TESLA MOTORS INC
Form FWP
June 28, 2010

Filed Pursuant to Rule 433

Issuer Free Writing Prospectus dated June 28, 2010

Relating to Preliminary Prospectus dated June 15, 2010

Registration No. 333-164593

This free writing prospectus relates only to the securities of Tesla Motors, Inc. and should be read together with the preliminary prospectus dated June 15, 2010 related to this offering (the **Preliminary Prospectus**), included in Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-164593) relating to these securities. On June 28, 2010, we filed Amendment No. 7 to the Registration Statement, which may be accessed through the following link: http://www.sec.gov/Archives/edgar/data/1318605/000119312510147850/ds1a.htm. References to Tesla, we, us, our and our company are used in the manner described in the Preliminary Prospectus. The following information is set forth in Amendment No. 7 and supplements and updates the information contained in the Preliminary Prospectus.

The disclosure set forth in the Preliminary Prospectus on the cover page of the Preliminary Prospectus and under Prospectus Summary The Offering, Description of Capital Stock Listing and Underwriting has been updated to disclose that our common stock has been approved for listing on The Nasdaq Global Select Market.

The disclosure set forth in the Preliminary Prospectus on the cover page of the Preliminary Prospectus and under Prospectus Summary The Offering, Use of Proceeds, Principal and Selling Stockholders and Underwriting has been updated to disclose that any additional shares sold pursuant to the underwriters exercise of their option to purchase additional shares shall be sold exclusively by the selling stockholders and not by us.

The disclosure set forth in the Preliminary Prospectus under Prospectus Summary The Offering has been updated in its entirety to read as set forth on Exhibit A.

The disclosure set forth in the Preliminary Prospectus under Prospectus Summary The Offering and Underwriting has been updated to read in substance as follows:

The underwriters have reserved for sale, at the initial public offering price, up to 1,280,000 shares of our common stock being offered for sale to business associates, directors, employees and friends and family members of our employees and Tesla customers who have received delivery of a Tesla Roadster from Tesla.

The disclosure set forth in the Preliminary Prospectus under Prospectus Summary Summary Consolidated Financial Data has been updated in its entirety to read as set forth on Exhibit B.

The disclosure set forth in the Preliminary Prospectus under Risk Factors Risks Related to this Offering and Ownership of our Common Stock Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment has been updated to read in substance as follows:

The anticipated initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur immediate dilution of \$12.27 in net tangible book value per share from the price you paid. In addition, following this offering and the concurrent private placement, purchasers in this offering will have contributed 32.3% of the total consideration paid by our stockholders to purchase shares of common stock, in exchange for acquiring approximately 12.7% of our total outstanding shares as of March 31, 2010 after giving effect to this offering and the concurrent private placement. The exercise of outstanding stock options and warrants will result in further dilution.

The disclosure set forth in the Preliminary Prospectus under Use of Proceeds has been updated to read in substance as follows:

We estimate that our net proceeds from the sale of 11,880,600 shares of common stock in this offering and the sale of 3,333,333 shares of our common stock in the concurrent private placement will be approximately \$211.2 million, assuming an initial public offering price of \$15.00 per share, which is the midpoint of the range reflected on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses that we must pay in connection with this offering. Each \$1.00 increase or decrease in the assumed initial public offering price of $15.00 per share, which is the midpoint of the range reflected on the cover page of this prospectus, would increase or decrease, as applicable, our cash and cash equivalents (including restricted cash), working capital, total assets and total stockholders equity (deficit) by approximately $11.0 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The disclosure set forth in the Preliminary Prospectus under Capitalization has been updated in its entirety to read as set forth on Exhibit C.

The disclosure set forth in the Preliminary Prospectus under Dilution has been updated in its entirety to read as set forth on Exhibit D.

The disclosure set forth in the Preliminary Prospectus under Risk Factors Risks Related to this Offering and Ownership of our Common Stock A total of 80,498,096, or 87.88%, of our total outstanding shares after the offering and the concurrent private placement are restricted from immediate resale, but may be sold on a stock exchange in the near future. The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock has been updated to read in substance as follows:

A total of 80,178,696, or 85.77%, of our total outstanding shares after the offering and the concurrent private placement are restricted from immediate resale, but may be sold on a stock exchange in the near future. The large number of shares eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our common stock. Based on shares outstanding as of March 31, 2010, we will have 93,478,696 shares of common stock outstanding after this offering and the concurrent private placement. Of these shares, the common stock sold in this offering will be freely tradable in the United States, except for any shares purchased by our affiliates as defined in Rule 144 under the Securities Act of 1933. The holders of 74,998,661 shares of outstanding common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock during the 180-day period beginning on the date of this prospectus, except with the prior written consent each of Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc. and us. After the expiration of the 180-day restricted period, these shares may be sold in the public market in the United States, subject to prior registration in the United States, if required, or reliance upon an exemption from U.S. registration, including, in the case of shares held by affiliates or control persons, compliance with the volume restrictions of Rule 144. The shares to be sold in the concurrent private placement are subject to the holding period requirements of Rule 144, and are therefore subject to a six month holding requirement before such shares can be sold in a non-registered transaction.

Number of Shares and % of Total Outstanding	**Date Available for Sale into Public Markets**
13,300,000 or 14.22%	Immediately after this offering and the concurrent private placement.
79,837,260 or 85.41%	180 days after the date of this prospectus due to contractual obligations and lock-up agreements. However, the underwriters can waive the provisions of these lock-up agreements and allow these stockholders to sell their shares at any time, provided their respective one-year holding periods under Rule 144 have expired.
341,436 or 0.37%	From time to time after the date 180 days after the date of this prospectus upon expiration of their respective one-year holding periods in the U.S.

Any of our employees who participate in the directed share program will also subject to a lock-up period of 180 days beginning on the date of this prospectus.

Following the date that is 180 days after the completion of this offering and the completion of the concurrent private placement, stockholders owning an aggregate of 75,899,716 shares will be entitled, under contracts providing for registration rights, to require us to register shares of our common stock owned by them for public sale in the United States, subject to the restrictions of Rule 144. In addition, we intend to file a registration statement to register the approximately 25,257,173 shares previously issued or reserved for future issuance under our equity compensation plans and agreements. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods and, in certain cases, lock-up agreements with the representatives of the underwriters referred to above, the shares of common stock issued upon exercise of outstanding options will be available for immediate resale in the United States in the open market.

Sales of our common stock as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for you to sell shares of our common stock.

The disclosure set forth in the Preliminary Prospectus under Business Our Vehicles and Products The Tesla Roadster has been updated to read in substance as follows:

We have continued to rapidly develop the Tesla Roadster since its introduction. In June 2009, nine months after its commercial introduction, we launched the 2010 Tesla Roadster, known as the Tesla Roadster 2, as well as a high-performance variant, the Tesla Roadster Sport. As compared to the original Tesla Roadster, the Tesla Roadster 2 delivered a higher quality interior, a new push-button gear selector, improved heating and cooling performance, a more powerful electric powertrain and improved noise reduction. New optional features were also added including clear coat carbon fiber trim for the exterior and interior, an adjustable suspension and improved vehicle data connectivity via a GSM module. In addition to making these enhancements, we simultaneously reduced our manufacturing costs significantly by making a number of modifications, including redesigning our power electronics module and switching to certain commodity components in our manufacturing process. The Tesla Roadster Sport offers a higher performance powertrain which improves acceleration from 0 to 60 miles per hour from 3.9 seconds to 3.7 seconds, adjustable suspension and performance tires and forged wheels, all without compromising the efficiency of the Tesla Roadster electric powertrain. The current effective price of the base configuration of the Tesla Roadster Sport is $121,000 in the United States, assuming and after giving effect to the continuation of a currently available United States federal tax credit of $7,500 for the purchase of alternative fuel vehicles. We delivered our first right-hand drive model of the Tesla Roadster in January 2010, enabling the eventual introduction of the Tesla Roadster into new key markets such as Japan, Hong Kong, and Australia. We also believe the right-hand drive model will allow us to further penetrate certain existing markets such as the United Kingdom. We expect to change the design and specifications of the Tesla Roadster periodically in the future.

The disclosure set forth in the Preliminary Prospectus under Executive Compensation Compensation Discussion and Analysis Executive Officer Compensation has been updated to read in substance as follows:

In June 2010, Mr. Straubel was granted an additional option to purchase 2,450 shares of common stock at an exercise price per share of $14.17. This option vests as to 1/48th of the shares subject to the option each month over the next 48 months, subject to Mr. Straubel s continued service through each such vesting date.

The disclosure set forth in the Preliminary Prospectus under Executive Compensation Employee Benefit Plans 2010 Employee Stock Purchase Plan has been updated to read in substance as follows:

Our ESPP is intended to qualify under Section 423 of the Code, and provides for consecutive, non-overlapping six-month offering periods. The offering periods generally start on the first trading day on or after February 20 and August 20 of each year, except for the first such offering period which will commence on the first trading day on or after the effective date of this offering and will end on February 22, 2011. The administrator may, in its discretion, modify the terms of future offering periods.

Our ESPP permits participants to purchase common stock through payroll deductions of up to 15% of their eligible compensation, which includes a participant s regular and recurring straight time gross earnings, payments for overtime and shift premium, exclusive of payments for incentive compensation, bonuses and other similar compensation. A participant may purchase a maximum of 500 shares of common stock during each six-month offering period.

The disclosure set forth in the Preliminary Prospectus under Executive Compensation Employee Benefit Plans 2010 Equity Incentive Plan and Executive Compensation Employee Benefit Plans 2010 Employee Stock Purchase Plan has been updated to reflect that our 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan have been approved by our stockholders.

The disclosure set forth in the Preliminary Prospectus under Principal and Selling Stockholders has been updated in its entirety to read as set forth on Exhibit E.

The disclosure set forth in the Preliminary Prospectus under Shares Eligible for Future Sale has been updated in its entirety to read as set forth on Exhibit F.

The disclosure set forth in the Preliminary Prospectus under Underwriting has been updated to read in substance as follows:

In connection with the offering of shares of our common stock described in this prospectus, a selling stockholder may be deemed to be an underwriter within the meaning of the Securities Act.

The disclosure set forth in the Preliminary Prospectus with respect to the date on the Report of Independent Registered Public Accounting Firm on page F-2 of the Preliminary Prospectus has been updated to read in substance as follows:

March 26, 2010, except as to the last paragraph of Note 15, which is as of May 26, 2010, and the penultimate paragraph of Note 15, which is as of June 14, 2010

The disclosure set forth in the Preliminary Prospectus under Notes 15 and 16 to Consolidated Financial Statements on page F-41 of the Preliminary Prospectus has been updated to read in substance as follows:

In connection with the closing of the DOE Loan Facility, we have also issued a warrant to the DOE to purchase up to 9,255,035 shares of our Series E convertible preferred stock at an exercise price of $2.51 per share. This preferred stock warrant will become a warrant to purchase up to 3,085,011 shares of our common stock at an exercise price of $7.54 per share upon the completion of a qualifying initial public offering. Beginning on December 15, 2018 and until December 14, 2022, the shares subject to purchase under the warrant will vest and become exercisable in quarterly amounts depending on the average outstanding balance of the loan during the prior quarter. The warrant may be exercised until December 15, 2023. If we prepay the DOE Loan Facility in part or in full, the total amount of shares exercisable under the warrant will be reduced.

Tesla has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents Tesla has filed with the SEC for more complete information about Tesla and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Tesla and any underwriter or dealer participating in the offering will arrange to send you the prospectus if you request it by contacting Goldman, Sachs & Co., via telephone: (866) 471-2526; facsimile: (212) 902-9316; email: prospectus-ny@ny.email.gs.com; or standard mail at Goldman, Sachs & Co., Attn: Prospectus Department, 200 West Street, New York, NY 10282-2198; from Morgan Stanley & Co. Incorporated, via telephone: (866) 718-1649; email: prospectus@morganstanley.com; or standard mail at Morgan Stanley & Co. Incorporated, 180 Varick Street, New York, NY 10014, Attn: Prospectus Department; from J.P. Morgan Securities Inc., via telephone: (866) 803-9204; or standard mail at c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717; or from Deutsche Bank Securities Inc., via telephone: (800) 503-4611; or standard mail at 100 Plaza One, Jersey City, NJ 07311 Attn: Prospectus Department.

EXHIBIT A

THE OFFERING

Common stock we are offering	11,880,600 shares
Common stock offered by the selling stockholders	1,419,400 shares (or 3,414,400 shares if the underwriters exercise their option to purchase shares from the selling stockholders in full)
Common stock sold by us in the concurrent private placement	Immediately subsequent to the closing of this offering, Toyota Motor Corporation, or Toyota, will purchase from us in a private placement, the number of shares of our common stock equal to $50.0 million, at a price per share equal to the initial public offering price. Based on an assumed initial public offering price of $15.00 per share, which is the midpoint of the range set forth on the cover of this prospectus, this would be 3,333,333 shares. We will receive the full proceeds and will not pay any underwriting discounts or commissions with respect to the shares that are sold in the private placement. The sale of these shares to Toyota will not be registered in this offering and will be subject to a lock-up of 180 days. We refer to the private placement of these shares of common stock as the concurrent private placement.
Common stock to be outstanding after this offering and the concurrent private placement	93,478,696 shares
Use of proceeds	We may use a portion of the net proceeds from this offering and the concurrent private placement to fund planned capital expenditures, working capital and other general corporate purposes. Under our loan facility with the United States Department of Energy, which we refer to herein as our DOE Loan Facility, we have agreed to spend up to $33 million plus any cost overruns we may encounter in developing our Model S and our planned Model S manufacturing facility as well as any cost overruns we encounter in developing our powertrain facility. In addition to this obligation, we have agreed to set aside 50% of the net proceeds from this offering and the concurrent private placement to fund a separate, dedicated account under our DOE Loan Facility to fund project costs for our anticipated powertrain and Model S manufacturing facilities that would otherwise have been funded through advances made under the DOE Loan Facility. This will not affect our ability to draw down the full amount of the DOE loans, but will require us to use the dedicated account to fund certain project costs up front, which costs may then be reimbursed by loans under the DOE Loan Facility once the dedicated account is depleted, or as part of the final advance for the applicable project. We currently anticipate making aggregate capital expenditures of between $100 million and $125 million during the year ended December 31, 2010. These capital expenditures will include approximately $42 million to purchase our

	planned manufacturing facility for the Model S in Fremont, California, exclusive of any manufacturing equipment we may subsequently acquire. Our aggregate capital expenditures will also include funding the expansion of our Tesla stores. See Use of Proceeds.
Directed share program	The underwriters have reserved for sale, at the initial public offering price, up to 1,280,000 shares of our common stock being offered for sale to business associates, directors, employees and friends and family members of our employees and Tesla customers who have received delivery of a Tesla Roadster from Tesla. We will offer these shares to the extent permitted under applicable regulations in the United States and in the various countries where we have delivered Tesla Roadsters. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares.
Nasdaq Global Select Market symbol	TSLA

The number of shares of common stock that will be outstanding after this offering and the concurrent private placement is based on 78,264,763 shares outstanding as of March 31, 2010, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into common stock immediately prior to the closing of this offering and the issuance of 422,193 shares of common stock upon the assumed net exercise of warrants that otherwise expire upon the completion of this offering at an assumed initial public offering price of $15.00 per share, and excludes:

11,564,743 shares of common stock issuable upon the exercise of options outstanding at March 31, 2010 a weighted average exercise price of $5.71 per share;

1,392,030 shares of common stock issuable upon the exercise of options granted after March 31, 2010 at a weighted average exercise price of $14.00 per share;

3,085,011 shares of common stock issuable upon the exercise of a warrant granted to the DOE in connection with the closing of our DOE Loan Facility on January 20, 2010, at an exercise price of $7.54 per share and 5,100 shares of common stock issuable upon the exercise of a warrant granted to the DOE on May 21, 2010, at an exercise price of $8.94 per share (if we prepay our DOE Loan Facility in full or in part, the total amount of shares exercisable under these warrants will be proportionately reduced); and

13,759,096 shares of common stock reserved for future issuance under our stock-based compensation plans, consisting of 10,666,666 shares of common stock reserved for issuance under our 2010 Equity Incentive Plan, 1,425,764 shares of common stock reserved for future grant or issuance under our 2003 Equity Incentive Plan as of March 31, 2010, which shares will be added to the shares to be reserved under our 2010 Equity Incentive Plan upon the effectiveness of the 2010 Equity Incentive Plan, and 1,666,666 shares of common stock reserved for issuance under our 2010 Employee Stock Purchase Plan and shares that become available under the 2010 Equity Incentive Plan and 2010 Employee Stock Purchase Plan, pursuant to provisions thereof that automatically increase the share reserves under the plans each year, as more fully described in Management Employee Benefit Plans. The 2010 Equity Incentive Plan and the 2010 Employee Stock Purchase Plan will become effective on the date of this offering.

Unless otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 70,226,844 shares of common stock effective immediately prior to the closing of this offering;
- the issuance of 322,193 shares of common stock upon the net exercise of outstanding warrants that would otherwise expire upon the completion of this offering at an assumed initial public offering price of $15.00 per share;
- the issuance of 100,000 shares of common stock upon the net exercise of common stock warrants that will automatically occur upon the completion of this offering;
- the issuance of 3,333,333 shares of common stock to Toyota upon the closing of the concurrent private placement based on an assumed initial public offering price of $15.00 per share;
- the filing of our amended and restated certificate of incorporation upon the completion of this offering;
- the aggregate gross offering proceeds, excluding the shares sold in the concurrent private placement, will be less than $200.0 million (if the aggregate gross offering proceeds exceed $200.0 million, the underwriting discount will decrease from 7.0% to 6.5% on all proceeds raised in this offering); and
- no exercise by the underwriters of their right to purchase up to an additional 1,995,000 shares of common stock from the selling stockholders.

The information in this prospectus also reflects the 1-for-3 reverse stock split of our outstanding common stock effected in May 2010.

Brad W. Buss, who is a member of our Board of Directors, has indicated his interest in purchasing up to an aggregate of $200,000 of our common stock in the offering from the underwriters, at the initial public offering price.

EXHIBIT B

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data for the years ended December 31, 2007, 2008 and 2009 are derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary unaudited consolidated financial data for the three months ended March 31, 2009 and 2010 and as of March 31, 2010 are derived from unaudited consolidated financial statements for such periods and dates, which are included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited consolidated financial statements and include, in the opinion of management, all adjustments necessary for the fair presentation of the financial information contained in those statements. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

The following summary consolidated financial data table reflects the 1-for-3 reverse stock split of our outstanding common stock effected in May 2010.

In June 2010, we identified an error related to the understatement in stock-based compensation expense subsequent to the issuance of the consolidated financial statements for the year ended December 31, 2009. This error had the effect of understating selling, general and administrative expenses and net loss for the year ended December 31, 2009 by $2.7 million. The error did not have an effect on the valuation of the stock options. As stock-based compensation expense is a non-cash item, there was no impact on net cash used in operating activities for the year ended December 31, 2009. We determined that the impact of this error was not material and will correct the error by recording additional stock-based compensation expense of $2.4 million in the three month period ending June 30, 2010. See Note 16 to our consolidated financial statements included elsewhere in this prospectus.

Prospective investors should read these summary consolidated financial data together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Years Ended December 31,			Three Months Ended March 31,	
	2007	2008	2009	2009	2010
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
Automotive sales (including zero emission vehicle credit sales of $3,458, $8,152, $1,275 and $506, for the years ended December 31, 2008 and 2009, and the three months ended March 31, 2009 and 2010, respectively)	$ 73	$ 14,742	$ 111,943	$ 20,886	$ 20,585
Development services					227
Total revenues	73	14,742	111,943	20,886	20,812
Cost of revenues(1):					
Automotive sales	9	15,883	102,408	22,932	16,858
Development services					102
Total cost of revenues	9	15,883	102,408	22,932	16,960
Gross profit (loss)	64	(1,141)	9,535	(2,046)	3,852
Operating expenses(1):					
Research and development (net of development compensation of $23,249 for the year ended December 31, 2009)	62,753	53,714	19,282	7,941	13,265
Selling, general and administrative	17,244	23,649	42,150	6,607	16,585
Total operating expenses	79,997	77,363	61,432	14,548	29,850
Loss from operations	(79,933)	(78,504)	(51,897)	(16,594)	(25,998)
Interest income	1,749	529	159	16	48
Interest expense		(3,747)	(2,531)	(1,402)	(230)
Other income (expense), net(2)	137	(963)	(1,445)	1,972	(3,221)
Loss before income taxes	(78,047)	(82,685)	(55,714)	(16,008)	(29,401)
Provision for income taxes	110	97	26	8	118
Net loss	$ (78,157)	$ (82,782)	$ (55,740)	$ (16,016)	$ (29,519)

Net loss per share of common stock, basic and diluted(3)	$	(22.69)	$	(12.46)	$	(7.94)	$	(2.31)	$	(4.04)
Shares used in computing net loss per share of common stock, basic and diluted(3)		3,443,806		6,646,387		7,021,963		6,924,194		7,301,940
Pro forma net loss per share of common stock, basic and diluted(2)(4) (unaudited)					$	(0.70)			$	(0.35)
Shares used in computing the pro forma net loss per share of common stock, basic and diluted(2)(4) (unaudited)						77,671,000				77,950,977

(1) Includes stock-based compensation expense as follows:

	Years Ended December 31,			Three Months Ended March 31,	
	2007	2008	2009	2009	2010
			(in thousands)		
Cost of revenues	$	$ 26	$ 61	$ 12	$ 42
Research and development	95	125	376	40	281
Selling, general and administrative	103	286	997	38	3,064
Total	$ 198	$ 437	$ 1,434	$ 90	$ 3,387

(2) In January 2010, we issued a warrant to the DOE in connection with the closing of the DOE Loan Facility to purchase shares of our Series E convertible preferred stock. This convertible preferred stock warrant will become a warrant to purchase shares of our common stock upon the closing of this offering. Beginning on December 15, 2018 and until December 14, 2022, the shares subject to purchase under the warrant will become exercisable in quarterly amounts depending on the average outstanding balance of the DOE Loan Facility during the prior quarter. Since the number of shares of common stock ultimately issuable under the warrant will vary, this warrant will be carried at its estimated fair value with changes in the fair value of this common stock warrant liability reflected in other income (expense), net, until its expiration or vesting. Potential shares of common stock issuable upon exercise of the DOE warrant will be excluded from the calculation of diluted net loss per share of common stock until at least such time as we generate a net profit in a given period.

(3) Our basic net loss per share of common stock is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share of common stock is computed by dividing the net loss by the weighted-average number of shares of common stock, 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 our common stock and warrants to purchase shares of our convertible preferred stock (using the treasury stock method) and the conversion of our convertible preferred stock and convertible notes payable (using the if-converted method). For purposes of all these calculations, potential shares of common stock have been excluded from the calculation of diluted net loss per share of common stock as their effect is antidilutive since we generated a net loss in each period.

(4) Pro forma basic and diluted net loss per share of common stock has been computed to give effect to the conversion of the convertible preferred stock into common stock and the 1-for-3 reverse stock split of our outstanding common stock effected in May 2010. Also, the numerator in the pro forma basic and diluted net loss per share calculation has been adjusted to remove gains and losses resulting from remeasurements of the convertible preferred stock warrant liability as it is assumed that these warrants will be exercised immediately prior to a qualifying initial public offering and will no longer require periodic revaluation.

Our consolidated balance sheet data as of March 31, 2010 is presented:

- on an actual basis;

- on a pro forma basis to give effect to (i) the conversion of all outstanding shares of our convertible preferred stock into 70,226,844 shares of our common stock, (ii) the issuance of 322,193 shares of our common stock upon the assumed net exercise of outstanding warrants that would otherwise expire upon the completion of this offering at an assumed initial public offering price of $15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus, and the conversion of our DOE preferred stock warrant liability into common stock warrant liability, (iii) the additional funds borrowed under our DOE Loan Facility from April 1, 2010 through June 14, 2010 of $15.5 million, (iv) the issuance of 100,000 shares of our common stock upon the net exercise of common stock warrants that will automatically occur upon the completion of this offering and (v) the issuance of a warrant to the DOE on May 21, 2010 for the purchase of 5,100 shares of common stock at an exercise price of $8.94 per share; and

- on a pro forma as adjusted basis to give effect to the pro forma adjustments as well as (i) the sale of 11,880,600 shares of common stock by us in this offering at an assumed initial public offering price of $15.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the sale of 3,333,333 shares of common stock to be purchased directly from us by Toyota in the concurrent private placement based on an assumed initial public offering price of $15.00 per share.

	As of March 31, 2010		
	Actual	Pro Forma (Unaudited)	Pro Forma As Adjusted(1)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 61,546	$ 77,045	$ 188,279
Restricted cash(2)	7,487	7,487	107,487
Property and equipment, net	26,866	26,866	26,866