

## Attorney Client Privilege

I'm sure you've all seen that earlier today I announced we're considering taking Tesla private at a price of \$420/share. I announced this in a Tweet, rather than an email to all of you, only because sharing this news first publicly allows us to conform to regulatory disclosure rules. But I wanted to share more information with you all now.

It's no secret that being a public company comes with its share of challenges. Most importantly, being a public company that is subject to the quarterly earnings cycle puts enormous pressure on Tesla to make decisions that may be right for a given quarter, but not right for long-term shareholder value creation. We are subject to relentless, defamatory attacks by the short-selling community, which regularly results in great harm to our brand. Being a public company also causes wild swings in our share price, which can be an enormous distraction for employees, all of whom are shareholders. Perhaps

This is especially true for a company like Tesla that has a long-term, forward-looking mission. SpaceX is a perfect example: it is far more operationally efficient, and that is almost entirely due to the fact that it is privately held. This is not to say that it will always make sense for Tesla to be privately held. In the future, once Tesla enters a phase of slower, more predictable growth, it will likely make sense to return to the public markets.

Here's what being a private company would mean for all shareholders, including all of our employees. All existing shareholders would be welcome, and encouraged, to reinvest in Tesla as a private company. Those who would want to have their shares bought out – in this case, at a price of \$420/share – would be able to do so. However, those who want to stay with the company would continue to be able to own, purchase, and sell shares during defined periods throughout the year. If Tesla went private, we would continue to have a number of different investors – the intention would not be for any individual investor, myself included, to take control of the company.

Also, to be clear, the intention is not to consolidate SpaceX and Tesla. They will continue to have separate ownership and governance structures.

Basically, this would mean that if Tesla went private, there would be little to no change in your day-to-day – except we would be free to focus on what's right for the long-term health of the company. We will stay focused on building a sustainable company using a scrappy culture, which generates profits and free cash flow. We still have to report to ourselves and our private shareholders that we are making good investments that offer very attractive returns in the long term.

Our employees will be able to periodically sell their shares and exercise their options even when we are private. This will enable them to still participate in the growing value of the company that they have worked so hard to build over time.

This will be finalized via a vote of our stockholders in the coming months. If the process ends as I am expecting it will, a private Tesla company would ultimately be an enormous opportunity for all of us.

Elon

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