


MEETING DATE	Tue, 05 Jun 2018	TYPE	AGM	ISSUE DATE	Fri, 01 Jun 2018
MEETING LOCATION	Computer History Museum, 1401 N. Shoreline Blvd., Mountain View, CA 94043 OR www.tesla.com/2018shareholdermeeting				
CURRENT INDICES	PIRC Global				
SECTOR	Motor vehicles and passenger car bodies				

PROPOSALS		ADVICE
1.01	<p>Re-elect Antonio Gracias Lead Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.</p>	Oppose
1.02	<p>Re-elect James Murdoch Independent Non-Executive Director. However, there are concerns over the director's potential aggregate time commitments.</p>	Abstain
1.03	<p>Re-elect Kimbal Musk Non-Executive Director. Not independent as he is the brother of Elon Musk, CEO and Chairman of the Company. There is insufficient independent representation on the Board.</p>	Oppose
2	<p>Appoint the Auditors PwC proposed. Non-audit fees represented 0.62% of audit fees during the year under review and 0.43% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.</p>	Oppose
3	<p>Shareholder Resolution: Introduce an Independent Chairman Rule Proposed by: Mr. Jing Zhao Shareholders recommend that Tesla adopt a policy that the chairman of the Board of Directors be an independent director. Proponent's Supporting Argument: The Proponent argues that although the current leadership structure, in which the positions of Chairman and CEO are held by one person, could provide an effective leadership for Tesla at the early stage, now in this much more highly competitive and rapidly changing technology industry, it is more and more difficult to oversee Tesla's business and senior management (especially to minimise any potential conflicts) that may result from combining the positions of CEO and Chairman. An independent chairman of the board of directors is the prevailing practice in the international market, such as in the United Kingdom. In the United States too, many big companies already have or began to have an independent Board Chairman. Tesla should not be exception. Board's Opposing Argument: The Board is against this proposal and states that the Company's success to date would not have been possible if the Board was led by another director lacking Elon Musk's day-to-day exposure to the Company's business. In light of the significant future opportunities for growth and the careful execution needed in order for the Company to achieve it, the Board believes that the Company is still best served by Mr. Musk continuing to serve as Chairman. PIRC Analysis: There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. It is considered that an independent Chairman can provide independent oversight of management and facilitates clearer lines of accountability with respect to corporate decisions. It is also considered that all board meetings (not just those of independent directors) should be led by an independent director; and that in practice this means that there should be an independent Chairman.</p>	For

4 Shareholder Resolution: Proxy Access

For

Proposed by: James McRitchie

The Proponent requests the Board to amend its Proxy Access for Director Nominations bylaw; as follows: (i) Nominating shareholders or shareholder groups must beneficially own 3% or more of the Company's outstanding common stock continuously for at least three years and pledge to hold such stock through the annual meeting; (ii) Nominators may submit a statement not exceeding 500 words in support of each nominee to be included in the Company proxy; (iii) the number of 'Proxy Access Nominees' eligible to appear in proxy materials shall be 25% of the directors then serving or two; whichever is greater; (iv) No limitation shall be placed on the number of shareholders that can aggregate their shares to achieve the 3% of Required Stock, and on the re-nomination of shareholder nominees by Nominators based on the number or percentage of votes received in any election; (v) the Company shall not require that Nominators pledge to hold stock after the annual meeting if their nominees fail to win election; (vi) loaned securities shall be counted as belonging to a nominating shareholder if the shareholder represents it has the legal right to recall those securities for voting purposes and will hold those securities through the date of the annual meeting.

Proponent's Supporting Argument: The Proponent argues that adoption of bylaws with all the requested elements outlined above would help ensure meaningful proxy assess[sic] is available to shareholders. Similar proposals won an average of 82.5% For, 14.3% Against, and 0.8% Abstain from July 16, 2016 to June 30, 2017, according to Proxy Insight.

Board's Opposing Argument: The Board is against this proposal as the Company already has mechanisms to promote the accountability of the Board to its stockholders. The Company implemented means for stockholders to recommend director candidates for the Nominating and Corporate Governance Committee's consideration, nominate candidates at stockholder meetings, and contact the Board directly. Third, the version of proxy access formulated by the Proponent may create an opportunity for special interests that seek only short-term returns rather than having the Company's long-term interests in mind. This is particularly harmful for a company like Tesla, Inc., which is still in an early stage of development and undergoing rapid growth.

PIRC Analysis: The proposed changes are in the best interest of shareholders; and further improves shareholders ability to nominate a director. Any director put forward through the use of proxy access will still have to be voted on at the annual meeting by all shareholders. Therefore; shareholders can choose to support who they believe is the best candidate for the job; whether it be a company candidate or a shareholder candidate. Support is therefore recommended.

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