

Tesla raising cash to fund accelerated production

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Tesla Motor's new Model 3 which was unveiled on March 31, and is scheduled to hit the market late next year

Luxury electric carmaker Tesla Motors announced Wednesday it planned to raise \$1.4 billion in new capital to help fund stepped-up production of its new Model 3 car.

Tesla, which announced in early May that it would accelerate its plan to reach annual production of 500,000 cars by two years to 2018, said it

would sell 6.8 million new shares in the public offering.

Tesla said it has taken deposits from 373,000 customers for the Model 3, which it expects to begin delivering late next year.

"Because of the significant demand that we have seen, we have decided to advance our 500,000 total vehicle build plan (combined for Model S, Model X, and Model 3) to 2018, two years earlier than previously planned," the company said.

The [share](#) issue comes as Tesla continues to burn through capital to expand out of a niche market for high-end all-electric cars and stake out a broader place in the automobile market in the future.

Revenues have steadily climbed but in its most recent quarter Tesla turned in another loss of \$75 million.

The new capital increase is coupled with the sale of 2.8 million shares by Tesla founder Elon Musk. The proceeds of that sale will go to paying taxes on stock options and not to the company.

If demand is strong enough, the offering by the company could increase to 8.2 million shares, bringing the [company](#) \$1.7 billion.

The pricing of the offer was not set, but in a securities filing Tesla used a recent price of \$204.66 as a reference.

Tesla shares closed up 3.2 percent at \$211.17 Wednesday.

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