

Tesla: Palo Alto electric-car maker plans IPO

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A Tesla Roadster sits in an empty field where Tesla Motors plans to build a new... (Gary Reyes)

Their electric engines are eerily quiet, but Tesla Motors on Friday roared to the forefront of the emerging cleantech industry by signaling its plans to make a Wall Street debut in a filing with the Securities and Exchange Commission.

If Tesla follows through, it figures to be one of Silicon Valley's most highly anticipated and closely watched IPOs since Google went public in 2004.

Tesla's IPO is certain to be seen as a test case for the growing cleantech sector, which is expected to have several other IPOs this year as well. Fremont solar maker Solyndra also has filed its intentions to go public.

Best known for its sleek, lightning quick \$109,000 Roadster — a popular toy among the wealthy and famous — Tesla has been labeled "the poster child" of the fast-growing cleantech industry.

The Palo Alto company plans to roll out its Model S luxury sedan in 2012 to compete with the likes of Lexus and BMW, with a vision to later bring more affordable cars into mass production. The company, which sold a 9 percent stake to German automaker Daimler last May, also is developing technologies for other automakers interested in transitioning from internal combustion engines.

The filing is significant not only for Tesla, but also for the broader cleantech sector and the venture capital industry. For the past two years, venture capitalists and entrepreneurs have watched their financial fortunes suffer through a frigid market for

IPOs, one that only recently has begun to thaw.

"Tesla's potential IPO is a harbinger of how things will pan out for cleantech startups," suggested Venky Ganesan of Globespan Capital Partners. Just as the Netscape IPO in 1995 ignited the Internet industry, the Tesla IPO "will define the landscape for cleantech," he said.

Investors showed an appetite for electrified transportation in September, when A123 Systems, a Massachusetts-based maker of lithium-ion battery systems for vehicles, recorded a 45 percent opening-day gain on an IPO that raised \$82.5 million for the company.

A123's debut was "the first cleantech public offering in a while," venture capitalist Ira Ehrenpreis of Technology Partners and a member of Tesla's board of directors, said at the time. "It definitely won't be the last."

Tesla declined to comment then and again Friday. SEC regulations require companies to refrain from making public commentary about IPO plans until they complete their first quarter as a public company.

In addition to Technology Partners, Tesla's valley investors include CEO Elon Musk, a founder of PayPal, VantagePoint Venture Partners and the Westly Group.

Tesla's filing caps a big week for electric cars. On Monday, Better Place, also based in Palo Alto, announced it had secured \$350 million in investments led by banking giant HSBC as it partners with French automaker Renault to roll out a robotic battery-switching infrastructure for electric cars. Israel and Denmark have been tapped as proving grounds.

In stating its "risk factors" in the filing, Tesla noted that as of the end of 2009, "we had only sold 937 production vehicles to customers, almost all of which were sold in the United States and Europe," generating revenues of \$93.4 million, compared with \$14.7 million in 2008. "We have a very limited operating history on which investors can base an evaluation of our business, operating results and prospects."

The Tesla Roadster is driven by such celebrities as actors George Clooney, Matt Damon and Dustin Hoffman. It is also driven by filmmaker Chris Paine, best known for the 2006 documentary "Who Killed the Electric Car?" That film faulted the auto industry, oil companies and government for crippling the technology. Paine is now filming a sequel titled "Revenge of the Electric Car."