

(The following is a reformatted version of an internal memo issued by Elon Musk to Tesla employees and obtained by Bloomberg News. The memo was confirmed.)

From: Elon Musk
Sent: Tuesday, June 12, 2018
To: Everybody

Subject: Reorg Update

As described previously, we are conducting a comprehensive organizational restructuring across our whole company. Tesla has grown and evolved rapidly over the past several years, which has resulted in some duplication of roles and some job functions that, while they made sense in the past, are difficult to justify today.

As part of this effort, and the need to reduce costs and become profitable, we have made the difficult decision to let go of approximately 9% of our colleagues across the company. These cuts were almost entirely made from our salaried population and no production associates were included, so this will not affect our ability to reach Model 3 production targets in the coming months.

Given that Tesla has never made an annual profit in the almost 15 years since we have existed, profit is obviously not what motivates us. What drives us is our mission to accelerate the world's transition to sustainable, clean energy, but we will never achieve that mission unless we eventually demonstrate that we can be sustainably profitable. That is a valid and fair criticism of Tesla's history to date.

This week, we are informing those whose roles are impacted by this action. We made these decisions by evaluating the criticality of each position, whether certain jobs could be done more efficiently and productively, and by assessing the specific skills and abilities of each individual in the company. As you know, we are also continuing to flatten our management structure to help us communicate better, eliminate bureaucracy and move faster.

In addition to this company-wide restructuring, we've decided not to renew our residential sales agreement with Home Depot in order to focus our efforts on selling solar power in Tesla stores and online. The majority of Tesla employees working at Home Depot will be offered the opportunity to move over to Tesla retail locations.

I would like to thank everyone who is departing Tesla for their hard work over the years. I'm deeply grateful for your many contributions to our mission. It is very difficult to say goodbye. In order to minimize the impact, Tesla is providing significant salary and stock vesting (proportionate to length of service) to those we are letting go.

To be clear, Tesla will still continue to hire outstanding talent in critical roles as we move forward and there is still a significant need for additional production personnel. I also want to emphasize that we are making this hard decision now so that we never have to do this again.

To those who are departing, thank you for everything you've done for Tesla and we wish you well in your future opportunities. To those remaining, I would like to thank you in advance for the difficult job that remains ahead. We are a small company in one of the toughest and most competitive industries on Earth, where just staying alive, let alone growing, is a form of victory (Tesla and Ford remain the only American car companies who haven't gone bankrupt). Yet, despite our tiny size, Tesla has already played a major role in moving the auto industry towards sustainable electric transport and moving the energy industry towards sustainable power generation and storage. We must continue to drive that forward for the good of the world.

Thanks,
Elon