have changed the conclusion set forth in Lazard's opinion as of the date it was delivered.

SolarCity Analyses**SolarCity Consolidated Discounted Cash Flow Analyses**

Lazard performed a discounted cash flow analysis of SolarCity, which is a valuation methodology used to derive a valuation of a company by calculating the present value of its estimated future cash flows. Future cash flows refers to projected unlevered free cash flows of a company. Present value refers to the current value of

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future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, capital structure, income taxes, expected returns and other appropriate factors. Lazard calculated the discounted cash flow value for SolarCity as the sum of the net present value, as of June 30, 2016 of each of:

the estimated future cash flows that SolarCity will generate for each of years 2016 through 2020; and

the estimated value of SolarCity at the end of 2020, or the terminal value.

SolarCity Unrestricted Liquidity Case Consolidated Discounted Cash Flow Analysis

Lazard performed a consolidated discounted cash flow analysis of SolarCity based on the SolarCity Unrestricted Liquidity Case. Lazard calculated estimated terminal values for SolarCity by applying a perpetual growth rate range of 1.5% to 3.0%, based upon, among other things, Lazard's estimates of long-term U.S. GDP growth, construction industry growth and potential cash flow increases related to certain tax attributes, offset by declines in the growth rate of new customer acquisitions over the long term. Lazard's calculation of estimated terminal values was normalized by taking into account SolarCity's potential steady-state growth rate and cost profile after 2020, informed by likely increased competition, product saturation in attractive markets (and corresponding entry into relatively less attractive markets) and modest GDP/housing growth over the long term. For its discounted cash flow analysis, Lazard applied discount rates ranging from 9.5% to 10.5%. Such discount rates were based on Lazard's estimated range of weighted average cost of capital for SolarCity, derived from a number of factors, including, among others, the applicable risk free rate of return and SolarCity's unlevered risk profile and pre-tax cost of long-term debt. As part of the total implied equity value calculated for SolarCity using the consolidated discounted cash flow analysis, Lazard calculated and deducted from enterprise value the book value of the outstanding financial debt (which was \$3,793 million in Lazard's July 29, 2016 presentation to the Special Committee and \$3,393 million as of July 29, 2016 after correcting the computational error discovered on August 18, 2016 and described above) less cash, cash equivalents and marketable securities.

The analysis indicated an implied per-share equity value reference range for SolarCity of approximately \$14.75 to \$34.00 in Lazard's July 29, 2016 presentation to the Special Committee and \$18.75 to \$37.75 as of July 29, 2016 after correcting the computational error discovered on August 18, 2016 and described above, as compared to the per share merger consideration (based on the Exchange Ratio and the closing price of Tesla Common Stock on July 27, 2016) of \$25.13.

SolarCity Liquidity Management Case Consolidated Discounted Cash Flow Analysis

Lazard also performed a consolidated discounted cash flow analysis of SolarCity based on the SolarCity Liquidity Management Case applying the same 1.5% to 3.0% perpetual growth rate range to calculate estimated terminal values and 9.5% to 10.5% discount rate range as described above for the SolarCity Unrestricted Liquidity Case. The analysis indicated an implied per-share equity value reference range for SolarCity of approximately \$6.75 to \$19.25 in Lazard's July 29, 2016 presentation to the Special Committee and \$10.50 to \$23.25 as of July 29, 2016 after correcting the computational error discovered on August 18, 2016 and described above, as compared to the per share merger consideration (based on the Exchange Ratio and the closing price of Tesla Common Stock on July 27, 2016) of \$25.13.

Table of Contents**SolarCity Sum-of-the-Parts Discounted Cash Flow Analyses**

A sum-of-the-parts valuation analysis reviews a company's operating performance and outlook on a segment-by-segment basis to determine an implied market value for the enterprise as a whole.

SolarCity Unrestricted Liquidity Case Sum-of-the-Parts Discounted Cash Flow Analysis

Lazard also performed a sum-of-the-parts valuation analysis based on a discounted cash flow analysis of SolarCity using the SolarCity Unrestricted Liquidity Case for each of the following SolarCity segments:

SolarCity's sales, marketing, installation and financing (through monetization of certain governmental subsidies, securitizations of ongoing cash flows and otherwise) business (**DevCo**). For the DevCo segment, Lazard performed a five-year discounted cash flow analysis using a discount rate range of 9.5% to 10.5%. Lazard calculated a terminal value for the DevCo segment by applying a perpetual growth rate range of (2.5)% to 0.0%, based upon increased competition, product saturation in attractive markets (and corresponding entry into relatively less attractive markets) and modest GDP/housing growth over the long term;

SolarCity's solar system asset management business consisting of receiving contracted cash flows from operating SolarCity-owned solar systems (**PowerCo**). For the PowerCo segment, Lazard performed a thirty-year discounted cash flow analysis using a discount rate range of 9.5% to 10.5%. Lazard calculated a terminal value for the PowerCo segment by applying a perpetual growth rate range of (2.5)% to 0.0%, based upon increased competition, product saturation in attractive markets (and corresponding entry into relatively less attractive markets) and modest GDP/housing growth over the long term;

SolarCity's solar panel manufacturing business (**Silevo**). For the Silevo segment, Lazard performed a five-year discounted cash flow analysis using a discount rate range of 9.5% to 10.5%. Lazard calculated a terminal value for the Silevo segment based on a terminal year EBITDA multiple range of 5.0x to 7.0x and a terminal year revenue multiple range of 0.8x to 1.0x, based upon EBITDA trading multiples for selected solar manufacturing companies; and

Certain other business operations of SolarCity, including general and administrative operations (**Other**). For the Other segment, Lazard performed a five-year discounted cash flow analysis using a discount rate range of 9.5% to 10.5%. Lazard calculated a terminal value based on a terminal year cash flow multiple range of 9.0x to 11.0x.

Also included in the Sum-of-the-Parts Discounted Cash Flow Analysis was an assumption (based on SolarCity management's direction to Lazard) that no cash income taxes are expected to be incurred in the five-year forecast period. In calculating terminal values, Lazard assumed (based on SolarCity management's direction to Lazard) that SolarCity would become a cash taxpayer in the future based upon SolarCity management's projections. This assumption was valued based upon a 35.0% corporate tax rate and discounted to present value using the discount rate range described above and a terminal year cash tax multiple of 9.0x to 11.0x, consistent with the terminal year multiple for the Other segment.

Following these analyses, Lazard totaled the enterprise value reference ranges of implied results obtained from each of the analyses described above to arrive at a sum-of-the-parts enterprise value range. To arrive at an equity value range, Lazard deducted the amount of indebtedness as of July 1, 2016 from, and added the amount of cash as of July 1, 2016 to, the enterprise value obtained in the Sum-of-the-Parts Discounted Cash Flow Analysis described above, per SolarCity management's projections.

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The following table represents the results of the Sum-of-the-Parts Discounted Cash Flow Analysis performed by Lazard, as of July 29, 2016, of the SolarCity business segments using the SolarCity Unrestricted Liquidity Case in Lazard's July 29, 2016 presentation to the Special Committee, and the results of that analysis performed by Lazard, as of July 29, 2016, in Lazard's August 24, 2016 presentation to the Special Committee after correcting the computational error described above:

	Implied Value			
	Lazard's July 29, 2016 Presentation to the Special Committee		As of July 29, 2016 After Correcting the Computational Error Discovered on August 18, 2016	
	Low	High	Low	High
(in millions)				
SolarCity Business Segments				
DevCo	\$ 2,236	\$ 3,074	\$ 2,236	\$ 3,074
PowerCo	\$ 6,178	\$ 6,878	\$ 6,178	\$ 6,878
Silevo	\$ 22	\$ 163	\$ 22	\$ 163
Other	\$ (720)	\$ (611)	\$ (720)	\$ (611)
Tax Adjustment	\$ (2,111)	\$ (1,658)	\$ (2,111)	\$ (1,658)
Implied Enterprise Value	\$ 5,605	\$ 7,846	\$ 5,605	\$ 7,846
<i>Less Debt</i>	\$ (3,793)	\$ (3,793)	\$ (3,393)	\$ (3,393)
<i>Plus Cash</i>	\$ 152	\$ 152	\$ 152	\$ 152
Implied Equity Value	\$ 1,964	\$ 4,206	\$ 2,364	\$ 4,606
Implied Per Share Equity Value	\$ 18.97	\$ 40.61	\$ 22.83	\$ 44.48

SolarCity Liquidity Management Case Sum-of-the-Parts Discounted Cash Flow Analysis

Lazard also performed a sum-of-the-parts discounted cash flow analysis of SolarCity based on the SolarCity Liquidity Management Case applying the same methodologies described above for each SolarCity business segment. The following table represents the results of the Sum-of-the-Parts Discounted Cash Flow Analysis performed by Lazard, as of July 29, 2016, of the SolarCity business segments using the SolarCity Liquidity Management Case in Lazard's July 29, 2016 presentation to the Special Committee, and the results of that analysis performed by Lazard, as of July 29, 2016, in Lazard's August 24, 2016 presentation to the Special Committee after correcting the computational error described above:

	Implied Value	
	Lazard's July 29, 2016 Presentation to the Special Committee	As of July 29, 2016 After Correcting the Computational Error Discovered on August 18, 2016

	(in millions)			
	Low	High	Low	High
SolarCity Business Segments				
DevCo	\$ 3,110	\$ 4,124	\$ 3,110	\$ 4,124
PowerCo	\$ 2,759	\$ 3,015	\$ 2,759	\$ 3,015
Silevo	\$ 0	\$ 0	\$ 0	\$ 0
Other	\$ (430)	\$ (359)	\$ (430)	\$ (359)
Tax Adjustment	\$ (1,276)	\$ (1,002)	\$ (1,276)	\$ (1,002)
Implied Enterprise Value	\$ 4,163	\$ 5,778	\$ 4,163	\$ 5,778
<i>Less Debt</i>	\$ (3,793)	\$ (3,793)	\$ (3,393)	\$ (3,393)
<i>Plus Cash</i>	\$ 152	\$ 152	\$ 152	\$ 152
Implied Equity Value	\$ 522	\$ 2,137	\$ 922	\$ 2,537
Implied Per Share Equity Value	\$ 5.04	\$ 20.64	\$ 8.91	\$ 24.50

Table of Contents**Other SolarCity Analyses**

The analyses and data relating to SolarCity described below were presented to the Special Committee for informational purposes only and did not provide the basis for the rendering of Lazard's opinion.

Analyst Price Targets Analysis

Lazard reviewed twelve Wall Street research equity analyst per share target prices released by analysts between June 20, 2016 and July 1, 2016 for SolarCity Common Stock. Lazard observed one-year target prices that ranged from \$18.00 to \$37.00 per share, which Lazard discounted to present value by an illustrative cost of equity of 15% to calculate a range of \$15.75 to \$32.25 per share. Lazard also reviewed Wall Street research equity analyst per share target prices released by analysts over the last twelve months since July 2015, and observed a range from \$18.00 to \$90.00 per share, which Lazard discounted to present value by an illustrative cost of equity of 15% to calculate a range of \$15.75 to \$78.25 per share.

Premiums Paid Analysis

Lazard performed a premiums paid analysis based on premiums paid in U.S. domestic Merger and acquisition transactions in the five years prior to June 30, 2016 in all industries with a transaction value in between \$3 billion and \$8 billion. The implied premiums in this analysis were calculated by comparing the per share acquisition price to the target company's unaffected closing share price. Based on the foregoing analyses and Lazard's professional judgment, Lazard applied a range of illustrative premiums of 10% to 30% to SolarCity's unaffected share price of \$21.88 as of the closing of trading on the last full trading day prior to SolarCity's receipt of Tesla's offer to acquire SolarCity. The results of this analysis implied an equity value per share range for SolarCity Common Stock of \$24.00 to \$28.50, as compared to the per share merger consideration (based on the Exchange Ratio and the closing price of Tesla Common Stock on July 27, 2016) of \$25.13.

52-Week High/Low Analysis

Lazard reviewed the range of trading prices of shares of SolarCity Common Stock for the 52 weeks ended on July 27, 2016. Lazard observed that, during such period, the daily closing share prices of SolarCity Common Stock ranged from \$16.25 per share to \$61.75 per share, as compared to the implied value of the per share merger consideration (based on the Exchange Ratio and the closing price of Tesla's Common Stock on July 27, 2016) of \$25.13. Lazard also observed that the 30-day volume weighted average closing price for SolarCity Common Stock for the 30 days ended on July 27, 2016 was \$23.76.

Historical Exchange Ratio Analysis

Lazard reviewed the range of trading prices for SolarCity Common Stock and Tesla Common Stock during various periods ending July 27, 2016, and calculated historical exchange ratios implied by the average of the results of dividing the SolarCity daily closing price during the relevant period by the Tesla daily closing price during such period. The table set forth below lists the implied exchange ratios for these periods, as compared to the Exchange Ratio (0.110x):

Applicable Period	Average Exchange Ratio
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Closing Price for 10-day period	0.117x
Closing Price for 20-day period	0.114x
Closing Price for 30-day period	0.112x
Closing Price for 60-day period	0.106x
Closing Price for 6-month period	0.115x
Closing Price for 1-year period	0.150x
Closing Price for 2-year period	0.198x

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Tesla Analyses

Because the Merger consideration is in the form of Tesla Common Stock, Lazard also performed the following valuation analyses with respect to Tesla:

Tesla Comparable Companies Analysis

Lazard reviewed and analyzed certain financial information, valuation multiples and market trading data related to selected publicly traded disruptive technology, automotive technology supplier, automotive manufacturing and emerging market automotive manufacturing companies whose operations Lazard believed, based on its experience with companies in the disruptive technology, automotive technology and automotive manufacturing industries and its professional judgment, to be useful in analyzing Tesla's operations for the purposes of this analysis. Lazard compared such information of the selected comparable companies to the corresponding information for Tesla.

The selected group of companies used in this analysis was as follows:

Disruptive Technology Companies

Alphabet Inc.

Amazon.com, Inc.

Apple Inc.

Facebook Inc.

Netflix Inc.

Automotive Technology Supplier Companies

Delphi Automotive PLC

Harman International Industries Inc.

Mobileye N.V.

Sensata Technologies Holding N.V.

TE Connectivity Ltd.

WABCO Holdings Inc.

Automotive Manufacturing Companies

Bayerische Motoren Werke AG (BMW)

Daimler AG

Ferrari N.V.

Ford Motor Company

General Motors Company

Emerging Market Automotive Manufacturing Companies

BYD Company Limited

Great Wall Motors Co. Ltd.

SAIC Motor Corporation Limited

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Although no individual company included within the group of selected companies above is directly comparable for purposes of evaluating the valuation of Tesla, the companies included are publicly traded companies with certain aspects or characteristics, such as lines of business, markets, business risks, qualitative characteristics and size and scale of business, which for purposes of analysis Lazard, in its professional judgment, considered to be, when viewed in the aggregate for all selected companies, sufficiently similar to Tesla. Accordingly, Lazard believes that purely quantitative analyses are not, in isolation, determinative in the context of the Merger and that qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Tesla and the group of selected companies that could affect the public trading values of each company are also relevant. Based on public information, Lazard reviewed, among other things, the enterprise value of each selected comparable company as a multiple of such comparable company's projected EBITDA for the twelve months ending June 30, 2017. The results of the analyses were as follows:

	Enterprise Value/Next 12 Months EBITDA
<i>Disruptive Technology Companies</i>	
Low	8.0x
Median	18.2x
High	53.3x
<i>Automotive Technology Supplier Companies</i>	
Low	7.5x
Median	10.6x
High	45.4x
<i>Automotive Manufacturing Companies (a)</i>	
Low	2.6x
Median	2.8x
High	11.5x
<i>Emerging Market Automotive Manufacturing Companies</i>	
Low	6.7x
Median	11.0x
High	13.0x

(a) Enterprise Value and EBITDA for Automotive Manufacturing Companies were adjusted to exclude captive financing divisions, if applicable.

Based on the foregoing calculations and Lazard's professional judgment, Lazard applied multiples of 10.0x to 18.0x (which multiple range excluded reference to the median Automotive Manufacturing multiple because such companies exhibit significantly lower EBITDA growth) to Tesla's estimated EBITDA for the twelve months ending December 31, 2021 based upon the Goldman Report and discounted the implied equity value as of December 31, 2020 to present value, as of September 30, 2016, by a discount rate of 13.0%. Such discount rate was based on Lazard's estimated cost of equity for Tesla, derived from a number of factors, including, among others, the applicable risk-free rate of return, market risk premium and Tesla's unlevered beta and target capital structure. As part of the total implied equity value calculated for Tesla, Lazard calculated and deducted from enterprise value the sum of the book value of the outstanding financial debt less cash, cash equivalents and marketable securities.

The analysis indicated an implied equity value per share range for Tesla of \$145.00 to \$270.00, as compared to the \$228.49 price per share of Tesla Common Stock as of July 27, 2016.

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Tesla Discounted Cash Flow Analysis

Lazard performed a discounted cash flow analysis of Tesla. In performing this analysis, Lazard calculated the discounted cash flow value for Tesla as the sum of the net present value, as of September 30, 2016 (based upon the Goldman Report) of each of:

the estimated future cash flows that Tesla will generate for each of years 2016 through 2020 based upon the Goldman Report; and

the terminal value of Tesla at the end of 2020.

Lazard calculated the estimated terminal value for Tesla by applying terminal year EBITDA multiples ranging from 10.0x to 18.0x to Tesla's projected terminal year EBITDA of \$5,017 million based upon the Goldman Report. The exit terminal year EBITDA multiples were selected by Lazard by reference to the enterprise value to EBITDA trading multiples of the Tesla's comparable companies described above. For its discounted cash flow analysis, Lazard applied discount rates ranging from 12.0% to 13.0%. Such discount rates were based on Lazard's estimated range of weighted average cost of capital for Tesla, derived from a number of factors, including, among others, the applicable risk free rate of return, market risk premium and Tesla's unlevered beta, target capital structure and pre-tax cost of long-term debt. In addition, Lazard calculated the total net present value of tax savings from Tesla's current net operating losses of \$769 million by applying a discount rate of 12.5%, which represents the midpoint of the discount rate range of 12.0% to 13.0%, to the projected year-by-year tax savings resulting from the use of such net operating losses set forth in the Goldman Report and included such value in its analysis. As part of the total implied equity value calculated for Tesla, Lazard calculated and deducted from enterprise value the sum of the book value of the outstanding financial debt less cash, cash equivalents and marketable securities.

The analysis indicated an implied per-share equity value reference range for Tesla of approximately \$145.00 to \$270.00, as compared to the closing price of Tesla Common Stock on July 27, 2016 of \$228.49.

Other Tesla Analyses

The analyses and data relating to Tesla described below were presented to the Special Committee for informational purposes only and did not provide the basis for the rendering of Lazard's opinion.

Analyst Price Targets Analysis

Lazard reviewed fourteen Wall Street research equity analyst per share target prices for Tesla Common Stock as of July 27, 2015, which target prices were released by analysts between May 16, 2016 and July 22, 2016. Lazard observed one-year target prices that ranged from \$160.00 to \$338.00 per share (excluding the highest and lowest targets from the various analysis), which Lazard also discounted to present value by a discount rate of 13.0% to calculate a range of \$140.00 to \$300.00 per share, as compared to the closing price of Tesla Common Stock on July 27, 2016 of \$228.49.

52-Week High/Low Analysis

Lazard reviewed the range of trading prices of shares of Tesla Common Stock for the 52 weeks ended on July 27, 2016. Lazard observed that, during such period, the daily closing share prices of Tesla Common Stock ranged from

\$143.67 per share to \$282.26 per share, as compared to the closing price of Tesla Common Stock on July 27, 2016 of \$228.49.

Miscellaneous

In connection with Lazard's services as financial advisor to the Special Committee with respect to the Merger, SolarCity agreed to pay Lazard the following fees: (i) \$2 million, which was paid following the

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rendering of Lazard's opinion and (ii) an amount equal to 0.4% of the equity value, which amount shall not be less than \$1 million, to be paid upon the closing of the Merger. Lazard may also receive an additional fee from SolarCity, at the sole and absolute discretion of the Special Committee, of an amount up to \$2 million upon the closing of the Merger. The Special Committee has not yet determined whether to pay Lazard this additional fee. SolarCity has also agreed to reimburse Lazard for certain expenses incurred in connection with Lazard's engagement and to indemnify Lazard and certain related persons under certain circumstances against various liabilities that may arise from or be related to Lazard's engagement.

In the two years prior to the date of the Lazard's opinion, Lazard has not provided or received compensation from SolarCity and its affiliates (other than as a financial advisor to the Special Committee) in connection with the provision of any financial advisory or financing services.

Lazard, as part of its investment banking business, is continually engaged in the valuation of businesses and their securities in connection with Mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, leveraged buyouts, and valuations for estate, corporate and other purposes. In addition, in the ordinary course, Lazard and its respective affiliates and employees may trade securities of SolarCity, Tesla and certain of their respective affiliates for their own accounts and for the accounts of their customers, may at any time hold a long or short position in such securities, and may also trade and hold securities on behalf of SolarCity, Tesla and certain of their respective affiliates. The issuance of Lazard's opinion was approved by the opinion committee of Lazard.

Lazard is an internationally recognized investment banking firm providing a full range of financial advisory and other services. Lazard was selected to act as investment banker to the Special Committee because of its qualifications, expertise and reputation in investment banking and Mergers and acquisitions generally and in the utility industry specifically, as well as its familiarity with the business of SolarCity.

Lazard prepared these analyses solely for purposes of, and the analyses were delivered to the Special Committee in connection with, the provision of its opinion to the Special Committee as to the fairness from a financial point of view of the Exchange Ratio to the holders of SolarCity Common Stock (other than the Excluded Holders and the Principal Holders). Lazard did not recommend any specific Exchange Ratio to the Special Committee or that any given exchange ratio constituted the only appropriate exchange ratio for the Merger. Lazard's opinion was one of many factors considered by the Special Committee, as discussed further in *The Merger: SolarCity's Reasons for the Merger; Recommendation of the SolarCity Special Committee and Board of Directors* beginning on page 83. Consequently, the analyses described above should not be viewed as determinative of the views of the Special Committee or SolarCity's management with respect to the exchange ratio provided for in the Merger or as to whether the Special Committee would have been willing to determine that a different exchange ratio or consideration was fair.

Certain Tesla and SolarCity Unaudited Prospective Financial Information***Certain Unaudited Prospective Financial Information of Tesla***

Tesla does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to, among other reasons, the uncertainty of the related underlying assumptions and estimates. In connection with the Tesla Board's consideration of the proposed Merger, Tesla management instructed Evercore to use certain unaudited financial projections regarding Tesla's future performance for the years 2017 through 2020 on a standalone basis without giving effect to the Merger that were based on publicly available consensus estimates of The Goldman Sachs Group, Inc. (**Goldman Sachs**) and the Institutional Brokers Estimate System (**IBES**), and Evercore's extrapolation of such estimates for the year 2021, as discussed further below on page 102

(such estimates based on the Goldman Sachs equity research estimates, the **GSER Forecasts**, and such estimates based on the IBES estimates, the **IBES Forecasts**). We refer to these forecasts collectively as the **Tesla Public Forecasts**.

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In addition, for purposes of the Tesla Board's consideration of the proposed Merger, Evercore used the SolarCity Unrestricted Liquidity Case (as described on page 103), with only certain adjustments that were deemed necessary to the computation of cash flows, which we refer to in this joint proxy statement/prospectus as the **SolarCity Base Forecasts**. Tesla management instructed Evercore to prepare certain non-public projected cash-based financial data relating to SolarCity for the years 2016 through 2020 that were based on the SolarCity Unrestricted Liquidity Case (as described on page 103), with only adjustments that were deemed necessary to the computation of cash flows and further adjusted using alternative business assumptions regarding SolarCity as provided by Tesla management, which we refer to as the **SolarCity Revised Sensitivity Forecasts**.

The inclusion of any unaudited financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that Tesla, SolarCity, the Tesla Board, the SolarCity Board or the Special Committee considered, or now considers, these projections to be predictive of actual future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus.

The Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts are being included in this joint proxy statement/prospectus in accordance with subsection (a)(6) of Item 1015 of Regulation M-A because they constitute part of the bases of the analysis conducted by Evercore and by Lazard, as described herein, in connection with delivering their respective opinions described under the heading *Opinion of Tesla's Financial Advisor* and *Opinion of Financial Advisor to the SolarCity Special Committee* beginning on page 74 and page 88, respectively, of this joint proxy statement/prospectus.

The Tesla Public Forecasts were not internally prepared or adopted by Tesla management. The information for years 2017 through 2020 was prepared by independent analysts not affiliated with Tesla, at the time and based on assumptions that may no longer be accurate, and for purposes unrelated to the management of Tesla's business or the transaction, and Evercore, as discussed below, extrapolated information for the year 2021 using a growth and margin profile consistent with the year 2020, the final year in the publicly available consensus estimates by Goldman Sachs and IBES, respectively. The SolarCity Base Forecasts were based on the SolarCity Unrestricted Liquidity Case (as described in page 103), and the SolarCity Revised Sensitivity Forecasts were based on the SolarCity Unrestricted Liquidity Case, as adjusted using alternative business assumptions provided by Tesla management. Each of the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts were provided to the Tesla Board for the purpose of considering the proposed Merger. While the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts summarized below were prepared in good faith and based on information available at the time of preparation, no assurance can be made regarding future events.

The estimates and assumptions underlying the Tesla Public Forecasts and the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts reflect numerous estimates and judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant uncertainties and contingencies, including, among others, risks and uncertainties described in the sections entitled *Risk Factors* and *Cautionary Statements Regarding Forward-Looking Statements*, all of which are difficult to predict and many of which are beyond the control of Tesla or SolarCity, as applicable, and will be beyond the control of the Combined Company. There can be no assurance that the underlying assumptions or projected results will be realized, and actual results will likely differ, and may differ materially, from those reflected in the Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts, whether or not the Merger is completed. As a result, the Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts cannot be considered predictive of actual future operating results, and this information should not be relied on as such. The Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public

Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements and the use of non-GAAP measures or GAAP. The Tesla Public Forecasts, the SolarCity Base

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Forecasts and the SolarCity Revised Sensitivity Forecasts are not facts and should not be relied upon as being indicative of actual future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information. The inclusion of the Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts in this joint proxy statement/prospectus is not an admission or representation by Tesla that such information is material. None of the unaudited financial projections reflect any impact of the Merger or the other transactions contemplated by the Merger Agreement.

No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information. The report of the independent registered public accounting firm of Tesla incorporated by reference into this joint proxy statement/prospectus relates to the historical financial information of Tesla. Such report does not extend to the Tesla Public Forecasts or the Revised Sensitivity Case and should not be read to do so.

By including in this joint proxy statement/prospectus a summary of certain of the unaudited financial projections regarding the operating results of Tesla or SolarCity, neither Tesla nor any of its advisors or other representatives has made or makes any representation to any person regarding the ultimate performance of Tesla, SolarCity or, following the Merger, the Combined Company, compared to the information contained in the financial projections. The Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts cover multiple years and such information by its nature becomes less predictive with each succeeding year. Neither Tesla, SolarCity nor, following completion of the Merger, the Combined Company undertakes any obligation to update or otherwise revise the Tesla Public Forecasts, the SolarCity Base Forecasts or the SolarCity Revised Sensitivity Forecasts contained in this joint proxy statement/prospectus to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events or to reflect changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error.

The summaries of the Tesla Public Forecasts, the SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts are not included in this joint proxy statement/prospectus in order to induce any Tesla stockholder or SolarCity stockholder to vote in favor of the Merger or any of the other proposals to be voted on at either the Tesla Special Meeting or the SolarCity Special Meeting.

Table of Contents**Public Forecasts for Tesla**

The following table presents unaudited prospective financial data for the GSER Forecasts and the IBES Forecasts relating to Tesla's future performance:

(\$ in millions)	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2021E ⁽¹⁾
Goldman Sachs (July 6, 2016)					
Revenue	\$ 10,795	\$ 14,518	\$ 18,124	\$ 21,443	\$ 25,369
Adj. EBITDA	\$ 1,250	\$ 2,129	\$ 3,002	\$ 3,862	\$ 4,570
Total Unlevered Free Cash Flow	(\$ 1,430)	(\$ 938)	(\$ 419)	\$ 43	\$ 51
IBES (July 29, 2016)					
Revenue	\$ 11,493	\$ 17,603	\$ 25,377	\$ 32,308	\$ 41,133
Adj. EBITDA	\$ 1,345	\$ 2,375	\$ 3,988	\$ 5,318	\$ 6,770
Total Unlevered Free Cash Flow ⁽²⁾	(\$ 2,186)	(\$ 1,810)	(\$ 1,265)	\$ 808	\$ 1,028
				FY 2020E	
Goldman Sachs (July 6, 2016)					
Net Income				\$ 1,540	
IBES (July 29, 2016)					
Net Income				\$ 2,627	

(1) The GSER Forecasts are comprised of publicly available consensus estimates by Goldman Sachs for the years 2017 through 2020, and estimates for the year 2021 which were extrapolated by Evercore for the purpose of generating unaudited financial projections regarding Tesla's future performance using a growth and margin profile consistent with fiscal year 2020, the final year in the publicly available consensus estimates by Goldman Sachs. The IBES Forecasts are comprised of publicly available consensus estimates by IBES for the years 2017 through 2020, and estimates for the year 2021 which were extrapolated by Evercore for the purpose of generating unaudited financial projections regarding Tesla's future performance using a growth and margin profile consistent with fiscal year 2020, the final year in the publicly available consensus estimates by IBES.

(2) Total Unlevered Free Cash Flow for the IBES Forecasts includes an extrapolation performed by Evercore for the change in Tesla's net working capital.

The Tesla Public Forecasts were provided to the Tesla Board and the Special Committee. The Tesla Public Forecasts were also provided to Evercore and to Lazard in connection with rendering their respective fairness opinions to the Tesla Board and the Special Committee, respectively, and in performing the related analyses.

Forecasts for SolarCity Utilized by the Tesla Board

The following table presents unaudited prospective financial data for the SolarCity Base Forecasts relating to SolarCity's future performance:

(\$ in millions)	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
Total MegaWatts Inspected	908	1,147	1,491	1,863	2,341
Source of Cash	\$ 2,656	\$ 3,283	\$ 3,800	\$ 4,559	\$ 5,588

<i>Use of Cash</i>	\$ 2,871	\$ 3,342	\$ 3,673	\$ 4,096	\$ 4,913
Net Generation (Use) of Cash	(\$ 215)	(\$ 59)	\$ 128	\$ 463	\$ 676

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The following table presents unaudited prospective financial data for the SolarCity Revised Sensitivity Forecasts relating to SolarCity's future performance:

(\$ in millions)	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
<i>Total MegaWatts Inspected</i>	788	841	1,095	1,369	1,723
<i>Source of Cash</i>	\$ 2,356	\$ 2,653	\$ 2,875	\$ 3,239	\$ 4,167
<i>Use of Cash</i>	\$ 2,583	\$ 2,701	\$ 2,875	\$ 3,168	\$ 3,730
Net Generation (Use) of Cash	(\$ 226)	(\$ 48)	\$	\$ 71	\$ 437

The SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts were provided to the Tesla Board. The SolarCity Base Forecasts and the SolarCity Revised Sensitivity Forecasts were provided to Evercore in connection with rendering its fairness opinion to the Tesla Board, and in performing the related analysis.

Additional information regarding Evercore's analysis and opinion is available under the heading *Opinion of Tesla's Financial Advisor* beginning on page 74 of this joint proxy statement/prospectus. Additional information regarding Lazard's analysis and opinion is available under the heading *Opinion of Financial Advisor to the SolarCity Special Committee* beginning on page 88 of this joint proxy statement/prospectus.

Certain SolarCity Unaudited Prospective Financial Information

SolarCity does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to, among other reasons, the uncertainty of the related underlying assumptions and estimates. In connection with the Special Committee's consideration of the proposed Merger, SolarCity management prepared or approved certain unaudited financial projections regarding SolarCity's future performance for the stub period for the second half of 2016 and for the years 2017 through 2020 on a standalone basis without giving effect to the Merger.

SolarCity management prepared one case of unaudited financial projections that assumed a certain level of access to the capital markets and borrowing costs that we refer to in this joint proxy statement/prospectus as the **SolarCity Unrestricted Liquidity Case**, which was provided to Tesla, the Special Committee, Evercore and Lazard. SolarCity management prepared a second case of unaudited financial projections that assumed different levels of access to the capital markets and borrowing costs that we refer to in this joint proxy statement/prospectus as the **SolarCity Liquidity Management Case**, which was provided to the Special Committee and Lazard but not to Tesla or Evercore. We refer to the Unrestricted Liquidity Case and Liquidity Management Case collectively as the **SolarCity Management Forecasts**. The inclusion of any unaudited financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that Tesla, SolarCity, the Tesla Board, the SolarCity Board or the Special Committee considered, or now considers, these projections to be predictive of actual future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus.

The SolarCity Management Forecasts are being included in this joint proxy statement/prospectus in accordance with subsection (a)(6) of Item 1015 of Regulation M-A because they constitute part of the bases of the analysis conducted by Evercore and by Lazard, as described herein, in connection with delivering their respective opinions described under the heading *Opinion of Tesla's Financial Advisor* and *Opinion of SolarCity's Financial Advisor* beginning on pages 74 and 88, respectively, of this joint proxy statement/prospectus.

While the SolarCity Management Forecasts summarized below were prepared in good faith and based on information available at the time of preparation, no assurance can be made regarding future events. The estimates and assumptions underlying the SolarCity Management Forecasts involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant uncertainties and contingencies,

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including, among others, risks and uncertainties described in the sections entitled *Risk Factors* and *Cautionary Statements Regarding Forward-Looking Statements*, all of which are difficult to predict and many of which are beyond the control of SolarCity, and will be beyond the control of the Combined Company. There can be no assurance that the underlying assumptions or projected results will be realized, and actual results will likely differ, and may differ materially, from those reflected in the SolarCity Management Forecasts, whether or not the Merger is completed. As a result, the SolarCity Management Forecasts cannot be considered predictive of actual future operating results, and this information should not be relied on as such.

The SolarCity Management Forecasts were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements and the use of non-GAAP measures or GAAP. In the view of SolarCity management the SolarCity Management Forecasts were prepared on a reasonable basis based on the best information available to SolarCity management at the time of their preparation. The SolarCity Management Forecasts, however, are not facts and should not be relied upon as being indicative of actual future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information. The inclusion of the SolarCity Management Forecasts in this joint proxy statement/prospectus is not an admission or representation by SolarCity that such information is material. None of the unaudited financial projections reflect any impact of the Merger or the other transactions contemplated by the Merger Agreement.

All of the SolarCity Management Forecasts summarized in this section were prepared by and are the responsibility of the management of SolarCity. No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information. The reports of the independent registered public accounting firm of SolarCity incorporated by reference into this joint proxy statement/prospectus relate to the historical financial information of SolarCity. Such reports do not extend to the unaudited financial projections and should not be read to do so.

By including in this joint proxy statement/prospectus a summary of certain of the unaudited financial projections regarding the operating results of SolarCity, neither SolarCity nor any of its advisors or other representatives has made or makes any representation to any person regarding the ultimate performance of SolarCity or, following the Merger, the Combined Company, compared to the information contained in the financial projections. The SolarCity Management Forecasts cover multiple years and such information by its nature becomes less predictive with each succeeding year. Neither SolarCity nor, following completion of the Merger, the Combined Company undertakes any obligation to update or otherwise revise the SolarCity Management Forecasts contained in this joint proxy statement/prospectus to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events or to reflect changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error.

The summaries of the SolarCity Management Forecasts are not included in this joint proxy statement/prospectus in order to induce any SolarCity stockholder to vote in favor of the Merger or any of the other proposals to be voted on at the SolarCity Special Meeting.

Table of Contents**Forecasts for SolarCity Utilized by the Special Committee**

The following table presents unaudited prospective financial data for the SolarCity Unrestricted Liquidity Case:

(\$ in millions)	Fiscal Year				
	2H 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
<i>Unlevered Cash Flow from DevCo</i>	(\$ 51)	(\$ 15)	\$ 156	\$ 202	\$ 358
<i>Unlevered Cash Flow from PowerCo</i>	\$ 83	\$ 211	\$ 274	\$ 344	\$ 444
Unlevered Cash Flow from DevCo & PowerCo & Other	\$ 101	\$ 31	\$ 402	\$ 463	\$ 703
<i>Unlevered Cash Flow from Silevo</i>	(\$ 90)	(\$ 220)	(\$ 131)	\$ 56	\$ 96
Total Consolidated Unlevered Free Cash Flow	\$ 10	(\$ 189)	\$ 271	\$ 519	\$ 799

The following table presents unaudited prospective financial data for the SolarCity Liquidity Management Case:

(\$ in millions)	Fiscal Year				
	2H 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E
<i>Unlevered Cash Flow from DevCo</i>	\$ 11	\$ 169	\$ 299	\$ 337	\$ 462
<i>Unlevered Cash Flow from PowerCo</i>	\$ 81	\$ 182	\$ 202	\$ 216	\$ 239
Unlevered Cash Flow from DevCo & PowerCo & Other	\$ 161	\$ 290	\$ 454	\$ 499	\$ 635
<i>Unlevered Cash Flow from Silevo</i>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Consolidated Unlevered Free Cash Flow	\$ 161	\$ 290	\$ 454	\$ 499	\$ 635

The SolarCity Unrestricted Liquidity Case was provided to the Tesla Board and the Special Committee. The SolarCity Unrestricted Liquidity Case was also provided to Evercore, and was provided to Lazard in connection with rendering its fairness opinion to the Special Committee, and in performing the related analyses.

The SolarCity Liquidity Management Case was provided to the Special Committee, but not to the Tesla Board, Tesla or Evercore, and was provided to Lazard in connection with rendering its fairness opinion to the Special Committee, and in performing the related analyses.

The SolarCity Management Forecasts reflect numerous estimates and assumptions made with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, including assumptions and estimates related to future business initiatives for which historical financial statements are not available, as well as matters specific to SolarCity's business, all of which are difficult to predict and many of which are beyond anyone's control.

As presented above, unlevered free cash flow represents SolarCity's recurring cash flow from operations before taking into account payments such as interest payments for project (non-recourse) debt and corporate expenses from operations and maintenance.

Additional information regarding Evercore's analysis and opinion is available under the heading *Opinion of Tesla's Financial Advisor* beginning on page 74 of this joint proxy statement/prospectus. Additional information regarding Lazard's analysis and opinion is available under the heading *Opinion of Financial Advisor to the SolarCity Special*

Committee beginning on page 88 of this joint proxy statement/prospectus.

Table of Contents**Interests of Tesla's Directors and Executive Officers in the Merger**

In considering the recommendations of the Tesla Board with respect to the Merger, Tesla's stockholders should be aware that certain of the directors and executive officers of Tesla have certain interests, including financial interests, in the Merger that may be different from, or in addition to, the interests of Tesla's stockholders generally. The Tesla Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement, and in making its recommendations that Tesla's stockholders adopt the Merger Agreement. The Tesla Board also ultimately determined that the Merger Agreement and the transactions contemplated thereby, including the Merger and the Tesla Share Issuance, was fair to, advisable and in the best interests of Tesla and its stockholders. See the sections entitled *The Merger Background of the Merger* and *The Merger Tesla's Reasons for the Merger and Tesla Share Issuance; Recommendation of the Tesla Board of Directors* beginning on pages 57 and 70, respectively. These interests are described in more detail below.

Service as Directors or Executive Officers of SolarCity; Family Relationships

Messrs. Elon Musk, Tesla's Chairman and Chief Executive Officer, Antonio Gracias, a member of Tesla's board, and Jeffrey B. Straubel, Tesla's Chief Technology Officer, each serve on the SolarCity Board, of which Mr. Elon Musk is also the Chairman. In addition, Messrs. Lyndon R. Rive and Peter J. Rive, each of whom serve on the SolarCity Board, are each a cousin of Mr. Elon Musk and of Mr. Kimbal Musk, a member of Tesla's board.

In addition, Mr. Stephen T. Jurvetson, a member of the Tesla Board, is a managing director of Draper Fisher Jurvetson (**DFJ**); another managing director of DFJ is a director of SolarCity. Mr. Ira Ehrenpreis, a member of the Tesla Board, is a manager of DBL Partners Fund III (**DBL III**) and a co-owner of DBL Partners, which manages DBL III, but which is owned and managed independently from DBL Investors LLC, as detailed in footnote 1 to the table in *Ownership of SolarCity Common Stock* beginning on page 106. Another co-owner of DBL Partners is a director of SolarCity. Mr. Brad W. Buss, a member of the Tesla Board, was the Chief Financial Officer of SolarCity from August 2014 until February 2016.

As discussed in *The Merger Background of the Merger* beginning on page 57, the Tesla Board agreed that Messrs. Elon Musk and Gracias would recuse themselves from any vote by the Tesla Board on matters related to a potential acquisition of SolarCity, including approval of the economic terms of any such acquisition, and the Tesla Board also held sessions in which such topics were discussed without the participation of Messrs. Elon Musk and Gracias. In addition, Mr. Straubel, as a result of his service on the SolarCity Board, did not participate in the discussions of Tesla's management with the Tesla Board around the economic terms of the proposed acquisition. Additional information regarding the material business and other relationships of the members of the Tesla Board with SolarCity is described in Tesla's Proxy Statement for its 2016 annual meeting of stockholders on Schedule 14A, which is incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

Ownership of SolarCity Common Stock

Certain directors and executive officers of Tesla beneficially own, as of September 23, 2016, an aggregate of 25,004,557 shares of SolarCity Common Stock as a group. In connection with the Merger, each outstanding share of SolarCity Common Stock (other than shares owned by SolarCity, Tesla, or Merger Sub, if any, which will be cancelled), including shares held by any of Tesla's directors and executive officers, will be converted into the right to receive 0.110 shares of Tesla Common Stock, with cash paid in lieu of fractional shares.

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The following table sets forth the total number of shares of SolarCity Common Stock beneficially owned by each such individual and certain affiliated entities, as well as each of the Tesla Named Executive Officers identified in the Tesla Proxy Statement on Schedule 14A filed with the SEC on April 15, 2016, as of September 23, 2016.

Name	Number of shares of SolarCity Common Stock Beneficially Owned
<i>Executive Officers</i>	
Elon Musk ⁽¹⁾	22,162,870
Jason Wheeler	
Jeffrey B. Straubel ⁽²⁾	772,634
Jon McNeill	
Doug Field	
Deepak Ahuja	(3)
Greg Reichow	(3)
<i>Non-Employee Directors</i>	
Brad W. Buss	37,277
Robyn M. Denholm	
Ira Ehrenpreis ⁽⁴⁾	
Antonio J. Gracias ⁽⁵⁾	211,854
Stephen T. Jurvetson ⁽⁶⁾	1,672,381
Kimbal Musk ⁽⁷⁾	147,541

- (1) Represents securities held of record by the Elon Musk Revocable Trust dated July 22, 2003 (7,700,000 shares of which are pledged as collateral to secure certain personal indebtedness). Includes 303,030 shares issuable upon conversion of senior convertible notes and 14,166 shares issuable upon exercise of options exercisable within 60 days from September 23, 2016.
- (2) Includes 14,388 shares issuable upon exercise of options exercisable within 60 days from September 23, 2016. Also includes 362,537 shares held by Mr. Straubel, which are pledged as collateral to secure certain personal indebtedness.
- (3) As these individuals are no longer in full-time positions at Tesla, Tesla is not aware of the number of shares, if any, of SolarCity Common Stock held by them as of September 23, 2016.
- (4) Mr. Ira Ehrenpreis is a manager of DBL III and a co-owner of DBL Partners, which manages DBL III. Ms. Nancy E. Pfund, a member of the SolarCity Board, is another co-owner of DBL Partners. Neither DBL III nor DBL Partners beneficially owns any shares of SolarCity Common Stock. Ms. Pfund beneficially owns certain shares of SolarCity Common Stock, including through H&Q Venture Management, L.L.C., d/b/a DBL Investors LLC, in which Mr. Ehrenpreis has no direct or indirect investment control or pecuniary interest. Further information regarding Ms. Pfund's beneficial ownership of shares of SolarCity Common Stock is set forth in the section entitled *Stock Ownership of Certain Beneficial Owners and Management/Directors of SolarCity* beginning on page 175.
- (5) Includes 159,023 shares held of record by AJG Growth Fund, LLC and 38,665 shares held of record by Valor Equity Management II, LP, which shares are indirectly beneficially held for Mr. Gracias. Mr. Gracias is the

manager of AJG Growth Fund, LLC and is affiliated with Valor Equity Management II, LP. Also includes 14,166 shares issuable upon exercise of options exercisable within 60 days from September 23, 2016. The address for the Valor entities and Mr. Gracias is 875 North Michigan Ave., Suite 3214, Chicago, Illinois 60611.

- (6) Mr. Stephen T. Jurvetson is one of several managing directors of the general partner entities of DFJ. Mr. John H. N. Fisher, a member of the SolarCity Board, is another managing director of DFJ. Through its funds, DFJ holds shares of SolarCity Common Stock, including 260,838 shares held of record by Draper Fisher Jurvetson Fund X, L.P., 7,970 shares held of record by Draper Fisher Jurvetson Partners X, LLC, 319

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shares held of record by Draper Fisher Jurvetson Fund X Partners, L.P., 826,745 shares held of record by Draper Fisher Jurvetson Fund IX, L.P., 22,403 shares held of record by Draper Fisher Jurvetson Partners IX, LLC, 518 shares held of record by Draper Fisher Jurvetson Fund IX Partners, L.P. and 136,138 shares held of record by Draper Fisher Jurvetson Partners Growth Fund 2006, LLC. Mr. Jurvetson and Mr. Fisher may be deemed to have voting and investment power with respect to such shares of SolarCity Common Stock held of record by such funds. Also includes 417,450 shares held by the Steve and Karla Jurvetson Living Trust dated August 27, 2002. Further information regarding Mr. Fisher's beneficial ownership of shares of SolarCity Common Stock is set forth in the section entitled *Stock Ownership of Certain Beneficial Owners and Management/Directors of SolarCity* beginning on page 175.

- (7) Includes 440 shares issuable upon exercise of call options. Also includes 147,101 shares pledged as collateral to secure certain personal indebtedness.

Ownership of Other SolarCity Securities

In 2015, Space Exploration Technologies Corporation (SpaceX) purchased Solar Bonds from SolarCity in aggregate principal amounts of approximately \$165 million, upon the same terms and conditions which such securities were offered to the public. Mr. Elon Musk is the Chief Executive Officer, Chief Technology Officer and Chairman of SpaceX, and Messrs. Elon Musk, Antonio Gracias, Steve Jurvetson and Kimbal Musk are directors of SpaceX. In March 2016, \$90 million in aggregate principal amount of the Solar Bonds held by SpaceX matured, and the proceeds were reinvested by SpaceX in \$90 million in aggregate principal amount of Solar Bonds due in March 2017. In June 2016, \$75 million in aggregate principal amount of the Solar Bonds held by SpaceX matured, and the proceeds were reinvested by SpaceX in \$75 million in aggregate principal amount of Solar Bonds due in June 2017.

In December 2015, SolarCity issued \$113 million in aggregate principal of zero-coupon convertible senior notes due on December 1, 2020 through a private placement, \$10 million of which were issued to the Elon Musk Revocable Trust dated July 22, 2003, an entity affiliated with Mr. Elon Musk, upon the same terms and conditions that such securities were offered to the other purchasers.

In August 2016, SolarCity issued \$124 million in aggregate principal of Solar Bonds due on February 17, 2018, \$65 million of which were issued to Mr. Elon Musk upon the same terms and conditions that such securities were issued to other purchasers.

Merger-Related Compensation for Tesla's Named Executive Officers

The rules promulgated by the SEC under Section 14A of the Exchange Act generally require companies to seek a non-binding advisory vote from stockholders with respect to certain compensation that will or may become payable to their named executive officers in connection with a Merger. Tesla is not seeking this non-binding, advisory vote from its stockholders because none of Tesla's named executive officers are entitled to any such Merger-related compensation that would otherwise require such a vote. For information regarding the interests of Tesla's named executive officers in the Merger, see the section entitled *The Merger: Interests of Tesla's Directors and Executive Officers in the Merger*.

Interests of SolarCity's Directors and Executive Officers in the Merger

In considering the recommendations of the SolarCity Board with respect to the Merger, SolarCity's stockholders should be aware that certain of the directors and executive officers of SolarCity have certain interests, including financial interests, in the Merger that may be different from, or in addition to, the interests of SolarCity's stockholders generally. The SolarCity Board and the Special Committee were aware of these interests and considered them, among other matters, in evaluating and negotiating the Merger Agreement and in reaching a decision to approve the Merger

Agreement and the transactions contemplated therein. These interests are described below.

Table of Contents***Service as Directors or Executive Officers of Tesla; Family Relationships***

Messrs. Elon Musk, SolarCity's Chairman, and Antonio Gracias, a member of the SolarCity Board, each serve on the Tesla Board. Mr. Elon Musk is also the Chairman and Chief Executive Officer of Tesla. Jeffrey B. Straubel, another member of the SolarCity Board, is Tesla's Chief Technology Officer. In addition, Messrs. Elon Musk and Kimbal Musk, each of whom serve on the Tesla Board, are each a cousin of Messrs. Lyndon R. Rive, SolarCity's Co-Founder, Chief Executive Officer and a member of the SolarCity Board, and Peter J. Rive, SolarCity's Co-Founder, Chief Technology Officer and a member of the SolarCity Board.

In addition, Mr. John H. N. Fisher, a member of the SolarCity Board, is a managing director of DFJ. Mr. Stephen T. Jurvetson, another managing director of DFJ, is a director of Tesla. Ms. Nancy E. Pfund, a member of the SolarCity Board and the Special Committee, is a co-owner of DBL Partners. Mr. Ira Ehrenpreis, another co-owner of DBL Partners, is a director of Tesla. Mr. Brad W. Buss, who served as SolarCity's Chief Financial Officer from August 2014 until February 2016, is a member of the Tesla Board.

As discussed in *The Merger Background of the Merger* beginning on page 57, the SolarCity Board approved the creation of the Special Committee consisting of Ms. Nancy E. Pfund and Mr. Donald R. Kendall, Jr., each determined by the SolarCity Board to be an independent board member and disinterested with respect to Tesla's proposal to acquire SolarCity, to consider the proposal from Tesla and any strategic alternatives thereto. At the time the Special Committee was created, Ms. Nancy E. Pfund beneficially owned 3,066 shares of Tesla Common Stock and Mr. Donald R. Kendall, Jr. beneficially owned 700 shares of Tesla Common Stock. Additional information regarding the material business and other relationships of the members of the SolarCity Board with Tesla is described in SolarCity's Proxy Statement for its 2016 annual meeting of stockholders on Schedule 14A, which is incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

Treatment of SolarCity Equity Awards***SolarCity Stock Options***

Each option to purchase SolarCity Common Stock (excluding certain founder options granted in 2015 to Messrs. Lyndon Rive and Peter Rive, which will be cancelled for no consideration as of the effective time of the Merger), whether vested or unvested, that is outstanding and unexercised will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla stock option, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), to purchase a number of shares of Tesla Common Stock (rounded down to the nearest whole share) equal to the product obtained by multiplying (i) the total number of shares of SolarCity Common Stock subject to such SolarCity option immediately prior to the effective time of the Merger by (ii) the Exchange Ratio, at a per-share exercise price (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (A) the exercise price per share of SolarCity Common Stock at which such SolarCity option was exercisable immediately prior to the effective time of the Merger by (B) the Exchange Ratio. For a full description of the treatment of SolarCity stock options, see the section entitled *The Merger Agreement Treatment of SolarCity Equity Awards*.

Immediately prior to the effective time of the Merger, the SolarCity stock options granted to each of Lyndon Rive (3,000,000 stock options granted) and Peter Rive (2,000,000 stock options granted) on September 15, 2015 (referred to as the founder options) will be cancelled for no consideration in accordance with their terms due to the applicable vesting conditions not being satisfied as a result of the Merger.

None of the SolarCity stock options held by SolarCity's executive officers that will be assumed by Tesla and converted into Tesla stock options are subject to acceleration of vesting upon a change in control of SolarCity or a termination of employment.

Pursuant to SolarCity's 2012 equity incentive plan, the vesting of each SolarCity stock option granted to a non-employee director of SolarCity will fully accelerate if the non-employee director's stock options are

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assumed and his or her service as a non-employee director is terminated on or following a change in control (as defined in the plan), other than pursuant to a voluntary resignation (unless such resignation is at the request of the acquirer). The consummation of the Merger is expected to constitute a change in control for purposes of SolarCity's 2012 equity incentive plan.

Assuming that the closing of the Merger occurred on September 23, 2016, the following table sets forth, for each of SolarCity's directors and executive officers holding SolarCity stock options as of such date, the aggregate number of shares subject to vested SolarCity stock options and unvested SolarCity stock options, and the number of shares of Tesla Common Stock subject to the Tesla stock options into which such vested SolarCity stock options and unvested SolarCity stock options will be converted. However, the actual number of SolarCity stock options to be assumed and converted into Tesla stock options will depend on the number of outstanding SolarCity stock options held by such individuals immediately prior to the effective time of the Merger.

	Vested Stock Options		Unvested Stock Options	
	SolarCity Shares	Tesla Shares	SolarCity Shares	Tesla Shares
Non-Employee Directors⁽¹⁾				
John H. N. Fisher	16,456	1,808	23,044	2,533
Antonio J. Gracias	12,499	1,374	17,501	1,925
Donald R. Kendall Jr.	75,248	8,276	25,252	2,776
Elon Musk	12,499	1,374	17,501	1,925
Nancy E. Pfund	16,455	1,808	23,045	2,533
Jeffrey B. Straubel	12,665	1,392	18,335	2,016
Executive Officers				
Lyndon R. Rive	1,647,913	181,269	3,000,000	
Peter J. Rive	1,664,700	183,115	2,000,000	
J. Radford Small	4,500	495	55,500	6,105
Tanguy V. Serra	483,454	53,177	529,603	58,253
Seth R. Weissman	151,289	16,638	86,496	9,513
Toby Corey			500,000	55,000
Jon Wellinghoff			200,016	22,001

- (1) The number of unvested SolarCity stock options shown for each of the non-employee directors is subject to fully accelerated vesting if the director's service with SolarCity is terminated on or following the Merger, other than pursuant to a voluntary resignation (unless such resignation is at the request of Tesla). Assuming that (i) the closing of the Merger occurred on September 23, 2016, (ii) each non-employee director's service with SolarCity was terminated as of the closing, and (iii) the value of the SolarCity stock options at the closing was based on a change in control price per share of \$24.52 (which is the average closing price per share of SolarCity Common Stock over the first five business days following the public announcement of the Merger on July 31, 2016), all of the unvested SolarCity stock options held by the non-employee directors would be out-of-the-money (*i.e.*, underwater) because the exercise price per share of each unvested SolarCity stock option exceeds \$24.52.

SolarCity Restricted Stock Unit Awards

Each SolarCity restricted stock unit award, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla restricted stock unit award, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), with respect to a number of shares of Tesla Common Stock (rounded to the

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nearest whole share) equal to the product obtained by multiplying (a) the total number of shares of SolarCity Common Stock subject to the SolarCity restricted stock unit award immediately prior to the effective time of the Merger by (b) the Exchange Ratio. For a full description of the treatment of SolarCity restricted stock unit awards, see the section entitled *The Merger Agreement Treatment of SolarCity Equity Awards*.

None of the SolarCity restricted stock unit awards held by SolarCity's executive officers that will be assumed by Tesla and converted into Tesla restricted stock unit awards are subject to acceleration of vesting upon a change in control of SolarCity or a termination of employment.

None of the non-employee directors of SolarCity, other than Mr. Kendall, hold any SolarCity restricted stock unit awards. SolarCity's 2012 equity incentive plan provides that if the restricted stock units held by a non-employee director are assumed and his or her service as a non-employee director is terminated on or following a change in control (as defined in SolarCity's 2012 equity incentive plan), other than pursuant to a voluntary resignation (unless such resignation is at the request of the acquirer), the restricted stock unit awards will fully vest. The consummation of the Merger is expected to constitute a change in control for purposes of SolarCity's 2012 equity incentive plan.

Assuming that the closing of the Merger occurred on September 23, 2016, the following table sets forth, for each of SolarCity's directors and executive officers holding SolarCity restricted stock unit awards as of such date, and the number of Tesla restricted stock unit awards into which such SolarCity restricted stock unit awards will be converted. However, the actual number of SolarCity restricted stock unit awards to be assumed and converted into Tesla restricted stock unit awards will depend on the number of outstanding SolarCity restricted stock unit awards held by such individuals immediately prior to the effective time of the Merger.

	SolarCity Restricted Stock Unit Awards	Tesla Restricted Stock Unit Awards
Non-Employee Directors		
John H. N. Fisher		
Antonio J. Gracias		
Donald R. Kendall Jr.		
Elon Musk		
Nancy E. Pfund		
Jeffrey B. Straubel		
Executive Officers		
Lyndon R. Rive		
Peter J. Rive		
J. Radford Small	15,000	1,650
Tanguy V. Serra	69,660	7,662
Seth R. Weissman	25,000	2,750
Toby Corey		
Jon Wellinohoff		

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Effective as of July 31, 2016, the SolarCity employee stock purchase plan (the **SolarCity ESPP**) ceased to accept any new participants and no participant in the SolarCity ESPP is permitted to increase his or her contributions after such date. The current offering period will be the final offering period and any outstanding options under the SolarCity ESPP will be exercised on the fourth trading day prior to the effective time or, if earlier, the date on which the current offering period would otherwise end. The SolarCity ESPP will terminate as of immediately prior to the effective time of the Merger. For a full description of the treatment of the SolarCity ESPP, see the section entitled *The Merger Agreement Treatment of SolarCity Employee Stock Purchase Plan*.

Employee Benefits

Pursuant to the Merger Agreement, Tesla (or the surviving corporation or any subsidiary thereof) will provide employees of SolarCity and its subsidiaries who continue to be employed by Tesla (or the surviving corporation or any subsidiary thereof) with levels of annual base salary and cash incentive compensation opportunities that are equal to those in effect immediately prior to the effective time of the Merger through the fiscal quarter in which the effective time occurs, in addition to taking certain actions in respect of employee benefits provided to such continuing employees, which include SolarCity's executive officers. For a detailed description of these requirements, see the section entitled *The Merger Agreement Employee Matters*.

Ownership of Other SolarCity Securities

In 2015, SpaceX purchased Solar Bonds from SolarCity in aggregate principal amounts of approximately \$165 million, upon the same terms and conditions which such securities were offered to the public. Mr. Elon Musk is the Chief Executive Officer, Chief Technology Officer and Chairman of SpaceX, and Mr. Elon Musk and A. Gracias are directors of SpaceX. In addition, Peter Rive purchased Solar Bonds at such time in an initial aggregate principal amount of approximately \$500,000 upon the same terms and conditions which such securities are offered to the public. In March 2016, \$90 million in aggregate principal amount of the Solar Bonds held by SpaceX matured, and the proceeds were reinvested by SpaceX in \$90 million in aggregate principal amount of Solar Bonds due in March 2017. In June 2016, \$75 million in aggregate principal amount of the Solar Bonds held by SpaceX matured, and the proceeds were reinvested by SpaceX in \$75 million in aggregate principal amount of Solar Bonds due in June 2017.

In December 2015, SolarCity issued \$113 million in aggregate principal of zero-coupon convertible senior notes due on December 1, 2020 through a private placement, \$10 million of which were issued to the Elon Musk Revocable Trust dated July 22, 2003, an entity affiliated with Mr. Elon Musk, and \$3 million of which were issued to Mr. Lyndon Rive, upon the same terms and conditions that such securities were offered to the other purchasers.

In August 2016, SolarCity offered up to \$124 million in aggregate principal of Solar Bonds due on February 17, 2018, \$65 million of which were issued to Elon Musk, \$17.5 million of which were issued to Mr. Lyndon Rive, and \$17.5 million of which were issued to Mr. Peter Rive, upon the same terms and conditions that such securities were offered to other purchasers.

Indemnification; Directors and Officers Insurance

Pursuant to the Merger Agreement, for a period of six years from the effective time of the Merger, Tesla (or the surviving corporation or any subsidiary thereof) will maintain in effect (to the fullest extent permitted under applicable law) the exculpation, indemnification and advancement of expenses provisions of SolarCity's and its subsidiaries' articles of incorporation and bylaws or other organizational documents in effect immediately prior to the

effective time of the Merger. Additionally, for a period of six years from the effective time of the Merger, Tesla will cause to be maintained in effect the coverage provided by the policies of directors and officers liability insurance and fiduciary liability insurance in effect as of the effective time of the Merger by SolarCity and its subsidiaries from a carrier with comparable or better credit ratings to SolarCity's then existing insurance

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provider and on terms and conditions not less favorable than SolarCity's then existing coverage; however, Tesla will not be required to pay an annual premium for such insurance in excess of \$2,250,000. Instead of maintaining the insurance coverage described in the preceding sentence, SolarCity or Tesla may purchase a tail directors and officers liability insurance and fiduciary liability insurance policy covering the six-year period from and after the effective time of the Merger from a carrier with comparable or better credit ratings to SolarCity's then existing provider and on terms and conditions not less favorable than SolarCity's then existing coverage, so long as the cost of such tail policy does not exceed \$2,250,000 without Tesla's consent. For a detailed description of these requirements, see the section entitled *The Merger Agreement Indemnification; Directors and Officers Insurance*.

Merger-Related Compensation for SolarCity's Named Executive Officers

The rules promulgated by the SEC under Section 14A of the Exchange Act generally require companies to seek a non-binding advisory vote from stockholders with respect to certain compensation that will or may become payable to their named executive officers in connection with a Merger. SolarCity is not seeking this non-binding, advisory vote from its stockholders because none of SolarCity's named executive officers are entitled to any such Merger-related compensation that would otherwise require such a vote. For information regarding the interests of SolarCity's named executive officers in the Merger, see the above section entitled *The Merger Interests of SolarCity's Directors and Executive Officers in the Merger*.

Regulatory Approvals Required for the Merger

Notification and Report Forms were filed with the DOJ and the FTC on August 15, 2016. Although the FTC granted early termination of the applicable waiting period required by the HSR Act to the parties on August 24, 2016, the DOJ, the FTC and others may still challenge the Merger on antitrust grounds after the termination of the waiting period. At any time before or after the completion of the Merger, any of the DOJ, the FTC or another person could still take action under the antitrust laws as it deems necessary or desirable in the public interest, including without limitation seeking to enjoin the consummation of the Merger, conditionally approve the Merger upon the divestiture of assets of SolarCity and/or Tesla, subject the consummation of the Merger to regulatory conditions or seek other remedies. We cannot assure you that a challenge to the Merger will not be made or that, if a challenge is made, it will not succeed.

Tesla and SolarCity have each agreed to use their reasonable best efforts to take or cause to be taken all actions, and do, or cause to be done, and assist and cooperate with each other in doing, all things reasonably appropriate to consummate and make effective, as soon as reasonably possible, the transactions contemplated by the Merger Agreement, subject to certain exceptions and limitations, including that neither Tesla nor SolarCity will be required to commit to or effect any action, prohibition, limitations, requirement or undertaking that would materially impair the expected benefits of the transaction.

Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

Neither Tesla nor SolarCity is aware of any material governmental approvals or actions that are required for completion of the Merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Exchange of Shares in the Merger

Prior to the effective time of the Merger, Tesla will appoint an exchange agent reasonably acceptable to SolarCity to manage the exchange of SolarCity Common Stock for Tesla Common Stock comprising the merger consideration. Pursuant to the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of SolarCity Common Stock (other than shares owned by Tesla or Merger Sub or by SolarCity as treasury stock, which will be cancelled) will be automatically converted into 0.110 shares Tesla Common Stock without the need for any action by the holders of such stock.

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As promptly as reasonably practicable after the effective time of the Merger, Tesla will cause the exchange agent to mail to each holder of record of SolarCity Common Stock a letter of transmittal specifying that delivery will be effected and risk of loss and title to any certificates representing shares of SolarCity Common Stock shall pass only upon delivery of such certificates to the exchange agent. The letter will also include instructions explaining the procedure for surrendering SolarCity Common Stock certificates, if any, in exchange for shares of Tesla Common Stock comprising the merger consideration. SolarCity stockholders who hold their shares in street name will not receive letters of transmittal from the exchange agent. Instead, such stockholders may receive separate notices and/or instructions from their bank, broker or other nominee as to what action, if any, should be taken to exchange street name shares for the merger consideration. Depending on the practices and policies of their bank, broker or other nominee, stockholders who hold their shares in street name may not need to take any further action for the applicable merger consideration to be transferred to their accounts. SolarCity stockholders who hold their shares in street name should consult their bank, broker or nominee for additional information on the timing and procedures for receiving the merger consideration.

SolarCity stockholders of record will not receive any fractional shares of Tesla Common Stock in the Merger. Instead, each SolarCity stockholder of record will be entitled to receive a cash payment without interest in lieu of any fractional shares of Tesla Common Stock it otherwise would have received pursuant to the Merger equal to the product obtained by multiplying (i) the fractional share interest to which such holder would otherwise be entitled (after taking into account all shares of SolarCity Common Stock exchanged by such holder) by (ii) the last reported sale price of Tesla Common Stock on NASDAQ on the last complete trading day prior to the date of the effective time of the Merger. Similarly, SolarCity stockholders who hold their shares in street name will not receive any fractional shares of Tesla Common Stock in the Merger. Instead, such stockholders will receive a cash payment in lieu of any fractional shares they would otherwise have received pursuant to the Merger, as determined by their bank, broker or other nominee. SolarCity stockholders who hold their shares in street name should consult their bank, broker or nominee for additional information on such distribution of cash in lieu of fractional shares.

Upon the surrender of a SolarCity Common Stock certificate for cancellation to the exchange agent, in the case of certificated shares, or the receipt of an agent's message by the exchange agent, in the case of shares of SolarCity Common Stock held in book-entry form, and in each case together with a properly completed letter of transmittal as described above, SolarCity stockholders will receive the Merger Consideration and any cash in lieu of fractional shares as described in the paragraph above.

After the effective time of the Merger, shares of SolarCity Common Stock will no longer be outstanding, will automatically be cancelled and will cease to exist and certificates that previously represented shares of SolarCity Common Stock will represent only the right to receive the merger consideration as described above. Until holders of SolarCity Common Stock have surrendered their shares to the exchange agent for exchange, those holders will not receive dividends or distributions declared or made with respect to shares of Tesla Common Stock with a record date after the effective time of the Merger. However, upon the surrender of their shares of SolarCity Common Stock, such holders will receive the amount of dividends or other distributions with respect to shares of Tesla Common Stock theretofore paid with a record date after the effective time of the Merger.

After the effective time of the Merger, SolarCity will not register any transfers of the shares of SolarCity Common Stock that were outstanding immediately prior to the effective time of the Merger. After the effective time of the Merger, if certificates formerly representing shares of SolarCity are presented to Tesla or the exchange agent, they will be cancelled and exchanged for the merger consideration.

Tesla stockholders need not take any action with respect to their stock certificates.

Dividends and Share Repurchases

Neither Tesla nor SolarCity has ever declared a dividend on account of their respective capital stock, and neither Tesla nor SolarCity currently has any share repurchase programs in place. The Merger Agreement

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prohibits SolarCity from declaring or paying dividends or other distributions on its common stock and from repurchasing shares of SolarCity Common Stock until the earlier of the closing of the Merger or the termination of the Merger Agreement without Tesla's consent. The Merger Agreement prohibits Tesla from declaring or paying dividends or other distributions on its common stock, and from repurchasing shares of Tesla Common Stock to the extent such action would reasonably be expected to prevent, materially delay or materially impair the ability of Tesla or Merger Sub to consummate the transactions contemplated by the Merger Agreement, until the earlier of the closing of the Merger or the termination of the Merger Agreement without SolarCity's consent.

Listing of Tesla Common Stock

Under the Merger Agreement, Tesla will cause the shares of Tesla Common Stock to be issued in the Merger to be approved for listing on NASDAQ, subject to official notice of issuance. It is a condition to the completion of the Merger that the Tesla Common Stock to be issued to SolarCity stockholders pursuant to the Merger be approved for listing on NASDAQ, subject to official notice of issuance.

De-Listing and Deregistration of SolarCity Common Stock

Upon the completion of the Merger, the SolarCity Common Stock currently listed on NASDAQ will cease to be quoted on NASDAQ and will subsequently be deregistered under the Exchange Act. This will make certain provisions of the Exchange Act, such as the requirement of furnishing a proxy or information statement in connection with stockholder meetings, no longer applicable to SolarCity.

Following the Merger, shares of Tesla Common Stock will continue to be traded on NASDAQ under the symbol TSLA.

Accounting Treatment of the Merger

Tesla prepares its financial statements in accordance with U.S. GAAP. The Merger will be accounted for in accordance with Accounting Standards Codification Topic 805, *Business Combinations*. The purchase price will be allocated to the fair values of assets acquired and liabilities assumed. Any excess purchase price after this allocation will be assigned to goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually, or more frequently if circumstances indicate potential impairment. The operating results of SolarCity will be part of the Combined Company beginning on the date of the Merger.

Litigation Relating to the Merger

Between September 1, 2016 and October 5, 2016, seven lawsuits were filed in the Court of Chancery of the State of Delaware by purported stockholders of Tesla challenging the proposed Merger. These lawsuits are captioned as *City of Riviera Beach Police Pension Fund v. Elon Musk, et al.*, C.A. No. 12711-VCS; *Ellen Prasinios v. Elon Musk, et al.*, C.A. No. 12723-VCS; *Arkansas Teacher Retirement System, et al. v. Elon Musk, et al.*, C.A. No. 12740-VCS; *P. Evan Stephens v. Elon Musk, et al.*, C.A. No. 1275-VCS; *Pyare Diwana v. Elon Musk, et. al.*, C.A. No. 12796-VCS; *Nguyen v. Elon Musk, et. al.*, C.A. No. 12804-VCS; and *Wolf v. Elon Musk, et. al.*, C.A. No. 12805-VCS (collectively, the **Actions**). Each of the Actions names as defendants the members of the Tesla Board, and certain of the Actions also name as defendants Merger Sub, SolarCity, certain members of the SolarCity Board, Evercore, and The Goldman Sachs Group, Inc. The Actions seek to assert claims derivatively on behalf of Tesla, alleging, among other things, that the members of the Tesla Board breached their fiduciary duties in connection with the proposed merger and, in some cases, that SolarCity and members of the SolarCity Board, Evercore, and The Goldman Sachs Group, Inc. aided and abetted breaches of fiduciary duties and that certain individual defendants would be unjustly

enriched by the proposed Merger. Certain of the Actions also assert putative class action claims against the members of the Tesla Board, including on the ground that the preliminary joint proxy statement/prospectus filed on August 31, 2016, including as amended, allegedly failed to disclose material facts in connection with the proposed Merger. The Actions seek, among other relief, damages in an unspecified amount, rescission of the proposed Merger, and attorneys fees

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and costs. Certain of the plaintiffs have filed motions for a preliminary injunction to prevent Tesla from consummating the Merger or any vote thereon and motions for expedited proceedings. On September 23, 2016, the Court set a schedule for consolidation of the Actions and determination of a plaintiffs leadership structure, and the Court scheduled a hearing for October 14, 2016, to consider any motion for expedited proceedings. On October 10, the Court entered orders consolidating the Actions and appointing lead plaintiffs and lead counsel.

In addition, several purported Tesla stockholders have made demands pursuant to Section 220 of the DGCL to inspect certain books and records of the corporation relating to the proposed Merger.

Tesla believes that the Actions are without merit.

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THE MERGER AGREEMENT

*This section describes certain terms of the Merger Agreement. The description in this section and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this joint proxy statement/prospectus. This summary does not purport to be complete and may not provide all of the information about the Merger Agreement that might be important to you in determining how to vote. We urge you to read the Merger Agreement carefully and in its entirety.*

Explanatory Note Regarding the Merger Agreement

In reviewing the Merger Agreement and this summary, please remember that they have been included to provide you with information regarding the terms of the Merger Agreement and are not intended to provide any other factual information about Tesla, SolarCity or any of their subsidiaries. The Merger Agreement contains representations and warranties and covenants by each of the parties to the Merger Agreement, which are summarized below. These representations and warranties have been made solely for the benefit of the other parties to the Merger Agreement and:

were not intended as statements of fact, but rather as a way of allocating risk to one of the parties if those statements prove to be inaccurate;

have been qualified by certain confidential disclosures that were made to the other party in connection with the negotiation of the Merger Agreement, which disclosures are not reflected in the Merger Agreement; and

may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors.

Moreover, information concerning the subject matter of the representations and warranties in the Merger Agreement and described below may have changed since the date of the Merger Agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this joint proxy statement/prospectus. In addition, if specific material facts arise that contradict the representations and warranties in the Merger Agreement, Tesla or SolarCity, as applicable, will disclose those material facts in the public filings that it makes with the SEC if it determines that it has a legal obligation to do so. Accordingly, the representations and warranties and other provisions of the Merger Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 181.

Terms of the Merger

The Merger Agreement provides that, on the terms and subject to the conditions in the Merger Agreement, and in accordance with the DGCL, at the effective time of the Merger, Merger Sub will merge with and into SolarCity, the separate corporate existence of Merger Sub will cease and SolarCity will continue as the surviving corporation in the Merger and as a wholly owned subsidiary of Tesla.

Completion of the Merger

Unless the parties agree otherwise, the closing of the Merger will take place on a date specified by SolarCity and Tesla, but no later than the third business day after all closing conditions have been satisfied or waived (other than those conditions that by their nature are to be satisfied or waived at the closing, but subject to the satisfaction or waiver of those conditions). The Merger will be effective at the time that the parties file a certificate of merger with the Secretary of State of the State of Delaware, unless the parties agree to a later time for the completion of the Merger and specify that time in the certificate of merger.

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We currently expect to close the Merger in the fourth quarter of 2016, subject to receipt of required stockholder approvals and regulatory clearances and the satisfaction or waiver of the other conditions to the Merger described below, but we cannot guarantee when or if the Merger will be completed.

Merger Consideration

Under the terms of the Merger Agreement, at the effective time of the Merger, each issued and outstanding share of SolarCity Common Stock (other than shares owned by Tesla or Merger Sub or by SolarCity as treasury stock, which will be cancelled) will be converted into the right to receive 0.110 shares of Tesla Common Stock (the **Exchange Ratio**).

SolarCity stockholders will not receive any fractional shares of Tesla Common Stock in the Merger. Instead, each SolarCity stockholder will be entitled to receive a cash payment without interest in lieu of any fractional shares of Tesla Common Stock it otherwise would have received pursuant to the Merger equal to the product obtained by multiplying (i) the fractional share interest to which such holder would otherwise be entitled (after taking into account all shares of SolarCity Common Stock exchanged by such holder) by (ii) the last reported sale price of Tesla Common Stock on NASDAQ on the last complete trading day prior to the date of the effective time of the Merger.

Treatment of Stock Options and Other Equity-Based Awards

Stock Options. Each option to purchase SolarCity Common Stock (excluding certain founder options granted in 2015 to Messrs. Lyndon Rive and Peter Rive, which will be cancelled for no consideration as of the effective time of the Merger), whether vested or unvested, that is outstanding and unexercised will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla stock option, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), to purchase a number of shares of Tesla Common Stock (rounded down to the nearest whole share) equal to the product obtained by multiplying (i) the total number of shares of SolarCity Common Stock subject to such SolarCity option immediately prior to the effective time of the Merger by (ii) the Exchange Ratio, at a per-share exercise price (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (A) the exercise price per share of SolarCity Common Stock at which such SolarCity option was exercisable immediately prior to the effective time of the Merger by (B) the Exchange Ratio.

Restricted Stock Unit Awards. Each SolarCity restricted stock unit award, whether vested or unvested, that is outstanding immediately prior to the effective time of the Merger will, as of the effective time of the Merger, be assumed by Tesla and converted into a Tesla restricted stock unit award, on the same terms and subject to the same conditions as were applicable immediately prior to the effective time of the Merger (including the applicable time-vesting and/or performance-vesting conditions), with respect to a number of shares of Tesla Common Stock (rounded to the nearest whole share) equal to the product obtained by multiplying (a) the total number of shares of SolarCity Common Stock subject to the SolarCity restricted stock unit award immediately prior to the effective time of the Merger by (b) the Exchange Ratio.

Treatment of SolarCity Employee Stock Purchase Plan

SolarCity will take all actions with respect to the SolarCity ESPP that are necessary to provide that (a) with respect to the offering period in effect as of July 31, 2016, no participant in the SolarCity ESPP may increase the percentage amount of his or her payroll deduction election from that in effect on July 31, 2016 for such offering period; (b) the current offering period shall end, and any outstanding options under the SolarCity ESPP shall be exercised upon, the earlier to occur of (i) the day that is four trading days prior to the closing date and (ii) the date on which the current

offering period would otherwise end; (c) if the current offering period ends prior to the closing date, the SolarCity ESPP will be suspended and no new offering period will be commenced thereunder;

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and (d) subject to the consummation of the Merger, the SolarCity ESPP will terminate, effective immediately prior to the effective time of the Merger.

Representations and Warranties

The Merger Agreement contains representations and warranties made by Tesla and Merger Sub to SolarCity and by SolarCity to Tesla and Merger Sub. Certain of the representations and warranties in the Merger Agreement are subject to materiality or material adverse effect qualifications (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct is material or would result in a material adverse effect). In addition, certain of the representations and warranties in the Merger Agreement are subject to knowledge qualifications, which means that those representations and warranties would not be deemed untrue or incorrect as a result of matters of which certain officers of the party making the representation did not have knowledge, assuming due inquiry.

The Merger Agreement provides that a material adverse effect means, with respect to SolarCity or Tesla, as applicable, any fact, circumstance, effect, change, event or development that, individually or in the aggregate, (a) prevents, materially impedes, or materially delays the ability of such party to consummate the Merger or (b) materially adversely affects the business, properties, financial condition or results of operations of that party or its subsidiaries (including, in the case of SolarCity, partially owned entities formed in connection with SolarCity's financing activities), taken as a whole. However, for purposes of the foregoing prong (b) of the definition of material adverse effect, none of the following factors nor any fact, circumstance, effect, change, event or development arising out of or relating to the following factors will constitute or be taken into account in determining whether there a material adverse effect has occurred or may, would or could occur:

changes or conditions generally affecting the industry in which such party or its subsidiaries operate in the regions where they operate in respect of the businesses conducted in such industries in such regions, except to the extent such effect has a disproportionate effect on such party and its subsidiaries, taken as a whole, relative to others in the industries and regions in which they operate;

general economic or political conditions or securities, credit, financial or other capital markets conditions in the United States or any foreign jurisdiction, except to the extent such effect has a disproportionate effect on such party and its subsidiaries, taken as a whole, relative to others in the industries and regions in which they operate in respect of the businesses conducted in such industries in such regions;

any failure, in and of itself, by such party to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (provided that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a material adverse effect);

the execution and delivery of the Merger Agreement or the public announcement or pendency of the transactions contemplated thereby, including the impact thereof on the relationships, contractual or otherwise, of such party or any of its subsidiaries with employees, labor unions, customers, suppliers or partners;

any change, in and of itself, in the market price or trading volume of such party's securities or in its credit rating (provided that the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been or will be, a material adverse effect);

any change in applicable law, regulation or U.S. GAAP, except to the extent such effect has a materially disproportionate effect on such party and its subsidiaries, taken as a whole, relative to others in the industries and regions in which they operate in respect of the businesses conducted in such industries in such regions;

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geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, except to the extent such effect has a disproportionate effect on such party and its subsidiaries, taken as a whole, relative to others in the industries and regions in which they operate, in respect of the businesses conducted in such industries in such regions;

any natural disaster, except to the extent such effect has a disproportionate effect on such party and its subsidiaries, taken as a whole, relative to others in the industries and regions in which they operate in respect of the businesses conducted in such industries in such regions; or

any taking of any action at the written request of another party to the Merger Agreement.

In the Merger Agreement, Tesla and Merger Sub have made representations and warranties regarding, among other topics;

organization, standing, corporate power, organizational documents and ownership of subsidiaries;

capital structure, including the number of shares of Tesla Common Stock and equity-based awards outstanding or reserved for issuance under the Tesla equity plans;

authority to execute and deliver and perform Tesla's obligations under, and to consummate the transactions contemplated by, the Merger Agreement and the enforceability of the Merger Agreement against Tesla;

the declaration of advisability of the Merger Agreement by the Tesla Board and the approval of the Merger Agreement and the transactions contemplated thereby by the Tesla Board;

the absence of conflicts with, or violations of, organizational documents, applicable law and certain contracts as a result of Tesla entering into the Merger Agreement and consummating the Merger and the other transactions contemplated by the Merger Agreement;

consents and approvals required in connection with the transactions contemplated by the Merger Agreement;

documents filed with or furnished to the SEC by Tesla, financial statements, internal controls and accounting or auditing practices;

the absence of undisclosed liabilities and off-balance-sheet arrangements;

the absence of a material adverse effect on Tesla since December 31, 2015 and the conduct of business by Tesla in the ordinary course in all material respects since December 31, 2015;

the intended tax treatment of the Merger;

absence of certain litigation and governmental orders;

compliance with applicable laws and permits;

broker's fees and expenses payable in connection with the Merger;

the receipt of an opinion from Evercore; and

the absence of prior activities by Merger Sub.

In the Merger Agreement, SolarCity has made representations and warranties regarding, among other topics:

organization, standing, corporate power, organizational documents and ownership of subsidiaries including partially owned entities formed in connection with SolarCity's financing activities;

capital structure, including the number of shares of SolarCity Common Stock, stock options and other equity-based awards outstanding or reserved for issuance and voting rights of certain of SolarCity's bondholders or noteholders;

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authority to execute and deliver and perform its obligations under, and to consummate the transactions contemplated by, the Merger Agreement and the enforceability of the Merger Agreement against SolarCity;

the declaration of advisability of the Merger Agreement by the SolarCity Board and the Special Committee and the approval of the Merger Agreement and the transactions contemplated thereby by the SolarCity Board and the Special Committee;

SolarCity not having in effect a poison pill or similar stockholder rights plan;

the absence of conflicts with, or violations of, organizational documents, applicable law and certain contracts as a result of SolarCity's entering into the Merger Agreement and consummating the Merger and the other transactions contemplated by the Merger Agreement;

consents and approvals required in connection with the transactions contemplated by the Merger Agreement;

documents filed with or furnished to the SEC by SolarCity, financial statements, internal controls and accounting or auditing practices;

the absence of undisclosed liabilities and off-balance-sheet arrangements;

the absence of a material adverse effect on SolarCity since December 31, 2015 and the conduct of business by SolarCity in the ordinary course consistent with past practice in all material respects since December 31, 2015;

tax matters;

employee benefit plan matters;

absence of certain litigation and governmental orders;

compliance with applicable laws and permits;

environmental matters;

material contracts;

owned and leased real property;

intellectual property;

tax equity matters;

significant customers, suppliers and distributors;

broker's fees and expenses payable in connection with the Merger;

product warranties and the absence of recalls;

the receipt of an opinion by the Special Committee from Lazard;

insurance;

the absence of certain affiliate transactions; and

the adoption of a forum selection bylaw provision.

Survival of Representations and Warranties

None of the representations and warranties in the Merger Agreement will survive the effective time of the Merger.

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Conduct of Business

Each of Tesla and SolarCity has undertaken certain covenants in the Merger Agreement restricting the conduct of their respective businesses between the date of the Merger Agreement and the effective time of the Merger. In general, each of Tesla and SolarCity has agreed to (i) conduct their respective businesses in the ordinary course consistent with past customs and practices in all material respects and (ii) use their respective reasonable best efforts to preserve intact their respective business organizations and advantageous business relationships.

In addition, between the date of the Merger Agreement and the effective time of the Merger, Tesla has agreed not to take any of the following actions without the prior written consent of SolarCity (subject in each case to exceptions specified in the Merger Agreement or previously disclosed in writing to SolarCity as provided in the Merger Agreement):

amending its organizational documents in any manner that would be reasonably expected to prevent, materially delay or materially impair the ability of Tesla or Merger Sub to consummate the Merger or otherwise be disproportionately adverse to SolarCity or holders of SolarCity Common Stock, except as required by law or the rules and regulations of the SEC or NASDAQ;

declaring or paying extraordinary dividends or other extraordinary distributions;

subdividing, reclassifying, recapitalizing, splitting, or combining any of its capital stock in a manner that would disproportionately adversely affect holders of SolarCity Common Stock relative to holders of Tesla Common Stock, or to the extent that such action would reasonably be expected to prevent, materially delay or materially impair the ability of Tesla or Merger Sub to consummate the Merger;

acquiring any business or material amount of assets if such acquisition would reasonably be expected to prevent, materially delay or materially impair the ability of Tesla or Merger Sub to consummate the Merger; and

authorizing or committing to, resolving or agreeing to take, any of the foregoing actions.

In addition, between the date of the Merger Agreement and the effective time of the Merger, SolarCity has agreed not to take any of the following actions without the prior written consent of Tesla (subject in each case to exceptions specified in the Merger Agreement or previously disclosed in writing to Tesla as provided in the Merger Agreement):

declaring or paying dividends or other distributions, other than dividends or distributions by a wholly owned subsidiary to its parent;

splitting, combining, subdividing or reclassifying any of its or its subsidiaries' capital stock, equity interests or voting securities, or securities convertible into or exchangeable or exercisable for such stock, interests or

securities or issuing of any other securities in substitution for shares of its or its subsidiaries capital stock, other equity interests or voting securities;

repurchasing, redeeming or otherwise acquiring its or its subsidiaries capital stock, voting securities or equity interests (or any securities convertible into or exchangeable or exercisable for such stock, interests or securities;

issuing, delivering, selling, granting, pledging or otherwise encumbering or subjecting to any lien (except for transactions among SolarCity and its wholly owned subsidiaries and for any liens in favor of the administrative agent under SolarCity's existing credit agreement) (i) any shares of capital stock of SolarCity or any of its subsidiaries or any system financing entity, subject to certain exceptions, (ii) any other equity interests or voting securities of SolarCity or any of its subsidiaries or any system financing entity, (iii) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, SolarCity or any of its subsidiaries or any system financing entity, (iv) any warrants, calls, options or other rights to acquire any capital stock or voting

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securities of, or other equity interests in, SolarCity or any of its subsidiaries or any system financing entity, (v) any rights issued by SolarCity or any of its subsidiaries that are linked in any way to the price of any class of SolarCity Common Stock or any shares of capital stock of any subsidiary, the value of SolarCity, any subsidiary, or any part of SolarCity or any subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of SolarCity or any subsidiary, (vi) any SolarCity voting debt, or (vii) any SolarCity preferred stock, subject, in each case, to certain exceptions;

amending its organizational documents or amending in any material respect the organizational documents of any of its subsidiaries, except as required by laws or the rules and regulations of the SEC or NASDAQ;

except as required by SolarCity benefit plans in existence on July 31, 2016, (i) increasing the compensation or benefits payable to SolarCity's directors, officers, employees or individual consultants, (ii) granting to any of SolarCity's directors, officers, employees or individual consultants an increase in severance or termination pay, (iii) paying or awarding any bonuses or incentive compensation, except for payment of bonuses or incentive compensation that is accrued and earned but unpaid as of July 31, 2016 in the ordinary course of business, (iv) entering into any employment, severance or retention agreement with any of SolarCity's directors, officers, employees or individual consultants (subject to certain exceptions), (v) establishing, adopting, entering into, amending or terminating any collective bargaining agreement or SolarCity benefit plan (subject to certain exceptions), (vi) taking any action to accelerate any payment or benefit payable to any of SolarCity's directors, officers, employees or individual consultants, or (vii) hiring any employee or individual consultant whose annual base compensation exceeds \$200,000;

making any material change in financial accounting methods, except as required by law or a change in U.S. GAAP;

acquiring or agreeing to acquire any equity interest in, or business of, any corporation, partnership, association or other similar business entity or division thereof or any properties or assets (with certain exceptions);

selling, leasing, mortgaging, encumbering, subjecting to a lien or otherwise disposing of properties or assets (other than sales of solar assets in connection with system financings conducted in the ordinary course consistent with past customs and practices in all material respects) that individually have a fair market value greater than \$5 million or in the aggregate have a fair market value greater than \$10 million;

redeeming, repurchasing, prepaying, defeasing, incurring, assuming, endorsing, guaranteeing or otherwise becoming liable for any indebtedness, other than:

indebtedness incurred prior to August 30, 2016 by SolarCity in the ordinary course of business pursuant to a credit facility the proceeds of which will be used for ongoing working capital purposes (**Working Capital Facilities**) in an aggregate amount, together with additional borrowings under SolarCity's secured revolving credit facility with the guarantors and lenders party thereto and Bank of

America, N.A., as administrative agent, swingline lender and L/C issuer (the **Secured Revolving Credit Facility**) not to exceed \$125 million outstanding at any one time;

indebtedness in permanent replacement or refinancing of certain of SolarCity's credit facilities, subject to certain conditions;

intercompany guarantees between SolarCity and its wholly owned subsidiaries in the ordinary course of business and to the extent permitted by the Secured Revolving Credit Facility;

intercompany indebtedness among SolarCity and its wholly owned subsidiaries in the ordinary course of business;

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borrowings under the Secured Revolving Credit Facility in the ordinary course of business for working capital purposes not to exceed the sum of commitments under the Secured Revolving Credit Facility as of the date of the Merger Agreement and the excess of \$125 million over borrowings under Working Capital Facilities, subject to certain requirements;

borrowings under certain other SolarCity credit facilities in the ordinary course of business not to exceed commitments under such facility as of the date of the Merger Agreement (plus, with respect to one such facility, \$150 million and, with respect to another set of such facilities, \$35 million);

backlever financing (as such term is defined in the Secured Revolving Credit Facility) incurred in the ordinary course of business, in an aggregate principal amount not to exceed \$750 million;

prepayments as required by the terms of SolarCity's or its subsidiaries' indebtedness; or

indebtedness to finance a system refinancing (as such term is defined in the Secured Revolving Credit Facility) incurred solely by one or more system financing entities in the ordinary course of business in an aggregate principal amount not to exceed \$800 million at any one time, provided that SolarCity gives Tesla a reasonable opportunity to review the terms of such indebtedness, and SolarCity considers Tesla's comments and feedback in good faith;

provided that, notwithstanding the above, neither SolarCity nor its subsidiaries is permitted to incur any indebtedness under which the execution, delivery or performance of the Merger Agreement and the transactions contemplated thereby, including the Merger, will conflict with, or result in any violation of or default, or give rise to a right of termination, cancellation or acceleration of any obligation under or any other material right of the lenders (or their agents or trustees) or any loss of a material benefit of SolarCity or any of its subsidiaries, or result in the creation of any lien, under such indebtedness;

making or agreeing to capital expenditures, other than capital expenditures set forth on a confidential capital plan provided by SolarCity to Tesla or expenditures required to be made by a governmental entity or to the extent necessary in good faith response to an emergency;

entering into or amending any contract, if such contract or amendment would reasonably be expected to prevent or materially impede, interfere with or delay the consummation of the transactions under the Merger Agreement;

soliciting or entering into any transaction or agreement requiring or reasonably expected to cause SolarCity to abandon, terminate, materially delay or not consummate, or that would require, or would reasonably be expected to cause, SolarCity to fail to comply in any material respect with the Merger Agreement;

entering into or amending material contracts, to the extent that consummation of the Merger or compliance by SolarCity or its subsidiaries with the Merger Agreement would reasonably be expected to conflict with, cause a default under, give rise to a right of termination, cancelation or acceleration of an obligation under, result in the creation of a lien upon material properties or assets of SolarCity or its subsidiaries or require Tesla, SolarCity or any of their respective subsidiaries to license or transfer any of its material properties or assets under, or give rise to any increased, additional, accelerated or guaranteed right or entitlements of any third party under, or result in any material alteration of, such material contract or amendment;

entering into, modifying, amending, extending, renewing, replacing or terminating collective bargaining or other labor union contracts, other than in the ordinary course consistent with past customs and practices;

waiving, settling or compromising existing or potential claims, actions or proceedings (other than claims, actions or proceedings relating to taxes or any cash grants obtained pursuant to Section 1603 of the American Recovery and Reinvestment Tax Act of 2009, as amended (the **Section 1603 Grants**), other than for an amount equal to or less than amounts reserved with respect thereto in SolarCity public filings with the SEC or \$1 million in the aggregate;

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abandoning, encumbering, conveying or exclusively licensing certain material intellectual property or entering into agreements that impose material restrictions on SolarCity or its subsidiaries with respect to certain intellectual property owned by any third party, in each case, in the ordinary course consistent with past customs and practices in all material respects;

materially amending or modifying certain material contracts, if such amendment or modification would materially increase the obligations of or risk of liability to SolarCity;

(i) making, changing or revoking any material tax election, (ii) changing any material method of tax accounting or annual tax accounting period, (iii) requesting any tax ruling, (iv) filing any material amended tax return, (v) settling, compromising or admitting wrongdoing with respect to any existing or potential claim, action or proceeding related to taxes or Section 1603 Grants if such settlement, compromise or admission would or could reasonably be expected to, individually or in the aggregate, have an adverse effect that is material to SolarCity, or (vi) surrendering any claim for the material refund of taxes;

entering into a new line of business outside its existing business;

taking actions or omitting to take actions that would or would be reasonably likely to (i) result in any of the conditions to the consummation of the Merger not being satisfied, (ii) result in new or additional required approvals from a governmental entity in connection with the transactions contemplated by the Merger Agreement or (iii) materially impair the ability of Tesla, SolarCity or Merger Sub to consummate the transactions contemplated by the Merger Agreement in accordance with its terms or materially delay such consummation;

dissolving or liquidating any of its subsidiaries (with certain exceptions);

entering into any amendment, waiver, supplement or other modification of material contracts governing the indebtedness or capped call transactions of SolarCity or any subsidiaries unless such amendment is acceptable to Tesla in its sole discretion (with certain exceptions); and

authorizing or committing to, resolving or agreeing to take, any of the foregoing actions.

Covenants and Agreements

The Merger Agreement contains certain other covenants and agreements, including covenants relating to:

cooperation between Tesla and SolarCity in the joint preparation and filing of this joint proxy statement/prospectus and the convening of the Tesla and SolarCity Special Meetings to approve the transactions contemplated by the Merger Agreement; *provided* that, as long as a SolarCity Default (as defined in page 130) exists, Tesla is not required to convene the Tesla Special Meeting and has the right to

postpone the date of the Tesla Special Meeting and publicly announce its reasons for doing so;

confidentiality and access by each party to certain information about the other party during the period prior to the effective time of the Merger, including the participation of a representative designated by Tesla in SolarCity's investment committee and weekly cash flow review processes;

the use of each party's reasonable best efforts to take certain actions in connection with required regulatory filings, to the extent that the taking of such actions would not materially impair the expected benefits of the Merger and the other transactions contemplated by the Merger Agreement;

the use of each party's reasonable best efforts to cause the Merger to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code;

cooperation between Tesla and SolarCity in the defense or settlement of any securityholder litigation relating to the Merger;

the taking of all steps required by Tesla, SolarCity and Merger Sub to ensure that any dispositions of SolarCity Common Stock and acquisitions of Tesla Common Stock are exempt transactions under Section 16 of the Securities and Exchange Act;

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cooperation between Tesla and SolarCity in connection with public announcements;

the use of reasonable best efforts by Tesla to cause shares of Tesla Common Stock to be issued in the Merger to be approved for listing on NASDAQ;

Tesla's obligations in connection with certain SolarCity employee matters;

SolarCity's taking of all actions required by applicable convertible notes, capped call transactions and other outstanding indebtedness as a result of the execution and delivery of the Merger Agreement; and

cooperation between Tesla and SolarCity in connection with obtaining financing for the Merger.

SolarCity Go-Shop

At any time prior to September 14, 2016 (the **Go-Shop Period**), SolarCity may initiate, solicit and encourage any inquiry or the making of any proposal or offer that constitutes an acquisition proposal (as defined below), including by making available information (including non-public information and data) and other access to the person making such acquisition proposal pursuant to a customary confidentiality agreement and participate in discussions with respect to any acquisition proposals and cooperate with any such discussions or any attempt to make any acquisition proposals.

No later than two business days after the conclusion of the Go-Shop Period, SolarCity must notify Tesla in writing of the identity of any person from whom it has received an acquisition proposal prior to the conclusion of the Go-Shop Period, and provide a copy of any acquisition proposal made in writing and a written summary of the material terms of any acquisition proposal not made in writing. The Go-Shop Period concluded on September 14, 2016, with no parties qualifying as Excluded Parties.

No Solicitation of Alternative Proposals

Tesla was required, upon execution of the Merger Agreement, and SolarCity will be required, upon the conclusion of the Go-Shop Period and except with respect to an excluded party (as defined below), to (i) immediately cease all existing discussions or negotiations with respect to an acquisition proposal and (ii) require the prompt return or destruction of all confidential information previously furnished to any person or its representatives with respect to an acquisition proposal and immediately shut down all physical and electronic data room access to information.

Additionally, Tesla has agreed, from the time of the execution of the Merger Agreement, and SolarCity has agreed, from the conclusion of the Go-Shop Period and except with respect to an excluded party, and in both cases until the earlier of the consummation of the Merger or the termination of the Merger Agreement, not to, and not to authorize or permit any of their respective affiliates, directors, officers, employees or representatives to, directly or indirectly:

initiate, solicit or knowingly encourage any inquiry, proposal or offer that constitutes or would reasonably be expected to result in an acquisition proposal, including by providing non-public information and other access to any person;

participate in discussions or negotiations regarding, or provide to any person nonpublic information and other access with respect to, or cooperate with any person with respect to, a proposal or offer that constitutes or would reasonably be expected to result in an acquisition proposal;

enter into any acquisition agreement, Merger Agreement or similar definitive agreement, or any letter of intent, memorandum of understanding or agreement in principle, relating to an acquisition proposal;

adopt resolutions or otherwise take any action to make the provisions of any anti-takeover statute inapplicable to any acquisition proposal; or

terminate, amend, release, modify or fail to enforce any provision (including a standstill provision) of, or grant any permission, waiver or request under, any confidentiality, standstill or similar agreement,

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except solely to permit a person to submit an acquisition proposal to the extent failure to take such action would be inconsistent with the fiduciary duties of the SolarCity Board or the Tesla Board, as applicable. Notwithstanding these restrictions, the Merger Agreement provides that, if at any time prior to obtaining the requisite SolarCity stockholder approvals, SolarCity receives an acquisition proposal which did not result from a breach of the non-solicitation obligations set forth in the Merger Agreement, then SolarCity may (i) provide or otherwise make available information (including non-public information and data) and other access to the person making such acquisition proposal pursuant to a customary confidentiality agreement; *provided* that such information is substantially concurrently (and in any event within 48 hours) made available to Tesla; and (ii) participate in discussions with such person with respect to the acquisition proposal, if the SolarCity Board determines in good faith, after consultation with SolarCity's outside counsel and financial advisor, that such acquisition proposal is or would reasonably be expected to lead to a SolarCity Superior Proposal (as defined on page 128).

The Merger Agreement also provides that, if at any time prior to obtaining the requisite Tesla stockholder approvals, Tesla receives an acquisition proposal which did not result from a breach of the non-solicitation obligations set forth in the Merger Agreement, then Tesla may (i) provide nonpublic information and other access to the person making such acquisition proposal pursuant to a customary confidentiality agreement; and (ii) participate in discussions with such person with respect to the acquisition proposal, if the Tesla Board determines in good faith, after consultation with Tesla's outside counsel and financial advisor, that such acquisition proposal is or would reasonably be expected to lead to a Tesla Superior Acquisition Proposal.

The Merger Agreement also requires SolarCity (following the conclusion of the Go-Shop Period) (i) to notify Tesla promptly (and in any event within 48 hours) upon the later of (A) receipt of an acquisition proposal and (B) the conclusion of the Go-Shop Period, regarding any inquiry that may reasonably be expected to lead to an acquisition proposal, any request for information or any negotiations sought from either SolarCity or its Representative concerning an acquisition proposal, (ii) to include in its notice to Tesla a copy of the acquisition proposal and a written summary of the material terms of any acquisition proposal, inquiry or request not made in writing, and (iii) to keep Tesla reasonably informed on a prompt basis (and in any event within 48 hours) of any material developments, discussions or negotiations regarding (x) any acquisition proposal, in the case of any person that is not an excluded party (as defined below), or (y) any acquisition proposal that is or would reasonably be expected to lead to a SolarCity Superior Proposal, in the case of any person that is an excluded party.

For purposes of the Merger Agreement:

Acquisition Proposal means, with respect to either SolarCity or Tesla, any bona fide inquiry, proposal or offer made by any person for, in a single transaction or series of transactions (i) a Merger, reorganization, share exchange, consolidation, business combination, recapitalization, extraordinary dividend or share repurchase, dissolution, liquidation or similar transaction involving such party, (ii) the direct or indirect acquisition by any person or group of 20% or more of the assets of such party and its subsidiaries on a consolidated basis or assets of such party and its subsidiaries representing 20% or more of the consolidated revenues or net income (including, in each case, securities) of such party, or (iii) the direct or indirect acquisition by any person or group of 20% or more of the voting power of the outstanding shares of such party's common stock, including any tender offer or exchange offer that if consummated would result in any person beneficially owning shares with 20% or more of the voting power of the outstanding shares of such party's common stock;

Tesla Superior Acquisition Proposal means a bona fide Acquisition Proposal for Tesla (with the percentages in clauses (i) and (ii) of the definition of such term changed from 20% to 50%) that the Tesla Board has determined in good faith, after consultation with outside legal counsel and its financial advisor, is more favorable to the Tesla stockholders than the Merger, taking into account all of the

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terms and conditions of such acquisition proposal (including the financing, likelihood and timing of consummation of such proposal) and of the Merger Agreement (including any changes to the terms of the Merger Agreement committed to by SolarCity to Tesla in writing in response to such acquisition proposal;

SolarCity Superior Proposal means a bona fide Acquisition Proposal for SolarCity (with the percentages in clauses (i) and (ii) of the definition of such term changed from 20% to 50%) that the SolarCity Board has determined in good faith, after consultation with outside legal counsel and its financial advisor, is more favorable to the SolarCity stockholders than the Merger, taking into account all of the terms and conditions of such acquisition proposal (including the financing, likelihood and timing of consummation of such proposal) and of the Merger Agreement (including any changes to the terms of the Merger Agreement committed to by Tesla to SolarCity in writing in response to such acquisition proposal; and

Excluded Party means any person or group from whom SolarCity or its representatives have received prior to the conclusion of the Go-Shop Period a written acquisition proposal that the SolarCity Board determines in good faith (such determination to be made no later than two business days after the conclusion of the Go-Shop Period), after consultation with its outside counsel and financial advisors and upon recommendation of the Special Committee, is or would reasonably be expected to result in a SolarCity Superior Proposal.

Termination Rights in Response to a Superior Proposal; Changes in Board Recommendations

Tesla and SolarCity have agreed under the Merger Agreement to, through their respective boards of directors, recommend to their stockholders the Tesla Merger and Share Issuance Proposal and the SolarCity Merger Proposal, respectively, and to include such recommendations in this joint proxy statement/prospectus.

The Merger Agreement provides that, subject to the exceptions described below, neither the Tesla Board nor the SolarCity Board will (i) change, withhold, withdraw, qualify or modify, in a manner adverse to the other party (or publicly propose or resolve to change, withhold, withdraw qualify or modify) its recommendation of the Tesla Merger and Share Issuance Proposal or the SolarCity Merger Proposal, as applicable, (ii) fail to include the Tesla Merger and Share Issuance Proposal or the SolarCity Merger Proposal in the joint proxy statement/prospectus, as applicable, (iii) approve, authorize, endorse, declare advisable, adopt, enter into or recommend an acquisition proposal to its stockholders, or (iv) fail to recommend against the acceptance of a tender or exchange offer within 10 business days after its commencement (each of the following, an adverse recommendation change). The Merger Agreement also provides that neither the Tesla Board nor the SolarCity Board may authorize, adopt, or approve or propose to authorize, adopt or approve an acquisition proposal, or cause or permit Tesla or SolarCity, as applicable, or any of their subsidiaries, to enter into any alternative acquisition agreement (as defined below).

Notwithstanding the foregoing restrictions, at any time prior to obtaining the requisite SolarCity or Tesla stockholder approvals (as described below), as applicable, the SolarCity Board or the Tesla Board, as applicable, may, if it determines in good faith (after consultation with its outside counsel and financial advisor, and, in the case of an acquisition proposal received by the SolarCity Board, upon the recommendation of the Special Committee) that the failure to take such action would be inconsistent with its fiduciary duties under applicable law, (i) make an adverse recommendation change and terminate the Merger Agreement to enter into a binding agreement providing for a Tesla Superior Acquisition Proposal or a SolarCity Superior Proposal, as applicable (following receipt of an acquisition proposal that did not result from a breach of the non-solicitation provisions in the Merger Agreement and that it determines in good faith, after consultation with its outside counsel and financial advisor, and, in the case of an acquisition proposal received by the SolarCity Board, upon the recommendation of the Special Committee, constitutes

a SolarCity Superior Proposal) or (ii) make an adverse recommendation change in response to an Intervening Event (as defined below).

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However, no adverse recommendation change and no termination of the Merger Agreement to accept a Tesla Superior Acquisition Proposal or a SolarCity Superior Proposal, as applicable, may be made unless such party first: (i) delivers to the other party, at least four business days prior to taking of any action, written notice of its intent to take such action specifying the reasons therefor and containing details of the Intervening Event or material terms of such proposal, as applicable, (ii) negotiates with the other party in good faith to make adjustments to the terms and conditions of the Merger Agreement that would render such action unnecessary, and (iii) such party's board, after having considered in good faith any changes offered by the other party with its outside counsel and financial advisor, determines that (A) the Intervening Event still remains in effect and it would be inconsistent with its fiduciary duties not to take such action, or (B) the acquisition proposal continues to constitute a Tesla Superior Acquisition Proposal or SolarCity Acquisition Proposal, as applicable, and it would be inconsistent with its fiduciary duties not to take such action.

For purposes of the Merger Agreement, Intervening Event means, with respect to either SolarCity or Tesla, a development or change in circumstances that is unknown to the SolarCity Board or the Tesla Board, respectively, or any committee thereof as of the date of the Merger Agreement, but becomes known to the SolarCity Board or the Tesla Board prior to obtaining the requisite SolarCity or Tesla stockholder approvals, as applicable; *provided* that the following will not be deemed to constitute or contribute to an Intervening Event:

changes in market price or trading volume of SolarCity Common Stock or Tesla Common Stock, respectively, in and of itself; and

the receipt, existence of or terms of an acquisition proposal or any inquiry relating to such acquisition proposal, and the consequences thereof.

Conditions to the Completion of the Merger

The obligations of each of Tesla and SolarCity to effect the Merger are subject to the satisfaction or waiver of the following conditions:

approval by SolarCity stockholders of the SolarCity Merger Proposal (see the section entitled *The SolarCity Special Meeting of Stockholders Required Vote* beginning on page 53);

approval by Tesla stockholders of the Tesla Merger and Share Issuance Proposal (see the section entitled *The Tesla Special Meeting of Stockholders Required Vote* beginning on page 50);

approval for listing by NASDAQ, subject to official notice of issuance, of the Tesla Common Stock issuable to SolarCity stockholders in the Merger;

termination or expiration of any applicable waiting period under the HSR Act, which early termination was granted by the FTC on August 24, 2016 (see the section entitled *The Merger Regulatory Approvals Required for the Merger* beginning on page 113);

absence of any law, order, judgment or other legal restraint by a court or other governmental entity that prevents, makes illegal or prohibits the closing of the Merger;

the SEC having declared effective the registration statement of which this joint proxy statement/prospectus forms a part;

the other party having performed in all material respects all obligations required to be performed by it under the Merger Agreement;

absence of a material adverse effect with respect to the other party since the date of the Merger Agreement;

receipt of an officer's certificate executed by an executive officer of the other party certifying that the two preceding conditions have been satisfied; and

receipt of an opinion of that party's counsel to the effect that the Merger will qualify as a reorganization under the Code.

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In addition, the obligations of Tesla and Merger Sub to effect the Merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of SolarCity relating to organization, standing, power, capital structure (with the exception of certain representations and warranties related to capital stock and other securities), authority, execution and delivery, enforceability and accounts payables being true and correct in all material respects as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

certain representations and warranties of SolarCity relating to capital stock and other securities and brokers fees and expenses being true and correct (except for de minimis inaccuracies) as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

the representations and warranties of SolarCity relating to the absence of a material adverse effect since December 31, 2015 being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

each other representation and warranty of SolarCity being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date), except where the failure of such representations and warranties to be true and correct, individually and in the aggregate, has not had and would not reasonably be expected to have a material adverse effect;

with respect to any indebtedness of SolarCity or any of its subsidiaries (including any partially owned entity formed in connection with its financing activities) in excess of \$10 million, the absence of any event or condition that (with or without notice and/or lapse of time) (a) results in any such indebtedness (or would have resulted under the terms of such indebtedness as in effect on the date of the Merger Agreement unless such event or condition has been permanently waived, subject to certain qualifications) becoming due prior to its scheduled maturity or requiring prepayment in whole or in part prior to its scheduled maturity (with certain limited exceptions in the case of mandatory partial prepayments or repurchases), or constitutes (or would have constituted such a breach or default under the terms thereof as in effect on the date of the Merger Agreement unless such event or condition has been permanently waived, subject to certain qualifications) a breach or default under its terms or enables or permits (or would have enabled or permitted under the terms of the applicable indebtedness as in effect on the date of the Merger Agreement) the holder or holders of such indebtedness to cause such indebtedness to become due or require repayment in whole or in part prior to its scheduled maturity (with certain limited exceptions in the case of mandatory partial prepayments or repurchases), or (b) any failure to pay the principal of any such indebtedness upon its stated maturity (any such event, a **SolarCity Default**), and the receipt of an officer's certificate executed by an executive officer of SolarCity certifying that this condition has been satisfied; and

SolarCity's accounts payables not exceeding \$75 million more than the amount of its accounts payables on May 31, 2016, and the receipt of an officer's certificate executed by an executive officer of SolarCity certifying that this condition has been satisfied.

In addition, the obligations of SolarCity to effect the Merger are subject to the satisfaction or waiver of the following conditions:

the representations and warranties of Tesla and Merger Sub relating to organization, standing, power, capital structure (except for certain representations and warranties relating to capital stock) authority, execution and delivery and enforceability being true and correct in all material respects as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date);

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certain representations and warranties of SolarCity relating to capital stock being true and correct (except for de minimis inaccuracies) as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date); and

each other representation and warranty of SolarCity being true and correct as of the date of the Merger Agreement and as of the date of the closing of the Merger (except to the extent expressly made as of an earlier date, in which case, as of such earlier date), except where the failure of such representations and warranties to be true and correct, individually and in the aggregate, has not had and would not reasonably be expected to have a material adverse effect.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the effective time of the Merger, whether before or after receipt of the requisite stockholder approvals, under the following circumstances:

by mutual written consent of Tesla and SolarCity;

by either Tesla or SolarCity:

if the Merger is not consummated by April 30, 2017 (the **End Date**); *provided* that this right to terminate the Merger Agreement will only be available to a party that complied with its covenant to use reasonable best efforts to consummate the Merger and all related covenants and will not be available to a party if the failure of the Merger to occur on or before the End Date is a proximate result of a breach of the Merger Agreement by such party;

if Tesla stockholders fail to approve the Tesla Merger and Share Issuance Proposal at the Tesla Special Meeting;

if SolarCity stockholders fail to approve the SolarCity Merger Proposal at the SolarCity Special Meeting;

if the other party breaches or fails to perform any of its covenants or agreements in the Merger Agreement, or if the other party's representations or warranties fail to be true and correct, in either case, such that the conditions to the terminating party's obligations to complete the Merger would not then be satisfied and such breach is not reasonably capable of being cured or is not cured by the breaching party, as the case may be, within 90 days after receiving written notice from the terminating party;

if (i) prior to obtaining the requisite stockholder approvals the board of directors of the other party effects an adverse recommendation change, or (ii) the other party fails to include its recommendation of the Tesla Merger and Share Issuance Proposal or the SolarCity Merger Proposal, as applicable, in

this joint proxy statement/prospectus; or

if permitted by and in compliance with the terms of the Merger Agreement, prior to obtaining their respective stockholder approvals, as applicable, in order to enter into a binding agreement providing for a Tesla Superior Acquisition Proposal or SolarCity Superior Proposal, as applicable.

If the Merger Agreement is validly terminated, the agreement will become void and have no effect, without any liability or obligation on the part of any party except in the case of fraud, intentional misrepresentation or intentional breach of a covenant or agreement contained in the Merger Agreement. The provisions of the Merger Agreement relating to fees and expenses, effects of termination, governing law, jurisdiction, waiver of jury trial and specific performance, as well as the confidentiality agreement entered into between Tesla and SolarCity, will continue in effect notwithstanding termination of the Merger Agreement.

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Expenses and Termination Fees

Generally, each party shall pay all fees and expenses incurred by it in connection with the Merger and the other transactions and agreements contemplated by the Merger Agreement. However, upon a termination of the Merger Agreement, a party may become obligated to pay to the other party a termination fee, in the following circumstances:

SolarCity will be obligated to pay a termination fee of \$78.2 million in cash to Tesla if:

the Merger Agreement is terminated by Tesla, or in certain circumstances, could have been terminated by Tesla, because (i) prior to obtaining the approval of the SolarCity stockholders of the SolarCity Merger Proposal, the SolarCity Board withdrew, modified (in a manner adverse to Tesla) or proposed publicly to withdraw or modify (in a manner adverse to Tesla), its recommendation of the SolarCity Merger Proposal or (ii) SolarCity failed to include its recommendation of the SolarCity Merger Proposal in this joint proxy statement/prospectus;

the Merger Agreement is terminated by SolarCity, as permitted by and in compliance with the terms of the Merger Agreement, prior to obtaining the approval of the SolarCity stockholders required to consummate the Merger, in order to enter into a binding agreement providing for a SolarCity Superior Proposal, other than with an excluded party; or

each of the following three events occurs:

the Merger Agreement is terminated (i) because the Merger had not been consummated by the End Date, (ii) because SolarCity stockholders failed to approve the Merger proposal or (iii) by Tesla, because SolarCity breached or failed to perform any of its covenants or agreements in the Merger Agreement, or because any of SolarCity's representations or warranties failed to be true and correct, in either case, such that the conditions to Tesla's obligations to complete the Merger were not then satisfied (in the case of clause (iii), subject to the cure right described in the section entitled *The Merger Agreement Termination of the Merger Agreement* beginning on page 131);

prior to the SolarCity Special Meeting, in the case of clause (ii) in the immediately preceding bullet, or prior to the termination of the Merger Agreement, in the case of clauses (i) or (iii) in the immediately preceding bullet, a third party made, or publicly and financially credibly indicated an intention to make, and has not withdrawn prior to the date of the SolarCity Special Meeting or the date of termination of the Merger Agreement (as applicable), an acquisition proposal with respect to SolarCity that had become known to the public; and

within 12 months after such termination, SolarCity enters into a definitive agreement to consummate or has consummated an acquisition proposal relating to SolarCity (provided that for the purposes of the foregoing, the references to 20% in the definition of acquisition proposal will be deemed references to 50%).

SolarCity will be obligated to pay a termination fee of \$26.1 million in cash to Tesla if the Merger Agreement is terminated by SolarCity, as permitted by and in compliance with the terms of the Merger Agreement, prior to obtaining the approval of the SolarCity stockholders of the SolarCity Merger Proposal, in order to enter into a binding agreement providing for a SolarCity Superior Proposal with an Excluded Party, as described in the section entitled *SolarCity Go-Shop* beginning on page 126.

Tesla will be obligated to pay a termination fee of \$78.2 million in cash to SolarCity if:

the Merger Agreement is terminated by SolarCity (or in certain circumstances, could have been terminated by SolarCity) because (i) prior to obtaining the approval of Tesla stockholders of the Tesla Merger and Share Issuance Proposal, the Tesla Board withdrew, modified (in a manner adverse to SolarCity) or proposed publicly to withdraw or modify (in a manner adverse to SolarCity), its recommendation of the Tesla Merger and Share Issuance Proposal or (ii) Tesla failed to include its recommendation of the Tesla Merger and Share Issuance Proposal in this joint proxy statement/prospectus;

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the Merger Agreement is terminated by Tesla, as permitted by and in compliance with the terms of the Merger Agreement, prior to obtaining the approval of the Tesla stockholders of the Tesla Merger and Share Issuance Proposal, in order to enter into a binding agreement providing for a Tesla Superior Acquisition Proposal; or

each of the following three events occurs:

the Merger Agreement is terminated (i) because the Merger had not been consummated by the End Date, (ii) because Tesla stockholders failed to approve the Tesla Merger and Share Issuance Proposal at the Tesla Special Meeting or (iii) by SolarCity, because Tesla breached or failed to perform any of its covenants or agreements in the Merger Agreement, or because any of Tesla's representations or warranties failed to be true and correct, in either case, such that the conditions to SolarCity's obligations to complete the Merger were not then satisfied (in the case of clause (iii), subject to the cure right described under *The Merger Agreement Termination of the Merger Agreement* beginning on page 131);

prior to the Tesla Special Meeting, in the case of clause (ii) in the immediately preceding bullet, or prior to the termination of the Merger Agreement, in the case of clauses (i) or (iii) in the immediately preceding bullet, a third party made, or publicly and financially credibly indicated an intention to make, and has not withdrawn prior to the date of the SolarCity Special Meeting or the date of termination of the Merger Agreement (as applicable) an acquisition proposal with respect to Tesla that had become known to the public ; and

within 12 months after such termination, Tesla enters into a definitive contract to consummate or has consummated an acquisition proposal relating to Tesla (provided that for the purposes of the foregoing, the references to 20% in the definition of acquisition proposal will be deemed to be references to 50%).

Indemnification; Directors and Officers Insurance

The Merger Agreement provides that the indemnification, advancement of expenses and exculpation rights of each former and present director and officer of SolarCity or any SolarCity subsidiary, and each person who served as a director, officer, member, trustee or fiduciary of another entity or employee benefit plan at the request or for the benefit of SolarCity or any SolarCity subsidiary (each an **Indemnified Party**), that are provided for in any organizational document of SolarCity or any SolarCity subsidiary or in any other agreement that was provided to Tesla prior to the date of the Merger Agreement, will survive the Merger. The Merger Agreement also requires Tesla to maintain for six years following the Merger the exculpation, indemnification and advancement of expenses provisions of SolarCity's and any SolarCity subsidiary's articles of incorporation and bylaws or other organization documents in effect immediately prior to the effective time of the Merger or in any other agreement that was provided to Tesla prior to the date of the Merger Agreement, and not amend, repeal or otherwise modify any such provisions or the exculpation, indemnification or advancement of expenses provisions of the surviving company's certificate of incorporation and bylaws in any manner that would adversely affect the rights of any individual who before the effective time of the Merger was an Indemnified Party. The Merger Agreement requires Tesla to indemnify and advance funds to the indemnified parties to the fullest extent permitted by applicable law against costs, expenses, losses and amounts paid in settlement in connection with any action arising out of or pertaining to the fact that the

Indemnified Party is or was an officer or director of SolarCity or a SolarCity subsidiary or is or was serving at the request of SolarCity or a SolarCity subsidiary; however, the Indemnified Party to whom funds are advanced provides an undertaking to repay such amounts if it is ultimately determined that such person is not entitled to indemnification.

The Merger Agreement also requires Tesla to maintain for six years following the Merger directors and officers liability insurance on terms and conditions not less favorable to the insured persons and at an annual cost not to exceed a specified cap. SolarCity may in its discretion purchase, and Tesla may in its discretion purchase if SolarCity declines to do so, a tail directors and officers liability insurance policy in lieu of the foregoing, in each case for a cost not to exceed the specified cap.

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Employee Matters

The Merger Agreement provides that Tesla will (or will cause the surviving company to) assume, honor and fulfill all of the obligations under the SolarCity benefit plans in accordance with their terms.

Effective as of the effective time of the Merger and continuing through the end of the fiscal quarter in which the effective time of the Merger occurs, Tesla will provide (or cause to be provided) to each continuing SolarCity employee a level of annual base salary or hourly wage rate, as the case may be, and cash incentive compensation opportunities that are equal to the level of annual base salary or hourly wage rate, as the case may be, and cash incentive compensation opportunities that were provided to the continuing SolarCity employee immediately prior to the effective time of the Merger. In addition, Tesla will (or will cause the surviving corporation to) (a) recognize service of each continuing SolarCity employee for all purposes (other than for purposes of determining an accrued benefit under any defined benefit pension plan) under the Tesla benefit plans in which such employee participates to the same extent as such service was taken into account under a corresponding SolarCity benefit plan (and to the extent that such credit does not result in a duplication of benefits for the same period of service); and (b) assume the liability for any accrued personal, sick or vacation time of continuing SolarCity employees and allow such employees to use such accrued time in accordance with Tesla's practices and policies.

Tesla will (or will cause the surviving company to) (a) cause each continuing SolarCity employee to be immediately eligible to participate, without any waiting time, in Tesla benefit plans to the extent coverage under such plan replaces coverage under a comparable SolarCity benefit plan in which the employee participated immediately before the effective time of the Merger; and (b) for purposes of each Tesla benefit plan providing medical, dental, pharmaceutical and/or vision benefits to any continuing SolarCity employee, (i) waive all pre-existing condition limitations, exclusions, waiting periods and actively-at-work requirements of such Tesla benefit plan for the employee and his or her covered dependents to the extent such pre-existing condition limitations, exclusions, waiting periods or actively-at-work requirements were waived or satisfied under the comparable SolarCity benefit plan in which the employee participated immediately prior to the effective time of the Merger, and (ii) provide the SolarCity continuing employee with credit for any eligible expenses incurred by the employee and his or her covered dependents under a SolarCity benefit plan during the portion of the plan year prior to the effective time of the Merger for purposes of satisfying all deductible, co-insurance, co-payment and maximum out-of-pocket requirements applicable to the employee and his or her covered dependents under the Tesla benefit plan for the plan year in which the effective time of the Merger occurs.

Amendment, Extensions and Waivers

Amendment. The Merger Agreement may be amended by the parties, in writing, at any time before or after receipt of the requisite stockholder approvals. However, after stockholder approval has been received, no amendment is permissible that would require further stockholder approval under applicable law without further approval of such stockholders.

Extension; Waiver. At any time prior to the effective time of the Merger, any party may, in writing, (i) extend the time of performance of any obligation to act of the other party, (ii) waive any inaccuracy in a representation or warranty of the other party, (iii) waive compliance by the other party with any of the covenants and agreements contained in the Merger Agreement or (iv) waive the satisfaction of any of the conditions contained in the Merger Agreement.

No Third Party Beneficiaries

The Merger Agreement is not intended to confer any rights or remedies upon any person other than the parties and, as described in the section entitled *The Merger Agreement Indemnification; Directors and Officers Insurance* beginning on page 133, the indemnified parties.

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Specific Performance

The parties have agreed in the Merger Agreement that irreparable damage would occur and that monetary damages, even if available, would not be an adequate remedy in the event that any of the provisions of the Merger Agreement are not performed in accordance with their specific terms or are otherwise breached. The parties have agreed that they will be entitled to an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the performance of its terms and provisions, without proof of actual damages. The parties have further agreed not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for any breach.

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THE VOTING AGREEMENT

On July 31, 2016, concurrently with the execution of the Merger Agreement, SolarCity entered into a voting and support agreement (the Voting Agreement) with Mr. Elon Musk, solely in his capacity as a holder of SolarCity Common Stock and not in any other capacity, and the Elon Musk Revocable Trust dated July 22, 2003 (collectively, the EM Stockholders), pursuant to which, among other things:

the EM Stockholders agreed that they will vote their shares of SolarCity Common Stock in favor of the adoption and approval of the Merger Agreement and the transactions contemplated by the Merger Agreement, unless the SolarCity Board withdraws its recommendation with respect to the Merger Agreement and the Merger in accordance with the terms of the Merger Agreement; and

in the event that SolarCity terminates the Merger Agreement in order to enter into a binding agreement with respect to an alternative proposal for the acquisition of SolarCity in accordance with the terms of the Merger Agreement, the EM Stockholders agreed that they would vote their shares of SolarCity Common Stock in favor of, or tender their shares of SolarCity Common Stock with respect to, that alternative proposal, as applicable, in the same proportion as all other shares of SolarCity Common Stock are voted in favor of, or tendered with respect to, that alternative proposal (or, at their option, the EM Stockholders may vote their shares entirely or in a greater proportion in favor of that alternative proposal).

In addition, the EM Stockholders agreed that in the event they transfer shares of SolarCity Common Stock (other than by way of charitable gifts or donations) and do not retain voting power over such shares but either (i) remain a beneficial owner of such shares or (ii) retain the economic benefits of such shares, the transferee must agree in writing to the terms of the Voting Agreement by executing and delivering a joinder agreement.

The Voting Agreement automatically terminates upon the earliest of: (i) with respect to the EM Stockholders obligations in respect of the Merger Agreement and the Merger, (A) the effective time of the Merger, (B) the termination of the Merger Agreement in accordance with its terms and (C) the written agreement of the EM Stockholders and SolarCity to terminate the Voting Agreement; and (ii) with respect to the EM Stockholders obligations in respect of an alternative proposal for the acquisition of SolarCity, (A) the effective time of any Merger or other transaction of SolarCity provided for in the binding agreement that provides for that alternative proposal, or (B) the termination of the binding agreement that provides for that alternative proposal in accordance with its terms.

The foregoing description of the Voting Agreement is qualified in its entirety by the full text of the Voting Agreement, which is attached to this joint proxy statement/prospectus as Annex B and is incorporated by reference into this joint proxy statement/prospectus.

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FUTURE LIQUIDITY NEEDS OF THE COMBINED COMPANY

As of June 30, 2016, Tesla had \$3.25 billion in principal sources of liquidity available from its cash and cash equivalents, which included \$2.76 billion of money market funds. Subsequent to June 30, 2016, Tesla has received notices of conversion from holders of approximately \$426 million in aggregate principal amount of Tesla's convertible senior notes due 2018 (**2018 Notes**), which conversions require Tesla to repay the principal amount in cash. Tesla expects to pay this amount in the third quarter of 2016 and, after giving effect to these conversions, Tesla has approximately \$220 million in aggregate principal amount of 2018 Notes outstanding.

Sources of cash are predominately from Tesla's deliveries of vehicles, as well as customer deposits for vehicles, sales of regulatory credits, proceeds from retail financing activities, sales of energy products, and non-warranty repair and maintenance services. While Tesla expects that its current sources of liquidity, including cash and cash equivalents, together with its current projections of cash flow from operating and retail financing activities, will provide it with adequate liquidity based on its current plans through at least the end of the current fiscal year, Tesla may raise funds in the future, including through potential equity or debt offerings, subject to market conditions and recognizing that Tesla cannot be certain that additional funds would be available to it on favorable terms or at all. The amount and timing of funds that Tesla may raise is undetermined and would vary based on a number of factors, including Tesla and the Combined Company's liquidity needs as well as access to current and future sources of liquidity. For additional information, see the section entitled *Risk Factors* beginning on page 36.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion of the material U.S. federal income tax consequences of the Merger to U.S. holders (as defined below) of SolarCity Common Stock that receive Tesla Common Stock pursuant to the Merger. This discussion is limited to U.S. holders who hold their SolarCity common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based on current provisions of the Code, Treasury regulations promulgated thereunder, judicial interpretations thereof and administrative rulings and published positions of the Internal Revenue Service (the **IRS**), each as in effect as of the date hereof, and all of which are subject to change or differing interpretations, possibly with retroactive effect, and any such change or differing interpretation could affect the accuracy of the statements and conclusions set forth herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to particular holders of SolarCity Common Stock in light of their particular facts and circumstances and does not apply to holders of SolarCity Common Stock that are subject to special rules under the U.S. federal income tax laws (including, for example, banks or other financial institutions, dealers in securities or currencies, traders in securities that elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, entities or arrangements treated as partnerships for U.S. federal income tax purposes or other flow-through entities (and investors therein), subchapter S corporations, retirement plans, individual retirement accounts or other tax-deferred accounts, real estate investment trusts, regulated investment companies, holders liable for the alternative minimum tax, certain former citizens or former long-term residents of the United States, holders that are not U.S. holders, U.S. holders having a functional currency other than the U.S. dollar, holders who hold shares of SolarCity Common Stock as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction, holders who own (or are deemed to own) 5% or more of the outstanding stock of SolarCity, and holders who acquired (or will acquire) their shares of SolarCity Common Stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan). This discussion does not address any considerations under U.S. federal tax laws other than those pertaining to the income tax, nor does it address any considerations under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010 or any state, local or non-U.S. tax laws.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of SolarCity Common Stock, the tax treatment of a person treated as a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Persons that for U.S. federal income tax purposes are treated as a partner in a partnership holding shares of SolarCity Common Stock should consult their tax advisors regarding the tax consequences of the Merger to them.

ALL HOLDERS OF SOLARCITY COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

For purposes of this discussion, the term U.S. holder means a beneficial owner of shares of SolarCity Common Stock that is, for U.S. federal income tax purposes:

an individual who is a citizen or resident of the United States;

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a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;

an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

a trust (a) if a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all substantial decisions of

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the trust or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

General

SolarCity and Tesla intend for the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Tesla's obligation to complete the Merger that Tesla receive an opinion from Wachtell Lipton, special counsel to Tesla, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to SolarCity's obligation to complete the Merger that SolarCity receive an opinion from Skadden, counsel to the SolarCity Special Committee, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

These opinions will be based on customary assumptions and representations from SolarCity, Tesla and Merger Sub, as well as certain covenants and undertakings by SolarCity, Tesla and Merger Sub. If any of the assumptions, representations, covenants or undertakings is incorrect, incomplete or inaccurate or is violated, the validity of the opinions described above may be affected and the U.S. federal income tax consequences of the Merger could differ from those described in this joint proxy statement/prospectus.

An opinion of counsel represents counsel's best legal judgment but is not binding on the IRS or any court, and there can be no certainty that the IRS will not challenge the conclusions reflected in the opinion or that a court would not sustain such a challenge. Neither SolarCity nor Tesla intends to obtain a ruling from the IRS with respect to the tax consequences of the Merger. If the IRS were to successfully challenge the reorganization status of the Merger, the tax consequences would differ from those described in this joint proxy statement/prospectus.

U.S. Federal Income Tax Consequences of the Merger to U.S. Holders

Accordingly, on the basis of the opinions described above, and subject to the discussion below relating to the receipt of cash in lieu of fractional shares:

a U.S. holder of SolarCity Common Stock will not recognize any gain or loss upon the exchange of shares of SolarCity Common Stock for shares of Tesla Common Stock in the Merger;

a U.S. holder of SolarCity Common Stock will have a tax basis in the Tesla Common Stock received in the Merger (including any fractional shares of Tesla Common Stock deemed received and exchanged for cash as described below) equal to the tax basis of the SolarCity Common Stock surrendered in exchange therefor; and

a U.S. holder of SolarCity Common Stock will have a holding period for shares of Tesla Common Stock received in the Merger (including any fractional shares of Tesla Common Stock deemed received and exchanged for cash as described below) that includes its holding period for its shares of SolarCity Common Stock surrendered in exchange therefor.

Cash in Lieu of Fractional Shares

No fractional shares of Tesla Common Stock will be distributed to holders of SolarCity Common Stock in connection with the Merger. A U.S. holder that receives cash in lieu of a fractional share of Tesla Common Stock as a part of the

Merger will generally be treated as having received the fractional share pursuant to the Merger and then as having sold that fractional share of Tesla Common Stock for cash. As a result, such U.S. holder will recognize capital gain or loss measured by the difference between the cash received for such fractional share and the portion of the U.S. holder's tax basis in the shares of SolarCity Common Stock allocable to the fractional share. Such capital gain or loss will generally be long term capital gain or loss if the holding period for such shares of SolarCity Common Stock is more than one year. Long term capital gain of certain non-corporate taxpayers, including individuals, is generally taxed at preferential rates. The deductibility of capital losses is subject to limitations.

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Backup Withholding

Backup withholding at the applicable rate (currently, 28%) may apply with respect to certain payments, such as cash received for fractional shares, unless the U.S. holder of the SolarCity Common Stock receiving such payments (i) is an exempt holder (and that, when required, provides certification as to its exempt status) or (ii) provides a properly completed IRS Form W-9 containing the holder's name, address, correct federal taxpayer identification number and a statement that the holder is exempt from backup withholding. Backup withholding does not constitute an additional tax, and any amounts withheld from payments to a U.S. holder under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Table of Contents**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following sets forth the unaudited pro forma condensed combined financial statements (the **Pro Forma Financial Statements**) of Tesla after giving effect to the proposed Merger with SolarCity (the **Merger**). The Unaudited Pro Forma Condensed Combined Statements of Operations (the **Pro Forma Statement(s) of Operations**) give effect to the Merger as if it was consummated on January 1, 2015. The Unaudited Pro Forma Condensed Combined Balance Sheet (the **Pro Forma Balance Sheet**) gives effect to the Merger as if it was consummated on June 30, 2016. The Pro Forma Balance Sheet as of June 30, 2016 combines the consolidated balance sheets of Tesla and SolarCity as of June 30, 2016. The Pro Forma Statement of Operations for the year ended December 31, 2015 combines the results of operations of Tesla and SolarCity for the year ended December 31, 2015. The Pro Forma Statement of Operations for the six months ended June 30, 2016 combines the results of operations of Tesla and SolarCity for the six months ended June 30, 2016. The historical consolidated financial information has been adjusted in the Pro Forma Financial Statements to reflect the pro forma impact of events that are directly attributable to the transactions contemplated by the Merger Agreement, factually supportable and, with respect to the Pro Forma Statements of Operations, are expected to have a continuing impact on the combined results. These Pro Forma Financial Statements do not include the effects of any transactions that took place subsequent to June 30, 2016 or any potential debt or equity offerings, including the \$124 million in 6.5% Solar Bonds issued by SolarCity in August 2016, the \$305 million cash equity financing by SolarCity in September 2016, and up to \$300 million available pursuant to the secured warehouse credit facility established by Tesla with Deutsche Bank in August 2016 to support Tesla Finance's direct vehicle leasing program.

The Pro Forma Financial Statements have been prepared using the acquisition method of accounting for business combinations under U.S. GAAP. The acquisition method of accounting is dependent upon certain valuations and other studies that are in progress. Accordingly, the pro forma adjustments are preliminary, have been made solely for the purpose of preparing the Pro Forma Financial Statements and are subject to revision based on a final determination of fair value as of the date of acquisition. Differences between these preliminary estimates and the final acquisition accounting may have a material impact on the accompanying Pro Forma Financial Statements and Tesla's future results of operations and financial position.

The Pro Forma Financial Statements do not reflect any cost savings or associated costs to achieve such savings from operating efficiencies, synergies, debt refinancing or other restructuring that may result from the Merger. The Pro Forma Financial Statements are presented for illustrative purposes only and are not necessarily indicative of the operating results or financial position that would have occurred if the Merger had been completed on the dates assumed, nor are they necessarily indicative of the future operating results or financial position of the combined company.