TESLA MOTORS INC
Form 424B5
February 28, 2014
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-188625

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered	Maximum Offering Price per Unit	Maximum Aggregate Offering Price(3)	Amount of Registration Fee(3)
0.25% Convertible Senior Notes due 2019	$920,000,000(1)	100%	$920,000,000	$118,496
1.25% Convertible Senior Notes due 2021	$1,380,000,000(2)	100%	$1,380,000,000	$177,744
Common Stock, $0.001 par value per share	(4)		(4)	(5)

(1) Includes 0.25% Convertible Senior Notes due 2019 that may be purchased by the underwriters pursuant to their option to purchase additional 0.25% Convertible Senior Notes due 2019 to cover over-allotments, if any.
(2) Includes 1.25% Convertible Senior Notes due 2021 that may be purchased by the underwriters pursuant to their option to purchase additional 1.25% Convertible Senior Notes due 2021 to cover over-allotments, if any.
(3) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended (the Securities Act).
(4) Includes an indeterminate number of shares of common stock issuable upon conversion of the convertible senior notes at the initial conversion price of approximately $359.87 per share of common stock. Pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event.
(5) Pursuant to Rule 457(i), there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the convertible senior notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

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Prospectus Supplement to Prospectus dated May 15, 2013

Tesla Motors, Inc.

$800,000,000

0.25% Convertible Senior Notes due 2019

$1,200,000,000

1.25% Convertible Senior Notes due 2021

Interest payable March 1 and September 1

We are offering $800,000,000 principal amount of our 0.25% Convertible Senior Notes due 2019 (the 2019 notes) and $1,200,000,000 principal amount of our 1.25% Convertible Senior Notes due 2021 (the 2021 notes and, together with the 2019 notes, the notes). The 2019 notes will bear interest at a rate of 0.25% per year and the 2021 notes will bear interest at a rate of 1.25% per year, each payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2014. The 2019 notes will mature on March 1, 2019 and the 2021 notes will mature on March 1, 2021.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2014 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for such series of notes on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price (as defined below) per $1,000 principal amount of such series of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) until the close of business on the second scheduled trading day immediately preceding the applicable maturity date, holders may convert their notes at any time. Upon conversion of 2019 notes, we will deliver cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement. Upon conversion of 2021 notes, we will deliver cash and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of such shares of our common stock), as described in this prospectus supplement.

The conversion rate with respect to the 2019 notes will initially be 2.7788 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rate with respect to the 2021 notes will initially be 2.7788 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rates will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the applicable maturity date, we will increase the applicable conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

We may not redeem either series of notes prior to the applicable maturity date.

If we undergo a fundamental change, holders may require us to purchase for cash all or part of their notes at a purchase price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest to, but not including, the fundamental change purchase date.

The notes will be our senior unsecured obligations and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes, will rank equally in right of payment with any of our unsecured indebtedness that is not so subordinated, will be effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness and will be structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system. Our common stock is listed on The NASDAQ Global Select Market under the symbol TSLA . The last reported sale price of our common stock on the NASDAQ Global Select Market on February 27, 2014 was $252.54 per share.

Investing in the notes involves a high degree of risk. See Risk Factors beginning on page S-11 of this prospectus supplement and page 6 of the accompanying prospectus for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per 2019 Note	Total	Per 2021 Note	Total
Public offering price(1)	$ 1,000.00	$ 800,000,000	$ 1,000.00	$ 1,200,000,000
Underwriting discounts and commissions(2)	$ 15.00	$ 12,000,000	$ 15.00	$ 18,000,000
Proceeds, before offering expenses, to us	$ 985.00	$ 788,000,000	$ 985.00	$ 1,182,000,000

(1) Plus accrued interest, if any, from March 5, 2014.
(2) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See Underwriting.

We have granted the underwriters options to purchase, exercisable within a 30-day period beginning on, and including, the date of this prospectus supplement, up to an additional $120,000,000 principal amount of 2019 notes and up to an additional $180,000,000 principal amount of 2021 notes, in each case solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about March 5, 2014.

Goldman, Sachs & Co. **Morgan Stanley** **J.P. Morgan** **Deutsche Bank Securities**

Prospectus Supplement dated February 27, 2014

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Prospectus Supplement

Prospectus

Unless we have indicated otherwise, references in this prospectus supplement and the accompanying prospectus to Tesla, we, us, our and similar terms refer to Tesla Motors, Inc. and its subsidiaries.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate or complete as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information. You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of the notes offered by this prospectus supplement. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the notes offered by this prospectus supplement. This prospectus supplement, filed as part of the registration statement, does not contain all the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us, we refer you to the registration statement and to its exhibits and schedules.

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any materials we file at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the Public Reference Room. The SEC also maintains an internet website at www.sec.gov that contains periodic and current reports, proxy and information statements, and other information regarding registrants that are filed electronically with the SEC.

These documents are also available, free of charge, through the Investors section of our website, which is located at www.teslamotors.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information on our website to be part of this prospectus supplement or the accompanying prospectus.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus, may include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this prospectus supplement and the accompanying prospectus, including statements relating profitability and free cash and cost reduction efforts; statements relating to the progress we are making with respect to product development (including Model X and our third generation car), China and right hand drive market launch expectations, schedule for the introduction of future options and variants, quality improvements, delivery and volume expectations of Model S; the ability to achieve vehicle demand, volume, production, revenue, gross margin, spending, profitability and cash flow targets; future store, service center and Tesla Supercharger expected costs, openings and expansion plans, and Tesla Gigafactory development plans, production capacity, cost savings, costs and timeline are forward-looking statements that are subject to risks and uncertainties. These forward-looking statements are based on management s current expectations, and as a result of certain risks and uncertainties actual results may differ materially from those projected. These forward-looking statements are based on management s current expectations, and as a result of certain risks and uncertainties, actual results may differ materially from those projected. The following important factors, without limitation, could cause actual results to differ materially from those in the forward-looking statements: our future success depends on our ability to design and achieve market acceptance of new vehicle models, specifically Model X and Gen III; the risk of delays in the manufacture, production and delivery ramp of Model S vehicles; the ability of suppliers to meet quality and part delivery expectations at increasing volumes; our ability to continue to reduce or control manufacturing and other costs; consumers willingness to adopt electric vehicles; competition in the automotive market generally and the alternative fuel vehicle market in particular; our ability to establish, maintain and strengthen the Tesla brand; our ability to manage future growth effectively as we rapidly grow, especially internationally; the unavailability, reduction or elimination of governmental and economic incentives for electric vehicles; our ability to establish, maintain and strengthen its relationships with strategic partners such as Daimler, Toyota and Panasonic; our ability to execute on its retail strategy and for new store, service center and Tesla Supercharger openings; and difficulties in finding a suitable Tesla Gigafactory site, obtaining required permits, negotiating terms with technology and other partners, maintaining implementation schedules and output and cost estimates for the Tesla Gigafactory. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise, except as required by law.

More information on potential factors that could affect our financial results is included from time to time in our SEC filings and reports, including the risks identified under the section captioned Risk Factors in our periodic reports on Form 10-K and Form 10-Q that we file with the SEC. We disclaim any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. See Where You Can Find More Information.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary sets forth the material terms of this offering, but does not contain all of the information you should consider before investing in our notes. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision to purchase our notes, especially the risks of investing in our notes discussed in the section entitled Risk Factors in this prospectus supplement as well as the consolidated financial statements and notes to those consolidated financial statements incorporated by reference into this prospectus supplement and the accompanying prospectus.

TESLA MOTORS, INC.

Overview

We design, develop, manufacture and sell high-performance fully electric vehicles and advanced electric vehicle powertrain components. We have established our own network of sales and service centers and Supercharger stations globally thus creating a unique business model in the automobile industry. We have operationally structured our business in a manner that we believe will enable us to rapidly develop and launch advanced electric vehicles and technologies. We believe our vehicles, electric vehicle engineering expertise, and operational structure differentiates us from incumbent automobile manufacturers.

We are currently producing and selling our second vehicle, the Model S sedan. Model S is a four door, five-passenger premium sedan that offers exceptional performance, functionality and attractive styling. The Model S inherited many of the electric powertrain innovations we introduced with our first vehicle, the Tesla Roadster which was launched in 2008 and was the first commercially produced and federally compliant EV in the United States. We completed production of approximately 2,500 Tesla Roadsters in January 2012 and began deliveries of Model S in June 2012. As of December 31, 2013, we have delivered over 25,000 Model S vehicles in North America and Europe. In 2014, we expect to grow our presence in several international markets with deliveries to commence in China, Japan, the United Kingdom and Australia. Since its launch, Model S has won several awards, including the prestigious *Motor Trend* Car of the Year for 2013. In November 2013, Model S received 99 out of 100 in an owner survey conducted by *Consumer Reports*, the highest customer satisfaction score of any car in the world. Our goal is to deliver the highest possible level of ownership satisfaction in every way.

We are adapting the platform architecture of Model S to develop our Model X crossover. This unique vehicle has been designed to fill the niche between the roominess of a minivan and the style of an SUV, while having high performance features such as a dual motor all-wheel drive system. We revealed a prototype of Model X in February 2012. We currently expect to have production design Model X prototypes on the road by end of year and begin volume deliveries to customers in the spring of 2015. We have also publicly announced our intent to develop a third generation electric vehicle, to which we refer as Gen III , which we intend to offer at a lower price point and produce at higher volumes than our Model S in approximately three years.

We are also building a network of Superchargers in the United States and Europe to enable free and convenient long distance driving. Superchargers allow Model S owners to replenish 50% of the battery pack in as little as 20 minutes. Supercharger stations are strategically placed along welltravelled highways to allow Model S owners to enjoy long distance travel with convenient, minimal stops. As of February 19, 2014, we had 90 Supercharger stations open in North America and Europe. We plan to continue to open Supercharger stations in these regions as well as in Asia during 2014 and expect to triple our Supercharger stations during 2014. We expect that Model X and our future cars will be able to use this network.

We sell and service our electric vehicles through our company-owned sales and service network in North America, Europe and Asia. Our intent is to offer a compelling customer experience while gathering rapid customer feedback and achieving operating efficiencies, better control over the costs of inventory, warranty service, pricing, and the development of the Tesla brand. Our Tesla stores do not carry large vehicle inventories and, as a result, do not require corresponding large floor spaces. We believe the benefits we receive from distribution ownership will enable us to improve the speed of product development and improve the capital efficiency of our business. We believe that this approach provides us with a competitive advantage as compared to incumbent automobile manufacturers.

In addition to developing our own vehicles, we provide services for the development of full electric powertrain systems and components, and sell electric powertrain components to other automotive manufacturers. We have provided development services and powertrain components to Daimler AG (Daimler) for its Smart fortwo, A-Class, and B-Class electric vehicles. We also have developed a full electric powertrain system for Toyota Motor Corporation (Toyota) for use in its RAV4 EV and began shipping production components to Toyota in 2012. We also plan to start selling stationary energy storage products for use in homes, commercial sites, and utilities. The applications for these battery systems include backup power, peak demand reduction, demand response, and wholesale electric market services.

We conduct our powertrain and vehicle manufacturing and assembly operations at the Tesla Factory, our integrated manufacturing facility in Fremont, California, and at our facility in Tilburg, Netherlands. We have recently indicated our intention to build the Tesla Gigafactory, a facility in the United States where we intend to manufacture cells and battery packs for our vehicles and our stationary storage applications.

We were incorporated in 2003 in Delaware. As of December 31, 2013, we had 5,859 full-time employees worldwide. We are headquartered in Palo Alto, California. Our principal executive offices are located at 3500 Deer Creek Road, Palo Alto, California 94304, and our telephone number at this location is (650) 681-5000. We completed our initial public offering in July 2010 and our common stock is listed on the Nasdaq Global Select Market under the symbol TSLA. Our website address is *www.teslamotors.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information on our website to be part of this prospectus supplement or the accompanying prospectus.

The Tesla design logo, Tesla, Tesla Motors, Tesla Roadster, Model S, Model X and other trademarks or service marks of Tesla appearing prospectus supplement and the accompanying prospectus are the property of Tesla.

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THE OFFERING

Issuer	Tesla Motors, Inc., a Delaware corporation
Securities	$800,000,000 aggregate principal amount of 0.25% Convertible Senior Notes due 2019 (plus up to an additional $120,000,000 principal amount of additional 2019 notes that our underwriters have the option to acquire from us).
	$1,200,000,000 aggregate principal amount of 1.25% Convertible Senior Notes due 2021 (plus up to an additional $180,000,000 principal amount of additional 2021 notes that our underwriters have the option to acquire from us).
Issue price	100% plus accrued interest, if any, from March 5, 2014.
Maturity	The 2019 notes will mature on March 1, 2019, unless earlier purchased or converted.
	The 2021 notes will mature on March 1, 2021, unless earlier purchased or converted.
Interest	The 2019 notes will bear interest at a rate of 0.25% per year. The 2021 notes will bear interest at a rate of 1.25% per year.
	Interest will accrue from March 5, 2014 and will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2014.
	We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Description of Notes Events of Default .
Conversion rights	Holders may convert their notes at their option prior to the close of business on the business day immediately preceding December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) in multiples of $1,000 principal amount, only under the following circumstances:

during any calendar quarter commencing after the calendar quarter ending on June 30, 2014 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for such series of notes on each applicable trading day;

during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price (as defined under Description of Notes Conversion Rights Conversion upon Satisfaction of Trading Price Condition) per $1,000 principal amount of such series of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day; or

upon the occurrence of specified corporate events described under Description of Notes Conversion Rights Conversion upon Specified Corporate Events .

On or after December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) until the close of business on the second scheduled trading day immediately preceding the applicable maturity date, holders may convert their notes, in multiples of $1,000 principal amount, at the option of the holder.

The conversion rate for the 2019 notes is initially 2.7788 shares per $1,000 principal amount of 2019 notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rate for the 2021 notes is initially 2.7788 shares per $1,000 principal amount of 2021 notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rates will be subject to adjustment as described in this prospectus supplement.

Upon conversion of a 2019 note, we will satisfy our conversion obligation by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election (as described herein). If we elect to satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of our

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	common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each VWAP trading day (as described herein) in a 20 consecutive VWAP trading day observation period (as described herein). See Description of Notes Conversion Rights Settlement upon Conversion 2019 Notes .
	Upon conversion of a 2021 note, we will deliver cash and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) based on a daily conversion value (as described herein) for each VWAP trading day (as described herein) in a 20 consecutive VWAP trading day observation period (as described herein). See Description of Notes Conversion Rights Settlement upon Conversion 2021 Notes .
	In addition, following certain corporate events that occur prior to the applicable maturity date, we will increase the applicable conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances, as described under Description of Notes Conversion Rights Adjustment to Conversion Rate upon Conversion in Connection with a Make-Whole Fundamental Change .
	You will not receive any additional cash payment or additional shares representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances described under Description of Notes Conversion Rights General . Instead, interest will be deemed to be paid in full by the cash paid and, if applicable, shares of our common stock issued to the converting holder upon conversion.
No redemption	We may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes, which means that we are not required to retire the notes periodically.
Fundamental change	If we undergo a fundamental change (as defined in this prospectus supplement under Description of Notes Fundamental Change Permits Holders to Require Us to Purchase

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Notes), subject to certain conditions, holders may require us to purchase for cash all or part of their notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change purchase price will be equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest to, but not including, the fundamental change purchase date. See Description of Notes Fundamental Change Permits Holders to Require Us to Purchase Notes .

Ranking

The notes will be our senior unsecured obligations and will:

- rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes;
- rank equally in right of payment with any of our unsecured indebtedness that is not so subordinated, including our 1.50% Convertible Senior Notes due 2018;
- be effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- be structurally subordinated to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

As of December 31, 2013, on an as adjusted basis after giving effect to this offering, we would have had approximately $2,660.0 million in outstanding indebtedness (which amount reflects the face amount of the notes as well as the face value of our outstanding 1.50% Convertible Senior Notes due 2018).

The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.

Events of default

Except as described under Description of the Notes Events of Default, if an event of default on any series of notes occurs, the principal amount of such series of notes plus accrued and unpaid interest may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving Tesla Motors, Inc.

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Book-entry form	The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a public market for the notes	The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
NASDAQ Global Select Market symbol for our common stock	Our common stock is listed on the NASDAQ Global Select Market under the symbol TSLA .
Trustee, paying agent and conversion agent	U.S. Bank National Association.
Convertible note hedge and warrant transactions	In connection with the pricing of the notes, we intend to enter into privately negotiated convertible note hedge transactions with one or more of the underwriters or their respective affiliates or other financial institutions (hedge counterparties). The convertible note hedge transactions will cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that will initially underlie the 2019 notes and the 2021 notes. We also intend to enter into warrant transactions with the hedge counterparties relating to the same number of shares of our common stock, with a strike price of $512.6562, with respect to the warrants relating to the 2019 notes and a strike price of $560.6388, with respect to the warrants relating to the 2021 notes, in each case subject to customary anti-dilution adjustments.
	The convertible note hedge transactions are expected to reduce potential dilution to our

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common stock and/or offset potential cash payments we are required to make in excess of the principal amount upon any conversion of notes. However, the warrant transactions could separately have a dilutive effect to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants on the applicable expiration dates.

If the underwriters exercise their option to purchase additional notes, we may enter into additional convertible note hedge and warrant transactions.

Use of proceeds

We estimate that the net proceeds from this offering will be approximately $1,968.9 million (or approximately $2,264.4 million if the underwriters exercise their options to purchase additional notes of both series in full), after deducting underwriters discounts and commissions and estimated offering expenses payable by us.

We intend to use approximately $186.3 million of the net proceeds from this offering to pay the cost of the convertible note hedge transactions entered into in connection with this offering (after such cost is partially offset by the proceeds to us from the sale of the warrant transactions described in Description of Convertible Note Hedge and Warrant Transactions). We intend to use the remaining net proceeds to accelerate the growth of our business in the U.S. and internationally, for the development and production of the Gen III mass market vehicle, the development of the Tesla Gigafactory and other general corporate purposes. See Use of Proceeds .

If the underwriters exercise their options to purchase additional notes, we may sell additional warrants and use a portion of the net proceeds from the sale of the additional notes, together with the proceeds from the additional warrants, to enter into additional convertible note hedge transactions and for general corporate purposes.

Risk factors

See Risk Factors beginning on page S-11 and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before investing in the notes.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations data for the years ended December 31, 2011, 2012 and 2013 are derived from our audited consolidated financial statements that are incorporated by reference into this prospectus supplement. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and the related notes included in our annual report which is incorporated by reference into this prospectus supplement.

	Year Ended December 31,		
	2011	2012	2013
	(in thousands, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenues:			
Automotive sales	$ 148,568	$ 385,699	$ 1,997,786
Development services	55,674	27,557	15,710
Total revenues	204,242	413,256	2,013,496
Cost of revenues (1):			
Automotive sales	115,482	371,658	1,543,878
Development services	27,165	11,531	13,356
Total cost of revenues	142,647	383,189	1,557,234
Gross profit	61,595	30,067	456,262
Operating expenses (1):			
Research and development	208,981	273,978	231,976
Selling, general and administrative	104,102	150,372	285,569
Total operating expenses	313,083	424,350	517,545
Loss from operations	(251,488)	(394,283)	(61,283)
Interest income	255	288	189
Interest expense	(43)	(254)	(32,934)
Other income (expense), net	(2,646)	(1,828)	22,602
Loss before income taxes	(253,922)	(396,077)	(71,426)
Provision for income taxes	489	136	2,588
Net loss	$ (254,411)	$ (396,213)	$ (74,014)
Net loss per share of common stock, basic and diluted (2)	$ (2.53)	$ (3.69)	$ (0.62)
Weighted average shares used in computing net loss per share of common stock, basic and diluted (2)	100,388,815	107,349,188	119,421,414

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

	Year Ended December 31,		
	2011	2012	2013
	(in thousands)		
Cost of sales	$ 670	$ 2,194	$ 9,071
Research and development	13,377	26,580	35,494

Selling, general and administrative	15,372	21,371	39,090
Total	$ 29,419	$ 50,145	$ 83,655

(2) Our basic and diluted net loss per share of common stock is calculated by dividing net loss by the weighted-average number of shares of common stock outstanding for the period. 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.

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Potential shares of common stock consist of stock options to purchase shares of our common stock, the conversion of our 1.50% Convertible Senior Notes due 2018 (using the treasury stock method), warrants to purchase shares of our convertible preferred stock (using the treasury stock method), warrants to purchase shares of our common stock issued in connection with our 1.50% Convertible Senior Notes due 2018 (using the treasury stock method) and the conversion of our convertible preferred stock (using the if-converted method). For purposes of 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.

	As of December 31, 2013 Actual (in thousands)
Consolidated Balance Sheet Data:	
Cash and cash equivalents	$ 845,889
Restricted cash (1)	9,447
Property, plant and equipment, net	738,494
Working capital	590,779
Total assets	2,416,930
Capital lease obligations, less current portion	12,855
1.50% Convertible Senior Notes due 2018, less current portion	586,119
Total stockholders equity	667,120

(1) Restricted cash includes security deposits held by vendors as part of the vendors standard credit policies, security deposits related to lease agreements and equipment financing, and certain refundable reservation payments segregated in accordance with state consumer protection regulations.

The ratio of earnings to fixed charges for each of the periods indicated is as follows.

			Fiscal Year Ended		
	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013 (2)
Ratio of earnings to fixed charges (1)					

(1) For the purpose of calculating such ratios, earnings consist of income from continuing operations before income taxes plus fixed charges and fixed charges consist of interest expense (net of capitalized portion), capitalized interest, amortization of debt discount and the portion of rental expense representative of interest expense. Earnings were inadequate to cover the fixed charges by approximately $55.7 million, $155.0 million, $259.0 million, $403.3 million and $73.5 million for the years ended December 31, 2009, 2010, 2011, 2012 and 2013, respectively.

(2) Earnings to fixed charges is calculated as follows for the fiscal year ended December 31, 2013:

	Year Ended December 31, 2013
Earnings:	
Loss before income taxes	$ (71,426)
Add: Fixed charges	43,614
Add: Amortization of capitalized interest	1,406
Subtract: Capitalized interest	(3,501)
Total losses	$ (29,907)
Fixed charges:	
Interest expense	$ 32,934
Capitalized interest	3,501
Interest factor in rental expense (a)	7,179

Total fixed charges	$	43,614
Ratio of earnings to fixed charges		

(a) Interest calculated using an assumed interest factor of 33% of rental expense.

RISK FACTORS

Investing in our notes involves a high degree of risk. In addition to the other information contained in this prospectus supplement, the accompanying prospectus and in documents that we incorporate by reference, you should carefully consider the risks discussed below and in Part I, Item 1A, Risk Factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, together with the other information set forth in this prospectus supplement before making a decision about investing in our securities. The risks and uncertainties discussed below and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 are not the only ones facing us. Additional risks and uncertainties not presently known to us, or that we currently see as immaterial, may also harm our business. If any of these risks occur, our business, financial condition and operating results could be harmed, the trading price of our notes and our common stock could decline and you could lose part or all of your investment.

Risks Related to the Ownership of our Notes and our Common Stock

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our 1.50% Convertible Senior Notes due 2018 and the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors, some of which are beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under the notes and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the notes or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the notes or future indebtedness.

We may still incur substantially more debt or take other actions which would intensify the risks discussed above.

We and our subsidiaries may be able to incur substantial additional debt in the future. We will not be restricted under the terms of the indenture governing the notes from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions that are not limited by the terms of the indenture governing the notes that could have the effect of diminishing our ability to make payments on the notes when due.

The notes will be effectively junior to any secured debt we may incur and structurally subordinated to any liabilities of our subsidiaries.

The notes are our unsecured obligations exclusively and are not guaranteed by any of our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, the indenture for the notes does not restrict us or our subsidiaries from incurring additional debt or other liabilities. Accordingly, the notes will rank senior in right of payment to any future indebtedness we may incur that is expressly subordinated in right of payment to the notes, will rank equally in right of payment with any of our liabilities that are not so subordinated, will be effectively junior in right of payment to any secured indebtedness to the extent of the value of the assets securing

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such indebtedness and will be structurally subordinated to any indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure any of our debt will be available to pay obligations on the notes only after such secured debt has been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the notes then outstanding.

Our right to receive assets from any of our subsidiaries upon its liquidation or reorganization, and the right of holders of the notes to participate in those assets, is structurally subordinated to claims of that subsidiary s creditors, including trade creditors. Even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by us. Furthermore, none of or subsidiaries will be under any obligation to make payments to us, and any payments to us would depend on the earnings or financial condition of our subsidiaries and various business considerations. Statutory, contractual or other restrictions may also limit our subsidiaries ability to pay dividends or make distributions, loans or advances to us. For these reasons, we may not have access to any assets or cash flows of our subsidiaries to make payments on the notes.

As of December 31, 2013, on an as adjusted basis after giving effect to this offering, we would have had approximately $2,660.0 million in outstanding indebtedness (which amount reflects the face amount of the notes as well as the face value of our outstanding 1.50% Convertible Senior Notes due 2018).

The notes are not protected by restrictive covenants.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payments of dividends, the making of investments, the incurrence of indebtedness or the issuance purchase or prepayment of securities by us or any of our subsidiaries. In addition, the limited covenants applicable to the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. The indenture contains no covenants or other provisions to afford protection to holders of the notes in the event of a fundamental change or other corporate transaction involving us except to the extent described under Description of Notes Fundamental Change Permits Holders to Require Us to Purchase Notes , Description of Notes Conversion Rights Adjustment to Conversion Rate upon Conversion in Connection with a Make-Whole Fundamental Change and Description of Notes Consolidation, Merger and Sale of Assets . For these reasons, you should not consider the repurchase feature of the notes as a significant factor in evaluating whether to invest in the notes.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due, and require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to purchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to purchase your notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of other transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to purchase the notes. In the event of any such transaction, the holders would not have the right to require us to purchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes.

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We may not have the ability to raise the funds necessary to settle conversions of the notes or to purchase the notes upon a fundamental change.

Holders of the notes will have the right to require us to purchase their notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change purchase date, as described under Description of Notes Fundamental Change Permits Holders to Require Us to Purchase Notes . In addition, upon conversion of the 2021 notes and, unless we elect to deliver solely shares of our common stock, the 2019 notes, we will be required to make cash payments in respect of the notes being converted as described under Description of Notes Conversion Rights Settlement upon Conversion . However, we may not have enough available cash or be able to obtain financing at the time we are required to make purchases of notes surrendered therefor or notes being converted. In addition, our ability to purchase the notes or to pay cash upon conversions of the notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to purchase notes at a time when the purchase is required by the indenture or to pay cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the notes or make cash payments upon conversions thereof.

The conditional conversion feature of the notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option. See Description of Notes Conversion Rights . If one or more holders elect to convert their notes, we may elect to settle all or a portion of our conversion obligation through the payment of cash in the case of the 2019 notes, and we would be required to settle a portion of our conversion obligation through the payment of cash in the case of the 2021 notes, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the notes may dilute the ownership interest of existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our common stock.

The conversion of some or all of the notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of the notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

The conditional conversion feature of the notes could result in your receiving less than the value of our common stock into which the notes would otherwise be convertible.

Prior to the close of business on the business day immediately preceding December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes), you may convert your notes only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the cash and/or shares of our common stock in the case of the 2019 notes, and the value of the cash and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) in the case of the 2021 notes, in each case into which the notes would otherwise be convertible.

Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your conversion right but before we settle our conversion obligation.

Under the notes, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders notes for conversion until the date we settle our conversion obligation.

Upon conversion of the 2019 notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock to satisfy our conversion obligation. If we elect to satisfy our conversion obligation in cash or a combination of cash and shares of our common stock, the amount of consideration that you will receive upon conversion of your notes will be determined by reference to the volume weighted average prices of our common stock for each VWAP trading day in a 20 VWAP trading day observation period. We will deliver the consideration due in respect of conversion on the third business day immediately following the relevant conversion date if we elect to deliver solely shares of our common stock or the third business day immediately following the end of the applicable observation period if we elect to pay solely cash or pay and deliver a combination of cash and shares of our common stock. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected.

Upon conversion of the 2021 notes, the amount of consideration that you will receive upon conversion of your 2021 notes will be determined by reference to the volume weighted average prices of our common stock for each VWAP trading day in a 20 VWAP trading day observation period. Although the number of shares (if any) that you receive upon conversion of your 2021 notes with respect to any VWAP trading day during the observation period will be determined based on the volume weighted average price of our common stock on such VWAP trading day, we will not deliver such shares until the third business day following the end of the applicable observation period. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected.

The adjustment to the conversion rates for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost option value of your notes as a result of such transaction.

If a make-whole fundamental change occurs prior to the applicable maturity date for a series of notes, under certain circumstances, we will increase the applicable conversion rate by a number of additional shares of our common stock for notes converted in connection with such make-whole fundamental change. The increase in the applicable conversion rate will be determined based on the date on which the specified corporate transaction becomes effective and the price paid (or deemed to be paid) per share of our common stock in such transaction, as described below under Description of Notes Conversion Rights Adjustment to Conversion Rate upon Conversion in Connection with a Make-Whole Fundamental Change . The adjustment to the applicable conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate you for any lost option value of your notes as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than $900.00 per share or less than $252.54 per share, in the case of the 2019 notes, or greater than $900.00 per share or less than $252.54 per share, in the case of the 2021 notes (in each case, subject to adjustment), no adjustment will be made to the

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applicable conversion rate. Moreover, in no event will the conversion rate per $1,000 principal amount of 2019 notes as a result of this adjustment exceed 3.9597 or the conversion rate per $1,000 principal amount of 2021 notes as a result of this adjustment exceed 3.9597, in each case subject to adjustments in the same manner as the conversion rate as set forth under Description of Notes Conversion Rights Conversion Rate Adjustments .

Our obligation to increase the conversion rates upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

The fundamental change repurchase feature of the notes may delay or prevent an otherwise beneficial attempt to take over our company.

The terms of the notes require us to repurchase the notes in the event of a fundamental change. A takeover of our company would trigger an option of the holders of the notes to require us to repurchase the notes. This may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to investors in the notes. See Description of Notes Fundamental Change Permits Holders to Require Us to Purchase Notes.

The conversion rates of the notes may not be adjusted for all dilutive events.

The conversion rate of each series of notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on our common stock, the issuance of certain rights or warrants to holders of our common stock, subdivisions or combinations of our common stock, distributions of capital stock, indebtedness, or assets to holders of our common stock, cash dividends and certain issuer tender or exchange offers as described under Description of Notes Conversion Rights Conversion Rate Adjustments . However, the conversion rate of each series of notes will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash or in connection with an acquisition, that may adversely affect the trading price of the notes or our common stock. We are not restricted from issuing additional common stock during the term of the notes and have no obligation to consider the interests of holders of the notes in deciding whether to issue common stock. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the applicable conversion rate.

Recent regulatory actions may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the convertible notes and dynamically adjusting their short position while they hold the notes. Investors may also implement this strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock. As a result, any specific rules regulating equity swaps or short selling of securities or other governmental action that interferes with the ability of market participants to effect short sales or equity swaps with respect to our common stock could adversely affect the ability of investors in, or potential purchasers of, the notes to conduct the convertible arbitrage strategy that we believe they will employ, or seek to employ, with respect to the notes. This could, in turn, adversely affect the trading price and liquidity of the notes.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and may adopt additional rules in the future that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, which generally restricts short selling when the price of a covered security triggers a circuit breaker by falling 10% or more from the security s closing price as of the end of regular trading

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hours on the prior day, the adoption by the Financial Industry Regulatory Authority, Inc. (FINRA) and the national securities exchanges of a Limit Up-Limit Down mechanism, which prevents trades in individual listed equity securities from occurring outside of specific price bands during regular trading hours, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes, to effect short sales of our common stock, borrow our common stock, or enter into swaps on our common stock could adversely affect the trading price and liquidity of the notes.

The convertible note hedge and warrant transactions may affect the value of the notes and our common stock.

In connection with the pricing of the notes, we intend to enter into convertible note hedge transactions with the hedge counterparties. The convertible note hedge transactions cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that will initially underlie the notes. The convertible note hedge transactions are expected to reduce the potential dilution and/or offset potential cash payments we are required to make in excess of the principal amount upon conversion of the notes. We also intend to enter into warrant transactions with the hedge counterparties relating to the same number of shares of our common stock, subject to customary anti-dilution adjustments. However, the warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants on the applicable expiration dates. If the underwriters exercise one or both of their options to purchase additional notes, we may enter into additional convertible note hedge transactions and additional warrant transactions.

In connection with establishing their initial hedge of the convertible note hedge and warrant transactions, the hedge counterparties or their affiliates expect to enter into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the notes, including with certain investors in the notes. This activity could increase (or reduce the size of any decrease in) the market price of our common stock or the notes at that time.

In addition, the hedge counterparties or their affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any observation period related to a conversion of notes). This activity could also cause or prevent an increase or a decrease in the market price of our common stock or the notes, which could affect your ability to convert the notes and, to the extent the activity occurs during any observation period related to a conversion of notes, it could affect the amount and value of the consideration that you will receive upon conversion of the notes.

In addition, if any such convertible note hedge and warrant transactions fail to become effective, whether or not this offering of notes is completed, the hedge counterparties (or their affiliates) may unwind their hedge positions with respect to our common stock, which could adversely affect the price of our common stock and the value of the notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the notes or the shares of our common stock. In addition, we do not make any representation that the hedge counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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Volatility in the market price and trading volume of our common stock could adversely impact the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in the accompanying prospectus, this prospectus supplement or the documents we have incorporated by reference in the accompanying prospectus and this prospectus supplement or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would likely adversely impact the trading price of the notes. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading prices of the notes. Holders who receive common stock upon conversion of the notes will also be subject to the risk of volatility and depressed prices of our common stock.

The ability of holders of the notes to convert the notes prior to the close of business on the business day immediately preceding December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) is conditioned on, among other events, the closing price of our common stock reaching and maintaining a closing price no less than a specified threshold for a given period of time, the trading price of the notes falling below a certain level or the occurrence of specified corporate events or distributions. If the closing price threshold is not satisfied, the trading price of the notes does not fall below the relevant threshold and none of the specified distributions or corporate events that would permit a holder to convert occurs, holders would not be able to convert notes except during the period on and after December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) and prior to the applicable maturity date.

Future sales of our common stock in the public market could lower the market price for our common stock and adversely impact the trading price of the notes.

In the future, we may sell additional shares of our common stock to raise capital. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sale of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

The accounting method for convertible debt securities that may be settled in cash, such as the notes, may have a material effect on our reported financial results.

Under Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer s economic interest cost. The effect of ASC 470-20 on the accounting for the notes is that the equity component is required to be included in the additional paid-in capital section of stockholders equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the

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discounted carrying value of the notes to their face amount over the term of the notes. We will report lower net income (or greater net loss) in our financial results because ASC 470-20 requires interest to include both the current period s amortization of the debt discount and the instrument s coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the notes.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes) only under certain circumstances. For example, holders may convert their notes at their option during any quarter commencing after the quarter ending June 30, 2014 (and only during such quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price for such series of notes on each applicable trading day. If the notes become convertible prior to December 1, 2018 (in the case of the 2019 notes) or December 1, 2020 (in the case of the 2021 notes), we would be required to reclassify our notes and the related debt issuance costs as current liabilities and certain portions of our equity outside of equity to mezzanine equity, which would have an adverse impact on our reported financial results for such quarter, and could have an adverse impact on the market price of our common stock and the trading price of the notes.

In addition, convertible debt instruments (such as the notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method if we have the ability and intent to settle in cash, the effect of which is that the shares issuable upon conversion of the notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that we will be able to continue to demonstrate the ability or intent to settle in cash or that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the notes, then our diluted earnings per share would be adversely affected.

Holders of notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them.

Holders of notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock) prior to:

- the conversion date relating to such notes in the case of the 2019 notes if we have elected physical settlement; and
- the last VWAP trading day of the applicable observation period in the case of the 2019 notes if we have selected combination settlement and in the case of the 2021 notes;

but to the extent the conversion consideration includes shares of our common stock, holders of notes will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date related to a holder s conversion of 2019 notes if we have elected physical settlement or the last VWAP trading day of the applicable observation period related to a holder s conversion of 2019 notes if we have elected combination settlement or 2021 notes, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our common stock.

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We cannot assure you that an active trading market will develop for the notes.

Prior to this offering, there has been no trading market for the notes, and we do not intend to apply to list the notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. We have been informed by the underwriters that they intend to make a market in the notes after the offering is completed. However, the underwriters may cease their market-making at any time without notice. If the underwriters cease to act as market makers for the notes, we cannot assure you that another firm or person will make a market in the notes. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop for the notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price.

Any adverse rating of the notes may cause their trading price to fall.

We do not intend to seek a rating on the notes. However, if a rating service were to rate the notes and if such rating service were to lower its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

You may be subject to tax if we make or fail to make certain adjustments to the applicable conversion rate of the notes even though you do not receive a corresponding cash distribution.

The conversion rate of each series of the notes is subject to adjustment in certain circumstances, including the payment of cash dividends. If the applicable conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the applicable conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs on or prior to the maturity date, under some circumstances, we will increase the applicable conversion rate for notes converted in connection with the make-whole fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See Material U.S. Federal Income Tax Considerations . If you are a non-United States holder (as defined in Material U.S. Federal Income Tax Considerations), any deemed dividend would be subject to U.S. federal withholding tax at a 30% rate, or such lower rate as may be specified by an applicable treaty, which may be set off against subsequent payments on the notes. See Material U.S. Federal Income Tax Considerations .

The trading price of our common stock is likely to continue to be volatile.

Our shares of common stock began trading on the Nasdaq Global Select Market on June 29, 2010 and, therefore, the trading history for our common stock has been limited. In addition, the trading price of our 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 our control. Our common stock has experienced an intra-day trading high of $265.00 per share and a low of $34.25 per share over the last 52 weeks.

In addition, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors

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may seriously affect the market price of companies stock, including ours, regardless of actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock during the period following a securities offering. 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 shareholder litigation like this has recently been instituted against us. While we do not believe that it has merit, this litigation or others like it could result in substantial costs and a diversion of our management s attention and resources.

A substantial portion of our total outstanding shares are held by a small number of insiders and investors and may be sold 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 in the future, and the perception that these sales could occur may also depress the market price of our common stock. Stockholders owning a substantial portion of our total outstanding shares are 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 have registered shares previously issued or reserved for future issuance under our equity compensation plans and agreements, a portion of which are related to outstanding option awards. Subject to the satisfaction of applicable exercise periods and, in certain cases, lock-up agreements, 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 to sell shares of our common stock.

Mr. Musk borrowed funds from affiliates of certain underwriters in our public offerings and/or private placements in 2011 and 2013 and has pledged shares of our common stock to secure these borrowings. The forced sale of these shares pursuant to a margin call could cause our stock price to decline and negatively impact our business.

Beginning in June 2011, Goldman Sachs Bank USA, an affiliate of Goldman, Sachs & Co., has made extensions of credit in the aggregate amount of $275 million to Elon Musk and the Elon Musk Revocable Trust dated July 22, 2003, or the Trust, a portion of which Mr. Musk used to purchase shares of common stock in our public offering in May 2013 and private placements in June 2011 and June 2013. Interest on the loan accrues at market rates. Goldman Sachs Bank USA received customary fees and expense reimbursements in connection with these loans. As a regulated entity, Goldman Sachs Bank USA makes decisions regarding making and managing its loans independent of Goldman, Sachs & Co. Mr. Musk and Goldman have a long-standing relationship of almost a decade. In addition, Morgan Stanley Smith Barney LLC, an affiliate of Morgan Stanley & Co. LLC, has made a loan to Mr. Musk in the aggregate amount of $25 million. Interest on this loan accrues at market rates. Morgan Stanley Smith Barney LLC received customary fees and expense reimbursements in connection with this loan.

We are not a party to these loans, which are full recourse against Mr. Musk and the Trust and are secured by pledges of a portion of our common stock currently owned by Mr. Musk and the Trust and other shares of capital stock of unrelated entities owned by Mr. Musk and the Trust. The terms of these loans were negotiated directly between Mr. Musk and Goldman Sachs Bank USA and Morgan Stanley Smith Barney LLC.

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If the price of our common stock declines, Mr. Musk may be forced by Goldman Sachs Bank USA and/or Morgan Stanley Smith Barney LLC to provide additional collateral for the loans or to sell shares of our common stock in order to remain within the margin limitations imposed under the terms of his loans. The loans between Goldman Sachs Bank USA and Morgan Stanley Smith Barney LLC on the one hand, and Mr. Musk and the Trust on the other hand, prohibit the non-pledged shares currently owned by Mr. Musk and the Trust from being pledged to secure any other loans. These factors may limit Mr. Musk s ability to either pledge additional shares of our common stock or sell shares of our common stock as a means to avoid or satisfy a margin call with respect to his pledged common stock in the event of a decline in our stock price that is large enough to trigger a margin call. Any sales of common stock following a margin call that is not satisfied may cause the price of our common stock to decline further.

Concentration of ownership among our existing executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions.

As of December 31, 2013, our executive officers, directors and their affiliates beneficially owned, in the aggregate, approximately 28.4% of our outstanding shares of common stock. In particular, Elon Musk, our Chief Executive Officer, Product Architect and Chairman of our Board of Directors, beneficially owned approximately 27.0% of our outstanding shares of common stock as of December 31, 2013. As a result, these stockholders will be able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

If an unauthorized e-mail message sent by an employee of one of the underwriters in this offering were held to violate the Securities Act, we could suffer monetary or other damages.

During the marketing period of this offering, a sales employee of an affiliate of J.P. Morgan Securities LLC, one of the underwriters for this offering, distributed an unauthorized e-mail to a limited number of accounts. This e-mail did not specifically reference this offering. We were not involved in any way in the preparation or distribution of such e-mail, we had no knowledge of such e-mail until after it was sent, and the e-mail does not reflect our views or those of our underwriters. We and the underwriters participating in this offering disclaim all responsibility for the content of the e-mail.

J.P. Morgan Securities LLC has informed us that each of the prospective investors who received such e-mail has been notified that it should be disregarded. Although efforts have been taken to ensure that the recipients of such e-mail do not purchase notes from the underwriters in this offering, there can be no guarantee that these efforts will be entirely successful. Anyone in receipt of the e-mail message or any of its contents is advised to disregard any information therein. We do not believe that we will be subject to any liability and J.P. Morgan Securities LLC has additionally agreed to indemnify us for losses that we may incur as a result of the distribution of the unauthorized e-mail. However, it is possible that this event could be deemed to constitute a violation of the Securities Act in which case we could suffer monetary or other damages.

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USE OF PROCEEDS

We estimate that our net proceeds from the sale of the notes in this offering will be approximately $1,968.9 million, after deducting underwriting discounts and commissions and estimated offering expenses that we must pay. If the underwriters options to purchase additional notes of both series in this offering are exercised in full, we estimate that our net proceeds in this offering will be approximately $2,264.4 million, after deducting underwriting discounts and commissions and estimated offering expenses that we must pay.

We intend to use approximately $186.3 million of the net proceeds from these this offering to pay the cost of the convertible note hedge transactions entered into in connection with this offering (after such cost is partially offset by the proceeds to us from the warrant transactions described in Description of Convertible Note Hedge and Warrant Transactions).

We intend to use the remaining net proceeds to accelerate the growth of our business in the U.S. and internationally, for the development and production of the Gen III mass market vehicle, the development of the Tesla Gigafactory and other general corporate purposes. Pending use of the proceeds as described above, we intend to invest the proceeds in highly liquid cash equivalents or United States government securities.

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DESCRIPTION OF NOTES

We will issue the notes under the base indenture dated as of May 22, 2013 between Tesla Motors, Inc. and U.S. Bank National Association, as trustee (the trustee), as supplemented by a supplemental indenture relating to the 2019 notes and a supplemental indenture relating to the 2021 notes (the base indenture, as so supplemented, the indenture), each of which will be dated as of the date of initial issuance of the notes. You may request copies of the base indenture and the supplemental indentures from us as described under Information Incorporated By Reference .

This description of the notes supplements and, to the extent it is inconsistent, replaces the description of the general provisions of the notes and the base indenture in the accompanying prospectus. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The following description is a summary of the material provisions of the notes and the indenture and is not complete. This summary is subject to, and is qualified by reference to, all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the notes.

For purposes of this description, references to:

- we , our and us refer only to Tesla Motors, Inc. and not to its subsidiaries;
- open of business refers to 9:00 a.m., New York City time;
- close of business refers to 5:00 p.m., New York City time; and
- business day means any day other than a Saturday, a Sunday or other day on which banking institutions are authorized or required by law, regulation or executive order to close or be closed in the State of New York.

Unless the context otherwise requires, all references to interest in this prospectus supplement include additional interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Events of Default .

General

The notes will:

- be our general unsecured, senior obligations;
- in the case of the 2019 notes, initially be limited to an aggregate principal amount of $800,000,000 (or $920,000,000 if the underwriters option to purchase additional 2019 notes is exercised in full);
- in the case of the 2021 notes, initially be limited to an aggregate principal amount of $1,200,000,000 (or $1,380,000,000 if the underwriters option to purchase additional 2021 notes is exercised in full);
- bear cash interest from March 5, 2014 at an annual rate of 0.25%, in the case of the 2019 notes, or 1.25%, in the case of the 2021 notes, payable on March 1 and September 1 of each year, beginning on September 1, 2014;

not be redeemable prior to maturity;

be subject to purchase by us at the option of the holders following a fundamental change (as defined below under Fundamental Change Permits Holders to Require Us to Purchase

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Notes), at a purchase price equal to 100% of the principal amount of the notes to be purchased, plus accrued and unpaid interest to, but not including, the fundamental change purchase date;

mature on March 1, 2019, in the case of the 2019 notes, or March 1, 2021, in the case of the 2021 notes, unless earlier converted or purchased;

be issued in denominations of $1,000 and multiples of $1,000; and

be represented by one or more registered notes in global form, but in certain limited circumstances may be represented by notes in definitive form. See Book-Entry, Settlement and Clearance .

Subject to satisfaction of certain conditions and during the periods described below, the 2019 notes may be converted at an initial conversion rate of 2.7788 shares of common stock per $1,000 principal amount of 2019 notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock) and the 2021 notes may be converted at an initial conversion rate of 2.7788 shares of common stock per $1,000 principal amount of 2021 notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rates with respect to the 2019 notes and the 2021 notes are subject to adjustment if certain events occur.

We will settle conversions of 2019 notes by paying or delivering, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described under Conversion Rights Settlement upon Conversion . We will settle conversions of 2021 notes by delivering cash and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock), as described under Conversion Rights Settlement upon Conversion . You will not receive any separate cash payment for interest, if any, accrued and unpaid to the conversion date except under the limited circumstances described below.

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise. The indenture does not contain any financial covenants and does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under Fundamental Change Permits Holders to Require Us to Purchase Notes and Consolidation, Merger and Sale of Assets below and except for the provisions set forth under Conversion Rights Adjustment to Conversion Rate upon Conversion in Connection with a Make Whole Fundamental Change , the indenture does not contain any covenants or other provisions designed to afford holders of the notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We use the term note in this prospectus supplement, unless the context otherwise requires, to refer to each $1,000 principal amount of 2019 notes or 2021 notes and the term notes to refer to the 2019 notes and 2021 notes collectively. Subject to Conversion Rights Recapitalizations, Reclassifications and Changes of Our Common Stock below, we use the term common stock in this prospectus supplement to refer to our common stock, $0.001 par value per share.

We do not intend to list the notes on any securities exchange or any automated dealer quotation system.

The notes will not be guaranteed by any of our subsidiaries. No sinking fund is provided for the notes. The notes will not be subject to defeasance.

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Additional Notes

We may, without the consent of the holders, reopen the indenture for the notes and issue additional 2019 notes or 2021 notes under the indenture with the same terms as the 2019 notes or 2021 notes offered hereby (except for any differences in issue price) in an unlimited aggregate principal amount; provided that if any such additional 2019 notes or 2021 notes are not fungible with the 2019 notes or 2021 notes, as applicable, initially offered hereby for U.S. federal income tax purposes, such additional 2019 notes or 2021 notes will have a separate CUSIP number.

Purchase and Cancellation

We will cause all notes surrendered for payment, repurchase (including as described below, but not including notes repurchased pursuant to cash-settled swaps or other derivatives), registration of transfer or exchange or conversion, if surrendered to any person other than the trustee (including any of our agents, subsidiaries or affiliates), to be delivered to the trustee for cancellation, and they will no longer be considered outstanding under the indenture. All notes delivered to the trustee shall be cancelled promptly by the trustee. No notes shall be authenticated in exchange for any notes cancelled as provided in the indenture.

We may, to the extent permitted by law, and directly or indirectly (regardless of whether such notes are surrendered to us), repurchase notes in the open market or otherwise, whether by us or our subsidiaries or through a private or public tender or exchange offer or through counterparties to private agreements, including by cash-settled swaps or other derivatives.

Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange

We will pay the principal of, and interest on, notes in global form registered in the name of or held by The Depository Trust Company (DTC) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

We will pay the principal of any certificated notes at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its corporate trust office as a place where notes may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the notes, and we may act as paying agent or registrar. Interest on certificated notes will be payable (i) to holders holding certificated notes having an aggregate principal amount of $5,000,000 or less, by check mailed to the holders of these notes and (ii) to holders holding certificated notes having an aggregate principal amount of more than $5,000,000, either by check mailed to each holder or, upon application by such a holder to the registrar not later than the relevant regular record date, by wire transfer in immediately available funds to that holder s account within the United States, which application shall remain in effect until the holder notifies, in writing, the registrar to the contrary.

A holder of notes may transfer or exchange notes as described under Book-Entry, Settlement and Clearance . However, we are not required to transfer or exchange any note surrendered for conversion or required purchase.

The registered holder of a note will be treated as its owner for all purposes.

Interest

The 2019 notes will bear cash interest at a rate of 0.25% per year until maturity. The 2021 notes will bear cash interest at a rate of 1.25% per year until maturity. Interest on the notes will accrue from their first date of initial issuance or from the most recent date on which interest has been paid or duly provided for. Interest will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on September 1, 2014.

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Interest will be paid to the person in whose name a note is registered at the close of business on February 15 or August 15 (whether or not a business day), as the case may be, immediately preceding the relevant interest payment date (each, a regular record date). Interest on the notes will be computed on the basis of a 360 day year composed of twelve 30 day months.

If any interest payment date, the maturity date or any earlier required purchase date upon a fundamental change falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue in respect of the delay.

Ranking

The notes will be our general unsecured obligations that rank senior in right of payment to any future indebtedness that is expressly subordinated in right of payment to the notes. The notes will rank equally in right of payment with all of our existing and future liabilities that are not so subordinated, including our 1.50% Convertible Senior Notes due 2018. The notes will be effectively junior to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the notes only after all indebtedness under such secured debt has been repaid in full. The notes will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries (including trade payables). We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

As of December 31, 2013, on an as adjusted basis after giving effect to this offering, we would have had approximately $2,660.0 million in outstanding indebtedness (which amount reflects the face amount of the notes as well as the face value of our outstanding 1.50% Convertible Senior Notes due 2018).

No Redemption

We are not permitted to redeem the notes prior to their maturity.

Conversion Rights

General

Prior to the close of business on the business day immediately preceding December 1, 2018, in the case of the 2019 notes, or December 1, 2020, in the case of the 2021 notes (each, a Free Conversion Date), holders may convert any or all of their notes only upon satisfaction of one or more of the conditions described under the headings Conversion upon Satisfaction of Sale Price Condition , Conversion upon Satisfaction of Trading Price Condition , and Conversion upon Specified Corporate Events . On or after the applicable Free Conversion Date until the close of business on the second scheduled trading day immediately preceding the applicable maturity date, holders may convert any or all of their notes at any time.

The conversion rate with respect to the 2019 notes will initially be 2.7788 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rate with respect to the 2021 notes will initially be 2.7788 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $359.87 per share of common stock). The conversion rates with respect to the 2019 notes and the 2021 notes and the corresponding conversion prices for the 2019 notes and the 2021 notes in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price , respectively, and will be subject to adjustment as described below. The applicable conversion price at any given time will be computed by dividing $1,000 by the applicable conversion rate at such time. A holder may convert fewer than all of such holder s notes so long as the notes converted are an integral multiple of $1,000 principal amount. The trustee will initially act as the conversion agent.

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Upon conversion of a 2019 note, we will satisfy our conversion obligation by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock , at our election, all as set forth below under Settlement upon Conversion. If we elect to satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of our common stock, if any, due upon conversion will be based on a daily conversion value (as defined below under Settlement upon Conversion) calculated on a proportionate basis for each VWAP trading day (as defined below under Settlement upon Conversion) in a 20 consecutive VWAP trading day observation period (as defined below under Settlement upon Conversion).

Upon conversion of a 2021 note, we will satisfy our conversion obligation by delivering cash and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) based on a daily conversion value (as defined below under Settlement upon Conversion) for each VWAP trading day in a 20 consecutive VWAP trading day observation period.

If a holder of notes has submitted notes for purchase upon a fundamental change, the holder may convert those notes only if that holder first validly withdraws its purchase notice.

Upon conversion, you will not receive any separate cash payment for ac