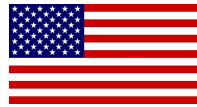


Meeting Date:	Tue, 03 Jun 2014 11:00am	Type:	AGM	Issue date:	Fri, 06 Jun 2014
Meeting Location:	Computer History Museum located at 1401 N. Shoreline Blvd., Mountain View, CA 94043				
Current Indices:	PIRC Global				
Sector:	Motor vehicles and passenger car bodies				

PROPOSALS	ADVICE
<p>1.1 Elect Director Elon Musk Chairman and Chief Executive. Combined roles at the top of the Company which Triodos does not support. Best practice is for the roles of chairman and chief executive to be separated, with the chairman responsible for the running of the board and the chief executive responsible for the day-to-day running of the company. A combination of roles is acceptable either on a temporary basis or following an unforeseen event. Neither exception applies in this instance.</p>	Withhold
<p>1.2 Elect Director Stephen T. Jurvetson Non-Executive Director. Not independent as he is a director of SpaceX, of which Elon Musk is Chief Executive Officer, Chief Technology Officer, Chairman and a significant stockholder, and as he is a managing director of Draper Fisher Jurvetson which a significant stockholder of SolarCity, of which Elon Musk is the Chairman. There are insufficient independent directors on the Board.</p>	Withhold
<p>2 Approve Pay Structure The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The vote on this proposal is non-binding and advisory. The voting outcome for this resolution reflects the balance of our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The Compensation Rating is: CDB Disclosure C: Shareholders are provided with only limited information with respect to targets under the various schemes Balance D: Overall awards are deemed excessive and restricted stock awards have no performance criteria beyond time-based vesting. Based on the poor disclosure and the lack of performance criteria for restricted stock awards, Triodos does not support this resolution.</p>	Oppose
<p>3 Amend Omnibus Stock Plan The amendment and restatement of the 2010 Plan includes the following material changes: setting an annual limit on the shares of Tesla common stock underlying awards that may be granted to any participant under the 2010 Plan, to be a maximum of 2,000,000 shares in the case of stock options and stock appreciation rights and 2,000,000 shares in the case of restricted stock, restricted stock units, performance shares or performance units; and specifying the categories of performance criteria that may be used as vesting or payment conditions for awards intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code, or the Code. Analysis: There are two main concerns with the scheme: (1) <i>Performance Conditions:</i> there is little actual information available to shareholders to allow them to make an informed decision as to the appropriateness of the targets. Arguably participants will have the same problem, and it is therefore difficult to imagine how the plan will actually motivate them; and (2) <i>Excessiveness:</i> the proposal as drafted is considered excessive. Furthermore the tax treatment of performance pay is intended to act as an incentive towards linking pay with performance, unless there is prior disclosure of performance thresholds and their relation to payout allowing shareholders to determine if rewards are linked to a commensurate performance, then such plans should not justify favourable tax treatment. As noted above, given the level of disclosure, the performance conditions attached to the plan are not appropriate for the level of award. Based on the potentially excessive awards and the lack of specific performance conditions, Triodos does not support this resolution.</p>	Oppose

4	<p>Appoint the auditors</p> <p>PricewaterhouseCoopes LLP are proposed. Both in the year under review and on a three year average the non-audit fees were less than 25% of the audit fee. This does not raise concerns over the independence of the audit process. Acceptable proposal.</p>	For
6	<p>Shareholder Resolution: Simple majority voting</p> <p>The proponent is John Chevedden. The full text of the proposal, the shareholder's supporting statement and the Board's response is repeated in the supporting information for this proposal. In essence the proponent has requested that all voting requirements in either the charter or bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. Analysis: Shareholders should have the right to approve most matters submitted for their consideration by a simple majority of the shares voted. Triodos supports this resolution.</p> <p><i>* = Special resolution</i></p>	For

Supporting Information for Resolutions

Proposal 3 - The Board believes that the “2014 Restatement sets limits on awards that may be granted to participants under the 2010 Plan. These limits are intended to be meaningful restrictions on the equity-based compensation that the administrator of the 2010 Plan may grant to participants while allowing us to provide equity compensation sufficient to attract, retain and incentivise highly qualified, experienced individuals at our Company. Furthermore, the 2014 Restatement is designed to aid the 2010 Plan administrator in granting awards under the 2010 Plan that closely align the realization of payments thereunder to the types of performance criteria that are the most relevant measures of the Company’s performance and success. Because such amendments are material, the Company is submitting the 2014 Restatement to the approval of its stockholders pursuant to the listing standards of NASDAQ. In addition, we generally will be entitled to a tax deduction in connection with an award under the 2010 Plan in an amount equal to the ordinary income realized by a participant and at the time the participant recognizes such income (for example, the exercise of a nonqualified stock option). However, Section 162(m) of the Code places a \$1,000,000 annual limit on the compensation deductible by us paid to our Chief Executive Officer and to each of our other three most highly paid executive officers, other than our Chief Financial Officer. This limit, however, does not apply to “performance-based compensation” as defined in Section 162(m) of the Code. The 2010 Plan as amended by the 2014 Restatement would permit (but not require) the Compensation Committee or another committee of our Board of Directors consisting of two or more “outside directors” within the meaning of Section 162(m) of the Code to grant awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code, thereby potentially permitting us to receive a full federal income tax deduction in connection with such awards. Among other things, Section 162(m) of the Code requires that stockholders approve the plan under which the “performance-based compensation” is paid. Furthermore, Section 162(m) of the Code generally requires that plans such as the 2010 Plan be reapproved by stockholders at least every five years. If stockholders approve the 2014 Restatement at the 2014 Meeting, we will have greater flexibility to choose to seek a full income tax deduction for certain awards granted under the 2010 Plan. However, if the stockholders of the Company do not approve the 2014 Restatement, we may be unable to seek a full income tax deduction for certain awards granted under the 2010 Plan.”

Proposal 6 - Resolved Shareholders request that our board take the steps necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws. **Supporting Statement** Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related to company performance according to “What Matters in Corporate Governance” by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are arguably most often used to block initiatives supported by most shareowners but opposed by a status quo management. This proposal topic won 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy’s. The proponents of these proposals included Ray T. Chevedden and William Steiner. Currently a 1%-minority can frustrate the will of our 66%-shareholder majority. This proposal should also be more favorably evaluated due to our Company’s clearly improvable corporate governance performance as reported in 2013: GMI Ratings, an

independent investment research firm, rated Tesla D for executive pay – \$78 million for Elon Musk and shareholders had a potential 23% stock dilution. GMI said our CEO's annual incentive pay would not rise or fall in line with annual performance. Shareholders had no right to call a special meeting [sic] or act by written consent. Directors were only subject to a shareholder vote once in 3-years. GMI said that despite the environmentally friendly nature of its cars, Tesla discloses nothing about its environmental policies or performance. Our 7-member board had 2 inside-related directors: Kimbal Musk and Antonio Gracias. Brad Buss, on our audit, executive pay and nomination committees, received our highest negative votes – 16%. Ira Ehrenpreis received almost 16% in negative votes. GMI rated Tesla F for accounting. On March 6, 2013, our audit committee concluded that the consolidated statements of cash flows included in Tesla's Quarterly Reports on Forms 10-Q for the periods that ended in March, June and September of 2012, should no longer be relied upon as a result of an error in the presentation of certain non-cash capital expenditures included in Tesla's consolidated statements of cash flows. Returning to the core topic of this proposal from the context of our clearly improvable corporate climate, please vote to protect shareholder value: **Opposing Statement of the Board**

The Board of Directors has considered this proposal and has determined that it would not serve the best interests of the Company or its stockholders, for the reasons stated below. The Current Supermajority Voting Requirements are Limited in Scope and Protect Stockholders Under our governance documents, a simple majority of votes cast is already the general default voting requirement for matters submitted for stockholder approval. As permitted by Delaware law, however, our governance documents include a limited category of matters for which a 66 2/3% "supermajority" vote of our stockholders is required, including proposals to amend certain provisions of our governance documents relating to the following: (i) the general powers and structure of the Board of Directors, such as term, number of seats, resignations, removals and vacancies; (ii) the authority of the Board of Directors to adopt, amend or repeal our bylaws; (iii) the procedures for calling and holding stockholder meetings; (iv) stockholder actions by written consent; (v) indemnification and limits on liability of directors; and (vi) the foregoing supermajority vote requirements themselves. Limited supermajority voting provisions like these serve several important purposes. The goal of the Company when created a decade ago was the same as it is today: to accelerate the advent of sustainable transport by bringing compelling electric cars to the mass market. In pursuing this goal, we aim to maximize value to our stockholders over the long-term, which may not always optimize short-term profitability. We have reinforced this objective publicly over the last several years. Indeed, as is common among fast-growing technology companies like ours, we have experienced and may experience in the future significant short-term swings in the price of our stock that are unrelated or disproportionate to our long-term prospects. Limited supermajority voting provisions enable the Company to fulfill its long-term objectives and thereby meet the long-term interests of its stockholders without being disrupted by these short-term variations and the opportunistic scenarios they often attract. Specifically, our limited supermajority voting provisions protect the Company and its stockholders from unsolicited acquisition proposals and hostile takeover initiatives proposed by third parties, particularly during temporary decreases in the Company's stock price. Such proposals may include terms that our Board of Directors determines to be harmful to the Company's fundamental goal, as well as to its strategic plans and objectives, or otherwise unfair to its stockholders. Takeover financing mechanisms often used by corporate raiders could limit the Company's operational freedom, and once in control, these third parties may further prioritize short-term gains at the cost of the Company's ability to achieve its fundamental goals, greater ultimate success and stockholder value. Our limited supermajority voting requirements provide our Board of Directors and stockholders with a chance to fully understand the terms of such a transaction, negotiate improvements to them, and evaluate strategic alternatives that may be in the best interests of the Company and its stockholders. These provisions are particularly appropriate since there is a relatively concentrated share ownership structure in the Company. Without the protection of our limited supermajority voting requirements, a handful of large stockholders could more easily impose fundamental governance changes on the Company even if a near majority of the remaining stockholders disagreed. Moreover, these limited supermajority voting requirements do not preclude changes to our governance documents. They apply solely to any amendments of a limited number of fundamental corporate governance elements and are intended to ensure that changes to such elements are made only with a broad consensus of stockholders. In the absence of these limited supermajority voting requirements, a simple majority of votes cast for and against could result in significant changes to the Company's corporate governance and ultimately, the Company's long-term goal. Moreover, if not all stockholders elect to vote, significant changes like these could be made upon the vote of less than a majority of the shares outstanding. The Proponent's Claims regarding Supermajority Voting Rights are Misguided The proponent makes sweeping and unsubstantiated characterizations of the purpose and effect of supermajority provisions. He describes these protections as an "entrenching mechanism" and as being "most often used to block initiatives supported by most shareholders but opposed by management," but provides no explanation or supporting evidence. His claim that "a 1%-minority can frustrate the will of our 66%-shareholder majority" does not follow logically and is incorrect. Instead of illustrating how his proposal would improve the Company's corporate governance, the proponent merely recites misleading and inflammatory headlines. The Proposal Contains Misleading, Inaccurate and Irrelevant Statements about the Company The proposal is factually inaccurate and misleading in multiple

respects. Among other things: The proposal states that Mr. Musk's compensation is "\$78 million" and that his "annual incentive pay would not rise or fall in line with annual performance." These statements appear to refer to Mr. Musk's compensation for the 2012 fiscal year and are, at best, grossly misleading. Mr. Musk's compensation has been fully disclosed in this proxy statement as well as in prior proxy statements. The only compensation that Mr. Musk actually received in hand in 2012 was \$1. (Although minimum wage rules require that Mr. Musk's annual salary be no less than \$33,280, and Mr. Musk was eligible for \$6,000 of additional cash bonuses under our company-wide patent incentive program, Mr. Musk accepted only \$1 of such amounts.) The rest of Mr. Musk's 2012 compensation was in the form of a performance-based stock option grant that is entirely an incentive for future performance and would take many years, if at all, to be achieved. To be clear, Mr. Musk will be entitled to exercise this option only if the Company first achieves certain operational and market capitalization milestones, many of which were viewed as very difficult to achieve when the grant was made. In order for the option to fully vest, the Company's average market capitalization over the relevant time period must increase from \$3.2 billion (i.e., the amount when the grant was made) to \$43.2 billion. To date, none of the option grant has vested with respect to any of the underlying shares. Moreover, the Company has prospered under Mr. Musk's leadership. In addition to the Company's many operational achievements, its market capitalization has already increased to over \$25.1 billion as of close of trading on April 10, 2014. Mr. Musk's compensation is directly tied to the operational performance of the Company and its stock value, and its stockholders have clearly benefitted from this correlation. The proposal also states that there will be "a potential 23% stock dilution" caused by the incentive pay for Mr. Musk that is described above. The basis for this statement is unclear, and, regardless, it is inaccurate. According to the Company's calculations and information provided in prior SEC filings, Mr. Musk's 2012 option grant would result in a dilution of no more than 5% of the Company's outstanding shares, and that assumes that 100% of it vests and is exercised. Additionally, the proposal states that Antonio Gracias is an "inside-related director." Notably, the proposal provides neither the rationale nor the standard under which this statement is made. In fact, pursuant to the listing standards of NASDAQ, the Board of Directors has determined after careful and informed consideration that all of the Company's directors other than Elon Musk, Kimbal Musk and Harald Kroeger are "independent directors." In fact, the Board of Directors has designated Mr. Gracias as the "lead independent director" since September 2010. In addition to being inaccurate and misleading, these statements are irrelevant. There is no connection (and the proponent does not articulate any) between the limited supermajority voting rights described above and executive compensation or any of the other unrelated assertions regarding the Company's corporate governance. Effect of Approval Approval of this proposal at the 2014 Annual Meeting would not amend our governance documents. The Board of Directors would need to first authorize any such changes, and the vote of at least 66 2/3% of the outstanding shares entitled to vote would then have to approve each change at a future meeting of stockholders.

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