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Tesla Motors Plans New Factory, Financing for Expansion

By JOSEPH B. WHITE

Tesla Motors Inc., the Silicon Valley electric-car maker, plans to build a new production facility and headquarters offices in San Jose, Calif., as it prepares to launch a second model line in late 2010, Ze'ev Drori, the company's chief executive officer, told The Wall Street Journal.

Tesla is lining up about \$250 million in new financing, including a loan guaranteed by the Department of Energy and a new private capital round led by Goldman Sachs Group Inc., Mr. Drori said. That funding, once final, "will be sufficient," he said, to finance Tesla's planned expansion.

Tesla plans to move about 250 current employees to the new San Jose location, and hire more people during the next two years before the factory opens. The factory will employ about 400 to 500 people, the company says.

Tesla's move to an 89-acre campus in San Jose represents a significant step for a company that has generated considerable excitement, especially among Silicon Valley's affluent and environmentally conscious technology community, but has yet to build a substantial number of its all-electric cars.



Tesla is currently producing about 10 of its Tesla Roadsters a week, Mr. Drori said. The Roadsters have a base price of \$109,000, and store power from the grid in an array of lithium-ion batteries similar to those used in laptop computers. Tesla's planned second model line is called the Model S, and will be a five-passenger sedan with a target base price of \$60,000, the company has said. That would put it in a price band similar to a well-equipped BMW 5-Series.

Associated Press

California Gov. Arnold Schwarzenegger visited the Tesla Facility in San Carlos earlier this year to announce a tax break that will allow the company to build its new factory.

Mr. Drori said Tesla plans to launch the Model S at a production volume of 15,000 vehicles a year, and ramp up to 30,000 vehicles a year -- roughly comparable to German sports-car maker Porsche AG's annual U.S. sales. Mr. Drori expressed confidence in Tesla's plans for the 2010 launch despite the recent jolts to the economy and Wall Street.

Mr. Drori said Tesla is watching a proposal backed by Detroit's auto makers to provide \$25 billion in government-backed loans to finance production of high-mileage and advanced-technology cars. So far, he said, it appears the proposals in Congress are slanted toward the traditional car makers. But if Tesla was eligible, it would participate, he said.