



TESLA MOTORS, INC.
3500 Deer Creek Road
Palo Alto, California, USA

TESLA MOTORS, INC.
2010 EMPLOYEE STOCK PURCHASE PLAN
(As Amended and Restated Effective August 3, 2011)
("ESPP")

Prospectus for the employees of certain European Economic Area ("EEA") subsidiaries of Tesla Motors, Inc., subject to the applicable legislation in each country

This prospectus has been drafted and submitted for approval to the Autoriteit Financiële Markten (the "**AFM**") in accordance with section 5(2) and further of the Dutch Financial Supervision Act, (*Wet op het financieel toezicht*).

This prospectus will be made available to employees of the EEA subsidiaries of Tesla Motors, Inc. based in countries in which offerings under the plan listed above are considered public offerings, subject to the applicable legislation in each country, at their respective head offices of their employers. In addition, this prospectus along with summary translations will be posted on Tesla Motors, Inc.'s intranet and free copies will be available to the employees upon request by contacting the human resources departments of their employers. This prospectus will also be available on the website of the AFM, www.afm.nl.

The date of this prospectus is 24 August 2016.

NOTE TO THE PROSPECTUS

This prospectus, which contains material information concerning Tesla Motors, Inc. was established in accordance with section 5(2) and further of the Dutch Financial Supervision (*Wet op het financieel toezicht*). Pursuant to Article 25 of Commission Regulation (EC) No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012, No 862/2912 of 4 June 2012 and No 759/2013 of 30 April 2013 (the “Prospectus Regulation”), this prospectus is composed of the following parts in the following order:

- (1) a table of contents,
- (2) the summary provided for in Article 5(2) of Directive 2003/71/EC of the European Parliament and of the European Council of 4 November 2003, as amended by Directive 2010/73/EU and Directive 2014/51/EU (the “Prospectus Directive”) (Part I constitutes the prospectus summary),
- (3) the risk factors linked to the issuer and the type of security covered by the issue, and
- (4) excerpts from Annexes I and III of the Prospectus Regulation which, by application of Articles 3, 4, and 6 of the Prospectus Regulation and question 71 of the European Securities and Markets Authority (“ESMA”) Q&A,¹ are required for this offering of equity securities to employees of Tesla Motors, Inc. and its affiliates.

This prospectus contains in Section B, Part II supplemental information concerning Tesla Motors, Inc. and the Tesla Motors, Inc. 2010 Employee Stock Purchase Plan, as well as the following documents (Exhibits):

- Tesla Motors, Inc. 2010 Employee Stock Purchase Plan, and
- Sub-Plan of the Tesla Motors, Inc. 2010 Employee Stock Purchase Plan, as Amended and Restated.

¹ Frequently asked questions regarding prospectuses: Common positions agreed by ESMA Members, 22th Updated Version - October 2014 (Ref. ESMA/79).

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PART I - PROSPECTUS SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 - E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A - INTRODUCTION AND WARNINGS

A.1	Warning to the reader	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the European Economic Area Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent to use of the prospectus	Not applicable. There is no subsequent resale or final placement of securities by financial intermediaries.

SECTION B - ISSUER

B.1	Legal commercial name of the issuer	Tesla Motors, Inc. (the "Company"). In this prospectus, the terms "Tesla Motors", "we", "us", or "our" mean Tesla Motors, Inc. and its subsidiaries.
B.2	Domicile and legal form of Tesla Motors, Inc., the legislation under which it operates and its country of incorporation	Tesla Motors, Inc. is a corporation incorporated under the laws of the state of Delaware having its principal offices located at 3500 Deer Creek Road, Palo Alto, California, 94304, U.S.A.

B.3	Description of the nature of Tesla Motors, Inc.'s current operations and its principal activities	Tesla Motors, Inc. was incorporated in the state of Delaware on July 1, 2003. We design, develop, manufacture, and sell high-performance fully electric vehicles, and stationary energy storage products. We have wholly-owned subsidiaries in North America, Europe and Asia. The primary purpose of these subsidiaries is to market, manufacture, sell and/or service our vehicles.
B.4a	Recent trends	<p>We are currently producing and selling our Model S sedan and our Model X sport utility vehicle. We continue to enhance our vehicle offerings with all-wheel drive capability, autopilot options, and free over-the-air software updates. We commenced customer deliveries of Model X in September 2015 and continue to ramp production. We unveiled Model 3, a lower priced sedan designed for the mass market, in the first quarter of 2016 which received significant interest.</p> <p>In addition to our automotive products, we continue to sell our energy products, the 7 kWh Powerwall for residential applications and the 100 kWh Powerpack for commercial and industrial applications. We began production and deliveries of these products in the third quarter of 2015. We transitioned the production of these products from the Tesla Factory to the Gigafactory during the fourth quarter of 2015.</p> <p>Our primary source of revenue is from the sale of our vehicles. During the quarter ended June 30, 2016, we recognized total revenues of \$1.27 billion, an increase of \$315.0 million over total revenues of \$955.0 million for the quarter ended June 30, 2015, primarily driven by growth of vehicle deliveries worldwide, including introduction of Model X during the third quarter of fiscal 2015. Gross margin for the quarter ended June 30, 2016 was 21.6%, a decrease from 22.3% for the quarter ended June 30, 2015.</p> <p>We continue to increase our sales and service footprint worldwide and expand our Supercharging and destination charging networks. With the continued global expansion of our customer support infrastructure, selling, general and administrative expenses were \$321.2 million for the quarter ended June 30, 2016, compared to \$201.8 million for the quarter ended June 30, 2015.</p> <p>We have advanced our 500,000 total unit build plan by two years to 2018. Given this plan, we expect to invest approximately \$2.25 billion in capital expenditure for the full year of 2016. Our capital expenditure needs include expenditures for the tooling, production equipment and construction of the Model 3 production lines, equipment to support cell production at the Gigafactory, as well as new retail locations service centers and Supercharger locations.</p> <p>While we are also currently in the process of evaluating our operating expenditures given our revised vehicle build plan, we currently expect operating expenses to grow by approximately 30% in 2016 as compared to 2015, excluding any potential impact from the future SolarCity acquisition. This increase is driven by engineering, design, and testing expenses related to Model 3 supplier contracts and higher sales and service costs associated with expanding our geographic presence. We expect selling, general and administrative expenses to decline over time as a percentage of revenue as we focus on increasing operational efficiency while continuing to expand our customer and corporate infrastructure. Over time, we also expect total operating expenses to decrease as a percentage of revenue.</p>

		<p>As of June 30, 2016 and December 31, 2015, the net book value of our Supercharger network was \$180.0 million and \$166.6 million, and as of June 30, 2016 our Supercharger network included 661 locations globally. We plan to continue investing in our Supercharger network for the foreseeable future, including in North America, Europe and Asia, and expect such spending to continue to be a minimal portion of total capital spending during 2016. During 2016, we expect that this investment will grow our Supercharger network over 40%. We allocate Supercharger related expenses to cost of automotive revenues and selling, general, and administrative expenses. These costs were immaterial for all periods presented.</p> <p>We transact business globally in multiple currencies. Our international revenues, as well as costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the functional currencies of our foreign subsidiaries and against the U.S. dollar. Upon consolidation, as foreign exchange rates vary, revenues and expenses may be significantly impacted and we may record significant gains or losses on the remeasurement of monetary assets and liabilities, including intercompany balances. As of June 30, 2016, our largest currency exposures are from the euro, Chinese yuan, Hong Kong dollars, euros and Japanese yen. We recorded foreign exchange gains of \$0.8 million in other income (expense), net, for the six months ended June 30, 2016 related the impact of changes in exchange rates on foreign currency denominated monetary assets and liabilities.</p> <p>We considered the historical trends in currency exchange rates and determined that it was reasonably possible that adverse changes in exchange rates of 10% for all currencies could be experienced in the near term. These reasonably possible adverse changes in exchange rates of 10% were applied to total monetary assets and liabilities denominated in currencies other than the functional currencies as of June 30, 2016 to compute the adverse impact these changes would have had on our income before income taxes in the near term. These changes would have resulted in an adverse impact on income before income taxes of approximately \$294.5 million, recorded to other income (expense), net, principally from intercompany and cash balances.</p> <p>In November 2015, we implemented a program to hedge the foreign currency exposure risk related to certain forecasted inventory purchases denominated in Japanese yen. The derivative instruments we use are foreign currency forward contracts and are designated as cash flow hedges with maturity dates of 12 months or less. We do not enter into derivative contracts for trading or speculative purposes. We document each hedge relationship and assess its initial effectiveness at the inception of the hedge contract and we measure its ongoing effectiveness on a quarterly basis using regression analysis. During the term of an effective hedge contract, we record gains and losses within accumulated other comprehensive loss. We reclassify these gains or losses to costs of automotive sales in the period the related finished goods inventory is sold or over the depreciation period for those sales accounted for as leases. Although our contracts are considered effective hedges, we may experience small amounts of ineffectiveness due to timing differences between our actual inventory purchases and the settlement date of the related foreign currency forward contracts. Ineffectiveness related to the hedges is immaterial as of June 30, 2016. As of June 30, 2016 we</p>
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		had recorded a cumulative gain of \$ 38.3 million to AOCI related to our outstanding foreign currency cash flow hedges. If the U.S. dollar had strengthened by 10% as of June 30, 2016, the gain recorded in AOCI related to our cumulative foreign exchange contracts before tax effect would have been reduced by approximately \$ 22.4 million.
B.5	Organizational structure	We have wholly-owned subsidiaries in North America, Europe and Asia.
B.6	Interests in Tesla Motors, Inc.'s capital or voting rights	Not applicable. Pursuant to its Q&A, ESMA considers that Item 18 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.

B.7	Financial information concerning Tesla Motors, Inc. for the fiscal years ended December 31, 2015, 2014, and 2013, and for the quarters ended June 30, 2016 and 2015
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The selected financial data of Tesla Motors Inc. set out in this prospectus have been derived from Tesla Motors, Inc. Consolidated Financial Statements, prepared in accordance with U.S. GAAP. They are derived in part from Tesla Motors' consolidated financial statements which are available for the Eligible Employees' review at <http://ir.teslamotors.com/sec.cfm>.

SELECTED THREE-YEAR CONSOLIDATED FINANCIAL DATA
(in thousands, except per share data)

Consolidated Statements of Operations Data

		Year ended December 31,		
		2015	2014	2013
Total revenues	\$	4,046,025	3,198,356	2,013,496
Gross profit	\$	923,503	881,671	456,262
Loss from operations	\$	(716,629)	(186,689)	(61,283)
Net loss	\$	(888,663)	(294,040)	(74,014)
Net loss per share of common stock, basic and diluted	\$	(6.93)	(2.36)	(0.62)
Weighted average shares used in computing net loss per share of common stock	\$	128,202	124,539	119,421

Consolidated Balance Sheets

		Year ended December 31,		
		2015	2014	2013
Working capital (deficit)	\$	(24,706)	1,072,907	585,665
Total assets	\$	8,092,460	5,830,667	2,411,816
Total long-term obligations	\$	4,145,197	2,753,595	1,069,535

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA FOR THE FIRST HALF YEAR
(In thousands, except share and per share data - Unaudited)

		Six Months Ended June 30,	
		2016	2015
Statements of Operations Data:			
Total revenues	\$	2,417,065	\$ 1,894,856
Total cost of revenues		1,889,821	1,421,413
Gross profit		527,244	473,443
Total operating expenses		1,013,508	746,077
Net loss		(575,455)	(338,408)
Net loss per share of common stock, basic and diluted		(4.22)	(2.68)
		Six Months Ended June 30,	
Balance Sheets Data:		2016	2015
Cash and cash equivalents	\$	3,246,301	\$ 1,150,673
Total assets		11,868,952	6,468,185
Total liabilities		9,311,512	5,701,978
Total stockholders' equity		2,520,294	715,934

B.8	Pro forma financial information	Not applicable. Pursuant to its Q&A, ESMA considers that Item 20.2 of Annex I of the Prospectus Regulation is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.9	Profit forecast	Not applicable. This prospectus does not contain any profit forecast.
B.10	Qualifications in the audit report on the historical financial information	Not applicable. There are no such qualifications in the auditors' report on the historical financial information.
B.11	Working capital statement	Not applicable. Tesla Motors, Inc.'s working capital is sufficient for its present requirements.

SECTION C – SECURITIES		
C.1	Type and class of the securities being offered, including the security identification code	<p>Tesla Motors, Inc.'s shares of its common stock, par value \$0.001 (the "Shares") are quoted on The Nasdaq Global Select Market under the symbol "TSLA". The CUSIP for the Shares is 88160R101.</p> <p>The Shares issued under the ESPP are tradable on the Nasdaq and provide to the Eligible Employees (as defined in Element E.3 below) enrolling in the ESPP (the "Participating Employee") the same rights as those attached to Shares currently traded on the Nasdaq.</p>
C.2	Currency of the securities issues	The United States Dollar is the currency of the securities issue.
C.3	Number of shares issued	As of December 31, 2015, Tesla Motor's, Inc. was authorized to issue 2,000,000,000 Shares, par value \$0.001, and 100,000,000 shares of preferred stock, par value \$0.001. As of July 29, 2016, there were 148,692,605 Shares and no shares of preferred stock outstanding.
C.4	Rights attached to the securities	<p>No Participating Employee, as defined in Element E.3 below, shall have any voting, dividend, or other stockholder rights with respect to any offering of Shares under the ESPP until the Shares have been purchased and delivered to the Participating Employee. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to the Shares, as further described below:</p> <p>Dividend Rights. The holders of Shares are entitled to receive such dividends as the Company's directors from time to time may declare out of funds legally available. Entitlement to dividends is subject to the preferences granted to other classes of securities the Company has or may have outstanding in the future, including any preferred shares, and may be restricted by the terms of the Company's debt instruments.</p> <p>Voting rights. The holders of Shares are entitled to one vote per Share on all matters submitted to a vote of the stockholders.</p>

		<p>Right to Receive Liquidation Distribution. In the event of liquidation, dissolution or winding up of the Company, holders of Shares are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock.</p> <p>No Preemptive, Redemptive or Conversion Provisions. The holders of Shares have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Share.</p>
C.5	Transferability restrictions	The Shares in this offering under the ESPP are registered on Form S-8 with the SEC and are generally freely transferable.
C.6	Admission to trading on a regulated market	Not applicable. The Shares will not be admitted for trading on any regulated market. As mentioned in Section C.1 above, the Shares are listed on the Nasdaq.
C.7	Dividend policy	We have never declared or paid cash dividends or stock dividends on our capital stock nor do we anticipate paying any such cash dividends or stock dividends in the foreseeable future.

SECTION D – RISKS		
D.1	Key risks related to Tesla Motors, Inc. or its industry	<p>Set forth below are summaries of the key risks, uncertainties and other factors that may affect Tesla Motors, Inc.'s future results:</p> <ul style="list-style-type: none"> – We have experienced in the past, and may experience in the future, significant delays or other complications in the design, manufacture, launch and production ramp of new vehicles and other products such as our energy products, which could harm our brand, business, prospects, financial condition and operating results. – We may experience delays in realizing our projected timelines and cost and volume targets for the production, launch and ramp of our Model 3 vehicle, which could harm our business, prospects, financial condition and operating results. – We may be unable to meet our growing vehicle production and delivery plans, both of which could harm our business and prospects. – Our long-term success will be dependent upon our ability to achieve market acceptance of our vehicles, including Model S and Model X, and new vehicle models such as Model 3. – Problems or delays in bringing the Gigafactory online and operating it in line with our expectations could negatively affect the production and profitability of our products, such as Model 3 or energy products. – If our vehicles or other products that contain our vehicle powertrains or battery packs fail to perform as expected, our ability to develop, market and sell our electric vehicles could be harmed. – We are dependent on our suppliers, the majority of which are

		<p>single source suppliers, and the inability of these suppliers to deliver, or their refusal to deliver, necessary components of our vehicles in a timely manner at prices, quality levels, and volumes acceptable to us could have a material adverse effect on our financial condition and operating results.</p> <ul style="list-style-type: none"> – Our future growth is dependent upon consumers' willingness to adopt electric vehicles, especially in the mass market demographic which we are targeting with Model 3. – If we fail to scale our business operations and otherwise manage future growth effectively as we rapidly grow our company, especially internationally, we may not be able to produce, market, sell and service our products successfully. – If we are unable to continue to reduce the manufacturing costs of Model S and Model X or control manufacturing costs for Model 3, our financial condition and operating results will suffer. – Although we are significantly dependent upon revenue generated from the sale of the Model S and Model X in the near term, our future success will be dependent upon our ability to design and achieve market acceptance of Model 3 and future vehicles with broad public appeal. – Reservations for Model 3 may be cancelled prior to their sale and are fully refundable to customers, and significant cancellations could harm our financial condition, business, prospects and operating results. – We may fail to meet our publicly announced guidance or other expectations about our business, which could cause our stock price to decline. – Our vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame, and such events have raised concerns, and future events may lead to additional concerns, about the batteries used in automotive applications. – We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial results. – Our resale value guarantee and leasing programs for our vehicles expose us to the risk that the resale values of vehicles returned to us are lower than our estimates and may result in lower revenues, gross margin, profitability and liquidity. – If we fail to effectively grow and manage the residual, financing and credit risks related to our direct vehicle leasing programs, our business may suffer. – Increases in costs, disruption of supply or shortage of raw materials, in particular for lithium-ion cells, could harm our business. – We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims. – The automotive market is highly competitive, and we may not be successful in competing in this industry. We currently face competition from new and established U.S. and international competitors and expect to face competition from others in the future, including competition from companies with new
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		<p>technology.</p> <ul style="list-style-type: none"> – Demand in the automobile industry is volatile, which may lead to lower vehicle unit sales and adversely affect our operating results. – If we are unable to establish and maintain confidence in our long-term business prospects among consumers, analysts and within our industry, then our financial condition, operating results, business prospects and stock price may suffer materially. – Our vehicles have unique servicing requirements, and we are using a different service model from the one typically used in the automobile industry. If we are unable to address the service requirements of our existing and future customers, our business will be materially and adversely affected. – Our plan to expand our network of Tesla stores and galleries, service centers and Superchargers will require significant cash investments and management resources and may not meet expectations with respect to additional sales of our electric vehicles or availability of Superchargers. – We face risks associated with our international operations and expansion, including unfavorable regulatory, political, tax and labor conditions and establishing ourselves in new markets, all of which could harm our business. – The unavailability, reduction or elimination of government and economic incentives in the U.S. and abroad supporting the development and adoption of electric vehicles could have some impact on demand for our vehicles. – If we are unable to attract and/or retain key employees and hire qualified personnel, our ability to compete could be harmed. – We are highly dependent on the services of Elon Musk, our Chief Executive Officer. – We are subject to various environmental and safety laws and regulations that could impose substantial costs upon us and negatively impact our ability to operate our manufacturing facilities. – Our business may be adversely affected by any disruptions caused by union activities. – Our vehicles are subject to substantial regulation, which is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and operating results. – We are subject to various privacy and consumer protection laws. – We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and financial performance. – Our current and future warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance. – We are currently expanding and improving our information technology systems and use security measures designed to
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		<p>protect our systems against breaches and cyber-attacks. If these efforts are not successful, our business and operations could be disrupted and our operating results and reputation could be harmed.</p> <ul style="list-style-type: none"> – Our insurance strategy may not be adequate to protect us from all business risks. – Our financial results may vary significantly from period-to-period due to fluctuations in our operating costs. – Any unauthorized control or manipulation of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business. – We may need or want to raise additional funds and these funds may not be available to us when we need them. If we cannot raise additional funds when we need or want them, our operations and prospects could be negatively affected. – We may face regulatory limitations on our ability to sell vehicles directly which could materially and adversely affect our ability to sell our electric vehicles. – We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and could cause us to incur substantial costs. – Our facilities or operations could be damaged or adversely affected as a result of disasters. – Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness. – Our debt agreements contain covenant restrictions that may limit our ability to operate our business. – We may still incur substantially more debt or take other actions, which would intensify the risks discussed immediately above. – The classification of our convertible senior notes may have a material effect on our reported financial results. – The trading price of our common stock is likely to continue to be volatile. – Conversion of our convertible senior notes may dilute the ownership interest of existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our common stock. – The convertible note hedge and warrant transactions we entered into in connection with the issuance of our convertible senior notes may affect the value of the notes and our common stock. – Mr. Musk has pledged shares of our common stock to secure certain bank borrowings. If Mr. Musk were forced to sell these shares pursuant to a margin call that he could not avoid or satisfy, such sales could cause our stock price to decline. – Anti-takeover provisions contained in our governing documents, applicable laws and our convertible senior notes could impair a takeover attempt. – There can be no assurance that we will successfully complete
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		<p>the acquisition of SolarCity on the terms or timetable currently proposed, or at all.</p> <ul style="list-style-type: none"> – An unfavorable outcome in any lawsuit challenging the SolarCity acquisition may delay or prevent the completion of the acquisition or result in an award of damages or a settlement for which we may be liable. – In specified circumstances, SolarCity may terminate the acquisition agreement to accept an alternative proposal.
D.3	Key risks related to the shares	<p>Participating Employees assume the risk of any currency fluctuations at the time of their contribution to the ESPP by payroll deductions and of the selling of their Shares.</p>

SECTION E – OFFER		
E.1	Net proceeds	Assuming that each of the 1,924 Eligible Employees, as defined in Element E.3 below, would purchase the maximum amount of Shares under the ESPP purchasable with a maximum contribution of \$25,000 for an hypothetical purchase price of \$180.44 (eighty five percent (85%) of \$212.28, the closing price on June 30, 2016), then the gross proceeds of Tesla Motors, Inc. in connection with the offer under the ESPP pursuant to this prospectus would be \$47,908,985.28. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be approximately \$47,838,985.28.
E.2a	Reasons for the offer and use of proceeds	<p>The purpose of the ESPP is to provide an incentive for Eligible Employees of Tesla Motors, Inc. and its designated subsidiaries (the “Participating Companies”) to acquire or increase a proprietary interest in the Company through the purchase of Shares in the manner contemplated by the ESPP.</p> <p>The net proceeds will be used for general corporate purposes.</p>
E.3	Description of the terms and conditions of the offer	<p>The ESPP was established to provide employees of the Participating Companies, some of which are located in the EEA, with the opportunity to purchase Shares at a discount. The ESPP is administered by the board of directors of the Company or any committee of the board of directors of the Company appointed in accordance with Section 14 of the ESPP (the “Administrator”), by the board of directors of the Company (the “Board”).</p> <p>The offering of the ESPP may be considered a public offering of securities pursuant to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended by Directive 2010/73/EU and Directive 2014/51/EU (the “Prospectus Directive”) in the following EEA countries, subject to the applicable legislation in each country: the Netherlands, the United Kingdom, Germany and Norway. The offering of the ESPP, on the basis described herein, may also be made to employees in the following EEA countries: Austria, Belgium, Czech Republic, Denmark, Finland, France, Spain, Italy and Sweden (the “Additional Countries”). Under the Prospectus Directive, such offering in the Additional Countries is not considered a public offering of securities and/or is an offering to which the obligation to publish a prospectus does not apply. The total value of the offering of the ESPP in the EEA is more than € 5 million over any rolling twelve-month period. Total value for purposes of this calculation shall mean funds paid or payable by participants in connection with the ESPP.</p> <p>This prospectus will be made available to employees of Tesla Motors, Inc.’s subsidiaries based in the Netherlands, the United Kingdom, Germany and Norway at the respective head offices of their employers. In addition, this prospectus along with summary translations (as applicable) will be posted on Tesla Motors, Inc.’s intranet, and free copies will be available to employees upon request to their employer’s human resources department. This prospectus will also be made available on the website of the AFM, www.afm.nl.</p> <p>The ESPP is composed of periods of approximately six (6) months (i) commencing on the first Trading Day on or after March 1 of each year and terminating on the last Trading Day in the subsequent</p>

		<p>August, approximately six (6) months later, and (ii) commencing on the first Trading Day on or after September 1 of each year and terminating on the last Trading Day in the subsequent February, approximately six (6) months later ("Offering Periods"). The Administrator will have the power to change the duration of Offering Periods.</p> <p>The first day of each Offering Period is referred to as the Offering Date.</p> <p>As of June 30, 2016, there were 1,964,842 Shares available for issuance under the ESPP on a worldwide basis (out of the total 3,615,749 Shares authorized under the ESPP). Based on the employee headcounts as of June 30, 2016, during the twelve-month Offering Period beginning on September 1, 2016, a maximum of 265,512 Shares will be offered to approximately 1,924 Eligible Employees (620 in the Netherlands, 276 in the United Kingdom, 433 in Norway, 171 in Germany). Such Shares shall be authorized but unissued Shares.</p> <p>Employees of a Participating Company excluding employees who, after purchasing Shares under the ESPP, would own five percent (5%) or more of Tesla Motors, Inc.'s outstanding Shares, may participate in the ESPP (the "Eligible Employee"). The maximum amount of Shares that any one Eligible Employee shall be allowed to purchase shall be determined by the Administrator on prior to the Offering Date (as defined in the ESPP), is subject to the limitation set out below, and in all cases shall not exceed the number of Shares purchasable with a maximum contribution of \$25,000 during such period.</p> <p>Eligible Employees may enroll in the ESPP, thereby becoming Participating Employees, by completing a subscription agreement and any other required documents (the "Enrollment Documents") and delivering them to their employer's payroll department not later than August 31, 2016.</p> <p>Participating Employees authorize payroll deductions in an amount not exceeding fifteen percent (15%) of their compensation which are used to purchase up to a maximum of 500 Shares on the last business day of each Offering Period (the "Exercise Date"), during each six (6) month Offering Period. The purchase price per Share is eighty five percent (85%) of the lesser of (i) the fair market value of a Share on the Offering Date or (ii) the fair market value of a Share on the Exercise Date. There is no charge to Participating Employees for the acquisition or holding of the Shares under the ESPP. Commissions related to the sale of Shares may apply.</p>
E.4	Descriptions of the material interest to the offer including conflict of interests	Not applicable. There are no such interests.
E.5	Name of the entity offering to sell the security	Tesla Motors, Inc.

E.6	Maximum dilution	<p>The Shares under the ESPP are offered pursuant to this prospectus to approximately 1,924 Eligible Employees. As indicated in Element E.1. above, the maximum rate at which Eligible Employees may purchase Shares may not exceed US\$25,000 of the fair market value of Shares (determined as of the Offering Date) per calendar year in which the right is outstanding. However, as noted above, there are other limitations on Share purchases such as no more than fifteen percent (15%) of eligible compensation may be contributed to ESPP purchases which may result in employees not being able to purchase US\$25,000 worth of Shares in a calendar year.</p> <p>Assuming that (i) no other ESPP limitations are exceeded, and (ii) no Eligible Employee has carried or will carry over any contributions from the prior calendar year into the following calendar year, Eligible Employees would each be able to purchase a maximum of [138] whole Shares for a maximum of US\$24,900.72 in contributions for the Offering Period starting on September 1, 2016. These amounts are based on a hypothetical Share price of US\$212.28 on September 1, 2016 (i.e., the day on which the US\$25,000 limit will be calculated), which hypothetical Share price is equal to the closing price of the Shares on the Nasdaq on June 30, 2016, based on the assumption that Shares will be purchased at a Purchase Price based on this date which is US\$180.44 (85% of US\$212.28). Assuming that all Eligible Employees participate in the ESPP and each Eligible Employee purchases 138 Shares in the offer, the maximum number of Shares offered pursuant to this prospectus amounts to 265,512 Shares.</p> <p>Based on the above assumptions, a shareholder of Tesla Motors, Inc. currently holding one percent (1%) of the total outstanding share capital of Tesla Motors, Inc. as of June 30, 2016 that is [148,015,050] Shares, and who would not participate in the offer would be diluted as indicated in the following dilution table:</p> <table data-bbox="582 1220 1388 1592"> <tr> <th></th><th>Percentage of the total outstanding Shares</th><th>Total number of outstanding Shares</th></tr> <tr> <td>Before the offering (as of June 30, 2016)</td><td>1%</td><td>148,015,050</td></tr> <tr> <td>After issuance of 265,512 Shares under the ESPP</td><td>0.9982%</td><td>148,280,562</td></tr> </table>		Percentage of the total outstanding Shares	Total number of outstanding Shares	Before the offering (as of June 30, 2016)	1%	148,015,050	After issuance of 265,512 Shares under the ESPP	0.9982%	148,280,562
	Percentage of the total outstanding Shares	Total number of outstanding Shares									
Before the offering (as of June 30, 2016)	1%	148,015,050									
After issuance of 265,512 Shares under the ESPP	0.9982%	148,280,562									
E.7	Estimated expenses charged to the investor	Not applicable. There are no such expenses.									

THE FOLLOWING INFORMATION IS NOT PART OF THE PROSPECTUS SUMMARY

PART II - PROSPECTUS

SECTION A: RISK FACTORS

I. RISKS RELATED TO TESLA MOTORS, INC.'S BUSINESS AND INDUSTRY

We have experienced in the past, and may experience in the future, significant delays or other complications in the design, manufacture, launch and production ramp of new vehicles and other products such as our energy products, which could harm our brand, business, prospects, financial condition and operating results.

We have experienced delays or other complications in connection with new vehicle models in the past, such as production ramp delays for Model S in 2012 and the All-Wheel Drive Dual Motor Model S, and the launch and ramp of Model X. For example, while we commenced Model X deliveries late in the third quarter of 2015, we encountered unanticipated challenges, such as certain supply chain constraints, in ramping production of Model X vehicles that forced us to decrease the production of these vehicles from our initial expectations. If these challenges recur or other unexpected issues arise, we may experience further delays in the Model X production ramp. In addition, since Model X shares certain production facilities with the Model S, the volume or efficiency of Model S production may be impacted by any Model X production ramp issues.

We may experience similar delays or other complications in bringing to market and ramping production of new vehicles, such as Model 3, and other products such as our energy products. Any significant additional delay or other complication in the production of our current products or the development, manufacture, launch and production ramp of our future products, including complications associated with expanding our production capacity, supply chain or regulatory approvals, could materially damage our brand, business, prospects, financial condition and operating results.

We may experience delays in realizing our projected timelines and cost and volume targets for the production, launch and ramp of our Model 3 vehicle, which could harm our business, prospects, financial condition and operating results.

Our future business depends in large part on our ability to execute on our plans to develop, manufacture, market and sell the Model 3 vehicle, which we intend to offer at a lower price point and to produce at significantly higher volumes than our present production capabilities for the Model S or Model X vehicles. We unveiled a prototype of Model 3 in March 2016 and have announced our goal to achieve volume production and deliveries of this vehicle in late 2017.

We have no experience to date in manufacturing vehicles at the high volumes that we anticipate for Model 3, and to be successful, we will need to develop efficient, automated, low-cost manufacturing capabilities, processes and supply chains necessary to support such volumes. Additionally, plans for the design and build out of our production facilities for Model 3 are still in process, and various aspects of the Model 3 component procurement and manufacturing plans are still being determined. We are currently evaluating, qualifying and selecting some of our suppliers for the planned production of Model 3. We will also need to do extensive testing to ensure that Model 3 is in compliance with our quality standards and applicable regulations prior to beginning mass production and delivery of the

vehicles. Moreover, our Model 3 production plan will also require significant investments of cash and management resources.

Our production plan for Model 3 is based on many key assumptions, including:

- that we will be able to develop, build and equip a new dedicated final assembly line for high volume production of Model 3 at the Tesla Factory without exceeding our projected costs and on our projected timeline;
- that we will be able to build and bring online the Gigafactory in a timely manner to produce high volumes of quality lithium-ion cells and integrate such cells into finished battery packs for Model 3, all at costs that allow us to sell Model 3 at our target gross margins;
- that the equipment and processes which we select and install for Model 3 production will be able to accurately manufacture high volumes of Model 3 vehicles within specified design tolerances and with high quality;
- that we will be able to engage suppliers for the necessary components on terms and conditions acceptable to us and that we will be able to obtain components on a timely basis and in the necessary quantities to support high volume production;
- that we will be able to complete our final tooling, production planning and validation for Model 3 and deliver final component designs to our suppliers in a timely manner; and
- that we will be able to attract, recruit, hire and train skilled employees, including employees on the production line, to operate our planned high volume Model 3 production facilities at the Tesla Factory and the Gigafactory.

If one or more of the foregoing assumptions turns out to be incorrect, our ability to successfully launch Model 3 on time and at volumes and prices that are profitable, as well as our business, prospects, operating results and financial condition, may be materially and adversely impacted.

We may be unable to meet our growing vehicle production and delivery plans, both of which could harm our business and prospects.

Our plans call for significant increases in vehicle production and deliveries to high volumes in a short amount of time. Our ability to achieve these plans will depend upon a number of factors, including our ability to add production lines and capacity as planned while maintaining our desired quality levels and optimize design and production changes, and our suppliers' ability to support our needs. Due to the complexity of our supply chain, if we are unable to accurately match the timing and quantities of component purchases to our production plans, or change components or suppliers, we may have to incur unexpected costs to maintain, store and pay for components in excess of our needs or capabilities. We have limited experience developing, manufacturing, selling and servicing, and allocating our available resources among, multiple products simultaneously. If we are unable to realize our plans, or experience any delays or disruption in our production of our vehicles, our brand, business, prospects, financial condition and operating results could be materially damaged.

In addition, we have used and may use in the future a number of new manufacturing technologies, techniques and processes for our vehicles, which we must successfully introduce and scale for high volume production. For example, we have introduced aluminum spot welding systems and high-speed blow forming of certain difficult to stamp vehicle parts. Our vehicles also have unique design features, such as a 17 inch display screen, dual motor drivetrain and autopilot hardware introduced in Model S and falcon-wing doors and other unique features introduced in Model X, each of which poses different manufacturing challenges.

Concurrent with the significant planned increase in our vehicle production levels, we will also need to continue to significantly increase deliveries of our vehicles. We have limited experience in delivering a high volume of vehicles, and no experience in delivering vehicles at the significantly higher volumes we anticipate for Model 3, and we may face difficulties meeting our delivery and growth plans into both existing markets as well as new markets into which we expand. If we are unable to ramp up to meet our delivery goals globally, this could have a material adverse effect on our business, prospects, financial condition and operating results.

Our long-term success will be dependent upon our ability to achieve market acceptance of our vehicles, including Model S and Model X, and new vehicle models such as Model 3.

There is no guarantee that Model S, Model X or our future vehicles such as Model 3 will continue to be successfully accepted by the general public, especially in the long-term. Although we have successfully grown demand for Model S to date and have seen strong initial demand for Model X and Model 3, and we believe that we will be able to continue to grow demand for these vehicles, there is no guarantee that future demand for Model S, Model X or Model 3 will meet our expectations.

Additionally, we have limited experience in introducing new vehicles. Although our initial reservation conversion rate for Model X has been strong, we have only recently commenced production and deliveries of Model X. Likewise, although we have a substantial number of initial reservations for Model 3, we have only recently unveiled a prototype of Model 3 and do not expect to achieve volume production and deliveries of Model 3 until late 2017. To the extent that our Model X and Model 3 vehicles do not meet consumer expectations, our future sales could be harmed.

While we believe that there will continue to be separate and strong demand for each of our vehicles, we have limited experience in selling multiple vehicle models at the same time. Although we believe that each of our vehicles and their variants meet a distinct segment of the automotive market, if our vehicles in fact compete with one another in the market, then our ability to sell each vehicle model at planned quantities or prices may be impacted.

Problems or delays in bringing the Gigafactory online and operating it in line with our expectations could negatively affect the production and profitability of our products, such as Model 3 or energy products.

To lower the cost of cell production and produce cells in high volume, we intend to integrate the production of lithium-ion cells and finished battery packs for our vehicles, including Model 3, and energy products at our new Gigafactory. We have no direct experience in the production of lithium-ion cells. The cost and complexity of building and operating the Gigafactory could exceed our current expectations and the Gigafactory may take longer to bring online for lithium-ion cell and battery pack production than we anticipate or need. Also, our recently revised vehicle build plan includes an adjustment of our plans at the Gigafactory. In order to build our Model 3 vehicles at our planned volume and target gross margin, we must have significant battery cell production from our Gigafactory. If we are unable to complete building the Gigafactory in a timely manner, and attract, hire and retain a substantial number of highly skilled personnel to work there in order to produce high volumes of quality lithium-ion cells at reasonable prices, our ability to supply battery packs to our vehicles, especially Model 3, and other products according to our schedule and/or at a price that allows us to sell them at our target gross margins and in the quantities we estimate could be negatively impacted. Any such problems or delays with the Gigafactory could negatively affect our brand and harm our business, prospects, financial condition and operating results.

If our vehicles or other products that contain our vehicle powertrains or battery packs fail to perform as expected, our ability to develop, market and sell our electric vehicles could be harmed.

If our vehicles, vehicles that contain our powertrains or our energy products were to contain defects in design and manufacture that cause them not to perform as expected or that require repair, our ability to develop, market and sell our products could be harmed. For example, the operation of our vehicles is highly dependent on software, which is inherently complex and could conceivably contain defects and errors. Issues experienced by customers have included those related to the software for the 17 inch display screen, the panoramic roof and the 12 volt battery in the Model S and the seats and doors in the Model X. Although we attempt to remedy any issues we observe in our vehicles as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be up to the satisfaction of our customers. While we have performed extensive internal testing, we currently have a limited frame of reference by which to evaluate detailed long-term quality, reliability, durability and performance characteristics of our battery packs, powertrains, vehicles and energy products. There can be no assurance that we will be able to detect and fix any defects in our products prior to their sale to consumers.

Any product defects or any other failure of our products to perform as expected could harm our reputation and result in delivery delays, product recalls, product liability claims, significant warranty and other expenses, and could have a material adverse impact on our business, financial condition,

operating results and prospects. Our Model X vehicles have not yet been evaluated by NHTSA for a star rating under the New Car Assessment Program, and while based on our internal testing we expect to obtain comparable ratings to those achieved by Model S, there is no assurance this will occur.

We are dependent on our suppliers, the majority of which are single source suppliers, and the inability of these suppliers to deliver, or their refusal to deliver, necessary components of our vehicles in a timely manner at prices, quality levels, and volumes acceptable to us could have a material adverse effect on our financial condition and operating results.

Our current products contain numerous purchased parts which we source globally from hundreds of direct suppliers, the majority of whom are currently single source suppliers despite efforts to qualify and obtain components from multiple sources whenever feasible. Furthermore, we do not maintain long-term agreements with a number of our suppliers. This limited supply chain exposes us to multiple potential sources of delivery failure or component shortages for the production of our products. We have experienced in the past and may experience in the future delays due to supply chain disruptions with respect to our current products and future products we may produce, such as those we have experienced in 2012 and 2016 in connection with our slower-than-planned Model S and Model X ramps.

Unexpected changes in business conditions, materials pricing, labor issues, wars, governmental changes, natural disasters such as the March 2011 earthquakes in Japan and other factors beyond our and our suppliers' control, could also affect our suppliers' ability to deliver components to us on a timely basis. Moreover, any significant unanticipated demand may require us to procure additional components in a short amount of time, and in the past we have also replaced certain suppliers because of their failure to provide components that met our quality control standards. While we believe that we will be able to secure additional or alternate sources of supply for most of our components in a relatively short time frame, there is no assurance that we will be able to do so or develop our own replacements for certain highly customized components of our vehicles. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to vehicle design changes and delays in vehicle deliveries to our customers, which could hurt our relationships with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

Changes in our supply chain have also resulted in the past, and may result in the future, in increased cost. We have also experienced cost increases from certain of our suppliers in order to meet our quality targets and development timelines as well as due to design changes that we made, and we may experience similar cost increases in the future. Certain suppliers, including for Model X, have experienced delays in meeting our demand or quality requirements, or have sought to renegotiate the terms of the supply arrangements. Additionally, we are negotiating with existing suppliers for cost reductions, seeking new and less expensive suppliers for certain parts, and attempting to redesign certain parts to make them less expensive to produce. If we are unsuccessful in our efforts to control and reduce supplier costs, our operating results will suffer.

Moreover, we have signed an agreement with Panasonic to be our partner in the Gigafactory and be responsible for, among other things, manufacturing cells from there for use in our products. If we encounter unexpected difficulties with our current suppliers, including Panasonic, and if we are unable to fill these needs from other suppliers, we could experience production delays and potential loss of access to important technology and parts for producing, servicing and supporting our products, which could have a material adverse effect on our financial condition and operating results.

We expect the foregoing discussion to apply generally to Model 3. However, because we plan to produce Model 3 at significantly higher volumes than Model S or Model X, the negative impact of any delays or other constraints with respect to our suppliers for Model 3 could be substantially greater than any such issues experienced with respect to Model S, Model X or our energy products. As some of our current suppliers may not have the resources, equipment or scalability to provide components for the Model 3 in line with our requirements, we may need to engage a significant number of new suppliers with whom we have relatively little or no experience, and such suppliers may have to ramp

to achieve our needs in a short period of time. There is no assurance that these suppliers will ultimately be able to meet our cost, quality and volume needs.

Our future growth is dependent upon consumers' willingness to adopt electric vehicles, especially in the mass market demographic which we are targeting with Model 3.

Our growth is highly dependent upon the adoption by consumers of alternative fuel vehicles in general and electric vehicles in particular, especially in the mass market demographic which we are targeting with Model 3.

If the market for electric vehicles in general and Tesla vehicles in particular does not develop as we expect, or develops more slowly than we expect, our business, prospects, financial condition and operating results will be harmed. The market for alternative fuel vehicles is relatively new, rapidly evolving, and could be affected by numerous external factors, such as:

- perceptions about electric vehicle features, quality, safety, performance and cost;
- perceptions about the limited range over which electric vehicles may be driven on a single battery charge;
- competition, including from other types of alternative fuel vehicles, plug-in hybrid electric vehicles, and high fuel-economy internal combustion engine vehicles;
- volatility in the cost of oil and gasoline;
- government regulations and economic incentives; and
- access to charging facilities.

If we fail to scale our business operations and otherwise manage future growth effectively as we rapidly grow our company, especially internationally, we may not be able to produce, market, sell and service our products successfully.

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, operating results and financial condition. We continue to expand our operations significantly, especially internationally, including by a planned transition to high volume vehicle production and the worldwide sales and servicing of a significantly higher number of vehicles than our current vehicle fleet in the coming years, with the launch and ramp of Model 3. Furthermore, we are developing and growing our energy product business worldwide, including in countries where we have limited or no previous operating experience in connection with our vehicle business. Our future operating results depend to a large extent on our ability to manage our expansion and growth successfully. We may not be successful in undertaking this global expansion if we are unable to control expenses and avoid cost overruns and other unexpected operating costs; establish sufficient worldwide sales, service and Supercharger facilities in a timely manner; adapt our products to meet local requirements; implement the required infrastructure, systems and processes; and find and hire a significant number of additional manufacturing, engineering, service and administrative personnel.

If we are unable to continue to reduce the manufacturing costs of Model S and Model X or control manufacturing costs for Model 3, our financial condition and operating results will suffer.

As we have gradually ramped production of Model S, manufacturing costs per vehicle have decreased, and we anticipate similar decreases in the manufacturing costs of Model X as we continue to ramp production of that vehicle. While we expect ongoing cost reductions to be realized by both us and our suppliers, there is no guarantee we will be able to achieve sufficient cost savings to reach our gross margin and profitability goals. We incur significant costs related to procuring the raw materials required to manufacture our vehicles, assembling vehicles and compensating our personnel. We may also incur substantial costs or cost overruns in increasing the production capability of our vehicle manufacturing facilities, such as for Model 3. Furthermore, if we are unable to achieve production cost targets on our Model X and Model 3 vehicles pursuant to our plans, we may not be able to meet our gross margin and other financial targets.

Furthermore, many of the factors that impact our manufacturing costs are beyond our control, such as potential increases in the costs of our raw materials and components, such as lithium-ion battery cells or aluminum used to produce body panels. If we are unable to continue to control and reduce our manufacturing costs, our operating results, business and prospects will be harmed.

Although we are significantly dependent upon revenue generated from the sale of the Model S and Model X in the near term, our future success will be dependent upon our ability to design and achieve market acceptance of Model 3 and future vehicles with broad public appeal.

We currently generate a significant percentage of our revenues from the sale of our Model S and Model X vehicles. The Model 3, for which we are planning to achieve volume production and deliveries in late 2017, requires significant investment prior to commercial introduction, and there is no guarantee that it will be commercially successful. The market for vehicles in the price range we expect for Model 3 is larger, but more competitive, than the markets for Model S and Model X. There can be no assurance that Model 3 or our future electric vehicles will meet the expectations of our customers or of a broad customer base. To the extent that we are not able to build the production Model 3 to the expectations created by the prototype we unveiled in March 2016, including the announced vehicle specifications and cost to customers, customers may cancel their reservations, our future sales could be harmed and investors may lose confidence in us. Furthermore, historically, automobile customers have come to expect new and improved vehicle models to be introduced frequently. In order to meet these expectations, we may in the future be required to introduce on a regular basis new vehicle models as well as enhanced versions of existing vehicle models. To the extent our product cycles do not meet consumer expectations, our future sales may be adversely affected.

Reservations for Model 3 may be cancelled prior to their sale and are fully refundable to customers, and significant cancellations could harm our financial condition, business, prospects and operating results.

We have received a significant number of reservations for Model 3, all of which are subject to customer cancellations up until such time that the customer enters into a purchase agreement. As Model 3 will have a significantly lower price point than our previous vehicles and we do not expect to achieve volume production and deliveries of Model 3 before late 2017, we will for a lengthy period of time be subject to a number of factors that may result in cancellations of these reservations, including potential changes in customer financial position and preferences, competitive developments, and any unanticipated deviations from the expected price point, vehicle features or performance characteristics. There can be no assurance that any reservation will ultimately result in the sale of a vehicle, or that our number of reservations at any given time will accurately reflect the future demand for and sales of the Model 3. Furthermore, all amounts received by us in connection with reservations taken prior to the ramp of our vehicles have historically been refundable. Given the substantial number of Model 3 reservations, significant cancellations could harm our financial condition, business, prospects and operating results.

We may fail to meet our publicly announced guidance or other expectations about our business, which could cause our stock price to decline.

We occasionally provide guidance regarding our expected financial and business performance, such as projections regarding sales and production, as well as anticipated future revenues, gross margins, profitability and cash flows. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process and our guidance may not ultimately be accurate. Our guidance is based on certain assumptions such as those relating to anticipated production and sales volumes and average sales prices, supplier and commodity costs, and planned cost reductions. If our guidance is not accurate or varies from actual results due to our inability to meet our assumptions or the impact on our financial performance that could occur as a result of various risks and uncertainties, the market value of our common stock could decline significantly.

Our vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame, and such events have raised concerns, and future events may lead to additional concerns, about the batteries used in automotive applications.

The battery packs that we produce make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells.

While we have designed the battery pack to passively contain any single cell's release of energy without spreading to neighboring cells, there can be no assurance that a field or testing failure of our vehicles or other battery packs that we produce will not occur, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion cells for automotive applications or any future incident involving lithium-ion cells such as a vehicle or other fire, even if such incident does not involve our vehicles, could seriously harm our business.

In addition, we store a significant number of lithium-ion cells at the Tesla Factory and plan to produce high volumes of cells and battery modules and packs at our Gigafactory. Any mishandling of battery cells may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the cells, there can be no assurance that a safety issue or fire related to the cells would not disrupt our operations. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's electric vehicle or energy product may cause indirect adverse publicity for us and our products. Such adverse publicity could negatively affect our brand and harm our business, prospects, financial condition and operating results.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our financial results.

Our revenues and costs denominated in foreign currencies are not completely matched. As we have increased Model S deliveries in markets outside of the United States, we have much higher revenues than costs denominated in other currencies such as the euro, Chinese renminbi, Norwegian kroner, British pound and Canadian dollar. Any strengthening of the U.S. dollar would tend to reduce our revenues as measured in U.S. dollars, as we have historically experienced. In addition, a portion of our costs and expenses have been, and we anticipate will continue to be, denominated in foreign currencies, including the Japanese yen. If we do not have fully offsetting revenues in these currencies and if the value of the U.S. dollar depreciates significantly against these currencies, our costs as measured in U.S. dollars as a percent of our revenues will correspondingly increase and our margins will suffer. Moreover, while we undertake limited hedging activities intended to offset the impact of currency translation exposure, it is impossible to predict or eliminate such impact. As a result, our operating results could be adversely affected.

Our resale value guarantee and leasing programs for our vehicles expose us to the risk that the resale values of vehicles returned to us are lower than our estimates and may result in lower revenues, gross margin, profitability and liquidity.

We have provided resale value guarantees to many of our customers, under which such customers may sell their vehicles back to us at certain points in time at pre-determined resale values. Customers can lease our vehicles through both leasing partners and from us directly, through our captive finance companies. The resale values of any vehicles resold or returned to us pursuant to these programs may be lower than our estimates, which are based on a limited secondary market for our vehicles. If the volume of vehicles returned to us is higher than our estimates and/or we are not able to resell them timely or at all, our liquidity could be negatively impacted. In cases where customers retain their vehicles past the guarantee period, our gross margin will be negatively impacted as all remaining revenues and costs related to the vehicle will be recognized at no gross profit.

We apply lease accounting on sales of vehicles with a resale value guarantee and on leases made directly by us or by our leasing partners. Under lease accounting, we recognize the associated revenues and costs of the vehicle sale over time rather than fully upfront at vehicle delivery. As a result, these programs generate lower revenues in the period the car is delivered and higher gross margins during the period of the resale value guarantee as compared to purchases in which the resale value guarantee does not apply. A higher than anticipated prevalence of these programs could therefore have an adverse impact on our near term revenues and operating results. Moreover, unlike the sale of a vehicle with a resale value guarantee or programs with leasing partners which do not impact our cash flows and liquidity at the time of vehicle delivery, under a lease held directly by us, we may receive only a very small portion of the total vehicle purchase price at the time of lease, followed by a stream of payments over the term of the lease. To the extent we expand our leasing program

without securing external financing or business partners to support such expansion, our cash flow and liquidity could also be negatively impacted.

If we fail to effectively grow and manage the residual, financing and credit risks related to our direct vehicle leasing programs, our business may suffer.

We offer vehicle financing arrangements through our local subsidiaries in the United States, Canada, Germany and the UK, including leasing directly through certain of those subsidiaries. The profitability of the leasing program depends on our ability to accurately project residual values, secure adequate financing and/or business partners to fund and grow this program, and manage customer credit risk. If actual residual values of our vehicles are below our estimates, we may suffer lower profitability or potentially have losses. If we are unable to adequately fund our leasing program with internal funds, or partners or other external financing sources, and compelling alternative financing programs are not available for our customers, we may be unable to grow our sales. For example, in certain cases purchasing lease contracts from us is at the discretion of our partners and there is no guarantee that our partners will accept such contracts at the volumes and times requested by us. Additionally, if we do not properly screen customers for their creditworthiness, we may be exposed to excessive credit risks and associated losses. Furthermore, if our leasing business grows substantially, our business may suffer if we cannot effectively manage the greater levels of residual and credit risks resulting from growth. Finally, if we do not successfully monitor and comply with applicable national, state and/or local financial regulations and consumer protection laws governing lease transactions, we may become subject to enforcement actions or penalties, either of which may harm our business.

Increases in costs, disruption of supply or shortage of raw materials, in particular for lithium-ion cells, could harm our business.

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase, supply interruption or shortage could materially and negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business including aluminum, steel, nickel and copper. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. For instance, we are exposed to multiple risks relating to lithium-ion cells. These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells we require;
- disruption in the supply of cells due to quality issues or recalls by battery cell manufacturers;
- an increase in the cost of raw materials used in the cells; and
- fluctuations in the value of the Japanese yen against the U.S. dollar as our battery cell purchases for Model S and Model X are currently denominated in Japanese yen.

Our business is dependent on the continued supply of battery cells for the battery packs used in our vehicles and energy products. While we believe several sources of the battery cells are available for such battery packs, we have fully qualified only a very limited number of suppliers for the cells used in such battery packs and have very limited flexibility in changing cell suppliers. In particular, we have fully qualified only one supplier for the cells used in battery packs for our production vehicles. Any disruption in the supply of battery cells from such vendors could disrupt production of our vehicles and of the battery packs we produce for other automobile manufacturers until such time as a different supplier is fully qualified. Furthermore, fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials or prices charged to us, such as those charged by our battery cell manufacturers, would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased vehicle prices. Any attempts to increase vehicle prices in response to increased raw material costs could result in cancellations of vehicle orders and reservations and therefore materially and adversely affect our brand, image, business, prospects and operating results.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

Product liability claims could harm our business, prospects, operating results and financial condition. The automobile industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected resulting in personal injury or death. We also may face similar claims related to any misuse or failures of new technologies that we are pioneering, including autopilot in our vehicles and our energy products. A successful product liability claim against us could require us to pay a substantial monetary award. Our risks in this area are particularly pronounced given the limited number of vehicles and energy products delivered to date and limited field experience of our products. Moreover, a product liability claim could generate substantial negative publicity about our products and business and could have material adverse effect on our brand, business, prospects and operating results. We self-insure against the risk of product liability claims, meaning that any product liability claims will have to be paid from company funds, not by insurance.

The automotive market is highly competitive, and we may not be successful in competing in this industry. We currently face competition from new and established U.S. and international competitors and expect to face competition from others in the future, including competition from companies with new technology.

The worldwide automotive market, particularly for alternative fuel vehicles, is highly competitive today and we expect it will become even more so in the future. There is no assurance that our vehicles will be successful in the respective markets in which they compete. Many established and new automobile manufacturers such as BMW, Daimler, General Motors and Toyota, as well as other large companies, have entered or are reported to have plans to enter the alternative fuel vehicle market, including hybrid, plug-in hybrid and fully electric vehicles. Most of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Virtually all of our competitors have more extensive customer bases and broader customer and industry relationships than we do and almost all of these companies have longer operating histories and greater name recognition than we do. Increased competition could result in lower vehicle unit sales, price reductions, revenue shortfalls, loss of customers and loss of market share, which could harm our business, prospects, financial condition and operating results. In addition, upon the launch of our Model 3 vehicle, we will face competition from existing and future automobile manufacturers in the extremely competitive entry-level premium sedan market, including Audi, BMW, Lexus and Mercedes.

Demand in the automobile industry is volatile, which may lead to lower vehicle unit sales and adversely affect our operating results.

Volatility of demand in the automobile industry may materially and adversely affect our business, prospects, operating results and financial condition. The markets in which we currently compete and plan to compete in the future have been subject to considerable volatility in demand in recent periods. As a current low volume vehicle producer, we have less financial resources than more established automobile manufacturers to withstand changes in the market and disruptions in demand, and there is no guarantee that we will be able to successfully transition to a high volume producer with the production of the Model 3. Volatility in demand may lead to lower vehicle unit sales and increased inventory, which may result in further downward price pressure and adversely affect our business, prospects, financial condition and operating results. These effects may have a more pronounced impact on our business given our relatively smaller scale and financial resources as compared to many incumbent automobile manufacturers.

If we are unable to establish and maintain confidence in our long-term business prospects among consumers, analysts and within our industry, then our financial condition, operating results, business prospects and stock price may suffer materially.

Consumers may be less likely to purchase our products now if they are not convinced that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. Accordingly, in order to build and maintain our business, we must maintain confidence among customers, suppliers, analysts and other parties in our liquidity and long-term business prospects. Maintaining such confidence may be

particularly complicated by certain factors, such as our limited operating history, unfamiliarity with our products, competition and uncertainty regarding the future of electric vehicles and our quarterly production and sales performance compared with market expectations. Many of these factors are largely outside our control, and any negative perceptions about our long-term business prospects, even if exaggerated or unfounded, would likely harm our business and make it more difficult to raise additional funds if needed.

Our vehicles have unique servicing requirements, and we are using a different service model from the one typically used in the automobile industry. If we are unable to address the service requirements of our existing and future customers, our business will be materially and adversely affected.

Servicing electric vehicles is different than servicing vehicles with internal combustion engines and requires specialized skills, including high voltage training and servicing techniques. If we are unable to satisfactorily service our vehicles, our ability to generate customer loyalty, grow our business and sell additional vehicles could be impaired.

We service our vehicles through our company-owned Tesla service centers, certain of our stores, and through our mobile service technicians known as the Tesla Rangers. We will need to accurately anticipate the need for and open new standalone service centers in locations around the world and hire and train significant numbers of new employees to staff these service centers and act as Tesla Rangers in order to successfully maintain our fleet of delivered vehicles. If we do not continue to adequately address the service requirements of our customers to their satisfaction, particularly as the volume of vehicles we are able to deliver annually increases, our business could be harmed.

Our plan to expand our network of Tesla stores and galleries, service centers and Superchargers will require significant cash investments and management resources and may not meet expectations with respect to additional sales of our electric vehicles or availability of Superchargers.

Our plan to expand our network of Tesla stores, galleries, service centers and Superchargers will require significant cash investments and management resources and may not meet our expectations with respect to additional sales of our vehicles. This ongoing global expansion, which includes planned entry into markets in which we have limited or no experience selling, delivering or servicing vehicles, and which may pose legal, regulatory, cultural and political challenges that we have not previously encountered, may not have the desired effect of increasing sales and expanding our brand presence to the degree we are anticipating. Furthermore, the increasing number of Model S and Model X vehicles, as well as the significant increase in our vehicle fleet size that we expect from Model 3, will require us to continue to increase the number of Supercharger stations significantly. If we fail to do so, our customers could become dissatisfied, which could adversely affect sales of our vehicles. We will also need to ensure we are in compliance with any regulatory requirements applicable to the sale and service of our vehicles and operation of Superchargers in those jurisdictions, which could take considerable time and expense. If we experience any delays or cannot meet customer expectations in expanding our network of Tesla stores, galleries, service centers and Superchargers, this could lead to a decrease in sales of our vehicles and could negatively impact our business, prospects, financial condition and operating results.

We face risks associated with our international operations and expansion, including unfavorable regulatory, political, tax and labor conditions and establishing ourselves in new markets, all of which could harm our business.

We currently have international operations and subsidiaries in various countries and jurisdictions that are subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. Additionally, as part of our growth strategy, we will continue to expand our sales, service and Supercharger locations internationally. We have limited experience, however, selling and servicing our products internationally, as well as limited experience installing and operating Superchargers internationally. Furthermore, international expansion requires us to make significant expenditures, including the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue.

We are subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our electric vehicles and require significant management attention. These risks include conforming our vehicles to various international regulatory and safety requirements, difficulty in establishing, staffing and managing foreign operations, challenges in attracting customers, foreign government taxes, regulations and permit requirements, our ability to enforce our contractual rights; trade restrictions, customs regulations, tariffs and price or exchange controls, and preferences of foreign nations for domestically produced vehicles.

Additionally, as we have expanded into new international markets, we historically faced challenges with ensuring that our charging equipment works successfully with the charging infrastructure in such markets, including in Norway and China. If customers experience problems with the way our charging equipment works with the local charging infrastructure, or we are unable to adapt our equipment to resolve such problems, then the viability and acceptance of our vehicles in such markets could be materially and adversely affected. If we fail to successfully address these risks, our business, prospects, operating results and financial condition could be materially harmed.

The unavailability, reduction or elimination of government and economic incentives in the U.S. and abroad supporting the development and adoption of electric vehicles could have some impact on demand for our vehicles.

We currently benefit from certain government and economic incentives supporting the development and adoption of electric vehicles. In the United States and abroad, such incentives include, among other things, tax credits or rebates that encourage the purchase of electric vehicles. In Norway, for example, the purchase of electric vehicles is not currently subject to import taxes, taxes on non-recurring vehicle fees, the 25% value added tax or the purchase taxes that apply to the purchase of gas-powered vehicles. Notably, the quantum of incentive programs promoting electric vehicles is a tiny fraction of the amount of incentives that are provided to gas-powered vehicles through the oil and gas industries. Nevertheless, even the limited benefits from such programs could be reduced, eliminated or exhausted. For example, on January 1, 2016, a previously available incentive in Denmark that favored the purchase of electric vehicles expired and was replaced with a newly phased-in incentive that is less generous than the incentive that it replaced. Moreover, under current regulations, a \$7,500 federal tax credit available in the United States for the purchase of qualified electric vehicles with at least 17 kWh of battery capacity, such as our vehicles, will begin to phase out with respect to any vehicles delivered in the second calendar quarter following the quarter in which we deliver our 200,000th qualifying vehicle in the United States. In addition, California implemented regulations phasing out a \$2,500 cash rebate on qualified electric vehicles for high-income consumers, which became effective in March 2016. In certain circumstances, there is pressure from the oil and gas lobby or related special interests to bring about such developments, which could have some negative impact on demand for our vehicles.

If we are unable to attract and/or retain key employees and hire qualified personnel, our ability to compete could be harmed.

The loss of the services of any of our key employees could disrupt our operations, delay the development and introduction of our vehicles and services, and negatively impact our business, prospects and operating results. In particular, we are highly dependent on the services of Elon Musk, our Chief Executive Officer, and JB Straubel, our Chief Technical Officer.

None of our key employees is bound by an employment agreement for any specific term and we may not be able to successfully attract and retain senior leadership necessary to grow our business. Our future success depends upon our ability to attract and retain executive officers and other key technology, sales, marketing, engineering, manufacturing and support personnel and any failure to do so could adversely impact our business, prospects, financial condition and operating results.

Key talent may leave Tesla due to various factors, such as a very competitive labor market for talented individuals with automotive experience. Currently in California, there is increasing competition for talented individuals with the specialized knowledge of electric vehicles, software engineers, manufacturing engineers and other skilled employees. This competition affects both our ability to retain key employees and hire new ones. Our continued success depends upon our continued ability to hire new employees in a timely manner, especially to support our expansion plans and ramp to

high-volume manufacture of vehicles, and retain current employees. Additionally, we compete with both mature and prosperous companies that have far greater financial resources than we do and start-ups and emerging companies that promise short-term growth opportunities. Difficulties in retaining current employees or recruiting new ones could have an adverse effect on our performance.

We are highly dependent on the services of Elon Musk, our Chief Executive Officer.

We are highly dependent on the services of Elon Musk, our Chief Executive Officer, Chairman of our Board of Directors and largest stockholder. Although Mr. Musk spends significant time with Tesla and is highly active in our management, he does not devote his full time and attention to Tesla. Mr. Musk also currently serves as Chief Executive Officer and Chief Technical Officer of Space Exploration Technologies, a developer and manufacturer of space launch vehicles, and Chairman of SolarCity, a solar provider.

We are subject to various environmental and safety laws and regulations that could impose substantial costs upon us and negatively impact our ability to operate our manufacturing facilities.

As an automobile manufacturer, we are subject to complex environmental, health and safety laws and regulations at numerous jurisdictional levels in the United States and abroad, including laws relating to the use, handling, storage, disposal and human exposure to hazardous materials. The costs of compliance, including remediating contamination if any is found on our properties and any changes to our operations mandated by new or amended laws, may be significant. We may also face unexpected delays in obtaining permits and approvals required by such laws in connection with our manufacturing facilities, which would hinder our operation of these facilities. Such costs and delays may adversely impact our business prospects and operating results. Furthermore, any violations of these laws may result in substantial fines and penalties, remediation costs, third party damages, or a suspension or cessation of our operations.

Our business may be adversely affected by any disruptions caused by union activities.

It is common for employees at automobile companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. Moreover, regulations in some jurisdictions outside of the United States mandate employee participation in industrial collective bargaining agreements and work councils with certain consultation rights with respect to the relevant companies' operations. Although we work diligently to provide the best possible work environment for our employees, they may still decide to join or seek recognition to form a labor union, or we may be required to become a union signatory. Furthermore, we are directly or indirectly dependent upon companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs, it could delay the manufacture and sale of our products and have a material adverse effect on our business, prospects, operating results or financial condition.

Our vehicles are subject to substantial regulation, which is evolving, and unfavorable changes or failure by us to comply with these regulations could substantially harm our business and operating results.

Motor vehicles are subject to substantial regulation under international, federal, state, and local laws. We incur significant costs in complying with these regulations, and may be required to incur additional costs to comply with any changes to such regulations. We are subject to laws and regulations applicable to the import, sale and service of automobiles internationally. For example, in countries outside of the United States, we are required to meet vehicle-specific safety standards that are often materially different from U.S. requirements, thus resulting in additional investment into the vehicles and systems to ensure regulatory compliance in those countries. This process may include official review and certification of our vehicles by foreign regulatory agencies prior to market entry, as well as compliance with foreign reporting and recall management systems requirements.

Additionally, our vehicles are equipped with a range of autopilot features that assist drivers, relieving them of certain tedious and potentially dangerous aspects of road travel. Autopilot is a completely new

feature with which U.S. and foreign regulators have limited experience. Any current or future proposed regulations in this area, if passed, could impact whether and how our customers are able to use our vehicles equipped for autopilot, and which, depending on the severity of the regulations, could adversely affect our business.

We are subject to various privacy and consumer protection laws.

Our privacy policy is posted on our website, and any failure by us or our vendor or other business partners to comply with it or with federal, state or international privacy, data protection or security laws or regulations could result in regulatory or litigation-related actions against us, legal liability, fines, damages and other costs. We may also incur substantial expenses and costs in connection with maintaining compliance with such laws, in particular data protection laws in the EU, which are currently in a state of transition. Although we take steps to protect the security of our customers' personal information, we may be required to expend significant resources to comply with data breach requirements if third parties improperly obtain and use the personal information of our customers or we otherwise experience a data loss with respect to customers' personal information. A major breach of our network security and systems could have negative consequences for our business and future prospects, including possible fines, penalties and damages, reduced customer demand for our vehicles, and harm to our reputation and brand.

We may be compelled to undertake product recalls or take other actions, which could adversely affect our brand image and financial performance.

Any product recall in the future may result in adverse publicity, damage our brand and adversely affect our business, prospects, operating results and financial condition. For example, we recently initiated a Model S recall in November 2015 after we discovered a single field unit with a front seat belt issue, and a Model X recall in April 2016 after an internal test revealed unintended movement in the third row seats during a collision. None of our past recalls have been related to our electric powertrain, and none of the underlying issues has resulted in a vehicle crash or personal injury reported to us. In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our vehicles or our electric powertrain components that we provide to other OEMs, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable federal motor vehicle safety standards. Such recalls, whether voluntary or involuntary or caused by systems or components engineered or manufactured by us or our suppliers, could involve significant expense and could adversely affect our brand image in our target markets, as well as our business, prospects, financial condition and results of operations.

Our current and future warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.

If our warranty reserves are inadequate to cover future warranty claims on our vehicles, our business, prospects, financial condition and operating results could be materially and adversely affected. Warranty reserves include management's best estimate of the projected costs to repair or to replace items under warranty. These estimates are based on actual claims incurred to-date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain and changes to our historical or projected experience may cause material changes to our warranty reserves in the future. Subject to separate limited warranties for the supplemental restraint system and battery, we provide four year or 50,000 mile limited warranties for the purchasers of new Model S and Model X vehicles and pre-owned Model S vehicles certified and sold by us. These limited warranties also cover the drive unit for eight years and the battery for a period of eight years or 125,000 miles or unlimited miles, depending on the size of the vehicle's battery and/or the date of delivery, although the battery's charging capacity is not covered under these warranties or any Extended Service plan.

In addition, customers of new Model S and Model X vehicles have the opportunity to purchase an Extended Service plan for the period after the end of the limited warranty for their new vehicles to cover additional services for an additional four years or 50,000 miles, provided it is purchased within a specified period of time. The limited warranties and Extended Service plans we offer for the Model S and Model X are subject to certain limitations, exclusions or separate warranties, including certain wear items, such as tires, brake pads, paint and general appearance, and battery performance, and is intended to cover parts and labor to repair defects in material or workmanship in the vehicle including

the body, chassis, suspension, interior, electronic systems, powertrain and brake system. Additionally, in 2013, as part of our ongoing efforts to improve the customer ownership experience, we expanded the battery pack warranty and also eliminated the annual service requirement that was needed to keep the limited warranty on new Model S and Model X vehicles in effect. Should this change in warranty coverage lead to an increase in warranty claims, we may need to record additional warranty reserves, which would negatively affect our profitability.

We are currently expanding and improving our information technology systems and use security measures designed to protect our systems against breaches and cyber-attacks. If these efforts are not successful, our business and operations could be disrupted and our operating results and reputation could be harmed.

We are currently expanding and improving our information technology systems, including implementing new internally developed systems, to assist us in the management of our business. In particular, our volume production of multiple vehicles necessitates continued development, maintenance and improvement of our information technology systems in the U.S. and abroad, which include product data management, procurement, inventory management, production planning and execution, sales, service and logistics, dealer management, financial, tax and regulatory compliance systems. The implementation, maintenance and improvement of these systems require significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving and expanding our core systems as well as implementing new systems, including the disruption of our data management, procurement, manufacturing execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or manufacture, sell, deliver and service vehicles, or achieve and maintain compliance with, or realize available benefits under, tax laws and other applicable regulations. We also maintain information technology measures designed to protect us against system security risks, data breaches and cyber-attacks.

We cannot be sure that these systems or their required functionality will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and/or timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary information could be compromised and our reputation may be adversely affected. If these systems or their functionality do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

Our insurance strategy may not be adequate to protect us from all business risks.

We may be subject, in the ordinary course of business, to losses resulting from products liability, accidents, acts of God and other claims against us, for which we may have no insurance coverage. While we currently maintain general liability, automobile, property, workers' compensation, and directors' and officers' insurance policies, as a general matter, we do not maintain as much insurance coverage as many other companies do, and in some cases, we do not maintain any at all. Additionally, the policies that we do have may include significant deductibles, and we cannot be certain that our insurance coverage will be sufficient to cover all future claims against us. A loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which could adversely affect our financial condition and operating results.

Our financial results may vary significantly from period-to-period due to fluctuations in our operating costs.

We expect our period-to-period operating results to vary based on our operating costs which we anticipate will increase significantly in future periods as we, among other things, design, develop and manufacture Model 3, energy products and other future products, increase the production capacity at our manufacturing facilities to produce vehicles at higher volumes, including ramping up the production of Model X, develop the Gigafactory, open new Tesla service centers with maintenance and repair capabilities, open new Supercharger locations, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations. As a result of these factors, we believe that quarter-to-quarter comparisons of our operating results, especially in

the short-term, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our operating results may not meet expectations of equity research analysts or investors. If any of this occurs, the trading price of our stock could fall substantially, either suddenly or over time.

Any unauthorized control or manipulation of our vehicles' systems could result in loss of confidence in us and our vehicles and harm our business.

Our vehicles contain complex information technology systems. For example, our vehicles are designed with built-in data connectivity to accept and install periodic remote updates from us to improve or update the functionality of our vehicles. We have designed, implemented and tested security measures intended to prevent unauthorized access to our information technology networks, our vehicles and their systems. However, hackers have reportedly attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use such networks, vehicles and systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. We encourage reporting of potential vulnerabilities in the security of our vehicles via our security vulnerability reporting policy, and we aim to remedy any reported and verified vulnerabilities. Accordingly, we have received reports of potential vulnerabilities in the past and have attempted to remedy them. However, there can be no assurance that vulnerabilities will not be identified in the future, or that our remediation efforts are or will be successful.

Any unauthorized access to or control of our vehicles or their systems or any loss of data could result in legal claims or proceedings. In addition, regardless of their veracity, reports of unauthorized access to our vehicles, their systems or data, as well as other factors that may result in the perception that our vehicles, their systems or data are capable of being "hacked," could negatively affect our brand and harm our business, prospects, financial condition and operating results. We have been the subject of such reports in the past.

We may need or want to raise additional funds and these funds may not be available to us when we need them. If we cannot raise additional funds when we need or want them, our operations and prospects could be negatively affected.

The design, manufacture, sale and servicing of automobiles and energy products is a capital intensive business. Until we are consistently generating positive free cash flows, we may need or want to raise additional funds through the issuance of equity, equity-related or debt securities or through obtaining credit from financial institutions to fund, together with our principal sources of liquidity, the costs of developing and manufacturing our current or future vehicles and/or energy products, to pay any significant unplanned or accelerated expenses or for new significant strategic investments. We need sufficient capital to fund our ongoing operations, continue research and development projects, establish sales and service centers, build and deploy Superchargers, develop the Gigafactory and to make the investments in tooling and manufacturing capital required to introduce new vehicles and energy products. We cannot be certain that additional funds will be available to us on favorable terms when required, or at all. If we cannot raise additional funds when we need them, our financial condition, results of operations, business and prospects could be materially and adversely affected.

We may face regulatory limitations on our ability to sell vehicles directly which could materially and adversely affect our ability to sell our electric vehicles.

We sell our vehicles from our Tesla stores as well as over the internet. We may not be able to sell our vehicles through this sales model in each state in the United States as some states have laws that may be interpreted to impose limitations on this sales model, including laws that prohibit manufacturers from selling vehicles directly to consumers without the use of an independent dealership or without a physical presence in the state. In certain states in which we are not able to obtain dealer licenses, we have opened galleries, which are not full retail locations.

The application of these state laws to our operations continues to be difficult to predict. Laws in some states have limited our ability to obtain dealer licenses from state motor vehicle regulators and may continue to do so.

In addition, decisions by regulators permitting us to sell vehicles may be subject to challenges as to whether such decisions comply with applicable state motor vehicle industry laws. For example, vehicle dealer associations in various states have filed lawsuits to revoke dealer licenses issued to us. We have prevailed in many of these lawsuits and such results have reinforced our continuing belief that state laws were not designed to prevent our distribution model. Possible additional challenges in other states, if successful, could restrict or prohibit our ability to sell our vehicles to residents in such states. In some states, there have also been regulatory and legislative efforts by vehicle dealer associations to propose bills and regulations that, if enacted, would prevent us from obtaining dealer licenses in their states given our current sales model. A few states have passed legislation that clarifies our ability to operate, but at the same time limits the number of dealer licenses we can obtain or stores that we can operate.

Internationally, there may be laws in jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws in this area can be complex, difficult to interpret and may change over time.

We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and could cause us to incur substantial costs.

Others, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our products and services, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents or trademarks regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to take licenses. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to cease making, selling or incorporating certain components or intellectual property into the goods and services we offer, pay substantial damages, seek a license, if available, from the holder of the infringed intellectual property right, redesign our products; and/or establish and maintain alternative branding for our products and services.

In the event that we were required to take one or more such actions, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

Our facilities or operations could be damaged or adversely affected as a result of disasters.

Our corporate headquarters, the Tesla Factory and the Gigafactory are located in seismically active regions in Northern California and Nevada. If major disasters such as earthquakes or other events occur, or our information system or communications network breaks down or operates improperly, our headquarters and production facilities may be seriously damaged, or we may have to stop or delay production and shipment of our products. We may incur expenses relating to such damages, which could have a material adverse impact on our business, operating results and financial condition.

Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.

We incurred \$660.0 million, \$920.0 million and \$1.38 billion, respectively, in aggregate principal amount of senior indebtedness when we issued, in registered public offerings, the 2018 Notes in 2013 and the 2019 Notes and 2021 Notes in 2014. In addition, we have established a senior secured asset based revolving credit agreement (the Credit Agreement) that allows us to borrow, under certain circumstances, up to \$1.0 billion. As of June 30, 2016, we had \$678.0 million in borrowings under the credit facility pursuant to the Credit Agreement. Our substantial indebtedness may increase our vulnerability to any generally adverse economic and industry conditions.

Our ability to make scheduled payments of the principal and interest when due or to make payments upon conversion of the notes, or to refinance the notes or our borrowings under the Credit Agreement, depends on our future performance, which is subject to economic, financial, competitive and other

factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to satisfy our obligations under the notes or the Credit Agreement, and any future indebtedness we may incur and to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the notes or existing or future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the notes, the Credit Agreement or future indebtedness.

Pursuant to their terms, holders may convert their Notes at their option at any time prior to the final three-month period of the scheduled term of the respective Notes only under certain circumstances. For example, holders may generally convert their Notes at their option during a quarter (and only during such quarter) if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price for such series of Notes on each applicable trading day. As a result of this conversion feature, the 2018 Notes have been convertible at their holders' option during each quarter commencing with the fourth quarter of 2013, except the first quarter of 2014. Neither this nor any other conversion feature has been met with respect to the 2019 Notes and 2021 Notes, and consequently the 2019 Notes and 2021 have not been convertible at their holders' option. Upon conversion of the notes, we will be obligated to make cash payments in respect of the principal amounts thereof, and we may also have to deliver cash and/or shares of our common stock, in respect of the conversion value in excess of such principal amounts on the notes. Any conversion of the notes prior to their maturity, or acceleration of the repayment of the notes or future indebtedness after any applicable notice or grace periods could have a material adverse effect on our business, results of operations and financial condition.

In addition, holders of the notes will have the right to require us to purchase their Notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but not including, the fundamental change purchase date. However, we may not have enough available cash or be able to obtain financing at the time we are required to make purchases of notes surrendered therefor or notes being converted. In addition, our ability to purchase the notes or to pay cash upon conversions of the notes may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to purchase notes at a time when the purchase is required by the indenture or to pay cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the notes or make cash payments upon conversions thereof.

Our debt agreements contain covenant restrictions that may limit our ability to operate our business.

The terms of our Credit Facility contain, and any of our other future debt agreements may contain, covenant restrictions that limit our ability to operate our business, including restrictions on our ability to, among other things, incur additional debt or issue guarantees, create liens, repurchase stock or make other restricted payments, and make certain voluntary prepayments of specified debt. In addition, under certain circumstances we are required to comply with a fixed charge coverage ratio.

As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, our failure to comply with our debt covenants could result in a default under our debt agreements, which could permit the holders to accelerate our obligation to repay the debt. If any of our debt is accelerated, we may not have sufficient funds available to repay it.

We may still incur substantially more debt or take other actions, which would intensify the risks discussed immediately above.

We and our subsidiaries may, subject to the limitations in the terms of our Credit Facility, incur additional debt, secure existing or future debt, recapitalize our debt or take a number of other actions that are not limited by the terms of the indenture governing our convertible senior notes that could have the effect of diminishing our ability to make payments on the notes and under the Credit Agreement when due. If we incur any additional debt, the related risks that we and our subsidiaries face could intensify.

The classification of our convertible senior notes may have a material effect on our reported financial results.

As described in the Risk Factor “*Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness,*” our 2018 Notes have been historically, and our 2019 Notes and 2021 Notes may become in the future, convertible at the option of their holders prior to their scheduled terms under certain circumstances. If holders elect to convert their notes, we could be required to pay them significant amounts in cash and/or deliver to them a significant number of shares of our common stock. Certain holders of our 2018 Notes have exercised their conversion rights, and other holders of our notes may do so in the future. Even if holders do not elect to convert their notes, the notes become convertible prior to their scheduled maturity dates, we would be required to reclassify such notes and the related debt issuance costs as current liabilities and certain portions of our equity outside of equity to mezzanine equity, which would have an adverse impact on our reported financial results for such quarter, and could have an adverse impact on the market price of our common stock.

II. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risks Related to the Ownership of our Common Stock

The trading price of our common stock is likely to continue to be volatile.

The trading price of our common stock has been highly volatile and could continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control. Our common stock has experienced an intra-day trading high of \$271.57 per share and a low of \$141.05 per share over the last 52 weeks. The stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of companies’ stock, including ours, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company’s securities, securities class action litigation has often been instituted against these companies. For example, a shareholder litigation like this was filed against us in 2013. While the trial court dismissed the plaintiffs’ complaint with prejudice, this litigation (if the trial court’s order is successfully appealed) or others like it could result in substantial costs and a diversion of our management’s attention and resources.

Conversion of our convertible senior notes may dilute the ownership interest of existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our common stock.

The conversion of some or all of our convertible senior notes will dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of the notes. As described in the Risk Factor “*Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt,*” our convertible senior notes have been historically, and may become in the future, convertible at the option of their holders prior to their scheduled terms under certain circumstances. If holders elect to convert their notes, we could be required to pay them significant amounts in cash and/or deliver to them a significant number of shares of our common stock. Certain holders of our 2018 Notes have exercised their conversion rights, and other holders of our notes may do so in the future. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could be used to satisfy short positions, or

anticipated conversion of the notes into shares of our common stock could depress the price of our common stock.

The convertible note hedge and warrant transactions we entered into in connection with the issuance of our convertible senior notes may affect the value of the notes and our common stock.

In connection with each issuance of our convertible senior notes, we entered into convertible note hedge transactions with the hedge counterparties. The convertible note hedge transactions cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that initially underlay the applicable notes. The convertible note hedge transactions are expected to reduce the potential dilution and/or offset potential cash payments we are required to make in excess of the principal amount upon conversion of the applicable notes. We also entered into warrant transactions with the hedge counterparties relating to the same number of shares of our common stock, subject to customary anti-dilution adjustments. However, the warrant transactions could separately have a dilutive effect on our common stock to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants on the applicable expiration dates.

In addition, the hedge counterparties or their affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the applicable notes (and are likely to do so during any observation period related to a conversion of notes). This activity could also cause or prevent an increase or a decrease in the market price of our common stock or the notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the prices of the notes or the shares of our common stock. In addition, we do not make any representation that the hedge counterparties have engaged or will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Mr. Musk has pledged shares of our common stock to secure certain bank borrowings. If Mr. Musk were forced to sell these shares pursuant to a margin call that he could not avoid or satisfy, such sales could cause our stock price to decline.

Certain banking institutions have made extensions of credit to Elon Musk, our Chief Executive Officer, a portion of which was used to purchase shares of common stock in certain of our public offerings and private placements at the same prices offered to third party participants in such offerings and placements. We are not a party to these loans, which are partially secured by pledges of a portion of the Tesla common stock currently owned by Mr. Musk. If the price of our common stock were to decline substantially and Mr. Musk were unable to avoid or satisfy a margin call with respect to his pledged shares, Mr. Musk may be forced by one or more of the banking institutions to sell shares of Tesla common stock in order to remain within the margin limitations imposed under the terms of his loans. Any such sales could cause the price of our common stock to decline further.

Anti-takeover provisions contained in our governing documents, applicable laws and our convertible senior notes could impair a takeover attempt.

Our certificate of incorporation and bylaws afford certain rights and powers to our board of directors that could contribute to the delay or prevention of an acquisition that it deems undesirable. We are also subject to Section 203 of the Delaware General Corporation Law and other provisions of Delaware law that limit the ability of stockholders in certain situations to effect certain business combinations. In addition, the terms of the convertible senior notes require us to repurchase the notes in the event of a fundamental change, including a takeover of our company. Any of the foregoing provisions and terms that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Risks Related to the Proposed SolarCity Acquisition

There can be no assurance that we will successfully complete the acquisition of SolarCity on the terms or timetable currently proposed, or at all.

On July 31, 2016, we executed a definitive acquisition agreement with SolarCity Corporation ("SolarCity") to acquire SolarCity. There can be no assurance that the acquisition of SolarCity will be completed when expected, on the terms agreed in the acquisition agreement, or at all. The SolarCity acquisition is subject to various closing conditions, including approval by a majority of the votes cast by the disinterested stockholders of each of Tesla and SolarCity, the effectiveness of the Registration Statement on Form S-4 that we will file in connection with the shares of our common stock to be issued in the acquisition, the absence of legal prohibitions on the consummation of the acquisition, customary approvals required under the Hart-Scott-Rodino Antitrust Improvements Act, and compliance with our and SolarCity's respective representations, warranties, covenants and obligations set forth in the acquisition agreement. The conditions to closing may not be satisfied or waived or there may be other intervening events that delay or prevent the closing of the acquisition. A delay or failure in consummating the acquisition could have a negative impact on our business and the trading price of our common stock. Whether or not we acquire SolarCity, we have incurred and continue to incur substantial transaction costs, which could have a negative impact on our financial condition and results of operations.

An unfavorable outcome in any lawsuit challenging the SolarCity acquisition may delay or prevent the completion of the acquisition or result in an award of damages or a settlement for which we may be liable.

As is common following the announcement or during the pendency of a merger transaction involving a publicly held company, lawsuits arising out of or relating to the acquisition of SolarCity may be filed. Any such litigation involving us is likely to be time-consuming and expensive, with results that are difficult to predict, and could divert our management's attention away from our regular business. The existence of litigation could also adversely impact the likelihood of obtaining the approvals required of us and SolarCity in order to consummate the acquisition. If a plaintiff is successful in obtaining a judgment against us or SolarCity, such judgment may prevent the merger from being completed within the expected time frame, or at all. Moreover, a judgment for damages or a settlement resulting from litigation may be for a significant amount, and if we complete the acquisition of SolarCity, we may be liable for such amount even if such judgment or settlement is against or with SolarCity.

In specified circumstances, SolarCity may terminate the acquisition agreement to accept an alternative proposal.

The acquisition agreement permits SolarCity to terminate the agreement in order to enter into a definitive agreement with a third party with respect to a "superior proposal" (as such term is defined in the acquisition agreement) prior to obtaining approval of the acquisition from its stockholders. In such event, SolarCity's only further obligation to us would be obligated to disburse to us a termination fee. Such termination would deny us and our stockholders any expected benefits from the acquisition and could negatively impact our stock price.

SECTION B: SUPPLEMENTAL INFORMATION CONCERNING TESLA MOTORS, INC. 2010 EMPLOYEE STOCK PURCHASE PLAN

I. PERSON RESPONSIBLE

Jason Wheeler, Chief Financial Officer, acting for and on behalf of Tesla Motors, Inc. accepts responsibility for the information contained in the Prospectus. Jason Wheeler declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import of such information.

II. THE OUTLINE

2.1 Purpose of ESPP

The purpose of the ESPP is to provide an incentive for Eligible Employees of certain Participating Companies to acquire or increase a proprietary interest in the Company through the purchase of Shares in the manner contemplated by the ESPP. Rights to purchase Shares offered pursuant to the ESPP are a matter of separate inducement and not in lieu of any salary or other compensation for the services of any employee.

2.2 Shares offered under the ESPP

Subject to adjustment upon changes in capitalization of the Company as provided in Section 9 of the ESPP, the maximum number of Shares which will be made available for sale under the ESPP will be 1,666,666 Shares, plus an annual increase to be added on the first day of each fiscal year of the Company, equal to the least of (i) 1,000,000 Shares, (ii) one percent (1%) of the outstanding Shares on such date, or (iii) an amount determined by the Administrator.

An Eligible Employee, as defined in the Sub-Plan, shall be considered a "Participating Employee" in the ESPP once enrolled and shall be a Participating Employee in the ESPP until no longer an Eligible Employee or he or she withdraws from participation in the ESPP as provided herein.

2.3 Offering Periods

The Offering Periods of the ESPP shall be of twelve (12) months duration commencing on the first business day of March and September of each year and ending on the last business day of February and August, respectively. The first day of each Offering Period is referred to as the Offering Date. Each Offering Period shall consist of two (2) six-month Purchase Periods, during which payroll deductions of the Participating Employee are accumulated under the ESPP. Each such six-month Purchase Period shall commence on the first business day of March and September of an Offering Period and shall end on the last business day of the following August and February, respectively. The last business day of each Purchase Period is referred to as the Exercise Date.

2.4 Purchase Price

The purchase price per Share at which a Share will be sold in any Offering Period shall be eighty-five percent (85%) of the lesser of: (a) the fair market value of the Share on the Offering Date; or (b) the fair market value of the Share on the Exercise Date.

For purposes of the ESPP, the term "fair market value" on a given date means the closing sales price of the Shares as reported on the NASDAQ (or the closing bid, if no sales were reported).

2.5 Purchase of Shares

Unless a Participating Employee withdraws from the ESPP as provided in Section 10 of the ESPP, his or her option for the purchase of Shares will be exercised automatically on the Exercise Date, and the maximum number of full Shares subject to the option will be purchased for such Participating Employee at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional Shares of the Company's common stock will be purchased; any payroll deductions accumulated in a Participating Employee's account, which are not sufficient to purchase a full Share will be returned to the Participating Employee. Any other funds left over in a Participating Employee's account after the Exercise Date will be returned to the Participating Employee. During a Participating Employee's lifetime, a Participating Employee's option to purchase Shares hereunder is exercisable only by him or her.

2.6 Termination or Amendment of the ESPP

The Administrator, in its sole discretion, may amend, suspend, or terminate the ESPP, or any part thereof, at any time and for any reason. If the ESPP is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the

purchase of Shares of the Company's common stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19 of the ESPP). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participating Employees accounts which have not been used to purchase Shares of the Company's common stock will be returned to the Participating Employees (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable.

Without stockholder consent and without limiting Section 20(a) of the ESPP, the Administrator will be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participating Employee in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of the Company's common stock for each Participating Employee properly correspond with amounts withheld from the Participating Employee's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the ESPP.

In the event the Administrator determines that the ongoing operation of the ESPP may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the ESPP to reduce or eliminate such accounting consequence including, but not limited to:

- (i) amending the ESPP to conform with the safe harbor definition under Financial Accounting Standards Board Accounting Standards Codification Topic 718, including with respect to an Offering Period underway at the time;
- (ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
- (iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Administrator action;
- (iv) reducing the maximum percentage of Compensation a Participating Employee may elect to set aside as payroll deductions; and
- (v) reducing the maximum number of Shares an Eligible Employee may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any ESPP Participating Employees.

Participating Employees are entitled either to (i) discontinue their participation in the ESPP or to (ii) increase or decrease their rate of payroll deductions, as provided for in Section 10 of the ESPP (see Section 3.4 below).

III. ELIGIBILITY

3.1 Eligible Employees

Eligible Employee means any person employed by a Non-U.S. Affiliate as defined in the Sub-Plan of the Tesla Motors.

Each individual who is an Eligible Employee on the applicable eligibility cutoff date (determined by the Company) prior to the start of the next Offering Period shall be eligible to participate in the Sub-Plan. For removal of doubt, the restrictions under Section 2 (l) of the ESPP shall not apply to Participants under the Sub-Plan including, without limitation, minimum employment hours per week or employment months per calendar year restrictions.

3.2 Participation of Eligible Employees

An Eligible Employee will be entitled to continue to participate in the first Offering Period pursuant to Section 3(a) of the ESPP, only if such individual submits a subscription agreement authorizing payroll deductions in a form determined by the Administrator (which may be similar to the form attached as Exhibit A of the ESPP) to the Company's designated plan administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of the Company's common stock under the ESPP and (ii) no later than ten (10) business days following the effective date of such S-8 registration statement or such other period of time as the Administrator may determine (the "Enrollment Window"). An Eligible Employee's failure to submit the subscription agreement during the Enrollment Window will result in the automatic termination of such individual's participation in the first Offering Period.

An Eligible Employee may participate in the ESPP pursuant to Section 3(b) of the ESPP by (i) submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Offering Date, as defined in the ESPP, a properly completed subscription agreement authorizing payroll deductions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure prescribed by the Administrator.

3.3 Payroll Deductions

At the time an Eligible Employee enrolls in the ESPP pursuant to Section 5 of the ESPP, he or she will elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation, as defined in the ESPP, which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participating Employee will have the payroll deductions made on such day applied to his or her account under the subsequent Offering Period. A Participating Employee's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 of the ESPP.

Payroll deductions for a Participating Employee will commence on the first pay day following the Offering Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participating Employee as provided in Section 10 of the ESPP; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

All payroll deductions made for a Participating Employee will be credited to his or her account under the Plan and will be withheld in whole percentages only. A Participating Employee may not make any additional payments into such account.

3.4 Discontinuance of Participation of Participating Employees

A Participating Employee may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the ESPP at any time by (i) submitting to the Company's payroll office (or its designee) a written notice of withdrawal in the form prescribed by the Administrator for such purpose (which may be similar to the form attached as Exhibit B of the ESPP), or (ii) following an electronic or other withdrawal procedure prescribed by the Administrator. All of the Participating Employee's payroll deductions credited to his or her account will be paid to such Participating Employee promptly after receipt of notice of withdrawal and such Participating Employee's option for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of Shares will be made for such Offering Period. If a Participating Employee withdraws from an Offering Period, payroll deductions will not resume at the beginning of the succeeding Offering Period, unless the Eligible Employee re-enrolls in the ESPP in accordance with the provisions of Section 5 of the ESPP.

An Eligible Employee's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in

succeeding Offering Periods, which commence after the termination of the Offering Period from which the Eligible Employee withdraws.

3.5 Termination of Employment of Participating Employees

Upon a Participating Employee's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the ESPP and the payroll deductions credited to such Participating Employee's account during the Offering Period but not yet used to purchase Shares of the Company's common stock under the ESPP will be returned to such Participating Employee or, in the case of his or her death, to the person or persons entitled thereto under Section 15 of the ESPP, and such Participating Employee's option will be automatically terminated.

IV. DELIVERY AND SALE OF THE SHARES

As soon as practicable after each Purchase Date, the Company shall deliver to a custodian selected by the Administrator one or more certificates representing (or shall otherwise cause to be credited to the account of such custodian) the aggregate number of whole Shares with respect to which Share purchase rights were exercised on such Purchase Date of all of the Participating Employees hereunder. Such custodian shall keep accurate records of the Shares held by each Participating Employee by means of Participating Employee accounts under the ESPP, and shall provide each Participating Employee with periodic statements (and/or access to reasonable electronic records) with respect thereto as may be directed by the Administrator. The Administrator may require that the Shares be retained with such custodian, or other designated broker or agent for a designated period of time and/or may establish other procedures as deemed convenient or necessary to comply with applicable local law. If the Company is required to obtain from any commission or agency (whether U.S. or foreign) authority to issue any such Shares, the Company shall seek to obtain such authority unless otherwise impracticable. Inability of the Company to obtain from any commission or agency (whether U.S. or foreign) authority which counsel for the Company deems necessary for the lawful issuance of any such Shares shall relieve the Company from liability to any Participating Employee in the ESPP except to return to him or her the amount of his or her contributions under the ESPP which would have otherwise been used upon exercise of the relevant Share purchase right.

V. RIGHTS RELATED TO THE SHARES

5.1 Type and the Class of the Securities Being Offered, Including the Security Identification Code

As of December 31, 2015, Tesla Motor's, Inc. was authorized to issue 2,000,000,000 Shares, par value \$0.001, and 100,000,000 shares of preferred stock, par value \$0.001. As of July 29, 2016, there were 148,692,605 Shares and no shares of preferred stock outstanding.

Tesla Motors, Inc.'s Shares are quoted on the Nasdaq under the symbol "TSLA". The CUSIP for the Shares is 88160R101. The Shares issued under the ESPP are tradable on the Nasdaq and provide to the Participating Employee the same rights as those attached to Shares currently traded on the Nasdaq.

5.2 Legislation Under Which the Securities Have Been Created

The Shares were created under the Delaware General Corporation Law. Except as otherwise expressly required under the laws of a country, the ESPP and all rights thereunder shall be governed by and construed in accordance with the laws of the state of Delaware, United States of America.

5.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records

Stockholders may hold the Shares, at their choosing, either in certificated or street name form. See Section B. III of Part II. The records are kept by Tesla Motors, Inc.'s transfer agent and registrar ComputerShare Trust Company, N.A. The address and telephone numbers of ComputerShare are:

ComputerShare Trust Company
250 Royall Street,
Canton, Massachusetts
02021, USA
+1 (800) 662-7232.

The Company's designated ESPP broker is E*Trade Financial Services. The web address and telephone numbers of E*Trade are: www.etrade.com; +1 (650) 599-0125.

5.4 Currency of the Securities Issue

The United States Dollar is the currency of the securities issue. Participating Employees assume the risk of any currency fluctuations at the time of (i) their contribution to the ESPP by payroll deductions and (ii) the selling of their Shares.

5.5 Rights Attached to the Securities

No Participating Employee shall have any voting, dividend, or other stockholder rights with respect to any offering of Shares under the ESPP until the Shares have been purchased and delivered to the Participating Employee as provided in Section B. III of Part II. Following such purchase and delivery, the Participating Employee shall be entitled to the rights attached to the Shares, as further described below:

Dividend Rights. The holders of Shares are entitled to receive such dividends as the Company's directors from time to time may declare out of funds legally available. Entitlement to dividends is subject to the preferences granted to other classes of securities the Company has or may have outstanding in the future, including any preferred shares, and may be restricted by the terms of the Company's debt instruments. In accordance with our dividend policy, we do not declare or pay cash dividends or stock dividends on our capital stock nor do we anticipate paying any such cash dividends or stock dividends in the foreseeable future.

Voting rights. The holders of Shares are entitled to one vote per Share on all matters submitted to a vote of the stockholders.

Right to Receive Liquidation Distribution. In the event of liquidation, dissolution or winding up of the Company, holders of Shares are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any then outstanding shares of preferred stock.

No Preemptive, Redemptive or Conversion Provisions. The holders of Shares have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Share.

5.6 Transferability

The Shares in this offering under the ESPP are registered on Form S-8 with the SEC and are generally freely transferable.

The ESPP is intended to provide Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any Participating Employee in the conduct of his or her own affairs. Provided that a Participating Employee is not subject to the Company's trading window, he or she may sell Shares purchased under the ESPP at any time he or she chooses, subject to compliance with any applicable securities laws and the notice provisions mentioned in Section B. IV of Part II. THE PARTICIPATING EMPLOYEE ASSUMES THE RISK OF ANY MARKET FLUCTUATIONS IN THE PRICE OF THE SHARES.

5.7 General Provisions Applying to Business Combinations

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the

holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

In addition, the terms of the convertible notes require us to repurchase the convertible notes in the event of a fundamental change.

A takeover of our company would trigger an option of the holders of the convertible notes to require us to repurchase the convertible notes. This may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to our stockholders or investors in the convertible notes.

VI. STATEMENT OF CAPITALIZATION AND INDEBTEDNESS (AS OF JUNE 30, 2016)

6.1 Capitalization and Indebtedness (in thousands of US Dollars – Condensed Consolidated – Unaudited)

Total Current debt	\$626,825,437
- Guaranteed ²	-
- Secured ³	\$17,740,890
- Unguaranteed / Unsecured	\$609,084,547
Total Non-Current debt (excluding current portion of long-term debt)	\$2,620,001,587
- Guaranteed ⁴	-
- Secured ⁵	\$706,603,859
- Unguaranteed / Unsecured	\$1,913,397,728
Shareholder's equity	
a. Share Capital	\$2,520,293,843
b. Legal Reserve	\$0
c. Other Reserves	\$2,000,000
Total	\$2,522,293,843

6.2 Net Indebtedness (in millions of US Dollars – Condensed Consolidated – Unaudited)

A. Cash	\$	499,970,987
B. Cash equivalent (Detail)	\$	2,746,330,092
C. Trading securities		-
D. Liquidity (A) + (B) + (C)	\$	3,246,301,079
E. Current Financial Receivable	\$	178,594,359
F. Current Bank debt	\$	609,084,547
G. Current portion of non-current debt		-
H. Other current financial debt	\$	17,740,890
I. Current Financial Debt (F) + (G) + (H)	\$	626,825,437

² No guarantees

³ Under our Warehouse Facility and Credit Facility we have secured certain of our leased automobile assets, equipment, tooling, inventory and receivables.

⁴ We have no guarantees

⁵ Under our Warehouse Facility and Credit Facility we have secured certain of our leased automobile assets, equipment, tooling, inventory and receivables.

J. Net Current Financial Indebtedness (I) – (E) – (D)	\$	(2,798,070,001)
K. Non-current Bank loans	\$	706,603,859
L. Bonds Issued	\$	1,913,397,728
M. Other non-current loans	\$	28,603,859
N. Non-current Financial Indebtedness (K) + (L) + (M)	\$	2,648,605,446
O. Net Financial Indebtedness (J) + (N)	\$	(149,464,555)

6.3 Indirect and Contingent Indebtedness

Contractual Obligations

We are party to contractual obligations involving commitments to make payments to third parties, including certain debt financing arrangements and leases, primarily for stores, service centers, certain manufacturing and corporate offices. These also include, as part of our normal business practices, contracts with suppliers for purchases of certain raw materials, components, and services to facilitate adequate supply of these materials and services and capacity reservation contracts.

Subsequent to June 30, 2016, we have received additional conversion notices from certain holders for our 2018 Notes which require cash outlays to repay the principal portion of our 2018 Notes. The total amount of notices received to date is for principal value of approximately \$411 million, which we expect to pay during the third quarter.

There have been no material changes during the six months ended June 30, 2016, from the contractual obligations disclosed in Part II, Item 7, *Contractual Obligations*, of our Annual Report on Form 10-K for the year ended December 31, 2015.

Off-Balance Sheet Arrangements

During the periods presented, we did not have relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Legal Proceedings

From time to time, we are subject to various legal proceedings that arise from the normal course of business activities. In addition, from time to time, third parties may assert intellectual property infringement claims against us in the form of letters and other forms of communication. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on our results of operations, prospects, cash flows, financial position and brand.

In November 2013, a putative securities class action lawsuit was filed against Tesla in U.S. District Court, Northern District of California, alleging violations of, and seeking remedies pursuant to, Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5. The complaint, made claims against Tesla and its CEO, Elon Musk, sought damages and attorney's fees on the basis of allegations that, among other things, Tesla and Mr. Musk made false and/or misleading representations and omissions, including with respect to the safety of Model S. This case was brought on behalf of a putative class consisting of certain persons who purchased Tesla's securities between August 19, 2013 and November 17, 2013. On September 26, 2014, the trial court, upon the motion of Tesla and Mr. Musk, dismissed the complaint with prejudice, and thereafter issued a formal written order to that effect. The plaintiffs have appealed from the trial court's order, and that appeal is pending.

VII. MAXIMUM DILUTION AND NET PROCEEDS

7.1 Maximum Dilution

The Shares under the ESPP are offered pursuant to this prospectus to approximately 1,924 Eligible Employees. As indicated in Element E.1. above, the maximum rate at which Eligible Employees may purchase Shares may not exceed US\$25,000 of the fair market value of Shares (determined as of the Offering Date) per calendar year in which the right is outstanding. However, as noted above, there are other limitations on Share purchases such as no more than eighty five percent (85%) of eligible compensation may be contributed to ESPP purchases which may result in employees not being able to purchase US\$25,000 worth of Shares in a calendar year.

Assuming that (i) no other ESPP limitations are exceeded, and (ii) no Eligible Employee has carried or will carry over any contributions from the prior calendar year into the following calendar year, Eligible Employees would each be able to purchase a maximum of 138 whole Shares for a maximum of US\$24,900.72 in contributions for the Offering Period starting on September 1, 2016. These amounts are based on a hypothetical Share price of US\$212.28 on September 1, 2016 (*i.e.*, the day on which the US\$25,000 limit will be calculated), which hypothetical Share price is equal to the closing price of the Shares on the Nasdaq on June 30, 2016, based on the assumption that Shares will be purchased at a Purchase Price based on this date which is US\$[180.44] (85% of US\$212.28). Assuming that all Eligible Employees participate in the ESPP and each Eligible Employee purchases 138 Shares in the offer, the maximum number of Shares offered pursuant to this prospectus amounts to 265,512 Shares.

Based on the above assumptions, a shareholder of Tesla Motors, Inc. currently holding one percent (1%) of the total outstanding share capital of Tesla Motors, Inc. as of June 30, 2016 that is 148,015,050 Shares, and who would not participate in the offer would be diluted as indicated in the following dilution table:

	Percentage of the total outstanding Shares	Total number of outstanding Shares
Before the offering (as of June 30, 2016)	1%	148,015,050
After issuance of 265,512 Shares under the ESPP	0.9982%	148,280,562

7.2 Net Proceeds

Assuming that each of the 1,924 Eligible Employees, as defined in Element E.3 above, would purchase the maximum amount of Shares under the ESPP purchasable with a maximum contribution of \$25,000 for an hypothetical purchase price of \$180.44 (85% of \$212.28, the closing price on June 30, 2016), then the gross proceeds of Tesla Motors, Inc. in connection with the offer under the ESPP pursuant to this prospectus would be \$47,908,985.28. After deducting legal and accounting expenses in connection with the offer, the net proceeds, based on the above assumptions, would be approximately \$47,838,985.28.

VIII. DIRECTORS AND CORPORATE OFFICERS

8.1 Board of Directors

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>
Elon Musk	44	Chief Executive Officer, Product Architect and Chairman
Brad W. Buss	52	Director

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>
Robyn M. Denholm	52	Director
Ira Ehrenpreis	47	Director
Antonio J. Gracias	45	Director
Stephen T. Jurvetson	49	Director
Kimbal Musk	43	Director

Elon Musk has served as our Chief Executive Officer since October 2008 and as Chairman of our Board of Directors since April 2004. Mr. Musk has also served as Chief Executive Officer, Chief Technology Officer and Chairman of Space Exploration Technologies Corporation, a company which is developing and launching advanced rockets for satellite and eventually human transportation ("SpaceX"), since May 2002, and as Chairman of SolarCity Corporation, a solar installation company ("SolarCity"), since July 2006. Prior to SpaceX, Mr. Musk co-founded PayPal, an electronic payment system, which was acquired by eBay in October 2002, and Zip2 Corporation, a provider of Internet enterprise software and services, which was acquired by Compaq in March 1999. Mr. Musk holds a B.A. in physics from the University of Pennsylvania and a B.S. in business from the Wharton School of the University of Pennsylvania.

Brad W. Buss has been a member of our Board of Directors since November 2009. From August 2014 until his retirement in February 2016, Mr. Buss served as the Chief Financial Officer of SolarCity. Prior to joining SolarCity, from August 2005 to June 2014, Mr. Buss was the Executive Vice President of Finance and Administration and Chief Financial Officer of Cypress Semiconductor Corporation, a semiconductor design and manufacturing company. Mr. Buss served as Vice President of Finance at Altera Corp., a semiconductor design and manufacturing company, from March 2000 to March 2001 and from October 2001 to August 2005. From March 2001 to October 2001, Mr. Buss served as the Chief Financial Officer of Zaffire, Inc., a developer and manufacturer of optical networking equipment. Mr. Buss also serves as a director of Advance Auto Parts, Inc. and CafePress Inc. Mr. Buss holds a B.A. in economics from McMaster University and an honors business administration degree, majoring in finance and accounting, from the University of Windsor.

Robyn M. Denholm has been a member of our Board of Directors since August 2014. From July 2013 until February 2016, Ms. Denholm served as Executive Vice President and Chief Financial and Operations Officer of Juniper Networks, Inc., a manufacturer of networking equipment ("Juniper"), which she had joined in August 2007 as Executive Vice President and Chief Financial Officer. Prior to joining Juniper, Ms. Denholm served in various executive roles at Sun Microsystems, Inc. from January 1996 to August 2007, including Senior Vice President of Corporate Strategic Planning, Senior Vice President of Finance, and Vice President and Corporate Controller (Chief Accounting Officer). Ms. Denholm also served at Toyota Motor Corporation Australia for seven years and at Arthur Andersen & Company for five years in various finance assignments. Ms. Denholm is a Fellow of the Institute of Chartered Accountants of Australia and holds a Bachelor's degree in Economics from the University of Sydney and a Master's degree in Commerce from the University of New South Wales.

Ira Ehrenpreis has been a member of our Board of Directors since May 2007. Mr. Ehrenpreis has been a venture capitalist since 1996 when he joined Technology Partners, where he is a partner and has led its Cleantech practice for several years as a managing member. Since 2015, Mr. Ehrenpreis has also been a managing partner of the venture capital firm of DBL Partners. In the venture capital community, he has served on the Board of the National Venture Capital Association and currently serves as the President of the Western Association of Venture Capitalists and the Chairman of the VCNetwork, an organization comprising more than 1,000 venture capitalists. In the Cleantech sector, he has served on several industry boards, including the American Council on Renewable Energy and the Cleantech Venture Network (Past Chairman of Advisory Board), and was the Chairman of the Clean-Tech Investor Summit in 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013. Mr. Ehrenpreis serves as Chairman of the World Energy Innovation Forum. Mr. Ehrenpreis holds a B.A. from the University of California, Los Angeles and a J.D. and M.B.A. from Stanford University.

Antonio J. Gracias has been a member of our Board of Directors since May 2007 and has served as our Lead Independent Director since September 2010. Since 2003, Mr. Gracias has been Chief Executive Officer of Valor Management Corp., a private equity firm. Mr. Gracias is a director of SpaceX and SolarCity. Mr. Gracias holds a joint B.S. and M.S. degree in international finance and economics from the Georgetown University School of Foreign Service and a J.D. from the University of Chicago Law School.

Stephen T. Jurvetson has been a member of our Board of Directors since June 2009. Since 1995, Mr. Jurvetson has been a Managing Director of Draper Fisher Jurvetson, a venture capital firm. Mr. Jurvetson is a director of D-Wave Systems Inc., Synthetic Genomics Inc. and SpaceX, among other privately-held companies. Mr. Jurvetson holds B.S. and M.S. degrees in electrical engineering from Stanford University and an M.B.A. from the Stanford Business School.

Kimbal Musk has been a member of our Board of Directors since April 2004. Mr. Musk has been the owner of The Kitchen Restaurant Group, a USA Today Top Ten restaurant, since January 2004 and its Chief Executive Officer since April 2004. Mr. Musk is also a director of SpaceX and Chipotle Mexican Grill, Inc., an international chain of Mexican-themed restaurants. In November 2010, Mr. Musk became the Executive Director of The Kitchen Community, a non-profit organization that creates learning gardens in schools across the United States. Since February 2012, Mr. Musk has been a director of the Los Angeles Fund for Public Education, a philanthropic organization dedicated to driving positive change in the Los Angeles Unified School District. Since July 2012, Mr. Musk has been a director of the Anschutz Health and Wellness Center, a facility at the University of Colorado School of Medicine providing research, education and wellness services with the goal of achieving healthier lifestyles. In November 1995, Mr. Musk co-founded Zip2 Corporation, a provider of enterprise software and services, which was acquired by Compaq in March 1999. Mr. Musk holds a B. Comm. in business from Queen's University and is a graduate of The French Culinary Institute in New York City.

The business address of the members of the Board of Directors is located at 3500 Deer Creek Road, Palo Alto, California, 94304, U.S.A.

Except for Messrs. Elon Musk and Kimbal Musk who are brothers, there are no other family relationships among any of our directors or executive officers.

8.2 Executive Officers

<u>Name</u>	<u>Ages</u>	<u>Position</u>
Elon Musk	44	Chief Executive Officer, Product Architect and Chairman
Jason Wheeler	42	Chief Financial Officer
Jeffrey B. Straubel	40	Chief Technology Officer
Jon McNeill	48	President, Global Sales and Service
Doug Field	50	Vice President, Engineering

Elon Musk. For information about Mr. Musk, please refer to section 8.1 above.

Jason Wheeler has served as our Chief Financial Officer since November 2015. Prior to joining us, Mr. Wheeler served in various positions at Google Inc. beginning in July 2002, including most recently as its Vice President of Finance from January 2009 until November 2015. Before his time at Google, Mr. Wheeler was a management consultant with Booz Allen Hamilton Inc. for a variety of companies in the communications, media and technology industries, and also held various financial analyst positions at the Hewlett-Packard Company. Since August 2013, Mr. Wheeler has also been on the national board of directors of the Positive Coaching Alliance, a nonprofit organization promoting the betterment of youth sports and athletes. Mr. Wheeler holds an M.B.A. from the Harvard Business School and a Bachelor's degree in finance from Colorado State University.

Jeffrey B. Straubel has served as our Chief Technology Officer since May 2005 and previously served as our Principal Engineer, Drive Systems from March 2004 to May 2005. Prior to joining us, Mr. Straubel was the Chief Technical Officer and co-founder of Volacom Inc., an aerospace firm which designed a specialized high-altitude electric aircraft platform, from 2002 to 2004. Mr. Straubel holds a B.S. in energy systems engineering from Stanford University and a M.S. in engineering, with an emphasis on power electronics, microprocessor control and energy conversion, from Stanford University.

Jon McNeill has served as our President, Global Sales and Service since November 2015. Prior to joining us, Mr. McNeill was the Chief Executive Officer of Enservio, Inc., a property insurance software provider, from January 2006 to November 2015, and continues to serve as the chair of its board of directors. A longtime entrepreneur experienced in companies prioritizing customer service, Mr. McNeill was a founder of Sterling Collision Centers, a national chain of vehicle body repair centers, and First Notice Systems, a 24-hour insurance claim services firm, and served as their Chief Executive Officer from 1997 to 2003 and from 1993 until 1997, respectively, until their respective acquisitions. Prior to First Notice Systems, Mr. McNeill was a consultant with Bain & Company. Mr. McNeill holds a B.A. in economics from Northwestern University.

Doug Field has served as our Vice President, Engineering since October 2014 and previously served as our Vice President, Vehicle Programs from September 2013 to October 2014. Prior to joining us, Mr. Field was Vice President, Macintosh Hardware Engineering, at Apple Inc. from October 2011 to September 2013, and its Vice President, Product Design, from July 2008 to October 2011. Mr. Field's experience with vehicle engineering also includes previous roles as the Chief Technical Officer and Vice President, Design and Engineering of Segway Inc., a manufacturer of electric personal transport vehicles, and as a development engineer for Ford Motor Company. Mr. Field holds a M.S. in mechanical engineering and a M.B.A. from the Massachusetts Institute of Technology, in addition to a Bachelor of Science degree in mechanical engineering from Purdue University.

8.3 Fraudulent Offences and Bankruptcy, Etc.

For at least the previous five (5) years, none of the directors or executive officers of Tesla Motors, Inc. has:

- (a) been convicted in relation to fraudulent offences;
- (b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of Tesla Motors, Inc.; or
- (c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the executive officers and directors listed above.

8.4 Conflicts of Interest

Director Independence

The Board of Directors has determined that, with the exception of Elon Musk and Kimbal Musk, who are brothers, all of its current members are "independent directors" as that term is defined in the listing standards of NASDAQ.

Other than Elon Musk, no current director is or has ever been an employee of Tesla. In the course of determining the independence of each non-employee director, the Board of Directors considered the annual amount of Tesla's sales to, or purchases from, any company where a non-employee director serves as an executive officer. The Board of Directors determined that any such sales or purchases were made in the ordinary course of business and the amount of such sales or purchases in each of the past three fiscal years was less than 5% of Tesla's or the applicable company's consolidated gross revenues for the applicable year. See "Certain Relationships and Related Party Transactions—

Related Party Transactions” below for more detail relating to such transactions. In addition, the Board of Directors considered all other relevant facts and circumstances, including the director’s commercial, accounting, legal, banking, consulting, charitable and familial relationships.

With respect to Mr. Buss, the following were among the relevant considerations:

- Mr. Buss was the Chief Financial Officer of SolarCity from August 2014 until February 2016. Tesla and certain Tesla directors and officers have relationships with SolarCity as set forth in this section and in “Certain Relationships and Related Party Transactions — Related Party Transactions — SolarCity Agreements” below.

The Board of Directors has concluded that given the absence of any continuing affiliation between Mr. Buss and SolarCity, there are no relationships that would impede the exercise of independent judgment by Mr. Buss.

With respect to Ms. Denholm, the following were among the relevant considerations:

- Ms. Denholm was the Executive Vice President and Chief Financial Officer of Juniper from August 2007 until February 2016, as well as its Chief Operations Officer from July 2013 until February 2016. Tesla purchases networking equipment manufactured by Juniper in the ordinary course of business through resellers, but has not entered into a purchase contract directly with Juniper.

The Board of Directors has concluded that given that Ms. Denholm is no longer an executive officer of Juniper, and Juniper has no direct material business relationship with Tesla, there are no relationships that would impede the exercise of independent judgment by Ms. Denholm.

With respect to Mr. Ehrenpreis, the following were among the relevant considerations:

- Mr. Ehrenpreis is a manager of DBL Partners Fund III (“DBL III”). Each of Mr. Ehrenpreis and DBL III is a minority investor in SpaceX. Tesla and certain Tesla directors have relationships with SpaceX as set forth in this section and in “Certain Relationships and Related Party Transactions — Related Party Transactions — SpaceX Agreements” below.
- Mr. Ehrenpreis is a co-owner of DBL Partners. Another co-owner of DBL Partners is a director of SolarCity and is a manager of DBL Investors, which is an investor in both SolarCity and SpaceX. Mr. Ehrenpreis has no direct or indirect investment control or pecuniary interest in DBL Investors. Tesla and certain Tesla directors and officers have relationships with SolarCity as set forth in this section and in “Certain Relationships and Related Party Transactions — Related Party Transactions — SolarCity Agreements” below.

The Board of Directors has concluded that given that Mr. Ehrenpreis’ and DBL III’s interests in SpaceX are minority positions, and Mr. Ehrenpreis has no direct or indirect interest in DBL Investors, there are no relationships that would impede the exercise of independent judgment by Mr. Ehrenpreis.

With respect to Mr. Gracias, the following were among the relevant considerations:

- Mr. Gracias is the Chief Executive Officer, director and majority owner of Valor Management Corp. (“VMC”). VMC funds are a minority investor in SpaceX, and Mr. Gracias is a director of SpaceX. Tesla and certain Tesla directors have relationships with SpaceX as set forth in this section and in “Certain Relationships and Related Party Transactions — Related Party Transactions — SpaceX Agreements” below.
- VMC funds are a minority investor in SolarCity, and Mr. Gracias is a director of SolarCity. Tesla and certain Tesla directors and officers have relationships with SolarCity as set forth in this section and in “Certain Relationships and Related Party Transactions — Related Party Transactions — SolarCity Agreements” below.
- The Elon Musk Revocable Trust dated July 22, 2003, of which Elon Musk is the trustee, is a limited partner of Valor Equity Partners, L.P. and Valor Equity Partners II, L.P., which are funds advised by VMC.

- Kimbal Musk is a limited partner of Valor Equity Partners II, L.P. and Valor Equity Partners III-A, L.P., which are funds advised by VMC.

The Board of Directors has concluded that given that VMC funds' interests in SpaceX and SolarCity are minority positions and investments in VMC funds by other Tesla directors comprise fractions of such funds, and Mr. Gracias' professional experience serving on the boards of multiple companies, there are no relationships that would impede the exercise of independent judgment by Mr. Gracias.

With respect to Mr. Jurvetson, the following were among the relevant considerations:

- Mr. Jurvetson is a managing director of Draper Fisher Jurvetson ("DFJ"). Through its funds, DFJ is a significant stockholder of SpaceX and Mr. Jurvetson is a director of SpaceX. Tesla and certain Tesla directors have relationships with SpaceX as set forth in this section and in "Certain Relationships and Related Party Transactions — Related Party Transactions — SpaceX Agreements" below.
- Through its funds, DFJ is a significant stockholder of SolarCity, and another managing director of DFJ is a director of SolarCity. Tesla and certain Tesla directors and officers have relationships with SolarCity as set forth in this section and in "Certain Relationships and Related Party Transactions — Related Party Transactions — SolarCity Agreements" below.
- The Elon Musk Revocable Trust dated July 22, 2003, of which Elon Musk is the trustee, is a limited partner of Draper Fisher Jurvetson Fund X, L.P., which is a fund managed by DFJ.

The Board of Directors has concluded that given Mr. Jurvetson's professional experience serving on the boards of multiple companies, that Mr. Jurvetson's other interests in SpaceX and SolarCity are not personal to him and primarily arise as a result of DFJ's investments in them, and that investments in a DFJ fund by Elon Musk comprise a fraction of such fund, there are no relationships that would impede the exercise of independent judgment by Mr. Jurvetson.

Certain relationships and Related Party Transactions

Review of Related Party Transactions

In accordance with the charter for the Audit Committee of the Board of Directors, our Audit Committee reviews and approves in advance any proposed related person transactions.

For purposes of these procedures, "related person" and "transaction" have the meanings contained in Item 404 of Regulation S-K.

The individuals and entities that are considered "related persons" include:

- Directors, nominees for director and executive officers of Tesla;
- Any person known to be the beneficial owner of five percent or more of Tesla's common stock (a "5% Stockholder"); and
- Any immediate family member, as defined in Item 404(a) of Regulation S-K, of a director, nominee for director, executive officer or 5% Stockholder.

In accordance with our Related Person Transactions Policy and Procedures, the Audit Committee must review and approve all transactions in which (i) Tesla or one of its subsidiaries is a participant, (ii) the amount involved exceeds \$120,000 and (iii) a related person has a direct or indirect material interest, other than transactions available to all employees of the Company generally.

In assessing a related party transaction brought before it for approval the Audit Committee considers, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. The Audit Committee may then approve or disapprove the transaction in its discretion.

Any related person transaction will be disclosed in the applicable SEC filing as required by the rules of the SEC.

Related Party Transactions

- *SolarCity Agreements*

We have entered into a number of agreements with SolarCity, including pursuant to requests for proposals and other objective selection processes by Tesla and/or SolarCity. Elon Musk, our Chief Executive Officer and Chairman, is a significant stockholder of SolarCity and has been its Chairman since July 2006. Jeffrey B. Straubel, our Chief Technical Officer, is also a member of the board of directors of SolarCity. In addition, certain other members of our Board of Directors have interests in SolarCity as described in more detail above in “*Director Independence*”.

We have entered into various arrangements to supply SolarCity with our energy storage products for its applications, including integrating such products with solar panels to create stationary power sources for sale or lease to residential and commercial customers. From time to time, SolarCity has issued individual purchase orders for such purchases from us. During fiscal year 2015, we recognized approximately \$2.4 million in revenue for sales of previous-generation energy storage products to SolarCity pursuant to such purchase orders.

In April 2013, we entered into a supply agreement with SolarCity under which we supplied SolarCity with previous-generation energy storage products. We recognized approximately \$0.7 million in revenue from SolarCity during fiscal year 2015 for energy storage products we supplied to SolarCity pursuant to this supply agreement. We do not anticipate recognizing any further revenues under this supply agreement.

In December 2015, we entered into a master supply agreement with SolarCity that governs SolarCity's purchase of second-generation energy storage systems from us pursuant to purchase orders issued during 2015, and creates a framework under which SolarCity may purchase further Tesla energy storage products in 2016. We recognized approximately \$4.9 million in revenue from SolarCity during fiscal year 2015 for sales of energy storage products governed by this master supply agreement, and anticipate recognizing approximately \$44.0 million in such revenues during fiscal year 2016.

Also in December 2015, pursuant to a competitively bid process, we selected and entered into three power purchase agreements with SolarCity, pursuant to which SolarCity will design, build, own and operate solar panel systems at three of our facilities in California, and Tesla will purchase electricity generated by those systems for use at those facilities, at costs that are expected to be lower than would be available from the applicable public utility company. Two of such agreements have terms of ten years, and one such agreement has a term of 20 years, in each case corresponding to the lease term of each facility, and we estimate that the total amounts payable by Tesla over their respective terms will be approximately \$2.0 million, \$2.4 million and \$8.4 million, respectively.

- *SpaceX Agreements*

Elon Musk is also the Chief Executive Officer and a significant stockholder of SpaceX. Kimbal Musk, a member of our Board of Directors, is also a member of the board of directors of SpaceX. In addition, certain other members of our Board of Directors have interests in SpaceX as described in more detail above in “*Director Independence*”.

SpaceX provides us, at no cost, with use of certain enterprise software developed by it. In February 2014, Tesla and SpaceX entered into an agreement relating to Tesla's use of an aircraft leased and operated by SpaceX (the “Airplane Agreement”). Pursuant to the Airplane Agreement, Tesla will pay SpaceX for its use of the aircraft at rates to be determined by the parties from time to time, subject to rules of the Federal Aviation Administration governing such arrangements. Tesla incurred approximately \$0.7 million of expenses under the Airplane Use Agreement for Tesla's use of the plane in 2015 and paid \$0.5 million during 2015, and anticipate incurring approximately \$1.0 million for such use during 2016.

- *Investors' Rights Agreement*

We have entered into an investors' rights agreement, which we have amended from time to time, with certain current or former holders of our common stock, including the Elon Musk Revocable Trust dated July 22, 2003, of which Elon Musk is the trustee, and entities affiliated with VMC, of which Antonio Gracias, a member of our Board of Directors, is the Chief Executive Officer, director and

majority owner. This agreement provides for certain rights relating to the registration of their shares of common stock.

- *Indemnification Agreements*

We have entered into indemnification agreements with each of our directors and officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

- *Other Transactions*

In the ordinary course of business, we enter into offer letters and employment agreements with our executive officers.

Ira Ehrenpreis, a member of our Board of Directors, also serves a member of the board of directors of Mapbox Inc., a provider of custom online maps ("Mapbox"). In December 2015, Tesla entered into an agreement with Mapbox relating to a vehicle map-related project, pursuant to which Tesla expects to pay Mapbox certain ongoing fees earned over the duration of the project, including expected payments of \$5 million in the aggregate over the initial 12 months following the execution of the agreement. Mr. Ehrenpreis did not participate in negotiations involving, and does not have a direct or indirect material interest in, this transaction.

Robyn M. Denholm, a member of our Board of Directors, served as the Executive Vice President and Chief Financial and Operations Officer of Juniper until February 2016. In 2015 Tesla purchased, and Tesla may purchase from time to time, networking equipment manufactured by Juniper in the ordinary course of business through resellers, but Tesla has not entered into a purchase contract directly with Juniper. Ms. Denholm did not participate in negotiations involving, and do not and did not have a direct or indirect material interest in, Tesla's indirect purchases from Juniper.

IX EMPLOYEES

9.1 Directors' and Corporate Officers' Holdings of Shares and Options

The following table sets forth certain information regarding the beneficial ownership of Tesla's common stock, as of December 31, 2015, for the following:

- each person (or group of affiliated persons) who is known by us to beneficially own 5% of the outstanding shares of our common stock;
- each of our non-employee directors;
- each of our executive officers named in the Summary Compensation Table of this proxy statement; and
- all directors and current executive officers of Tesla as a group.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options or other convertible securities held by that person or entity that are currently exercisable or exercisable within 60 days of December 31, 2015. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Applicable percentage ownership is based on 131,424,866 Shares of Tesla's common stock outstanding at December 31, 2015.

Unless otherwise indicated, all persons named below can be reached at Tesla Motors, Inc., 3500 Deer Creek Road, California 94304.

Beneficial Owner Name	Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
Elon Musk (1)	37,193,974	26.5 %
FMR LLC (2)	13,341,827	10.2 %
Baillie Gifford & Co. (3)	10,714,449	8.2 %
T. Rowe Price Associates, Inc. (4)	7,870,816	6.0 %
Named Executive Officers & Directors		
Elon Musk (1)	37,193,974	26.5 %
Jason Wheeler	212	*
Jeffrey B. Straubel (5)	584,601	*
Doug Field (6)	14,956	*
Greg Reichow (7)(9)	36,525	*
Deepak Ahuja (8)(9)	172,555	*
Brad W. Buss (10)	114,074	*
Robyn M. Denholm (11)	43,111	*
Ira Ehrenpreis (12)	40,207	*
Antonio J. Gracias (13)	411,422	*
Stephen T. Jurvetson (14)	64,091	*
Kimbal Musk (15)	208,767	*
All current executive officers and directors as a group (12 persons) (9)(16)	38,711,940	27.7 %

* Represents beneficial ownership of less than 1%.

- (1) Includes 28,371,342 shares held of record by the Elon Musk Revocable Trust dated July 22, 2003; and 8,822,632 shares issuable to Mr. Musk upon exercise of options exercisable within 60 days after December 31, 2015. Includes 9,420,113 shares pledged as collateral to secure certain personal indebtedness.
- (2) Includes shares that may be deemed to be beneficially owned by FMR LLC and/or FIAM LLC, Fidelity (Canada) Asset Management ULC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research (Hong Kong) Limited, FMR Co., Inc. and Strategic Advisers, Inc. FMR LLC is predominantly owned by members of the family of Abigail P. Johnson, Director, Vice Chairman, Chief Executive Officer and President of FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by various investment companies (the "Fidelity Funds") advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC ("FMR Co."), which power resides with the Fidelity Funds' Boards of Trustees. FMR Co. carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address for these entities and individuals is 245 Summer Street, Boston, MA 02210. The foregoing information is based solely on Amendment No. 6 to Schedule 13G of FMR LLC filed on January 11, 2016, which the Company does not know or have reason to believe is not complete or accurate and on which the Company is relying pursuant to applicable SEC regulations.
- (3) Includes shares held by Baillie Gifford & Co. and/or one or more of its investment adviser subsidiaries, which may include Baillie Gifford Overseas Limited, on behalf of investment advisory clients, which may include investment companies registered under the Investment Company Act, employee benefit plans, pension funds or other institutional clients. The address for Baillie Gifford & Co. is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, Scotland, UK. The foregoing information is based solely on Schedule 13G of Baillie Gifford & Co. filed on February 11, 2016, which the Company does

not know or have reason to believe is not complete or accurate and on which the Company is relying pursuant to applicable SEC regulations.

- (4) Includes shares held by T. Rowe Price Associates, Inc. ("Price Associates"), which does not serve as custodian of the assets of any of its clients. Accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time. The address for Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202. The foregoing information is based solely on Schedule 13G of Price Associates filed on February 12, 2016, which the Company does not know or have reason to believe is not complete or accurate and on which the Company is relying pursuant to applicable SEC regulations.
- (5) Includes 449,699 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015. Includes 90,380 shares pledged as collateral to secure certain personal indebtedness.
- (6) Includes 7,500 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (7) Includes 36,375 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (8) Includes 156,385 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (9) Mr. Ahuja retired from his role as Chief Financial Officer in November 2015.
Mr. Reichow is no longer an executive officer of Tesla in July 2016.
- (10) Includes 108,192 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (11) Comprised of shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (12) Includes 24,935 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (13) Includes (i) 46,633 shares held of record by Valor Equity Management II ("VEP II"); (ii) 208,014 shares owned by AJG Growth Fund LLC ("Growth Fund"), which are pledged as collateral to secure certain indebtedness; (iii) 16,666 shares issuable to Valor Equity Partners, L.P. ("VEP I") upon exercise of options exercisable within 60 days after December 31, 2015; and (iv) 140,109 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015. VEP I and VEP II are advised directly and/or indirectly by Valor Management Corp., which may be deemed to have shared voting and investment power with respect to the shares held of record by VEP I and VEP II. Mr. Gracias is a shareholder and director of Valor Management Corp., and may be deemed to have shared voting and investment power with respect to the shares held of record by VEP I and VEP II. He is also fund manager for AJG Growth Fund LLC. The address for all the entities above is 875 North Michigan Avenue, Suite 3214, Chicago, IL 60611.
- (14) Includes 50,314 shares held by the Jurvetson Trust and 13,777 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015.
- (15) Includes 56,442 shares issuable upon exercise of options exercisable within 60 days after December 31, 2015. Includes 148,333 shares pledged as collateral to secure certain personal indebtedness.
- (16) Includes 9,719,438 shares issuable upon exercise of options held by our current executive officers and directors exercisable within 60 days after December 31, 2015.

9.2 Employee Benefit Plans

Information regarding share-based compensation and equity, and benefit plans is provided for note 8 to the consolidated financial statements, which is contained in Item 8 of Tesla Motors, Inc.'s Form 10-K.

X. WORKING CAPITAL STATEMENT

Tesla Motors is of the opinion that Tesla Motors has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of the publication of the Prospectus.

XI. SELECTED FINANCIAL INFORMATION

11.1 Selected Financial Data

The selected financial data of Tesla Motors, Inc. set out in this prospectus have been derived from Tesla Motors, Inc. Consolidated Financial Statements, prepared in accordance with U.S. GAAP. They are derived in part from Tesla Motors' consolidated financial statements which are available for the Eligible Employees' review at <http://ir.teslamotors.com/sec.cfm>.

SELECTED THREE-YEAR CONSOLIDATED FINANCIAL DATA
(in thousands, except per share data)

Consolidated Statements of Operations Data

		Year ended December 31,		
		2015	2014	2013
Total revenues	\$	4,046,025	3,198,356	2,013,496
Gross profit	\$	923,503	881,671	456,262
Loss from operations	\$	(716,629)	(186,689)	(61,283)
Net loss	\$	(888,663)	(294,040)	(74,014)
Net loss per share of common stock, basic and diluted	\$	(6.93)	(2.36)	(0.62)
Weighted average shares used in computing net loss per share of common stock	\$	128,202	124,539	119,421

Consolidated Balance Sheets

		Year ended December 31,		
		2015	2014	2013
Working capital (deficit)	\$	(24,706)	1,072,907	585,665
Total assets	\$	8,092,460	5,830,667	2,411,816
Total long-term obligations	\$	4,145,197	2,753,595	1,069,535

SELECTED CONDENSED CONSOLIDATED FINANCIAL DATA FOR THE FIRST HALF YEAR
(In thousands, except share and per share data - Unaudited)

		Six Months Ended June 30,	
		2016	2015
Statements of Operations Data:			
Total revenues	\$	2,417,065	\$ 1,894,856
Total cost of revenues		1,889,821	1,421,413
Gross profit		527,244	473,443
Total operating expenses		1,013,508	746,077
Net loss		(575,455)	(338,408)
Net loss per share of common stock, basic and diluted		(4.22)	(2.68)
		Six Months Ended June 30,	
		2016	2015
Balance Sheets Data:			
Cash and cash equivalents	\$	3,246,301	\$ 1,150,673
Total assets		11,868,952	6,468,185
Total liabilities		9,311,512	5,701,978
Total stockholders' equity		2,520,294	715,934

11.2 Independent Registered Public Accounting Firm

The independent registered public accounting firm of Tesla Motors, Inc. is PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP is registered with the Public Company Accounting Oversight Board (United States) and is a member of the American Institute of Certified Public Accountants.

XII. TREND INFORMATION

We are currently producing and selling our Model S sedan and our Model X sport utility vehicle. We continue to enhance our vehicle offerings with all-wheel drive capability, autopilot options, and free over-the-air software updates. We commenced customer deliveries of Model X in September 2015 and continue to ramp production. We unveiled Model 3, a lower priced sedan designed for the mass market, in the first quarter of 2016 which received significant interest.

In addition to our automotive products, we continue to sell our energy products, the 7 kWh Powerwall for residential applications and the 100 kWh Powerpack for commercial and industrial applications. We began production and deliveries of these products in the third quarter of 2015. We transitioned the production of these products from the Tesla Factory to the Gigafactory during the fourth quarter of 2015.

Our primary source of revenue is from the sale of our vehicles. During the quarter ended June 30, 2016, we recognized total revenues of \$1.27 billion, an increase of \$315.0 million over total revenues of \$955.0 million for the quarter ended June 30, 2015, primarily driven by growth of vehicle deliveries worldwide, including introduction of Model X during the third quarter of fiscal 2015. Gross margin for the quarter ended June 30, 2016 was 21.6%, a decrease from 22.3% for the quarter ended June 30, 2015.

We continue to increase our sales and service footprint worldwide and expand our Supercharging and destination charging networks. With the continued global expansion of our customer support infrastructure, selling, general and administrative expenses were \$321.2 million for the quarter ended June 30, 2016, compared to \$201.8 million for the quarter ended June 30, 2015.

We have advanced our 500,000 total unit build plan by two years to 2018. Given this plan, we expect to invest approximately \$2.25 billion in capital expenditure for the full year of 2016. Our capital expenditure needs include expenditures for the tooling, production equipment and construction of the Model 3 production lines, equipment to support cell production at the Gigafactory, as well as new retail locations service centers and Supercharger locations.

While we are also currently in the process of evaluating our operating expenditures given our revised vehicle build plan, we currently expect operating expenses to grow by approximately 30% in 2016 as compared to 2015, excluding any potential impact from the future SolarCity acquisition. This increase is driven by engineering, design, and testing expenses related to Model 3 supplier contracts and higher sales and service costs associated with expanding our geographic presence. We expect selling, general and administrative expenses to decline over time as a percentage of revenue as we focus on increasing operational efficiency while continuing to expand our customer and corporate infrastructure. Over time, we also expect total operating expenses to decrease as a percentage of revenue.

As of June 30, 2016 and December 31, 2015, the net book value of our Supercharger network was \$180.0 million and \$166.6 million, and as of June 30, 2016 our Supercharger network included 661 locations globally. We plan to continue investing in our Supercharger network for the foreseeable future, including in North America, Europe and Asia, and expect such spending to continue to be a minimal portion of total capital spending during 2016. During 2016, we expect that this investment will grow our Supercharger network over 40%. We allocate Supercharger related expenses to cost of automotive revenues and selling, general, and administrative expenses. These costs were immaterial for all periods presented.

We transact business globally in multiple currencies. Our international revenues, as well as costs and expenses denominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the functional currencies of our foreign subsidiaries and against the U.S. dollar. Upon consolidation, as foreign exchange rates vary, revenues and expenses may be significantly impacted and we may record significant gains or losses on the remeasurement of monetary assets and liabilities, including intercompany balances. As of June 30, 2016, our largest currency exposures are from the euro, Chinese yuan, Hong Kong dollars, euros and Japanese yen. We recorded foreign exchange gains of \$0.8 million in other income (expense), net, for the six months

ended June 30, 2016 related the impact of changes in exchange rates on foreign currency denominated monetary assets and liabilities.

We considered the historical trends in currency exchange rates and determined that it was reasonably possible that adverse changes in exchange rates of 10% for all currencies could be experienced in the near term. These reasonably possible adverse changes in exchange rates of 10% were applied to total monetary assets and liabilities denominated in currencies other than the functional currencies as of June 30, 2016 to compute the adverse impact these changes would have had on our income before income taxes in the near term. These changes would have resulted in an adverse impact on income before income taxes of approximately \$294.5 million, recorded to other income (expense), net, principally from intercompany and cash balances.

In November 2015, we implemented a program to hedge the foreign currency exposure risk related to certain forecasted inventory purchases denominated in Japanese yen. The derivative instruments we use are foreign currency forward contracts and are designated as cash flow hedges with maturity dates of 12 months or less. We do not enter into derivative contracts for trading or speculative purposes. We document each hedge relationship and assess its initial effectiveness at the inception of the hedge contract and we measure its ongoing effectiveness on a quarterly basis using regression analysis. During the term of an effective hedge contract, we record gains and losses within accumulated other comprehensive loss. We reclassify these gains or losses to costs of automotive sales in the period the related finished goods inventory is sold or over the depreciation period for those sales accounted for as leases. Although our contracts are considered effective hedges, we may experience small amounts of ineffectiveness due to timing differences between our actual inventory purchases and the settlement date of the related foreign currency forward contracts. Ineffectiveness related to the hedges is immaterial as of June 30, 2016. As of June 30, 2016 we had recorded a cumulative gain of \$ 38.3 million to AOCI related to our outstanding foreign currency cash flow hedges. If the U.S. dollar had strengthened by 10% as of June 30, 2016, the gain recorded in AOCI related to our cumulative foreign exchange contracts before tax effect would have been reduced by approximately \$ 22.4 million.

XIII. DOCUMENTS ON DISPLAY

Tesla Motors, Inc. files or furnishes various reports, such as registration statements, periodic and current reports, definitive proxy statements, and other materials with the SEC. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Tesla Motors, Inc.'s filings. Tesla Motors, Inc.'s annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge on the Investor Relations section of Tesla Motors, Inc.'s website at <http://ir.tesla.com/> as soon as reasonably practicable after they are electronically filed with or furnished to the SEC.

Tesla Motors, Inc.'s Form 10-K and Tesla Motors, Inc.'s Proxy Statement, referred to in this prospectus, may be obtained free of charge upon request by an employee.

XIV. TAX CONSEQUENCES

The following summaries are based on the income and social tax laws in effect in the respective countries as of the date of this prospectus. However, because tax and other laws are complex and can change frequently, the information below may be out of date at the time the Participating Employee purchases Shares or sells Shares under the ESPP.

Moreover, the information in the summaries is based on certain assumptions which may or may not apply to the particular situation of a Participating Employee. Finally, in some countries, there may be exemptions and deductions applicable to a Participating Employee that are not described herein.

Therefore, the Participating Employees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their respective countries apply to their specific situations.

14.1 Netherlands Tax Consequences

The following summary is based on the income and social tax laws in effect in the Netherlands as of the date of this prospectus. Tax and other laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares or sells Shares under the ESPP.

The following applies only to Participating Employees who are Dutch residents for tax purposes. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment after the commencement of the applicable Purchase Period but prior to the corresponding Exercise Date, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. This information may not apply to each Participating Employee's particular tax or financial situation, and Tesla Motors, Inc. is not in a position to assure him or her of any particular tax result.

The Participating Employees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

Enrollment in the ESPP

The Participating Employee will not be subject to tax when he or she enrolls in the ESPP or a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax on the difference (i.e., the discount) between the fair market value of the Shares on the Exercise Date and the purchase price. In addition, the Participating Employee will be subject to social insurance contributions on this amount (to the extent he or she has not exceeded the applicable contribution ceiling).

Dividends

If a dividend is declared on Shares acquired under the ESPP, the Participating Employee is not subject to any tax in the Netherlands on any dividend received but is subject to U.S. federal income tax withholding at source.

The Participating Employee may be able to claim a reduced rate of U.S. federal income tax withholding on such dividends as a resident of a country with which the U.S. has an income tax treaty. The Participating Employee must have a properly completed U.S. Internal Revenue Service Form W-8BEN on file in order to claim the treaty benefit.

Sale of Shares

When the Participating Employee subsequently sells the Shares purchased under the ESPP, any gain (i.e. the difference between the sale price and the fair market value of the Shares on the Exercise Date) will not be subject to capital gain tax (provided the Participating Employee holds less than 5% of the Company's Shares).

Annual Investment Tax

The Participating Employee will be subject to an investment yield tax (Box III) at a rate of 1.2% (effectively) on the value of all of his or her assets (including Shares purchased under the ESPP) held on January 1st of the calendar year involved, subject to an annual exemption (€21,330 for 2015). It is the Participating Employee's responsibility to report and pay any investment tax due in his or her income tax return.

Withholding and Reporting

The Participating Employee's employer will withhold and report income tax and social insurance

contributions (to the extent he or she has not exceeded the applicable contribution ceiling) when the Shares are purchased.

14.2 Germany Tax Consequences

The following summary is based on the income and social tax laws in effect in Germany as of the date of this prospectus. Tax and other laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares or sells Shares under the ESPP.

The following applies only to Participating Employees who are tax residents of Germany. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment after the commencement of the applicable Purchase Period but prior to the corresponding Exercise Date, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and Tesla Motors, Inc. is not in a position to assure them of any particular tax result.

The Participating Employees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

Enrollment in the ESPP

The Participating Employee will not be subject to tax or social insurance contributions when he or she enrolls in the ESPP or when a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and social insurance contributions (to the extent he or she has not already exceeded his or her applicable contribution ceiling) on the difference between the fair market value of the Shares on the purchase date and the purchase price (i.e., the discount). In addition, the Participating Employee will be subject to solidarity surcharge and church tax (if applicable) on the tax liability.

The Participating Employee may be eligible for a limited exemption if certain conditions are met. The Participating Employee is advised to consult his or her tax advisor to see if the exemption is available to him or her.

Sale of Shares

When the Participating Employee subsequently sells the Shares purchased under the ESPP, the gain (i.e. the difference between the sale price and the fair market value of the Shares on the Exercise Date) will be subject to capital gains tax at a flat tax rate plus solidarity surcharge and church tax (if applicable) on the tax liability, provided the Participating Employee does not own 1% or more of Tesla Motors, Inc.'s stated capital (and has not owned 1% or more at any time during the last five years) and the Shares are not held as a business asset. Alternatively, if the flat tax rate exceeds the Participating Employee's personal income tax rate, the Participating Employee may elect an assessment in order to have his or her personal income tax rate applied to the gain. The Participating Employee may also be able to deduct a certain amount of his or her total capital gain and other income derived from his or her investments earned in the relevant year.

Dividends

If a dividend is declared on Shares acquired under the ESPP, the Participating Employee is subject to flat rate tax (plus solidarity surcharge and church tax (if applicable) on the tax liability) in Germany on any dividends received. In addition, the Participating Employee is subject to U.S. federal income tax withholding at source.

The Participating Employee may be able to claim a reduced rate of U.S. federal income tax withholding on such dividends as a resident of a country with which the U.S. has an income tax

treaty. The Participating Employee must have a properly completed U.S. Internal Revenue Service Form W-8BEN on file in order to claim the treaty benefit. The Participating Employee may also be entitled to a tax credit in Germany for the U.S. federal income tax withheld.

The Participating Employee is responsible for reporting and paying taxes on any dividends paid on Shares the Participating Employee holds. To determine tax obligations for dividends, the Participating Employee should consult a professional tax advisor.

Withholding and Reporting

The Participating Employee's employer will withhold and report income tax, solidarity surcharge church tax (if applicable) and social insurance contributions (to the extent he or she has not exceeded the applicable contribution ceiling) when Shares are purchased. It is the Participating Employee's responsibility to report and pay any tax due as a result of the sale of Shares acquired under the ESPP.

14.3 Norway Tax Consequences

The following summary is based on the income and social tax laws in effect in Norway as of the date of this prospectus. Tax and other laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares or sells Shares under the ESPP.

The following applies only to Participating Employees who are tax residents of Norway. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment after the commencement of the applicable Purchase Period but prior to the corresponding Exercise Date, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and Tesla Motors, Inc. is not in a position to assure them of any particular tax result.

The Participating Employees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

Enrollment in the ESPP

The Participating Employee will not be subject to tax or social insurance contributions when he or she enrolls in the ESPP or when a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and social insurance contributions (to the extent he or she has not already exceeded his or her applicable social insurance contribution ceiling) on the difference between the fair market value of the Shares on the purchase date and the purchase price (i.e., the discount).

Sale of Shares

When the Participating Employee subsequently sells the Shares purchased under the ESPP, the gain (i.e. the difference between the sale price and the fair market value of the Shares on the Exercise Date) will be subject to capital gains tax.

Dividends

If a dividend is declared on Shares acquired under the ESPP, the Participating Employee is subject to income tax on the amount of any dividends received. In addition, the Participating Employee is subject to U.S. federal income tax withholding at source.

The Participating Employee may be able to claim a reduced rate of U.S. federal income tax

withholding on such dividends as a resident of a country with which the U.S. has an income tax treaty. The Participating Employee must have a properly completed U.S. Internal Revenue Service Form W-8BEN on file in order to claim the treaty benefit. The Participating Employee may also be entitled to a tax credit in Norway for the U.S. federal income tax withheld.

The Participating Employee is responsible for reporting and paying taxes on any dividends paid on Shares the Participating Employee holds. To determine tax obligations for dividends, the Participating Employee should consult a professional tax advisor.

Wealth Tax

The Participating Employee may be subject to a wealth tax based on the value of the Shares purchased under the ESPP that he or she holds at year end.

Withholding and Reporting

The Participating Employee's employer will withhold and report income tax and social insurance contributions when Shares are purchased. It is the Participating Employee's responsibility to report and pay any tax due as a result of the sale of Shares acquired under the ESPP.

14.4 United Kingdom Tax Consequences

The following summary is based on the income and social tax laws in effect in the United Kingdom as of the date of this prospectus. Tax and other laws are complex and can change frequently. As a result, the information below may be out of date at the time a Participating Employee purchases Shares or sells Shares under the ESPP.

The following applies only to Participating Employees who are tax residents of the United Kingdom. If the Participating Employee is a citizen or resident of another country for local law purposes or transfers employment after the commencement of the applicable Purchase Period but prior to the corresponding Exercise Date, the income and social tax information below may not be applicable. Furthermore, this information is general in nature and does not discuss all of the various laws, rules and regulations that may apply. It may not apply to each Participating Employee's particular tax or financial situation and Tesla Motors, Inc. is not in a position to assure them of any particular tax result.

The Participating Employees are strongly advised to consult their own independent personal tax advisors as to how the tax or other laws in their country apply to their specific situations.

Enrollment in the ESPP

The Participating Employee will not be subject to tax or social insurance contributions when he or she enrolls in the ESPP or when a new Purchase Period begins.

Purchase of Shares

When Shares are purchased under the ESPP, the Participating Employee will be subject to income tax and national insurance contributions (to the extent he or she has not already exceeded his or her applicable social insurance contribution ceiling) on the difference between the fair market value of the Shares on the purchase date and the purchase price (i.e., the discount).

Sale of Shares

When the Participating Employee subsequently sells the Shares purchased under the ESPP, the gain (i.e. the difference between the sale price and the fair market value of the Shares on the Exercise Date) will be subject to capital gains tax. The Participating Employee's chargeable gain will be reduced by any available annual personal exemption set for the year of the sale by the government of the United Kingdom.

Dividends

If a dividend is declared on Shares acquired under the ESPP, the Participating Employee is subject to income tax on the amount of any dividends received. In addition, the Participating Employee is subject to U.S. federal income tax withholding at source.

The Participating Employee may be able to claim a reduced rate of U.S. federal income tax withholding on such dividends as a resident of a country with which the U.S. has an income tax treaty. The Participating Employee must have a properly completed U.S. Internal Revenue Service Form W-8BEN on file in order to claim the treaty benefit. The Participating Employee may also be entitled to a tax credit in the United Kingdom for the U.S. federal income tax withheld.

The Participating Employee is responsible for reporting and paying taxes on any dividends paid on Shares the Participating Employee holds. To determine tax obligations for dividends, the Participating Employee should consult a professional tax advisor.

Withholding and Reporting

The Participating Employee's employer will withhold and report income tax and national insurance contributions when Shares are purchased. The Participating Employee is also obligated to report the details of his or her tax liabilities arising from the purchase, sale or disposal of shares, as well as the details of any dividend income. It is the Participating Employee's responsibility to report and pay any tax due as a result of the sale of Shares acquired under the ESPP.

EXHIBITS

CROSS-REFERENCE LISTS

ANNEX I

Minimum Disclosure Requirements for the Share Registration Document (Schedule)

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Section/Exhibit	Page
1.	Persons Responsible		
1.1.	All persons responsible for the information given in the prospectus.	Section B, Part I	37 (I. Person responsible)
1.2.	A declaration by those responsible for the prospectus.	Not applicable	Not applicable
2.	Statutory Auditors		
2.1.	Names and addresses of the issuer's auditors.	Section B, Part II	55 (11.2 Independent Registered Public Accounting Firm)
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.	Not applicable	Not applicable
3.	Selected Financial Information		
3.1.	Selected historical financial information.	Section B, Part II	55 (11.1 Selected Financial Data)
3.2.	Interim periods.	Section B, Part II	55 (11.1 Selected Financial Data)
4.	Risk Factors	Section A, Part II	18-37 (Risk Factors)
5.	Information about the Issuer		
5.1.	History and Development of the Issuer		
5.1.1.	The legal and commercial name of the issuer.	Section B, Part I	4 (Introduction)
12.	Trend Information		

Item #	Item contents	Section/Exhibit	Page
12.1.	Significant trends that affected production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus.	Section B, Part II	5-7 (Recent trends) and 56-57 (XI. Trend information)
12.2.	Trends, uncertainties or events that are likely to affect the issuer for at least the current financial year.	Section B, Part II	5-7 (Recent trends) and 56-57 (XII. Trend information)
13.	Profit Forecasts or Estimates	Not applicable	Not applicable
14.	Administrative, Management, Supervisory Bodies and Senior Management		
14.1.	Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: a) members of the administrative, management or supervisory bodies;	Section B, Part II	45-48 (8.1 Board of Directors and 8.2 Executive Officers) and 52-54 (9.1 Directors' and Corporate Officers' Holdings of Shares and Options)
	b) partners with unlimited liability, in the case of a limited partnership with a share capital (not applicable);	Not applicable	Not applicable
	c) founders, if the issuer has been established for fewer than five years (not applicable); and	Not applicable	Not applicable
	d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.	Section B, Part II	45-48 (8.1 Board of Directors and 8.2 Executive Officers) and 52-54 (9.1 Directors' and Corporate Officers' Holdings of Shares and Options)
	The nature of any family relationship between any of those persons.	Section B, Part II	48 (8.3 Fraudulent Offences and Bankruptcy,

Item #	Item contents	Section/Exhibit	Page
			Etc.)
	<p>In the case of each member of the administrative, management or supervisory bodies of the issuer and each person mentioned in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:</p> <p>(a) the nature of all companies and partnerships of which such person has been a member of the administrative, management and supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies.</p>	Section B, Part II	45-48 (8.1 Board of Directors and 8.2 Executive Officers)
	<p>(b) any convictions in relation to fraudulent offences for at least the previous five years;</p> <p>(c) details of any bankruptcies, receiverships or liquidations with which a person described in (a) and (d) of the first subparagraph who was acting in the capacity of any of the positions set out in (a) and (d) of the first subparagraph was associated for at least the previous five years;</p> <p>(d) details of any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.</p> <p>If there is no such information to be disclosed, a statement to that effect is to be made.</p>	Section B, Part II	48 (8.3 Fraudulent Offences and Bankruptcy, Etc.)
14.2.	Administrative, management, and supervisory bodies and senior management conflicts of interests.	Section B, Part II	48-52 (8.4 Conflicts of Interest)
17.	Employees		
17.2.	Shareholdings and stock options with respect to each person referred to in points (a) and (d) of	Section B, Part II	52-54 (9.1 Directors' and

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	the first subparagraph of item 14.1.		Corporate Officers' Holdings of Shares and Options)
17.3	Description of any arrangements for involving the employees in the capital of the issuer.	Exhibit I	All sections
20.7.	Dividend policy, etc.		
20.7.1	The amount of the dividend per share for each financial year for the period covered by the historical financial information	Section B, Part II Section C, Part I	42 (Dividend Rights) and 10 (Dividend Policy)
20.8.	Legal and arbitration proceedings	Section B, Part II	44 (6.3 Indirect and Contingent Indebtedness)
20.9.	Significant change in the issuer's financial or trading position since the end of the last financial period	Section B, Part II	5-7 (Recent trends) and 56-57 (XII. Trend information)
23.	Third Party Information and Statement by Experts and Declarations of Any Interest		
23.1.	Where a statement or report attributed to a person as an expert is included in the Registration Document, provide such person's name, business address, qualifications and material interest if any in the issuer.	Not applicable	Not applicable
23.2.	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced.	Not applicable	Not applicable
24.	Documents on Display	Section B, Part II	57 (XIII. Documents on Display)

ANNEX III

MINIMUM DISCLOSURE REQUIREMENTS FOR THE SHARE SECURITIES NOTE (SCHEDULE)

(Page numbering refers to the page contained in the relevant document)

Item #	Item contents	Section/Exhibit	Page
1.	Persons Responsible		
1.1.	All persons responsible for the information given in the prospectus.	Section B, Part I	37 (I. Person responsible)
1.2.	A declaration by those responsible for the prospectus.	Not applicable	Not applicable
2.	Risk Factors	Section A, Part II	18-37 (Risk Factors)
3.	Key Information		
3.1	Working Capital Statement	Section B, Part II	54 (X. Working Capital Statement)
3.2	Capitalization and indebtedness	Section B, Part II	43-44 (VI. Statement of Capitalization and Indebtedness as of June 30, 2016)
3.4	Reasons for the offer and use of proceeds	Section B, Part II	38 (2.1 Purpose of ESPP)
		Exhibit I	Section 1
4.	Information Concerning the Securities to be Offered/ Admitted to Trading		
4.1	Type and the class of the securities being offered, including the security identification code.	Section B, Part II	41 (5.1 Type and the Class of the Securities being Offered, Including the Security Identification Code)
		Exhibit I	Section 1
4.2	Legislation under which the securities have been created.	Section B, Part II / exhibit I	41 (5.2 Legislation Under Which the Securities Have Been Created)
4.3	Form of securities, name and address of the entity in charge of keeping the records.	Section B, Part II	41-42 (5.3 Form of Securities, Name and address of the Entity in Charge of Keeping the

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			Records)
4.4	Currency of the securities issue.	Section B, Part II	42 (5.4 Currency of the Securities Issue)
4.5	Rights attached to the securities	Section B, Part II	42 (5.5 Rights Attached to the Securities)
4.6	Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued.	Section B, Part II	15-16 (Description of the terms and conditions of the offer)
4.7	Expected issue date of the securities.	Section B, Part II	38 (2.3 Offering Periods)
4.8	Description of any restrictions on the free transferability of the securities.	Section B, Part II	41 (IV. Delivery and Sale of the Shares) and 42 (5.6 Transferability)
4.9	Mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.	Section B, Part II	42-43 (5.7 General Provisions Applying to Business Combinations)
4.11	Information on taxes on the income from the securities withheld at source.	Section B, Part II	57-62 (XIV. Tax Consequences)
5.	Terms and Conditions of the Offer		
5.1	Conditions, offer statistics, expected timetable and action required to apply for the offer		
5.1.1	Conditions to which the offer is subject.	Section B, Part II	38-41 (II. The Outline, III. Eligibility and IV. Delivery and Sale of the Shares)
		Exhibit I	All sections
5.1.2	Total amount of the issue/offer.	Section B, Part II	45 (7.2 Net Proceeds)
		Exhibit I	Section 1
5.1.3	Time period during which the offer will be open and description of the application process.	Section B, Part II	38-41 (II. The Outline, III. Eligibility and IV. Delivery and Sale of the Shares)
		Exhibit I	Section 7 and 15

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5.1.4	Circumstances under which the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	Section B, Part II	38-39 (2.6 Termination or Amendment of the ESPP) and 41 (3.5 Termination of Employment of Participating Employees)
		Exhibit I	Section 9 and 10
5.1.5	Possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants.	Section B, Part II	40-41 (3.4 Discontinuance of Participation of Participating Employees)
		Exhibit I	Section 7 and 13
5.1.6	Minimum and/or maximum amount of application.	Section B, Part II	38 (2.2 Shares Offered Under the ESPP) and 40 (3.2 Participation of Eligible Employees)
		Exhibit I	Section 6 and 7
5.1.7	Period during which an application may be withdrawn.	Section B, Part II	40-41 (3.4 Discontinuance of Participation of Participating Employees)
		Exhibit I	Section 9
5.1.8	Method and time limits for paying up the securities and for delivery of the securities.	Section B, Part II	40 (3.3 Payroll Deductions) and 41 (IV. Delivery and Sale of the Shares)
		Exhibit I	Section 8
5.3	Pricing		
5.3.1.	An indication of the price at which the securities will be offered.	Section B, Part II	38 (2.4 Purchase Price)
		Exhibit I	Section 2
5.3.2.	Process for the disclosure of the offer price.	Section B, Part II	38 (2.4 Purchase Price) and 41-42 (5.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)

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		Exhibit I	Section 7
5.3.3.	If the issuer's equity holders have preemptive purchase rights and this right is restricted or withdrawn.	Section B, Part II	42 (No Preemptive, Redemptive or Conversion Provisions)
5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year.	Not applicable	Not applicable
5.4.	Placing and Underwriting		
5.4.2	Name and address of any paying agents and depository agents in each country.	Section B, Part II	41-42 (5.3 Form of Securities, Name and Address of the Entity in Charge of Keeping the Records)
6.	Admission to Trading and Dealing Arrangements		
6.1	Whether the securities offered are or will be the object of an application for admission to trading.	Section B, Part II	41 (5.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
6.2	Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	Section B, Part II	41 (5.1 Type and Class of the Securities being Offered, Including the Security Identification Code)
8.	Expense of the Issue/Offer		
8.1.	The total net proceeds and an estimate of the total expenses of the issue/offer.	Section B, Part II	45 (7.2 Net Proceeds)
9.	Dilution		
9.1.	The amount and percentage of immediate dilution resulting from the offer.	Section B, Part II	45 (7.1 Maximum Dilution)
9.2.	In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.	Not applicable	Not applicable

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10.	Additional Information		
10.1.	If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted.	Not applicable	Not applicable
10.3.	Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer.	Not applicable	Not applicable
10.4.	Where information has been sourced from a third party.	Not applicable	Not applicable

TESLA MOTORS, INC.

2010 EMPLOYEE STOCK PURCHASE PLAN

(As Amended and Restated Effective August 3, 2011)

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock through accumulated payroll deductions. The Company's intention is to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the Plan, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code.

2. Definitions.

(a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause, if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection, the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a

stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(f) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(g) "Common Stock" means the common stock of the Company.

(h) "Company" means Tesla Motors, Inc., a Delaware corporation.

(i) "Compensation" means an Eligible Employee's regular and recurring straight time gross earnings, payments for overtime and shift premium, but exclusive of payments for incentive compensation, bonuses and other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period.

(j) "Designated Subsidiary" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan.

(k) "Director" means a member of the Board.

(l) "Eligible Employee" means any individual who is a common law employee of an Employer and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves. Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Offering Date for all options to be granted on such Offering Date, determine (on a uniform and nondiscriminatory basis) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per

calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is an executive, officer or other manager, or (v) is a highly compensated employee under Section 414(q) of the Code.

(m) “Employer” means any one or all of the Company and its Designated Subsidiaries. With respect to a particular Eligible Employee, Employer means the Company or Designated Subsidiary, as the case may be, that directly employs the Eligible Employee.

(n) “Exchange Act” means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(o) “Exercise Date” means the last Trading Day in February and August of each year. Notwithstanding the preceding, the first Exercise Date under the Plan will be February 22, 2011.

(p) “Fair Market Value” means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean of the closing bid and asked prices for the Common Stock on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(iv) For purposes of the Offering Date of the first Offering Period under the Plan, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Common Stock (the “Registration Statement”).

(q) “Fiscal Year” means the fiscal year of the Company.

(r) “New Exercise Date” means a new Exercise Date set by shortening any Offering Period then in progress.

(s) “Offering Date” means the first Trading Day of each Offering Period.

(t) “Offering Periods” means the periods of approximately six (6) months during which an option granted pursuant to the Plan may be exercised, (i) commencing on the first Trading Day on or after March 1 of each year and terminating on the last Trading Day in the subsequent August, approximately six (6) months later, and (ii) commencing on the first Trading Day on or after September 1 of each year and terminating on the last Trading Day in the subsequent February, approximately six (6) months later. Notwithstanding the preceding, the

first Offering Period under the Plan commenced with the first Trading Day on or after the date on which the Securities and Exchange Commission declared the Company's Registration Statement effective and will end on February 22, 2011. The next Offering Period under the Plan will begin on March 1, 2011. The duration and timing of future Offering Periods may be changed pursuant to Sections 4 and 20.

(u) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(v) "Participant" means an Eligible Employee who participates in the Plan.

(w) "Plan" means this Tesla Motors, Inc. 2010 Employee Stock Purchase Plan.

(x) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Offering Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator, in its discretion, subject to compliance with Section 423 of the Code or pursuant to Section 20.

(y) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(z) "Trading Day" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

3. Eligibility.

(a) First Offering Period. Any individual who is an Eligible Employee immediately prior to the first Offering Period will be automatically enrolled in the first Offering Period.

(b) Subsequent Offering Periods. Any Eligible Employee on a given Offering Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(c) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate which exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after March 1 and September 1 of each year, or on such other date as the Administrator will determine. The Administrator will have the power to change the duration of Offering Periods (including the

commencement dates thereof) with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation.

(a) First Offering Period. An Eligible Employee will be entitled to continue to participate in the first Offering Period pursuant to Section 3(a) only if such individual submits a subscription agreement authorizing payroll deductions in a form determined by the Administrator (which may be similar to the form attached hereto as Exhibit A) to the Company's designated plan administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of Common Stock under this Plan and (ii) no later than ten (10) business days following the effective date of such S-8 registration statement or such other period of time as the Administrator may determine (the "Enrollment Window"). An Eligible Employee's failure to submit the subscription agreement during the Enrollment Window will result in the automatic termination of such individual's participation in the first Offering Period.

(b) Subsequent Offering Periods. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Offering Date, a properly completed subscription agreement authorizing payroll deductions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure prescribed by the Administrator.

6. Payroll Deductions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participant will have the payroll deductions made on such day applied to his or her account under the subsequent Offering Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions for a Participant will commence on the first pay day following the Offering Date and will end on the last pay day prior to the Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the end of the Enrollment Window.

(c) All payroll deductions made for a Participant will be credited to his or her account under the Plan and will be withheld in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. If permitted by the Administrator, as determined in its sole discretion, for an Offering Period, a Participant may increase or decrease the rate of his or her payroll deductions during the Offering Period by (i) properly completing and submitting to the Company's payroll office (or its designee), on or before a date prescribed by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in payroll deduction rate in the form provided by the Administrator for such purpose, or (ii)

following an electronic or other procedure prescribed by the Administrator. If a Participant has not followed such procedures to change the rate of payroll deductions, the rate of his or her payroll deductions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, limit the nature and/or number of payroll deduction rate changes that may be made by Participants during any Offering Period. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as of the first full payroll period following five (5) business days after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(c), a Participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(c) hereof, payroll deductions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of, the Participant must make adequate provision for the Company's or Employer's federal, state, or any other tax liability payable to any authority, national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee.

7. Grant of Option. On the Offering Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date with respect to an Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Offering Period more than 500 shares of the Common Stock (subject to any adjustment pursuant to Section 19), and provided further that such purchase will be subject to the limitations set forth in Sections 3(c) and 13. The Eligible Employee may accept the grant of such option with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5(a) on or before the last day of the Enrollment Window, and (ii) with respect to any future Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5(b). The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on

the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares of Common Stock will be purchased; any payroll deductions accumulated in a Participant's account, which are not sufficient to purchase a full share will be returned to the Participant. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Offering Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Offering Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or terminate all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares available on the Offering Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Offering Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's payroll office (or its designee) a written notice of withdrawal in the form prescribed by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure prescribed by the Administrator. All of the Participant's payroll deductions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be

adopted by the Company or in succeeding Offering Periods, which commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated.

12. Interest. No interest will accrue on the payroll deductions of a Participant in the Plan.

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock which will be made available for sale under the Plan will be 1,666,666 shares, plus an annual increase to be added on the first day of each Fiscal Year beginning with the 2011 Fiscal Year, equal to the least of (i) 1,000,000 shares of Common Stock, (ii) one percent (1%) of the outstanding shares of Common Stock on such date, or (iii) an amount determined by the Administrator.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties. Notwithstanding any provision to the contrary in this Plan, the Administrator may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures for jurisdictions outside of the United States. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of payroll deductions, making of contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold payroll deductions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates which vary with local requirements.

15. Designation of Beneficiary.

(a) A Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is

exercised but prior to delivery to such Participant of such shares and cash. In addition, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time.

16. Transferability. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all payroll deductions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such payroll deductions. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a

New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date and will end on the New Exercise Date. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 19). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts which have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 20(a), the Administrator will be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under Financial Accounting Standards Board Accounting Standards Codification Topic 718, including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as payroll deductions; and

(v) reducing the maximum number of Shares a Participant may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

21. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan. The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect for a term of ten (10) years, unless sooner terminated under Section 20.

24. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

TESLA MOTORS, INC.

INTERNATIONAL EMPLOYEE STOCK PURCHASE PLAN (Sub-Plan of the Tesla Motors, Inc. 2010 Employee Stock Purchase Plan, as Amended and Restated)

The following constitutes the provisions of the International Employee Stock Purchase Plan (herein called the “Sub-Plan”) of Tesla Motors, Inc. (the “Company”), a sub-plan of the Tesla Motors, Inc. 2010 Employee Stock Purchase Plan, as amended and restated (the “Plan”).

1. Purpose. The Sub-Plan is intended to provide eligible Employees of the Company’s Non-U.S. Affiliates (as defined herein) with an opportunity to Purchase Common Stock through accumulated payroll deductions or other permitted contributions in order to provide positive incentive for service performed within the Tesla related group of companies.
2. Non-Qualification. The Sub-Plan is not intended to qualify as an employee stock purchase plan under Section 423(b) of the U.S. Internal Revenue Code of 1986, as amended. Grants of options under the Sub-Plan are not intended to be Section 423(b) qualified offerings, as anticipated under Section 1 of the Plan and shall be deemed separate from the grant of options under the Plan with respect to equal rights and privileges for purposes of preserving the Plan’s Section 423 (b) qualification.
3. Governing Terms. All provisions of this Sub-Plan shall be governed by the Plan, except as otherwise provided herein.
4. Effective Date. This Sub-Plan shall be effective from the date of its adoption by the Board or Committee.
5. Definitions. All definitions in the Sub-Plan shall be interpreted in accordance with the Plan except as otherwise provided herein:

(a) “Eligible Employee” shall mean any person employed by a Non-U.S. Affiliate.

(b) “Non-U.S. Affiliate” shall mean any Designated Subsidiary, partnership, joint venture or other business entity, or branch of such business entity, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or an affiliate which: (i) has been designated by the Board or Committee from time to time in its sole discretion as eligible to participate in the Sub-Plan; and (ii) has Eligible Employees working outside of the United States. The Board or Committee may in its sole discretion provide from time to time that a Non-U.S. Affiliate shall cease to be a Non-U.S. Affiliate. Further, for purposes of clarity and not by way of limitation, a branch, partnership, joint venture, business entity or entity that is a disregarded entity for tax purposes, in each case of a Non-U.S. Affiliate, may be excluded as a Non-U.S. Affiliate even if its parent corporation is a Designated Subsidiary that is a Non-U.S. Affiliate.

(c) “Participant” means any Eligible Employee who meets the eligibility and participation requirements set forth in Sections 6 and 7 of this Sub-Plan, below.

6. Eligibility. Each individual who is an Eligible Employee on the applicable eligibility cutoff date (determined by the Company) prior to the start of the next Offering Period shall be eligible to participate in the Sub-Plan. For removal of doubt, the restrictions under Section 2 (l) of the Plan shall not apply to Participants under the Sub-Plan including, without limitation, minimum employment hours per week or employment months per calendar year restrictions.

7. Participation. An Eligible Employee may become a Participant in the Sub-Plan pursuant to the steps and requirements outlined in Section 5 of the Plan.

8. Payroll Deductions and Other Approved Contributions.

(a) Except to the extent otherwise determined by the Committee, payroll deductions shall be made in accordance with Section 6 of the Plan. The Committee may, at its discretion, approve other methods for contributions including, without limitation, check, cash or standing order of the Participant’s individual bank account.

(b) The amounts so collected shall be credited to the Participant’s individual book account under the Sub-Plan, initially in the currency in which paid by the Non-U.S. Affiliate until converted into U.S. Dollars. Accordingly, all purchases of Common Stock under the Sub-Plan are to be made with the U.S. Dollars into which the payroll deductions for the Offering Period or other approved contributions have been converted. The amounts collected from a Participant may be commingled with the general assets of the Company or the Non-U.S. Affiliate and may be used for general corporate purposes, except as otherwise required by Applicable Laws.

(c) For purposes of determining the number of shares of Common Stock purchasable by a Participant, the payroll deductions or other approved contributions credited to each Participant’s book account during each Offering Period shall be converted into U.S. Dollars on or shortly prior to the Exercise Date for that Offering Period on the basis of the exchange rate determined by the Company. The Committee shall have the absolute discretion to determine the applicable exchange rate to be in effect for each Exercise Date by any reasonable method.

9. Grant and Exercise of Options. The grant of options shall be in accordance with Section 7 of the Plan. The exercise of the options shall be in accordance with Section 8 of the Plan.

10. Withdrawal or Termination of Employment. Withdrawal from the Sub-Plan or ceasing to be an Eligible Employee shall be in accordance with Sections 10 and 11 of the Plan, respectively, subject to Section 11 of the Sub-Plan, below.

11. Transfer of Employment.

(a) In the event that a Participant who is an Eligible Employee of a Non-U.S. Affiliate is transferred and becomes an employee of a different Non-U.S. Affiliate, during an Offering Period, such individual may, subject to the terms and eligibility of this Sub-Plan,

remain a Participant under this Sub-Plan for the duration of the Offering Period in effect at that time. Unless otherwise required under local law, any payroll deductions or other approved contributions may continue to be held by the Non-U.S. Affiliate former Employer of the Participant for the remainder of the Offering Period. At the next Exercise Date, all payroll deductions and other approved contributions made by or to such former Employer Non-U.S. Affiliate and/or the current Employer Non-U.S. Affiliate shall be aggregated for the purchase of shares of Common Stock subject to the terms and limitations of the Plan.

(b) In the event that an employee of a Designated Subsidiary in the U.S. who is a Participant in the Plan is transferred and becomes an Employee of a Non-U.S. Affiliate during an Offering Period in effect under the Plan, such individual may become a Participant under the Sub-Plan for the duration of the Offering Period in effect at that time. Unless otherwise required under Applicable Laws, any payroll deductions may continue to be held by the former Employer Designated Subsidiary in the U.S. for the remainder of the Offering Period. At the next Exercise Date, all payroll deductions and other approved contributions made by or to the U.S. Subsidiary former Employer or the Employer Non-U.S. Affiliate may be aggregated for the purchase of shares of Common Stock subject to the terms and limitations of the Plan and the Sub-Plan.

(c) In the event that a Participant who is an Eligible Employee of a Non-U.S. Affiliate is transferred and becomes an employee of the Company or a Designated Subsidiary in the U.S. during an Offering Period, such individual, unless otherwise determined by the Board or Committee in its discretion, may not continue to participate in the Plan for the duration of the Offering Period in effect at that time. Unless otherwise required under Applicable Laws, any payroll deductions may continue to be held by the former Employer Designated Subsidiary outside the United States for the remainder of the Offering Period. At the next Exercise Date, all payroll deductions and other approved contributions made by or to the Designated Non-U.S. Affiliate on such Participant's behalf may be used for the purchase of shares of Common Stock subject to the terms and limitation of the Plan and Sub-Plan. The Participant will not be eligible to resume participation in the Plan until the next Offering Period commencing after the transfer to the Designated Subsidiary in the U.S., subject to the Plan's eligibility and other rules and requirements that may apply.

12. Interest. Contributions received or held pursuant to the Sub-Plan shall accrue interest only to the extent required under Applicable Laws.

13. Shares Subject to the Sub-Plan.

(a) The shares of the Common Stock purchasable by Participants under the Sub-Plan shall be made available from shares reserved under Section 13 of the Plan and any shares issued under the Sub-Plan will reduce, on a share-for-share basis, the number of shares of Common Stock available for subsequent issuance under the Plan.

(b) The Participant will have no interest or voting right in shares of Common Stock covered by his or her option until such option has been exercised and shares have been issued.

14. Administration. The Sub-Plan shall be administered in accordance with Section 14 of the Plan. The Committee may adopt rules or procedures relating to the operation and administration of the Sub-Plan to accommodate the specific requirements of the law and procedures of applicable jurisdictions. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions or other approved contributions, segregation of funds, payment of interest, conversion of local currency, payroll tax, withholding procedures and issuance of shares that vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Non-U.S. Subsidiaries or jurisdictions. The rules of such sub-plans may take precedence over other provisions of this Sub-Plan, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Sub-Plan shall govern the operation of such sub-plan.

15. Transferability. Neither payroll deductions nor other funds credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Sub-Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 of the Plan) by the Participant. In order to comply with Applicable Laws (including, without limitation, local securities and applicable exchange laws), the Company may require a Participant to retain the shares of Common Stock purchased on his or her behalf in a Company account or an account of a designated broker until the sale of such shares.

16. Amendment or Termination. The Committee may at any time terminate or amend the Sub-Plan. No such termination can affect options previously granted, nor may an amendment make any change in any option theretofore granted which adversely affects the rights of any Participant. Notwithstanding any provision of the Plan or this Sub-Plan to the contrary, in order to comply with the laws in other countries in which the Company and the Non-U.S. Subsidiaries operate or have Participants, the Company, by action of its duly authorized officers, in their sole discretion, shall have the power and authority at any time to establish "offering documents" and similar addenda to this Sub-Plan to modify administrative procedures and other terms and procedures, to the extent such actions may be necessary or advisable and take any action that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, no action may be taken hereunder that would violate any securities law or governing statute or any other Applicable Laws or cause the Plan not to comply with Section 423 of the Code.

17. Notices. All notices or other communications by a Participant to the Company under or in connection with the Sub-Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

18. Term of Sub-Plan. The Sub-Plan shall continue in effect until the expiration or termination of the Plan or the earlier termination of the Sub-Plan by the Committee.

19. Governing Laws. Except as otherwise expressly required under the laws of the local jurisdiction, the Sub-Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the state of Delaware, United States of America without resort to that state's conflict-of-laws rules. Should any provision of this Sub-Plan be determined

by a court of competent jurisdiction to be unlawful or unenforceable for a country, such determination shall in no way affect the application of that provision in any other country, or any of the remaining provisions of the Sub-Plan.

20. Additional Restrictions on Transfer of Shares to Comply with Applicable Law. In order to comply with Applicable Laws (including, without limitation, local securities and applicable foreign exchange laws), the Company may require a Participant to retain the shares of Common Stock purchased on his or her behalf in a Company account or an account of a designated broker until the sale of such shares of Stock.

21. No Additional Employment Rights. Neither the action of the Company in establishing the Sub-Plan, nor any action taken under the Sub-Plan by the Committee nor any provision of the Sub-Plan itself shall be construed so as to grant any person the right to remain in the employ of the Company or any Non-U.S. Affiliate for any period of specific duration, and such person's employment may be terminated at any time, with or without cause, subject to Applicable Laws.

22. Foreign Exchange Risk. Any changes or fluctuations in the exchange rate at which the payroll deductions or other approved contributions collected on the Participant's behalf are converted into U.S. Dollars in connection with each Exercise Date shall be borne solely by the Participant. Neither the Company nor any Non-U.S. Affiliate shall bear any exchange rate or foreign exchange risk in connection with the Sub-Plan.