

From: Deepak Ahuja [deepak@tesla.com]
Sent: 8/19/2018 11:37:18 PM
To: Martin Viecha [mviecha@tesla.com]
Subject: FW: Feedback from investors

Exhibit 161

Deepak

From: Deepak Ahuja <deepak@tesla.com>
Date: Sunday, August 19, 2018 at 11:36 PM
To: Elon Musk <erm@tesla.com>
Cc: Sam Teller <steller@tesla.com>, Todd Maron <todd@tesla.com>
Subject: FW: Feedback from investors

FYI.

Deepak

From: Martin Viecha <mviecha@tesla.com>
Date: Sunday, August 19, 2018 at 10:16 PM
To: Deepak Ahuja <deepak@tesla.com>, Todd Maron <todd@tesla.com>
Subject: Feedback from investors

In the past few days, I either met in person or spoke on the phone with: Fido, T Rowe, Jennison, Capital World, Capital International, PrimeCap, Baron Capital, UBS O'Connor and many others.

In no particular order, this is the feedback from my recent conversations that revolved around Tesla fundamentals as well as recent NYT article and privatization efforts.

1. **Key man risk:** While "key man risk" was always an important point of TSLA investment debate, this debate is currently getting significantly more traction. This debate involves Elon's health and decision making ability given exhaustion. The secondary impact that some investors mentioned was our ability to recruit/retain talent given intensity of our work pace. High churn rate of VPs and C-level managers is in a way part of this debate.
2. **Recent Twitter & Media communication:**
 - a. **Demand:** Some investors are mainly worried that Elon's media coverage could negatively impact demand for our products.
 - b. **Investment debate shift:** While the debate currently revolves around "can Tesla be sustainably profitable", many fear that the debate will turn into "will Elon continue to manage / be able to manage this business". T Row went a step further saying that they're worried about increased risk that shareholders or the board could turn their back on Elon, highlighting scenarios of Travis Kalanick, Steve Jobs or John Schnatter (Papa John's founder).
 - c. **Painful ownership of shares:** Several shareholders expressed their frustration of having to defend Tesla's low-points internally or with their investors. TSLA story is not only vigorously debated externally, it is just as debated within Fido, T Row, Jennison, etc. Those who need to defend ownership of TSLA shares are increasingly under internal pressure to liquidate their TSLA shareholding.

3. **Current operations:**

UNITED STATES DISTRICT COURT	
NORTHERN DISTRICT OF CALIFORNIA	
Case Number:	3:18-cv-04865-EMC
PLTF / DEFT	
Exhibit No.	161
Date Admitted:	
By:	
Angella Meuleman, Deputy Clerk	

- a. **Worst is yet to come:** Elon's statement in NYT that "But from a personal pain standpoint, the worst is yet to come" spooked some people as this statement was understood in many different ways. Jennison told me that they weren't sure if they should just "run for the hills" (divest). I did my best to explain that this statement has nothing to do with our current production, demand and operations.
- b. **Cash positions:** Given the tone of the NYT article, some were worried that things are not going too well internally. When I had an analyst from Evercore ISI in the factory last week, he was shocked to see how energetic and happy people around looked!

4. **Privatization:**

- a. **Can't hold private entity:** Quite a few mid-sized investors shared their frustration that they don't have a mandate to hold a stake in a private company. They've been battling their portfolio managers and colleagues for years, promising them that TSLA will one day be profitable. They feel that they won't be able get a reward for their patience and countless internal arguments. That said, atmosphere within funds is so tense that very few have the courage to pull the trigger and buy some more. Usually, those who are true believers of TSLA, have already maximized their mandate (maximum single stock holding size) long time ago.
- b. **Distraction:** Some investors are worried that current privatization efforts are distracting employees at a time when they should be focused on profitability, production and quality.

Collective advice received:

- 1. **Twitter should be mainly used to highlight how awesome our products are**
- 2. **More emails to "Everyone" instead of media communication:** It's difficult to make up a crazy story when the whole email from Elon is leaked – one that talks about successes, production, profitability, etc.
- 3. **Elon should not work 120 hours a week:** One thing that is very clear is that investors are worried, on a personal level, that such work ethic can have negative consequences. Many investors I speak to see TSLA and Elon's effort as absolutely critical for humanity. This is not just about their investment and reputation.
- 4. **Privatization won't shut up critics:** While shorts might go away, competitors, unions, dealerships, gas companies, etc are here to stay
- 5. **Conclusion: Repeat again Q2 result day:** All investors continue to highlight that our Q2 Letter / Call was picture perfect. We completely destroyed every single bear point with facts and data. People want us to do the same in Q3, Q4 and onwards – showing strong production, demand, profitability, cash generation, etc. If we manage to do it say 3-times in a row, criticizing us will look increasingly ridiculous.

The very last thing I wanted to highlight that both T Row and Jennison would like to speak to Antonio about their worries (not about privatization). Hope this can be arranged.

Please let me know if you have any other questions, happy to discuss further.

Martin

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