

# **TESLA Employee Stock Purchase Plan (ESPP)**

## **FAQs**

Note: The following FAQ is subject in all respects to the full text of the ESPP plan and prospectus documents, which are available on the [Stock Admin Intranet page](#)

### **What is the Employee Stock Purchase Plan (ESPP) and am I required to participate and enroll in ESPP?**

ESPP is a program that allows employees of Tesla to purchase company stock at a discount. No, this is an optional benefit. Enrollment is completely voluntary.

### **How does the program work?**

Twice a year, prior to the start of each 6-month "offering period", eligible employees have the opportunity to enroll in the ESPP program. You can choose to deduct up to 15% of your gross pay, excluding bonuses, commissions and other such incentives. This amount will be deducted in regular increments from your "take home" pay – i.e., the amount you earn after all taxes are paid out. At the end of the 6-month period, the money that has been deducted is used to purchase Tesla stock on your behalf. Your ETRADE account MUST be [activated](#) before you can purchase shares.

### **Am I eligible to participate?**

You are eligible to participate in ESPP if you are an employee of Tesla at the beginning and end of the offering period. (If you are a U.S. employee, customarily, you need to be scheduled to work at least 20 hours per week and more than 5 months in any calendar year.)

### **I'm an Intern at Tesla, am I eligible to participate?**

As an intern at Tesla, you are eligible to participate in the ESPP if you customarily work at least 20 hours a week and 5 months in a calendar year, and expect to be employed by Tesla during the enrollment period and at least until the next purchase date.

### **How do I enroll?**

The enrollment periods are in February and August for approximately three weeks before the beginning of each offering period. If you miss an enrollment period and want to join the program, you will need to wait until the next enrollment period.

- We use E\*TRADE's online enrollment system for new enrollments as well as for future changes. Once you access the enrollment portal at [www.etrade.com/enroll](http://www.etrade.com/enroll), you will need to enter the following information:
  - The Tesla ticker symbol: TSLA
  - Your last name
  - Your Social Security Number (U.S. Employees), or Employee ID number (non-U.S. employees)
  - The percent of pay that you would like to contribute to the program

If you already have an E\*TRADE account, you can also access this enrollment page directly through your account (Accounts>My Stock Plans>Plan Elections>ESPP Enrollment). **If you need assistance with your E\*TRADE account, please contact E\*TRADE customer service at 1-800-838-0908 (US and Canada) or click the link at [https://us.etrade.com/e/t/home/contactus\\_esp](https://us.etrade.com/e/t/home/contactus_esp) to find phone numbers for other countries. E\*TRADE customer service provides local language phone service.**

### **What is the deadline to enroll in the upcoming offering period?**

Open enrollment for the September 1, 2020 through February 26, 2021 offering period begins on August 3, 2020 and ends on August 31, 2020 at 11:59 pm (U.S. Pacific Daylight Time). Please note that this is a strict deadline so please pay close attention to the time difference if you are in a different time zone.

### **When will the deductions from my paycheck begin?**

Deductions generally begin on the first payroll of the new offering period.

### **How much can I contribute to the program through payroll deductions?**

You can choose to contribute between 1% and 15% of your eligible compensation. Keep in mind that the percent you select must be a whole number; you cannot, for instance contribute 2.5%.

### **Where does the money go after it is deducted from my paycheck?**

During the offering period, the money deducted from your paycheck is held by Tesla until the time of purchase. On the purchase date, Tesla stock (TSLA) will be purchased on your behalf and deposited into your E\*TRADE account. Please note, your contributions will be reflected on your paycheck stub, not in your ETRADE account.

### **What are the offering periods and purchase dates?**

Tesla's ESPP offering periods (the periods in which contributions are made) are as follows:

- September 1 - February 26 with a purchase date = February 26
- March 1 - August 31 with a purchase date = August 31

The next ESPP 6-month offering period will begin on September 1, 2020 and end on February 26, 2021. The purchase date for this offering period is on February 26, 2021.

### **How is the discount price determined?**

To determine the discounted stock price, the ESPP program looks at the lowest closing market price of the stock on two dates: the first trading day of the offering period and the purchase date. The price you pay is 15% off the lower of these two market prices.

- Example 1: If the market price of Tesla stock on September 1, 2020, the first trading day of the offering period, is \$1,230 per share and the price on the purchase date, February 26, 2021 is \$1,300 per share, the ESPP purchase price would be 15% off the September 1, 2020 market price since this was lower. In this example, you would be able to buy the stock on February 26, 2021 for \$1,045.50 per share ( $\$1,230 * 85\% = \$1,045.50$ ) even though the market price that day is \$1,300 per share.
- Example 2: Suppose the market price of Tesla stock on September 1, 2020, the first trading day of the offering period, is \$1,230 per share and the price on the purchase date, February 26, 2021, is \$1,150 per share. The ESPP purchase price would be 15% off the February 26, 2021 market price because this was lower than the price at the beginning of the offering. In this example, you would be able to buy the stock on February 26, 2021 for \$977.50 per share ( $\$1,150 * 85\% = \$977.50$ ) even though the market price that day is \$1,150 per share.

### **Are there limits to how much I may contribute and/or how much stock I can buy through ESPP?**

Yes, there are limits:

- You may contribute up to a maximum of 15% of your eligible compensation towards ESPP.
- You may purchase a maximum of 500 shares in each 6-month offering period.
- Under IRS regulations, you are eligible to purchase up to \$25,000 worth of shares per calendar year that the offering is outstanding.

### **What are the tax consequences of purchasing stock through the ESPP?**

Tax rules are complex and vary with each jurisdiction. Local law may require the Company to calculate and withhold income and/or social tax on the difference between the market value of the stock and the price that you paid for the stock on date of purchase. Please refer to the country-specific tax summaries attached to the Plan Prospectus for an overview of the applicable rules.

### **Is my contribution amount, made in local currency, converted to US Dollars?**

Contributions made in local currency will be converted to US Dollars prior to the purchase using the published exchange rate on Oanda.com three days prior to the purchase date.

### **Can I change the amount that is deducted from my pay?**

You can only increase your contribution to the program during open enrollment periods. During an offering period, you may decrease your contribution percentage once; you may suspend your contributions for the remainder of the offering period; or you may withdraw from the program. If you suspend or withdraw from the ESPP, you will have the opportunity to re-enroll in a future offering period.

### **Can I withdraw from ESPP after I have enrolled?**

Yes, the program is voluntary and you can choose to withdraw any time before a purchase. If you withdraw before a purchase date, you will not participate in that stock purchase. Any contributions you have made to the plan before withdrawing will be refunded to you within 1-2 payroll cycles.

### **What does it mean if I choose to suspend my contributions?**

Suspend means that you want to stop your paycheck contributions, but you want to stay in the program. In other words, by choosing to suspend your contributions, your contributions to date will be used for the purchase of shares at the end of the period. Suspension cannot be resumed for the remainder of the period.

### **What is the difference between suspend and withdraw?**

The difference between suspend and withdraw:

**Suspend:** Your contributions stop, and the contributions to date will be used at the end of the period to purchase shares on your behalf. Suspension cannot be resumed for the remainder of the period.

**Withdraw:** Your contributions stop, and a refund is issued to you for the contributions to date via payroll (a refund will be issued 2 to 3 pay-cycles after you withdraw from the program). You are no longer in the program, and you will be required to re-enroll if you wish to join the program again.

### **I'm enrolled in the program and want to continue participating. Do I need to re-enroll during each enrollment period?**

Your enrollment will continue automatically from one period to the next if you don't make any changes, suspend, or withdraw. Your contributions will continue to be deducted from your paychecks based on your current contribution percentage.

### **What happens if I enroll in the ESPP and during the 6-month offering period I transfer locations and begin working in another country?**

Generally, you should be able to continue contributing to the ESPP when you transfer work locations, if the new location is eligible for the ESPP program. Payroll will be notified that you are an active participant in the ESPP and your contributions will continue in your new location for the remainder of the offering. If transferring to a country that is not currently eligible for the ESPP program, you will receive the ESPP funds back on your last paycheck at your original location before you move to the new location. **PLEASE NOTIFY [stockadmin@tesla.com](mailto:stockadmin@tesla.com) if you transfer country locations, this will ensure that your ESPP payroll transfer is executed smoothly.**

### **What happens if I leave Tesla before the ESPP purchase date?**

Tesla ESPP program only allows current employees to purchase ESPP shares on the purchase date. If you left Tesla before the ESPP purchase date, your ESPP contribution amount will be refunded to you on your final paycheck for the current offering period.

### **I want to learn more. What can I do?**

We encourage you to learn more so you fully understand the program, the benefits and the risks. You can:

- Watch the [ESPP \(US only\) video](#) or [ESPP \(non-US\) video](#)
- Attend an informational session during an enrollment period. You'll receive emails regarding scheduling of informational sessions.
- Read the ESPP plan documents: [ESPP Plan](#), [ESPP International Sub-plan](#) and [ESPP Prospectus](#), [International ESPP Prospectus Addendum](#), and [Global Country-by-Country Tax Summaries for Non-U.S. Employees](#).
- To review potential company risks the latest 10-K or 10-Q is available at : <http://ir.teslamotors.com/sec.cfm>
- Contact the Stock Plan Services Department ([StockAdmin@tesla.com](mailto:StockAdmin@tesla.com)) for more information.