UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**91-2197729**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3500 Deer Creek Road Palo Alto, California	**94304**
(Address of principal executive offices)	**(Zip Code)**

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.001 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting stock held by non-affiliates of the registrant, as of June 30, 2017, the last day of the registrant's most recently completed second fiscal quarter, was $47.83 billion (based on the closing price for shares of the registrant's Common Stock as reported by the NASDAQ Global Select Market on June 30, 2017). Shares of Common Stock held by each executive officer, director, and holder of 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 14, 2018, there were 168,919,941 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2018 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2017.

TESLA, INC.

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2017

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Forward-Looking Statements

The discussions in this Annual Report on Form 10-K contain forward-looking statements reflecting our current expectations that involve risks and uncertainties. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, profitability, expected cost reductions, capital adequacy, expectations regarding demand and acceptance for our technologies, growth opportunities and trends in the market in which we operate, prospects and plans and objectives of management. The words "anticipates", "believes", "could," "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K and in our other filings with the Securities and Exchange Commission. We do not assume any obligation to update any forward-looking statements.

PART I

ITEM 1. BUSINESS

Overview

We design, develop, manufacture and sell high-performance fully electric vehicles, and energy generation and storage systems, and also install and maintain such systems and sell solar electricity. We are the world's only vertically integrated sustainable energy company, offering end-to-end clean energy products, including generation, storage and consumption. We have established and continue to grow a global network of stores, vehicle service centers and Supercharger stations to accelerate the widespread adoption of our products, and we continue to develop self-driving capability in order to improve vehicle safety. Our sustainable energy products, engineering expertise, intense focus to accelerate the world's transition to sustainable energy, and business model differentiate us from other companies.

We currently produce and sell three fully electric vehicles, the Model S sedan, the Model X sport utility vehicle ("SUV") and the Model 3 sedan. All of our vehicles offer high performance and functionality as well as attractive styling.

We commenced deliveries of Model S in June 2012 and have continued to improve Model S by introducing performance, all-wheel drive dual motor, and autopilot options, as well as free over-the-air software updates. We commenced deliveries of Model X in September 2015. Model X offers seating for up to seven people, all-wheel drive, and our autopilot functionality. We commenced deliveries of Model 3, a lower priced sedan designed for the mass market, in July 2017 and continue to ramp its production.

We also intend to bring additional vehicles to market in the future, including trucks and an all-new sports car. The production of fully electric vehicles that meets consumers' range and performance expectations requires substantial design, engineering, and integration work on almost every system of our vehicles. Our design and vehicle engineering capabilities, combined with the technical advancements of our powertrain system, have enabled us to design and develop electric vehicles that we believe overcome the design, styling, and performance issues that have historically limited broad adoption of electric vehicles. As a result, our customers enjoy several benefits, including:

- *Long Range and Recharging Flexibility*. Our vehicles offer ranges that significantly exceed those of any other commercially available electric vehicle. In addition, our vehicles incorporate our proprietary on-board charging system, permitting recharging from almost any available electrical outlet, and also offer fast charging capability from our Supercharger network.
- *High-Performance Without Compromised Design or Functionality*. Our vehicles deliver instantaneous and sustained acceleration, an advanced autopilot system with active safety and convenience features, and over-the-air software updates.
- *Energy Efficiency and Cost of Ownership*. Our vehicles offer an attractive cost of ownership compared to internal combustion engine or hybrid electric vehicles. Using only an electric powertrain enables us to create more energy efficient vehicles that are mechanically simpler than currently available hybrid or internal combustion engine vehicles. The cost to fuel our vehicles is less compared to internal combustion vehicles. We also expect our electric vehicles will have lower relative maintenance costs than other vehicles due to fewer moving parts and the absence of certain components, including oil, oil filters, spark plugs and engine valves.

We sell our vehicles through our own sales and service network which we are continuing to grow globally. The benefits we receive from distribution ownership enable us to improve the overall customer experience, the speed of product development and the capital efficiency of our business. We are also continuing to build our network of Superchargers and Destination Chargers in North America, Europe and Asia to provide both fast charging that enables convenient long-distance travel as well as other convenient charging options.

In addition, we are leveraging our technological expertise in batteries, power electronics, and integrated systems to manufacture and sell energy storage products. In late 2016, we began production and deliveries of our latest generation energy storage products, Powerwall 2 and Powerpack 2. Powerwall 2 is a 14 kilowatt hour (kWh) home battery with an integrated inverter. Powerpack 2 is an infinitely scalable energy storage system for commercial, industrial and utility applications, comprised of 210 kWh (AC) battery packs and 50 kVa (at 480V) inverters.

Similar to our electric vehicles, our energy storage products have been developed to receive over-the-air firmware and software updates that enable additional features over time.

Finally, we sell and lease solar systems (with or without accompanying energy storage systems) to residential and commercial customers and sell renewable energy to residential and commercial customers at prices that are typically below utility rates. Since 2006, we have installed solar energy systems for hundreds of thousands of customers. Our long-term lease and power purchase agreements with our customers generate recurring payments and create a portfolio of high-quality receivables that we leverage to further reduce the cost of making the switch to solar energy. The electricity produced by our solar installations represents a very small fraction of total U.S. electricity generation. With tens of millions of single-family homes and businesses in our primary service territories, and many more in other locations, we have a large opportunity to expand and grow this business.

We manufacture our vehicle products primarily at our facilities in Fremont, California, Lathrop, California, Tilburg, Netherlands and at our Gigafactory 1 near Reno, Nevada. We manufacture our energy storage products at Gigafactory 1 and our solar products at our factories in Fremont, California and Buffalo, New York (Gigafactory 2).

Our Products and Services

Vehicles

Model S

Model S is a fully electric, four-door, five-adult passenger sedan that offers compelling range and performance. We offer performance and all-wheel drive dual motor system options. Model S 100D is the longest range all-electric production sedan in the world, and the performance version with the Ludicrous speed upgrade is the quickest accelerating production vehicle ever.

Model S includes a 17 inch touch screen driver interface, our advanced autopilot hardware to enable both active safety and convenience features, and over-the-air software updates. We believe the combination of performance, safety, styling, convenience and energy efficiency of Model S positions it as a compelling alternative to other vehicles in the luxury and performance segments.

Model X

Model X is the longest range all-electric production sport utility vehicle in the world, and offers high performance features such as our fully electric, all-wheel drive dual motor system and our autopilot system. Model X can seat up to seven adults and incorporates a unique falcon wing door system for easy access to the second and third seating rows. Model X is sold in all the markets where Model S is available, including in Asia and Europe.

Model 3

Model 3 is our third generation electric vehicle. We began deliveries in July 2017. Model 3 is produced at the Tesla Factory in Fremont, California and at Gigafactory 1. We will offer a variant of this vehicle at a starting price of $35,000 and expect to produce Model 3 vehicles at far higher volumes than our Model S or Model X vehicles.

Future Consumer and Commercial EVs

We are planning to introduce additional vehicles to address a broader cross-section of the vehicle market, including commercial EVs such as the Tesla Semi truck, and a new version of the Tesla Roadster. We have started to accept reservations for both of these new vehicles.

Energy Storage

Using the energy management technologies and manufacturing processes developed for our vehicle powertrain systems, we developed energy storage products for use in homes, commercial facilities and on the utility grid. Advances in battery architecture, thermal management and power electronics that were originally commercialized in our vehicles, are now being leveraged in our energy storage products. Our energy storage systems are used for backup power, grid independence, peak demand reduction, demand response, reducing intermittency of renewable generation and wholesale electric market services.

Our energy product portfolio includes systems with a wide range of applications, from residential use to use in large grid-scale projects. Powerwall 2 is a 14 kWh rechargeable lithium-ion battery designed to store energy at a home or small commercial facility and can be used to provide seamless backup power in a grid outage and to maximize self-consumption of solar power generation. In addition, we offer the Powerpack 2 system, a fully integrated energy storage solution comprising of 210kWh (AC) battery packs and 50 kVa (at 480V) inverters that can be grouped together to form MWh and GWh sized installations. The Powerpack 2 system can be used by commercial and industrial customers for peak shaving, load shifting, self-consumption of solar generation and demand response, as well as to provide backup power during grid outages, and by utilities and independent power producers to smooth and firm the output of renewable power generation sources, provide dynamic energy capacity to the grid, defer or eliminate the need to upgrade transmission infrastructure, and provide a variety of other grid services such as frequency regulation and voltage control. Powerpack 2 can also be combined with renewable energy generation sources to create microgrids that provide remote communities with clean, resilient and affordable power.

Along with designing and manufacturing energy storage products, we continue to develop and advance our software capabilities for the control and optimal dispatch of energy storage systems across a wide range of markets and applications.

Solar Energy Systems

The major components of our solar energy systems include solar panels that convert sunlight into electrical current, inverters that convert the electrical output from the panels to a usable current compatible with the electric grid, racking that attaches the solar panels to the roof or ground, electrical hardware that connects the solar energy system to the electric grid and our monitoring device. While we have recently started manufacturing solar panels in Gigafactory 2 in collaboration with Panasonic, we currently purchase the majority of system components from vendors, maintaining multiple sources for each major component to ensure competitive pricing and an adequate supply of materials. We also design and manufacture other system components.

Sales of residential solar systems enable our customers to take direct advantage of federal tax credits to reduce their electricity costs. Our solar loan offering enables customers to own their solar system with little upfront cost. We also continue to offer lease and power purchase agreement options to both residential and commercial customers. Our current standard leases and PPAs have a 20-year term, and we typically offer customers the opportunity to renew our agreements.

In October 2016, we unveiled Solar Roof, which integrates solar energy production with aesthetically pleasing and durable glass roofing tiles and is designed to complement the architecture of homes and commercial buildings while turning sunlight into electricity. We recently commenced Solar Roof production at our Gigafactory 2 in Buffalo, New York, and are beginning to install them in customers' homes.

Technology

Vehicles

Our core competencies are powertrain engineering, vehicle engineering, innovative manufacturing and energy storage. Our core intellectual property includes our electric powertrain, our ability to design a vehicle that utilizes the unique advantages of an electric powertrain and our development of self-driving technologies. Our powertrain consists of our battery pack, power electronics, motor, gearbox and control software. We offer several powertrain variants for our vehicles that incorporate years of research and development. In addition, we have designed our vehicles to incorporate the latest advances in consumer technologies, such as mobile computing, sensing, displays, and connectivity.

Battery Pack

We design our battery packs to achieve high energy density at a low cost while also maintaining safety, reliability and long life. Our proprietary technology includes systems for high density energy storage, cooling, safety, charge balancing, structural durability, and electronics management. We have also pioneered advanced manufacturing techniques to manufacture large volumes of battery packs with high quality at low cost.

We have significant expertise in the safety and management systems needed to use lithium-ion cells in the automotive environment, and have further optimized cell designs to increase overall performance. These advancements have enabled us to improve cost and performance of our batteries over time.

Our engineering and manufacturing efforts have been performed with a longer-term goal of building a foundation for further development. For instance, we have designed our battery pack to permit flexibility with respect to battery cell chemistry and form factor. We maintain extensive testing and R&D capabilities at the individual cell level, the full battery-pack level, and other critical battery pack systems and have built an expansive body of knowledge on lithium-ion cell vendors, chemistry types, and performance characteristics. We believe that the flexibility of our designs, combined with our research and real-world performance data, will enable us to continue to evaluate new battery cells and optimize battery pack system performance and cost for our current and future vehicles.

Power Electronics

The power electronics in our electric vehicle powertrain govern the flow of high voltage electrical current throughout our vehicles and serve to power our electric motor to generate torque while driving and deliver energy into the battery pack while charging.

The drive inverter converts direct current ("DC") from the battery pack into alternating current ("AC") to drive our induction motors and provides "regenerative braking" functionality, which captures energy from the wheels to charge the battery pack. The primary technological advantages to our designs include the ability to drive large amounts of current in a small physical package.

The charger charges the battery pack by converting alternating current (usually from a wall outlet or other electricity source) into direct current that can be accepted by the battery. Tesla vehicles can recharge on a wide variety of electricity sources due to the design of this charger, from a common household outlet to high power circuits meant for more industrial uses.

Dual Motor Powertrain

We offer dual motor powertrain vehicles, which use two electric motors to provide greater efficiency, performance, and range in an all-wheel drive configuration. Tesla's dual motor powertrain digitally and independently controls torque to the front and rear wheels. The almost instantaneous response of the motors, combined with low centers of gravity, provides drivers with controlled performance and increased traction control.

Vehicle Control and Infotainment Software

The performance and safety systems of our vehicles and their battery packs require sophisticated control software. There are numerous processors in our vehicles to control these functions, and we write custom firmware for many of these processors. Software algorithms control traction, vehicle stability and the sustained acceleration and regenerative braking of the vehicle, and are also used extensively to monitor the charge state of the battery pack and to manage all of its safety systems. Drivers use the information and control systems in our vehicles to optimize performance, customize vehicle behavior, manage charging modes and times and control all infotainment functions. We develop almost all of this software, including most of the user interfaces, internally.

Self-Driving Development

We have expertise in vehicle autopilot systems, including auto-steering, traffic aware cruise control, automated lane changing, automated parking, Summon and driver warning systems. In October 2016, we began equipping all Tesla vehicles with hardware needed for full self-driving capability, including cameras that provide 360 degree visibility, updated ultrasonic sensors for object detection, a forward-facing radar with enhanced processing, and a powerful new onboard computer. Our autopilot systems relieve our drivers of the most tedious and potentially dangerous aspects of road travel. Although, at present, the driver is ultimately responsible for controlling the vehicle, our system provides safety and convenience functionality that allows our customers to rely on it much like the system that airplane pilots use when conditions permit. This hardware suite, along with over-the-air firmware updates and field data feedback loops from the onboard camera, radar, ultrasonics, and GPS, enables the system to continually learn and improve its performance.

Additionally, we continue to make significant advancements in the development of fully self-driving technologies.

Energy Storage

We are leveraging many of the component level technologies from our vehicles to advance our energy storage products, including high density energy storage, cooling, safety, charge balancing, structural durability, and electronics management. By taking a modular approach to the design of battery systems, we are able to maximize manufacturing capacity to produce both Powerwall and Powerpack products. Additionally, we are making significant strides in the area of bi-directional, grid-tied power electronics that enable us to interconnect our battery systems seamlessly with global electricity grids while providing fast-acting systems for power injection and absorption.

Solar Energy Systems

We are continually innovating and developing new technologies to facilitate the growth of our solar energy systems business. For example, Solar Roof is being designed to work seamlessly with Tesla Powerwall 2 and we have developed proprietary software to reduce system design and installation timelines and costs.

Design and Engineering

Vehicles

In addition to the design, development and production of the powertrain, we have created significant in-house capabilities in the design and engineering of electric vehicles and their components and systems. We design and engineer bodies, chassis, interiors, heating and cooling and low voltage electrical systems in house and to a lesser extent in conjunction with our suppliers. Our team has core competencies in computer aided design and crash test simulations which reduces the product development time of new models.

Additionally, our team has expertise in lightweight materials, a very important characteristic for electric vehicles given the impact of mass on range. Model S and Model X are built with a lightweight aluminum body and chassis which incorporates a variety of materials and production methods that help optimize the weight of the vehicle. Moreover, we have designed Model 3 with a mix of materials to be lightweight and safe while also increasing cost-effectiveness for this mass-market vehicle.

Energy Storage

We have an in-house engineering team that both designs our energy storage products themselves, and works with our residential, commercial and utility customers to design bespoke systems incorporating our products. Our team's expertise in electrical, mechanical, civil and software engineering enables us to create integrated energy storage solutions that meet the particular needs of all customer types.

Solar Energy Systems

We also have an in-house engineering team that designs a customized solar energy system or Solar Roof for each of our customers, and which works closely with our energy storage engineering teams to integrate an energy storage system when requested by the customer. We have developed software that simplifies and expedites the design process and optimizes the design to maximize the energy production of each system. Our engineers complete a structural analysis of each building and produce a full set of structural design and electrical blueprints that contain the specifications for all system components. Additionally, we design complementary mounting and grounding hardware where required.

Sales and Marketing

Vehicles

Company-Owned Stores and Galleries

We market and sell our vehicles directly to consumers through an international network of company-owned stores and galleries which we believe enables us to better control costs of inventory, manage warranty service and pricing, maintain and strengthen the Tesla brand, and obtain rapid customer feedback. Our Tesla stores and galleries

are highly visible, premium outlets in major metropolitan markets, some of which combine retail sales and service. We have also found that opening a service center in a new geographic area can increase demand. As a result, we have complemented our store strategy with sales facilities and personnel in service centers to more rapidly expand our retail footprint. We refer to these as "Service Plus" locations.

Used Car Sales

Our used car business supports new car sales by integrating the sale of a new Tesla vehicle with a customer's trade-in needs for their existing Tesla and non-Tesla vehicles. The Tesla and non-Tesla vehicles we acquire through trade-ins are subsequently remarketed, primarily to the general public and through third-party auto auctions. We also receive used Tesla vehicles to resell through lease returns and other sources.

Charging

On the road, customers can also charge using our Supercharger network or at a variety of destinations that have deployed our charging equipment. In addition, our vehicles can charge at a variety of public charging stations around the world, either natively or through a suite of adapters. This flexibility in charging provides customers with additional mobility in addition to their ability to conveniently charge their vehicles overnight at home.

We continue to build out our Tesla Supercharger network throughout North America, Europe, Asia and other markets to enable convenient, long-distance travel. Our Supercharger network is a strategic corporate initiative designed to provide fast charging to enable long-distance travel and remove a barrier to the broader adoption of electric vehicles caused by the perception of limited vehicle range. The Tesla Supercharger is an industrial grade, high speed charger designed to recharge a Tesla vehicle significantly more quickly than other charging options. To satisfy growing demand, Supercharger stations typically have between six and twenty Superchargers and are strategically placed along well-travelled routes to allow Tesla vehicle owners the ability to enjoy long distance travel with convenient, minimal stops. Additionally, we are also building Superchargers in an increasing number of city centers to enable urban use. Use of the Supercharger network is either free or requires a small fee.

We are working with a wide variety of hospitality locations, including hotels, resorts, shopping centers and parks to offer an additional charging option for our customers. These Destination Charging partners deploy Tesla wall connectors and provide charging to Tesla vehicle owners that patronize their businesses.

Where possible, we are co-locating Superchargers with our solar and energy storage systems to reduce the cost of electricity and promote the use of renewable electricity by Tesla vehicle owners.

Orders and Reservations

We typically carry a small inventory of our vehicles at our Tesla stores which are available for immediate sale. The majority of our customers, however, customize their vehicle by placing an order with us via the Internet.

Marketing

Historically, we have been able to generate significant media coverage of our company and our vehicles, and we believe we will continue to do so. To date, for vehicle sales, media coverage and word of mouth have been the primary drivers of our sales leads and have helped us achieve sales without traditional advertising and at relatively low marketing costs.

Solar and Energy Storage

We market and sell our energy storage products to individuals, commercial and industrial customers and utilities through a variety of channels.

Our residential solar and energy storage products appear in an increasing number of our stores and galleries in the U.S. which generates further interest in these products. In the U.S., we also use our national sales organization, channel partner network and customer referral program to market and sell our residential solar and energy storage systems. Outside of the U.S., we use our international sales organization and a network of channel partners to market and sell Powerwall 2, and we have recently launched pilot programs for the sale of residential solar products in certain countries. We also sell Powerwall 2 directly to utilities, who then deploy the product in customer homes.

We sell Powerpack 2 systems to commercial and utility customers through our international sales organization, which consists of experienced power industry professionals in all of our target markets, as well as through our channel partner network. In the U.S and Mexico, we also sell installed solar systems to commercial customers through cash, lease and power purchase agreement transactions.

Service and Warranty

Vehicles

Service

We provide service for our electric vehicles at our company-owned service centers, at our Service Plus locations or, in certain areas, through Tesla mobile technicians who provide services that do not require a vehicle lift. Performing vehicle service ourselves allows us to identify problems, find solutions, and incorporate improvements faster than incumbent automobile manufacturers.

Our vehicles are designed with the capability to wirelessly upload data to us via an on-board system with cellular connectivity, allowing us to diagnose and remedy many problems before ever looking at the vehicle. When maintenance or service is required, a customer can schedule service by contacting one of our Tesla service centers or our Tesla mobile technicians can perform an array of services from a customer's home or other remote location.

New Vehicle Limited Warranty, Maintenance and Extended Service Plans

We provide a four year or 50,000 mile New Vehicle Limited Warranty with every new vehicle, subject to separate limited warranties for the supplemental restraint system and battery and drive unit. For the battery and drive unit on our current new Model S and Model X vehicles, we offer an eight year, infinite mile limited warranty, although the battery's charging capacity is not covered. For the battery and drive unit on our current new Model 3 vehicles, we offer an eight year or 100,000 mile limited warranty for our standard range battery and an eight year or 120,000 mile limited warranty for our long range battery, with minimum 70% retention of battery capacity over the warranty period.

In addition to the New Vehicle Limited Warranty, we currently offer for Model S and Model X a comprehensive maintenance program for every new vehicle, which includes plans covering prepaid maintenance for up to four years or up to 50,000 miles and an Extended Service plan. The maintenance plans cover annual inspections and the replacement of wear and tear parts, excluding tires and the battery. The Extended Service plan covers the repair or replacement of vehicle parts for up to an additional four years or up to an additional 50,000 miles after the New Vehicle Limited Warranty.

Energy Storage

We generally provide a ten year "no defect" and "energy retention" warranty with every Powerwall 2 and a fifteen year "no defect" and "energy retention" warranty with every Powerpack 2 system. For Powerwall 2, the energy retention warranty involves us guaranteeing that the energy capacity of the product will be 70% or 80% (depending on the region of installation) of its nameplate capacity after 10 years of use. For Powerpack 2, the energy retention warranty involves us guaranteeing a minimum energy capacity in each of its first 15 years of use. For both products, our warranty is subject to specified use restrictions or kWh throughput caps. In addition, we offer certain extended warranties, which customers are able to purchase from us at the time they purchase an energy storage system, including a 20 year extended protection plan for Powerwall 2 and a selection of 10 or 20 year performance guarantees for Powerpack 2. We agree to repair or replace our energy storage products in the event of a valid warranty claim. In circumstances where we install a Powerwall 2 or Powerpack 2 system, we also provide warranties, generally ranging from one to four years, on our installation workmanship. All of the warranties for our energy storage systems are subject to customary limitations and exclusions.

Solar Energy Systems

For traditional solar systems that are leased or under power purchase agreements ("PPAs"), we provide a full system warranty for 20 years from installation. For other traditional solar systems, we provide a 20 year installation warranty and a warranty against roof leaks of at least a year. We also pass-through the inverter and module manufacturer warranties (typically 10 years and 25 years respectively) and, for an additional fee, offer an extended

inverter warranty that runs from the end of the manufacturer's warranty until 20 years after system installation. When we sell or lease a traditional solar system, or a customer pays up front in full under a PPA, we compensate the customer if their system produces less energy than guaranteed over a specified period. For Solar Roof, we provide a warranty against glass tile chipping or cracking for the lifetime of the home, a 30 year installation warranty, a 30 year weatherization warranty and a power output warranty. For all systems (traditional and Solar Roof) we also provide service and repair (either under warranty or for a fee) during the entire term of the customer relationship.

Financial Services

Vehicles

We offer loans and leases for our vehicles in North America, Europe and Asia primarily through various financial institutions. We also offer financing arrangements directly through our local subsidiaries in certain areas of the U.S., Germany, Canada and the UK. We intend to broaden our financial services offerings during the next few years.

Certain of our current financing programs outside of North America provide customers with a resale value guarantee under which those customers have the option of selling their vehicle back to us at a preset future date, generally at the end of the term of the applicable loan or financing program, for a pre-determined resale value. In certain markets, we also offer vehicle buyback guarantees to financial institutions which may obligate us to repurchase the vehicles for a pre-determined price.

Solar Energy Systems

We are an industry leader in offering innovative financing alternatives that allow our customers to take direct advantage of available tax credits and incentives to reduce the cost of owning a solar energy system through a solar loan, or to make the switch to solar energy with little to no upfront costs under a lease or PPA. Our solar loan offers third-party financing directly to a qualified customer to enable the customer to purchase and own a solar energy system. We are not a party to the loan agreement between the customer and the third-party lender, and the third-party lender has no recourse against us with respect to the loan. Our solar lease offers customers a fixed monthly fee, at rates that typically translate into lower monthly utility bills, and an electricity production guarantee. Our solar PPA charges customers a fee per kWh based on the amount of electricity produced by our solar energy systems, at rates typically lower than their local utility rate. Both our lease and PPA create high-quality, recurring customer payments that we monetize through funds we have formed with investors.

Energy Storage

We currently offer a loan product to residential customers who purchase Powerwall 2 together with a new solar system, and lease and power purchase agreements to commercial customers who purchase a Powerpack 2 system together with a new solar system. We intend to introduce financial services offerings for customers who purchase energy storage only, as well as for our Solar Roof customers, in the future.

Manufacturing

Vehicles

We conduct vehicle manufacturing and assembly operations at our facilities in Fremont, California; Lathrop, California; and Tilburg, Netherlands. We have also built and continue to expand a cell and battery manufacturing facility, Gigafactory 1, outside of Reno, Nevada.

The Tesla Factory in Fremont, CA and Manufacturing Facility in Lathrop, CA

We manufacture our vehicles, and certain parts and components that are critical to our intellectual property and quality standards, at the Tesla Factory and our manufacturing facility in Lathrop, CA. The Tesla Factory contains several manufacturing operations, including stamping, machining, casting, plastics, body assembly, paint operations, drive unit production, final vehicle assembly and end-of-line testing. In addition, we manufacture lithium-ion battery packs, electric motors, gearboxes and components for Model S and Model X at the Tesla Factory. Some major vehicle component systems are purchased from suppliers; however we have a high level of vertical integration in our manufacturing processes at the Tesla Factory.

The Netherlands

Our European headquarters and manufacturing facilities are located in Amsterdam and Tilburg. Our operations in Tilburg include final assembly, testing and quality control for vehicles delivered within the European Union, a parts distribution warehouse for service centers throughout Europe, a center for remanufacturing work and a customer service center.

Gigafactory 1 outside of Reno, Nevada

Gigafactory 1 is a facility where we work together with our suppliers to integrate battery material, cell, module and battery pack production in one location. We use the battery packs manufactured at Gigafactory 1 for our vehicles, including Model 3 and energy storage products. We also manufacture Model 3 drive units at Gigafactory 1.

Gigafactory 1 is being built in phases. Tesla, Panasonic and other partners are currently manufacturing inside the finished sections. Our present plan is to continue expanding Gigafactory 1 over the next few years so that its capacity significantly exceeds the approximately 500,000 vehicle per year capacity that we announced when we first started developing it, and to additionally have sufficient capacity for our energy storage products.

We believe that Gigafactory 1 will allow us to achieve a significant reduction in the cost of our battery packs once we are in volume production with Model 3. We have committed to substantial capital expenditures for Gigafactory 1. Panasonic has agreed to partner with us on Gigafactory 1 with investments in production equipment that it will use to manufacture and supply us with battery cells. Through our ownership of Gigafactory 1 and our partnership with Panasonic, we own sole access to a facility designed to be the highest-volume and lowest-cost source of lithium-ion batteries in the world.

Supply Chain

Our vehicles use thousands of purchased parts which we source globally from hundreds of suppliers. We have developed close relationships with several key suppliers particularly in the procurement of cells and certain other key system parts. While we obtain components from multiple sources in some cases, similar to other automobile manufacturers, many of the components used in our vehicles are purchased by us from a single source. In addition, while several sources of the battery cell we have selected for our battery packs are available, we have currently fully qualified only one cell supplier for the battery packs we use in our production vehicles. We are working to fully qualify additional cells from other manufacturers.

We use various raw materials in our business including aluminum, steel, cobalt, lithium, nickel and copper. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials. We believe that we have adequate supplies or sources of availability of the raw materials necessary to meet our manufacturing and supply requirements.

Energy Storage

Our energy storage products are manufactured at Gigafactory 1. We leverage the same supply chain process and infrastructure as we use for our vehicles. The battery architecture and many of the components used in our energy storage products are the same or similar to those used in our vehicles' battery pack, enabling us to take advantage of manufacturing efficiencies and supply chain economies of scale. The power electronics and inverters for the Powerwall and Powerpack systems are also manufactured at Gigafactory 1, allowing us to ship deployment-ready systems directly to customers.

Solar Energy Systems

We currently purchase major components such as solar panels and inverters directly from multiple manufacturers. We typically purchase solar panels and inverters on an as-needed basis from our suppliers at then-prevailing prices pursuant to purchase orders issued under our master contractual arrangements. In December 2016, we entered into a long-term agreement with Panasonic to manufacture photovoltaic ("PV") cells and modules at our Gigafactory 2 in Buffalo, New York, with negotiated pricing provisions and the intent to manufacture at least 1.0 gigawatt of solar panels annually. We have recently started manufacturing solar panels in Gigafactory 2 in collaboration with Panasonic.

Governmental Programs, Incentives and Regulations

Vehicles

California Alternative Energy and Advanced Transportation Financing Authority Tax Incentives

We have entered into multiple agreements over the past few years with the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA") that provide multi-year sales tax exclusions on purchases of manufacturing equipment that will be used for specific purposes including the expansion and ongoing development of Model S, Model X, Model 3 and future electric vehicles and expansion of electric vehicle powertrain production in California.

Nevada Tax Incentives

In connection with the construction of Gigafactory 1 in Nevada, we have entered into agreements with the State of Nevada and Storey County in Nevada that will provide abatements for sales and use taxes, real and personal property taxes, and employer excise taxes, discounts to the base tariff energy rates, and transferable tax credits. These incentives are available for the applicable periods ending on June 30, 2034, subject to capital investments by Tesla and its partners for Gigafactory 1 of at least $3.50 billion in the aggregate on or before June 30, 2024, which were met as of December 31, 2017, and certain other conditions specified in the agreements. If we do not satisfy one or more conditions under the agreements, Tesla will be required to repay to the respective taxing authorities the amounts of the tax incentives incurred, plus interest.

Tesla Regulatory Credits

In connection with the production, delivery and placement into service of our zero emission vehicles, charging infrastructure and solar systems in global markets, we have earned and will continue to earn various tradable regulatory credits. We have sold these credits, and will continue to sell future credits, to automotive companies and regulated entities. For example, under California's Zero-Emission Vehicle Regulation and those of states that have adopted California's standard, vehicle manufacturers are required to earn or purchase credits for compliance with their annual regulatory requirements. These laws provide that automakers may bank excess credits, referred to as ZEV credits, if they earn more credits than the minimum quantity required by those laws. Manufacturers with a surplus of credits may sell their credits to other regulated parties. Pursuant to the U.S. Environmental Protection Agency's ("EPA") national greenhouse gas ("GHG") emission standards and similar standards adopted by the Canadian government, car and truck manufacturers are required to meet fleet-wide average carbon dioxide emissions standards. Manufacturers may sell excess credits to other manufacturers, who can use the credits to comply with these regulatory requirements. Many U.S. states have also adopted procurement requirements for renewable energy production. These requirements enable companies deploying solar energy to earn tradable credits known as Solar Renewable Energy Certificates ("SRECs").

Regulation—Vehicle Safety and Testing

Our vehicles are subject to, and comply with or are otherwise exempt from, numerous regulatory requirements established by the National Highway Traffic Safety Administration ("NHTSA"), including all applicable United States Federal Motor Vehicle Safety Standards ("FMVSS"). Our vehicles fully comply with all applicable FMVSSs without the need for any exemptions, and we expect future Tesla vehicles to either fully comply or comply with limited exemptions related to new technologies. Additionally, there are regulatory changes being considered for several FMVSS, and while we anticipate compliance, there is no assurance until final regulation changes are enacted.

As a manufacturer, we must self-certify that our vehicles meet all applicable FMVSS, as well as the NHTSA bumper standard, or otherwise are exempt, before the vehicles can be imported or sold in the U.S. Numerous FMVSS apply to our vehicles, such as crash-worthiness requirements, crash avoidance requirements, and electric vehicle requirements. We are also required to comply with other federal laws administered by NHTSA, including the CAFE standards, Theft Prevention Act requirements, consumer information labeling requirements, Early Warning Reporting requirements regarding warranty claims, field reports, death and injury reports and foreign recalls, and owner's manual requirements.

The Automobile Information and Disclosure Act requires manufacturers of motor vehicles to disclose certain information regarding the manufacturer's suggested retail price, optional equipment and pricing. In addition, this

law allows inclusion of city and highway fuel economy ratings, as determined by EPA, as well as crash test ratings as determined by NHTSA if such tests are conducted.

Our vehicles sold outside of the U.S. are subject to foreign safety testing regulations. Many of those regulations are different from the federal motor vehicle safety standards applicable in the U.S. and may require redesign and/or retesting. The European Union has proposed new rules that, if approved, may significantly change the manner that vehicles are certified for compliance in Europe by creating more individual country-by-country type-approval requirements instead of the current singular Europe-wide system.

Regulation – Self Driving

There are no federal U.S. regulations pertaining to the safety of self-driving vehicles; however, NHTSA has established recommended guidelines. Certain U.S. states have legal restrictions on self-driving vehicles, and many other states are considering them. This patchwork increases legal complexity for our vehicles. In Europe, certain vehicle safety regulations apply to self-driving braking and steering systems, and certain treaties also restrict the legality of certain higher levels of self-driving vehicles. Self-driving laws and regulations are expected to continue to evolve in numerous jurisdictions in the U.S. and foreign countries and may create restrictions on our self-driving features.

Regulation—Battery Safety and Testing

Our battery pack conforms to mandatory regulations that govern transport of "dangerous goods", defined to include lithium-ion batteries, which may present a risk in transportation. The regulations vary by mode of shipping transportation, such as by ocean vessel, rail, truck, or air. We have completed the applicable transportation tests for our battery packs, demonstrating our compliance with applicable regulations.

We use lithium-ion cells in our high voltage battery packs. The cells do not contain any lead, mercury, cadmium or heavy metals. Our battery packs include certain materials that contain trace amounts of hazardous chemicals whose use, storage, and disposal is regulated under federal law. We currently have an agreement with a third party battery recycling company to recycle our battery packs.

Automobile Manufacturer and Dealer Regulation

State laws regulate the manufacture, distribution, and sale of automobiles, and generally require motor vehicle manufacturers and dealers to be licensed in order to sell vehicles directly to consumers in the state. As we open additional Tesla stores and service centers, we secure dealer licenses (or their equivalent) and engage in sales activities to sell our vehicles directly to consumers. A few states, such as Michigan and Connecticut, do not permit automobile manufacturers to be licensed as dealers or to act in the capacity of a dealer, or otherwise restrict a manufacturer's ability to deliver or service vehicles. To sell vehicles to residents of states where we are not licensed as a dealer, we generally conduct the sale out of the state via the internet, phone or mail. In such states, we have opened "galleries" that serve an educational purpose and are not retail locations.

As we expand our retail footprint in the U.S., some automobile dealer trade associations have both challenged the legality of our operations in court and used administrative and legislative processes to attempt to prohibit or limit our ability to operate existing stores or expand to new locations. We expect that the dealer associations will continue to mount challenges to our business model. In addition, we expect the dealer associations to actively lobby state licensing agencies and legislators to interpret existing laws or enact new laws in ways not favorable to Tesla's ownership and operation of its own retail and service locations, and we intend to actively fight any such efforts to limit our ability to sell our own vehicles.

While we have analyzed the principal laws in the U.S., EU, China, Japan, UK, and Australia relating to our distribution model and believe we comply with such laws, we have not performed a complete analysis of all jurisdictions in which we may sell vehicles. Accordingly, there may be laws in certain jurisdictions that may restrict our sales and service operations.

Energy Storage

The regulatory regime for energy storage projects is still under development. Nevertheless, there are various policies, incentives and financial mechanisms at the federal, state and local level that support the adoption of energy storage. For example, energy storage systems that are charged using solar energy are eligible for the 30% tax credit under Section 48(a)(3) of the Internal Revenue Code, or the IRC, as described below. In addition, California and a number of other states have adopted procurement targets for energy storage, and behind the meter energy storage systems qualify for funding under the California Self Generation Incentive Program.

The Federal Energy Regulatory Commission ("FERC") has also taken steps to enable the participation of energy storage in wholesale energy markets. In 2011 and 2013, FERC removed many barriers for systems like energy storage to provide frequency regulation service, thus increasing the value these systems can obtain in wholesale energy markets. More recently, in late 2016, FERC released a Notice of Proposed Rulemaking that, if it becomes a final rule, would further break down barriers preventing energy storage from fully participating in wholesale energy markets. Finally, in January 2017, FERC issued a statement supporting the use of energy storage as both electric transmission and as electric generation concurrently, thus enabling energy storage systems to provide greater value to the electric grid.

Solar Energy Systems

Government and Utility Programs and Incentives

U.S. federal, state and local governments have established various policies, incentives and financial mechanisms to reduce the cost of solar energy and to accelerate the adoption of solar energy. These incentives include tax credits, cash grants, tax abatements and rebates.

The federal government currently provides an uncapped investment tax credit, or Federal ITC, under two sections of the IRC: Section 48 and Section 25D. Section 48(a)(3) of the IRC allows a taxpayer to claim a credit of 30% of qualified expenditures for a commercial solar energy system that commences construction by December 31, 2019. The credit then declines to 26% in 2020, 22% in 2021, and a permanent 10% thereafter. We claim the Section 48 commercial credit when available for both our residential and commercial projects, based on ownership of the solar energy system. The federal government also provides accelerated depreciation for eligible commercial solar energy systems. Section 25D of the IRC allows a homeowner-taxpayer to claim a credit of 30% of qualified expenditures for a residential solar energy system owned by the homeowner that is placed in service by December 31, 2019. The credit then declines to 26% in 2020 and 22% in 2021, and is scheduled to expire thereafter. Customers who purchase their solar energy systems for cash or through our solar loan are eligible to claim the Section 25D investment tax credit.

In addition to the Federal ITC, many U.S. states offer personal and corporate tax credits and incentive available for solar energy systems.

Regulation – General

We are not a "regulated utility" in the U.S. To operate our systems, we obtain interconnection agreements from the utilities. In almost all cases, interconnection agreements are standard form agreements that have been pre-approved by the public utility commission or other regulatory body.

Sales of electricity and non-sale equipment leases by third parties, such as our leases and PPAs, face regulatory challenges in some states and jurisdictions.

Regulation – Net Metering

Thirty-eight states, Washington, D.C. and Puerto Rico have a regulatory policy known as net energy metering, or net metering, available to solar customers. Net metering typically allows solar customers to interconnect their on-site solar energy systems to the utility grid and offset their utility electricity purchases by receiving a bill credit for excess energy generated by their solar energy system that is exported to the grid. Each of the states where we currently serve customers has adopted a net metering policy except for Texas, where certain individual utilities have adopted net metering or a policy similar to net metering. In certain jurisdictions, regulators or utilities have reduced or eliminated the benefit available under net metering, or have proposed to do so.

Regulation – Mandated Renewable Capacity

Many states also have adopted procurement requirements for renewable energy production, such as an enforceable renewable portfolio standard, or RPS, or other policies that require covered entities to procure a specified percentage of total electricity delivered to customers in the state from eligible renewable energy sources, such as solar energy systems. In solar renewable energy certificate, or SREC, state markets, the RPS requires electricity suppliers to secure a portion of their electricity from solar generators. The SREC program provides a means for SRECs to be created. A SREC represents the renewable energy associated with 1,000 kWhs of electricity produced from a solar energy system. When a solar energy system generates 1,000 kWhs of electricity, one SREC is issued by a government agency, which can then be sold separately from the energy produced to covered entities who surrender the SRECs to the state to prove compliance with the state's renewable energy mandate.

Competition

Vehicles

The worldwide automotive market, particularly for alternative fuel vehicles, is highly competitive and we expect it will become even more so in the future as we introduce additional vehicles, including Model 3 which will compete with lower-priced vehicles.

We believe that our vehicles compete in the market both based on their traditional segment classification as well as based on their propulsion technology. For example, Model S and Model X compete primarily in the extremely competitive premium sedan and premium SUV markets with internal combustion vehicles from more established automobile manufacturers, and Model 3 competes with small to medium-sized sedans. Our vehicles also compete with vehicles propelled by alternative fuels, principally electricity.

Many established and new automobile manufacturers have entered or have announced plans to enter the alternative fuel vehicle market. Overall, we believe these announcements and vehicle introductions promote the development of the alternative fuel vehicle market by highlighting the attractiveness of alternative fuel vehicles, particularly those fueled by electricity, relative to the internal combustion vehicle. Many major automobile manufacturers have electric vehicles available today, and other current and prospective automobile manufacturers are also developing electric vehicles. Electric vehicles have also already been brought to market in China and other foreign countries and we expect a number of those manufacturers to enter the U.S. market as well. In addition, several manufacturers, sell hybrid vehicles, including plug-in versions of their hybrid vehicles.

Energy Storage

The market for energy storage products is also highly competitive. Established companies, such as AES Energy Storage, Siemens, LG Chem and Samsung, as well as various emerging companies, have introduced products that are similar to our product portfolio. There are several companies providing individual components of energy storage systems (such as cells, battery modules, and power electronics) as well as others providing integrated systems. We compete with these companies on price, energy density and efficiency. We believe that the specifications of our products, our strong brand, and the modular, scalable nature of our Powerpack 2 product give us a competitive advantage when marketing our products.

Solar Energy Systems

The primary competitors to our solar energy business are the traditional local utility companies that supply energy to our potential customers. We compete with these traditional utility companies primarily based on price, predictability of price and the ease by which customers can switch to electricity generated by our solar energy systems. We also compete with solar energy companies that provide products and services similar to ours. Many solar energy companies only install solar energy systems, while others only provide financing for these installations. In the residential solar energy system installation market, our primary competitors include Vivint Solar Inc., Sunrun Inc., Trinity Solar, SunPower Corporation, and many smaller local solar companies.

Intellectual Property

As part of our business, we seek to protect our intellectual property rights such as with respect to patents, trademarks, copyrights, trade secrets, including through employee and third party nondisclosure agreements, and

other contractual arrangements. Additionally, we previously announced a patent policy in which we irrevocably pledged that we will not initiate a lawsuit against any party for infringing our patents through activity relating to electric vehicles or related equipment for so long as such party is acting in good faith. We made this pledge in order to encourage the advancement of a common, rapidly-evolving platform for electric vehicles, thereby benefiting ourselves, other companies making electric vehicles, and the world.

Segment Information

We operate as two reportable segments: automotive and energy generation and storage.

The automotive segment includes the design, development, manufacturing, and sales of electric vehicles. The energy generation and storage segment includes the design, manufacture, installation, and sale or lease of stationary energy storage products and solar energy systems, and sale of electricity generated by our solar energy systems to customers.

Employees

As of December 31, 2017, Tesla, Inc. had 37,543 full-time employees. To date, we have not experienced any work stoppages, and we consider our relationship with our employees to be good.

Available Information

We file or furnish periodic reports and amendments thereto, including our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Such reports, amendments, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically. Our reports, amendments thereto, proxy statements and other information are also made available, free of charge, on our investor relations website at ir.tesla.com as soon as reasonably practicable after we electronically file or furnish such information with the SEC. The information posted on our website is not incorporated by reference into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with the other information set forth in this report, which could materially affect our business, financial condition and future results. The risks described below are not the only risks facing our company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and operating results.

Risks Related to Our Business and Industry

We have experienced in the past, and may experience in the future, delays or other complications in the design, manufacture, launch and production ramp of new vehicles and other products such as Model 3, our energy storage products and the Solar Roof, which could harm our brand, business, prospects, financial condition and operating results.

We have previously experienced launch, manufacturing and production ramp delays or other complications in connection with new vehicle models such as Model S, Model X and Model 3, and new vehicle features such as the all-wheel drive dual motor drivetrain on Model S and the second version of autopilot hardware. For example, we encountered unanticipated challenges, such as certain supply chain constraints, that led to initial delays in producing Model X. Similarly, we have experienced certain bottlenecks in the production of Model 3 in places like the battery module assembly line at Gigafactory 1, leading to delays in its ramp. If such issues continue longer than expected, or new issues arise or recur with respect to Model 3 or any of our other production vehicles, we could experience further delays. In addition, because our vehicle models share certain production facilities with other models, the volume or efficiency of production with respect to one model may impact the production of other models.

We may also experience similar future delays or other complications in bringing to market and ramping production of new vehicles, such as our Tesla Semi truck, our planned Model Y and new Tesla Roadster, our energy storage products and the Solar Roof. 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 and supply chain or obtaining or maintaining 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 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 manufacture, market and sell the Model 3 vehicle, which we are offering at a lower price point and which we intend to produce at significantly higher volumes than our present production capabilities for the Model S or Model X vehicles. We commenced production and initial customer deliveries of Model 3 in July 2017 and are targeting a forecasted production rate of 5,000 Model 3 vehicles per week by the end of the second quarter of 2018.

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 complete the implementation and ramp of efficient and cost-effective manufacturing capabilities, processes and supply chains necessary to support such volumes. We are employing a higher degree of automation in our materials conveyance, battery module production and other manufacturing processes for Model 3 than we have previously employed, and in some cases we have implemented interim processes such as semi-automated manufacturing lines, for which we are likely to incur additional labor costs until we bring online our fully automated processes. Moreover, our Model 3 production plan has generally required and will 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 complete ramping 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 continue to expand Gigafactory 1 in a timely manner to produce high volumes of quality lithium-ion cells to be integrated into battery modules and finished battery packs and drive unit components 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 have selected 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 maintain suppliers for the necessary components on terms and conditions that are 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; and
- that we will be able to attract, recruit, hire, train and retain skilled employees, including employees on the production line, to operate our planned high volume production facilities to support Model 3, including at the Tesla Factory and Gigafactory 1.

If one or more of the foregoing assumptions turns out to be incorrect, our ability to meet our Model 3 projections on time and at volumes and prices that are profitable, the number of current and future Model 3 reservations, 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 utilize installed manufacturing capacity, achieve the planned production yield and further increase capacity as planned while maintaining our desired quality levels and optimize design and production changes, and our suppliers' ability to support our needs. 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 highly automated production lines, aluminum spot welding systems and high-speed blow forming of certain difficult to stamp vehicle parts. We have also introduced unique design features in our vehicles with different manufacturing challenges, such as large display screens, dual motor drivetrain, autopilot hardware and falcon-wing doors. 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, our brand, business, prospects, financial condition and operating results could be materially damaged.

Concurrent with the significant planned increase in our vehicle production levels, we will also need to continue to significantly increase deliveries of, and servicing capacity for, our vehicles. Although we have a plan for delivering and servicing significantly increased volumes of vehicles, we have limited experience in delivering a high volume of vehicles, and no experience in delivering and servicing 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 and servicing needs globally, this could have a material adverse effect on our business, prospects, financial condition and operating results.

We are dependent on our suppliers, the majority of which are single source suppliers, and the inability of these suppliers to deliver necessary components of our products according to our schedule and at prices, quality levels, and volumes acceptable to us, or our inability to efficiently manage these components, could have a material adverse effect on our financial condition and operating results.

Our products contain numerous purchased parts which we source globally from hundreds of direct suppliers, the majority of whom are currently single source suppliers, although we attempt to qualify and obtain components from multiple sources whenever feasible. Any significant unanticipated demand would 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 products. Moreover, we have signed long-term agreements with Panasonic to be our manufacturing partner and supplier for lithium-ion cells at Gigafactory 1 in Nevada and PV cells and panels at Gigafactory 2 in Buffalo, New York. If we encounter unexpected difficulties with key suppliers such as 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.

This limited, and in many cases single source, supply chain exposes us to multiple potential sources of delivery failure or component shortages for the production of our products, such as those which we experienced in 2012 and 2016 in connection with our slower-than-planned Model S and Model X ramps. Furthermore, 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. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to product design changes and delays in product 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 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.

The foregoing discussion applies to Model 3 and our energy storage products as well. 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 our other products. As some of our suppliers for Model S and Model X do not have the resources, equipment or capability to provide components for the Model 3 in line with our requirements, we have engaged a significant number of new suppliers, and we need such suppliers to ramp and deliver according to our schedule. There is no assurance that these suppliers will ultimately be able to meet our cost, quality and volume needs, or do so at the times needed. Furthermore, as the scale of our vehicle production increases, we will need to accurately forecast, purchase, warehouse and transport to our manufacturing facilities components at much higher volumes than we have experience with. If we are unable to accurately match the timing and quantities of component purchases to our actual needs, or successfully implement automation, inventory management and other systems to accommodate the increased complexity in our supply chain, we may incur unexpected production disruption, storage, transportation and write-off costs, which could have a material adverse effect on our financial condition and operating results.

Our future growth and success is dependent upon consumers' willingness to adopt electric vehicles and specifically our 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. Although we have successfully grown demand for Model S and Model X, have seen very strong initial demand for Model 3, and believe that we will be able to continue to grow demand separately for each of these and future vehicles, there is no guarantee of such future demand or that our vehicles will not compete with one another in the market. Moreover, the mass market demographic which we are targeting with Model 3 is larger, but more competitive, than the demographic for Model S and Model X, and additional electric vehicles are entering the market.

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, or if demand for our vehicles decreases in key and other markets, our business, prospects, financial condition and operating results could 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.

Future problems or delays in expanding Gigafactory 1 or ramping operations there could negatively affect the production and profitability of our products, such as Model 3.

To lower the cost of cell production and produce cells in high volume, we have vertically integrated the production of lithium-ion cells and finished battery packs for Model 3 and energy storage products at Gigafactory 1. While Gigafactory 1 began producing lithium-ion cells for energy storage products in January 2017 and has since begun producing lithium-ion cells for Model 3, we have no other direct experience in the production of lithium-ion cells. Given the size and complexity of this undertaking, it is possible that future events could result in the cost of expanding and operating Gigafactory 1 exceeding our current expectations and Gigafactory 1 taking longer to ramp production and expand than we currently anticipate. In order to reach our planned volume and gross margin for Model 3, we must have significant cell production from Gigafactory 1, which, among other things, requires Panasonic to successfully ramp its all-new cell production lines to significant volumes over a short period of time. Although Panasonic has a long track record of producing high-quality cells at significant volume at its factories in Japan, it has never before started and ramped cell production at a factory in the U.S. like at Gigafactory 1. In addition, we have started producing several components for Model 3, such as battery modules incorporating the lithium-ion cells produced by Panasonic, at Gigafactory 1. Some of the manufacturing lines for such components have taken longer than anticipated to ramp to their full capacity. We expect that we will continue to experience challenges as we move through the ramp, and we will continue to fine-tune our manufacturing lines to address them. While we currently believe that we will reach our production targets, if we are unable to resolve ramping challenges and expand Gigafactory 1 production in a timely manner and at reasonable prices, and if we or Panasonic are unable to attract, hire and retain a substantial number of highly skilled personnel, our ability to supply battery packs or other components for Model 3 and our other products could be negatively impacted. Any such problems or delays with Gigafactory 1 could negatively affect our brand and harm our business, prospects, financial condition and operating results.

If our vehicles or other products that we sell or install fail to perform as expected, our ability to develop, market and sell our products and services could be harmed.

If our vehicles or our energy products were to contain defects in design and manufacture that cause them not to perform as expected or that require repair, or certain features of our vehicles, such as full self-driving, take longer than expected to become enabled or are legally restricted, our ability to develop, market and sell our products and services could be harmed. For example, the operation of our vehicles is highly dependent on software, which is inherently complex and could conceivably contain latent defects and errors or be subject to external attacks. 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 products 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 on the products we manufacture, 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 storage 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 or installation for consumers.

Any product defects, delays or legal restrictions on product features, or 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. Model 3 has not yet been evaluated by NHTSA for a star rating under the New Car Assessment Program, and while based on our internal evaluation we expect to obtain comparable ratings to those achieved by Model S and Model X, there is no assurance this will occur.

If we fail to scale our business operations and otherwise manage future growth and adapt to new conditions effectively as we rapidly grow our company, including 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, including internationally, including by a transition to high volume vehicle production with the ramp of Model 3 and the worldwide sales, delivery and servicing of a significantly higher number of vehicles than our current vehicle fleet in the coming years. Furthermore, we are developing and growing our energy storage product and solar 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 automobile sales, delivery, service and Supercharger facilities in a timely manner; adapt our products and conduct our operations to meet local requirements; implement the required infrastructure, systems and processes; and find and hire a significant number of additional manufacturing, engineering, service, electrical installation, construction and administrative personnel.

If we are unable to achieve our targeted manufacturing costs for our vehicles, including Model 3, our financial condition and operating results will suffer.

While we have experienced and expect in the future to realize cost reductions 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 materials required to manufacture our vehicles, assembling vehicles and compensating our personnel. We may also incur substantial costs or cost overruns in utilizing and 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 vehicles pursuant to our plans, we may not be able to meet our gross margin and other financial targets. Many of the factors that impact our manufacturing costs are beyond our control, such as potential increases in the costs of our materials and components, such as lithium, nickel, and other components of our 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.

We are significantly dependent upon revenue generated from the sale of a limited fleet of electric vehicles, which currently includes Model S, Model X and Model 3.

We currently generate a significant percentage of our revenues from the sale of two products: Model S and Model X vehicles. Model 3, for which we are planning significantly higher volumes than Model S or Model X, has required and will continue to require significant investment in connection with its ongoing ramp, and there is no guarantee that it will be commercially successful. Historically, automobile customers have come to expect a variety of vehicles offered in a manufacturer's fleet and 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 variety and cycles do not meet consumer expectations, or cannot be produced on our projected timelines and cost and volume targets, our future sales may be adversely affected. This could have a material adverse effect on our business, prospects, financial condition and operating results.

Our vehicles and energy storage products 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 or energy storage products, could seriously harm our business.

In addition, we store a significant number of lithium-ion cells at our facilities and plan to produce high volumes of cells and battery modules and packs at Gigafactory 1. 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 storage 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.

Increases in costs, disruption of supply or shortage of 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 materials. Any such increase, supply interruption or shortage could materially and negatively impact our business, prospects, financial condition and operating results. We use various materials in our business including aluminum, steel, lithium, nickel, copper and cobalt, as well as lithium-ion cells from suppliers. The prices for these materials fluctuate, and their available supply may be unstable, depending on market conditions and global demand for these materials, including as a result of increased production of electric vehicles and energy storage products by our competitors, 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:

- an increase in the cost, or decrease in the available supply, of materials used in the cells;
- disruption in the supply of cells due to quality issues or recalls by battery cell manufacturers or any issues that may arise with respect to cells manufactured at our own facilities; 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 and some raw materials for cells used in Model 3 and energy storage products 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 storage products. While we believe several sources of the battery cells are available for such battery packs, and expect to eventually rely substantially on battery cells manufactured at our own facilities, we have to date 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 current production vehicles. Any disruption in the supply of battery cells from such suppliers could disrupt production of our vehicles and of the battery packs we produce for energy products 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 material costs. Substantial increases in the prices for our materials or prices charged to us, such as those charged by battery cell suppliers, 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 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.

Although we design our vehicles to be the safest vehicles on the road, product liability claims could harm our business, prospects, operating results and financial condition. The automobile industry in particular experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected. As is true for other automakers, our cars have been involved and we expect in the future will be involved in crashes resulting in death or personal injury, and such crashes where autopilot is engaged are the subject of significant public attention. We have experienced and we expect to continue to face claims related to misuse or failures of new technologies that we are pioneering, including autopilot in our vehicles. Moreover, as our solar energy systems and energy storage products generate and store electricity, they have the potential to cause

injury to people or property. 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 relatively limited number of vehicles and energy storage 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. In most jurisdictions, we generally self-insure against the risk of product liability claims for vehicle exposure, meaning that any product liability claims will likely have to be paid from company funds, not by insurance.

The markets in which we operate are highly competitive, and we may not be successful in competing in these industries. We currently face competition from new and established domestic 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 Audi, BMW, Daimler, General Motors, Toyota and Volvo, as well as other 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, as well as the market for self-driving technology and applications. In some cases, such competitors have announced an intention to produce electric vehicles exclusively at some point in the future. Most of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing, vehicle sales networks 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. 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, our Model 3 vehicle faces competition from existing and future automobile manufacturers in the extremely competitive entry-level premium sedan market, including Audi, BMW, Lexus and Mercedes.

The solar and energy storage industries are highly competitive. We face competition from other manufacturers, developers and installers of solar and energy storage systems, as well as from large utilities. Decreases in the retail prices of electricity from utilities or other renewable energy sources could make our products less attractive to customers and lead to an increased rate of customer defaults under our existing long-term leases and PPAs. Moreover, solar panel and lithium-ion battery prices have declined and are continuing to decline. As we increase our battery and solar manufacturing capabilities, including at Gigafactory 1 and Gigafactory 2, future price declines may harm our ability to produce energy storage systems and solar systems at competitive prices.

If we are unable to establish and maintain confidence in our long-term business prospects among consumers, analysts and within our industries, 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 service and support and other operations will continue in the long term. 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 long-term financial viability and 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 or our other products and services 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 plan to generate ongoing growth and demand, including by expanding our network of Tesla stores, galleries, delivery centers, service centers and Superchargers, will require significant cash investments and management resources and may not meet expectations with respect to additional sales or installations of our products or availability of Superchargers.

We plan to generate ongoing growth and demand, including by globally expanding our network of Tesla stores, galleries, delivery centers, service centers, mobile service offerings and Superchargers. These plans will require significant cash investments and management resources and may not meet our expectations with respect to additional sales or installations of our products. This ongoing global expansion, which includes planned entry into markets in which we have limited or no experience selling, delivering, installing and/or servicing our products, and which may pose legal, regulatory, labor, cultural and political challenges that we have not previously encountered, may not have the desired effect of increasing sales and installations 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 our Supercharger stations and connectors 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, installation and service of our products, the sale of electricity generated through our solar energy systems, 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 customer infrastructure network, or our expansion plans are not successful in continuing to grow demand, this could lead to a decrease or stagnation in sales or installations of our products 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 with 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 legal, political, and regulatory requirements and social and economic conditions that may be very different from those affecting us domestically. Additionally, as part of our growth strategy, we will continue to expand our sales, delivery, service and Supercharger locations internationally. 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 products and require significant management attention. These risks include conforming our products to various international regulatory and safety requirements as well as charging and other electric infrastructures, 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 manufactured products.

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

We offer vehicle financing arrangements for Model S and Model X through our local subsidiaries in the U.S., 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 screen for and manage customer credit risk. We expect the need for leasing and other financing options will continue to be important to Model S and Model X deliveries and for Model 3 in the long term. 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. 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.

The unavailability, reduction or elimination of, or unfavorable determinations with respect to, government and economic incentives in the U.S. and abroad supporting the development and adoption of electric vehicles or solar energy could have some impact on demand for our products and services.

We currently benefit from certain government and economic incentives supporting the development and adoption of electric vehicles. In the U.S. 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 subsidies 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, in April 2017 and January 2016, respectively, previously available incentives in Hong Kong and Denmark that favored the purchase of electric vehicles expired, negatively impacting sales. Moreover, under current regulations, a $7,500 federal tax credit available in the U.S. for the purchase of qualified electric vehicles with at least 17 kWh of battery capacity, such as our vehicles, will begin to phase out over time 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 U.S. We currently expect such 200,000th qualifying delivery to occur at some point during 2018. 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.

In addition, certain governmental rebates, tax credits and other financial incentives that are currently available with respect to our solar and energy storage product businesses allow us to lower our installation costs and cost of capital and encourage customers to buy our products and investors to invest in our solar financing funds. However, these incentives may expire on a particular date, end when the allocated funding is exhausted or be reduced or terminated as renewable energy adoption rates increase, often without warning. For example, the federal government currently offers a 30% investment tax credit ("ITC") for the installation of solar power facilities and energy storage systems that are charged from a co-sited solar power facility. The ITC is currently scheduled to decline to 10%, and expire altogether for residential systems, by January 2022. Likewise, in jurisdictions where net energy metering is currently available, our customers receive bill credits from utilities for energy that their solar energy systems generate and export to the grid in excess of the electric load they use. Several jurisdictions have reduced or eliminated the benefit available under net energy metering, or have proposed to do so. Such reductions in or termination of governmental incentives could adversely impact our results by making our products less competitive for potential customers, increasing our cost of capital and adversely impacting our ability to attract investment partners and to form new financing funds for our solar and energy storage assets. Additionally, the enactment of the Tax Cuts and Jobs Act in the U.S. could potentially increase the cost, and decrease the availability, of renewable energy financing, by reducing the value of depreciation benefits associated with, and the overall investor tax capacity needed to monetize, renewable energy projects. Such changes could lower the overall investment willingness and capacity for such projects available in the market.

Moreover, we and our fund investors claim the ITC in amounts based on the fair market value of our solar and energy storage systems. Although we obtain independent appraisals to support the claimed fair market values, the relevant governmental authorities have audited such values and in certain cases have determined that they should be lower, and they may do so in the future. Such determinations may result in adverse tax consequences and/or our obligation to make indemnification or other payments, or contribute additional assets, to our funds or fund investors.

Any failure by us to realize the expected benefits of our substantial investments and commitments with respect to the manufacture of PV cells and modules, including if we are unable to comply with the terms of our agreement with the Research Foundation for the State University of New York relating to our Gigafactory 2, could result in negative consequences for our business.

We own certain PV cell and module manufacturing and technology assets, and a build-to-suit lease arrangement with the Research Foundation for the State University of New York (the "SUNY Foundation"). This agreement with the SUNY Foundation provides for the construction of Gigafactory 2 in Buffalo, New York, which at full capacity we expect will be capable of producing at least 1.0 gigawatt of PV cells and modules annually, including for our Solar Roof. Under this agreement, we are obligated to, among other things, employ specified

minimum numbers of personnel in the State of New York and spend or incur $5.0 billion in combined capital, operational expenses, costs of goods sold and other costs in the State of New York during the 10-year period following the completion of all construction and related infrastructure, the arrival of manufacturing equipment, and the receipt of certain permits and other specified items at Gigafactory 2. If we fail in any year over the course of the term of the agreement to meet these obligations, we would be obligated to pay a "program payment" of $41.2 million to the SUNY Foundation in such year. Any inability on our part to comply with the requirements of this agreement may result in the payment of significant amounts to the SUNY Foundation, the termination of our lease at Gigafactory 2, and/or the need to secure an alternative supply of PV cells and modules for products such as our Solar Roof. Moreover, if we are unable to utilize our manufacturing and technology assets in accordance with our expectations, we may have to recognize accounting charges pertaining to the write-off of such assets. Any of the foregoing events could have a material adverse effect on our business, prospects, financial condition and operating results.

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 Jeffrey B. 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 or technology experience. In California, Nevada and other regions where we have operations, there is increasing competition for individuals with skillsets needed for our business, including specialized knowledge of electric vehicles, software engineering, manufacturing engineering, and other skills such as electrical and building construction expertise. 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 is involved in other emerging technology ventures.

On February 8, 2018, we filed a proxy statement with the U.S. Securities and Exchange Commission pursuant to which we are seeking stockholder approval of the grant in January 2018 of a 10-year performance-based stock option award for Mr. Musk, which will be forfeited if not so approved (the "CEO Performance Award"). Mr. Musk currently has no other compensation at Tesla, other than a prior performance-based stock option award granted to Mr. Musk in 2012, which has vested as to 9 out of 10 tranches, and a state-mandated minimum wage salary that he has never accepted. There is no assurance that the CEO Performance Award will receive stockholder approval.

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 a manufacturing company, including with respect to facilities such as the Tesla Factory, Gigafactory 1 and Gigafactory 2, we are subject to complex environmental, health and safety laws and regulations at numerous

jurisdictional levels in the U.S. 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 companies with significant manufacturing operations such as us 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 U.S. 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. The United Automobile Workers has publicly announced a desire to organize the Tesla Factory, and has been engaged in a campaign against the company. 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 products and services are subject to substantial regulations, which are 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, and any failures to comply could result in significant expenses, delays or fines. We are subject to laws and regulations applicable to the manufacture, import, sale and service of automobiles internationally. For example, in countries outside of the U.S., we are required to meet standards relating to vehicle safety, fuel economy and emissions, among other things, that are often materially different from requirements in the U.S., 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 suite of driver-assistance features called autopilot, which help assist drivers with certain tedious and potentially dangerous aspects of road travel, but require drivers to remain engaged. There is a variety of international, federal, and state regulations that may apply to self-driving vehicles, which include many existing vehicle standards that were not originally intended to apply to vehicles that may not have a driver. Such regulations continue to rapidly change, which increases the likelihood of a patchwork of complex or conflicting regulations, or may delay products or restrict self-driving features and availability, any of which could adversely affect our business.

Moreover, as a manufacturer and installer of solar generation and energy storage systems and a supplier of electricity generated and stored by the solar energy and energy storage systems we install for customers, we are impacted by federal, state and local regulations and policies concerning electricity pricing, the interconnection of electricity generation and storage equipment with the electric grid, and the sale of electricity generated by third-party owned systems. For example, existing or proposed regulations and policies would permit utilities to limit the amount of electricity generated by our customers with their solar energy systems, charge fees and penalties to our customers relating to the purchase of energy other than from the grid, adjust electricity rate designs such that the price of our solar products may not be competitive with that of electricity from the grid, restrict us and our customers from transacting under our PPAs or qualifying for government incentives and benefits that apply to solar power, and limit or eliminate net energy metering. If such regulations and policies remain in effect or are adopted in other jurisdictions, or if other regulations and policies that adversely impact the interconnection of our solar and energy storage systems to the grid are introduced, modified or eliminated, they could deter potential customers from

purchasing our solar and energy storage products, threaten the economics of our existing contracts and cause us to cease solar and energy storage system sales and operations in the relevant jurisdictions, which could harm our business, prospects, financial condition and results of operations.

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. For example, commencing in May 2018, the General Data Protection Regulation (the "GDPR") will fully apply to the processing of personal information collected from individuals located in the European Union. The GDPR will create new compliance obligations and will significantly increase fines for noncompliance. 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, including for solar or charging equipment, in the future may result in adverse publicity, damage our brand and adversely affect our business, prospects, operating results and financial condition. For example, certain limited vehicle recalls that we initiated in the past two years have resulted from a component that could prevent the parking brake from releasing once engaged, a concern with the firmware in the restraints control module in certain right-hand-drive vehicles, industry-wide issues with airbags from a particular supplier, a front seat belt issue in a single field vehicle, and Model X seat components that could cause unintended seat movement during a collision. Furthermore, testing of our vehicles by government regulators or industry groups may require us to initiate vehicle recalls or may result in negative public perceptions about the safety of our vehicles. In the future, we may at various times, voluntarily or involuntarily, initiate a recall if any of our products or our electric vehicle powertrain components that we have provided to other vehicle OEMs, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations, such as 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 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. If the resale values of any vehicles resold or returned to us pursuant to these programs are materially lower than our estimates, our profitability and/or liquidity could be negatively impacted.

We have applied lease accounting on leases made directly by us and, prior to 2018, on all leases made by our leasing partners and sales by us of vehicles with a resale value guarantee. 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.

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

Subject to separate limited warranties for the supplemental restraint system, battery and drive unit, we provide four year or 50,000 mile limited warranties for the purchasers of new Model 3, Model S and Model X vehicles and either a four year or 50,000 mile limited warranty or a two year or 100,000 mile limited warranty for the purchasers of used Model S or Model X vehicles certified and sold by us. The limited warranty for the battery and drive unit for new Model S and Model X vehicles covers the drive unit for eight years, as well as the battery for a period of eight years (or for certain older vehicles, 125,000 miles if reached sooner than eight years), although the battery's charging capacity is not covered under any of our warranties or Extended Service plans; the limited warranty for used Model S and Model X vehicles does not extend or otherwise alter the terms of the original battery and drive unit limited warranty for such used vehicles specified in their original New Vehicle Limited Warranty. For the battery and drive unit on our current new Model 3 vehicles, we offer an eight year or 100,000 mile limited warranty for our standard range battery and an eight year or 120,000 mile limited warranty for our long range battery, with minimum 70% retention of battery capacity over the warranty period. 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 up to an additional four years or 50,000 miles, provided it is purchased within a specified period of time.

For energy storage products, we provide limited warranties against defects and to guarantee minimum energy retention levels. For example, we guarantee that each Powerwall 2 product will maintain at least 70-80% of its stated energy capacity after 10 years, and that each Powerpack 2 product will retain specified minimum energy capacities in each of its first 10 to 15 years of use. For our Solar Roof, we offer a warranty on the glass tiles for the lifetime of a customer's home and a separate warranty for the energy generation capability of the solar tiles. We also offer extended warranties, availability guarantees and capacity guarantees for periods of up to 20 years at an additional cost at the time of purchase, as well as workmanship warranties to customers who elect to have us install their systems.

Finally, customers who buy energy from us under solar energy system leases or PPAs are covered by warranties equal to the length of the agreement term, which is typically 20 years. Systems purchased for cash are covered by a warranty of up to 10 years, with extended warranties available at additional cost. In addition, we pass through to our customers the inverter and panel manufacturers' warranties, which generally range from 5 to 25 years, subjecting us to the risk that the manufacturers may later cease operations or fail to honor their underlying warranties. Finally, we provide a performance guarantee with our leased solar energy systems that compensates a customer on an annual basis if their system does not meet the electricity production guarantees set forth in their lease.

If our warranty reserves are inadequate to cover future warranty claims on our products, 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. Such estimates are inherently uncertain and changes to our historical or projected experience, especially with respect to products such as Model 3 and Solar Roof that are new and/or that we expect to produce at significantly greater volumes than our past products, may cause material changes to our warranty reserves in the future.

We are continuously 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 continuously 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. 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 or self-insured retentions, and we cannot be certain that our insurance coverage will be sufficient to cover all future losses or 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 financial results to vary based on our operating costs which we anticipate will increase significantly in future periods as we, among other things, ramp up the production of Model 3, expand Gigafactory 1, open new Tesla stores and service centers with maintenance and repair capabilities, open new Supercharger locations, ramp production at Gigafactory 2, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations. Moreover, we expect to continue to design, develop and manufacture new and future products, and increase our production capacity by expanding our current manufacturing facilities and adding future facilities. As a result of these factors, we believe that quarter-to-quarter comparisons of our financial 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 financial 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.

Servicing our indebtedness requires a significant amount of cash, and there is no guarantee that we will have sufficient cash flow from our business to pay our substantial indebtedness.

As of December 31, 2017, we and our subsidiaries had outstanding $10.17 billion in aggregate principal amount of indebtedness (see Note 13, Convertible and Long-Term Debt Obligations, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K). Our substantial consolidated indebtedness may increase our vulnerability to any generally adverse economic and industry conditions. We and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt or recapitalize our debt.

Pursuant to their terms, holders of our 1.50% Convertible Senior notes due 2018, 0.25% Convertible Senior Notes due 2019, 1.25% Convertible Senior Notes due 2021 and 2.375% Convertible Senior Notes due 2022 (collectively, the "Tesla Convertible Notes") may convert their respective Tesla Convertible Notes at their option prior to the scheduled maturities of the respective Tesla Convertible Notes under certain circumstances. Upon conversion of the applicable Tesla Convertible Notes, we will be obligated to deliver cash and/or shares in respect of the principal amounts thereof and the conversion value in excess of such principal amounts on such Tesla Convertible Notes. For example, in June 2017, September 2017 and November 2017, pursuant to separate privately negotiated agreements, we exchanged $144.8 million, $10.0 million and $12.0 million, respectively, in aggregate principal amount of the 1.50% Convertible Senior Notes due 2018 for 1.2 million shares, 0.1 million shares and 0.1 million shares, respectively, of our common stock. Moreover, our subsidiary's 2.75% Convertible Senior Notes due 2018, 1.625% Convertible Senior Notes due 2019 and Zero-Coupon Convertible Senior Notes due 2020 (collectively, the "Subsidiary Convertible Notes") are convertible into shares of our common stock at conversion prices ranging from $300.00 to $759.36 per share. Finally, holders of the Tesla Convertible Notes and the Subsidiary Convertible Notes will have the right to require us to repurchase 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.

Our ability to make scheduled payments of the principal and interest on our indebtedness when due or to make payments upon conversion or repurchase demands with respect to our convertible notes, or to refinance our indebtedness as we may need or desire, 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 our existing indebtedness, 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 existing or future indebtedness will depend on the capital markets and our financial condition at such time. In addition, our ability to make payments may be limited by law, by regulatory authority or by agreements governing our future indebtedness. We may not be able to engage in any of these activities or engage in these activities on desirable terms or at all, which could result in a default on our existing or future indebtedness and have a material adverse effect on our business, results of operations and financial condition.

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

The terms of certain of our credit facilities, including our senior secured asset based revolving credit agreement, 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 engage in beneficial transactions, including to obtain additional financing as needed, may be restricted. Furthermore, 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 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, installation and/or servicing of automobiles, energy storage products and solar 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, energy storage products and/or solar products, to pay any significant unplanned or accelerated expenses or for new significant strategic investments, or to refinance our significant consolidated indebtedness, even if not required to do so by the terms of such indebtedness. We need sufficient capital to fund our ongoing operations, ramp vehicle production, continue research and development projects, establish sales, delivery and service centers, build and deploy Superchargers, expand Gigafactory 1, ramp production at Gigafactory 2 and to make the investments in tooling and manufacturing capital required to introduce new vehicles, energy storage products and solar 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.

Additionally, we use capital from third-party investors to enable our customers' access to our solar energy systems with little or no upfront cost. The availability of this financing depends upon many factors, including the confidence of the investors in the solar energy industry, the quality and mix of our customer contracts, any regulatory changes impacting the economics of our existing customer contracts, changes in law (including tax law), risks or government incentives associated with these financings, and our ability to compete with other renewable energy companies for the limited number of potential investors. Moreover, interest rates are at historically low levels. If the rate of return required by investors rises as a result of a rise in interest rates, it will reduce the present value of the customer payment streams underlying, and therefore the total value of, our financing structures, increasing our cost of capital. If we are unable to establish new financing funds on favorable terms for third-party ownership arrangements, we may be unable to finance installation of our solar energy system lease or PPA customers' systems, or our cost of capital could increase and our liquidity may be negatively impacted, which would have an adverse effect on our business, financial condition and results of operations.

If we update our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting acceleration in our depreciation could negatively affect our financial results.

We have invested and expect to continue to invest significantly in what we believe is state of the art tooling, machinery and other manufacturing equipment for our various product lines, and we depreciate the cost of such equipment over their expected useful lives. However, manufacturing technology may evolve rapidly, and we may decide to update our manufacturing process with cutting-edge equipment more quickly than expected. Moreover, as our engineering and manufacturing expertise and efficiency increase, we may be able to manufacture our products using less of our installed equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and our results of operations could be negatively impacted.

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 vehicle deliveries in markets outside of the U.S., we have much higher revenues than costs denominated in other currencies such as the euro, Chinese yuan, Norwegian krone, pound sterling 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.

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 directly to consumers. We may not be able to sell our vehicles through this sales model in each state in the U.S. as some states have laws that may be interpreted to impose limitations on this direct-to-consumer sales model. 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 challenged by dealer associations and others as to whether such decisions comply with applicable state motor vehicle industry laws. 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. In some states, there have also been regulatory and legislative efforts by dealer associations to propose laws 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. We have also filed a lawsuit in federal court in Michigan challenging the constitutionality of the state's prohibition on direct sales as applied to our business.

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. Continued regulatory limitations and other obstacles interfering with our ability to sell vehicles directly to consumers could have a negative and material impact our business, prospects, financial condition and results of operations.

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

Others, including our competitors, may hold or obtain patents, copyrights, trademarks or other proprietary rights that could 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, the holders of such intellectual property rights may assert their rights and urge us to take licenses, and/or may bring suits alleging infringement or misappropriation of such rights. We may consider the entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses could significantly increase our operating expenses. 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, to pay substantial damages and/or license royalties, to redesign our products and services, and/or to 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 Gigafactory 1 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.

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 $389.61 per share and a low of $242.01 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. Moreover, stockholder litigation like this has been filed against us in the past. While we are continuing to defend such actions vigorously, any judgment against us or any future stockholder litigation could result in substantial costs and a diversion of our management's attention and resources.

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

We 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.

Transactions relating to our convertible notes may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our common stock.

The conversion of some or all of the Tesla Convertible Notes or the Subsidiary Convertible Notes would dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of such notes. Our 1.50% Convertible Senior Notes due 2018 and the Subsidiary Convertible Notes have been historically, and the other Tesla Convertible 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 convertible notes, we could be required to deliver to them a significant number of shares of our common stock. 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 convertible notes may encourage short selling by market participants because the conversion of such notes could be used to satisfy short positions, or anticipated conversion of such notes into shares of our common stock could depress the price of our common stock.

Moreover, in connection with each issuance of the Tesla Convertible Notes, we entered into convertible note hedge transactions, which 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 Tesla Convertible Notes. We also entered into warrant transactions with the hedge counterparties, which 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 enter into various transactions with respect to their hedge positions, which could also cause or prevent an increase or a decrease in the market price of our common stock or the convertible notes.

Elon 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 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 our convertible notes require us to repurchase such 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

The following table sets forth the location, approximate size and primary use of our principal leased and owned facilities:

Location	Approximate Size (Building) in Square Feet		Primary Use	Lease Expiration Date
Fremont, California	5,500,000		Manufacturing, administration, engineering, service, delivery and warehouse	Owned building
Sparks, Nevada	3,500,000	*	Gigafactory 1, production of lithium-ion battery cells and vehicle drive units	Owned building
Livermore, California	1,002,703		Warehouse	October 2026
Fremont, California	506,490		Administration and manufacturing	September 2029
Tilburg, Netherlands	499,710		Manufacturing, administration, engineering and service	November 2023
Lathrop, California	496,888		Manufacturing	Owned building
Palo Alto, California	350,000		Administration and engineering	January 2020
Lathrop, California	338,564		Warehouse and manufacturing	February 2030
Sparks, Nevada	328,245		Warehouse	December 2020
Sparks, Nevada	304,200		Warehouse	December 2019
Fremont, California	302,400		Engineering	March 2028
Lathrop, California	276,228		Warehouse and manufacturing	September 2024
Lathrop, California	271,075		Manufacturing	May 2025
Fremont, California	229,530		Administration	March 2029
Fremont, California	199,352		Administration and manufacturing	June 2025
Draper, Utah	154,846		Administration	October 2027
Hawthorne, California	132,250		Engineering	December 2022
Bethlehem, Pennsylvania	130,971		Warehouse	April 2022
Beijing, China	83,119		Delivery hub	April 2020
Amsterdam, Netherlands	73,597		Administration and service	February 2024
San Mateo, California	68,025		Administration	July 2022

* Gigafactory 1 is partially constructed with current occupancy of 3.5 million square feet.

In addition to the properties included in the table above, we also lease a large number of properties in North America, Europe and Asia for our retail and service locations, Supercharger sites, solar installation and maintenance warehouses and regional administrative and sales offices for our solar business. Furthermore, we will begin leasing a 1.1 million square feet solar manufacturing facility (Gigafactory 2 in Buffalo, New York) upon completion in 2018 for an initial term of 10 years.

Our properties are used to support both of our reporting segments.

ITEM 3. LEGAL PROCEEDINGS

Proceedings Related to U.S. Treasury

In July 2012, SolarCity Corporation ("SolarCity"), along with other companies in the solar energy industry, received a subpoena from the U.S. Treasury Department's Office of the Inspector General to deliver certain documents in SolarCity's possession that relate to SolarCity's applications for U.S. Treasury grants. In February 2013, two financing funds affiliated with SolarCity filed a lawsuit in the U.S. Court of Federal Claims against the U.S. government, seeking to recover $14.0 million that the U.S. Treasury was obligated to pay, but failed to pay, under Section 1603 of the American Recovery and Reinvestment Act of 2009. In February 2016, the U.S. government filed a motion seeking leave to assert a counterclaim against the two plaintiff funds on the grounds that the U.S. government, in fact, paid them more, not less, than they were entitled to as a matter of law. In September 2017, SolarCity and the U.S. government reached a global settlement of both the investigation and SolarCity's lawsuit. In that settlement, SolarCity admitted no wrongdoing and agreed to return approximately 5% of the U.S. Treasury cash grants it had received between 2009 and 2013, amounting to $29.5 million. The investigation is now closed and SolarCity's lawsuit has been dismissed.

Securities Litigation Relating to SolarCity's Financial Statements and Guidance

On March 28, 2014, a purported stockholder class action was filed in the U.S. District Court for the Northern District of California against SolarCity and two of its officers. The complaint alleges violations of federal securities laws, and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of SolarCity's securities from March 6, 2013 to March 18, 2014. After a series of amendments to the original complaint, the District Court dismissed the amended complaint and entered a judgment in our favor on August 9, 2016. The plaintiffs have filed a notice of appeal. On December 4, 2017, the Court heard oral argument on plaintiffs' notice of appeal from the dismissal. We believe that the claims are without merit and intend to defend against this lawsuit and appeal vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with this lawsuit.

On August 15, 2016, a purported stockholder class action lawsuit was filed in the U.S. District Court for the Northern District of California against SolarCity, two of its officers and a former officer. On March 20, 2017, the purported stockholder class filed a consolidated complaint that includes the original matter in the same court against SolarCity, one of its officers and three former officers. As consolidated, the complaint alleges that SolarCity made projections of future sales and installations that it failed to achieve and that these projections were fraudulent when made. The suit claimed violations of federal securities laws and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of SolarCity's securities from May 6, 2015 to May 9, 2016. On July 25, 2017, the court took SolarCity's fully-briefed motion to dismiss under submission. On August 11, 2017, the court granted the motion to dismiss with leave to amend. On September 11, 2017, after lead plaintiff determined he would not amend, the Court dismissed the action with prejudice and entered judgment in favor of SolarCity and the individual defendants.

Securities Litigation Relating to the SolarCity Acquisition

Between September 1, 2016 and October 5, 2016, seven lawsuits were filed in the Court of Chancery of the State of Delaware by purported stockholders of Tesla challenging our acquisition of SolarCity. Following consolidation, the lawsuit names as defendants the members of Tesla's board of directors and alleges, among other things, that board members breached their fiduciary duties in connection with the acquisition. The complaint asserts both derivative claims and direct claims on behalf of a purported class and seeks, among other relief, unspecified monetary damages, attorneys' fees, and costs. On January 27, 2017, the defendants filed a motion to dismiss the operative complaint. Rather than respond to the defendants' motion, the plaintiffs filed an amended complaint. On March 17, 2017, the defendants filed a motion to dismiss the amended complaint. On December 13, 2017, the Court heard oral argument on

the motion and reserved decision. These same plaintiffs filed a parallel action in the U.S. District Court for the District of Delaware on April 21, 2017, adding claims for violations of the federal securities laws.

On February 6, 2017, a purported stockholder made a demand to inspect Tesla's books and records, purportedly to investigate potential breaches of fiduciary duty in connection with the SolarCity acquisition. On April 17, 2017, the purported stockholder filed a petition for a writ of mandate in California Superior Court, seeking to compel Tesla to provide the documents requested in the demand. Tesla filed a demurrer to the writ petition or, in the alternative, a motion to stay the action. On November 9, 2017, the court granted Tesla's motion and dismissed the action without prejudice.

On March 24, 2017, another lawsuit was filed in the U.S. District Court for the District of Delaware by a purported Tesla stockholder challenging the SolarCity acquisition. The complaint alleges, among other things, that Tesla's board of directors breached their fiduciary duties in connection with the acquisition and alleges violations of the federal securities laws.

We believe that claims challenging the SolarCity acquisition are without merit. We are unable to estimate the possible loss or range of loss, if any, associated with these claims.

Securities Litigation Relating to Production of Model 3 Vehicles

On October 10, 2017, a purported stockholder class action was filed in the U.S. District Court for the Northern District of California against Tesla, Inc., two of its current officers, and a former officer. The complaint alleges violations of federal securities laws, and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of Tesla securities from May 4, 2016 to October 6, 2017. The lawsuit claims that Tesla supposedly made materially false and misleading statements regarding the Company's preparedness to produce Model 3 vehicles. We believe that the claims are without merit and intend to defend against this lawsuit vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with this lawsuit.

Other Matters

From time to time, we have received requests for information from regulators and governmental authorities, such as the National Highway Traffic Safety Administration, the National Transportation Safety Board and the Securities and Exchange Commission. We are also subject to various other legal proceedings and claims that arise from the normal course of business activities. 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock has traded on The NASDAQ Global Select Market under the symbol "TSLA" since it began trading on June 29, 2010. Our initial public offering was priced at $17.00 per share on June 28, 2010. The following table sets forth, for the time period indicated, the high and low closing prices of our common stock as reported on The NASDAQ Global Select Market:

	2017		2016	
	High	Low	High	Low
First quarter	$ 280.98	$ 216.99	$ 238.32	$ 143.67
Second quarter	$ 383.45	$ 295.00	$ 265.42	$ 193.15
Third quarter	$ 385.00	$ 308.83	$ 234.79	$ 194.47
Fourth quarter	$ 359.65	$ 299.26	$ 219.74	$ 181.45

Holders

As of January 31, 2018, there were 1,156 holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held by banks, brokers and other financial institutions.

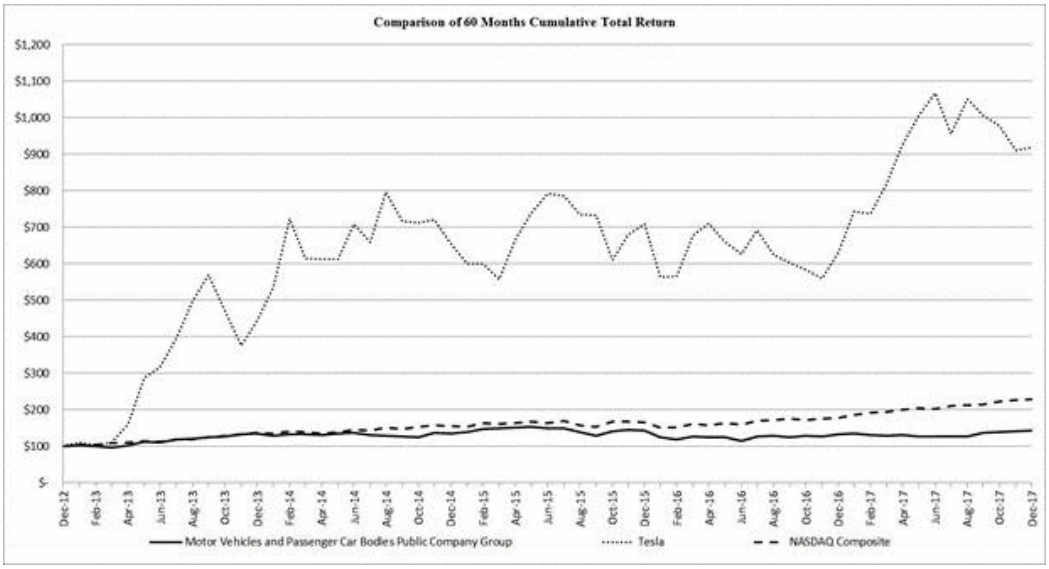
Dividend Policy

We have never declared or paid cash dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Stock Performance Graph

This performance graph shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference into any filing of Tesla, Inc. under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The following graph shows a comparison, from January 1, 2013 through December 31, 2017, of the cumulative total return on our common stock, The NASDAQ Composite Index and a group of all public companies sharing the same SIC code as us, which is SIC code 3711, "Motor Vehicles and Passenger Car Bodies" (Motor Vehicles and Passenger Car Bodies Public Company Group). Such returns are based on historical results and are not intended to suggest future performance. Data for The NASDAQ Composite Index and the Motor Vehicles and Passenger Car Bodies Public Company Group assumes an investment of $100 on January 1, 2013 and reinvestment of dividends. We have never declared or paid cash dividends on our common stock nor do we anticipate paying any such cash dividends in the foreseeable future.



Unregistered Sales of Equity Securities

Exchange of Certain 1.50% Convertible Senior Notes Due 2018

On November 15, 2017, we issued 96,634 shares of our common stock to a holder of our 1.50% Convertible Senior Notes due 2018 in exchange for $12.0 million in aggregate principal amount of such notes, pursuant to a privately negotiated agreement. Such issuance was conducted pursuant to an exemption from registration provided by Rule 4(a)(2) of the Securities Act. We relied on this exemption from registration based in part on the representations made by the holder of such notes in the transaction.

In connection with the offering of such notes in 2013, we sold certain warrants to Morgan Stanley & Co. LLC ("Morgan Stanley"). On November 14, 2017, we agreed with Morgan Stanley to partially terminate such warrants, and in connection with such partial termination, we issued 16,960 shares of our common stock to Morgan Stanley. Such issuance was conducted as a private placement pursuant to an exemption from registration provided by Rule 4(a)(2) of the Securities Act and was offered only to persons believed to be either (i) "accredited investors" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act or (ii) "qualified institutional buyers" within the meaning of Rule 144A promulgated under the Securities Act. We relied on this exemption from registration based in part on the representations made by Morgan Stanley.

Acquisition of PERBIX Machine Company, Inc.

On November 7, 2017, we issued 34,772 shares of our common stock to the sole shareholder of record of PERBIX Machine Company, Inc., a leader in designing and building custom, high-quality, highly-automated manufacturing equipment ("PERBIX"), as part of the purchase price for all of the outstanding capital stock of PERBIX. Such issuance was conducted pursuant to an exemption from registration provided by Rule 4(a)(2) of the Securities Act. We relied on this exemption from registration based in part on the representations made by the selling shareholder.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K (in thousands, except per share data).

	Year Ended December 31,				
	2017	2016 (1)	2015	2014	2013
Consolidated Statements of Operations Data:					
Total revenues	$ 11,758,751	$ 7,000,132	$ 4,046,025	$ 3,198,356	$ 2,013,496
Gross profit	$ 2,222,487	$ 1,599,257	$ 923,503	$ 881,671	$ 456,262
Loss from operations	$ (1,632,086)	$ (667,340)	$ (716,629)	$ (186,689)	$ (61,283)
Net loss attributable to common stockholders	$ (1,961,400)	$ (674,914)	$ (888,663)	$ (294,040)	$ (74,014)
Net loss per share of common stock attributable to common stockholders, basic and diluted	$ (11.83)	$ (4.68)	$ (6.93)	$ (2.36)	$ (0.62)
Weighted average shares used in computing net loss per share of common stock, basic and diluted	165,758	144,212	128,202	124,539	119,421

(1) We acquired SolarCity on November 21, 2016. SolarCity's results of operations have been included in our results of operations from the acquisition date. See Note 3, *Business Combinations,* of the notes to the consolidated financial statements for additional information regarding this transaction.

	As of December 31,				
	2017	2016 (1)	2015	2014	2013
Consolidated Balance Sheet Data:					
Working (deficit) capital	$ (1,104,150)	$ 432,791	$ (29,029)	$ 1,072,907	$ 585,665
Total assets	28,655,372	22,664,076	8,067,939	5,830,667	2,411,186
Total long-term obligations	15,348,310	10,923,162	4,125,915	2,753,595	1,069,535

(1) We acquired SolarCity on November 21, 2016. SolarCity's financial positions have been included in our financial positions from the acquisition date. See Note 3, *Business Combinations,* of the notes to the consolidated financial statements for additional information regarding this transaction.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K.

Overview and 2017 Highlights

Our mission is to accelerate the world's transition to sustainable energy. We design, develop, manufacture, lease and sell high-performance fully electric vehicles, solar energy generation systems and energy storage products. We also offer maintenance, installation, operation and other services related to our products.

Automotive

Our production vehicle fleet includes our Model S premium sedan and our Model X sport utility vehicle, which are our highest-performance vehicles, and our Model 3, a lower priced sedan designed for the mass market which we began to produce and deliver in the second half of 2017. We continue to enhance our vehicle offerings with enhanced autopilot options, Internet connectivity and free over-the-air software updates to provide additional safety, convenience and performance features. In addition, we have several future electric vehicles in our product pipeline, including those we unveiled in 2017 – an electric semi-truck and a new version of the Tesla Roadster.

In 2017, our vehicle production capability continued to scale and gain operational efficiencies, and vehicle production volume increased by 20% year-over-year. Additionally, we delivered 101,420 Model S and Model X vehicles and 1,764 Model 3 vehicles in 2017.

Energy Generation and Storage

We lease and sell solar energy systems and sell renewable energy and energy storage products to our customers. We have partnered with Panasonic to provide capital and operational support to manufacture PV cells, thus enabling high volume integrated tile and PV cell production at our Gigafactory 2 in Buffalo, New York. We also recently commenced Solar Roof production at Gigafactory 2. Our energy storage products, which we manufacture at Gigafactory 1, consist of Powerwall mostly for residential applications and Powerpack for commercial, industrial and utility-scale applications.

In late 2017, we completed installation of the largest battery in the world in South Australia. This battery delivers electricity during peak hours to help maintain the reliable operation of South Australia's electrical infrastructure.

In 2017, we deployed 358 MWh of energy storage products and 523 MW of solar energy generation.

Management Opportunities, Challenges and Risks and 2018 Outlook

Automotive Demand, Production and Deliveries

We drive demand for our vehicles by continually improving our vehicles through over-the-air software updates, expanding our retail, service and charging infrastructure, and by periodically developing and introducing new passenger and commercial electric vehicle variants and models. Our goal is to become the best manufacturer in the automotive industry, and having cutting edge robotic expertise in-house is at the core of that goal. Our recent acquisitions of advanced automation companies have added to our talent base and are helping us increase vehicle production rates more effectively.

The worldwide automotive market for alternative fuel vehicles and self-driving technology are highly competitive and we expect them to become even more so. Many companies including established automakers have announced plans to expand, and in some cases fully transition to, production of electric or environmentally friendly vehicles, and to also develop self-driving technologies. We welcome the acceleration of the world's transition to sustainable transport. Nonetheless, we believe that the unique features of our vehicles, our constant innovation, our growing brand, the increased affordability introduced with Model 3, our global Supercharger network and our future vehicles, will continue to generate incremental demand for our vehicles by making our vehicles accessible to larger and previously untapped consumer and commercial markets.

We expect Model S and Model X deliveries to be approximately 100,000 in total in 2018, constrained by the supply of cells with the 18650 form factor used in those vehicles. As our sales network continues to expand to new markets in 2018, we believe vehicle orders should continue to grow. With demand outpacing production, we plan to optimize the trim and option mix in order to optimize revenue and gross margin. We have made significant and sustained progress in the production processes of Model S and Model X, and we will continue to improve manufacturing efficiencies for these vehicles in 2018.

We expect Model 3 production and deliveries to grow significantly in 2018. The initial phase of manufacturing any new vehicle is always challenging, and the Model 3 production ramp has been no exception, particularly given our focus on highly automated manufacturing processes, that we expect will ultimately result in higher volumes at significantly lower costs. Model 3 volume production has been less than we initially anticipated due to production bottlenecks, with the battery module assembly line at Gigafactory 1 being the primary production constraint to date, although future bottlenecks in other areas of vehicle manufacturing may surface. We have redirected our best engineering talent to Gigafactory 1 to fine-tune the automated processes and related robotic programming not only to address the challenges we have experienced but also to continue evaluating our overall manufacturing process for efficiencies.

Based on our current progress, we are targeting a production rate of 2,500 Model 3 vehicles per week by the end of the first quarter of 2018 and 5,000 Model 3 vehicles per week by the end of the second quarter. It is important to note that while these are the levels we are focused on hitting and we have plans in place to achieve them, our prior experience on the Model 3 ramp has demonstrated the difficulty of accurately forecasting specific production rates at specific points in time. We are systematically addressing bottlenecks and adding capacity and resources in places like the battery module line where we have experienced constraints, and these actions should result in our Model 3 production rate significantly increasing during the first half of 2018. In some cases, we may not achieve the manufacturing labor efficiencies until we ramp up to fully automated manufacturing lines, which may take us longer than anticipated. In order to optimize the incremental improvement of our automation processes and the efficiency of our capital expenditures, we will implement the capacity to further ramp production to 10,000 units per week only after we have achieved a 5,000 units per week run rate.

We are also making strides in other aspects of our vehicle production, deliveries and customer infrastructure. For example, we expect to continue to lower the cost of manufacturing our vehicles due to economies of scale, material cost reductions and more efficient manufacturing and equipment utilization. We have achieved cost improvements through material cost reductions from both engineering and commercial actions and increased manufacturing efficiencies including better inventory control for Model S and Model X. We have also seen improved product reliability in our vehicles, batteries and drive units. Likewise, we may experience infrastructure constraints and customer experience issues relating to vehicle deliveries, but are trying to address such issues by opening additional delivery and service centers to scale the volume of vehicles we are able to deliver. Generally, as sales of Tesla vehicles ramp in 2018, we plan to continue to open new Tesla retail, locations, service centers and delivery hubs around the world, we plan continue to expand our mobile repair services, and we plan to significantly increase the number of Superchargers and Destination Charging connectors globally with the goal of remaining ahead of the Model 3 ramp.

We are also making progress with our self-driving technology. An overhaul of the underlying architecture of our software has been completed, which has enabled a step-change improvement in the collection and analysis of data and fundamentally enhanced its machine learning capabilities. The aggregate of such data and learnings, which we refer to as our “neural net,” is able to collect and analyze more high-quality data than ever before, enabling us to rollout a series of new autopilot features in 2018 and beyond.

Energy Generation and Storage Demand, Production and Deployment

We are continuing to reduce customer acquisition costs of our energy generation products, including by cutting advertising spend and increasingly selling these products in Tesla stores with dedicated energy product sales personnel and leveraging channel partnerships. Moreover, we have deemphasized absolute volume growth for our solar products, and we have instead prioritized projects for cash generation and profitability. Solar Roof installations will initially ramp slowly in the first half of 2018. As Solar Roof is truly the first-of-its-kind and there is significant complexity in both its manufacturing and installation, we are deliberately ramping production at a gradual pace to

ensure reliability and a great customer experience. With demand outpacing production, we expect our backlog to remain in excess of one year for the next several quarters.

We expect energy storage products to experience significant growth, with our aim being to at least triple our sales in 2018. We are ramping up production for these products at our Gigafactory 1 over the next several quarters, but demand is greater than our current production capacity for energy storage.

We expect energy generation and storage gross margin to improve significantly in 2018 as we enter the year with a backlog of higher-margin commercial solar projects and a more profitable energy storage business due to overall cost and manufacturing efficiencies from scaling.

Trends in Cash Flow, Capital Expenditures and Operating Expenses

Capital expenditures in 2018 are projected to be slightly more than 2017, with the majority of the spending to support increases in Model 3 production capacity at Gigafactory 1 and the Tesla Factory, and for building additional stores, service centers and Superchargers.

We expect operating expenses to grow in 2018 as compared to 2017, although operating expenses should decrease significantly as a percentage of revenue due to the significant increase in expected revenue in 2018 and as we focus on increasing operational efficiency. The growth in operating expense will mainly be driven by engineering, design and testing of new products or changes to existing products and higher sales and service costs associated with expanding our worldwide geographic presence. In addition, we expect operating expenses to increase as a result of increased selling, general and administrative expenses incurred by our energy generation and storage business.

We are seeking stockholder approval for a new 10-year CEO performance award for Elon Musk with vesting contingent on achieving market capitalization and operational milestones. If Tesla stockholders approve the award, we would incur significant additional stock-based compensation expense over the term of the award as each performance milestone becomes probable of vesting.

Automotive Financing Options

We offer loans and leases for our vehicles in certain markets in North America, Europe and Asia primarily through various financial institutions. We offered resale value guarantees or similar buy-back terms to all direct customers who purchase vehicles and who financed their vehicle through one of our specified commercial banking partners. Subsequent to June 30, 2016, this program is available only in certain international markets. Resale value guarantees available for exercise within the 12 months following December 31, 2017 totaled $375.7 million in value.

We plan to adopt the new revenue recognition standard ASC 606 effective January 1, 2018. This will impact the way we account for vehicle sales with a resale value guarantee and vehicles leased through our leasing partners, which now will qualify to be accounted for as sales with a right of return. In addition, for certain vehicles sales with a resale value guarantee and vehicles leased through leasing partners prior to 2018, we will cease recognizing lease revenue starting in 2018 and record the associated cumulative adjustment to equity under the modified retrospective approach.

Vehicle deliveries with the resale value guarantee do not impact our near-term cash flows and liquidity, since we receive the full amount of cash for the vehicle sales price at delivery. While we do not assume any credit risk related to the customer, if a customer exercises the option to return the vehicle to us, we are exposed to liquidity risk that the resale value of vehicles under these programs may be lower than our guarantee, or the volume of vehicles returned to us may be higher than our estimates or we may be unable to resell the used cars in a timely manner, all of which could adversely impact our cash flows. Through 2017, we only had an insignificant number of customers who exercised their resale value guarantees and returned their vehicles to us. Based on current market demand for our cars, we estimate the resale prices for our vehicles will continue to be above our resale value guarantee amounts. Should market values of our vehicles or customer demand decrease, these estimates may be impacted materially.

We currently offer vehicle leases in the U.S. for Model S and Model X directly from Tesla Finance, our captive financing entity, as well as through leasing partners. Leasing through Tesla Finance is available in 39 states and the District of Columbia. We also offer financing arrangements through our entities in Canada, Germany and the

United Kingdom. Leasing through our captive financing entities and our leasing partners exposes us to residual value risk. In addition, for leases offered directly from our captive financing entities, we assume customer credit risk. We plan to continue expanding our financing offerings, including our lease financing options and the financial sources to support them, and to support the overall financing needs of our customers. To the extent that we are unable to arrange such options for our customers on terms that are attractive, our sales, financial results and cash flows could be negatively impacted.

Energy Generation and Storage Financing Options

We offer our customers the choice to either purchase and own solar energy systems or to purchase the energy that our solar energy systems produce through various contractual arrangements. These contractual arrangements include long-term leases and power purchase agreements. In both structures, we install our solar energy systems at our customer's premises and charge the customer a monthly fee. In the lease structure, this monthly payment is fixed with a minimum production guarantee. In the power purchase agreement structure, we charge customers a fee per kilowatt-hour, or kWh, based on the amount of electricity the solar energy system actually produces. The leases and power purchase agreements are typically for 20 years with a renewal option, and generally when there is no upfront prepayment, the specified monthly fees are subject to annual escalations.

For customers who want to purchase and own solar energy systems, we also offer solar loans, whereby a third-party lender provides financing directly to a qualified customer to enable the customer to purchase and own a solar energy system designed, installed and serviced by us. We enter into a standard solar energy system sale and installation agreement with the customer. Separately, the customer enters into a loan agreement with a third-party lender, who finances the full purchase price. We are not a party to the loan agreement between the customer and the third-party lender, and the third-party lender has no recourse against us with respect to the loan.

Gigafactory 1

We continue to develop Gigafactory 1 as a facility where we work together with our suppliers to integrate production of battery material, cells, modules, battery packs and drive units in one location for vehicles and energy storage products. We also continue to invest in the future expansion of Gigafactory 1 and in production equipment for battery cell, module and pack production.

Panasonic has partnered with us on Gigafactory 1 with investments in the production equipment that it uses to manufacture and supply us with battery cells. Under our arrangement with Panasonic, we plan to purchase the full output from their production equipment at negotiated prices. As these terms convey to us the right to use, as defined in ASC 840, *Leases*, their production equipment, we consider them to be leased assets when production commences. This results in us recording the value of their production equipment within property, plant and equipment, net, on the consolidated balance sheets with a corresponding liability recorded to financing obligations. For all suppliers and partners for which we plan to purchase the full output from their production equipment located at Gigafactory 1, we will apply similar accounting. During the year ended December 31, 2017, we recorded $473.3 million on the consolidated balance sheet.

While we currently believe that our progress at Gigafactory 1 will allow us to reach our production targets, our ultimate ability to do so will require us to resolve the types of challenges that are typical of a production ramp. For example, we have experienced bottlenecks in the assembly of battery modules at Gigafactory 1, which has negatively affected our production of Model 3. While we continue to make progress to resolve such issues at Gigafactory 1, given the size and complexity of this undertaking, it is possible that future events could result in the cost of building and operating Gigafactory 1 exceeding our current expectations and Gigafactory 1 taking longer to expand than we currently anticipate.

Gigafactory 2

We have an agreement with the SUNY Foundation for the construction of a factory capable of producing at least 1.0 gigawatts of solar cells annually in Buffalo, New York, referred to as Gigafactory 2. In December 2016, we entered into an agreement with Panasonic under which it will manufacture custom PV cells and modules for us, primarily at Gigafactory 2, and we will purchase certain quantities of PV cells and modules from Panasonic during the 10-year term.

The terms of our agreement with the SUNY Foundation require us to comply with a number of covenants, and any failure to comply with these covenants could obligate us to pay significant amounts to the SUNY Foundation and result in termination of the agreement. Although we remain on track with our progress at Gigafactory 2, our expectations as to the cost of building the facility, acquiring manufacturing equipment and supporting our manufacturing operations may prove incorrect, which could subject us to significant expenses to achieve the desired benefits.

Other Manufacturing

In addition, we continue to expand production capacity at our Tesla Factory and are exploring additional production capacity in Asia and Europe.

Critical Accounting Policies and Estimates

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience, as appropriate, and on various other assumptions that we believe to be reasonable under the circumstances. Changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by our management. We evaluate our estimates and assumptions on an ongoing basis. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the following critical accounting policies involve a greater degree of judgment and complexity than our other accounting policies. Accordingly, these are the policies we believe are the most critical to understanding and evaluating the consolidated financial condition and results of operations.

Revenue Recognition

We recognize revenue for products and services when: (i) a persuasive evidence of an arrangement exists; (ii) delivery has occurred and there are no uncertainties regarding customer acceptance; (iii) pricing or fees are fixed or determinable and (iv) collection is reasonably assured.

Automotive Segment

Automotive revenue includes revenues related to deliveries of new vehicles, sales of regulatory credits to other automotive manufacturers and specific other elements that meet the definition of a deliverable under multiple-element accounting guidance, including free internet connectivity, free access to our Supercharger network and future free over-the-air software updates. These other elements are valued on a stand-alone basis, and we recognize their revenue over our performance period, which is generally the eight-year life of the vehicle, except for internet connectivity, which is over the free four-year period. If we sell a deliverable separately, we use that pricing to determine its fair value; otherwise, we use our best estimated selling price by considering costs used to develop and deliver the service, third-party pricing of similar options and other information that may be available. At the time of revenue recognition, we record a reserve against revenue for estimated future product returns. Such estimates are based on historical experience and were immaterial in all periods presented. In addition, any fees that are paid or payable by us to a customer's lender, when we arrange the financing, would be recognized as an offset against automotive sales revenue, in accordance with ASC 605-50, *Customer Payments and Incentives*.

Automotive leasing revenue includes revenue recognized under lease accounting guidance for our direct leasing programs as well as programs with resale value guarantees. See "Vehicle sales to customers with a resale value guarantee," "Vehicle sales to leasing partners with a resale value guarantee" and "Direct Vehicle Leasing Program" for further details.

Service and other revenue consists of repair and maintenance services, service plans, merchandise, sales of used Tesla vehicles, sales of electric vehicle powertrain components and systems to other manufacturers and sales of non-Tesla vehicle trade-ins.

Vehicle sales to customers with a resale value guarantee

Prior to June 30, 2016, we offered resale value guarantees or similar buy-back terms to all customers who purchased vehicles and who financed their vehicles through one of our specified commercial banking partners. Since June 30, 2016, this program is available only in certain international markets. Under this program, customers have the option of selling their vehicle back to us during the guarantee period, which currently is generally at the end of the term of the applicable loan or financing program, for a determined resale value. Although we receive full payment for the vehicle sales price at the time of delivery, we are required to account for these transactions as operating leases. The amount of sale proceeds equal to the resale value guarantee is deferred until the guarantee expires or is exercised. The remaining sale proceeds are deferred and recognized on a straight-line basis over the stated guarantee period to automotive leasing revenue. The guarantee period expires at the earlier of the end of the guarantee period or the pay-off of the initial loan. We capitalize the cost of these vehicles on the consolidated balance sheet as operating lease vehicles, net, and depreciate their value, less salvage value, to cost of automotive leasing revenue over the same period.

In cases where a customer retains ownership of a vehicle at the end of the guarantee period, the resale value guarantee liability and any remaining deferred revenue balances related to the vehicle are settled to automotive leasing revenue, and the net book value of the leased vehicle is expensed to cost of automotive leasing revenue. If a customer returns the vehicle to us during the guarantee period, we purchase the vehicle from the customer in an amount equal to the resale value guarantee and settle any remaining deferred balances to automotive leasing revenue, and we reclassify the net book value of the vehicle on the consolidated balance sheet to used vehicle inventory.

Vehicle sales to leasing partners with a resale value guarantee

We also offer resale value guarantees in connection with automobile sales to certain leasing partners. As we have guaranteed the value of these vehicles and as the vehicles are leased to end-customers, we account for these transactions as interest bearing collateralized borrowings as required under ASC 840. Under this program, cash is received for the full price of the vehicle and is recorded within resale value guarantees for the long-term portion and deferred revenue for the current portion. We accrete the deferred revenue amount to automotive leasing revenue on a straight-line basis over the guarantee period and accrue interest expense based on our borrowing rate. We capitalize vehicles under this program to operating lease vehicles, net, on the consolidated balance sheet, and we record depreciation from these vehicles to cost of automotive leasing revenue during the period the vehicle is under a lease arrangement. Cash received for these vehicles, net of revenue recognized during the period, is classified as collateralized lease borrowings within cash flows from financing activities in the consolidated statement of cash flows.

At the end of the lease term, we settle our liability in cash by either purchasing the vehicle from the leasing partner for the resale value guarantee amount or paying a shortfall to the guarantee amount the leasing partner may realize on the sale of the vehicle. Any remaining balances within deferred revenue and resale value guarantee will be settled to automotive leasing revenue. In cases where the leasing partner retains ownership of the vehicle after the end of our guarantee period, we expense the net value of the leased vehicle to cost of automotive leasing revenue.

On a quarterly basis, we assess the estimated market values of vehicles under our resale value guarantee program to determine if we have sustained a loss on any of these contracts. As we accumulate more data related to the resale values of our vehicles or as market conditions change, there may be material changes to their estimated values.

Direct Vehicle Leasing Program

We offer a vehicle leasing program in certain locations in the North America and Europe. Qualifying customers are permitted to lease a vehicle directly from Tesla for up to 48 months. At the end of the lease term, customers have the option of either returning the vehicle to us or purchasing if for a pre-determined residual value. We account for these leasing transactions as operating leases, and we recognize leasing revenues on a straight-line basis over the contractual term and record the depreciation of these vehicles to cost of automotive leasing revenue.

Maintenance and Service Plans

We offer a prepaid maintenance program for our vehicles, which includes plans covering maintenance for up to four years or up to 50,000 miles, provided these services are purchased within a specified period of time. The maintenance plans cover annual inspections and the replacement of wear and tear parts, excluding tires and the battery. Payments collected in advance of the performance of service are initially recorded in deferred revenue on the consolidated balance sheet and recognized in automotive sales as we fulfill our performance obligations.

We also offer an extended service plan, which covers the repair or replacement of vehicle parts for an additional four years or up to an additional 50,000 miles, after the end of our initial New Vehicle Limited Warranty, provided they are purchased within a specified period of time. Payments collected in advance of the performance of service are initially recorded in deferred revenue on the consolidated balance sheet and recognized in automotive sales ratably over the service coverage periods.

Energy Generation and Storage Segment

For solar energy systems and components sales wherein customers pay the full purchase price, either directly or through the solar loan program, revenue is recognized when we install a solar energy system and the solar energy system passes inspection by the utility or the authority having jurisdiction, provided all other revenue recognition criteria have been met. In instances where there are multiple deliverables in a single arrangement, we allocate the arrangement consideration to the various elements in the arrangement based on the relative selling price method. Costs incurred on residential installations before the solar energy systems are completed are included in inventories as work-in-progress in the consolidated balance sheet. However, any fees that are paid or payable by us to a solar loan lender would be recognized as an offset against energy generation and storage revenue, in accordance with ASC 605-50, *Customer Payments and Incentives*. Revenue from an energy storage product sale is recognized when the product has been delivered, installed and accepted by the customer, provided all other revenue recognition criteria have been met.

For revenue arrangements where we are the lessor under operating lease agreements for solar energy systems, including energy storage products, we record lease revenue from minimum lease payments, including upfront rebates and incentives earned from such systems, on a straight-line basis over the life of the lease term, assuming all other revenue recognition criteria have been met. For incentives that are earned based on the amount of electricity generated by the system, we record revenue as the amounts are earned. The difference between the payments received and the revenue recognized is recorded as deferred revenue on the consolidated balance sheet.

For solar energy systems where customers purchase electricity from us under PPAs, we have determined that these agreements should be accounted for, in substance, as operating leases pursuant to ASC 840. Revenue is recognized based on the amount of electricity delivered at rates specified under the contracts, assuming all other revenue recognition criteria are met.

We record as deferred revenue any amounts that are collected from customers, including lease prepayments, in excess of revenue recognized. Deferred revenue also includes the portion of rebates and incentives received from utility companies and various local and state government agencies, which are recognized as revenue over the lease term, as well as the fees charged for remote monitoring service, which is recognized as revenue ratably over the respective customer contract term.

We capitalize initial direct costs from the origination of solar energy system leases or PPAs (i.e. the incremental cost of contract administration, referral fees and sales commissions) as an element of solar energy systems, leased and to be leased, net, and subsequently amortize these costs over the term of the related lease or PPA.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost for vehicles and energy storage products, which approximates actual cost on a first-in, first-out basis. In addition, cost for solar energy systems are recorded using actual cost. We record inventory write-downs for excess or obsolete inventories based upon assumptions about on current and future demand forecasts. If our inventory on-hand is in excess of our future demand forecast, the excess amounts are written-off.

We also review our inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires us to determine the estimated selling price of our vehicles less the estimated cost to convert the inventory on-hand into a finished product. Once inventory is written-down, a new, lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Should our estimates of future selling prices or production costs change, additional and potentially material increases to this reserve may be required. A small change in our estimates may result in a material charge to our reported financial results.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or 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 given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheet. Warranty expense is recorded as a component of cost of revenue.

Stock-Based Compensation

We use the fair value method of accounting for our stock options and restricted stock units ("RSUs") granted to employees and our employee stock purchase plan (the "ESPP") to measure the cost of employee services received in exchange for the stock-based awards. The fair value of stock options and ESPP is estimated on the grant or offering date using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires inputs such as the risk-free interest rate, expected term and expected volatility. These inputs are subjective and generally require significant judgment. The fair value of RSUs is measured on the grant date based on the closing fair market value of our common stock. The resulting cost is recognized over the period during which an employee is required to provide service in exchange for the awards, usually the vesting period, which is generally four years for stock options and RSUs and six months for the ESPP. Stock-based compensation expense is recognized on a straight-line basis, net of actual forfeitures in the period (prior to 2017, net of estimated projected forfeitures).

For performance-based awards, stock-based compensation expense is recognized over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestone becomes probable. For performance-based awards with a vesting schedule based entirely on the attainment of both performance and market conditions, stock-based compensation expense is recognized for each pair of performance and market conditions over the longer of the expected achievement period of the performance and market conditions, beginning at the point in time that the relevant performance condition is considered probable of achievement. The fair value of such awards is estimated on the grant date using Monte Carlo simulations.

As we accumulate additional employee stock-based awards data over time and as we incorporate market data related to our common stock, we may calculate significantly different volatilities and expected lives, which could materially impact the valuation of our stock-based awards and the stock-based compensation expense that we will recognize in future periods. Stock-based compensation expense is recorded in cost of revenue, research and development expense and selling, general and administrative expense.

Income Taxes

We are subject to federal and state taxes in the U.S. and in many foreign jurisdictions. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans. Tax laws, regulations, and

administrative practices may be subject to change due to economic or political conditions including fundamental changes to the tax laws applicable to corporate multinationals. The U.S., many countries in the European Union and a number of other countries are actively considering changes in this regard. As of December 31, 2017, we had recorded a full valuation allowance on our net U.S. deferred tax assets because we expect that it is more likely than not that our U.S. deferred tax assets will not be realized in the foreseeable future. Should the actual amounts differ from our estimates, the amount of our valuation allowance could be materially impacted.

Furthermore, significant judgment is required in evaluating our tax positions. In the ordinary course of business, there are many transactions and calculations for which the ultimate tax settlement is uncertain. As a result, we recognize the effect of this uncertainty on our tax attributes based on our estimates of the eventual outcome. These effects are recognized when, despite our belief that our tax return positions are supportable, we believe that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. We are required to file income tax returns in the U.S. and various foreign jurisdictions, which requires us to interpret the applicable tax laws and regulations in effect in such jurisdictions. Such returns are subject to audit by the various federal, state and foreign taxing authorities, who may disagree with respect to our tax positions. We believe that our consideration is adequate for all open audit years based on our assessment of many factors, including past experience and interpretations of tax law. We review and update our estimates in light of changing facts and circumstances, such as the closing of a tax audit, the lapse of a statute of limitations or a change in estimate. To the extent that the final tax outcome of these matters differs from our expectations, such differences may impact income tax expense in the period in which such determination is made. The eventual impact on our income tax expense depends in part if we still have a valuation allowance recorded against our deferred tax assets in the period that such determination is made.

On December 22, 2017, the 2017 Tax Cuts and Jobs Act ("Tax Act") was enacted into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. We are required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities. The Tax Act did not give rise to any material impact on the consolidated balance sheets and consolidated statements of operations due to our historical worldwide loss position and the full valuation allowance on our net U.S. deferred tax assets.

In December 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which allows us to record provisional amounts during a measurement period not to extend beyond one year from the enactment date. Since the Tax Act was enacted late in the fourth quarter of 2017 (and ongoing guidance and accounting interpretations are expected over the next 12 months), we consider the accounting of deferred tax re-measurements and other items, such as state tax considerations, to be incomplete due to the forthcoming guidance and our ongoing analysis of final year-end data and tax positions. We expect to complete our analysis within the measurement period in accordance with SAB 118. We do not expect any subsequent adjustments to have any material impact on the consolidated balance sheets or statements of operations due to our historical worldwide loss position and the full valuation allowance on our net U.S. deferred tax assets.

Principles of Consolidation

The consolidated financial statements reflect our accounts and operations and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of ASC 810, *Consolidation*, we consolidate any variable interest entity ("VIE") of which we are the primary beneficiary. We form VIEs with our financing fund investors in the ordinary course of business in order to facilitate the funding and monetization of certain attributes associated with our solar energy systems. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not

considered the primary beneficiary. We have determined that we are the primary beneficiary of a number of VIEs. We evaluate our relationships with all the VIEs on an ongoing basis to ensure that we continue to be the primary beneficiary. All intercompany transactions and balances have been eliminated upon consolidation.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests and redeemable noncontrolling interests represent third-party interests in the net assets under certain funding arrangements, or funds, that we enter into to finance the costs of solar energy systems and vehicles under operating leases. We have determined that the contractual provisions of the funds represent substantive profit sharing arrangements. We have further determined that the appropriate methodology for calculating the noncontrolling interest and redeemable noncontrolling interest balances that reflects the substantive profit sharing arrangements is a balance sheet approach using the hypothetical liquidation at book value ("HLBV") method. We, therefore, determine the amount of the noncontrolling interests and redeemable noncontrolling interests in the net assets of the funds at each balance sheet date using the HLBV method, which is presented on the consolidated balance sheet as noncontrolling interests in subsidiaries and redeemable noncontrolling interests in subsidiaries. Under the HLBV method, the amounts reported as noncontrolling interests and redeemable noncontrolling interests in the consolidated balance sheet represent the amounts the third-parties would hypothetically receive at each balance sheet date under the liquidation provisions of the funds, assuming the net assets of the funds were liquidated at their recorded amounts determined in accordance with GAAP and with tax laws effective at the balance sheet date and distributed to the third-parties. The third-parties' interests in the results of operations of the funds are determined as the difference in the noncontrolling interest and redeemable noncontrolling interest balances in the consolidated balance sheets between the start and end of each reporting period, after taking into account any capital transactions between the funds and the third-parties. However, the redeemable noncontrolling interest balance is at least equal to the redemption amount. The redeemable noncontrolling interest balance is presented as temporary equity in the mezzanine section of the consolidated balance sheet since these third-parties have the right to redeem their interests in the funds for cash or other assets.

Business Combinations

We account for business acquisitions under ASC 805, *Business Combinations*. The total purchase consideration for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the acquisition date. Costs that are directly attributable to the acquisition are expensed as incurred. Identifiable assets (including intangible assets), liabilities assumed (including contingent liabilities) and noncontrolling interests in an acquisition are measured initially at their fair values at the acquisition date. We recognize goodwill if the fair value of the total purchase consideration and any noncontrolling interests is in excess of the net fair value of the identifiable assets acquired and the liabilities assumed. We recognize a bargain purchase gain within other income (expense), net, on the consolidated statement of operations if the net fair value of the identifiable assets acquired and the liabilities assumed is in excess of the fair value of the total purchase consideration and any noncontrolling interests. We include the results of operations of the acquired business in the consolidated financial statements beginning on the acquisition date.

When determining such fair values, we make significant estimates and assumptions. Critical estimates include, but are not limited to, future expected cash flows from the underlying assets and discount rates. Our estimate of fair values is based on assumptions believed to be reasonable but that are inherently uncertain and unpredictable. As a result, actual results may differ from our estimates. Furthermore, our estimates might change as additional information becomes available, as more fully discussed in Note 3, *Business Combinations*, included elsewhere in this Annual Report on Form 10-K.

Results of Operations

Revenues

(Dollars in thousands)	Year Ended December 31, 2017	2016	2015	Change 2017 vs. 2016 $	Change 2017 vs. 2016 %	Change 2016 vs. 2015 $	Change 2016 vs. 2015 %
Automotive sales	$ 8,534,752	$ 5,589,007	$ 3,431,587	$ 2,945,745	53%	$ 2,157,420	63%
Automotive leasing	1,106,548	761,759	309,386	344,789	45%	452,373	146%
Total automotive revenues	9,641,300	6,350,766	3,740,973	3,290,534	52%	2,609,793	70%
Services and other	1,001,185	467,972	290,575	533,213	114%	177,397	61%
Total automotive & services and other segment revenue	10,642,485	6,818,738	4,031,548	3,823,747	56%	2,787,190	69%
Energy generation and storage segment revenue	1,116,266	181,394	14,477	934,872	515%	166,917	1153%
Total revenues	$ 11,758,751	$ 7,000,132	$ 4,046,025	$ 4,758,619	68%	$ 2,954,107	73%

Automotive & Services and Other Segment

Automotive sales revenue includes revenues related to sale of new Model S, Model X and Model 3 vehicles, including internet connectivity, Supercharger access, and specified software updates for cars equipped with autopilot hardware, as well as sales of regulatory credits to other automotive manufacturers.

Automotive leasing revenue includes the amortization of revenue for Model S and Model X vehicles sold with resale value guarantees accounted for as operating leases under lease accounting. We do not yet offer leasing for Model 3 vehicles.

Services and other revenue consists of maintenance services, sales of used vehicles and sales of electric vehicle powertrain components and systems to other manufacturers.

2017 Compared to 2016

Automotive sales revenue increased $2.95 billion, or 53%, during the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily related to a 58% increase in deliveries to 80,060 vehicles resulting from increased sales of Model S and Model X, at average selling prices that remained relatively consistent as compared to the prior period, as well as sales of 1,764 Model 3 vehicles since its launch in the third quarter of 2017. Additionally there was an increase of $58.0 million to $360.3 million in sales of regulatory credits offset partially by additional deferrals of autopilot 2.0 revenue in the year ended December 31, 2017.

Automotive leasing revenue increased $344.8 million, or 45%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. The increase was primarily due to an approximately 30% increase in the number of vehicles under leasing programs or programs with a resale value guarantee compared to the year ended December 31, 2016. In addition, during the year ended December 31, 2017, we recognized an increase of $23.4 million of automotive leasing revenue upon early payoff and expiration of resale value guarantees as compared to the year ended December 31, 2016.

Service and other revenue increased $533.2 million, or 114%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This was primarily due to an increase in used vehicle sales as a result of increased automotive sales as well as from the expansion of our trade-in program. Additionally, there was a $41.1 million increase from the inclusion of engineering service revenue from Grohmann, which we acquired on January 3, 2017, and a $68.4 million increase in maintenance services revenue as our fleet continued to grow during the year ended December 31, 2017.

2016 Compared to 2015

Automotive sales revenue increased $2.16 billion, or 63% to $5.59 billion during the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily related to a 55% increase in vehicle deliveries to approximately 50,700. The increase in volume is primarily due to a full-year of Model X deliveries in 2016, as well as increased production and sales of Model S. Further, there was an overall increase in average selling price of 6% primarily due to the introduction of Model X which are higher priced vehicles compared to Model S. In addition, there is an increase of $133.4 million to $302.3 million of the sale of regulatory credits from the year ended December 31, 2015 to the corresponding period in 2016. These increases were partially offset by negative impact from the movement of foreign currency exchange rates.

Automotive leasing revenue increased $452.4 million, or 146%, to $761.8 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was primarily due to an 83% increase in cumulative vehicle deliveries under leasing programs and programs with a resale value guarantee from the year ended December 31, 2015 to the year ended December 31, 2016. In addition, during the year ended December 31, 2016, we recognized $112.6 million in automotive leasing revenue upon the expiration of resale value guarantees.

Service and other revenue increased $177.4 million, or 61%, to $468.0 million during the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily due to an increase of $117.4 million in used vehicle sales as we received more trade-ins and an increase in maintenance service revenue of $66.6 million as our fleet continues to grow.

Energy Generation and Storage Segment

Energy generation and storage revenue includes sale of solar energy systems and energy storage products, leasing revenue from solar energy systems under operating leases and PPAs and the sale of solar energy systems incentives.

2017 Compared to 2016

Energy generation and storage revenue increased by $934.9 million, or 515%, during the year ended December 31, 2017 compared to the year ended December 31, 2016, predominantly due to the inclusion of the full-year of revenue from our solar business, which we gained by acquiring SolarCity on November 21, 2016.

2016 Compared to 2015

Energy generation and storage revenue increased $166.9 million, or 1,153%, primarily due to $84.1 million as a result of the inclusion of revenue from SolarCity from the acquisition date of November 21, 2016 through December 31, 2016, as well as an increase of $82.8 million in energy storage revenue as we ramped up our energy storage sales effort and completed several utility scale projects such as Southern California Edison Mira Loma substation.

Cost of Revenues and Gross Margin

(Dollars in thousands)	Year Ended December 31, 2017	2016	2015	Change 2017 vs. 2016 $	%	Change 2016 vs. 2015 $	%
Cost of revenues							
Automotive sales	$ 6,724,480	$ 4,268,087	$ 2,639,926	$ 2,456,393	58%	$ 1,628,161	62%
Automotive leasing	708,224	481,994	183,376	226,230	47%	298,618	163%
Total automotive cost of revenues	7,432,704	4,750,081	2,823,302	2,682,623	56%	1,926,779	68%
Services and other	1,229,022	472,462	286,933	756,560	160%	185,529	65%
Total automotive & services and other segment cost of revenue	8,661,726	5,222,543	3,110,235	3,439,183	66%	2,112,308	68%
Energy generation and storage segment	874,538	178,332	12,287	696,206	390%	166,045	1351%
Total cost of revenues	$ 9,536,264	$ 5,400,875	$ 3,122,522	$ 4,135,389	77%	$ 2,278,353	73%
Gross profit total automotive	$ 2,208,596	$ 1,600,685	$ 917,671				
Gross margin total automotive	23%	25%	25%				
Gross profit total automotive & services and other segment	$ 1,980,759	$ 1,596,195	$ 921,313				
Gross margin total automotive & services and other segment	19%	23%	23%				
Gross profit energy generation and storage segment	$ 241,728	$ 3,062	$ 2,190				
Gross margin energy generation and storage segment	22%	2%	15%				
Total gross profit	$ 2,222,487	$ 1,599,257	$ 923,503				
Total gross margin	19%	23%	23%				

Automotive & Services and Other Segment

Cost of automotive sales revenue includes direct parts, material and labor costs, manufacturing overhead, including depreciation costs of tooling and machinery, shipping and logistic costs, vehicle connectivity costs, allocations of electricity and infrastructure costs related to our Supercharger network, and reserves for estimated warranty expenses. Cost of automotive sales revenues also includes adjustments to warranty expense and charges to write down the carrying value of our inventory when it exceeds its estimated net realizable value and to provide for obsolete and on-hand inventory in excess of forecasted demand.

Cost of automotive leasing revenue includes primarily the amortization of operating lease vehicles over the lease term, as well as warranty expenses recognized as incurred.

Cost of services and other revenue includes direct parts, material and labor costs, manufacturing overhead associated with the sales of electric vehicle powertrain components and systems to other manufacturers, costs associated with providing maintenance services and costs to acquire and certify used vehicles.

2017 Compared to 2016

Cost of automotive sales revenues increased $2.46 billion, or 58%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This was primarily due to a 58% increase in vehicle deliveries resulting from increased sales of Model S and Model X, as well as the commencement of deliveries of Model 3 in the third quarter of 2017.

Cost of automotive leasing revenue increased $226.2 million, or 47%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This was primarily due to an approximately 30% increase in the number of vehicles under leasing programs or programs with a resale value guarantee compared to the year ended December 31, 2016. In addition, during the year ended December 31, 2017, we recognized an increase of $23.4 million in cost of automotive leasing revenue upon early payoff and the expiration of resale value guarantees.

Cost of services and other revenue increased $756.6 million, or 160%, during the year ended December 31, 2017 compared to the year ended December 31, 2016, primarily due to the increase in cost of used vehicle sales due to increased volume and the increase in cost to provide maintenance services as our fleet continues to grow.

Gross margin for total automotive decreased from 25% to 23% during the year ended December 31, 2017 compared to the year ended December 31, 2016. The commencement of deliveries of Model 3 in the third quarter of 2017 whereby the full operating costs and depreciation were recorded at much lower production volumes as production ramps, higher current period early payoffs and expirations of resale value guarantees, as compared to the same period in the prior year, contributed to the lower gross margin. Lower material and manufacturing costs for Model S and Model X, as we further improved our vehicle production processes and the partial recognition of autopilot 2.0 revenue in the current period partially offset the overall decrease.

Gross margin for total automotive & services and other segment decreased from 23% to 19% during the year ended December 31, 2017 compared to the year ended December 31, 2016. These decreases are driven by the factors impacting gross margin for total automotive, as explained above, as well as higher costs of maintenance service.

2016 Compared to 2015

Cost of automotive revenues increased $1.63 billion, or 62%, to $4.27 billion during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was primarily due to a 55% increase in vehicle deliveries as a result of a full-year of Model X deliveries as well as increased deliveries for Model S. In addition, the increase is due to product mix as Model X has a higher cost structure than Model S. The increase in cost of automotive revenue is partially offset by a reduction of warranty expense of $20.0 million resulting from better vehicle reliability.

Cost of automotive leasing revenue increased $298.6 million, or 163%, to $482.0 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase is primarily due to an 83% increase in cumulative vehicle deliveries under leasing programs and programs with resale value guarantees from the year ended December 31, 2015 to the year ended December 31, 2016. In addition, during the year ended December 31, 2016, we recognized $114.3 million in cost of automotive leasing revenues upon the expiration of resale value guarantees.

Cost of services and other revenue increased $185.5 million, or 65%, to $472.5 million during the year ended December 31, 2016 compared to the year ended December 31, 2015, primarily due to an increase of $120.8 million in cost of used vehicle sales due to increase in volume, and an increase of $64.9 million in cost to provide maintenance service as our fleet continues to grow.

Gross margin for total automotive remained consistent during the year ended December 31, 2016 compared to the year ended December 31, 2015.

Gross profit for total automotive & services and other segment increased from $921.3 million for the year ended December 31, 2015 to $1.60 billion for the year ended December 31, 2016. Gross margin for total automotive & services and other segment increased from 22.9% for the year ended December 31, 2015 to 23.4% for the year ended December 31, 2016. The increase was primarily due to lower material and manufacturing costs as we further improve our production processes, partially offset by a negative impact from the movement in foreign exchange and increased expenditures to build out our service centers and provide maintenance.

Energy Generation and Storage Segment

Cost of energy generation and storage revenue includes direct material and labor costs, overhead of solar energy systems and energy storage products and the depreciation expense and maintenance costs associated with leased solar energy systems.

2017 Compared to 2016

Cost of energy generation and storage revenue increased by $696.2 million, or 390%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This was primarily due to the inclusion of the full-year of costs from our solar business, which we gained by acquiring SolarCity on November 21, 2016.

Gross margin for energy generation and storage increased from 2% to 22% during the year ended December 31, 2017 compared to the year ended December 31, 2016. This was predominantly due to the inclusion of the full-year of revenue and costs from our solar business, which we gained by acquiring SolarCity.

2016 Compared to 2015

Cost of energy generation and storage revenue increased $166.0 million to $178.3 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase was due to an increase of $67.0 million as a result of the inclusion of SolarCity's financial results from the acquisition date of November 21, 2016 to December 31, 2016. The remaining increase was due to increase in the sale of energy storage products and increased expenditures to increase the capacity of energy storage products.

Research and Development Expense

	Year Ended December 31,			Change 2017 vs. 2016		Change 2016 vs. 2015	
(Dollars in thousands)	2017	2016	2015	$	%	$	%
Research and development	$ 1,378,073	$ 834,408	$ 717,900	$ 543,665	65%	$ 116,508	16%
As a percentage of revenues	12%	12%	18%				

Research and development ("R&D") expenses consist primarily of personnel costs for our teams in engineering and research, manufacturing engineering and manufacturing test organizations, prototyping expense, contract and professional services and amortized equipment expense.

R&D expenses increased $543.7 million, or 65%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was primarily due to a $274.9 million increase in employee and labor related expenses from increased headcount as a result of our acquisitions as well as headcount growth from the expansion of our automotive and energy generation and storage businesses, and a $44.3 million increase in stock-based compensation expense related to an increase in headcount and number of employee stock awards granted for new hire and refresher employee stock grants. Additionally, there were increases in facilities expenses, depreciation expenses, professional and outside service expenses and expensed materials to support the development of future products.

R&D expenses increased $116.5 million, or 16%, to $834.4 million during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase of $116.5 million was primarily due to a $78.2 million increase in employee and labor related expenses due to a 15% headcount increase as we expanded our vehicle business in the U.S. and internationally, and a $65.0 million increase in stock-based compensation expense related to an increase in headcount and number of employee stock awards granted for new hire and refresher employee stock grants. This is partially offset by a $25.9 million decrease in expensed materials related to our Model X development, which was primarily incurred in 2015. The overall increase also includes $11.0 million related to SolarCity.

Selling, General and Administrative Expense

	Year Ended December 31,			Change 2017 vs. 2016		Change 2016 vs. 2015	
(Dollars in thousands)	2017	2016	2015	$	%	$	%
Selling, general and administrative	$ 2,476,500	$ 1,432,189	$ 922,232	$ 1,044,311	73%	$ 509,957	55%
As a percentage of revenues	21%	20%	23%				

Selling, general and administrative ("SG&A") expenses consist primarily of personnel and facilities costs related to our stores, marketing, sales, executive, finance, human resources, information technology and legal organizations, as well as fees for professional and contract services and litigation settlements.

SG&A expenses increased $1.04 billion, or 73%, during the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was primarily due to a $524.0 million increase in employee and labor related expenses from increased headcount as a result of our acquisitions as well as headcount growth from the expansion of our automotive and energy generation and storage businesses, and a $64.9 million increase in stock-based compensation expense related to an increase in headcount and number of employee stock awards granted for new hire and refresher employee stock grants. Additionally, the increase was due to a $310.6 million increase in office, information technology and facilities-related expenses to support the growth of our business as well as sales and marketing activities to handle our expanding market presence and a $140.6 million increase in professional and outside service expenses to support the growth of our business.

SG&A expenses increased $510.0 million, or 55%, to $1.43 billion during the year ended December 31, 2016 compared to the year ended December 31, 2015. The increase in SG&A expenses was primarily due to a $247.2 million increase in employee and labor related expenses due to a 61% increase in headcount as we expanded our business in the U.S. and internationally, a $91.0 million increase in office, information technology and facilities-related costs to support the growth of our business as well as sales and marketing activities to handle our expanding market presence, and a $58.1 million increase in stock-based compensation expense related to increased number of employee stock awards granted for new hire and existing employees. The increase includes $74.3 million related to SolarCity.

Interest Expense

(Dollars in thousands)	Year Ended December 31, 2017	2016	2015	Change 2017 vs. 2016 $	%	Change 2016 vs. 2015 $	%
Interest expense	$ (471,259)	$ (198,810)	$ (118,851)	$ (272,449)	137%	$ (79,959)	67%
As a percentage of revenues	4%	3%	3%				

Interest expense for the year ended December 31, 2017 increased $272.4 million, or 137%, from the year ended December 31, 2016. The increase was primarily due to the inclusion of the full-year of interest expense from SolarCity of $185.5 million for the year ended December 31, 2017. In addition, our average outstanding indebtedness has increased in the year ended December 31, 2017 as compared to the prior year mainly due to the Convertible Senior Notes due in 2022 and the Senior Notes due in 2025, both of which we issued during 2017.

Interest expense for the year ended December 31, 2016 increased $80.0 million, or 67%, from the year ended December 31, 2015. The increase as compared to the year ended December 31, 2015 consisted primarily of a $33.1 million increase in interest expense on vehicles sales that we account for as collateralized borrowing, a $28.5 million increase in interest expense on build-to-suit leases and a $22.0 million increase in interest expense associated with SolarCity's indebtedness, financing obligations and capital lease obligations.

Other Income (Expense), Net

(Dollars in thousands)	Year Ended December 31, 2017	2016	2015	Change 2017 vs. 2016 $	%	Change 2016 vs. 2015 $	%
Other income (expense), net	$ (125,373)	$ 111,272	$ (41,652)	$ (236,645)	-213%	$ 152,924	-367%
As a percentage of revenues	-1%	2%	-1%				

Other income (expense), net, consists primarily of foreign exchange gains and losses related to our foreign currency-denominated assets and liabilities. We expect our foreign exchange gains and losses will vary depending upon movements in the underlying exchange rates. Additionally, other income (expense), net, includes a gain from the acquisition of SolarCity for the year ended December 31, 2016.

Other income (expense), net, decreased by $236.7 million, or 213%, during the year ended December 31, 2017 as compared to the year ended December 31, 2016. The decrease was primarily due to measurement period adjustments to the acquisition date fair value of SolarCity and fluctuations in foreign currency exchange rates.

Other income, net, increased by $152.9 million as we recognized a gain from the acquisition of SolarCity of $88.7 million and a loss on conversion of our 1.50% Convertible Senior Notes due in 2018 of $7.2 million. The remainder of the change in other income (expense), net, was primarily result of fluctuations in gains (losses) from foreign currency exchange.

Provision for Income Taxes

(Dollars in thousands)	Year Ended December 31, 2017	2016	2015	Change 2017 vs. 2016 $	%	Change 2016 vs. 2015 $	%
Provision for income taxes	$ 31,546	$ 26,698	$ 13,039	$ 4,848	18%	$ 13,659	105%
Effective tax rate	-1%	-4%	-1%				

Our provision for income taxes increased by $4.9 million, or 18%, for the year ended December 31, 2017 as compared to the year ended December 31, 2016. This increase was primarily due to the increase in vehicle deliveries in foreign tax jurisdictions, partially offset by $10.5 million of future U.S. alternative minimum tax refunds as a result of the Tax Act, which previously had an associated valuation allowance.

Our provision for income taxes for the years ended December 31, 2016 and 2015 was $26.7 million and $13.0 million, respectively. This increase was primarily due to the increase in taxable income in our international jurisdictions.

Net Income (Loss) Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

Our net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests was related to financing fund arrangements.

Liquidity and Capital Resources

As of December 31, 2017, we had $3.37 billion of cash and cash equivalents. Balances held in foreign currencies had a U.S. dollar equivalent of $521.5 million and consisted primarily of Chinese yuan, euros and Norwegian kroner. Our sources of cash are predominately from our deliveries of vehicles, sales and installations of our energy storage products and solar energy systems, proceeds from debt facilities, proceeds from financing funds and proceeds from equity offerings.

Our sources of liquidity and cash flows enable us to fund ongoing operations, research and development projects, investments in tooling and manufacturing equipment for the production ramp of Model 3, the continued construction of Gigafactory 1 and the continued expansion of our retail stores, service centers, mobile repair services and Supercharger network. We are growing our vehicle manufacturing capacity primarily to fulfill Model 3 production at 5,000 vehicles per week and, in a later phase, to 10,000 vehicles per week. Capital expenditures in 2018 are projected to be slightly more than 2017. We continually evaluate our capital expenditure needs and may raise additional capital to fund the rapid growth of our business.

We have an agreement to spend or incur $5.00 billion in combined capital, operational expenses, costs of goods sold and other costs in the State of New York during the 10-year period following full production at Gigafactory 2. We anticipate meeting these obligations through our operations at Gigafactory 2 and other operations within the State of New York, and we do not believe that we face a significant risk of default.

We expect that our current sources of liquidity together with our projection of cash flows from operating activities will provide us with adequate liquidity over at least the next 12 months. A large portion of our future expenditures is to fund our growth, and we can adjust our capital and operating expenditures by operating segment, including future expansion of our product offerings, stores, service centers, delivery centers and Supercharger network. We may need or want to raise additional funds in the future, and these funds may not be available to us when we need or want them, or at all. If we cannot raise additional funds when we need or want them, our operations and prospects could be negatively affected.

In addition, we had $2.04 billion of unused committed amounts under our credit facilities and financing funds, some of which are subject to satisfying specified conditions prior to draw-down. For details regarding our indebtedness and financing funds, refer to Note 13, *Convertible and Long-Term Debt Obligations*, and Note 18, *VIE Arrangements*, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Summary of Cash Flows

	Year Ended December 31,		
(Dollars in thousands)	2017	2016	2015
Net cash used in operating activities	$ (60,654)	$ (123,829)	$ (524,499)
Net cash used in investing activities	$ (4,418,967)	$ (1,416,430)	$ (1,673,551)
Net cash provided by financing activities	$ 4,414,864	$ 3,743,976	$ 1,523,523

Cash Flows from Operating Activities

Our cash flows from operating activities are significantly affected by our cash investments to support the growth of our business in areas such as research and development and selling, general and administrative. Our operating cash inflows include cash from vehicle sales, lease payments directly from customers, customer deposits, sales of regulatory credits and energy generation and storage products. These cash inflows are offset by our

payments to suppliers for production materials and parts used in our manufacturing process, employee compensation, operating lease payments and interest payments on our financings.

Net cash used in operating activities during the year ended December 31, 2017 decreased by $63.2 million as compared to the year ended December 31, 2016 due to the decrease in net operating assets and liabilities of $197.3 million partially offset by the decrease in net loss, excluding non-cash expenses and gains, of $134.1 million. The decrease in working capital was mainly driven by faster processing of payments for our vehicles and our focus on reducing inventory in the fourth quarter of 2017.

During the year ended December 31, 2016, cash used in operating activities was primarily a result of our net loss of $773.0 million, the increase in accounts payable and accrued liabilities of $750.6 million as our business expanded, the increase in resale value guarantees of $326.9 million and deferred revenue of $383.0 million as the number of vehicles with a resale value guarantee increased and the increase in customer deposits of $388.4 million primarily due to Model 3 reservations. These increases were partially offset by the increase in inventories and operating lease vehicles of $2.47 billion as we expanded our program for direct leases and vehicles with a resale value guarantee.

During the year ended December 31, 2015, cash used in operating activities was primarily a result of our net loss of $888.7 million and the increase in inventories and operating lease vehicles of $1.57 billion as we expanded our program for direct leases and vehicles with a resale value guarantee. These increases were partially offset by the increase in resale value guarantees of $442.3 million and deferred revenue of $322.2 million as the number vehicles with a resale value guarantee increased.

Cash Flows from Investing Activities

Cash flows from investing activities and their variability across each period related primarily to capital expenditures, which were $4.08 billion during 2017, $1.44 billion during 2016 and $1.63 billion during 2015. Capital expenditures during 2017 were from $3.41 billion of purchases of property and equipment (mainly for Model 3 production) and $666.5 million for the design, acquisition and installation of solar energy systems under operating leases with customers. We also paid $114.5 million, net of the cash acquired, for acquisitions in 2017.

In 2014, we began construction of Gigafactory 1. During 2017, we used cash of $1.45 billion towards Gigafactory 1 construction.

Cash Flows from Financing Activities

Cash flows from financing activities during the year ended December 31, 2017 consisted primarily of $966.4 million from the issuance of the Convertible Senior Notes due in 2022, $1.77 billion from the issuance of the Senior Notes due in 2025 and $400.2 million from our March 2017 public offering of common stock, net of underwriter fees. However, we paid $151.2 million for the purchase of bond hedges net of the amount we received from the sale of warrants. Furthermore, we received $511.3 million of net proceeds from collateralized lease borrowings and $527.5 million of net proceeds from fund investors.

Cash flows from financing activities during the year ended December 31, 2016 consisted primarily of $1.70 billion from our May 2016 public offering of common stock, net of underwriter fees, $995.4 million of proceeds from issuances of debt net of repayments and $769.7 million of net proceeds from collateralized lease borrowings. The net proceeds from issuances of debt consisted primarily of $834.0 million of net borrowings under our senior secured asset-based revolving credit agreement and $390.0 million of borrowings under the vehicle lease-backed loan and security agreement entered into in 2016, partially offset by settlements of $454.7 million for certain conversions of the Convertible Senior Notes due in 2018. Furthermore, we received $180.3 million of net proceeds from fund investors.

Cash flows from financing activities during the year ended December 31, 2015 consisted primarily of $730.0 million from our August 2015 public offering of common stock and $568.7 million of net proceeds from collateralized lease borrowings.

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. The following table sets forth, as of December 31, 2017, certain significant obligations that will affect our future liquidity (in thousands):

		Year Ended December 31,					
	Total	2018	2019	2020	2021	2022	Thereafter
Operating lease obligations	$ 1,317,226	$ 224,630	$ 204,335	$ 175,612	$ 156,552	$ 130,802	$ 425,295
Capital lease obligations, including interest	785,215	127,180	137,313	167,281	138,042	133,772	81,627
Purchase obligations (1)	17,525,445	2,761,819	2,279,682	3,484,953	3,433,787	3,435,956	2,129,248
Long-term debt (2)	11,797,022	2,506,499	2,173,097	413,430	1,798,676	1,582,240	3,323,080
Total	$31,424,908	$5,620,128	$4,794,427	$4,241,276	$5,527,057	$5,282,770	$5,959,250

(1) These amounts represent (i) purchase orders of $1.18 billion issued under binding and enforceable agreements with all vendors as of December 31, 2017 and (ii) $16.34 billion in other estimable purchase obligations pursuant to such agreements, primarily relating to the purchase of lithium-ion cells to be produced by Panasonic at Gigafactory 1, including any additional amounts we may have to pay vendors if we do not meet certain minimum purchase obligations. In cases where no purchase orders were outstanding under binding and enforceable agreements as of December 31, 2017, we have included estimated amounts based on our best estimates and assumptions or discussions with the relevant vendors as of such date or, where applicable, on amounts or assumptions included in such agreements for purposes of discussion or reference. In certain cases, such estimated amounts were subject to contingent events. Furthermore, these amounts do not include future payments for purchase obligations that were recorded in accounts payable or accrued liabilities as of December 31, 2017.

(2) Long-term debt includes our non-recourse indebtedness of $ 2.93 billion. Non-recourse debt refers to debt that is recourse to only specified assets of our subsidiaries.

The table above excludes unrecognized tax benefits of $191.0 million because if recognized, they would be an adjustment to our deferred tax assets.

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 were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

We transact business globally in multiple currencies. Our foreign operations 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 currency exchange rates vary, revenues and expenses may be significantly impacted, and we may record significant gains or losses on the re-measurement of our monetary assets and liabilities, including intercompany balances. As of December 31, 2017, our largest foreign currency exposures were from the euro, Canadian dollar and Norwegian krone.

We considered the historical trends in foreign currency exchange rates and determined that it is reasonably possible that adverse changes in foreign exchange rates of 10% for all currencies could be experienced in the near-term. These reasonably possible adverse changes were applied to our total monetary assets and liabilities denominated in currencies other than our functional currencies as of December 31, 2017 to compute the adverse impact these changes would have had on our income (loss) before income taxes. These changes would have resulted in an adverse impact of $116.0 million.

Interest Rate Risk

We are exposed to interest rate risk on our borrowings that bear interest at floating rates. Pursuant to our risk management policies, in certain cases, we utilize derivative instruments to manage some of this risk. We do not enter into derivative instruments for trading or speculative purposes. A hypothetical 10% change in our interest rates would have increased our interest expense for the year ended December 31, 2017 by $7.6 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The sections titled "Report of Independent Registered Public Accounting Firm", "Consolidated Balance Sheets", "Consolidated Statements of Operations", "Consolidated Statements of Equity", "Consolidated Statements of Cash Flows" and "Notes to Consolidated Financial Statements" in Part II, Item 8 of the Annual Report on Form 10-K of SolarCity Corporation (File No. 001-35758) for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission on March 1, 2017, are hereby incorporated by reference into this Annual Report on Form 10-K and are filed as Exhibit 99.1 hereto.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Tesla, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Tesla, Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations, of comprehensive loss, of redeemable noncontrolling interests and equity, and of cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, based on our audits and, with respect to the December 31, 2016 balance sheet, the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, based on our audit, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

We did not audit the pre-acquisition historical basis balance sheet of SolarCity Corporation, a wholly owned subsidiary, as of December 31, 2016, which reflects total assets and total liabilities of $9.1 billion and $6.9 billion, respectively, as of December 31, 2016. The pre-acquisition historical basis balance sheet of SolarCity Corporation was audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements expressed herein, insofar as it relates to the pre-acquisition historical basis amounts included for SolarCity Corporation as of December 31, 2016, is based solely on the report of the other auditors. We audited the adjustments necessary to convert the December 31, 2016 pre-acquisition historical basis balance sheet of SolarCity Corporation to the basis reflected in the Company's consolidated financial statements.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Jose, California
February 22, 2018

We have served as the Company's auditor since 2005.

Tesla, Inc.

Consolidated Balance Sheets
(in thousands, except per share data)

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 3,367,914	$ 3,393,216
Restricted cash	155,323	105,519
Accounts receivable, net	515,381	499,142
Inventory	2,263,537	2,067,454
Prepaid expenses and other current assets	268,365	194,465
Total current assets	6,570,520	6,259,796
Operating lease vehicles, net	4,116,604	3,134,080
Solar energy systems, leased and to be leased, net	6,347,490	5,919,880
Property, plant and equipment, net	10,027,522	5,982,957
Intangible assets, net	361,502	376,145
Goodwill	60,237	—
MyPower customer notes receivable, net of current portion	456,652	506,302
Restricted cash, net of current portion	441,722	268,165
Other assets	273,123	216,751
Total assets	$ 28,655,372	$ 22,664,076
Liabilities		
Current liabilities		
Accounts payable	$ 2,390,250	$ 1,860,341
Accrued liabilities and other	1,731,366	1,210,028
Deferred revenue	1,015,253	763,126
Resale value guarantees	787,333	179,504
Customer deposits	853,919	663,859
Current portion of long-term debt and capital leases	796,549	984,211
Current portion of solar bonds and promissory notes issued to related parties	100,000	165,936
Total current liabilities	7,674,670	5,827,005
Long-term debt and capital leases, net of current portion	9,415,700	5,860,049
Solar bonds issued to related parties, net of current portion	100	99,164
Convertible senior notes issued to related parties	2,519	10,287
Deferred revenue, net of current portion	1,177,799	851,790
Resale value guarantees, net of current portion	2,309,222	2,210,423
Other long-term liabilities	2,442,970	1,891,449
Total liabilities	23,022,980	16,750,167
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests in subsidiaries	397,734	367,039
Convertible senior notes (Note 13)	70	8,784
Equity		
Stockholders' equity		
Preferred stock; $0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; $0.001 par value; 2,000,000 shares authorized; 168,797 and 161,561 shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively	169	161
Additional paid-in capital	9,178,024	7,773,727
Accumulated other comprehensive gain (loss)	33,348	(23,740)
Accumulated deficit	(4,974,299)	(2,997,237)
Total stockholders' equity	4,237,242	4,752,911
Noncontrolling interests in subsidiaries	997,346	785,175
Total liabilities and equity	$ 28,655,372	$ 22,664,076

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2017	2016	2015
Revenues			
Automotive sales	$ 8,534,752	$ 5,589,007	$ 3,431,587
Automotive leasing	1,106,548	761,759	309,386
Total automotive revenues	9,641,300	6,350,766	3,740,973
Energy generation and storage	1,116,266	181,394	14,477
Services and other	1,001,185	467,972	290,575
Total revenues	11,758,751	7,000,132	4,046,025
Cost of revenues			
Automotive sales	6,724,480	4,268,087	2,639,926
Automotive leasing	708,224	481,994	183,376
Total automotive cost of revenues	7,432,704	4,750,081	2,823,302
Energy generation and storage	874,538	178,332	12,287
Services and other	1,229,022	472,462	286,933
Total cost of revenues	9,536,264	5,400,875	3,122,522
Gross profit	2,222,487	1,599,257	923,503
Operating expenses			
Research and development	1,378,073	834,408	717,900
Selling, general and administrative	2,476,500	1,432,189	922,232
Total operating expenses	3,854,573	2,266,597	1,640,132
Loss from operations	(1,632,086)	(667,340)	(716,629)
Interest income	19,686	8,530	1,508
Interest expense	(471,259)	(198,810)	(118,851)
Other (expense) income, net	(125,373)	111,272	(41,652)
Loss before income taxes	(2,209,032)	(746,348)	(875,624)
Provision for income taxes	31,546	26,698	13,039
Net loss	(2,240,578)	(773,046)	(888,663)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	(279,178)	(98,132)	—
Net loss attributable to common stockholders	$ (1,961,400)	$ (674,914)	$ (888,663)
Net loss per share of common stock attributable to common stockholders			
Basic	$ (11.83)	$ (4.68)	$ (6.93)
Diluted	$ (11.83)	$ (4.68)	$ (6.93)
Weighted average shares used in computing net loss per share of common stock			
Basic	165,758	144,212	128,202
Diluted	165,758	144,212	128,202

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,		
	2017	2016	2015
Net loss attributable to common stockholders	$ (1,961,400)	$ (674,914)	$ (888,663)
Unrealized gains (losses) on derivatives:			
Change in net unrealized gain	—	43,220	7,443
Less: Reclassification adjustment for net (gains) losses into net loss	(5,570)	(44,904)	22
Net unrealized (loss) gain on derivatives	(5,570)	(1,684)	7,465
Foreign currency translation adjustment	62,658	(18,500)	(10,999)
Other comprehensive income (loss)	57,088	(20,184)	(3,534)
Comprehensive loss	$ (1,904,312)	$ (695,098)	$ (892,197)

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Consolidated Statements of Redeemable Noncontrolling Interests and Equity
(in thousands, except per share data)

	Redeemable Noncontrolling Interests	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance as of December 31, 2014	$ —	125,688	$ 126	$ 2,345,266	$ (1,433,660)	$ (22)	$ 911,710	$ —	$ 911,710
Reclassification from mezzanine equity to equity for Convertible Senior Notes due in 2018	—	—	—	10,910	—	—	10,910	—	10,910
Issuance of common stock in August 2015 public offering at $242.00 per share, net of issuance costs of $11,122	—	3,099	3	738,405	—	—	738,408	—	738,408
Common stock issued, net of shares withheld for employee taxes	—	2,638	2	106,533	—	—	106,535		106,535
Stock-based compensation	—	—	—	208,338	—	—	208,338	—	208,338
Net loss	—	—	—	—	(888,663)	—	(888,663)	—	(888,663)
Other comprehensive loss	—	—	—	—	—	(3,534)	(3,534)	—	(3,534)
Balance as of December 31, 2015	—	131,425	131	3,409,452	(2,322,323)	(3,556)	1,083,704	—	1,083,704
Reclassification from mezzanine equity to equity for Convertible Senior Notes due in 2018	—	—	—	38,501	—	—	38,501	—	38,501
Exercises of conversion feature of Convertible Senior Notes due in 2018	—	—	—	(15,056)	—	—	(15,056)	—	(15,056)
Common stock issued, net of shares withheld for employee taxes	—	11,096	11	163,817	—	—	163,828	—	163,828
Issuance of common stock in May 2016 public offering at $215.00 per share, net of issuance costs of $14,595	—	7,915	8	1,687,139	—	—	1,687,147	—	1,687,147
Issuance of common stock upon acquisition of SolarCity and assumed awards	—	11,125	11	2,145,977	—	—	2,145,988	—	2,145,988
Stock-based compensation	—	—	—	347,357	—	—	347,357	—	347,357
Assumption of capped calls	—	—	—	(3,460)	—	—	(3,460)	—	(3,460)
Assumption of noncontrolling interests through acquisition	315,943	—	—	—	—	—	—	750,574	750,574
Contributions from noncontrolling interests through acquisition	100,996	—	—	—	—	—	—	100,531	100,531
Distributions to noncontrolling interests through acquisition	(7,137)	—	—	—	—	—	—	(10,561)	(10,561)
Net loss	(42,763)	—	—	—	(674,914)	—	(674,914)	(55,369)	(730,283)
Other comprehensive loss	—	—	—	—	—	(20,184)	(20,184)	—	(20,184)
Balance as of December 31, 2016	367,039	161,561	161	7,773,727	(2,997,237)	(23,740)	4,752,911	785,175	5,538,086
Adjustment of prior periods due to adoption of Accounting Standards Update No. 2016-09	—	—	—	15,662	(15,662)	—	—	—	—
Conversion feature of Convertible Senior Notes due in 2022	—	—	—	145,613	—	—	145,613	—	145,613
Purchases of bond hedges	—	—	—	(204,102)	—	—	(204,102)	—	(204,102)
Sales of warrants	—	—	—	52,883	—	—	52,883	—	52,883
Reclassification from mezzanine equity to equity for Convertible Senior Notes due in 2018	—	—	—	8,714	—	—	8,714	—	8,714
Exercises of conversion feature of Convertible Senior Notes due in 2018	—	1,408	2	230,151	—	—	230,153	—	230,153
Common stock issued, net of shares withheld for employee taxes	—	4,257	4	259,381	—	—	259,385	—	259,385
Issuance of common stock in March 2017 public offering at $262.00 per share, net of issuance costs of $2,854	—	1,536	2	399,645	—	—	399,647	—	399,647
Issuance of common stock upon acquisitions and assumed awards	—	35	0	10,528	—		10,528	—	10,528
Stock-based compensation	—	—	—	485,822	—	—	485,822	—	485,822
Contributions from noncontrolling interests	192,421	—	—	—	—	—	—	597,282	597,282
Distributions to noncontrolling interests	(100,703)	—	—	—	—	—	—	(163,626)	(163,626)
Buy-outs of noncontrolling interests	(2,921)	—	—	—	—	—	—	(409)	(409)
Net loss	(58,102)	—	—	—	(1,961,400)	—	(1,961,400)	(221,076)	(2,182,476)
Other comprehensive loss	—	—	—	—	—	57,088	57,088	—	57,088
Balance as of December 31, 2017	$ 397,734	168,797	$ 169	$ 9,178,024	$ (4,974,299)	$ 33,348	$ 4,237,242	$ 997,346	$ 5,234,588

sThe accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2017	2016	2015
Cash Flows from Operating Activities			
Net loss	$ (2,240,578)	$ (773,046)	$ (888,663)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,636,003	947,099	422,590
Stock-based compensation	466,760	334,225	197,999
Amortization of debt discounts and issuance costs	91,037	94,690	78,054
Inventory write-downs	131,665	65,520	44,940
Loss on disposals of fixed assets	105,770	34,633	37,723
Foreign currency transaction losses (gains)	52,309	(29,183)	55,765
Loss (gain) related to SolarCity acquisition	57,746	(88,727)	—
Non-cash interest and other operating activities	135,237	(15,179)	20,382
Changes in operating assets and liabilities, net of effect of business combinations:			
Accounts receivable	(24,635)	(216,565)	46,267
Inventories	(178,850)	(632,867)	(369,364)
Operating lease vehicles	(1,522,573)	(1,832,836)	(1,204,496)
Prepaid expenses and other current assets	(72,084)	56,806	(29,595)
MyPower customer notes receivable and other assets	(15,453)	(49,353)	(24,362)
Accounts payable and accrued liabilities	388,206	750,640	263,345
Deferred revenue	468,902	382,962	322,203
Customer deposits	170,027	388,361	36,721
Resale value guarantee	208,718	326,934	442,295
Other long-term liabilities	81,139	132,057	23,697
Net cash used in operating activities	(60,654)	(123,829)	(524,499)
Cash Flows from Investing Activities			
Purchases of property and equipment excluding capital leases, net of sales	(3,414,814)	(1,280,802)	(1,634,850)
Maturities of short-term marketable securities	—	16,667	—
Purchases of solar energy systems, leased and to be leased	(666,540)	(159,669)	—
Increases in restricted cash	(223,090)	(206,149)	(26,441)
Business combinations, net of cash acquired	(114,523)	213,523	(12,260)
Net cash used in investing activities	(4,418,967)	(1,416,430)	(1,673,551)
Cash Flows from Financing Activities			
Proceeds from issuances of common stock in public offerings	400,175	1,701,734	730,000
Proceeds from issuances of convertible and other debt	7,138,055	2,852,964	318,972
Repayments of convertible and other debt	(3,995,484)	(1,857,594)	—
Repayments of borrowings under Solar Bonds issued to related parties	(165,000)	—	—
Collateralized lease borrowings	511,321	769,709	568,745
Proceeds from exercises of stock options and other stock issuances	259,116	163,817	106,611
Principal payments on capital leases	(103,304)	(46,889)	(203,780)
Common stock and debt issuance costs	(63,111)	(20,042)	(17,025)
Purchases of convertible note hedges	(204,102)	—	—
Proceeds from settlements of convertible note hedges	287,213	—	—
Proceeds from issuances of warrants	52,883	—	—
Proceeds from issuance of common stock in private placement	—	—	20,000
Payments for settlements of warrants	(230,385)	—	—
Proceeds from investments by noncontrolling interests in subsidiaries	789,704	201,527	—
Distributions paid to noncontrolling interests in subsidiaries	(261,844)	(21,250)	—
Payments for buy-outs of noncontrolling interests in subsidiaries	(373)	—	—
Net cash provided by financing activities	4,414,864	3,743,976	1,523,523
Effect of exchange rate changes on cash and cash equivalents	39,455	(7,409)	(34,278)
Net (decrease) increase in cash and cash equivalents	(25,302)	2,196,308	(708,805)
Cash and cash equivalents, beginning of period	3,393,216	1,196,908	1,905,713
Cash and cash equivalents, end of period	$ 3,367,914	$ 3,393,216	$ 1,196,908
Supplemental Non-Cash Investing and Financing Activities			
Shares issued in connection with business combinations and assumed vested awards	$ 10,528	$ 2,145,977	$ —
Acquisitions of property and equipment included in liabilities	$ 914,108	$ 663,771	$ 267,334
Estimated fair value of facilities under build-to-suit leases	$ 313,483	$ 307,879	$ 174,749
Supplemental Disclosures			
Cash paid during the period for interest, net of amounts capitalized	$ 182,571	$ 38,693	$ 32,060
Cash paid during the period for taxes, net of refunds	$ 65,695	$ 16,385	$ 9,461

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Overview

Tesla, Inc. ("Tesla", the "Company", "we", "us" or "our") was incorporated in the State of Delaware on July 1, 2003. We design, develop, manufacture and sell high-performance fully electric vehicles and design, manufacture, install and sell solar energy generation and energy storage products. Our Chief Executive Officer, as the chief operating decision maker ("CODM"), organizes the Company, manages resource allocations and measures performance among two operating segments: (i) automotive and (ii) energy generation and storage.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Preparation

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and reflect our accounts and operations and those of our subsidiaries in which we have a controlling financial interest. In accordance with the provisions of Accounting Standards Codification ("ASC") 810, *Consolidation*, we consolidate any variable interest entity ("VIE") of which we are the primary beneficiary. We form VIEs with financing fund investors in the ordinary course of business in order to facilitate the funding and monetization of certain attributes associated with solar energy systems. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity; however, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling voting interests. ASC 810 requires a variable interest holder to consolidate a VIE if that party has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. We do not consolidate a VIE in which we have a majority ownership interest when we are not considered the primary beneficiary. We have determined that we are the primary beneficiary of a number of VIEs (see Note 18, *VIE Arrangements*). We evaluate our relationships with all the VIEs on an ongoing basis to ensure that we continue to be the primary beneficiary. All intercompany transactions and balances have been eliminated upon consolidation.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period presentation in the consolidated financial statements and the accompanying notes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures in the accompanying notes. Estimates are used for, but not limited to, determining the selling price of products and services in multiple element revenue arrangements and determining the amortization period of these elements, the collectability of accounts receivable, inventory valuation, fair value of long-lived assets, fair value of financial instruments, residual value of operating lease vehicles, depreciable lives of property and equipment and solar energy systems, fair value and residual value of solar energy systems subject to leases, warranty liabilities, income taxes, contingencies, the accrued liability for solar energy system performance guarantees, determining lease pass-through financing obligations, the discount rates used to determine the fair value of investment tax credits, the valuation of build-to-suit lease assets, fair value of interest rate swaps and inputs used to value stock-based compensation. In addition, estimates and assumptions are used for the accounting for business combinations, including the fair values and useful lives of acquired assets, assumed liabilities and noncontrolling interests. Management bases its estimates on historical experience and on various other assumptions believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Revenue Recognition

We recognize revenue for products and services when: (i) a persuasive evidence of an arrangement exists; (ii) delivery has occurred and there are no uncertainties regarding customer acceptance; (iii) pricing or fees are fixed or determinable and (iv) collection is reasonably assured.

Automotive Revenue

Automotive revenue includes revenues related to deliveries of new vehicles, sales of regulatory credits to other automotive manufacturers and specific other elements that meet the definition of a deliverable under multiple-element accounting guidance, including free internet connectivity, free access to our Supercharger network and future free over-the-air software updates. These other elements are valued on a stand-alone basis, and we recognize their revenue over our performance period, which is generally the eight-year life of the vehicle, except for internet connectivity, which is over the free four-year period. If we sell a deliverable separately, we use that pricing to determine its fair value; otherwise, we use our best estimated selling price by considering costs used to develop and deliver the service, third-party pricing of similar options and other information that may be available. At the time of revenue recognition, we record a reserve against revenue for estimated future product returns. Such estimates are based on historical experience and are immaterial in all periods presented. In addition, any fees that are paid or payable by us to a customer's lender, when we arrange the financing, would be recognized as an offset against automotive sales revenue, in accordance with ASC 605-50, *Customer Payments and Incentives*.

As of December 31, 2017 and 2016, we had deferred $498.9 million and $291.2 million, respectively, related to the purchase of vehicle maintenance and service plans, access to our Supercharger network, internet connectivity, autopilot and over-the-air software updates.

Automotive Leasing Revenue

Automotive leasing revenue includes revenue recognized under lease accounting guidance for our direct leasing programs as well as programs with resale value guarantees. See "Vehicle sales to customers with a resale value guarantee," "Vehicle sales to leasing partners with a resale value guarantee" and "Direct Vehicle Leasing Program" for further details.

Resale Value Guarantees and Other Financing Programs

Vehicle sales to customers with a resale value guarantee

Prior to June 30, 2016, we offered resale value guarantees or similar buy-back terms to all customers who purchased vehicles and who financed their vehicles through one of our specified commercial banking partners. Since June 30, 2016, this program is available only in certain international markets. Under this program, customers have the option of selling their vehicle back to us during the guarantee period, which currently is generally at the end of the term of the applicable loan or financing program, for a determined resale value. Although we receive full payment for the vehicle sales price at the time of delivery, we are required to account for these transactions as operating leases. The amount of sale proceeds equal to the resale value guarantee is deferred until the guarantee expires or is exercised. The remaining sale proceeds are deferred and recognized on a straight-line basis over the stated guarantee period to automotive leasing revenue. The guarantee period expires at the earlier of the end of the guarantee period or the pay-off of the initial loan. We capitalize the cost of these vehicles on the consolidated balance sheet as operating lease vehicles, net, and depreciate their value, less salvage value, to cost of automotive leasing revenue over the same period.

In cases where a customer retains ownership of a vehicle at the end of the guarantee period, the resale value guarantee liability and any remaining deferred revenue balances related to the vehicle are settled to automotive leasing revenue, and the net book value of the leased vehicle is expensed to cost of automotive leasing revenue. If a customer returns the vehicle to us during the guarantee period, we purchase the vehicle from the customer in an amount equal to the resale value guarantee and settle any remaining deferred balances to automotive leasing revenue, and we reclassify the net book value of the vehicle on the consolidated balance sheet to used vehicle inventory. As of December 31, 2017 and 2016, $375.7 million and $179.5 million, respectively, of the guarantees were exercisable by customers within the next 12 months.

Vehicle sales to leasing partners with a resale value guarantee

We also offer resale value guarantees in connection with automobile sales to certain leasing partners. As we have guaranteed the value of these vehicles and as the vehicles are leased to end-customers, we account for these transactions as interest bearing collateralized borrowings as required under ASC 840, *Leases*. Under this program, cash is received for the full price of the vehicle and is recorded within resale value guarantees for the long-term portion and deferred revenue for the current portion. We accrete the deferred revenue amount to automotive leasing revenue on a straight-line basis over the guarantee period and accrue interest expense based on our borrowing rate. We capitalize vehicles under this program to operating lease vehicles, net, on the consolidated balance sheet, and we record depreciation from these vehicles to cost of automotive leasing revenue during the period the vehicle is under a lease arrangement. Cash received for these vehicles, net of revenue recognized during the period, is classified as collateralized lease borrowings within cash flows from financing activities in the consolidated statement of cash flows.

At the end of the lease term, we settle our liability in cash by either purchasing the vehicle from the leasing partner for the resale value guarantee amount or paying a shortfall to the guarantee amount the leasing partner may realize on the sale of the vehicle. Any remaining balances within deferred revenue and resale value guarantee will be settled to automotive leasing revenue. In cases where the leasing partner retains ownership of the vehicle after the end of our guarantee period, we expense the net value of the leased vehicle to cost of automotive leasing revenue. The maximum amount we could be required to pay under this program, should we decide to repurchase all vehicles, was $742.9 million and $855.9 million as of December 31, 2017 and 2016, respectively, including $411.6 million within a 12-month period from December 31, 2017.

As of December 31, 2017 and 2016, we had $1.64 billion and $1.18 billion of such borrowings recorded in resale value guarantees and $339.5 million and $289.1 million recorded in deferred revenue liability, respectively. As of December 31, 2017 and 2016, we had a total of $26.2 million and $57.0 million, respectively, in accounts receivable from our leasing partners.

On a quarterly basis, we assess the estimated market values of vehicles under our resale value guarantee program to determine if we have sustained a loss on any of these contracts. As we accumulate more data related to the resale values of our vehicles or as market conditions change, there may be material changes to their estimated values.

Activity related to our resale value guarantee and similar programs consisted of the following (in thousands):

	Year Ended December 31,	
	2017	2016
Operating Lease Vehicles		
Operating lease vehicles—beginning of period	$ 2,462,061	$ 1,556,529
Net increase in operating lease vehicles	1,208,445	1,355,128
Depreciation expense recorded in cost of automotive leasing revenues	(377,491)	(255,167)
Additional depreciation expense recorded in cost of automotive leasing revenues as a result of early cancellation of resale value guarantee	(22,156)	(13,495)
Additional depreciation expense recorded in cost of automotive leasing revenues as a result of expiration	(138,760)	(114,264)
Increases to inventory from vehicles returned under our trade-in program and exercises of resale value guarantee	(76,675)	(66,670)
Operating lease vehicles—end of period	$ 3,055,424	$ 2,462,061
Deferred Revenue		
Deferred revenue—beginning of period	$ 916,652	$ 679,132
Net increase in deferred revenue from new vehicle deliveries and reclassification of collateralized borrowing from long-term to short-term	742,817	715,011
Amortization of deferred revenue and short-term collateralized borrowing recorded in automotive leasing revenue	(634,317)	(457,113)
Additional revenue recorded in automotive leasing revenue as a result of early cancellation of resale value guarantee	(3,451)	(5,192)
Recognition of deferred revenue resulting from return of vehicle under trade-in program, expiration, and exercises of resale value guarantee	(15,765)	(15,186)
Deferred revenue—end of period	$ 1,005,936	$ 916,652
Resale Value Guarantee		
Resale value guarantee liability—beginning of period	$ 2,389,927	$ 1,430,573
Increase in resale value guarantee	1,201,660	1,267,445
Reclassification from long-term to short-term collateralized borrowing	(257,075)	(116,078)
Additional revenue recorded in automotive leasing revenue as a result of early cancellation of resale value guarantee	(18,781)	(16,543)
Release of resale value guarantee resulting from return of vehicle under trade-in program and exercises	(80,599)	(62,919)
Release of resale value guarantee resulting from expiration of resale value guarantee	(138,577)	(112,551)
Resale value guarantee liability—end of period	$ 3,096,555	$ 2,389,927

Direct Vehicle Leasing Program

We offer a vehicle leasing program in certain locations in the North America and Europe. Qualifying customers are permitted to lease a vehicle directly from Tesla for up to 48 months. At the end of the lease term,

customers have the option of either returning the vehicle to us or purchasing it for a pre-determined residual value. We account for these leasing transactions as operating leases, and we recognize leasing revenues on a straight-line basis over the contractual term and record the depreciation of these vehicles to cost of automotive leasing revenue. As of December 31, 2017 and 2016, we had deferred $96.6 million and $67.2 million, respectively, of lease-related upfront payments which will be recognized on a straight-line basis over the contractual term of the individual leases. Lease revenues are recorded in automotive leasing revenue, and for the years ended December 31, 2017, 2016 and 2015, we recognized $220.6 million, $112.7 million and $41.2 million, respectively.

Regulatory Credits

California and certain other states have laws in place requiring vehicle manufacturers to ensure that a portion of the vehicles delivered for sale in that state during each model year are zero-emission vehicles. These laws and regulations provide that a manufacturer of zero-emission vehicles may earn regulatory credits ("ZEV credits") and may sell excess credits to other manufacturers who apply such credits to comply with these regulatory requirements. Similar regulations exist at the federal level that require compliance related to greenhouse gas ("GHG") emissions and also allow for the sale of excess credits by one manufacturer to other manufacturers. As a manufacturer solely of zero-emission vehicles, we have earned emission credits, such as ZEV and GHG credits, on our vehicles, and we expect to continue to earn these credits in the future. We enter into contractual agreements with third-parties to purchase our regulatory credits.

We recognize revenue on the sale of regulatory credits at the time legal title to the regulatory credits is transferred to the purchasing party as automotive revenue in the consolidated statement of operations. Revenue from the sale of regulatory credits totaled $360.3 million, $302.3 million and $168.7 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Additionally, we have entered into agreements with the State of Nevada and Storey County in Nevada that will provide abatements for sales, use, real property, personal property and employer excise taxes, discounts to the base tariff energy rates and transferable tax credits. These incentives are available for the applicable periods beginning on October 17, 2014 and ending on June 30, 2034, subject to capital investments by us and our partners for Gigafactory 1 of at least $3.50 billion in the aggregate on or before June 30, 2024, which were met as of December 31, 2017, and certain other conditions specified in the agreements. If we do not satisfy one or more conditions under the agreement, we would be required to repay to the respective taxing authorities the amounts of the tax incentives incurred plus interest. As of December 31, 2017 and 2016, we had earned $163.0 million and $45 million, respectively, of transferable tax credits under these agreements. We record these credits as earned when we have evidence there is a market for their sale. Credits are applied as a cost offset to either employee expense or to capital assets, depending on the source of the credits. Credits earned from employee hires or capital spending by our partners at Gigafactory 1 are recorded as a reduction to operating expenses.

Service and Other Revenue

Service and other revenue consists of repair and maintenance services, service plans, merchandise, sales of used Tesla vehicles, sales of electric vehicle powertrain components and systems to other manufacturers and sales of non-Tesla vehicle trade-ins.

Energy Generation and Storage Segment

For solar energy systems and components sales wherein customers pay the full purchase price, either directly or through the solar loan program, revenue is recognized when we install a solar energy system and the solar energy system passes inspection by the utility or the authority having jurisdiction, provided all other revenue recognition criteria have been met. In instances where there are multiple deliverables in a single arrangement, we allocate the arrangement consideration to the various elements in the arrangement based on the relative selling price method. Costs incurred on residential installations before the solar energy systems are completed are included in inventories as work-in-progress in the consolidated balance sheet. However, any fees that are paid or payable by us to a solar loan lender would be recognized as an offset against energy generation and storage revenue, in accordance with ASC 605-50, *Customer Payments and Incentives*. Revenue from an energy storage product sale is recognized when the product has been delivered, installed and accepted by the customer, provided all other revenue recognition criteria have been met.

For revenue arrangements where we are the lessor under operating lease agreements for solar energy systems, including energy storage products, we record lease revenue from minimum lease payments, including upfront rebates and incentives earned from such systems, on a straight-line basis over the life of the lease term, assuming all other revenue recognition criteria have been met. For incentives that are earned based on the amount of electricity generated by the system, we record revenue as the amounts are earned. The difference between the payments received and the revenue recognized is recorded as deferred revenue on the consolidated balance sheet.

For solar energy systems where customers purchase electricity from us under power purchase agreements, we have determined that these agreements should be accounted for, in substance, as operating leases pursuant to ASC 840. Revenue is recognized based on the amount of electricity delivered at rates specified under the contracts, assuming all other revenue recognition criteria are met.

We record as deferred revenue any amounts that are collected from customers, including lease prepayments, in excess of revenue recognized. Deferred revenue also includes the portion of rebates and incentives received from utility companies and various local and state government agencies, which are recognized as revenue over the lease term, as well as the fees charged for remote monitoring service, which is recognized as revenue ratably over the respective customer contract term. As of December 31, 2017 and 2016, deferred revenue related to such customer payments amounted to $320.0 million and $268.2 million, respectively. As of December 31, 2017 and 2016, deferred revenue from rebates and incentives was not material.

We capitalize initial direct costs from the origination of solar energy system leases or power purchase agreements (i.e. the incremental cost of contract administration, referral fees and sales commissions) as an element of solar energy systems, leased and to be leased, net, and subsequently amortize these costs over the term of the related lease or power purchase agreement.

Cost of Revenue

Automotive

Cost of automotive revenue includes direct parts, material and labor costs, manufacturing overhead (including amortized tooling costs), shipping and logistic costs, vehicle internet connectivity costs, allocations of electricity and infrastructure costs related to our Supercharger network and reserves for estimated warranty expenses. Cost of automotive revenue also includes adjustments to warranty expense and charges to write-down the carrying value of our inventory when it exceeds its estimated net realizable value and to provide for on-hand inventory that is either obsolete or in excess of forecasted demand.

Automotive Leasing

Cost of automotive leasing revenue includes primarily the amortization of operating lease vehicles over the lease term as well as warranty expenses recognized as incurred.

Service and Other

Cost of service and other revenue includes direct parts, material and labor costs, manufacturing overhead associated with sales of electric vehicle powertrain components and systems to other manufacturers, costs associated with providing maintenance and development services and costs associated with sales of used vehicles.

Energy Generation and Storage

Energy generation and storage cost of revenue includes direct and indirect material and labor costs, warehouse rent, freight, warranty expense, other overhead costs and amortization of certain acquired intangible assets. In addition, where arrangements are accounted for as operating leases, the cost of revenue is primarily comprised of depreciation of the cost of leased solar energy systems, maintenance costs associated with those systems and amortization of any initial direct costs.

Sales and Other Use Taxes

Taxes assessed by various government entities, such as sales, use and value added taxes, collected at the time of sale are excluded from automotive net sales and revenue.

Transportation Costs

Amounts billed to customers related to shipping and handling are classified as automotive revenue, and the related transportation costs are included in cost of automotive revenue.

Research and Development Costs

Research and development costs are expensed as incurred.

Marketing, Promotional and Advertising Costs

Marketing, promotional and advertising costs are expensed as incurred and are included as an element of selling, general and administrative expense in the consolidated statement of operations. We incurred marketing, promotional and advertising costs of $66.5 million, $48.0 million and $58.3 million in the years ended December 31, 2017, 2016 and 2015, respectively.

Income Taxes

Income taxes are computed using the asset and liability method, under which deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

We record liabilities related to uncertain tax positions when, despite our belief that our tax return positions are supportable, we believe that it is more likely than not that those positions may not be fully sustained upon review by tax authorities. Accrued interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of unrealized gains and losses on cash flow hedges and available-for-sale marketable securities and foreign currency translation adjustments that have been excluded from the determination of net income (loss).

Stock-Based Compensation

We recognize compensation expense for costs related to all share-based payments, including stock options, restricted stock units ("RSUs") and our employee stock purchase plan (the "ESPP"). The fair value of stock options and the ESPP is estimated on the grant or offering date using the Black-Scholes option-pricing model. The fair value of RSUs is measured on the grant date based on the closing fair market value of our common stock. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period, net of actual forfeitures in the period (prior to 2017, net of estimated projected forfeitures). Stock-based compensation associated with awards assumed from the acquisition of SolarCity Corporation ("SolarCity") is measured as of the acquisition date using the relevant assumptions and recognized on a straight-line basis over the remaining requisite service period, net of actual forfeitures in the period (prior to 2017, net of estimated projected forfeitures).

For performance-based awards, stock-based compensation expense is recognized over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestone becomes probable. For performance-based awards with a vesting schedule based entirely on the attainment of both performance and market conditions, stock-based compensation expense is recognized for each pair of performance and market conditions over the longer of the expected achievement period of the performance and market conditions, beginning at the point in time that the relevant performance condition is considered probable of achievement. The fair value of such awards is estimated on the grant date using Monte Carlo simulations (see Note 15, *Equity Incentive Plans*).

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests and redeemable noncontrolling interests represent third-party interests in the net assets under certain funding arrangements, or funds, that we enter into to finance the costs of solar energy systems

and vehicles under operating leases. We have determined that the contractual provisions of the funds represent substantive profit sharing arrangements. We have further determined that the appropriate methodology for calculating the noncontrolling interest and redeemable noncontrolling interest balances that reflects the substantive profit sharing arrangements is a balance sheet approach using the hypothetical liquidation at book value ("HLBV") method. We, therefore, determine the amount of the noncontrolling interests and redeemable noncontrolling interests in the net assets of the funds at each balance sheet date using the HLBV method, which is presented on the consolidated balance sheet as noncontrolling interests in subsidiaries and redeemable noncontrolling interests in subsidiaries. Under the HLBV method, the amounts reported as noncontrolling interests and redeemable noncontrolling interests in the consolidated balance sheet represent the amounts the third-parties would hypothetically receive at each balance sheet date under the liquidation provisions of the funds, assuming the net assets of the funds were liquidated at their recorded amounts determined in accordance with GAAP and with tax laws effective at the balance sheet date and distributed to the third-parties. The third-parties' interests in the results of operations of the funds are determined as the difference in the noncontrolling interest and redeemable noncontrolling interest balances in the consolidated balance sheets between the start and end of each reporting period, after taking into account any capital transactions between the funds and the third-parties. However, the redeemable noncontrolling interest balance is at least equal to the redemption amount. The redeemable noncontrolling interest balance is presented as temporary equity in the mezzanine section of the consolidated balance sheet since these third-parties have the right to redeem their interests in the funds for cash or other assets.

Net Income (Loss) per Share of Common Stock Attributable to Common Stockholders

Basic net income (loss) per share of common stock attributable to common stockholders is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average shares of common stock outstanding for the period. Potentially dilutive shares, which are based on the weighted-average shares of common stock underlying outstanding stock-based awards, warrants and convertible senior notes using the treasury stock method or the if-converted method, as applicable, are included when calculating diluted net income (loss) per share of common stock attributable to common stockholders when their effect is dilutive. Since we expect to settle in cash the principal outstanding under the 0.25% Convertible Senior Notes due in 2019, the 1.25% Convertible Senior Notes due in 2021 and the 2.375% Convertible Senior Notes due in 2022, we use the treasury stock method when calculating their potential dilutive effect, if any. The following table presents the potentially dilutive shares that were excluded from the computation of diluted net income (loss) per share of common stock attributable to common stockholders, because their effect was anti-dilutive:

	Year Ended December 31,		
	2017	2016	2015
Stock-based awards	10,456,363	12,091,473	15,592,736
Convertible senior notes	2,315,463	841,191	2,431,265
Warrants	579,137	262,702	1,049,791

Business Combinations

We account for business acquisitions under ASC 805, *Business Combinations*. The total purchase consideration for an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities assumed at the acquisition date. Costs that are directly attributable to the acquisition are expensed as incurred. Identifiable assets (including intangible assets), liabilities assumed (including contingent liabilities) and noncontrolling interests in an acquisition are measured initially at their fair values at the acquisition date. We recognize goodwill if the fair value of the total purchase consideration and any noncontrolling interests is in excess of the net fair value of the identifiable assets acquired and the liabilities assumed. We recognize a bargain purchase gain within other income (expense), net, on the consolidated statement of operations if the net fair value of the identifiable assets acquired and the liabilities assumed is in excess of the fair value of the total purchase consideration and any noncontrolling interests. We include the results of operations of the acquired business in the consolidated financial statements beginning on the acquisition date.

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less at the date of purchase are considered cash equivalents. Our cash equivalents are primarily comprised of money market funds.

Restricted Cash and Deposits

We maintain certain cash balances restricted as to withdrawal or use. Our restricted cash is comprised primarily of cash as collateral for our sales to lease partners with a resale value guarantee, letters of credit, real estate leases, insurance policies, credit card borrowing facilities and certain operating leases. In addition, restricted cash includes cash received from certain fund investors that have not been released for use by us and cash held to service certain payments under various secured debt facilities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable primarily include amounts related to sales of powertrain systems, sales of energy generation and storage products, receivables from financial institutions and leasing companies offering various financing products to our customers, sales of regulatory credits to other automotive manufacturers and maintenance services on vehicles owned by leasing companies. We provide an allowance against accounts receivable to the amount we reasonably believe will be collected. We write-off accounts receivable when they are deemed uncollectible.

We typically do not carry significant accounts receivable related to our vehicle and related sales as customer payments are due prior to vehicle delivery, except for amounts due from commercial financial institutions for approved financing arrangements between our customers and the financial institutions.

MyPower Customer Notes Receivable

We have customer notes receivable under the legacy MyPower loan program. MyPower was offered by SolarCity to provide residential customers with the option to finance the purchase of a solar energy system through a 30-year loan. The outstanding balances, net of any allowance for potentially uncollectible amounts, are presented on the consolidated balance sheet as a component of prepaid expenses and other current assets for the current portion and as MyPower customer notes receivable, net of current portion, for the long-term portion. In determining the allowance and credit quality for customer notes receivable, we identify significant customers with known disputes or collection issues and also consider our historical level of credit losses and current economic trends that might impact the level of future credit losses. Customer notes receivable that are individually impaired are charged-off as a write-off of the allowance for losses. Since acquisition, there have been no new significant customers with known disputes or collection issues, and the amount of potentially uncollectible amounts has been insignificant. Accordingly, we did not establish an allowance for losses against customer notes receivable. In addition, there were no material non-accrual or past due customer notes receivable as of December 31, 2017.

Concentration of Risk

Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist of cash, cash equivalents, restricted cash, accounts receivable and interest rate swaps. Our cash balances are primarily invested in money market funds or on deposit at high credit quality financial institutions in the U.S. At times, these deposits may be in excess of insured limits. As of December 31, 2017, no entity represented 10% or more of our total accounts receivable balance. As of December 31, 2016, one entity represented approximately 10% of our total accounts receivable balance. The risk of concentration for our interest rate swaps is mitigated by transacting with several highly-rated multinational banks.

Supply Risk

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

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is computed using standard cost for vehicles and energy storage products, which approximates actual cost on a first-in, first-out basis. In addition, cost

for solar energy systems are recorded using actual cost. We record inventory write-downs for excess or obsolete inventories based upon assumptions about on current and future demand forecasts. If our inventory on-hand is in excess of our future demand forecast, the excess amounts are written-off.

We also review our inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires us to determine the estimated selling price of our vehicles less the estimated cost to convert the inventory on-hand into a finished product. Once inventory is written-down, a new, lower cost basis for that inventory is established and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Should our estimates of future selling prices or production costs change, additional and potentially material increases to this reserve may be required. A small change in our estimates may result in a material charge to our reported financial results.

Operating Lease Vehicles

Vehicles delivered under our resale value guarantee program, vehicles that are leased as part of our leasing programs as well as any vehicles that are sold with a significant buy-back guarantee are classified as operating lease vehicles as the related revenue transactions are treated as operating leases. Operating lease vehicles are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the expected operating lease term. The total cost of operating lease vehicles recorded on the consolidated balance sheets as of December 31, 2017 and 2016 was $4.85 billion and $3.53 billion, respectively. Accumulated depreciation related to leased vehicles as of December 31, 2017, and 2016 was $733.3 million and $399.5 million, respectively.

Solar Energy Systems, Leased and To Be Leased

We are the lessor of solar energy systems under leases that qualify as operating leases. Our leases are accounted for in accordance with ASC 840. To determine lease classification, we evaluate the lease terms to determine whether there is a transfer of ownership or bargain purchase option at the end of the lease, whether the lease term is greater than 75% of the useful life or whether the present value of the minimum lease payments exceed 90% of the fair value at lease inception. We utilize periodic appraisals to estimate useful lives and fair values at lease inception and residual values at lease termination. Solar energy systems are stated at cost less accumulated depreciation.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Solar energy systems leased to customers	30 to 35 years
Initial direct costs related to customer solar energy system lease acquisition costs	Lease term (up to 25 years)

Solar energy systems held for lease to customers are installed systems pending interconnection with the respective utility companies and will be depreciated as solar energy systems leased to customers when they have been interconnected and placed in-service. Solar energy systems under construction represents systems that are under installation, which will be depreciated as solar energy systems leased to customers when they are completed, interconnected and leased to customers. Initial direct costs related to customer solar energy system lease acquisition costs are capitalized and amortized over the term of the related customer lease agreements.

Property, Plant and Equipment

Property, plant and equipment, including leasehold improvements, are recognized at cost less accumulated depreciation and amortization. Depreciation is generally computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Machinery, equipment, vehicles and office furniture	2 to 12 years
Building and building improvements	15 to 30 years
Computer equipment and software	3 to 10 years

Depreciation for tooling is computed using the units-of-production method whereby capitalized costs are amortized over the total estimated productive life of the respective assets. As of December 31, 2017, the estimated productive life for Model S and X tooling was 250,000 vehicles based on our current estimates of production. As of December 31, 2017, the estimated productive life for Model 3 tooling was 1,000,000 vehicles based on our current estimates of production.

Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the terms of the related leases.

Upon the retirement or sale of our property, plant and equipment, the cost and associated accumulated depreciation are removed from the consolidated balance sheet, and the resulting gain or loss is reflected on the consolidated statement of operations. Maintenance and repair expenditures are expensed as incurred while major improvements that increase the functionality, output or expected life of an asset are capitalized and depreciated ratably over the identified useful life.

Interest expense on outstanding debt is capitalized during the period of significant capital asset construction. Capitalized interest on construction-in-progress is included within property, plant and equipment and is amortized over the life of the related assets.

Furthermore, we are deemed to be the owner, for accounting purposes, during the construction phase of certain long-lived assets under build-to-suit lease arrangements because of our involvement with the construction, our exposure to any potential cost overruns or our other commitments under the arrangements. In these cases, we recognize build-to-suit lease assets under construction and corresponding build-to-suit lease liabilities on the consolidated balance sheet, in accordance with ASC 840. Once construction is completed, if a lease meets certain "sale-leaseback" criteria, we remove the asset and liability and account for the lease as an operating lease. Otherwise, the lease is accounted for as a capital lease.

Long-Lived Assets Including Acquired Intangible Assets

We review our property, plant and equipment, long-term prepayments and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. We measure recoverability by comparing the carrying amount to the future undiscounted cash flows that the asset is expected to generate. If the asset is not recoverable, its carrying amount would be adjusted-down to its fair value. We have recognized no material impairments of our long-lived assets in any of the periods presented.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives, which range from two to thirty years.

Capitalization of Software Costs

For costs incurred in development of internal use software, we capitalize costs incurred during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life of three to ten years. We evaluate the useful lives of these assets on an annual basis, and we test for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Foreign Currency

We determine the functional and reporting currency of each of our international subsidiaries and their operating divisions based on the primary currency in which they operate. In cases where the functional currency is not the U.S. dollar, we recognize a cumulative translation adjustment created by the different rates we apply to accumulated deficits, including current period income or loss, and the balance sheet. For each subsidiary, we apply the monthly average functional currency rate to its income or loss and the month-end functional currency rate to translate the balance sheet.

Beginning on January 1, 2015, the functional currency of each of our foreign subsidiaries was changed to their local country's currency. This change was based on the culmination of facts and circumstances that had developed as we expanded our foreign operations. The adjustment of $10.0 million attributable to the translation of non-monetary assets and liabilities as of the date of change is included in accumulated other comprehensive loss on the consolidated balance sheet.

Foreign currency transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. Transaction gains and losses are recognized in other income (expense), net, on the consolidated statement of operations. For the years ended December 31, 2017, 2016 and 2015, we recorded foreign currency transaction gains (losses) of $52.3 million, $26.1 million and ($45.6) million, respectively.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or 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 given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or power purchase agreements, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheet. Warranty expense is recorded as a component of cost of revenues. Accrued warranty activity consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Accrued warranty—beginning of period	$ 266,655	$ 180,754	$ 129,043
Assumed warranty liability from acquisition	4,737	31,366	—
Warranty costs incurred	(122,510)	(79,147)	(52,760)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	4,342	(20,084)	1,470
Provision for warranty	248,566	153,766	103,001
Accrued warranty—end of period	$ 401,790	$ 266,655	$ 180,754

For the years ended December 31, 2017 and 2016, warranty costs incurred for vehicles accounted for as operating leases or collateralized debt arrangements were $35.5 million and $19.0 million, respectively.

Solar Energy Systems Performance Guarantees

We guarantee certain specified minimum solar energy production output for certain solar energy systems leased or sold to customers, generally for a term of up to 30 years. We monitor the solar energy systems to ensure that these outputs are being achieved. We evaluate if any amounts are due to our customers and make any payments periodically as specified in the customer agreements. As of December 31, 2017 and 2016, we had recognized a

liability of $6.3 million and $6.6 million, respectively, within accrued liabilities and other on the consolidated balance sheets, related to these guarantees based on our assessment of the exposure.

Solar Renewable Energy Credits

We account for solar renewable energy credits ("SRECs") when they are purchased by us or sold to third-parties. For SRECs generated by solar energy systems owned by us and minted by government agencies, we do not recognize any specifically identifiable costs for those SRECs as there are no specific incremental costs incurred to generate the SRECs. For SRECs purchased by us, we record these SRECs at their cost, subject to impairment testing. We recognize revenue from the sale of an SREC when the SREC is transferred to the buyer, and the cost of the SREC, if any, is then recorded to cost of revenue.

Deferred Investment Tax Credit Revenue

We have solar energy systems that are eligible for investment tax credits ("ITCs") that accrue to eligible property under the Internal Revenue Code ("IRC"). Under Section 50(d)(5) of the IRC and the related regulations, a lessor of qualifying property may elect to treat the lessee as the owner of such property for the purposes of claiming the ITCs associated with such property. These regulations enable the ITCs to be separated from the ownership of the property and allow the transfer of the ITCs. Under our lease pass-through fund arrangements, we can make a tax election to pass-through the ITCs to the investors, who are the legal lessee of the property. Therefore, we are able to monetize these ITCs to the investors who can utilize them in return for cash payments. We consider the monetization of ITCs to constitute one of the key elements of realizing the value associated with solar energy systems. Consequently, we consider the proceeds from the monetization of ITCs to be a component of revenue generated from solar energy systems.

In accordance with the relevant FASB guidance, we recognize revenue from the monetization of ITCs when (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the sales price is fixed or determinable and (4) collection of the related receivable is reasonably assured. An ITC is subject to recapture under the IRC if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed-in-service date; the recapture amount decreases on each anniversary of the placed-in-service date. Since we have an obligation to ensure that the solar energy system is in-service and operational for a term of five years in order to avoid any recapture of the ITC, we recognize revenue as the recapture amount decreases, assuming the other revenue recognition criteria above have been met. As a result, the monetized ITC is initially recorded as deferred revenue on the consolidated balance sheets, and subsequently, one-fifth of the monetized ITC is recognized as energy generation and storage revenue on the consolidated statement of operations on each anniversary of the solar energy system's placed-in-service date over five years.

We indemnify the investors for any recapture of ITCs due to our non-compliance. We have concluded that the likelihood of a recapture event is remote, and consequently, we have not recognized a liability for this indemnification on the consolidated balance sheets.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, to replace the existing revenue recognition criteria for contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, *Deferral of the Effective Date*, to defer the effective date of ASU No. 2014-09 to interim and annual periods beginning after December 15, 2017. Subsequently, the FASB issued ASU No. 2016-08, *Principal versus Agent Considerations*, ASU No. 2016-10, *Identifying Performance Obligations and Licensing*, ASU No. 2016-11, *Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting*, ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients*, and ASU No. 2016-20, *Technical Corrections and Improvements*, to clarify and amend the guidance in ASU No. 2014-09. We will adopt the ASUs on January 1, 2018 on a modified retrospective basis through a cumulative adjustment to accumulated deficit. The adoption of the ASUs will accelerate the revenue recognition of certain vehicle sales to customers or leasing partners with a resale value guarantee, which will therefore qualify to be accounted for as sales with a right of return as opposed to the current accounting as operating leases or collateralized lease borrowings. Our interpretation is subject to change as a result of future changes in market conditions, incentives or program offerings. Upon adoption of the ASUs, we currently estimate a decrease to our beginning accumulated deficit in the range of

$520.0 million to $570.0 million before income tax effects (which are still being assessed), including the impact of adjusting deferred revenue for ITC balances, as of January 1, 2018. We are continuing to assess the impact of adopting the ASUs on the consolidated financial statements, and we are continuing to adjust our accounting policies, operational and financial reporting processes, systems and related internal controls accordingly.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, to require lessees to recognize all leases, with certain exceptions, on the balance sheet, while recognition on the statement of operations will remain similar to current lease accounting. The ASU also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. The ASU is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. We currently expect to adopt the ASU on January 1, 2019. We will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available. We intend to elect the available practical expedients upon adoption. Upon adoption, we expect the consolidated balance sheet to include a right of use asset and liability related to substantially all of our lease arrangements. We are continuing to assess the impact of adopting the ASU on our financial position, results of operations and related disclosures and have not yet concluded whether the effect on the consolidated financial statements will be material.

In March 2016, the FASB issued ASU No. 2016-06, *Contingent Put and Call Options in Debt Instruments*, to clarify when a contingent put or call option to accelerate the repayment of debt is an embedded derivative. The ASU is effective for interim and annual periods beginning after December 15, 2016. Adoption of the ASU is modified retrospective. We adopted the ASU on January 1, 2017, but the ASU did not have an impact on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, to simplify the accounting for the income tax effects from share-based compensation, the accounting for forfeitures and the accounting for statutory income tax withholding, among others. In particular, the ASU requires all income tax effects from share-based compensation to be recognized in the consolidated statement of operations when the awards vest or are settled, the ASU permits accounting for forfeitures as they occur, and the ASU permits a higher level of statutory income tax withholding without triggering liability accounting. Adoption of the ASU is modified retrospective, retrospective and prospective, depending on the specific provision being adopted. We adopted the ASU on January 1, 2017, which increased our beginning accumulated deficit and additional paid-in capital by $15.7 million. Furthermore, our gross U.S. deferred tax assets increased by $909.1 million, which was fully offset by a corresponding increase to our valuation allowance, upon adoption. In addition, beginning on January 1, 2017, we account for forfeitures as they occur.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, to reduce the diversity in practice with respect to the classification of certain cash receipts and cash payments on the statement of cash flows. The ASU is effective for interim and annual periods beginning after December 15, 2017. Adoption of the ASU is retrospective. We will adopt the ASU on January 1, 2018, which will impact the classifications within the consolidated statement of cash flows.

In October 2016, the FASB issued ASU No. 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, to require the recognition of the income tax effects from an intra-entity transfer of an asset other than inventory. The ASU is effective for interim and annual periods beginning after December 15, 2017. Adoption of the ASU is modified retrospective. We early adopted the ASU on January 1, 2017. Our adoption did not have a material impact on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*, which requires entities to present the aggregate changes in cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, the statement of cash flows will be required to present restricted cash and restricted cash equivalents as a part of the beginning and ending balances of cash and cash equivalents. The ASU is effective for interim and annual periods beginning after December 15, 2017. Adoption of the ASU is retrospective. We will adopt the ASU on January 1, 2018, which will result in restricted cash being combined with unrestricted cash reconciling beginning and ending balances.

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business*, to clarify the definition of a business with the objective of assisting entities with evaluating whether transactions should be

accounted for as acquisitions (or disposals) of assets or businesses. The ASU is effective for interim and annual periods beginning after December 15, 2017. Adoption of the ASU is prospective. We will adopt the ASU on January 1, 2018, which we anticipate will result in more transactions being accounted for as asset acquisitions rather than business acquisitions.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, to simplify the test for goodwill impairment by removing Step 2. An entity will, therefore, perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform a qualitative assessment to determine if the quantitative impairment test is necessary. The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Adoption of the ASU is prospective. We have not yet selected an adoption date, and the ASU currently has an undetermined impact on the consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Scope of Modification Accounting*, to provide guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The ASU is effective for interim and annual periods beginning after December 15, 2017. Adoption of the ASU is prospective. We will adopt the ASU on January 1, 2018, which will have no impact on the consolidated financial statements upon adoption.

In August 2017, the FASB issued ASU No. 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, to simplify the application of current hedge accounting guidance. The ASU expands and refines hedge accounting for both non-financial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. The ASU is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. Adoption of the ASU is generally modified retrospective. We are currently obtaining an understanding of the ASU and plan to adopt the ASU on January 1, 2019.

Note 3 – Business Combinations

Grohmann Acquisition

On January 3, 2017, we completed our acquisition of Grohmann Engineering GmbH (now Tesla Grohmann Automation GmbH or "Grohmann"), which specializes in the design, development and sale of automated manufacturing systems, for $109.5 million in cash. We acquired Grohmann to improve the speed and efficiency of our manufacturing processes.

At the time of acquisition, we entered into an incentive compensation arrangement for up to a maximum of $25.8 million of payments contingent upon continued service with us for 36 months after the acquisition date. Such payments would have been accounted for as compensation expense in the periods earned. However, during the three months ended March 31, 2017, we terminated the incentive compensation arrangement and accelerated the payments thereunder. As a result, we recorded the entire $25.8 million as compensation expense in the three months ended March 31, 2017, which was included within selling, general and administrative expense in the consolidated statements of operations.

Fair Value of Assets Acquired and Liabilities Assumed

Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materiality impact our results of operations. Significant inputs used included the amount of cash flows, the expected period of the cash flows and the discount rates. During the fourth quarter of 2017, we finalized our estimate of the acquisition date fair values of the assets acquired and the liabilities assumed. Prior to finalization, there were no changes to the fair values of the assets acquired and the liabilities assumed.

The allocation of the purchase consideration was based on management's estimate of the acquisition date fair values of the assets acquired and the liabilities assumed, as follows (in thousands):

Assets acquired:	
Cash and cash equivalents	$ 334
Accounts receivable	42,947
Inventory	10,031
Property, plant and equipment	44,030
Intangible assets	21,723
Prepaid expenses and other assets, current and non-current	1,998
Total assets acquired	121,063
Liabilities assumed:	
Accounts payable	(19,975)
Accrued liabilities	(12,403)
Debt and capital leases, current and non-current	(9,220)
Other long-term liabilities	(10,049)
Total liabilities assumed	(51,647)
Net assets acquired	69,416
Goodwill	40,065
Total purchase price	$ 109,481

Goodwill represented the excess of the purchase price over the fair value of the net assets acquired and was primarily attributable to the expected synergies from potential monetization opportunities and from integrating Grohmann's technology into our automotive business as well as the acquired talent. Goodwill is not deductible for U.S. income tax purposes and is not amortized. Rather, we assess goodwill for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that it might be impaired, by comparing its carrying value to the reporting unit's fair value.

Identifiable Intangible Assets Acquired

The determination of the fair values of the identified intangible assets and their respective useful lives as of the acquisition date was as follows (in thousands, except for useful lives):

	Fair Value	Useful Life (in years)
Developed technology	$ 12,528	10
Software	3,341	3
Customer relations	3,236	6
Trade name	1,775	7
Other	843	2
Total intangible assets	$ 21,723	

Grohmann's results of operations since the acquisition date have been included within the automotive segment in the consolidated statements of operations. Standalone and pro forma results of operations have not been presented because they were not material to the consolidated financial statements.

SolarCity Acquisition

On November 21, 2016 (the "Acquisition Date"), we completed our acquisition of SolarCity. Pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), each issued and outstanding share of SolarCity common stock was converted into 0.110 (the "Exchange Ratio") shares of our common stock. In addition, SolarCity's stock option awards and restricted stock unit awards were assumed by us and converted into corresponding equity awards in respect of our common stock based on the Exchange Ratio, with the awards retaining the same vesting and other terms and conditions as in effect immediately prior to the acquisition.

Fair Value of Purchase Consideration

The Acquisition Date fair value of the purchase consideration was as follows (in thousands, except for share and per share amounts):

Total fair value of Tesla common stock issued (11,124,497 shares issued at $185.04 per share)	$	2,058,477
Fair value of replacement Tesla stock options and restricted stock units for vested SolarCity awards		87,500
Total purchase price	$	2,145,977

Furthermore, the assumed unvested SolarCity awards of $95.9 million are recognized as stock-based compensation expense over the remaining requisite service period. Per ASC 805, the replacement of stock options or other share-based payment awards in conjunction with a business combination represents a modification of share-based payment awards that must be accounted for in accordance with ASC 718, *Stock Compensation*. As a result of our issuance of replacement awards, a portion of the fair-value-based measure of the replacement awards is included in the purchase consideration. To determine the portion of the replacement awards that is part of the purchase consideration, we measured the fair value of both the replacement awards and the historical awards as of the Acquisition Date. The fair value of the replacement awards, whether vested or unvested, was included in the purchase consideration to the extent that pre-acquisition services were rendered.

Transaction costs of $21.7 million were expensed as incurred to selling, general and administrative expense on the consolidated statements of operations.

Fair Value of Assets Acquired and Liabilities Assumed

Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives and the expected future cash flows and related discount rates, can materiality impact our results of operations. Specifically, we utilized a discounted cash flow model to value the acquired solar energy systems, leased and to be leased, as well as the noncontrolling interests in subsidiaries. Significant inputs used included the amount of cash flows, the expected period of the cash flows and the discount rates.

The allocation of the purchase consideration was based on management's estimate of the Acquisition Date fair values of the assets acquired and the liabilities assumed, as follows (in thousands):

Assets acquired:		
Cash and cash equivalents	$	213,523
Accounts receivable		74,619
Inventory		191,878
Solar energy systems, leased and to be leased		5,781,496
Property, plant and equipment		1,056,312
MyPower customer notes receivable, net of current portion		498,141
Restricted cash		129,196
Intangible assets		356,510
Prepaid expenses and other assets, current and non-current		199,864
Total assets acquired		8,501,539
Liabilities assumed:		
Accounts payable		(230,078)
Accrued liabilities		(284,765)
Debt and capital leases, current and non-current		(3,403,840)
Financing obligations		(121,290)
Deferred revenue, current and non-current		(271,128)
Other liabilities		(950,423)
Total liabilities assumed		(5,261,524)
Net assets acquired		3,240,015
Noncontrolling interests redeemable and non-redeemable		(1,066,517)
Capped call options associated with 2014 convertible notes		3,460
Total net assets acquired		2,176,958
Gain on acquisition		(30,981)
Total purchase price	$	2,145,977

Gain on Acquisition

Since the fair value of the net assets acquired was greater than the purchase price, we recognized a gain on acquisition of $88.7 million in the fourth quarter of 2016, which was recorded within other income (expense), net, on the consolidated statements of operations.

During the fourth quarter of 2017, we finalized our estimate of the Acquisition Date fair values of the assets acquired and the liabilities assumed. Prior to finalization, during the year ended December 31, 2017, we recorded an $11.6 million measurement period adjustment to MyPower customer notes receivable, net of current portion, and a $46.2 million measurement period adjustment to accrued liabilities. The measurement period adjustments were recorded as losses to other income (expense), net, in the consolidated statement of operations and reduced the gain on acquisition initially recognized in the fourth quarter of 2016.

Identifiable Intangible Assets Acquired

The determination of the fair values of the identified intangible assets and their respective useful lives as of the Acquisition Date was as follows (in thousands, except for useful lives):

		Fair Value	Useful Life (in years)
Developed technology	$	113,361	7
Trade name		43,500	3
Favorable contracts and leases, net		112,817	15
IPR&D		86,832	Not applicable
Total intangible assets	$	356,510	

Unaudited Pro Forma Financial Information

The consolidated financial statements for the year ended December 31, 2016 include SolarCity's results of operations from the Acquisition Date through December 31, 2016. Net revenues and operating loss attributable to SolarCity during this period and included in the consolidated statement of operations were $84.1 million and $68.2 million, respectively.

The following unaudited pro forma financial information gives effect to our acquisition of SolarCity as if the acquisition had occurred on January 1, 2015 (in thousands, except per share data):

	Year Ended December 31	
	2016	2015
Revenue	$ 7,536,876	$ 4,354,324
Net loss attributable to common stockholders	$ (702,868)	$ (1,017,223)
Net loss per share of common stock, basic and diluted	$ (4.56)	$ (7.30)
Weighted-average shares used in computing net loss per share of common stock, basic and diluted	154,090	139,327

The unaudited pro forma financial information includes adjustments for the depreciation of solar energy systems, leased and to be leased, the intangible assets acquired, the effect of the acquisition on deferred revenue and noncontrolling interests and the transaction costs related to the acquisition. The unaudited pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations of future periods. The unaudited pro forma financial information does not give effect to the potential impact of current financial conditions, regulatory matters, synergies, operating efficiencies or cost savings that might be associated with the acquisition. Consequently, actual results could differ from the unaudited pro forma financial information presented.

Note 4 – Goodwill and Intangible Assets

Goodwill increased to $60.2 million as of December 31, 2017 due to our acquisitions and the impact of foreign currency translation adjustments.

Information regarding our acquired intangible assets was as follows (in thousands):

	December 31, 2017				December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Other	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:							
Developed technology	$ 125,889	$ (19,317)	$ 1,847	$ 108,419	$ 113,361	$ (1,740)	$ 111,621
Trade name	45,275	(10,924)	261	34,612	43,500	(967)	42,533
Favorable contracts and leases, net	112,817	(8,639)	—	104,178	112,817	(864)	111,953
Other	34,099	(7,775)	1,137	27,461	26,679	(3,473)	23,206
Total finite-lived intangible assets	318,080	(46,655)	3,245	274,670	296,357	(7,044)	289,313
Indefinite-lived intangible assets:							
IPR&D	86,832	—	—	86,832	86,832	—	86,832
Total indefinite-lived intangible assets	86,832	—	—	86,832	86,832	—	86,832
Total intangible assets	$ 404,912	$ (46,655)	$ 3,245	$ 361,502	$ 383,189	$ (7,044)	$ 376,145

The in-process research and development ("IPR&D"), which we acquired from SolarCity, is accounted for as an indefinite-lived asset until the completion or abandonment of the associated research and development efforts. If the research and development efforts are successfully completed and commercial feasibility is reached, the IPR&D would be amortized over its then estimated useful life. If the research and development efforts are not completed or are abandoned, the IPR&D might be impaired. The fair value of the IPR&D was estimated using the replacement cost method under the cost approach, based on the historical acquisition costs and expenses of the technology adjusted for estimated developer's profit, opportunity cost and obsolescence factor. We expect to complete the research and development efforts in the first half of 2018, but there can be no assurance that the commercial feasibility will be achieved. The nature of the research and development efforts consists principally of planning, designing and testing the technology for viability in manufacturing solar cells and modules. If commercial feasibility is not achieved, we would likely look to other alternative technologies.

Total future amortization expense for intangible assets was estimated as follows (in thousands):

	December 31, 2017
2018	$ 46,897
2019	44,706
2020	27,284
2021	27,284
2022	27,282
Thereafter	101,217
Total	$ 274,670

Note 5 – Fair Value of Financial Instruments

ASC 820*, Fair Value Measurements*, states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The three-tiered fair value hierarchy, which prioritizes which inputs should be used in measuring fair value, is comprised of: (Level I) observable inputs such as quoted prices in active markets; (Level II) inputs other than quoted prices in active markets that are observable either directly or indirectly and (Level III) unobservable inputs for which there is little or no market data. The fair value hierarchy requires the use of observable market data when available in determining fair value. Our assets and liabilities that were measured at fair value on a recurring basis were as follows (in thousands):

	December 31, 2017				December 31, 2016			
	Fair Value	Level I	Level II	Level III	Fair Value	Level I	Level II	Level III
Money market funds	$ 2,163,459	$ 2,163,459	$ —	$ —	$ 2,226,322	$ 2,226,322	$ —	$ —
Interest rate swaps, net	59	—	59	—	1,490	—	1,490	—
Total	$ 2,163,518	$ 2,163,459	$ 59	$ —	$ 2,227,812	$ 2,226,322	$ 1,490	$ —

All of our cash equivalents were classified within Level I of the fair value hierarchy because they were valued using quoted prices in active markets. Our interest rate swaps were classified within Level II of the fair value hierarchy because they were valued using alternative pricing sources or models that utilized market observable inputs, including current and forward interest rates. During the years ended December 31, 2017 and 2016, there were no transfers between the levels of the fair value hierarchy.

Cash Flow Hedges

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 that we used were foreign currency forward contracts, which were designated as cash flow hedges with maturity dates of 12 months or less. We did not enter into any derivative contracts for trading or speculative purposes.

We documented each hedging relationship and assessed its initial effectiveness on each inception date. We measured its subsequent effectiveness on a quarterly basis using regression analysis. During the term of each effective hedge contract, we recorded gains and losses to accumulated other comprehensive income (loss). We reclassified these gains and losses to cost of automotive sales revenue when the related finished goods inventory was sold or to cost of automotive leasing revenue over the depreciation period when the related finished goods inventory was leased. All of our hedge contracts were effective, and we recorded no amounts related to hedge ineffectiveness during the years ended December 31, 2017, 2016 and 2015.

No hedge contracts were outstanding as of December 31, 2016 or thereafter. The net gain of $5.6 million in accumulated other comprehensive income (loss) as of December 31, 2016 was fully reclassified to the consolidated statement of operations during the year ended December 31, 2017. During the year ended December 31, 2016, we reclassified $44.9 million of net gains from accumulated other comprehensive income (loss) to the consolidated statement of operations. No amounts were reclassified from accumulated other comprehensive income (loss) to the consolidated statement of operations during the year ended December 31, 2015.

Interest Rate Swaps

We enter into fixed-for-floating interest rate swap agreements to swap variable interest payments on certain debt for fixed interest payments, as required by certain of our lenders. We do not designate our interest rate swaps as hedging instruments. Accordingly, our interest rate swaps are recorded at fair value on the consolidated balance sheets within other assets or other long-term liabilities, with any changes in their fair values recognized as other income (expense), net, in the consolidated statements of operations and with any cash flows recognized as investing activities in the consolidated statements of cash flows. As of December 31, 2016, the aggregate notional amount of our interest rate swaps, their gross asset at fair value and their gross liability at fair value were $789.6 million, $10.6 million and $12.1 million, respectively. During the year ended December 31, 2016, we recognized $7.0 million of gains related to our interest rate swaps. Our interest rate swaps outstanding were as follows as of December 31, 2017 (in thousands):

	Aggregate Notional Amount	Gross Asset at Fair Value	Gross Liability at Fair Value	Gross Gains	Gross Losses
Interest rate swaps	$ 496,544	$ 5,304	$ 5,245	$ 7,192	$ 13,082

Disclosure of Fair Values

Our financial instruments that are not re-measured at fair value include accounts receivable, MyPower customer notes receivable, rebates receivable, accounts payable, accrued liabilities, customer deposits, convertible senior notes, the 5.30% Senior Notes due in 2025, the participation interest, solar asset-backed notes, solar loan-backed notes, Solar Bonds and long-term debt. The carrying values of these financial instruments other than the convertible senior notes, the 5.30% Senior Notes due in 2025, the participation interest, the solar asset-backed notes and the solar loan-backed notes approximate their fair values.

We estimate the fair value of the convertible senior notes and the 5.30% Senior Notes due in 2025 using commonly accepted valuation methodologies and market-based risk measurements that are indirectly observable, such as credit risk (Level II). In addition, we estimate the fair value of the participation interest, the solar asset-backed notes and the solar loan-backed notes based on rates currently offered for instruments with similar maturities and terms (Level III). The following table presents the estimated fair values and the carrying values (in thousands):

	December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Convertible senior notes	$ 3,722,673	$ 4,488,651	$ 2,957,288	$ 3,205,641
Senior notes	$ 1,775,550	$ 1,732,500	$ —	$ —
Participation interest	$ 17,545	$ 17,042	$ 16,713	$ 15,025
Solar asset-backed notes	$ 880,415	$ 898,145	$ 442,764	$ 428,551
Solar loan-backed notes	$ 236,844	$ 248,149	$ 137,024	$ 132,129

Note 6 – Inventory

Our inventory consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Raw materials	$ 821,396	$ 680,339
Work in process	243,181	233,746
Finished goods	1,013,909	1,016,731
Service parts	185,051	136,638
Total	$ 2,263,537	$ 2,067,454

Finished goods inventory included vehicles in transit to fulfill customer orders, new vehicles available for immediate sale at our retail and service center locations, used Tesla vehicles and energy storage products.

For solar energy systems, leased and to be leased, we commence transferring component parts from inventory to construction in progress, a component of solar energy systems, leased and to be leased, once a lease contract with a customer has been executed and installation has been initiated. Additional costs incurred on the leased systems, including labor and overhead, are recorded within construction in progress.

We write-down inventory for any excess or obsolete inventories or when we believe that the net realizable value of inventories is less than the carrying value. During the years ended December 31, 2017, 2016 and 2015, we recorded write-downs of $124.1 million, $52.8 million and $44.9 million, respectively, in cost of revenues.

Note 7 – Solar Energy Systems, Leased and To Be Leased, Net

Solar energy systems, leased and to be leased, net, consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Solar energy systems leased to customers	$ 6,009,977	$ 5,052,976
Initial direct costs related to customer solar energy system lease acquisition costs	74,709	12,774
	6,084,686	5,065,750
Less: accumulated depreciation and amortization	(220,110)	(20,157)
	5,864,576	5,045,593
Solar energy systems under construction	243,847	460,913
Solar energy systems to be leased to customers	239,067	413,374
Solar energy systems, leased and to be leased – net (1)	$ 6,347,490	$ 5,919,880

(1) Included in solar energy systems, leased and to be leased, as of December 31, 2017 and December 31, 2016 was $36.0 million and $36.0 million, respectively, related to capital leased assets with an accumulated depreciation and amortization of $1.9 million and $0.2 million, respectively.

Note 8 – Property, Plant and Equipment

Our property, plant and equipment, net, consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Machinery, equipment, vehicles and office furniture	$ 4,251,711	$ 2,154,367
Tooling	1,255,952	794,793
Leasehold improvements	789,751	505,295
Land and buildings	2,517,247	1,079,452
Computer equipment, hardware and software	395,067	275,655
Construction in progress	2,541,588	2,147,332
Other	—	23,548
	11,751,316	6,980,442
Less: Accumulated depreciation and amortization	(1,723,794)	(997,485)
Total	$ 10,027,522	$ 5,982,957

Construction in progress is primarily comprised of tooling and equipment related to the manufacturing of our vehicles and a portion of Gigafactory 1 construction. In addition, construction in progress also included certain build-to-suit lease costs incurred at our Buffalo manufacturing facility, referred to as Gigafactory 2. Completed assets are transferred to their respective asset classes, and depreciation begins when an asset is ready for its intended use. Interest on outstanding debt is capitalized during periods of significant capital asset construction and amortized over the useful lives of the related assets. During the years ended December 31, 2017 and 2016, we capitalized $124.9 million and $46.7 million, respectively, of interest.

As of December 31, 2017 and December 31, 2016, the table above included $1.63 billion and $1.32 billion, respectively, of build-to-suit lease assets. As of December 31, 2017 and December 31, 2016, the corresponding financing liabilities of $14.9 million and $3.8 million, respectively, were recorded in accrued liabilities and $1.67 billion and $1.32 billion, respectively, were recorded in other long-term liabilities.

Depreciation and amortization expense during the years ended December 31, 2017, 2016 and 2015 was $769.3 million, $477.3 million and $278.7 million, respectively. Gross property and equipment under capital leases as of December 31, 2017 and December 31, 2016 was $688.3 million and $112.6 million, respectively. Accumulated depreciation on property and equipment under capital leases as of these dates was $100.6 million and $40.2 million, respectively.

We had cumulatively capitalized costs of $3.15 billion and $1.04 billion, respectively, for Gigafactory 1 as of December 31, 2017 and December 31, 2016.

Note 9 – Non-cancellable Operating Lease Payments Receivable

As of December 31, 2017, future minimum lease payments to be received from customers under non-cancellable operating leases for each of the next five years and thereafter were as follows (in thousands):

2018	$ 387,343
2019	328,490
2020	242,683
2021	177,123
2022	176,752
Thereafter	2,492,490
Total	$ 3,804,881

The above table does not include vehicle sales to customers or leasing partners with a resale value guarantee as the cash payments were received upfront. In addition, we assumed through our acquisition of SolarCity and will continue to enter into power purchase agreements with our customers that are accounted for as leases. These customers are charged solely based on actual power produced by the installed solar energy system at a predefined rate per kilowatt-hour of power produced. The future payments from such arrangements are not included in the above table as they are a function of the power generated by the related solar energy systems in the future. Furthermore, the above table does not include performance-based incentives receivable from various utility companies. The amount of contingent rentals recognized as revenue for the years presented were not material.

Note 10 - Accrued Liabilities and Other

As of December 31, 2017 and 2016, accrued liabilities and other current liabilities consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Accrued purchases	$ 753,408	$ 585,019
Payroll and related costs	378,284	218,792
Taxes payable	185,807	152,897
Financing obligation, current portion	67,313	52,031
Accrued warranty	125,502	116,797
Other current liabilities	221,052	84,492
Total	$ 1,731,366	$ 1,210,028

Taxes payable included value added tax, sales tax, property tax, use tax and income tax payables.

Accrued purchases reflected primarily liabilities related to the construction of Gigafactory 1, along with engineering design and testing accruals. As these services are invoiced, this balance will reduce and accounts payable will increase.

Note 11 – Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Accrued warranty reserve, net of current portion	$ 276,289	$ 149,858
Build-to-suit lease liability, net of current portion	1,665,768	1,323,293
Deferred rent expense	46,820	36,966
Financing obligation, net of current portion	67,929	84,360
Liability for receipts from an investor	29,713	76,828
Other noncurrent liabilities	356,451	220,144
Total long-term liabilities	$ 2,442,970	$ 1,891,449

The liability for receipts from an investor represents the amounts received from the investor under a lease pass-through fund arrangement for the monetization of ITCs for solar energy systems not yet placed in service.

Note 12 – Customer Deposits

Customer deposits primarily consisted of cash payments from customers at the time they place an order or reservation for a vehicle or an energy product and any additional payments up to the point of delivery or the completion of installation, including the fair values of any customer trade-in vehicles that are applicable toward a new vehicle purchase. Customer deposit amounts and timing vary depending on the vehicle model, the energy product and the country of delivery. Customer deposits are fully refundable; in the case of a vehicle, up to the point the vehicle is placed into the production cycle, and in the case of an energy generation or storage product, prior to the entry into a purchase agreement or in certain cases for a limited time thereafter (in accordance with applicable

laws). Customer deposits are included in current liabilities until refunded or until they are applied towards the customer's purchase balance. As of December 31, 2017 and December 31, 2016, we held $853.9 million and $663.9 million, respectively, in customer deposits.

Note 13 – Convertible and Long-Term Debt Obligations

The following is a summary of our debt as of December 31, 2017 (in thousands):

	Unpaid Principal Balance	Net Carrying Value		Unused Committed Amount	Contractual Interest Rates	Maturity Date
		Current	Long-Term			
Recourse debt:						
1.50% Convertible Senior Notes due in 2018 ("2018 Notes")	$ 5,512	$ 5,442	$ —	$ —	1.50%	June 2018
0.25% Convertible Senior Notes due in 2019 ("2019 Notes")	920,000	—	869,092	—	0.25%	March 2019
1.25% Convertible Senior Notes due in 2021 ("2021 Notes")	1,380,000	—	1,186,131	—	1.25%	March 2021
2.375% Convertible Senior Notes due in 2022 ("2022 Notes")	977,500	—	841,973	—	2.375%	March 2022
5.30% Senior Notes due in 2025 ("2025 Notes")	1,800,000	—	1,775,550	—	5.30%	August 2025
Credit Agreement	1,109,000	—	1,109,000	729,929	1% plus LIBOR	June 2020
Vehicle and other Loans	16,205	15,944	261	—	1.8%-7.6%	January 2018-September 2019
2.75% Convertible Senior Notes due in 2018	230,000	222,171	—	—	2.75%	November 2018
1.625% Convertible Senior Notes due in 2019	566,000	—	511,389	—	1.625%	November 2019
Zero-Coupon Convertible Senior Notes due in 2020	103,000	—	86,475	—	0.0%	December 2020
Related Party Promissory Notes due in February 2018	100,000	100,000	—	—	6.5%	February 2018
Solar Bonds	32,016	7,008	24,940	—	2.6%-5.8%	March 2018-January 2031
Total recourse debt	7,239,233	350,565	6,404,811	729,929		
Non-recourse debt:						
Warehouse Agreements	673,811	195,382	477,867	426,189	3.1%	September 2019
Canada Credit Facility	86,708	31,106	55,603	—	3.6%-5.1%	November 2021
Term Loan due in December 2018	157,095	156,884	—	19,534	4.8%	December 2018
Term Loan due in January 2021	176,290	5,885	169,352	—	4.9%	January 2021
Revolving Aggregation Credit Facility	161,796	—	158,733	438,204	4.1%-4.5%	December 2019
Solar Renewable Energy Credit Loan Facility	38,575	15,858	22,774	—	7.3%	July 2021
Cash equity debt	482,133	12,334	454,421	—	5.3%-5.8%	July 2033-January 2035
Solar asset-backed notes	907,241	23,829	856,586	—	4.0%-7.7%	November 2038-February 2048
Solar loan-backed notes	244,498	8,006	228,838	—	4.8%-7.5%	September 2048-September 2049
Total non-recourse debt	2,928,147	449,284	2,424,174	883,927		
Total debt	$ 10,167,380	$ 799,849	$ 8,828,985	$ 1,613,856		

The following is a summary of our debt as of December 31, 2016 (in thousands):

	Unpaid Principal Balance	Net Carrying Value		Unused Committed Amount	Contractual Interest Rates	Maturity Date
		Current	Long-Term			
Recourse debt:						
2018 Notes	$ 205,013	$ 196,229	$ —	$ —	1.50%	June 2018
2019 Notes	920,000	—	827,620	—	0.25%	March 2019
2021 Notes	1,380,000	—	1,132,029	—	1.25%	March 2021
Credit Agreement	969,000	—	969,000	181,000	1% plus LIBOR	June 2020
Secured Revolving Credit Facility	364,000	366,247	—	24,305	4.0%-6.0%	January 2017-December 2017
Vehicle and other Loans	23,771	17,235	6,536	—	2.9%-7.6%	March 2017-June 2019
2.75% Convertible Senior Notes due in 2018	230,000	—	212,223	—	2.75%	November 2018
1.625% Convertible Senior Notes due in 2019	566,000	—	483,820	—	1.625%	November 2019
Zero-Coupon Convertible Senior Notes due in 2020	113,000	—	89,418	—	0.0%	December 2020
Solar Bonds	332,060	181,582	148,948	#	1.1%-6.5%	January 2017-January 2031
Total recourse debt	5,102,844	761,293	3,869,594	205,305		
Non-recourse debt:						
2016 Warehouse Agreement	390,000	73,708	316,292	210,000	Various	September 2018
Canada Credit Facility	67,342	18,489	48,853	—	3.6%-4.5%	December 2020
Term Loan due in December 2017	75,467	75,715	—	52,173	4.2%	December 2017
Term Loan due in January 2021	183,388	5,860	176,169	—	4.5%	January 2021
MyPower Revolving Credit Facility	133,762	133,827	—	56,238	4.1%-6.6%	January 2017
Revolving Aggregation Credit Facility	424,757	—	427,944	335,243	4.0%-4.8%	December 2018
Solar Renewable Energy Credit Term Loan	38,124	12,491	26,262	—	6.6%-9.9%	April 2017-July 2021
Cash equity debt	496,654	13,642	466,741	—	5.3%-5.8%	July 2033-January 2035
Solar asset-backed notes	458,836	16,113	426,651	—	4.0%-7.5%	November 2038-September 2046
Solar loan-backed notes	140,586	3,514	133,510	—	4.8%-6.9%	September 2048
Total non-recourse debt	2,408,916	353,359	2,022,422	653,654		
Total debt	$ 7,511,760	$ 1,114,652	$ 5,892,016	$ 858,959		

Out of the $350.0 million authorized to be issued, $17.9 million remained available to be issued.

Recourse debt refers to debt that is recourse to our general assets. Non-recourse debt refers to debt that is recourse to only specified assets of our subsidiaries. The differences between the unpaid principal balances and the net carrying values are due to convertible senior note conversion features, debt discounts or deferred financing costs. As of December 31, 2017, we were in compliance with all financial debt covenants, which include minimum liquidity and expense-coverage balances and ratios.

2018 Notes, Bond Hedges and Warrant Transactions

In May 2013, we issued $660.0 million in aggregate principal amount of 1.50% Convertible Senior Notes due in June 2018 in a public offering. The net proceeds from the issuance, after deducting transaction costs, were $648.0 million.

Each $1,000 of principal of the 2018 Notes is initially convertible into 8.0306 shares of our common stock, which is equivalent to an initial conversion price of $124.52 per share, subject to adjustment upon the occurrence of specified events. Holders of the 2018 Notes may convert, at their option, on or after March 1, 2018. Further, holders of the 2018 Notes may convert, at their option, prior to March 1, 2018 only under the following circumstances: (1) during any quarter beginning after September 30, 2013, if the closing price of our common stock for at least 20 trading days (whether or not consecutive) during the last 30 consecutive trading days immediately preceding the quarter is greater than or equal to 130% of the conversion price; (2) during the five-business day period following any five-consecutive trading day period in which the trading price of the 2018 Notes is less than 98% of the product of the closing price of our common stock for each day during such five-consecutive trading day period or (3) if we make specified distributions to holders of our common stock or if specified corporate transactions occur. Upon conversion, we would pay cash for the principal amount and, if applicable, deliver shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) based on a daily conversion value. If a fundamental change occurs prior to the maturity date, holders of the 2018 Notes may require

us to repurchase all or a portion of their 2018 Notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date, we would increase the conversion rate for a holder who elects to convert its 2018 Notes in connection with such an event in certain circumstances. As of December 31, 2017, at least one of the conditions permitting the holders of the 2018 Notes to early convert had been met. Therefore, the 2018 Notes were classified as current.

In accordance with GAAP relating to embedded conversion features, we initially valued and bifurcated the conversion feature associated with the 2018 Notes. We recorded to stockholders' equity $82.8 million for the conversion feature. The resulting debt discount is being amortized to interest expense at an effective interest rate of 4.29%.

In connection with the offering of the 2018 Notes, we entered into convertible note hedge transactions whereby we have the option to purchase initially (subject to adjustment for certain specified events) 5.3 million shares of our common stock at a price of $124.52 per share. The cost of the convertible note hedge transactions was $177.5 million. In addition, we sold warrants whereby the holders of the warrants have the option to purchase initially (subject to adjustment for certain specified events) 5.3 million shares of our common stock at a price of $184.48 per share. We received $120.3 million in cash proceeds from the sale of these warrants. Taken together, the purchase of the convertible note hedges and the sale of the warrants are intended to reduce potential dilution from the conversion of the 2018 Notes and to effectively increase the overall conversion price from $124.52 to $184.48 per share. As these transactions meet certain accounting criteria, the convertible note hedges and warrants are recorded in stockholders' equity and are not accounted for as derivatives. The net cost incurred in connection with the convertible note hedge and warrant transactions was recorded as a reduction to additional paid-in capital on the consolidated balance sheet.

In the second quarter of 2017, $144.8 million in aggregate principal amount of the 2018 Notes were exchanged for 1,163,442 shares of our common stock (see Note 14, *Common Stock*). As a result, we recognized a loss on debt extinguishment of $1.1 million.

In the third quarter of 2017, $42.7 million in aggregate principal amount of the 2018 Notes were exchanged or converted for 250,198 shares of our common stock (see Note 14, *Common Stock*) and $32.7 million in cash. As a result, we recognized a loss on debt extinguishment of $0.3 million.

In the fourth quarter of 2017, $12.0 million in aggregate principal amount of the 2018 Notes were exchanged or converted for 96,634 shares of our common stock (see Note 14, *Common Stock*). As a result, we recognized a loss on debt extinguishment of $0.1 million.

2019 Notes, 2021 Notes, Bond Hedges and Warrant Transactions

In March 2014, we issued $800.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due in March 2019 and $1.20 billion in aggregate principal amount of 1.25% Convertible Senior Notes due in March 2021 in a public offering. In April 2014, we issued an additional $120.0 million in aggregate principal amount of the 2019 Notes and $180.0 million in aggregate principal amount of the 2021 Notes, pursuant to the exercise in full of the overallotment options by the underwriters. The total net proceeds from the issuances, after deducting transaction costs, were $905.8 million for the 2019 Notes and $1.36 billion for the 2021 Notes.

Each $1,000 of principal of these notes is initially convertible into 2.7788 shares of our common stock, which is equivalent to an initial conversion price of $359.87 per share, subject to adjustment upon the occurrence of specified events. Holders of these notes may elect to convert on or after December 1, 2018 for the 2019 Notes and December 1, 2020 for the 2021 Notes. The settlement of such an election to convert the 2019 Notes would be in cash and/or shares of our common stock, with the split at our discretion, on the maturity date. The settlement of such an election to convert the 2021 Notes would be in cash for the principal amount and, if applicable, shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock), on the maturity date. Further, holders of these notes may convert, at their option, prior to the respective dates above only under the following circumstances: (1) during a quarter in which the closing price of our common stock for at least 20 trading days (whether or not consecutive) during the last 30 consecutive trading days immediately preceding the quarter is greater than or equal to 130% of the conversion price; (2) during the five-business day period following any five-consecutive trading day period in which the trading price of these notes is less than 98% of the product of the closing price of our common stock for each day during such five-consecutive trading day period or

(3) if we make specified distributions to holders of our common stock or if specified corporate transactions occur. Upon such a conversion of the 2019 Notes, we would pay or deliver (as applicable) cash, shares of our common stock or a combination thereof, at our election. Upon such a conversion of the 2021 Notes, we would pay cash for the principal amount and, if applicable, deliver shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) based on a daily conversion value. If a fundamental change occurs prior to the applicable maturity date, holders of these notes may require us to repurchase all or a portion of their notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the applicable maturity date, we would increase the conversion rate for a holder who elects to convert their notes in connection with such an event in certain circumstances. As of December 31, 2017, none of the conditions permitting the holders of these notes to early convert had been met. Therefore, these notes were classified as long-term.

In accordance with GAAP relating to embedded conversion features, we initially valued and bifurcated the conversion features associated with these notes. We recorded to stockholders' equity $188.1 million for the 2019 Notes' conversion feature and $369.4 million for the 2021 Notes' conversion feature. The resulting debt discounts are being amortized to interest expense at an effective interest rate of 4.89% and 5.96%, respectively.

In connection with the offering of these notes in March 2014, we entered into convertible note hedge transactions whereby we have the option to purchase initially (subject to adjustment for certain specified events) a total of 5.6 million shares of our common stock at a price of $359.87 per share. The total cost of the convertible note hedge transactions was $524.7 million. In addition, we sold warrants whereby the holders of the warrants have the option to purchase initially (subject to adjustment for certain specified events) 2.2 million shares of our common stock at a price of $512.66 per share for the 2019 Notes and 3.3 million shares of our common stock at a price of $560.64 per share for 2021 Notes. We received $338.4 million in total cash proceeds from the sales of these warrants. Similarly, in connection with the issuance of the additional notes in April 2014, we entered into convertible note hedge transactions and paid a total of $78.7 million. In addition, we sold warrants to purchase initially (subject to adjustment for certain specified events) 0.3 million shares of our common stock at a price of $512.66 per share for the 2019 Notes and 0.5 million shares of our common stock at a price of $560.64 per share for the 2021 Notes. We received $50.8 million in total cash proceeds from the sales of these warrants. Taken together, the purchases of the convertible note hedges and the sales of the warrants are intended to reduce potential dilution and/or cash payments from the conversion of these notes and to effectively increase the overall conversion price from $359.87 to $512.66 per share for the 2019 Notes and from $359.87 to $560.64 per share for the 2021 Notes. As these transactions meet certain accounting criteria, the convertible note hedges and warrants are recorded in stockholders' equity and are not accounted for as derivatives. The net cost incurred in connection with the convertible note hedge and warrant transactions was recorded as a reduction to additional paid-in capital on the consolidated balance sheet.

2022 Notes, Bond Hedges and Warrant Transactions

In March 2017, we issued $977.5 million in aggregate principal amount of 2.375% Convertible Senior Notes due in March 2022 in a public offering. The net proceeds from the issuance, after deducting transaction costs, were $965.9 million.

Each $1,000 of principal of the 2022 Notes is initially convertible into 3.0534 shares of our common stock, which is equivalent to an initial conversion price of $327.50 per share, subject to adjustment upon the occurrence of specified events. Holders of the 2022 Notes may convert, at their option, on or after December 15, 2021. Further, holders of the 2022 Notes may convert, at their option, prior to December 15, 2021 only under the following circumstances: (1) during any quarter beginning after June 30, 2017, if the closing price of our common stock for at least 20 trading days (whether or not consecutive) during the last 30 consecutive trading days immediately preceding the quarter is greater than or equal to 130% of the conversion price; (2) during the five-business day period following any five-consecutive trading day period in which the trading price of the 2022 Notes is less than 98% of the product of the closing price of our common stock for each day during such five-consecutive trading day period or (3) if we make specified distributions to holders of our common stock or if specified corporate transactions occur. Upon a conversion, we would pay cash for the principal amount and, if applicable, deliver shares of our common stock (subject to our right to deliver cash in lieu of all or a portion of such shares of our common stock) based on a daily conversion value. If a fundamental change occurs prior to the maturity date, holders of the 2022 Notes may require us to repurchase all or a portion of their 2022 Notes for cash at a repurchase price equal to 100% of the

principal amount plus any accrued and unpaid interest. In addition, if specific corporate events occur prior to the maturity date, we would increase the conversion rate for a holder who elects to convert its 2022 Notes in connection with such an event in certain circumstances. As of December 31, 2017, none of the conditions permitting the holders of the 2022 Notes to early convert had been met. Therefore, the 2022 Notes are classified as long-term.

In accordance with GAAP relating to embedded conversion features, we initially valued and bifurcated the conversion feature associated with the 2022 Notes. We recorded to stockholders' equity $145.6 million for the conversion feature. The resulting debt discount is being amortized to interest expense at an effective interest rate of 6.00%.

In connection with the offering of the 2022 Notes, we entered into convertible note hedge transactions whereby we have the option to purchase initially (subject to adjustment for certain specified events) 3.0 million shares of our common stock at a price of $327.50 per share. The cost of the convertible note hedge transactions was $204.1 million. In addition, we sold warrants whereby the holders of the warrants have the option to purchase initially (subject to adjustment for certain specified events) 3.0 million shares of our common stock at a price of $655.00 per share. We received $52.9 million in cash proceeds from the sale of these warrants. Taken together, the purchase of the convertible note hedges and the sale of the warrants are intended to reduce potential dilution from the conversion of the 2022 Notes and to effectively increase the overall conversion price from $327.50 to $655.00 per share. As these transactions meet certain accounting criteria, the convertible note hedges and warrants are recorded in stockholders' equity and are not accounted for as derivatives. The net cost incurred in connection with the convertible note hedge and warrant transactions was recorded as a reduction to additional paid-in capital on the consolidated balance sheet.

2025 Notes

In August 2017, we issued $1.80 billion in aggregate principal amount of unsecured 5.30% Senior Notes due in August 2025 pursuant to Rule 144A and Regulation S under the Securities Act. The net proceeds from the issuance, after deducting transaction costs, were $1.77 billion.

Credit Agreement

In June 2015, we entered into a senior asset-based revolving credit agreement (the "Credit Agreement") with a syndicate of banks. Borrowed funds bear interest, at our option, at an annual rate of (a) 1% plus LIBOR or (b) the highest of (i) the federal funds rate plus 0.50%, (ii) the lenders' "prime rate" or (iii) 1% plus LIBOR. The fee for undrawn amounts is 0.25% per annum. The Credit Agreement is secured by certain of our accounts receivable, inventory and equipment. Availability under the Credit Agreement is based on the value of such assets, as reduced by certain reserves. During 2017, the committed amount under the Credit Agreement was upsized three times.

Secured Revolving Credit Facility

SolarCity entered into a revolving credit agreement with a syndicate of banks (the "Secured Revolving Credit Facility") to fund working capital, letters of credit and general corporate needs. Borrowed funds bore interest, at our option, at an annual rate of (a) 3.25% plus LIBOR or (b) 2.25% plus the highest of (i) the federal funds rate plus 0.50%, (ii) Bank of America's published "prime rate" or (iii) LIBOR plus 1.00%. The fee for undrawn commitments was 0.375% per annum. The Secured Revolving Credit Facility was secured by certain of SolarCity's accounts receivable, inventory, machinery, equipment and other assets. In August 2017, the Secured Revolving Credit Facility was terminated, and the aggregate outstanding principal amount of $324.0 million was fully repaid.

Vehicle and Other Loans

We have entered into various vehicle and other loan agreements with various financial institutions. The vehicle loans are secured by the vehicles financed.

2.75% Convertible Senior Notes due in 2018

In October 2013, SolarCity issued $230.0 million in aggregate principal amount of 2.75% Convertible Senior Notes due on November 1, 2018 in a public offering.

Each $1,000 of principal of the convertible senior notes is now convertible into 1.7838 shares of our common stock, which is equivalent to a conversion price of $560.64 per share (subject to adjustment upon the occurrence of specified events related to dividends, tender offers or exchange offers). Holders of the convertible senior notes may convert, at their option, at any time up to and including the second trading day prior to the maturity date. If certain events that would constitute a make-whole fundamental change (such as significant changes in ownership, corporate structure or tradability of our common stock) occur prior to the maturity date, we would increase the conversion rate for a holder who elects to convert its convertible senior notes in connection with such an event in certain circumstances. The maximum conversion rate is capped at 2.3635 shares for each $1,000 of principal of the convertible senior notes, which is equivalent to a minimum conversion price of $423.10 per share. The convertible senior notes do not have a cash conversion option. The convertible senior note holders may require us to repurchase their convertible senior notes for cash only under certain defined fundamental changes.

1.625% Convertible Senior Notes due in 2019

In September 2014, SolarCity issued $500.0 million and in October 2014, SolarCity issued an additional $66.0 million in aggregate principal amount of 1.625% Convertible Senior Notes due on November 1, 2019 in a private placement.

Each $1,000 of principal of the convertible senior notes is now convertible into 1.3169 shares of our common stock, which is equivalent to a conversion price of $759.36 per share (subject to adjustment upon the occurrence of specified events related to dividends, tender offers or exchange offers). The maximum conversion rate is capped at 1.7449 shares for each $1,000 of principal of the convertible senior notes, which is equivalent to a minimum conversion price of $573.10 per share. The convertible senior notes do not have a cash conversion option. The convertible senior note holders may require us to repurchase their convertible senior notes for cash only under certain defined fundamental changes.

In connection with the issuance of the convertible senior notes in September and October 2014, SolarCity entered into capped call option agreements to reduce the potential dilution upon the conversion of the convertible senior notes. Specifically, upon the exercise of the capped call options, we would now receive shares of our common stock equal to 745,377 shares multiplied by (a) (i) the lower of $1,146.18 or the then market price of our common stock less (ii) $759.36 and divided by (b) the then market price of our common stock. The results of this formula are that we would receive more shares as the market price of our common stock exceeds $759.36 and approaches $1,146.18, but we would receive less shares as the market price of our common stock exceeds $1,146.18. Consequently, if the convertible senior notes are converted, then the number of shares to be issued by us would be effectively partially offset by the shares received by us under the capped call options. We can also elect to receive the equivalent value of cash in lieu of shares. The capped call options expire on various dates ranging from September 4, 2019 to October 29, 2019, and the formula above would be adjusted in the event of a merger; a tender offer; nationalization; insolvency; delisting of our common stock; changes in law; failure to deliver; insolvency filing; stock splits, combinations, dividends, repurchases or similar events or an announcement of certain of the preceding actions. Although intended to reduce the net number of shares issued after a conversion of the convertible senior notes, the capped call options were separately negotiated transactions, are not a part of the terms of the convertible senior notes, do not affect the rights of the convertible senior note holders and take effect regardless of whether the convertible senior notes are actually converted. The capped call options meet the criteria for equity classification because they are indexed to our common stock and we always control whether settlement will be in shares or cash.

Zero-Coupon Convertible Senior Notes due in 2020

In December 2015, SolarCity issued $113.0 million in aggregate principal amount of Zero-Coupon Convertible Senior Notes due on December 1, 2020 in a private placement. $13.0 million of the convertible senior notes were issued to related parties and are separately presented on the consolidated balance sheets (see Note 21, *Related Party Transactions*).

Each $1,000 of principal of the convertible senior notes is now convertible into 3.3333 shares of our common stock, which is equivalent to a conversion price of $300.00 per share (subject to adjustment upon the occurrence of specified events related to dividends, tender offers or exchange offers). The maximum conversion rate is capped at 4.2308 shares for each $1,000 of principal of the convertible senior notes, which is equivalent to a minimum

conversion price of $236.36 per share. The convertible senior notes do not have a cash conversion option. The convertible senior note holders may require us to repurchase their convertible senior notes for cash only under certain defined fundamental changes. On or after June 30, 2017, the convertible senior notes are redeemable by us in the event that the closing price of our common stock exceeds 200% of the conversion price for 45 consecutive trading days ending within three trading days of such redemption notice at a redemption price equal to 100% of the principal amount plus any accrued and unpaid interest.

On April 26, 2017, our CEO converted all of his Zero-Coupon Convertible Senior Notes due in 2020, which had an aggregate principal amount of $10.0 million (see Note 14, *Common Stock*). As a result, we recognized a loss on debt extinguishment of $2.2 million.

Related Party Promissory Notes due in February 2018

On April 11, 2017, our CEO, SolarCity's former CEO and SolarCity's former Chief Technology Officer exchanged their $100.0 million (collectively) in aggregate principal amount of 6.50% Solar Bonds due in February 2018 for promissory notes in the same amounts and with substantially the same terms.

Solar Bonds

Solar Bonds are senior unsecured obligations that are structurally subordinate to the indebtedness and other liabilities of our subsidiaries. Solar Bonds were issued under multiple series with various terms and interest rates. In April 2017, we extinguished certain series of Solar Bonds by prepaying $20.9 million of principal and interest. See Note 21, *Related Party Transactions*, for Solar Bonds issued to related parties.

Warehouse Agreements

On August 31, 2016, our subsidiaries entered into the a loan and security agreement (the "2016 Warehouse Agreement") for borrowings secured by the future cash flows arising from certain leases and the associated leased vehicles. On August 17, 2017, the 2016 Warehouse Agreement was amended to modify the interest rates and extend the availability period and the maturity date, and our subsidiaries entered into another loan and security agreement with substantially the same terms as and that shares the same committed amount with the 2016 Warehouse Agreement. We refer to these agreements together as the "Warehouse Agreements." Amounts drawn under the Warehouse Agreements generally bear interest at (i) LIBOR plus a fixed margin or (ii) the commercial paper rate. The Warehouse Agreements are non-recourse to our other assets.

Pursuant to the Warehouse Agreements, an undivided beneficial interest in the future cash flows arising from certain leases and the related leased vehicles has been sold for legal purposes but continues to be reported in the consolidated financial statements. The interest in the future cash flows arising from these leases and the related vehicles is not available to pay the claims of our creditors other than pursuant to obligations to the lenders under the Warehouse Agreements. We retain the right to receive the excess cash flows not needed to pay obligations under the Warehouse Agreements.

Canada Credit Facility

In December 2016, one of our subsidiaries entered into a credit agreement (the "Canada Credit Facility") with a bank for borrowings secured by our interests in certain vehicle leases, and in December 2017, the Canada Credit Facility was amended to add our interests in additional vehicle leases as collateral, allowing us to draw additional funds. Amounts drawn under the Canada Credit Facility bear interest at fixed rates. The Canada Credit Facility is non-recourse to our other assets.

Term Loan due in December 2018

On March 31, 2016, a subsidiary of SolarCity entered into an agreement for a term loan. The term loan bears interest at an annual rate of the lender's cost of funds plus 3.25%. The fee for undrawn commitments is 0.85% per annum. On March 31, 2017, the agreement was amended to upsize the committed amount, extend the availability period and extend the maturity date. The term loan is secured by substantially all of the assets of the subsidiary and is non-recourse to our other assets.

Term Loan due in January 2021

In January 2016, a subsidiary of SolarCity entered into an agreement with a syndicate of banks for a term loan. The term loan bears interest at an annual rate of three-month LIBOR plus 3.50%. The term loan is secured by substantially all of the assets of the subsidiary, including its interests in certain financing funds, and is non-recourse to our other assets.

MyPower Revolving Credit Facility

On January 9, 2015, a subsidiary of SolarCity entered into a revolving credit agreement with a syndicate of banks to obtain funding for the MyPower customer loan program. The Class A notes bore interest at an annual rate of 2.50% plus (a) the commercial paper rate or (b) 1.50% plus adjusted LIBOR. The Class B notes bore interest at an annual rate of 5.00% plus LIBOR. The fee for undrawn commitments under the Class A notes was 0.50% per annum. The fee for undrawn commitments under the Class B notes was 0.50% per annum. The MyPower revolving credit facility was secured by the payments owed to us under MyPower customer loans and was non-recourse to our other assets. On January 27, 2017, the MyPower revolving credit facility matured, and the aggregate outstanding principal amount of $133.8 million was fully repaid.

Revolving Aggregation Credit Facility

On May 4, 2015, a subsidiary of SolarCity entered into an agreement with a syndicate of banks for a revolving aggregation credit facility. On March 23, 2016 and June 23, 2017, the agreement was amended to modify the interest rates and extend the availability period and the maturity date. The revolving aggregation credit facility bears interest at an annual rate of 2.75% plus (i) for commercial paper loans, the commercial paper rate and (ii) for LIBOR loans, at our option, three-month LIBOR or daily LIBOR. The revolving aggregation credit facility is secured by certain assets of certain of our subsidiaries and is non-recourse to our other assets.

Solar Renewable Energy Credit Loan Facilities

On March 31, 2016, a subsidiary of SolarCity entered into an agreement for a term loan. The term loan bore interest at an annual rate of one-month LIBOR plus 9.00% or, at our option, 8.00% plus the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate or (iii) one-month LIBOR plus 1.00%. The term loan was secured by substantially all of the assets of the subsidiary, including its rights under forward contracts to sell solar renewable energy credits, and was non-recourse to our other assets. On March 1, 2017, we fully repaid the principal outstanding under the term loan.

On July 14, 2016, the same subsidiary entered into an agreement for another loan facility. The loan facility bears interest at an annual rate of one-month LIBOR plus 5.75% or, at our option, 4.75% plus the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate or (iii) one-month LIBOR plus 1.00%. The loan facility is secured by substantially all of the assets of the subsidiary, including its rights under forward contracts to sell solar renewable energy credits, and is non-recourse to our other assets.

Cash Equity Debt I

In connection with the cash equity financing on May 2, 2016, SolarCity issued $121.7 million in aggregate principal amount of debt that bears interest at a fixed rate. This debt is secured by, among other things, our interests in certain financing funds and is non-recourse to our other assets.

Cash Equity Debt II

In connection with the cash equity financing on September 8, 2016, SolarCity issued $210.0 million in aggregate principal amount of debt that bears interest at a fixed rate. This debt is secured by, among other things, our interests in certain financing funds and is non-recourse to our other assets.

Cash Equity Debt III

In connection with the cash equity financing on December 16, 2016, we issued $170.0 million in aggregate principal amount of debt that bears interest at a fixed rate. This debt is secured by, among other things, our interests in certain financing funds and is non-recourse to our other assets.

Solar Asset-backed Notes, Series 2013-1

In November 2013, SolarCity pooled and transferred qualifying solar energy systems and the associated customer contracts into a Special Purpose Entity ("SPE") and issued $54.4 million in aggregate principal amount of Solar Asset-backed Notes, Series 2013-1, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. As of December 31, 2017, these solar assets had a carrying value of $89.0 million and are included within solar energy systems, leased and to be leased, net, on the consolidated balance sheets. The Solar Asset-backed Notes were issued at a discount of 0.05%. The cash flows generated by these solar assets are used to service the monthly principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. We recognize revenue earned from the associated customer contracts in accordance with our revenue recognition policy. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets. SolarCity contracted with the SPE to provide operations & maintenance and administrative services for the solar energy systems.

In connection with the pooling of the solar assets that were transferred to the SPE in November 2013, SolarCity terminated a lease pass-through arrangement with an investor. The lease pass-through arrangement had been accounted for as a borrowing, and the amount outstanding under the lease pass-through arrangement was recorded as a lease pass-through financing obligation. The balance that was then outstanding under the lease pass-through arrangement was $56.4 million. SolarCity paid the investor an aggregate of $40.2 million, and the remaining balance is paid over time using the net cash flows generated by the assets previously leased under the lease pass-through arrangement, after payment of the principal and interest on the Solar Asset-backed Notes and expenses related to the assets and the Solar Asset-backed Notes; this was contractually documented as a right to participate in the future cash flows of the SPE ("participation interest"). The participation interest was recorded as a component of other long-term liabilities for the non-current portion and accrued liabilities for the current portion. We account for the participation interest as a liability because the investor has no voting or management rights in the SPE, the participation interest would terminate upon the investor achieving a specified return and the investor has the option to put the participation interest to us on August 3, 2021 for the amount necessary for the investor to achieve the specified return, which would require us to settle the participation interest in cash. In addition, under the terms of the participation interest, we have the option to purchase the participation interest from the investor for the amount necessary for the investor to achieve the specified return.

Solar Asset-backed Notes, 2014-1

In April 2014, SolarCity pooled and transferred qualifying solar energy systems and the associated customer contracts into a SPE and issued $70.2 million in aggregate principal amount of Solar Asset-backed Notes, Series 2014-1, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. As of December 31, 2017, these solar assets had a carrying value of $109.3 million and are included within solar energy systems, leased and to be leased, net, in the consolidated balance sheets. The Solar Asset-backed Notes were issued at a discount of 0.01%. The cash flows generated by these solar assets are used to service the monthly principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. We recognize revenue earned from the associated customer contracts in accordance with our revenue recognition policy. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets. SolarCity contracted with the SPE to provide operations & maintenance and administrative services for the solar energy systems.

Solar Asset-backed Notes, Series 2014-2

In July 2014, SolarCity pooled and transferred qualifying solar energy systems and the associated customer contracts into a SPE and issued $160.0 million in aggregate principal amount of Solar Asset-backed Notes, Series 2014-2, Class A, and $41.5 million in aggregate principal amount of Solar Asset-backed Notes, Series 2014-2, Class B, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. As of December 31, 2017, these solar assets had a carrying value of $255.7 million and are included within solar energy systems, leased and to be leased, net, in the consolidated balance sheets. The Solar Asset-backed Notes were issued at a discount of 0.01%. These solar assets and the associated customer contracts are leased to an investor under a lease pass-through arrangement that we have accounted for as a borrowing. The rent paid by the investor under the lease pass-through arrangement is used (and following the expiration of the lease

pass-through arrangement, the cash generated by these solar assets will be used) to service the semi-annual principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. We recognize revenue earned from the associated customer contracts in accordance with our revenue recognition policy. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets. SolarCity contracted with the SPE to provide operations & maintenance and administrative services for certain of the solar energy systems.

Solar Asset-backed Notes, Series 2015-1

In August 2015, SolarCity pooled and transferred its interests in certain financing funds into a SPE and issued $103.5 million in aggregate principal amount of Solar Asset-backed Notes, Series 2015-1, Class A, and $20.0 million in aggregate principal amount of Solar Asset-backed Notes, Series 2015-1, Class B, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. The Solar Asset-backed Notes were issued at a discount of 0.05% for Class A and 1.46% for Class B. The cash distributed by the underlying financing funds to the SPE are used to service the semi-annual principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets.

Solar Asset-backed Notes, Series 2016-1

In February 2016, SolarCity transferred qualifying solar energy systems and the associated customer contracts into a SPE and issued $52.2 million in aggregate principal amount of Solar Asset-backed Notes, Series 2016-1, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. As of December 31, 2017, these solar assets had a carrying value of $84.3 million and are included within solar energy systems, leased and to be leased, net, on the consolidated balance sheets. The Solar Asset-backed Notes were issued at a discount of 6.71%. These solar assets and the associated customer contracts are leased to an investor under a lease pass-through arrangement that we have accounted for as a borrowing. The rent paid by the investor under the lease pass-through arrangement is used (and following the expiration of the lease pass-through arrangement, the cash generated by these solar assets will be used) to service the semi-annual principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. We recognize revenue earned from the associated customer contracts in accordance with our revenue recognition policy. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets. SolarCity contracted with the SPE to provide operations & maintenance and administrative services for certain of the solar energy systems.

Solar Asset-backed Notes, Series 2017-1

In November 2017, we pooled and transferred our interests in certain financing funds into a SPE and issued $265.0 million in aggregate principal amount of Solar Asset-backed Notes, Series 2017-1, Class A, and $75.0 million in aggregate principal amount of Solar Asset-backed Notes, Series 2017-1, Class B, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. The Solar Asset-backed Notes were issued at a discount of 0.01% for Class A and 0.04% for Class B. The cash distributed by the underlying financing funds to the SPE are used to service the semi-annual principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets.

Solar Asset-backed Notes, Series 2017-2

In December 2017, we transferred qualifying solar energy systems and the associated customer contracts into a SPE and issued $99.0 million in aggregate principal amount of Solar Asset-backed Notes, Series 2017-2, Class A, and $31.9 million in aggregate principal amount of Solar Asset-backed Notes, Series 2017-2, Class B, backed by these solar assets to investors. The SPE is wholly owned by us and is consolidated in the financial statements. As of December 31, 2017, these solar assets had a carrying value of $217.2 million and are included within solar energy systems, leased and to be leased, net, on the consolidated balance sheets. The Solar Asset-backed Notes were issued

at a discount of 0.01% for Class A and 0.04% for Class B. Most of these solar assets and the associated customer contracts are leased to investors under lease pass-through arrangements that we have accounted for as borrowings. The rent paid by the investors under the lease pass-through arrangements is used (and following the expiration of the lease pass-through arrangements, the cash generated by these solar assets will be used) to service the semi-annual principal and interest payments on the Solar Asset-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. We recognize revenue earned from the associated customer contracts in accordance with our revenue recognition policy. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Asset-backed Note holders, have no recourse to our other assets. We contracted with the SPE to provide operations & maintenance and administrative services for certain of the solar energy systems.

Solar Loan-backed Notes, Series 2016-A

On January 21, 2016, SolarCity pooled and transferred certain MyPower customer notes receivable into a SPE and issued $151.6 million in aggregate principal amount of Solar Loan-backed Notes, Series 2016-A, Class A, and $33.4 million in aggregate principal amount of Solar Loan-backed Notes, Series 2016-A, Class B, backed by these notes receivable to investors. The SPE is wholly owned by us and is consolidated in the financial statements. The Solar Loan-backed Notes were issued at a discount of 3.22% for Class A and 15.90% for Class B. The payments received by the SPE from these notes receivable are used to service the semi-annual principal and interest payments on the Solar Loan-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Loan-backed Note holders, have no recourse to our other assets.

Solar Loan-backed Notes, Series 2017-A

On January 27, 2017, we pooled and transferred certain MyPower customer notes receivable into a SPE and issued $123.0 million in aggregate principal amount of Solar Loan-backed Notes, Series 2017-A, Class A; $8.8 million in aggregate principal amount of Solar Loan-backed Notes, Series 2017-A, Class B, and $13.2 million in aggregate principal amount of Solar Loan-backed Notes, Series 2017-A, Class C, backed by these notes receivable to investors. The SPE is wholly owned by us and is consolidated in the financial statements. Accordingly, we did not recognize a gain or loss on the transfer of these notes receivable. The Solar Loan-backed Notes were issued at a discount of 1.87% for Class A, 1.86% for Class B and 8.13% for Class C. The payments received by the SPE from these notes receivable are used to service the semi-annual principal and interest payments on the Solar Loan-backed Notes and satisfy the SPE's expenses, and any remaining cash is distributed to one of our wholly owned subsidiaries. The SPE's assets and cash flows are not available to our other creditors, and the creditors of the SPE, including the Solar Loan-backed Note holders, have no recourse to our other assets.

Interest Expense

The following table presents the interest expense related to the contractual interest coupon, the amortization of debt issuance costs and the amortization of debt discounts on our convertible senior notes with cash conversion features, which include the 2018 Notes, the 2019 Notes, the 2021 Notes and the 2022 Notes (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Contractual interest coupon	$ 39,129	$ 27,060	$ 32,061
Amortization of debt issuance costs	6,932	8,567	8,102
Amortization of debt discounts	114,023	99,811	97,786
Total	$ 160,084	$ 135,438	$ 137,949

Pledged Assets

As of December 31, 2017 and 2016, we had pledged or restricted $4.05 billion and $2.30 billion of our assets (consisted principally of restricted cash, receivables, inventory, SRECs, solar energy systems, property and equipment) as collateral for our outstanding debt.

Note 14 – Common Stock

In August 2015, we completed a public offering of common stock and sold a total of 3,099,173 shares of our common stock for total cash proceeds of $738.3 million (which includes 82,645 shares or $20.0 million sold to our CEO, net of underwriting discounts and offering costs).

In May 2016, we completed a public offering of common stock and sold a total of 7,915,004 shares of our common stock for total cash proceeds of approximately $1.7 billion, net of underwriting discounts and offering costs.

On November 21, 2016, we completed the acquisition of SolarCity (see Note 3, *Business Combinations*) and exchanged 11,124,497 shares of our common stock for 101,131,791 shares of SolarCity common stock in accordance with the terms of the Merger Agreement.

In March 2017, we completed a public offering of our common stock and issued a total of 1,536,259 shares for total cash proceeds of $399.6 million (including 95,420 shares purchased by our CEO for $25.0 million), net of underwriting discounts and offering costs.

In April 2017, our CEO exercised his right under the indenture to convert all of his Zero-Coupon Convertible Senior Notes due in 2020, which had an aggregate principal amount of $10.0 million. As a result, on April 26, 2017, we issued 33,333 shares of our common stock to our CEO in accordance with the specified conversion rate, and we recorded an increase to additional paid-in capital of $10.3 million (see Note 13, *Convertible and Long-Term Debt Obligations*).

During 2017, we issued 1,510,274 shares of our common stock and paid $32.7 million in cash pursuant to conversions by or exchange agreements entered into with holders of $199.5 million in aggregate principal amount of the 2018 Notes (see Note 13, *Convertible and Long-Term Debt Obligations*). As a result, we recorded an increase to additional paid-in capital of $163.0 million. In addition, we settled portions of the bond hedges and warrants entered into in connection with the 2018 Notes, resulting in a net cash inflow of $56.8 million (which was recorded as an increase to additional paid-in capital), the issuance of 34,393 shares of our common stock and the receipt of 169,890 shares of our common stock.

During the fourth quarter of 2017, we issued 34,772 shares of our common stock as part of the purchase consideration for an acquisition.

Note 15 – Equity Incentive Plans

In 2010, we adopted the 2010 Equity Incentive Plan (the "2010 Plan"). The 2010 Plan provides for the granting of stock options, RSUs and stock purchase rights to our employees, directors and consultants. Stock options granted under the 2010 Plan may be either incentive stock options or nonqualified stock options. Incentive stock options may only be granted to our employees. Nonqualified stock options may be granted to our employees, directors and consultants. Generally, our stock options and RSUs vest over up to four years and are exercisable over a maximum period of 10 years from their grant dates. Vesting typically terminates when the employment or consulting relationship ends. In addition, as a result of our acquisition of SolarCity, we assumed its equity award plans and its outstanding equity awards as of the Acquisition Date. SolarCity's outstanding equity awards were converted into equity awards to acquire our common stock in share amounts and prices based on the Exchange Ratio, with the equity awards retaining the same vesting and other terms and conditions as in effect immediately prior to the acquisition. The vesting and other terms and conditions of the assumed equity awards are substantially the same as those of the 2010 Plan.

As of December 31, 2017, 7,045,637 shares were reserved and available for issuance under the 2010 Plan.

The following table summarizes our stock option and RSU activity:

	Stock Options				RSUs	
	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (Billions)	Number of RSUs	Weighted-Average Grant Date Fair Value
Balance, December 31, 2016	12,875,422	$ 96.50			4,082,089	$ 207.11
Granted	1,163,678	$ 310.13			3,073,404	$ 308.71
Exercised or released	(2,324,871)	$ 81.04		$ 0.54	(1,561,889)	$ 216.46
Cancelled	(833,204)	$ 327.33			(904,294)	$ 233.59
Balance, December 31, 2017	10,881,025	$ 105.56	5.3	$ 2.30	4,689,310	$ 265.43
Vested and expected to vest, December 31, 2017	10,881,025	$ 105.56	5.3	$ 2.30	4,689,310	$ 265.43
Exercisable and vested, December 31, 2017	8,029,228	$ 77.56	4.7	$ 1.91		

The aggregate release date fair value of RSUs in the years ended December 31, 2017, 2016 and 2015 was $491.0 million, $203.9 million and $94.5 million, respectively.

Fair Value Assumptions

We use the fair value method in recognizing stock-based compensation expense. Under the fair value method, we estimate the fair value of each stock option award and the ESPP on the grant date generally using the Black-Scholes option pricing model and the weighted-average assumptions in the following table:

	Year Ended December 31,		
	2017	2016	2015
Risk-free interest rate:			
Stock options	1.8%	1.5%	1.6%
ESPP	1.1%	0.6%	0.3%
Expected term (in years):			
Stock options	5.1	6.2	5.4
ESPP	0.5	0.5	0.5
Expected volatility:			
Stock options	42%	47%	48%
ESPP	35%	41%	42%
Dividend yield:			
Stock options	0.0%	0.0%	0.0%
ESPP	0.0%	0.0%	0.0%
Grant date fair value per share:			
Stock options	$ 122.25	$ 98.70	$ 108.28
ESPP	$ 75.05	$ 51.31	$ 58.77

The fair value of RSUs is measured on the grant date based on the closing fair market value of our common stock. The risk-free interest rate is based on the U.S. Treasury yield for zero-coupon U.S. Treasury notes with maturities approximating each grant's expected life. Prior to the fourth quarter of 2017, given our then limited history with employee grants, we used the "simplified" method in estimating the expected term of our employee grants; the simplified method utilizes the average of the time-to-vesting and the contractual life of the employee grant. Beginning with the fourth quarter of 2017, we use our historical data in estimating the expected term of our employee grants. The expected volatility is based on the average of the implied volatility of publicly traded options for our common stock and the historical volatility of our common stock.

2014 Performance-Based Stock Option Awards

In 2014, to create incentives for continued long-term success beyond the Model S program and to closely align executive pay with our stockholders' interests in the achievement of significant milestones by us, the Compensation Committee of our Board of Directors granted stock option awards to certain employees (excluding our CEO) to purchase an aggregate of 1,073,000 shares of our common stock. Each award consisted of the following four vesting tranches with the vesting schedule based entirely on the attainment of the future performance milestones, assuming continued employment and service through each vesting date:

- 1/4th of each award vests upon completion of the first Model X production vehicle;
- 1/4th of each award vests upon achieving aggregate production of 100,000 vehicles in a trailing 12-month period;
- 1/4th of each award vests upon completion of the first Model 3 production vehicle; and
- 1/4th of each award vests upon achieving an annualized gross margin of greater than 30% for any three-year period.

As of December 31, 2017, the following performance milestones had been achieved:

- Completion of the first Model X production vehicle;
- Completion of the first Model 3 production vehicle; and
- Aggregate production of 100,000 vehicles in a trailing 12-month period.

We begin recognizing stock-based compensation expense as each performance milestone becomes probable of achievement. As of December 31, 2017, we had unrecognized stock-based compensation expense of $13.1 million for the performance milestone that was considered not probable of achievement. For the years ended December 31, 2017, 2016 and 2015, we recorded stock-based compensation expense of $6.8 million, $25.3 million and $10.4 million, respectively, related to these awards.

2012 CEO Award

In August 2012, our Board of Directors granted 5,274,901 stock option awards to our CEO (the "2012 CEO Grant"). The 2012 CEO Grant consists of 10 vesting tranches with a vesting schedule based entirely on the attainment of both performance conditions and market conditions, assuming continued employment and service through each vesting date. Each vesting tranche requires a combination of a pre-determined performance milestone and an incremental increase in our market capitalization of $4.00 billion, as compared to our initial market capitalization of $3.20 billion at the time of grant. As of December 31, 2017, the market capitalization conditions for all of the vesting tranches and the following performance milestones had been achieved:

- Successful completion of the Model X alpha prototype;
- Successful completion of the Model X beta prototype;
- Completion of the first Model X production vehicle;
- Aggregate production of 100,000 vehicles;
- Successful completion of the Model 3 alpha prototype;
- Successful completion of the Model 3 beta prototype;
- Completion of the first Model 3 production vehicle; and
- Aggregate production of 200,000 vehicles.

As of December 31, 2017, the following performance milestone was considered probable of achievement:

- Aggregate production of 300,000 vehicles.

We begin recognizing stock-based compensation expense as each milestone becomes probable of achievement. As of December 31, 2017, the unrecognized stock-based compensation expense for the performance milestone that was considered probable of achievement was immaterial. As of December 31, 2017, we had unrecognized stock-based compensation expense of $5.7 million for the performance milestone that was considered

not probable of achievement. For the years ended December 31, 2017, 2016 and 2015, we recorded stock-based compensation expense of $5.1 million, $15.8 million and $10.6 million, respectively, related to the 2012 CEO Grant.

Our CEO earns a base salary that reflects the currently applicable minimum wage requirements under California law, and he is subject to income taxes based on such base salary. However, he has never accepted and currently does not accept his salary.

Summary Stock-Based Compensation Information

The following table summarizes our stock-based compensation expense by line item in the consolidated statements of operations (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Cost of sales	$ 43,845	$ 30,400	$ 19,244
Research and development	217,616	154,632	89,309
Selling, general and administrative	205,299	149,193	89,446
Total	$ 466,760	$ 334,225	$ 197,999

We realized no income tax benefit from stock option exercises in each of the periods presented due to recurring losses and valuation allowances. As of December 31, 2017, we had $1.34 billion of total unrecognized stock-based compensation expense related to non-performance awards, which will be recognized over a weighted-average period of 3.0 years.

ESPP

Our employees are eligible to purchase our common stock through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The purchase price would be 85% of the lower of the fair market value on the first and last trading days of each six-month offering period. During the years ended December 31, 2017, 2016 and 2015, we issued 370,173, 321,788 and 220,571 shares under the ESPP for $71.0 million, $51.7 million and $37.5 million, respectively. There were 1,423,978 shares available for issuance under the ESPP as of December 31, 2017.

Note 16 – Income Taxes

A provision for income taxes of $31.5 million, $26.7 million and $13.0 million has been recognized for the years ended December 31, 2017, 2016 and 2015, respectively, related primarily to our subsidiaries located outside of the U.S. Our loss before provision for income taxes for the years ended December 31, 2017, 2016 and 2015 was as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Domestic	$ 993,113	$ 130,718	$ 415,694
Noncontrolling interest and redeemable noncontrolling interest	279,178	98,132	—
Foreign	936,741	517,498	459,930
Loss before income taxes	$ 2,209,032	$ 746,348	$ 875,624

The components of the provision for income taxes for the years ended December 31, 2017, 2016 and 2015 consisted of the following (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Current:			
Federal	$ (9,552)	$ —	$ —
State	2,029	568	525
Foreign	42,715	53,962	10,342
Total current	35,192	54,530	10,867
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	(3,646)	(27,832)	2,172
Total deferred	(3,646)	(27,832)	2,172
Total provision for income taxes	$ 31,546	$ 26,698	$ 13,039

On December 22, 2017, the 2017 Tax Cuts and Jobs Act ("Tax Act") was enacted into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a federal corporate tax rate decrease from 35% to 21% for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system and a one-time transition tax on the mandatory deemed repatriation of foreign earnings. We are required to recognize the effect of the tax law changes in the period of enactment, such as re-measuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities. The Tax Act did not give rise to any material impact on the consolidated balance sheets and consolidated statements of operations due to our historical worldwide loss position and the full valuation allowance on our net U.S. deferred tax assets.

In December 2017, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* ("SAB 118"), which allows us to record provisional amounts during a measurement period not to extend beyond one year from the enactment date. Since the Tax Act was enacted late in the fourth quarter of 2017 (and ongoing guidance and accounting interpretations are expected over the next 12 months), we consider the accounting of deferred tax re-measurements and other items, such as state tax considerations, to be incomplete due to the forthcoming guidance and our ongoing analysis of final year-end data and tax positions. We expect to complete our analysis within the measurement period in accordance with SAB 118. We do not expect any subsequent adjustments to have any material impact on the consolidated balance sheets or statements of operations due to our historical worldwide loss position and the full valuation allowance on our net U.S. deferred tax assets.

Deferred tax assets (liabilities) as of December 31, 2017 and 2016 consisted of the following (in thousands):

	December 31, 2017	December 31, 2016
Deferred tax assets:		
Net operating loss carry-forwards	$ 1,575,952	$ 648,652
Research and development credits	306,808	208,499
Other tax credits	117,997	106,530
Deferred revenue	200,531	268,434
Inventory and warranty reserves	74,578	95,570
Stock-based compensation	96,916	120,955
Financial Instruments	3,080	—
Investment in certain financing funds	24,471	237,759
Accruals and others	23,336	67,769
Total deferred tax assets	2,423,669	1,754,168
Valuation allowance	(1,843,713)	(1,022,705)
Deferred tax assets, net of valuation allowance	579,956	731,463
Deferred tax liabilities:		
Depreciation and amortization	(537,613)	(679,969)
Other	(18,734)	(3,779)
Financial Instruments	—	(22,033)
Total deferred tax liabilities	(556,347)	(705,781)
Deferred tax assets, net of valuation allowance and deferred tax liabilities	$ 23,609	$ 25,682

As of December 31, 2017, we recorded a valuation allowance of $1.84 billion for the portion of the deferred tax asset that we do not expect to be realized. The valuation on our net deferred taxes increased by $821.0 million during the year ended December 31, 2017. The valuation allowance increase is primarily due to additional U.S. deferred tax assets incurred in the current year, as well as an increase relating to adoption of ASU 2016-09, and offset by the re-measurement of the federal portion of our deferred tax assets as of December 31, 2017 from 35% to the new 21% tax rate. Management believes that based on the available information, it is more likely than not that the U.S. deferred tax assets will not be realized, such that a full valuation allowance is required against all U.S. deferred tax assets. We have net $46.5 million of deferred tax assets in foreign jurisdictions, which management believes are more-likely-than-not to be fully realized given the expectation of future earnings in these jurisdictions.

The reconciliation of taxes at the federal statutory rate to our provision for income taxes for the years ended December 31, 2017, 2016 and 2015 was as follows (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Tax at statutory federal rate	$ (773,162)	$ (261,222)	$ (306,470)
State tax, net of federal benefit	2,029	568	525
Nondeductible expenses	30,138	26,547	16,711
Excess tax benefits related to stock based compensation (1)	(1,013,196)	—	—
Foreign income rate differential	364,699	206,470	172,259
U.S. tax credits	(109,501)	(162,865)	(43,911)
Noncontrolling interests and redeemable noncontrolling interests adjustment	65,920	21,964	—
Effect of U.S. tax law change (2)	722,646	—	—
Bargain in purchase gain	20,211	(31,055)	—
Other reconciling items	3,178	785	1,232
Change in valuation allowance	718,584	225,506	172,693
Provision for income taxes	$ 31,546	$ 26,698	$ 13,039

(1) As of January 1, 2017, upon the adoption of ASU No. 2016-09, Improvements to Employee Share-based Payment Accounting, excess tax benefits from share-based award activity incurred from the prior and current years are reflected as a reduction of the provision for income taxes. The excess tax benefits result in an increase to our gross U.S. deferred tax assets that is offset by a corresponding increase to our valuation allowance.

(2) Due to the Tax Act, our U.S. deferred tax assets and liabilities as of December 31, 2017 were re-measured from 35% to 21%. The change in tax rate resulted in a decrease to our gross U.S. deferred tax assets which is offset by a corresponding decrease to our valuation allowance.

As of December 31, 2017, we had $6.42 billion of federal and $5.26 billion of state net operating loss carry-forwards available to offset future taxable income, which will not begin to significantly expire until 2024 for federal and 2028 for state purposes. A portion of these losses were generated by SolarCity prior to our acquisition in 2016 and, therefore, are subject to change of control provisions, which limit the amount of acquired tax attributes that can be utilized in a given tax year. We do not expect these change of control limitations to significantly impact our ability to utilize these attributes. Upon the adoption of ASU 2016-09, our gross U.S. deferred tax assets increased by $583.4 million, inclusive of the effect for the U.S. statutory corporate tax rate reduction from 35% to 21%, and is fully offset by a corresponding increase to our valuation allowance.

As of December 31, 2017, we had research and development tax credits of $209.0 million and $223.2 million for federal and state income tax purposes, respectively. If not utilized, the federal research and development tax credits will expire in various amounts beginning in 2024. However, the state research and development tax credits can be carried-forward indefinitely. In addition, we had other general business tax credits of $116.9 million for federal income tax purposes, which will not begin to significantly expire until 2033.

Collectively, we had no foreign earnings as of December 31, 2017 and therefore was not subject to the mandatory repatriation tax provisions of the Tax Act. However, some of our foreign subsidiaries do have accumulated earnings. No deferred tax liabilities for foreign withholding taxes have been recorded relating to the earnings of our foreign subsidiaries since all such earnings are intended to be indefinitely reinvested. The amount of the unrecognized deferred tax liability associated with these earnings is immaterial.

Federal and state laws can impose substantial restrictions on the utilization of net operating loss and tax credit carry-forwards in the event of an “ownership change”, as defined in Section 382 of the Internal Revenue Code. We determined that no significant limitation would be placed on the utilization of our net operating loss and tax credit carry-forwards due to prior ownership changes.

Uncertain Tax Positions

The changes to our gross unrecognized tax benefits were as follows (in thousands):

December 31, 2014	$	41,377
Increases in balances related to prior year tax positions		6,626
Increases in balances related to current year tax positions		51,124
December 31, 2015		99,127
Increase in balances related to prior year tax positions		28,677
Increases in balances related to current year tax positions		62,805
Assumed uncertain tax positions through acquisition		13,327
December 31, 2016		203,936
Decrease in balances related to prior year tax positions		(31,493)
Increases in balances related to current year tax positions		84,352
Change in balances related to effect of U.S. tax law change		(58,050)
December 31, 2017	$	198,745

As of December 31, 2017, accrued interest and penalties related to unrecognized tax benefits are classified as income tax expense and were immaterial. Unrecognized tax benefits of $191.0 million, if recognized, would not affect our effective tax rate since the tax benefits would increase a deferred tax asset that is currently fully offset by a full valuation allowance. We do not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months.

We file income tax returns in the U.S., California and various state and foreign jurisdictions. Tax years 2004 to 2016 remain subject to examination for federal income tax purposes, and tax years 2004 to 2016 remain subject to examination for California income tax purposes. All net operating losses and tax credits generated to date are subject to adjustment for U.S. federal and California income tax purposes. Tax years 2008 to 2016 remain subject to examination in other U.S. state and foreign jurisdictions.

The U.S. Tax Court issued a decision in *Altera Corp v. Commissioner* related to the treatment of stock-based compensation expense in a cost-sharing arrangement. As this decision can be overturned upon appeal, we have not recorded any impact as of December 31, 2017. In addition, any potential tax benefits would increase our U.S. deferred tax asset, which is currently offset with a full valuation allowance.

Note 17 – Commitments and Contingencies

Leases

We have entered into various non-cancellable operating lease agreements for certain of our offices, manufacturing and warehouse facilities, retail and service locations, equipment, vehicles, solar energy systems and Supercharger sites, throughout the world. Included within the lease commitment table below are payments due under operating leases that have been accounted for as build-to-suit lease arrangements, which are included in property, plant and equipment on the consolidated balance sheets. Rent expense for the years ended December 31, 2017, 2016 and 2015 was $177.7 million, $116.8 million and $68.2 million, respectively.

We have entered into various agreements to lease equipment under capital leases up to 60 months. The equipment under the leases are collateral for the lease obligations and are included within property, plant and equipment on the consolidated balance sheets.

Future minimum commitments for leases as of December 31, 2017 were as follows (in thousands):

	Operating Leases	Capital Leases
2018	$ 224,630	$ 127,180
2019	204,335	137,313
2020	175,612	167,281
2021	156,552	138,042
2022	130,802	133,772
Thereafter	425,295	81,627
Total minimum lease payments	$ 1,317,226	785,215
Less: Amounts representing interest not yet incurred		99,181
Present value of capital lease obligations		686,034
Less: Current portion		96,700
Long-term portion of capital lease obligations		$ 589,334

Build-to-Suit Lease Arrangement in Buffalo, New York

We have a build-to-suit lease arrangement with the Research Foundation for the State University of New York (the "SUNY Foundation") where the SUNY Foundation will construct a solar cell and panel manufacturing facility, referred to as Gigafactory 2, with our participation in the design and construction, install certain utilities and other improvements and acquire certain manufacturing equipment designated by us to be used in the manufacturing facility. The SUNY Foundation covers (i) construction costs related to the manufacturing facility up to $350.0 million, (ii) the acquisition and commissioning of the manufacturing equipment in an amount up to $274.7 million and (iii) $125.3 million for additional specified scope costs, in cases (i) and (ii) only, subject to the maximum funding allocation from the State of New York; and we are responsible for any construction or equipment costs in excess of such amounts. The SUNY Foundation will own the manufacturing facility and the manufacturing equipment purchased by the SUNY Foundation. Following completion of the manufacturing facility, we will lease the manufacturing facility and the manufacturing equipment owned by the SUNY Foundation for an initial period of 10 years, with an option to renew, for $2.00 per year plus utilities.

Under the terms of the build-to-suit lease arrangement, we are required to achieve specific operational milestones during the initial lease term; which include employing a certain number of employees at the manufacturing facility, within western New York and within the State of New York within specified periods following the completion of the manufacturing facility. We are also required to spend or incur $5.00 billion in combined capital, operational expenses and other costs in the State of New York within 10 years following the achievement of full production. On an annual basis during the initial lease term, as measured on each anniversary of the commissioning of the manufacturing facility, if we fail to meet these specified investment and job creation requirements, then we would be obligated to pay a $41.2 million "program payment" to the SUNY Foundation for each year that we fail to meet these requirements. Furthermore, if the arrangement is terminated due to a material breach by us, then additional amounts might become payable by us.

The non-cash investing and financing activities related to the arrangement during the year ended December 31, 2017 amounted to $86.1 million. The non-cash investing and financing activities related to the arrangement from the Acquisition Date through December 31, 2016 amounted to $5.6 million.

Environmental Liabilities

In connection with our factory located in Fremont, California, we are obligated to pay for the remediation of certain environmental conditions existing at the time we purchased the property from New United Motor Manufacturing, Inc. ("NUMMI"). In particular, we are responsible for the first $15.0 million of remediation costs, any remediation costs in excess of $30.0 million and any remediation costs incurred after 10 years from the purchase date. NUMMI is responsible for any remediation costs between $15.0 million and $30.0 million for up to 10 years after the purchase date.

Legal Proceedings

Proceedings Related to U.S. Treasury

In July 2012, SolarCity, along with other companies in the solar energy industry, received a subpoena from the U.S. Treasury Department's Office of the Inspector General to deliver certain documents in SolarCity's possession that relate to SolarCity's applications for U.S. Treasury grants. In February 2013, two financing funds affiliated with SolarCity filed a lawsuit in the U.S. Court of Federal Claims against the U.S. government, seeking to recover $14.0 million that the U.S. Treasury was obligated to pay, but failed to pay, under Section 1603 of the American Recovery and Reinvestment Act of 2009. In February 2016, the U.S. government filed a motion seeking leave to assert a counterclaim against the two plaintiff funds on the grounds that the U.S. government, in fact, paid them more, not less, than they were entitled to as a matter of law. In September 2017, SolarCity and the U.S. government reached a global settlement of both the investigation and SolarCity's lawsuit. In that settlement, SolarCity admitted no wrongdoing and agreed to return approximately 5% of the U.S. Treasury cash grants it had received between 2009 and 2013, amounting to $29.5 million. The investigation is now closed and SolarCity's lawsuit has been dismissed.

Securities Litigation Relating to SolarCity's Financial Statements and Guidance

On March 28, 2014, a purported stockholder class action lawsuit was filed in the U.S. District Court for the Northern District of California against SolarCity and two of its officers. The complaint alleges violations of federal securities laws and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of SolarCity's securities from March 6, 2013 to March 18, 2014. After a series of amendments to the original complaint, the District Court dismissed the amended complaint and entered a judgment in our favor on August 9, 2016. The plaintiffs have filed a notice of appeal. On December 4, 2017, the District Court heard oral arguments on the plaintiffs' notice of appeal from the dismissal. We believe that the claims are without merit and intend to defend against this lawsuit and appeal vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with this lawsuit.

On August 15, 2016, a purported stockholder class action lawsuit was filed in the U.S. District Court for the Northern District of California against SolarCity, two of its officers and a former officer. On March 20, 2017, the purported stockholder class filed a consolidated complaint that includes the original matter in the same court against SolarCity, one of its officers and three former officers. As consolidated, the complaint alleges that SolarCity made projections of future sales and installations that it failed to achieve and that these projections were fraudulent when made. The suit claimed violations of federal securities laws and sought unspecified compensatory damages and other relief on behalf of a purported class of purchasers of SolarCity's securities from May 6, 2015 to May 9, 2016. On July 25, 2017, the court took SolarCity's fully-briefed motion to dismiss under submission. On August 11, 2017, the court granted the motion to dismiss with leave to amend. On September 11, 2017, after lead plaintiff determined he would not amend, the Court dismissed the action with prejudice and entered judgment in favor of SolarCity and the individual defendants.

Securities Litigation Relating to the SolarCity Acquisition

Between September 1, 2016 and October 5, 2016, seven lawsuits were filed in the Court of Chancery of the State of Delaware by purported stockholders of Tesla challenging the SolarCity acquisition. Following consolidation, the lawsuit names as defendants our board of directors and alleges, among other things, that they breached their fiduciary duties in connection with the acquisition. The complaint asserts both derivative claims and direct claims on behalf of a purported class and seeks, among other relief, unspecified monetary damages, attorneys' fees and costs. On January 27, 2017, the defendants filed a motion to dismiss the operative complaint. Rather than respond to the defendants' motion, the plaintiffs filed an amended complaint. On March 17, 2017, the defendants filed a motion to dismiss the amended complaint. On December 13, 2017, the Court heard oral arguments on the motion and reserved decision. The plaintiffs filed a parallel action in the U.S. District Court for the District of Delaware on April 21, 2017, adding claims for violations of federal securities laws.

On February 6, 2017, a purported stockholder made a demand to inspect our books and records, purportedly to investigate potential breaches of fiduciary duties in connection with the SolarCity acquisition. On April 17, 2017, the purported stockholder filed a petition for a writ of mandate in the California Superior Court, seeking to compel us to provide the documents requested in the demand. We filed a demurrer to the writ petition or, in the alternative, a

motion to stay the action. On November 9, 2017, the Superior Court granted our motion and dismissed the action without prejudice.

On March 24, 2017, another lawsuit was filed in the U.S. District Court for the District of Delaware by a purported Tesla stockholder challenging the SolarCity acquisition. The complaint alleges, among other things, that our board of directors breached their fiduciary duties in connection with the acquisition and alleges violations of federal securities laws.

We believe that the claims challenging the SolarCity acquisition are without merit. We are unable to estimate the possible loss or range of loss, if any, associated with these lawsuits.

Securities Litigation Relating to Production of Model 3 Vehicles

On October 10, 2017, a purported stockholder class action lawsuit was filed in the U.S. District Court for the Northern District of California against us, two of our current officers and a former officer. The complaint alleges violations of federal securities laws and seeks unspecified compensatory damages and other relief on behalf of a purported class of purchasers of Tesla securities from May 4, 2016 to October 6, 2017. The lawsuit claims that we supposedly made materially false and misleading statements regarding our preparedness to produce Model 3 vehicles. We believe that the claims are without merit and intend to defend against this lawsuit vigorously. We are unable to estimate the possible loss or range of loss, if any, associated with this lawsuit.

Other Matters

From time to time, we have received requests for information from regulators and governmental authorities, such as the National Highway Traffic Safety Administration, the National Transportation Safety Board and the Securities and Exchange Commission. We are also subject to various other legal proceedings and claims that arise from the normal course of business activities. 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.

Indemnification and Guaranteed Returns

We are contractually obligated to compensate certain fund investors for any losses that they may suffer in certain limited circumstances resulting from reductions in U.S. Treasury grants or ITCs. Generally, such obligations would arise as a result of reductions to the value of the underlying solar energy systems as assessed by the U.S. Treasury Department for purposes of claiming U.S. Treasury grants or as assessed by the IRS for purposes of claiming ITCs or U.S. Treasury grants. For each balance sheet date, we assess and recognize, when applicable, a distribution payable for the potential exposure from this obligation based on all the information available at that time, including any guidelines issued by the U.S. Treasury Department on solar energy system valuations for purposes of claiming U.S. Treasury grants and any audits undertaken by the IRS. We believe that any payments to the fund investors in excess of the amounts already recognized by us, which were immaterial, for this obligation are not probable based on the facts known at the filing date.

The maximum potential future payments that we could have to make under this obligation would depend on the difference between the fair values of the solar energy systems sold or transferred to the funds as determined by us and the values that the U.S. Treasury Department would determine as fair value for the systems for purposes of claiming U.S. Treasury grants or the values the IRS would determine as the fair value for the systems for purposes of claiming ITCs or U.S. Treasury grants. We claim U.S. Treasury grants based on guidelines provided by the U.S. Treasury department and the statutory regulations from the IRS. We use fair values determined with the assistance of independent third-party appraisals commissioned by us as the basis for determining the ITCs that are passed-through to and claimed by the fund investors. Since we cannot determine future revisions to U.S. Treasury Department guidelines governing solar energy system values or how the IRS will evaluate system values used in claiming ITCs or U.S. Treasury grants, we are unable to reliably estimate the maximum potential future payments that it could have to make under this obligation as of each balance sheet date.

We are eligible to receive certain state and local incentives that are associated with renewable energy generation. The amount of incentives that can be claimed is based on the projected or actual solar energy system size and/or the amount of solar energy produced. We also currently participate in one state's incentive program that is based on either the fair market value or the tax basis of solar energy systems placed in service. State and local

incentives received are allocated between us and fund investors in accordance with the contractual provisions of each fund. We are not contractually obligated to indemnify any fund investor for any losses they may incur due to a shortfall in the amount of state or local incentives actually received.

We are contractually obligated to make payments to one fund investor if the fund investor does not achieve a specified minimum internal rate of return. The fund investor has already received a significant portion of the projected economic benefits from U.S. Treasury grant distributions and tax depreciation benefits. The contractual provisions of the fund state that the fund has an indefinite term unless the members agree to dissolve the fund. Based on our current financial projections regarding the amounts and timing of future distributions to the fund investor, we do not expect to make any payments as a result of this guarantee and have not accrued any liabilities for this guarantee. The amounts of any potential future payments under this guarantee are dependent on the amounts and timing of future distributions to the fund investor, future tax benefits that accrue to the fund investor, our purchase of the fund investor's interest in the fund and future distributions to the fund investor upon the liquidation of the fund. Due to the uncertainties surrounding estimating the amounts and timing of these factors, we are unable to estimate the maximum potential payments under this guarantee. To date, the fund investor has achieved the specified minimum internal rate of return.

Our lease pass-through financing funds have a one-time lease payment reset mechanism that occurs after the installation of all solar energy systems in a fund. As a result of this mechanism, we may be required to refund master lease prepayments previously received from investors. Any refunds of master lease prepayments would reduce the lease pass-through financing obligation.

Letters of Credit

As of December 31, 2017, we had $138.2 million of unused letters of credit outstanding.

Note 18 – VIE Arrangements

We have entered into various arrangements with investors to facilitate the funding and monetization of our solar energy systems and vehicles. In particular, our wholly owned subsidiaries and fund investors have formed and contributed cash and assets into various financing funds and entered into related agreements. We have determined that the funds are VIEs and we are the primary beneficiary of these VIEs by reference to the power and benefits criterion under ASC 810, *Consolidation*. We have considered the provisions within the agreements, which grant us the power to manage and make decisions that affect the operation of these VIEs, including determining the solar energy systems or vehicles and the associated customer contracts to be sold or contributed to these VIEs, redeploying solar energy systems or vehicles and managing customer receivables. We consider that the rights granted to the fund investors under the agreements are more protective in nature rather than participating.

As the primary beneficiary of these VIEs, we consolidate in the financial statements the financial position, results of operations and cash flows of these VIEs, and all intercompany balances and transactions between us and these VIEs are eliminated in the consolidated financial statements. Cash distributions of income and other receipts by a fund, net of agreed upon expenses, estimated expenses, tax benefits and detriments of income and loss and tax credits, are allocated to the fund investor and our subsidiary as specified in the agreements.

Generally, our subsidiary has the option to acquire the fund investor's interest in the fund for an amount based on the market value of the fund or the formula specified in the agreements.

Upon the sale or liquidation of a fund, distributions would occur in the order and priority specified in the agreements.

Pursuant to management services, maintenance and warranty arrangements, we have been contracted to provide services to the funds, such as operations and maintenance support, accounting, lease servicing and performance reporting. In some instances, we have guaranteed payments to the fund investors as specified in the agreements. A fund's creditors have no recourse to our general credit or to that of other funds. None of the assets of the funds had been pledged as collateral for their obligations.

The aggregate carrying values of the VIEs' assets and liabilities, after elimination of any intercompany transactions and balances, in the consolidated balance sheets were as follows (in thousands):

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	$ 55,425	$ 44,091
Restricted cash	33,656	20,916
Accounts receivable, net	18,204	16,023
Prepaid expenses and other current assets	9,018	14,178
Total current assets	116,303	95,208
Operating lease vehicles, net	337,089	—
Solar energy systems, leased and to be leased, net	5,075,321	4,618,443
Restricted cash, net of current portion	36,999	30,697
Other assets	29,555	5,129
Total assets	$ 5,595,267	$ 4,749,477
Liabilities		
Current liabilities		
Accounts payable	$ 32	$ 20
Accrued liabilities and other	51,652	32,242
Deferred revenue	59,412	17,114
Customer deposits	726	1,169
Current portion of long-term debt and capital leases	196,531	89,356
Total current liabilities	308,353	139,901
Deferred revenue, net of current portion	323,919	178,783
Long-term debt and capital leases, net of current portion	625,934	466,741
Other long-term liabilities	30,536	82,917
Total liabilities	$ 1,288,742	$ 868,342

Note 19 – Lease Pass-Through Financing Obligation

Through December 31, 2017, we had entered into eight transactions referred to as "lease pass-through fund arrangements". Under these arrangements, our wholly owned subsidiaries finance the cost of solar energy systems with investors through arrangements contractually structured as master leases for an initial term ranging between 10 and 25 years. These solar energy systems are subject to lease or power purchase agreements with customers with an initial term not exceeding 25 years. These solar energy systems are included within solar energy systems, leased and to be leased, net on the consolidated balance sheet.

The cost of the solar energy systems under lease pass-through fund arrangements as of December 31, 2017 and 2016 was $1.09 billion and $785.3 million, respectively. The accumulated depreciation on these assets as of December 31, 2017 and 2016 was $30.9 million and $2.1 million, respectively. The total lease pass-through financing obligation as of December 31, 2017 was $134.8 million, of which $67.3 million was classified as a current liability. The total lease pass-through financing obligation as of December 31, 2016 was $122.3 million, of which $51.5 million was classified as a current liability.

Under a lease pass-through fund arrangement, the investor makes a large upfront payment to the lessor, which is one of our subsidiaries, and in some cases, subsequent periodic payments. We allocate a portion of the aggregate investor payments to the fair value of the assigned ITCs, which is estimated by discounting the projected cash flow impact of the ITCs using a market interest rate and is accounted for separately (see Note 2, *Summary of Significant Accounting Policies*). We account for the remainder of the investor payments as a borrowing by recording the proceeds received as a lease pass-through financing obligation, which is repaid from the future customer lease payments and any incentive rebates. A portion of the amounts received by the investor is allocated to interest expense using the effective interest rate method.

The lease pass-through financing obligation is non-recourse once the associated solar energy systems have been placed in-service and the associated customer arrangements have been assigned to the investors. However, we are required to comply with certain financial covenants specified in the contractual agreements, which we had met as of December 31, 2017. In addition, we are responsible for any warranties, performance guarantees, accounting and performance reporting. Furthermore, we continue to account for the customer arrangements and any incentive rebates in the consolidated financial statements, regardless of whether the cash is received by us or directly by the investors.

As of December 31, 2017, the future minimum master lease payments to be received from investors, for each of the next five years and thereafter, were as follows (in thousands):

2018	$ 44,771
2019	44,973
2020	43,930
2021	42,731
2022	34,631
Thereafter	543,512
Total	$ 754,548

For two of the lease pass-through fund arrangements, our subsidiaries have pledged its assets to the investors as security for its obligations under the contractual agreements.

Each lease pass-through fund arrangement has a one-time master lease prepayment adjustment mechanism that occurs when the capacity and the placed-in-service dates of the associated solar energy systems are finalized or on an agreed-upon date. As part of this mechanism, the master lease prepayment amount is updated, and we may be obligated to refund a portion of a master lease prepayment or entitled to receive an additional master lease prepayment. Any additional master lease prepayments are recorded as an additional lease pass-through financing obligation while any master lease prepayment refunds would reduce the lease pass-through financing obligation.

Note 20 – Defined Contribution Plan

We have a 401(k) savings plan that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Under the 401(k) savings plan, participating employees may elect to contribute up to 100% of their eligible compensation, subject to certain limitations. Participants are fully vested in their contributions. We did not make any contributions to the 401(k) savings plan during the years ended December 31, 2017, 2016 and 2015.

Note 21 – Related Party Transactions

Related party balances were comprised of the following (in thousands):

	2017	2016
Solar Bonds issued to related parties	$ 100	$ 265,100
Convertible senior notes due to related parties	$ 3,000	$ 13,000
Promissory notes due to related parties	$ 100,000	$ —
Due to related parties (primarily accrued interest, included in accrued and other current liabilities)	$ 2,509	$ 5,136

The related party transactions were primarily issuances, maturities and exchanges of debt held by Space Exploration Technologies Corporation ("SpaceX"), our CEO, SolarCity's former CEO, SolarCity's former Chief Technology Officer and an entity affiliated with our CEO. SpaceX is considered a related party because our CEO is also the CEO, Chief Technology Officer, Chairman and a significant stockholder of SpaceX.

On March 21, 2017, $90.0 million in aggregate principal amount of 4.40% Solar Bonds held by SpaceX matured and were fully repaid by us. On June 10, 2017, $75.0 million in aggregate principal amount of 4.40% Solar Bonds held by SpaceX matured and were fully repaid by us.

On April 11, 2017, our CEO, SolarCity's former CEO and SolarCity's former Chief Technology Officer exchanged their $100.0 million (collectively) in aggregate principal amount of 6.50% Solar Bonds due in February 2018 for promissory notes in the same amounts and with substantially the same terms.

On April 18, 2017, our CEO converted all of his Zero-Coupon Convertible Senior Notes due in 2020, which had an aggregate principal amount of $10.0 million (see Note 14, *Common Stock*).

Note 22 – Quarterly Results of Operations (Unaudited)

The following table presents selected quarterly results of operations data for the years ended December 31, 2017 and 2016 (in thousands, except per share amounts):

	Three Months Ended			
	March 31	June 30	September 30	December 31
2017				
Total revenues	$ 2,696,270	$ 2,789,557	$ 2,984,675	$ 3,288,249
Gross profit	$ 667,946	$ 666,615	$ 449,140	$ 438,786
Net loss attributable to common stockholders	$ (330,277)	$ (336,397)	$ (619,376)	$ (675,350)
Net loss per share of common stock attributable to common stockholders, basic	$ (2.04)	$ (2.04)	$ (3.70)	$ (4.01)
Net loss per share of common stock attributable to common stockholders, diluted	$ (2.04)	$ (2.04)	$ (3.70)	$ (4.01)
2016				
Total revenues	$ 1,147,048	$ 1,270,017	$ 2,298,436	$ 2,284,631
Gross profit	$ 252,468	$ 274,776	$ 636,735	$ 435,278
Net (loss) income attributable to common stockholders	$ (282,267)	$ (293,188)	$ 21,878	$ (121,337)
Net (loss) income per share of common stock attributable to common stockholders, basic	$ (2.13)	$ (2.09)	$ 0.15	$ (0.78)
Net (loss) income per share of common stock attributable to common stockholders, diluted	$ (2.13)	$ (2.09)	$ 0.14	$ (0.78)

Note 23 – Segment Reporting and Information about Geographic Areas

We have two operating and reportable segments: (i) automotive and (ii) energy generation and storage. The automotive segment includes the design, development, manufacturing and sales of electric vehicles. Additionally, the automotive segment is also comprised of services and other, which includes after-sales vehicle services, used vehicle sales, powertrain sales and services by Grohmann. The energy generation and storage segment includes the design, manufacture, installation and sales of solar energy generation and energy storage products. Our CODM does not evaluate operating segments using asset or liability information. The following table presents revenues and gross margins by reportable segment (in thousands):

	Year Ended December 31,		
	2017	2016	2015
Automotive segment			
Revenues	$ 10,642,485	$ 6,818,738	$ 4,031,458
Gross profit	$ 1,980,759	$ 1,596,195	$ 921,313
Energy generation and storage segment			
Revenues	$ 1,116,266	$ 181,394	$ 14,477
Gross profit	$ 241,728	$ 3,062	$ 2,190

The following table presents revenues by geographic area based on where our products are delivered (in thousands):

	Year Ended December 31,	
	2017	2016
United States	$ 6,221,439	$ 4,200,706
China	2,027,062	1,065,255
Norway	823,081	335,572
Other	2,687,169	1,398,599
Total	$ 11,758,751	$ 7,000,132

The following table presents long-lived assets by geographic area (in thousands):

	2017	2016
United States	$ 15,587,979	$ 11,399,545
International	787,033	503,294
Total	$ 16,375,012	$ 11,902,839

Note 24 – Subsequent Events

In January 2018, the performance milestone for the aggregate production of 300,000 vehicles under the 2012 CEO Grant was achieved, resulting in the vesting of the ninth of 10 tranches under the grant.

Subject to stockholder approval, on January 21, 2018, our Board of Directors granted a new 10-year CEO performance award with vesting contingent upon achieving certain specified market capitalization and operational milestones. On February 8, 2018, we filed a proxy statement to seek stockholder approval of the award.

On February 6, 2018, we issued $546.1 million in aggregate principal amount of automobile lease-backed notes with interest rates ranging from 2.3% to 4.9% and maturities ranging from December 2019 to March 2021. The proceeds from the issuance, net of discounts and fees, were $543.1 million. Contemporaneously, we repaid $453.6 million of the principal outstanding under the Warehouse Agreements.

On February 14, 2018, our CEO and SolarCity's former Chief Technology Officer exchanged their $82.5 million (collectively) in aggregate principal amount of 6.50% promissory notes due in February 2018 for 6.50% promissory notes due in August 2018 in the same amounts.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation as of December 31, 2017, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2017, our disclosure controls and procedures were effective to provide reasonable assurance.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2017, as stated in their report which is included herein.

Limitations on the Effectiveness of Controls

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements and projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth fiscal quarter of the year ended December 31, 2017, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 of Form 10-K will be included in our 2018 Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for our 2018 Annual Meeting of Stockholders and is incorporated herein by reference. The 2018 Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 of Form 10-K will be included in our 2018 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item 12 of Form 10-K will be included in our 2018 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 of Form 10-K will be included in our 2018 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 of Form 10-K will be included in our 2018 Proxy Statement and is incorporated herein by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial statements (see *Index to Consolidated Financial Statements* in Part II, Item 8 of this report)
2. All financial statement schedules have been omitted since the required information was not applicable or was not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or the accompanying notes
3. The exhibits listed in the following *Index to Exhibits* are filed or incorporated by reference as part of this report

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-K	001-34756	3.1	March 1, 2017	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant.	10-K	001-34756	3.2	March 1, 2017	
3.3	Amended and Restated Bylaws of the Registrant.	8-K	001-34756	3.2	February 1, 2017	
4.1	Specimen common stock certificate of the Registrant.	10-K	001-34756	4.1	March 1, 2017	
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated as of August 31, 2009, between Registrant and certain holders of the Registrant's capital stock named therein.	S-1	333-164593	4.2	January 29, 2010	
4.3	Amendment to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 20, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.	S-1/A	333-164593	4.2A	May 27, 2010	
4.4	Amendment to Fifth Amended and Restated Investors' Rights Agreement between Registrant, Toyota Motor Corporation and certain holders of the Registrant's capital stock named therein.	S-1/A	333-164593	4.2B	May 27, 2010	
4.5	Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of June 14, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.	S-1/A	333-164593	4.2C	June 15, 2010	
4.6	Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of November 2, 2010, between Registrant and certain holders of the Registrant's capital stock named therein.	8-K	001-34756	4.1	November 4, 2010	
4.7	Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 22, 2011, between Registrant and certain holders of the Registrant's capital stock named therein.	S-1/A	333-174466	4.2E	June 2, 2011	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.8	Amendment to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 30, 2011, between Registrant and certain holders of the Registrant's capital stock named therein.	8-K	001-34756	4.1	June 1, 2011	
4.9	Sixth Amendment to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 15, 2013 among the Registrant, the Elon Musk Revocable Trust dated July 22, 2003 and certain other holders of the capital stock of the Registrant named therein.	8-K	001-34756	4.1	May 20, 2013	
4.10	Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of May 14, 2013, between the Registrant and certain holders of the capital stock of the Registrant named therein.	8-K	001-34756	4.2	May 20, 2013	
4.11	Waiver to Fifth Amended and Restated Investor's Rights Agreement, dated as of August 13, 2015, between the Registrant and certain holders of the capital stock of the Registrant named therein.	8-K	001-34756	4.1	August 19, 2015	
4.12	Waiver to Fifth Amended and Restated Investors' Rights Agreement, dated as of May 18, 2016, between the Registrant and certain holders of the capital stock of the Registrant named therein.	8-K	001-34756	4.1	May 24, 2016	
4.13	Waiver to Fifth Amended and Restated Investors' Rights Agreement, dated as of March 15, 2017, between the Registrant and certain holders of the capital stock of the Registrant named therein.	8-K	001-34756	4.1	March 17, 2017	
4.14	Indenture, dated as of May 22, 2013, by and between the Registrant and U.S. Bank National Association.	8-K	001-34756	4.1	May 22, 2013	
4.15	First Supplemental Indenture, dated as of May 22, 2013, by and between the Registrant and U.S. Bank National Association.	8-K	001-34756	4.2	May 22, 2013	
4.16	Form of 1.50% Convertible Senior Note Due June 1, 2018 (included in Exhibit 4.15).	8-K	001-34756	4.2	May 22, 2013	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.17	Second Supplemental Indenture, dated as of March 5, 2014, by and between the Registrant and U.S. Bank National Association.	8-K	001-34756	4.2	March 5, 2014	
4.18	Form of 0.25% Convertible Senior Note Due March 1, 2019 (included in Exhibit 4.17).	8-K	001-34756	4.2	March 5, 2014	
4.19	Third Supplemental Indenture, dated as of March 5, 2014, by and between the Registrant and U.S. Bank National Association.	8-K	001-34756	4.4	March 5, 2014	
4.20	Form of 1.25% Convertible Senior Note Due March 1, 2021 (included in Exhibit 4.19).	8-K	001-34756	4.4	March 5, 2014	
4.21	Fourth Supplemental Indenture, dated as of March 22, 2017, by and between the Registrant and U.S. Bank National Association.	8-K	001-34756	4.2	March 22, 2017	
4.22	Form of 2.375% Convertible Senior Note Due March 15, 2022 (included in Exhibit 4.21).	8-K	001-34756	4.2	March 22, 2017	
4.23	Indenture, dated as of August 18, 2017, by and among the Registrant, SolarCity, and U.S. Bank National Association, as trustee.	8-K	001-34756	4.1	August 23, 2017	
4.24	Form of 5.30% Senior Note due August 15, 2025.	8-K	001-34756	4.2	August 23, 2017	
4.25	Indenture, dated as of October 21, 2013, by and between SolarCity and Wells Fargo Bank National Association, including the form of convertible senior notes contained therein.	8-K(1)	001-35758	4.1	October 21, 2013	
4.26	First Supplemental Indenture, dated as of November 21, 2016, between SolarCity and Wells Fargo Bank, National Association, as trustee to the Indenture, dated as of October 21, 2013, between SolarCity and Wells Fargo Bank, National Association, as trustee.	8-K	001-34756	4.1	November 21, 2016	
4.27	Indenture, dated as of September 30, 2014, between SolarCity and Wells Fargo Bank, National Association	8-K(1)	001-35758	4.1	October 6, 2014	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.28	First Supplemental Indenture, dated as of November 21, 2016, between SolarCity and Wells Fargo Bank, National Association, as trustee to the Indenture, dated as of September 30, 2014, between SolarCity and Wells Fargo Bank, National Association, as trustee.	8-K	001-34756	4.2	November 21, 2016	
4.29	Indenture, dated as of December 7, 2015, between SolarCity and Wells Fargo Bank, National Association	8-K(1)	001-35758	4.1	December 7, 2015	
4.30	First Supplemental Indenture, dated as of November 21, 2016, between SolarCity and Wells Fargo Bank, National Association, as trustee to the Indenture, dated as of December 7, 2015, between SolarCity and Wells Fargo Bank, National Association, as trustee.	8-K	001-34756	4.3	November 21, 2016	
4.31	Indenture, dated as of October 15, 2014, between SolarCity and U.S. Bank National Association, as trustee.	S-3ASR(1)	333-199321	4.1	October 15, 2014	
4.32	Third Supplemental Indenture, dated as of October 15, 2014, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2014/3-3.	8-K(1)	001-35758	4.4	October 15, 2014	
4.33	Fourth Supplemental Indenture, dated as of October 15, 2014, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2014/4-7	8-K(1)	001-35758	4.5	October 15, 2014	
4.34	Seventh Supplemental Indenture, dated as of January 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2015/3-3.	8-K(1)	001-35758	4.4	January 29, 2015	
4.35	Eighth Supplemental Indenture, dated as of January 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2015/4-7.	8-K(1)	001-35758	4.5	January 29, 2015	
4.36	Ninth Supplemental Indenture, dated as of March 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2015/5-5.	8-K(1)	001-35758	4.2	March 9, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.37	Tenth Supplemental Indenture, dated as of March 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.00% Solar Bonds, Series 2015/6-10.	8-K(1)	001-35758	4.3	March 9, 2015	
4.38	Eleventh Supplemental Indenture, dated as of March 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.75% Solar Bonds, Series 2015/7-15.	8-K(1)	001-35758	4.4	March 9, 2015	
4.39	Thirteenth Supplemental Indenture, dated as of March 19, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.60% Solar Bonds, Series 2015/C2-3.	8-K(1)	001-35758	4.3	March 19, 2015	
4.40	Fourteenth Supplemental Indenture, dated as of March 19, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C3-5.	8-K(1)	001-35758	4.4	March 19, 2015	
4.41	Fifteenth Supplemental Indenture, dated as of March 19, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C4-10.	8-K(1)	001-35758	4.5	March 19, 2015	
4.42	Sixteenth Supplemental Indenture, dated as of March 19, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C5-15.	8-K(1)	001-35758	4.6	March 19, 2015	
4.43	Eighteenth Supplemental Indenture, dated as of March 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C7-3.	8-K(1)	001-35758	4.3	March 26, 2015	
4.44	Nineteenth Supplemental Indenture, dated as of March 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C8-5.	8-K(1)	001-35758	4.4	March 26, 2015	
4.45	Twentieth Supplemental Indenture, dated as of March 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C9-10.	8-K(1)	001-35758	4.5	March 26, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.46	Twenty-First Supplemental Indenture, dated as of March 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C10-15.	8-K(1)	001-35758	4.6	March 26, 2015	
4.47	Twenty-Fourth Supplemental Indenture, dated as of April 2, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C12-3.	8-K(1)	001-35758	4.3	April 2, 2015	
4.48	Twenty-Fifth Supplemental Indenture, dated as of April 2, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C13-5.	8-K(1)	001-35758	4.4	April 2, 2015	
4.49	Twenty-Sixth Supplemental Indenture, dated as of April 2, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C14-10.	8-K(1)	001-35758	4.5	April 2, 2015	
4.50	Twenty-Eighth Supplemental Indenture, dated as of April 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C17-3.	8-K(1)	001-35758	4.3	April 9, 2015	
4.51	Twenty-Ninth Supplemental Indenture, dated as of April 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C18-5.	8-K(1)	001-35758	4.4	April 9, 2015	
4.52	Thirtieth Supplemental Indenture, dated as of April 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C19-10.	8-K(1)	001-35758	4.5	April 9, 2015	
4.53	Thirty-First Supplemental Indenture, dated as of April 9, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C20-15.	8-K(1)	001-35758	4.6	April 9, 2015	
4.54	Thirty-Third Supplemental Indenture, dated as of April 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C22-3.	8-K(1)	001-35758	4.3	April 14, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.55	Thirty-Fourth Supplemental Indenture, dated as of April 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C23-5.	8-K(1)	001-35758	4.4	April 14, 2015	
4.56	Thirty-Fifth Supplemental Indenture, dated as of April 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C24-10.	8-K(1)	001-35758	4.5	April 14, 2015	
4.57	Thirty-Sixth Supplemental Indenture, dated as of April 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C25-15.	8-K(1)	001-35758	4.6	April 14, 2015	
4.58	Thirty-Eighth Supplemental Indenture, dated as of April 21, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C27-10.	8-K(1)	001-35758	4.3	April 21, 2015	
4.59	Thirty-Ninth Supplemental Indenture, dated as of April 21, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C28-15.	8-K(1)	001-35758	4.4	April 21, 2015	
4.60	Forty-First Supplemental Indenture, dated as of April 27, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C30-3.	8-K(1)	001-35758	4.3	April 27, 2015	
4.61	Forty-Second Supplemental Indenture, dated as of April 27, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C31-5.	8-K(1)	001-35758	4.4	April 27, 2015	
4.62	Forty-Third Supplemental Indenture, dated as of April 27, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C32-10.	8-K(1)	001-35758	4.5	April 27, 2015	
4.63	Forty-Fourth Supplemental Indenture, dated as of April 27, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C33-15.	8-K(1)	001-35758	4.6	April 27, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.64	Forty-Sixth Supplemental Indenture, dated as of May 1, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2015/10-3.	8-K(1)	001-35758	4.3	May 1, 2015	
4.65	Forty-Seventh Supplemental Indenture, dated as of May 1, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2015/11-5.	8-K(1)	001-35758	4.4	May 1, 2015	
4.66	Forty-Eighth Supplemental Indenture, dated as of May 1, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.00% Solar Bonds, Series 2015/12-10.	8-K(1)	001-35758	4.5	May 1, 2015	
4.67	Forty-Ninth Supplemental Indenture, dated as of May 1, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.75% Solar Bonds, Series 2015/13-15.	8-K(1)	001-35758	4.6	May 1, 2015	
4.68	Fiftieth Supplemental Indenture, dated as of May 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C34-3.	8-K(1)	001-35758	4.2	May 11, 2015	
4.69	Fifty-First Supplemental Indenture, dated as of May 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C35-5.	8-K(1)	001-35758	4.3	May 11, 2015	
4.70	Fifty-Second Supplemental Indenture, dated as of May 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C36-10.	8-K(1)	001-35758	4.4	May 11, 2015	
4.71	Fifty-Third Supplemental Indenture, dated as of May 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C37-15.	8-K(1)	001-35758	4.5	May 11, 2015	
4.72	Fifty-Fourth Supplemental Indenture, dated as of May 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.50% Solar Bonds, Series 2015/14-2.	8-K(1)	001-35758	4.2	May 14, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.73	Fifty-Fifth Supplemental Indenture, dated as of May 18, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C38-3.	8-K(1)	001-35758	4.2	May 18, 2015	
4.74	Fifty-Sixth Supplemental Indenture, dated as of May 18, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C39-5.	8-K(1)	001-35758	4.3	May 18, 2015	
4.75	Fifty-Seventh Supplemental Indenture, dated as of May 18, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C40-10.	8-K(1)	001-35758	4.4	May 18, 2015	
4.76	Fifty-Eighth Supplemental Indenture, dated as of May 18, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C41-15.	8-K(1)	001-35758	4.5	May 18, 2015	
4.77	Fifty-Ninth Supplemental Indenture, dated as of May 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C42-3.	8-K(1)	001-35758	4.2	May 26, 2015	
4.78	Sixtieth Supplemental Indenture, dated as of May 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C43-5.	8-K(1)	001-35758	4.3	May 26, 2015	
4.79	Sixty-First Supplemental Indenture, dated as of May 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C44-10.	8-K(1)	001-35758	4.4	May 26, 2015	
4.80	Sixty-Second Supplemental Indenture, dated as of May 26, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C45-15.	8-K(1)	001-35758	4.5	May 26, 2015	
4.81	Sixty-Fourth Supplemental Indenture, dated as of June 8, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C46-3.	8-K(1)	001-35758	4.2	June 10, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.82	Sixty-Fifth Supplemental Indenture, dated as of June 8, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C47-5.	8-K(1)	001-35758	4.3	June 10, 2015	
4.83	Sixty-Sixth Supplemental Indenture, dated as of June 8, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C48-10.	8-K(1)	001-35758	4.4	June 10, 2015	
4.84	Sixty-Seventh Supplemental Indenture, dated as of June 8, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C49-15.	8-K(1)	001-35758	4.5	June 10, 2015	
4.85	Sixty-Eighth Supplemental Indenture, dated as of June 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C50-3.	8-K(1)	001-35758	4.2	June 16, 2015	
4.86	Sixty-Ninth Supplemental Indenture, dated as of June 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C51-5.	8-K(1)	001-35758	4.3	June 16, 2015	
4.87	Seventieth Supplemental Indenture, dated as of June 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C52-10.	8-K(1)	001-35758	4.4	June 16, 2015	
4.88	Seventy-First Supplemental Indenture, dated as of June 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C53-15.	8-K(1)	001-35758	4.5	June 16, 2015	
4.89	Seventy-Second Supplemental Indenture, dated as of June 22, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C54-3.	8-K(1)	001-35758	4.2	June 23, 2015	
4.90	Seventy-Third Supplemental Indenture, dated as of June 22, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C55-5.	8-K(1)	001-35758	4.3	June 23, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.91	Seventy-Fourth Supplemental Indenture, dated as of June 22, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C56-10.	8-K(1)	001-35758	4.4	June 23, 2015	
4.92	Seventy-Fifth Supplemental Indenture, dated as of June 22, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C57-15.	8-K(1)	001-35758	4.5	June 23, 2015	
4.93	Seventy-Eighth Supplemental Indenture, dated as of June 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C59-3.	8-K(1)	001-35758	4.3	June 29, 2015	
4.94	Seventy-Ninth Supplemental Indenture, dated as of June 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C60-5.	8-K(1)	001-35758	4.4	June 29, 2015	
4.95	Eightieth Supplemental Indenture, dated as of June 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C61-10.	8-K(1)	001-35758	4.5	June 29, 2015	
4.96	Eighty-First Supplemental Indenture, dated as of June 29, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C62-15.	8-K(1)	001-35758	4.6	June 29, 2015	
4.97	Eighty-Third Supplemental Indenture, dated as of July 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C64-3.	8-K(1)	001-35758	4.3	July 14, 2015	
4.98	Eighty-Fourth Supplemental Indenture, dated as of July 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C65-5.	8-K(1)	001-35758	4.4	July 14, 2015	
4.99	Eighty-Fifth Supplemental Indenture, dated as of July 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C66-10.	8-K(1)	001-35758	4.5	July 14, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.100	Eighty-Sixth Supplemental Indenture, dated as of July 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C67-15.	8-K(1)	001-35758	4.6	July 14, 2015	
4.101	Eighty-Eighth Supplemental Indenture, dated as of July 20, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C69-3.	8-K(1)	001-35758	4.3	July 21, 2015	
4.102	Eighty-Ninth Supplemental Indenture, dated as of July 20, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C70-5.	8-K(1)	001-35758	4.4	July 21, 2015	
4.103	Ninetieth Supplemental Indenture, dated as of July 20, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C71-10.	8-K(1)	001-35758	4.5	July 21, 2015	
4.104	Ninety-First Supplemental Indenture, dated as of July 20, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C72-15.	8-K(1)	001-35758	4.6	July 21, 2015	
4.105	Ninety-Third Supplemental Indenture, dated as of July 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2015/18-3.	8-K(1)	001-35758	4.3	July 31, 2015	
4.106	Ninety-Fourth Supplemental Indenture, dated as of July 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2015/19-5.	8-K(1)	001-35758	4.4	July 31, 2015	
4.107	Ninety-Fifth Supplemental Indenture, dated as of July 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.00% Solar Bonds, Series 2015/20-10.	8-K(1)	001-35758	4.5	July 31, 2015	
4.108	Ninety-Sixth Supplemental Indenture, dated as of July 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.75% Solar Bonds, Series 2015/21-15.	8-K(1)	001-35758	4.6	July 31, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.109	Ninety-Eighth Supplemental Indenture, dated as of August 3, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C74-3.	8-K(1)	001-35758	4.3	August 3, 2015	
4.110	Ninety-Ninth Supplemental Indenture, dated as of August 3, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C75-5.	8-K(1)	001-35758	4.4	August 3, 2015	
4.111	One Hundredth Supplemental Indenture, dated as of August 3, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C76-10.	8-K(1)	001-35758	4.5	August 3, 2015	
4.112	One Hundred-and-First Supplemental Indenture, dated as of August 3, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C77-15.	8-K(1)	001-35758	4.6	August 3, 2015	
4.113	One Hundred-and-Third Supplemental Indenture, dated as of August 10, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C79-3.	8-K(1)	001-35758	4.3	August 10, 2015	
4.114	One Hundred-and-Fourth Supplemental Indenture, dated as of August 10, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C80-5.	8-K(1)	001-35758	4.4	August 10, 2015	
4.115	One Hundred-and-Fifth Supplemental Indenture, dated as of August 10, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C81-10.	8-K(1)	001-35758	4.5	August 10, 2015	
4.116	One Hundred-and-Sixth Supplemental Indenture, dated as of August 10, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C82-15.	8-K(1)	001-35758	4.6	August 10, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.117	One Hundred-and-Eighth Supplemental Indenture, dated as of August 17, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C84-3.	8-K(1)	001-35758	4.3	August 17, 2015	
4.118	One Hundred-and-Ninth Supplemental Indenture, dated as of August 17, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C85-5.	8-K(1)	001-35758	4.4	August 17, 2015	
4.119	One Hundred-and-Tenth Supplemental Indenture, dated as of August 17, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C86-10.	8-K(1)	001-35758	4.5	August 17, 2015	
4.120	One Hundred-and-Eleventh Supplemental Indenture, dated as of August 17, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C87-15.	8-K(1)	001-35758	4.6	August 17, 2015	
4.121	One Hundred-and-Thirteenth Supplemental Indenture, dated as of August 24, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C89-3.	8-K(1)	001-35758	4.3	August 24, 2015	
4.122	One Hundred-and-Fourteenth Supplemental Indenture, dated as of August 24, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C90-5.	8-K(1)	001-35758	4.4	August 24, 2015	
4.123	One Hundred-and-Fifteenth Supplemental Indenture, dated as of August 24, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C91-10.	8-K(1)	001-35758	4.5	August 24, 2015	
4.124	One Hundred-and-Sixteenth Supplemental Indenture, dated as of August 24, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C92-15.	8-K(1)	001-35758	4.6	August 24, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.125	One Hundred-and-Eighteenth Supplemental Indenture, dated as of August 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C94-3.	8-K(1)	001-35758	4.3	August 31, 2015	
4.126	One Hundred-and-Nineteenth Supplemental Indenture, dated as of August 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C95-5.	8-K(1)	001-35758	4.4	August 31, 2015	
4.127	One Hundred-and-Twentieth Supplemental Indenture, dated as of August 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C96-10.	8-K(1)	001-35758	4.5	August 31, 2015	
4.128	One Hundred-and-Twenty-First Supplemental Indenture, dated as of August 31, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C97-15.	8-K(1)	001-35758	4.6	August 31, 2015	
4.129	One Hundred-and-Twenty-Second Supplemental Indenture, dated as of September 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's Solar Bonds, Series 2015/R1.	8-K(1)	001-35758	4.2	September 11, 2015	
4.130	One Hundred-and-Twenty-Third Supplemental Indenture, dated as of September 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's Solar Bonds, Series 2015/R2.	8-K(1)	001-35758	4.3	September 11, 2015	
4.131	One Hundred-and-Twenty-Fourth Supplemental Indenture, dated as of September 11, 2015, by and between SolarCity and the Trustee, related to SolarCity's Solar Bonds, Series 2015/R3.	8-K(1)	001-35758	4.4	September 11, 2015	
4.132	One Hundred-and-Twenty-Sixth Supplemental Indenture, dated as of September 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C99-3.	8-K(1)	001-35758	4.3	September 15, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.133	One Hundred-and-Twenty-Seventh Supplemental Indenture, dated as of September 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C100-5.	8-K(1)	001-35758	4.4	September 15, 2015	
4.134	One Hundred-and-Twenty-Eighth Supplemental Indenture, dated as of September 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C101-10.	8-K(1)	001-35758	4.5	September 15, 2015	
4.135	One Hundred-and-Twenty-Ninth Supplemental Indenture, dated as of September 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C102-15.	8-K(1)	001-35758	4.6	September 15, 2015	
4.136	One Hundred-and-Thirty-First Supplemental Indenture, dated as of September 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C104-3.	8-K(1)	001-35758	4.3	September 29, 2015	
4.137	One Hundred-and-Thirty-Second Supplemental Indenture, dated as of September 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C105-5.	8-K(1)	001-35758	4.4	September 29, 2015	
4.138	One Hundred-and-Thirty-Third Supplemental Indenture, dated as of September 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C106-10.	8-K(1)	001-35758	4.5	September 29, 2015	
4.139	One Hundred-and-Thirty-Fourth Supplemental Indenture, dated as of September 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C107-15.	8-K(1)	001-35758	4.6	September 29, 2015	
4.140	One Hundred-and-Thirty-Sixth Supplemental Indenture, dated as of October 13, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C109-3.	8-K(1)	001-35758	4.3	October 13, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.141	One Hundred-and-Thirty-Seventh Supplemental Indenture, dated as of October 13, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C110-5.	8-K(1)	001-35758	4.4	October 13, 2015	
4.142	One Hundred-and-Thirty-Eighth Supplemental Indenture, dated as of October 13, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C111-10.	8-K(1)	001-35758	4.5	October 13, 2015	
4.143	One Hundred-and-Thirty-Ninth Supplemental Indenture, dated as of October 13, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C112-15.	8-K(1)	001-35758	4.6	October 13, 2015	
4.144	One Hundred-and-Forty-First Supplemental Indenture, dated as of October 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2015/23-3.	8-K(1)	001-35758	4.3	October 30, 2015	
4.145	One Hundred-and-Forty-Second Supplemental Indenture, dated as of October 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2015/24-5.	8-K(1)	001-35758	4.4	October 30, 2015	
4.146	One Hundred-and-Forty-Third Supplemental Indenture, dated as of October 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.00% Solar Bonds, Series 2015/25-10.	8-K(1)	001-35758	4.5	October 30, 2015	
4.147	One Hundred-and-Forty-Fourth Supplemental Indenture, dated as of October 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.75% Solar Bonds, Series 2015/26-15.	8-K(1)	001-35758	4.6	October 30, 2015	
4.148	One Hundred-and-Forty-Sixth Supplemental Indenture, dated as of November 4, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C114-3.	8-K(1)	001-35758	4.3	November 4, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.149	One Hundred-and-Forty-Seventh Supplemental Indenture, dated as of November 4, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C115-5.	8-K(1)	001-35758	4.4	November 4, 2015	
4.150	One Hundred-and-Forty-Eighth Supplemental Indenture, dated as of November 4, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C116-10.	8-K(1)	001-35758	4.5	November 4, 2015	
4.151	One Hundred-and-Forty-Ninth Supplemental Indenture, dated as of November 4, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C117-15.	8-K(1)	001-35758	4.6	November 4, 2015	
4.152	One Hundred-and-Fifty-First Supplemental Indenture, dated as of November 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C119-3.	8-K(1)	001-35758	4.3	November 17, 2015	
4.153	One Hundred-and-Fifty-Second Supplemental Indenture, dated as of November 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C120-5.	8-K(1)	001-35758	4.4	November 17, 2015	
4.154	One Hundred-and-Fifty-Third Supplemental Indenture, dated as of November 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C121-10.	8-K(1)	001-35758	4.5	November 17, 2015	
4.155	One Hundred-and-Fifty-Fourth Supplemental Indenture, dated as of November 16, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C122-15.	8-K(1)	001-35758	4.6	November 17, 2015	
4.156	One Hundred-and-Fifty-Sixth Supplemental Indenture, dated as of November 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C124-3.	8-K(1)	001-35758	4.3	November 30, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.157	One Hundred-and-Fifty-Seventh Supplemental Indenture, dated as of November 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C125-5.	8-K(1)	001-35758	4.4	November 30, 2015	
4.158	One Hundred-and-Fifty-Eighth Supplemental Indenture, dated as of November 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C126-10.	8-K(1)	001-35758	4.5	November 30, 2015	
4.159	One Hundred-and-Fifty-Ninth Supplemental Indenture, dated as of November 30, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C127-15.	8-K(1)	001-35758	4.6	November 30, 2015	
4.160	One Hundred-and-Sixty-First Supplemental Indenture, dated as of December 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C129-3.	8-K(1)	001-35758	4.3	December 14, 2015	
4.161	One Hundred-and-Sixty-Second Supplemental Indenture, dated as of December 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C130-5.	8-K(1)	001-35758	4.4	December 14, 2015	
4.162	One Hundred-and-Sixty-Third Supplemental Indenture, dated as of December 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C131-10.	8-K(1)	001-35758	4.5	December 14, 2015	
4.163	One Hundred-and-Sixty-Fourth Supplemental Indenture, dated as of December 14, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C132-15.	8-K(1)	001-35758	4.6	December 14, 2015	
4.164	One Hundred-and-Sixty-Sixth Supplemental Indenture, dated as of December 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 2.65% Solar Bonds, Series 2015/C134-3.	8-K(1)	001-35758	4.3	December 28, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.165	One Hundred-and-Sixty-Seventh Supplemental Indenture, dated as of December 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 3.60% Solar Bonds, Series 2015/C135-5.	8-K(1)	001-35758	4.4	December 28, 2015	
4.166	One Hundred-and-Sixty-Eighth Supplemental Indenture, dated as of December 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 4.70% Solar Bonds, Series 2015/C136-10.	8-K(1)	001-35758	4.5	December 28, 2015	
4.167	One Hundred-and-Sixty-Ninth Supplemental Indenture, dated as of December 28, 2015, by and between SolarCity and the Trustee, related to SolarCity's 5.45% Solar Bonds, Series 2015/C137-15.	8-K(1)	001-35758	4.6	December 28, 2015	
4.168	One Hundred-and-Seventy-First Supplemental Indenture, dated as of January 29, 2016, by and between SolarCity and the Trustee, related to SolarCity's 3.00% Solar Bonds, Series 2016/2-3.	8-K(1)	001-35758	4.3	January 29, 2016	
4.169	One Hundred-and-Seventy-Second Supplemental Indenture, dated as of January 29, 2016, by and between SolarCity and the Trustee, related to SolarCity's 4.00% Solar Bonds, Series 2016/3-5.	8-K(1)	001-35758	4.4	January 29, 2016	
4.170	One Hundred-and-Seventy-Third Supplemental Indenture, dated as of January 29, 2016, by and between SolarCity and the Trustee, related to SolarCity's 5.00% Solar Bonds, Series 2016/4-10.	8-K(1)	001-35758	4.5	January 29, 2016	
4.171	One Hundred-and-Seventy-Fourth Supplemental Indenture, dated as of January 29, 2016, by and between SolarCity and the Trustee, related to SolarCity's 5.75% Solar Bonds, Series 2016/5-15.	8-K(1)	001-35758	4.6	January 29, 2016	
4.172	One Hundred-and-Seventy-Sixth Supplemental Indenture, dated as of February 26, 2016, by and between SolarCity and the Trustee, related to SolarCity's 4.50% Solar Bonds, Series 2016/7-3.	8-K(1)	001-35758	4.3	February 26, 2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.173	One Hundred-and-Seventy-Seventh Supplemental Indenture, dated as of February 26, 2016, by and between SolarCity and the Trustee, related to SolarCity's 5.25% Solar Bonds, Series 2016/8-5.	8-K(1)	001-35758	4.4	February 26, 2016	
4.174	One Hundred-and-Seventy-Eighth Supplemental Indenture, dated as of March 21, 2016, by and between SolarCity and the Trustee, related to SolarCity's 4.40% Solar Bonds, Series 2016/9-1.	8-K(1)	001-35758	4.2	March 21, 2016	
4.175	One Hundred-and-Seventy-Ninth Supplemental Indenture, dated as of March 21, 2016, by and between SolarCity and the Trustee, related to SolarCity's 5.25% Solar Bonds, Series 2016/10-5.	8-K(1)	001-35758	4.3	March 21, 2016	
4.176	One Hundred-and-Eightieth Supplemental Indenture, dated as of June 10, 2016, by and between SolarCity and the Trustee, related to SolarCity's 4.40% Solar Bonds, Series 2016/11-1.	8-K(1)	001-35758	4.2	June 10, 2016	
4.177	One Hundred-and-Eighty-First Supplemental Indenture, dated as of June 10, 2016, by and between SolarCity and the Trustee, related to SolarCity's 5.25% Solar Bonds, Series 2016/12-5.	8-K(1)	001-35758	4.3	June 10, 2016	
4.178	One Hundred-and-Eighty-Second Supplemental Indenture, dated as of August 17, 2016, by and between SolarCity and the Trustee, related to SolarCity's 6.50% Solar Bonds, Series 2016/13-18M.	8-K(1)	001-35758	4.2	August 17, 2016	
10.1**	Form of Indemnification Agreement between the Registrant and its directors and officers.	S-1/A	333-164593	10.1	June 15, 2010	
10.2**	2003 Equity Incentive Plan.	S-1/A	333-164593	10.2	May 27, 2010	
10.3**	Form of Stock Option Agreement under 2003 Equity Incentive Plan.	S-1	333-164593	10.3	January 29, 2010	
10.4**	Amended and Restated 2010 Equity Incentive Plan.	—	—	—	—	X
10.5**	Form of Stock Option Agreement under 2010 Equity Incentive Plan.	10-K	001-34756	10.6	March 1, 2017	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.6**	Form of Restricted Stock Unit Award Agreement under 2010 Equity Incentive Plan.	10-K	001-34756	10.7	March 1, 2017	
10.7**	Amended and Restated 2010 Employee Stock Purchase Plan, effective as of February 1, 2017.	10-K	001-34756	10.8	March 1, 2017	
10.8**	2007 SolarCity Stock Plan and form of agreements used thereunder.	S-1(1)	333-184317	10.2	October 5, 2012	
10.9**	2012 SolarCity Equity Incentive Plan and form of agreements used thereunder.	S-1(1)	333-184317	10.3	October 5, 2012	
10.10**	2010 Zep Solar, Inc. Equity Incentive Plan and form of agreements used thereunder.	S-8(1)	333-192996	4.5	December 20, 2013	
10.11**	Offer Letter between the Registrant and Elon Musk dated October 13, 2008.	S-1	333-164593	10.9	January 29, 2010	
10.12**	Performance Stock Option Agreement between the Registrant and Elon Musk dated January 21, 2018.	DEF 14A	001-34756	Appendix A	February 8, 2018	
10.13**	Offer Letter between the Registrant and Jeffrey B. Straubel dated May 6, 2004.	S-1	333-164593	10.12	January 29, 2010	
10.14**	Offer Letter between the Registrant and Deepak Ahuja dated February 21, 2017.	10-Q	001-34756	10.7	May 10, 2017	
10.15**	Incentive Compensation Plan for July 1, 2017–December 31, 2017, for Jon McNeill.	10-Q	001-34756	10.7	November 3, 2017	
10.16	Form of Call Option Confirmation relating to 1.50% Convertible Senior Note Due June 1, 2018.	8-K	001-34756	10.1	May 22, 2013	
10.17	Form of Warrant Confirmation relating to 1.50% Convertible Senior Note Due June 1, 2018.	8-K	001-34756	10.2	May 22, 2013	
10.18	Indemnification Agreement, dated as of February 27, 2014, by and between the Registrant and J.P. Morgan Securities LLC.	8-K	001-34756	10.1	March 5, 2014	
10.19	Form of Call Option Confirmation relating to 0.25% Convertible Senior Notes Due March 1, 2019.	8-K	001-34756	10.2	March 5, 2014	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.20	Form of Call Option Confirmation relating to 1.25% Convertible Senior Notes Due March 1, 2021.	8-K	001-34756	10.3	March 5, 2014	
10.21	Form of Warrant Confirmation relating to 0.25% Convertible Senior Notes Due March 1, 2019.	8-K	001-34756	10.4	March 5, 2014	
10.22	Form of Warrant Confirmation relating to 1.25% Convertible Senior Notes Due March 1, 2021.	8-K	001-34756	10.5	March 5, 2014	
10.23	Form of Call Option Confirmation relating to 2.375% Convertible Notes due March 15, 2022.	8-K	001-34756	10.1	March 22, 2017	
10.24	Form of Warrant Confirmation relating to 2.375% Convertible Notes due March 15, 2022.	8-K	001-34756	10.2	March 22, 2017	
10.25†	Supply Agreement between Panasonic Corporation and the Registrant dated October 5, 2011.	10-K	-001-34756	10.50	February 27, 2012	
10.26†	Amendment No. 1 to Supply Agreement between Panasonic Corporation and the Registrant dated October 29, 2013.	10-K	001-34756	10.35A	February 26, 2014	
10.27	Agreement between Panasonic Corporation and the Registrant dated July 31, 2014.	10-Q	001-34756	10.1	November 7, 2014	
10.28†	General Terms and Conditions between Panasonic Corporation and the Registrant dated October 1, 2014.	8-K	001-34756	10.2	October 11, 2016	
10.29	Letter Agreement, dated as of February 24, 2015, regarding addition of co-party to General Terms and Conditions, Production Pricing Agreement and Investment Letter Agreement between Panasonic Corporation and the Registrant.	10-K	001-34756	10.25A	February 24, 2016	
10.30†	Amendment to Gigafactory General Terms, dated March 1, 2016, by and among the Registrant, Panasonic Corporation and Panasonic Energy Corporation of North America.	8-K	001-34756	10.1	October 11, 2016	
10.31†	Production Pricing Agreement between Panasonic Corporation and the Registrant dated October 1, 2014.	10-Q	001-34756	10.3	November 7, 2014	
10.32†	Investment Letter Agreement between Panasonic Corporation and the Registrant dated October 1, 2014.	10-Q	001-34756	10.4	November 7, 2014	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.33	Amendment to Gigafactory Documents, dated April 5, 2016, by and among the Registrant, Panasonic Corporation, Panasonic Corporation of North America and Panasonic Energy Corporation of North America.	10-Q	001-34756	10.2	May 10, 2016	
10.34	ABL Credit Agreement, dated as of June 10, 2015, by and among the Registrant, Tesla Motors Netherlands B.V., certain of the Registrant's and Tesla Motors Netherlands B.V.'s direct or indirect subsidiaries from time to time party thereto, as borrowers, Wells Fargo Bank, National Association, as documentation agent, JPMorgan Chase Bank, N.A., Goldman Sachs Bank USA, Morgan Stanley Senior Funding Inc. and Bank of America, N.A., as syndication agents, the lenders from time to time party thereto, and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	001-34756	10.1	June 12, 2015	
10.35	First Amendment, dated as of November 3, 2015, to ABL Credit Agreement, dated as of June 10, 2015, by and among the Registrant, Tesla Motors Netherlands B.V., certain of the Registrant's and Tesla Motors Netherlands B.V.'s direct or indirect subsidiaries from time to time party thereto, as borrowers, and the documentation agent, syndication agents, administrative agent, collateral agent and lenders from time to time party thereto.	10-Q	001-34756	10.1	November 5, 2015	
10.36	Second Amendment, dated as of December 31, 2015, to ABL Credit Agreement, dated as of June 10, 2015, by and among the Registrant, Tesla Motors Netherlands B.V., certain of the Registrant's and Tesla Motors Netherlands B.V.'s direct or indirect subsidiaries from time to time party thereto, as borrowers, and the documentation agent, syndication agents, administrative agent, collateral agent and lenders from time to time party thereto.	10-K	001-34756	10.28B	February 24, 2016	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.37	Third Amendment, dated as of February 9, 2016, to ABL Credit Agreement, dated as of June 10, 2015, by and among the Registrant, Tesla Motors Netherlands B.V., certain of the Registrant's and Tesla Motors Netherlands B.V.'s direct or indirect subsidiaries from time to time party thereto, as borrowers, and the documentation agent, syndication agents, administrative agent, collateral agent and lenders from time to time party thereto.	10-K	001-34756	10.28C	February 24, 2016	
10.38	Fourth Amendment to Credit Agreement, dated as of July 31, 2016, by and among the Registrant, Tesla Motors Netherlands B.V., the lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent.	8-K	001-34756	10.1	August 1, 2016	
10.39	Fifth Amendment to Credit Agreement, dated as of December 15, 2016, among the Registrant, Tesla Motors Netherlands B.V., the lenders party thereto and Deutsche Bank AG, New York Branch, as administrative agent and collateral agent.	8-K	001-34756	10.1	December 20, 2016	
10.40	Sixth Amendment to Credit Agreement, dated as of June 19, 2017, among the Registrant, Tesla Motors Netherlands B.V., the lenders party thereto and Deutsche Bank AG, New York Branch, as administrative agent and collateral agent.	10-Q	001-34756	10.1	August 4, 2017	
10.41	Seventh Amendment to the ABL Credit Agreement, dated as of August 11, 2017, by and among the Registrant, Tesla Motors Netherlands B.V., Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other agents party thereto.	8-K	001-34756	10.2	August 23, 2017	
10.42†	Agreement for Tax Abatement and Incentives, dated as of May 7, 2015, by and between Tesla Motors, Inc. and the State of Nevada, acting by and through the Nevada Governor's Office of Economic Development.	10-Q	001-34756	10.1	August 7, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.43†	Amended and Restated Loan and Security Agreement, dated as of August 17, 2017, by and among Tesla 2014 Warehouse SPV LLC, Tesla Finance LLC, the Lenders and Group Agents from time to time party thereto, and Deutsche Bank AG, New York Branch, as Administrative Agent.	10-Q	001-34756	10.3	November 3, 2017	
10.44†	Amendment No. 1 to Amended and Restated Loan and Security Agreement, dated as of October 18, 2017, by and among Tesla 2014 Warehouse SPV LLC, Tesla Finance LLC, the Lenders and Group Agents from time to time party thereto, Deutsche Bank AG, New York Branch, as Administrative Agent, and Deutsche Bank Trust Company Americas, as Paying Agent.	—	—	—	—	X
10.45†	Loan and Security Agreement, dated as of August 17, 2017, by and among LML Warehouse SPV, LLC, Tesla Finance LLC, the Lenders and Group Agents from time to time party thereto, and Deutsche Bank AG, New York Branch, as Administrative Agent.	10-Q	001-34756	10.4	November 3, 2017	
10.46†	Amendment No. 1 to Loan and Security Agreement, dated as of October 18, 2017, by and among LML Warehouse SPV, LLC, Tesla Finance LLC, the Lenders and Group Agents from time to time party thereto, Deutsche Bank AG, New York Branch, as Administrative Agent, and Deutsche Bank Trust Company Americas, as Paying Agent.	—	—	—	—	X
10.47	Purchase Agreement, dated as of August 11, 2017, by and among the Registrant, SolarCity and Goldman Sachs & Co. LLC and Morgan Stanley & Co. LLC as representatives of the several initial purchasers named therein.	8-K	001-34756	10.1	August 23, 2017	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.48	Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of September 2, 2014, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, Inc.	10-Q(1)	001-35758	10.16	November 6, 2014	
10.49	First Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of October 31, 2014, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, Inc.	10-K(1)	001-35758	10.16a	February 24, 2015	
10.50	Second Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of December 15, 2014, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, Inc.	10-K(1)	001-35758	10.16b	February 24, 2015	
10.51	Third Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of February 12, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, Inc.	10-Q(1)	001-35758	10.16c	May 6, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.52	Fourth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of March 30, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, Inc.	10-Q(1)	001-35758	10.16d	May 6, 2015	
10.53	Fifth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of June 30, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-Q(1)	001-35758	10.16e	July 30, 2015	
10.54	Sixth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of September 1, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-Q(1)	001-35758	10.16f	October 30, 2015	
10.55	Seventh Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of October 9, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-Q(1)	001-35758	10.16g	October 30, 2015	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.56	Eighth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of October 26, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-Q(1)	001-35758	10.16h	October 30, 2015	
10.57	Ninth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of December 9, 2015, by and between The Research Foundation For The State University of New York, on behalf of the College of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-K(1)	001-35758	10.16i	February 10, 2016	
10.58	Tenth Amendment to Amended and Restated Agreement For Research & Development Alliance on Triex Module Technology, effective as of March 31, 2017, by and between The Research Foundation For The State University of New York, on behalf of the Colleges of Nanoscale Science and Engineering of the State University of New York, and Silevo, LLC.	10-Q	001-34756	10.8	May 10, 2017	
12.1	Statement regarding Computation of Ratio of Earnings to Fixed Charges	—	—	—	—	X
21.1	List of Subsidiaries of the Registrant	—	—	—	—	X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm	—	—	—	—	X
23.2	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	—	—	—	—	X
31.1	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Executive Officer	—	—	—	—	X
31.2	Rule 13a-14(a) / 15(d)-14(a) Certification of Principal Financial Officer	—	—	—	—	X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
32.1*	Section 1350 Certifications	—	—	—	—	
99.1	Certain Excerpts from Annual Report on Form 10-K of SolarCity	10-K	001-34756	99.1	March 1, 2017	
101.INS	XBRL Instance Document					
101.SCH	XBRL Taxonomy Extension Schema Document					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					

* Furnished herewith
** Indicates a management contract or compensatory plan or arrangement
† Confidential treatment has been requested for portions of this exhibit
(1) Indicates a filing of SolarCity

ITEM 16. SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tesla, Inc.

Date: February 22, 2018

/s/ Elon Musk
Elon Musk
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Elon Musk Elon Musk	Chief Executive Officer and Director (Principal Executive Officer)	February 22, 2018
/s/ Deepak Ahuja Deepak Ahuja	Chief Financial Officer (Principal Financial Officer)	February 22, 2018
/s/ Eric Branderiz Eric Branderiz	Chief Accounting Officer (Principal Accounting Officer)	February 22, 2018
/s/ Brad W. Buss Brad W. Buss	Director	February 22, 2018
/s/ Robyn Denholm Robyn Denholm	Director	February 22, 2018
/s/ Ira Ehrenpreis Ira Ehrenpreis	Director	February 22, 2018
/s/ Antonio J. Gracias Antonio J. Gracias	Director	February 22, 2018
/s/ James Murdoch James Murdoch	Director	February 22, 2018
/s/ Kimbal Musk Kimbal Musk	Director	February 22, 2018
/s/ Linda Johnson Rice Linda Johnson Rice	Director	February 22, 2018
_____ Stephen T. Jurvetson	Director	

Exhibit 10.4

TESLA, INC.

2010 EQUITY INCENTIVE PLAN

(as amended and restated effective June 12, 2012)
(as further amended and restated effective April 10, 2014)
(as further amended and restated effective March 3, 2015)
(as further amended and restated effective February 1, 2017)
(as further amended and restated effective July 13, 2017)

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel to ensure the Company's success and accomplish the Company's goals,
- to incentivize Employees, Directors and Consultants with long-term equity- based compensation to align their interests with the Company's stockholders, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(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) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

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

(f) "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 (i), 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 (ii), 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 (iii), 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 (iii), 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 Section 2(f), 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.

(g) "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.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

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

(j) "Company" means Tesla, Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any person, including an advisor, engaged by the

Company or a Parent or Subsidiary to render services to such entity.

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

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(p) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have different terms), Awards of a different type, and/or cash, and/or (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator. Subject to the no-Repricing provision in Section 4(b), the Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(q) "Fair Market Value" means, as of any date, 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 day 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, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(iii) For purposes of any Awards granted on the Registration Date, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's Common Stock; or

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

(r) "Fiscal Year" means the fiscal year of the Company.

(s) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) "Inside Director" means a Director who is an Employee.

(u) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means a stock option granted pursuant to the Plan.

(x) "Outside Director" means a Director who is not an Employee. For the avoidance of doubt, an Outside Director may or may not be an "outside director" within the meaning of Section 162(m) of the Code.

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

(z) "Participant" means the holder of an outstanding Award.

(aa) "Performance Goals" means one or more objective measurable performance goals established by the Administrator based upon one or more of the following criteria: (i) any measure of financial condition or operating results that can be determined by reference to the Company's balance sheets, income statements or cash flows prepared in accordance with generally accepted accounting principles or one or more other specified bases; (ii) Company or stock valuation; (iii) market share; (iv) orders, sales or leases; (v) intellectual property (e.g., patents); (vi) product innovation or development; (vii) product launch or ship schedules; (viii) specified projects or business transactions; (ix) customer satisfaction metrics; (x) quality metrics; (xi) manufacturing or production metrics; or (xii) retail or service locations. Any criteria used may be measured, as applicable, (a) in absolute terms, (b) in relative terms (including but not limited to, the passage of time and/or against other companies or financial metrics), (c) on a per share and/or share per capita basis, (d) against the performance of the Company as a whole or against particular entities, segments, operating units or products of the Company and /or (e) on a pre-tax or after tax basis. Awards that are not intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code may take into account any other factors deemed appropriate by the Administrator.

(bb) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10, subject to Section 4(a)(ii).

(cc) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10, subject to Section 4(a)(ii).

(dd) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator, subject to Section 4(a)(ii).

(ee) "Plan" means this 2010 Equity Incentive Plan.

(ff) "Registration Date" means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(g) of the Exchange Act, with respect to any class of the Company's securities.

(gg) "Repricing" means any of the following actions taken by the Administrator: (i) lowering or reducing the exercise price of an outstanding Option and/or outstanding Stock Appreciation Right, (ii) cancelling, exchanging or surrendering any outstanding Option and/or outstanding Stock Appreciation Right in exchange for cash or another award for the purpose of repricing the award; and (iii) cancelling, exchanging or surrendering any outstanding Option and/or outstanding Stock Appreciation Right in exchange for an Option or Stock Appreciation Right with an exercise price that is less than the exercise price of the original award; provided that a Repricing shall not include any action taken with stockholder approval or any adjustment of an Option or Stock Appreciation Right pursuant to Section 14(a).

(hh) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(ii) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(jj) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(kk) "Section 16(b)" means Section 16(b) of the Exchange Act.

(ll) "Service Provider" means an Employee, Director or Consultant.

(mm) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(nn) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

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

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 10,666,666 Shares, plus (i) any Shares that, as of the Registration Date, have been reserved but not issued pursuant to any awards granted under the Company's 2003 Equity Incentive Plan (the "Existing Plan") and are not subject to any awards granted thereunder, and (ii) any Shares subject to stock options or similar awards granted under the Existing Plan that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the Existing Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to clauses (i) and (ii) equal to 12,923,841 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. The number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2011 Fiscal Year, in an amount equal to the least of (i) 5,333,333 Shares, (ii) four percent (4%) of the outstanding Shares on the last day of the immediately preceding Fiscal Year or (iii) such number of Shares determined by the Board.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Individual Share Limits.

(i) Limits on Options and Stock Appreciation Rights. No Participant shall receive Options or Stock Appreciation Rights during any Fiscal Year covering, in the aggregate, in excess of 2,000,000 Shares, subject to adjustment pursuant to Section 14.

(ii) Limits on Other Awards. No Participant shall receive Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units during any Fiscal Year covering, in the aggregate, in excess of 2,000,000 Shares, subject to adjustment pursuant to Section 14.

(e) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more "outside directors" within the meaning of Section 162(m) of the Code, and such Awards shall be granted and administered pursuant to the requirements of Section 162(m) of the Code. The Committee may, in its discretion, subject such Awards to the achievement of Performance Goals.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine, subject to Section 4(a)(ii);

(vi) to determine the terms and conditions of any, and to institute any Exchange Program, subject to the no-Repricing provision below;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award (subject to Section 19 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options), subject to the no-Repricing provision below;

(x) to allow Participants to satisfy withholding tax obligations in such manner as prescribed in Section 15 of the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

In no event shall the Administrator effect any Repricing of any Option or Stock Appreciation Right.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised, subject to Section 4(a)(ii).

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator, including any Performance Goals subject to Section 4(a)(ii), and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. 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), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion, subject to Section 4(a)(ii).

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout, subject to Section 4(a)(ii).

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise (including any Performance Goals), and such other terms and conditions as the Administrator, in its sole discretion, will determine, subject to Section 4(a)(ii).

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(b) relating to the maximum term and Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers, subject to Section 4(a)(ii). The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine, subject to Section 4(a)(ii). The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, or individual goals, applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion, subject to Section 4(a)(ii).

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share, subject to Section 4(a)(ii).

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Formula Awards to Outside Directors.

(a) General. Outside Directors will be entitled to receive all types of Awards (except Incentive Stock Options) under this Plan, including discretionary Awards not covered under this Section 11. All grants of Awards to Outside Directors pursuant to this Section will be automatic and nondiscretionary, except as otherwise provided herein, and will be made in accordance with the following provisions:

(b) Type of Option. If Options are granted pursuant to this Section they will be Nonstatutory Stock Options and, except as otherwise provided herein, will be subject to the other terms and conditions of the Plan.

(c) Initial Award. Each person who first becomes an Outside Director on or after July 13, 2017, whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy, will be automatically granted an Option to purchase up to 16,668 Shares (the "***Initial Award***"), representing one-third of the amount of a Triennial Award (as defined below), on or about the date on which such person first becomes an Outside Director (the "***Outside Director Start Date***"); provided, however, that an Inside Director who ceases to be an Inside Director, but who remains a Director, will not receive an Initial Award. The number of Shares subject to the Initial Award will be equal to 1,389 multiplied by the number of months (rounded up to a whole number) between the Outside Director Start Date and the anticipated Initial Triennial Award Grant Date (as defined below) for such Outside Director.

(d) Triennial Award. Every three (3) years, each Outside Director will be automatically granted an Option to purchase 50,000 Shares (a "***Triennial Award***"). The initial Triennial Award for each Outside Director will be granted on June 18, 2015 or, with respect to an Outside Director who is appointed or elected to the Board on or after July 13, 2017, on the date that is the first June 18 following the applicable Outside Director Start Date (the date of such grant, the "***Initial Triennial Award Grant Date***"). Subsequent Triennial Awards will be granted on each three-year anniversary date of the applicable Initial Triennial Award Grant Date.

(e) Lead Independent Director Award. Every three (3) years, the lead independent director of the Board will be automatically granted an Option (a "***Lead Independent Director Award***") to purchase 24,000 Shares. The initial Lead Independent Director Award will be granted on the later of either: (1) June 12, 2012 or (2) the seventh (7th) business day following such Director's appointment as the lead independent director. Subsequent Lead Independent Director Awards will be granted on each three-year anniversary date of such Director's initial Lead Independent Director Award.

(f) Committee Service Awards.

(i) Every three (3) years, each Outside Director who serves as a committee member will be automatically granted an Option (a "***Committee Member Award***") to purchase the number of Shares indicated directly below. The initial Committee Member Award for each Outside Director who serves as a committee member will be granted on the later of either: (1) June 12, 2012 or (2) the seventh (7th) business day following such Outside Director's appointment as a committee member. Subsequent Committee Member Awards for each Outside Director who serves as a committee member will be granted on each three-year anniversary date of such Outside Director's initial Committee Member Award.

(A) Audit Committee Member: 12,000 Shares

(B) Compensation Committee Member: 9,000 Shares

(C) Nominating and Corporate Governance Committee Member: 6,000 Shares

(ii) In addition to any Committee Member Awards, every three (3) years, each Outside Director who serves as a committee chair will be automatically granted an option (a "***Committee Chair Award***") to purchase the number of Shares indicated directly below. The initial Committee Chair Award for each Outside Director who serves as a committee chair will be granted on the later of either: (1) the June 12, 2012 or (2) the seventh (7th) business day following such Outside Director's appointment as a committee chair. Subsequent Committee Chair Awards for each Outside Director who serves as a committee chair will be granted on each third anniversary date of such Outside Director's initial Committee Chair Award.

(A) Audit Committee Chair: 12,000 Shares

(B) Compensation Committee Chair: 6,000 Shares

(C) Nominating and Corporate Governance Committee Chair: 3,000 Shares

(g) Terms. The terms of each Award granted pursuant to this Section will be as follows:

(i) The term of the Option will be seven (7) years or such earlier expiration specified in the applicable Award Agreement.

(ii) The exercise price for Shares subject to Awards will be one hundred percent (100%) of the Fair Market Value on the grant date. If the grant date indicated in this Section 11 falls on a non-business day, the grant shall be effective as of the next business day following such date.

(iii) Subject to Section 14, each Initial Award granted to an Outside Director on or after July 13, 2017 will vest and become exercisable as to 100% of the Shares subject to such Initial Award on the Initial Triennial Award Grant Date with respect to such Outside Director; provided that such Outside Director continues to serve as a Director through such date.

(iv) Subject to Section 14, the Options granted under a Triennial Award, a Lead Independent Director Award, a Committee Member Award, or a Committee Chair Award will vest and become exercisable over a three (3) year period, with 1/36th of the Shares subject to such award vesting on each monthly anniversary of the vesting commencement date (which shall be the date of grant of each such award), so that all Shares subject to such award shall be fully vested as of the third (3rd) anniversary of the vesting commencement date; provided, however, that the Participant continue to serve in the capacity for which such awards were granted (*i.e.*, Director, lead outside director, committee member or committee chair). Notwithstanding the immediately preceding sentence, in the event an Outside Director ceases to be a Director as of the day immediately preceding the date of an annual meeting of the stockholders of the Company, and the date of such meeting of stockholders is prior to the anniversary date of the vesting commencement date for the same calendar year, all Shares that would have vested as of such anniversary date shall become vested and exercisable as of the day immediately preceding such annual meeting of stockholders.

(v) Awards may be freely transferable to the Outside Directors' venture capital funds or employers (or an affiliate, within the meaning of Section 424(e) or (f) of the Code, of an Outside Director's employer).

(h) Adjustments. The Administrator in its discretion may change and otherwise revise the terms of Awards granted under this Section 11, including, without limitation, the number of Shares and exercise prices thereof, for Awards granted on or after the date the Administrator determines to make any such change or revision.

12. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments.

(i) In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, the numerical Share limits in Section 3 of the Plan, and the number of Shares issuable pursuant to Awards to be granted under Section 11 of the Plan.

(ii) Upon (or, as may be necessary to effect the adjustment, immediately prior to) any event or transaction described in the preceding paragraph or a sale of all or substantially all of the business or assets of the Company as an entirety, the Company may equitably and proportionately adjust the Performance Goals applicable to any then-outstanding performance-based Awards to the extent necessary to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan with respect to such Awards.

(iii) It is intended that, if possible, any adjustments contemplated by the preceding two paragraphs be made in a manner that satisfies applicable legal, tax (including, without limitation and as applicable in the circumstances, Sections 424, 409A and 162(m) of the Code) and accounting (so as to not trigger any charge to earnings with respect to such adjustment) requirements.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger or Change in Control, each outstanding Award will be treated as the Administrator determines, including, without limitation, that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator will not be required to treat all Awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant (unless such resignation is at the request of the acquirer), then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Units and Performance Shares, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

15. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (a) paying cash, (b) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, or (c) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. Term of Plan. Subject to Section 22 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award 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.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

22. 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.

AMENDMENT NO. 1
TO
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 1 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of October 18, 2017, is entered into by and among TESLA 2014 WAREHOUSE SPV LLC, a Delaware limited liability company (the "Borrower"), TESLA FINANCE LLC, a Delaware limited liability company ("TFL"), the Lenders party hereto, the Group Agents party hereto, DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as paying agent (in such capacity the "Paying Agent") and DEUTSCHE BANK AG, NEW YORK BRANCH, as administrative agent (in such capacity, the "Administrative Agent") and is made in respect of the Amended and Restated Loan and Security Agreement, dated as of August 17, 2017(the "Loan Agreement") among the Borrower, TFL, the Lenders party thereto, the Group Agents party thereto and the Administrative Agent. Defined terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Loan Agreement as amended hereby.

WHEREAS, the Borrower, the Lenders, the Group Agents and the Administrative Agent have agreed to amend the Loan Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders, the Group Agents, the Administrative Agent and the Paying Agent agree as follows:

1. Amendments to Loan Agreement. Effective as of the Amendment Effective Date (as defined below) and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Loan Agreement is hereby amended as follows:

(a) Clauses (ii) and (iii) of the preamble to the Loan Agreement are amended and restated in their entirety as follows:

"(ii) Solely for purposes of Sections 2.11, 2.12, 6.03, 12.01, 12.13 and 12.22, TESLA FINANCE LLC, a Delaware limited liability company ("*TFL*");

(iii) DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as Paying Agent;"

(b) The Loan Agreement is hereby amended by deleting the phrase "RVPR" in each case it appears in the Loan Agreement and inserting in each case in lieu thereof the phrase "RVLR".

(c) The Loan Agreement is hereby amended by deleting the phrase "Residual Value Performance Ratio" in each case it appears in the Loan Agreement and inserting in each case in lieu thereof the phrase "Residual Value Loss Ratio".

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(d) Section 1.01 of the Loan Agreement is hereby amended by adding the following definitions thereto in the appropriate alphabetical order:

"*Amendment No. 1 Effective Date*" shall mean October 18, 2017.

"*Authorized Signatory*" shall have the meaning set forth in Section 9.02.

"*Extended Lease*" shall mean an Eligible Lease as to which the original Lease Maturity Date has been extended.

"*Extended Lease Limit*" shall have the meaning specified in the Amended and Restated Fee Letter.

"*Finco Paying Agent*" shall mean the "Paying Agent," as such term is defined in the Finco Warehouse Agreement.

"*Paying Agent*" shall mean the Person appointed as such pursuant to Section 9.01.

"*Paying Agent Account*" shall mean the account with such name established and maintained pursuant to Section 2.06.

(e) Section 1.01 of the Loan Agreement is amended by amending the definition of "Automotive Lease Guide" as follows:

(a) deleting from clause (a) the phrase "each Group Agent" and inserting in lieu thereof the phrase "the Required Group Agents"; and

(b) inserting at the end of clause (b) thereof the phrase "and the Required Group Agents".

(f) Section 1.01 of the Loan Agreement is hereby amended by (i) adding at the end of the definition of "Eligible Account" the phrase "or (iv) a segregated, non-interest bearing trust account established with the Paying Agent" and (ii) deleting the word "or" after clause (ii).

(g) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Eligible Lease" as follows:

(a) deleting the number "48" from clause (vii) thereof and inserting in lieu thereof the number "60"; and

(b) deleting clause (xiii) thereof in its entirety and inserting in lieu thereof a new clause (xiii) restating in its entirety as follows:

"(xiii) (A) the original Lease Maturity Date has not been extended to a date more than six (6) months after such original Lease Maturity Date and, if such original Lease Maturity Date has been extended, such extension was made in accordance with the Credit and Collection Policy and, at the time of such extension, there were no more than three scheduled payments remaining under such Lease and all scheduled payments due by the

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related Lessee prior to the date of such extension have been paid in full, and (B) the other provisions of such Lease have not been adjusted, waived or modified, in each case in any material respect, except in accordance with the Credit and Collection Policy;"

(h) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Eurodollar Rate" in its entirety and inserting in lieu thereof a new definition of "Eurodollar Rate" reading in its entirety as follows:

"*Eurodollar Rate*" shall mean:

(i) with respect to any Lender in the Group for which Bank of America, N.A. is the Group Agent, for each day during any Interest Period, the rate of interest per annum determined by Bank of America, N.A. based on the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for deposits in Dollars in minimum amounts of at least $5,000,000 for a period equal to one month (commencing on the date of determination of such interest rate) as published by a commercially available source providing quotations of such rate as selected by Bank of America, N.A. from time to time at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day (rounded upwards, if necessary, to the nearest 1/100 of 1%); provided, that if the foregoing calculation results in an interest rate per annum that is less than zero (0), the Eurodollar Rate determined pursuant to this clause (i) shall be deemed to be zero (0) for purposes of this Agreement;

(ii) with respect to any Lender in the Group for which Royal Bank of Canada is the Group Agent for each day during any Interest Period, (a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by Royal Bank of Canada to be the offered rate that appears on the page of the Reuters Screen on such day that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars with a term equivalent to one month; (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by Royal Bank of Canada to be the offered rate on such day on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States dollars (or, if such rate is not available on a successor or substitute service, such comparable rate published on such other service as selected by Royal Bank of Canada from time to time for purposes of providing quotations of interest rates applicable to United States dollar deposits in the London interbank market) with a term equivalent to one month; or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by Royal Bank of Canada on such day as the rate of interest at which Dollar deposits (for delivery on a date two Business days later than such day) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to one month would be offered by its London Branch to major banks in the London interbank eurodollar market at their request; or

(iii) with respect to any Lender in any other Group, with respect to an Interest Period, an interest rate per annum equal to the rate for one-month deposits in Dollars, which rate is designated as "LIBOR01" on the Reuters Money 3000 Service as of 11:00 a.m., London time,

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two (2) LIBOR Business Days prior to the first day of such Interest Period; *provided, however*, that (a) in the event that no such rate is shown, the LIBOR Rate shall be determined by reference to such other comparable available service for displaying Eurodollar rates as may be reasonably selected by the Administrative Agent; (b) in the event that the rate appearing on such page or as so determined by the Administrative Agent shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement, and (c) if no such service is available, the LIBOR Rate shall be the rate per annum equal to the average (rounded upward to the nearest 1/100th of 1%) of the rate at which the Administrative Agent offers deposits in Dollars at or about 10:00 a.m., New York City time, two (2) LIBOR Business Days prior to the beginning of the related Interest Period, in the interbank eurocurrency market where the eurocurrency and foreign currency and exchange operations in respect of its Eurodollar loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the applicable portion of the Loan Balance to be accruing interest at the LIBOR Rate during such Interest Period."

(i) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Excess Concentration Amount" as follows:

(a) deleting at the end of clause (vii) thereof the word "and";

(b) adding at the end of clause (viii) thereof the word "and"; and

(c) adding at the end thereof a new clause (ix) reading in its entirety as follows:

"(ix) the aggregate Securitization Value of all Warehouse SUBI Leases that are Extended Leases exceeds the Extended Lease Limit."

(j) Section 1.01 of the Loan Agreement is hereby amended by deleting the number "$525,000,000" from the definition of "Facility Limit" and inserting in lieu thereof the number "$511,125,806.42".

(k) Section 1.01 of the Loan Agreement is amended by deleting the definition "Fee Letter" in its entirety and inserting in lieu thereof the following definition of "Fee Letter" reading in its entirety as follows:

"*Fee Letter*" shall mean the Amended and Restated Fee Letter dated as of October 18, 2017 among TFL, the Borrower, the Administrative Agent, the Group Agents and the Lenders, setting forth the upfront fee and certain other fees and expenses payable to the Administrative Agent and the Lenders by TFL and the Borrower.

(l) Section 1.01 of the Loan Agreement is hereby amended by (i) deleting the word "Finco" from the definition of "Finco Borrower" and inserting in lieu thereof the word "LML" and (ii) inserting a comma (",") after the word "SPV" and before the word "LLC".

(m) Section 1.01 of the Loan Agreement is hereby amended by adding the phrase "the Paying Agent," to the definition of "Indemnified Parties" immediately after the phrase "shall mean the Administrative Agent, the Group Agents, the Lenders,".

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(n) Section 1.01 of the Loan Agreement is hereby amended by inserting at the end of the definition of "Lease Maturity Date" the phrase ", as such date may be extended."

(o) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Mark-to-Market MRM Residual Value" in its entirety and inserting in lieu thereof a new definition of "Mark-to-Market MRM Residual Value" reading in its entirety as follows:

"*Mark-to-Market MRM Residual Value*" shall mean, with respect to any Warehouse SUBI Leased Vehicle and the related Lease, as of any date, the lesser of (i) the expected value of such Leased Vehicle at the related Lease Maturity Date using a residual value estimate produced by Automotive Lease Guide (assuming that the vehicle is in "average" condition) based on the "Maximum Residualizable MSRP," which consists of the MSRP of the typically equipped vehicle and value adding options, giving only partial credit or no credit for those options that add little or no value to the resale price of the vehicle, calculated as of the last day of the calendar month immediately preceding the most recent Mark to Market Adjustment Date prior to and, if applicable, including such date and (ii) the residual value estimate produced by Automotive Lease Guide (based as above) calculated as of the contract date of the related Lease; provided, however, that if the contract date of the related Lease for a Warehouse SUBI Lease is after the last day of the calendar month immediately preceding the most recent Mark-to-Market Adjustment Date, as of any date, then the initial Mark-to-Market MRM Residual Value for such Warehouse SUBI Lease shall be equal to the amount in clause (ii) above."

(p) Section 1.01 of the Loan Agreement is hereby amended by deleting the number "$600,000,000" from the definition of "Maximum Facility Limit" and inserting in lieu thereof the number "$1,100,000,000.00".

(q) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Portfolio Performance Condition" as follows:

(a) for clause (ii), deleting the phrase "less than [***]" and inserting in lieu thereof the phrase "greater than [***]"; and

(b) for clause (y), deleting the phrase "greater than or equal to [***]" and inserting in lieu thereof the phrase "less than or equal to [***]".

(r) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Rating Agencies" in its entirety and inserting in lieu thereof a new definition of "Rating Agency" reading in its entirety as follows:

"*Rating Agency*" shall mean S&P, Moody's, Fitch Inc., DBRS, Inc., Kroll Bond Rating Agency or any other nationally recognized statistical rating organization.

(s) Section 1.01 of the Loan Agreement is amended by deleting the definition "Residual Value Performance Ratio" in its entirety and inserting in lieu thereof a new definition of "Residual Value Loss Ratio" reading in its entirety as follows:

"*Residual Value Loss Ratio* " shall mean, for any RVLR Calculation Date, and with respect to those Warehouse SUBI Leases which reached their respective Lease Maturity Dates

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during or prior to such three consecutive Settlement Periods and for which Off-Lease Residual Value Net Liquidation Proceeds were received during the three consecutive Settlement Periods ended on the last day of the calendar month immediately preceding such RVLR Calculation Date, a fraction expressed as a percentage, (a) the numerator of which is the difference between the aggregate Base Residual Values of such Warehouse SUBI Leases and the aggregate Off-Lease Residual Value Net Liquidation Proceeds received with respect to such Warehouse SUBI Leases, and (b) the denominator of which is the aggregate Base Residual Values of such Warehouse SUBI Leases."

(t) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Responsible Officer" in its entirety and inserting in lieu thereof a new definition of "Responsible Officer" reading in its entirety as follows:

"*Responsible Officer*" shall mean with respect to (i) the Borrower or TFL, any of the president, chief executive officer, chief financial officer, treasurer or any vice president of the Borrower or TFL, as the case may be or (ii) the Paying Agent, any managing director, director, vice president, assistant vice president, associate or trust officer of the Paying Agent customarily performing functions with respect to corporate trust matters and, with respect to a particular matter under this Agreement, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject, in each case, having direct responsibility for the administration of this Agreement."

(u) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Short-Term Notes" in its entirety and inserting in lieu thereof a new definition of "Short-Term Notes" reading in its entirety as follows:

"*Short-Term Notes*" shall mean the short-term commercial paper notes issued or to be issued by or on behalf of a Conduit Lender (or, solely in the case of Salisbury Receivables Company LLC, by or on behalf of Sheffield Receivables Company LLC) to fund or maintain the Loans or investments in other financial assets."

(v) Section 1.01 of the Loan Agreement is hereby amended by deleting the phrase "at the time of the origination of such Lease" from the definition of "TFL Residual Value" thereof.

(w) Section 1.01 of the Loan Agreement is hereby amended by deleting the following definitions: "Mark to Market Adjustment" and "Matured Lease".

(x) Section 1.01 of the Loan Agreement is hereby amended by adding the phrase "the Paying Agent," to the definition of "Withholding Agent" after the phrase "shall mean the Borrower," and before the phrase "and the Administrative Agent".

(y) Section 2.01 of the Loan Agreement is hereby amended as follows:

(a) deleting subclause (i) of clause (d) in its entirety and inserting in lieu thereof a new subclause (i) reading in its entirety as follows:

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

"at least two (2) Business Days preceding each Warehouse SUBI Lease Allocation Date (or, in the case of the initial Warehouse SUBI Lease Allocation Date, on the Initial Loan Date), the Borrower and the Servicer shall deliver to the Administrative Agent an executed Notice of Warehouse SUBI Lease Allocation in substantially the form of Exhibit D to this Agreement, signed by an Authorized Signatory, together with a Pool Cut Report as to the related Lease Pool;" and

(b) deleting clause (e) in its entirety and inserting in lieu thereof new clauses (e), (f), (g), (i) and (j) reading in their entirety as follows:

"(e) If any Loan Request is delivered to the Administrative Agent, the Group Agents, the Lenders and the Paying Agent after noon, New York City time, two Business Days prior to the proposed Loan Increase Date, such Loan Request shall be deemed to be received prior to noon, New York City time, on the next succeeding Business Day and the proposed Loan Increase Date of such proposed Loan shall be deemed to be the second Business Day following such deemed receipt. Any Loan Request shall be irrevocable and the Borrower may not request that more than one Loan be funded on any Business Day.

(f) If a Conduit Lender shall have elected not to make all or a portion of such Loan, the related Committed Lender shall make available on the applicable Loan Increase Date an amount equal to the portion of the Loan that such Conduit Lender has not elected to fund.

(g) Each Group's ratable share of a Loan shall be made available to the Paying Agent, subject to the fulfillment of the applicable conditions set forth in Section 5.02, at or prior to 1:00 p.m., New York City time, on the applicable Loan Date, by deposit of immediately available funds to the Paying Agent Account. The Paying Agent shall promptly notify the Borrower in the event that any Lender either fails to make its portion of such funds available before such time or notifies the Paying Agent that it will not make its portion of such funds available before such time. Subject to the fulfillment of the applicable conditions set forth in Section 5.02, as determined by the Paying Agent, the Paying Agent will not later than 3:00 p.m., New York City time, on such Loan Increase Date make such funds available, in the same type of funds received, by wire transfer thereof to the account specified in writing by the Borrower. If any Lender makes available to the Paying Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article, and such funds are not made available to the Borrower by the Paying Agent because the conditions to the applicable Loan set forth in Section 5.02 are not satisfied or waived in accordance with the terms hereof, the Paying Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(h) In the event that, notwithstanding the fulfillment of the applicable conditions set forth in Section 5.02 hereof with respect to a Loan, a Conduit Lender elected to make an advance on a Loan Increase Date but failed to make its portion of the Loan available to the Paying Agent when required by this Section 2.01, such Conduit Lender shall be deemed to have rescinded its election to make such advance, and neither the Borrower nor any other party shall have any claim against such Conduit Lender by reason of its failure to timely make such purchase. In any such case, the Paying Agent shall give

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notice of such failure not later than 1:30 p.m., New York City time, on the Loan Increase Date to the Borrower, which notice shall specify (i) the identity of such Conduit Lender and (ii) the amount of the Loan which it had elected but failed to make. Subject to receiving such notice, the related Committed Lender shall advance a portion of the Loan in an amount equal to the amount described in clause (ii) above, at or before 2:00 p.m., New York City time, on such Loan Increase Date and otherwise in accordance with this Section 2.01. Subject to the Paying Agent's receipt of such funds, the Paying Agent will not later than 4:00 p.m., New York City time, on such Loan Increase Date make such funds available, in the same type of funds received, by wire transfer thereof to the account specified in writing by the Borrower.

(i) The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(j) After the Borrower delivers a Loan Request pursuant to Section 5.02, a Lender (or its Group Agent) may, not later than 4:00 p.m. (New York time) on the Business Day after the Borrower's delivery of such Loan Request, deliver a written notice (a "*Delayed Funding Notice*", the date of such delivery, the "*Delayed Funding Notice Date*" and such Lender, a "*Delaying Lender*") signed by an Authorized Signatory to the Borrower, the Paying Agent and the Administrative Agent of its intention to fund its share of the related Loan Increase (such share, the "*Delayed Amount*") on a date (the date of such funding, the "*Delayed Funding Date*") that is on or before the thirty-fifth (35th) day following the date of the proposed Loan Increase Date (or if such day is not a Business Day, then on the next succeeding Business Day) rather than on the requested Loan Increase Date. Any Group containing a Delaying Lender shall be referred to as a "*Delaying Group*" with respect to such Loan Increase Date. On each Delayed Funding Date, subject to the satisfaction of the conditions set forth in Section 5.02, the Committed Lenders shall (or, in the case of a Group with a Conduit Lender, the Conduit Lender in such Group may in its sole discretion) fund their ratable amounts of such requested Loans. Notwithstanding anything to the contrary contained in this Agreement or any other Related Document, the parties acknowledge and agree that the failure of any Lender to fund its Loan on the requested Loan Increase Date will not constitute a default on the part of such Lender if any Delaying Lender has timely delivered a Delayed Funding Notice signed by an Authorized Signatory to the Borrower with respect to such Loan Request. Nothing contained herein shall prevent the Borrower from revoking any Loan Request related to any Delayed Funding Notice."

(z) Section 2.03 of the Loan Agreement is hereby amended as follows:

(a) inserting the phrase ", the Paying Agent" after the phrase "No later than the second Business Day of each month, each Group Agent will provide the Borrower, the Servicer,"; and

(b) inserting the phrase "each Lender in" after the phrase "(or estimated to be due) to" and immediately before the phrase "its Group pursuant to this Agreement".

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(aa) Section 2.04(c) of the Loan Agreement is hereby amended as follows:

(a) deleting subclause (iii) in its entirety and inserting in lieu thereof a new subclause (iii) reading in its entirety as follows:

"third, on a pari passu basis, (x) to the Trustee Bank (to the extent not previously paid by TFL), for the payment of accrued and unpaid fees of the Trustee Bank of $2,000 per annum, (y) to the depositary institutions where the Reserve Account and the Warehouse SUBI Collection Account are maintained for payment of accrued and unpaid maintenance fee of up to $275 per month per account, or $450 per month per account during the continuance of an Event of Default, (z) to the Back-Up Servicer for the payment of the accrued and unpaid Back-Up Servicing Fees and (xx) to the Paying Agent for the payment of accrued and unpaid fees of the Paying Agent of $875 per month;"

(b) deleting subclause (iv) in its entirety and inserting in lieu thereof a new subclause (iv) reading in its entirety as follows:

"fourth, on a pari passu basis, (x) to the Trustee Bank (to the extent not previously paid by TFL), for the payment of out-of-pocket expenses incurred by the Trustee Bank and the indemnities owed to the Trustee Bank; provided, that the aggregate amount distributed pursuant to this subclause (x) shall not exceed $100,000 per calendar year; (y) to the Back-Up Servicer for the payment of out-of-pocket expenses incurred by the Back-Up Servicer and the indemnities owed to the Back-Up Servicer; provided, that the aggregate amount distributed pursuant to this subclause (y) shall not exceed $25,000 per calendar year; (z) to the Paying Agent for the payment of out-of-pocket expenses incurred by the Paying Agent and the indemnities owed to the Paying Agent; provided that the aggregate amount distributed pursuant to subclause (z) shall not exceed $25,000 per calendar year;"

(c) deleting subclause (v) in its entirety and inserting in lieu thereof a new subclause (v) reading in its entirety as follows:

"fifth, on a pari passu basis and pro rata based on the applicable amounts payable under subclauses (x) and (y) of this clause fifth, (x) to the Paying Agent (for the account of the Lenders), the Interest Distributable Amount, and (y) to each applicable provider of an Interest Rate Hedge, any Interest Rate Hedge Payments and Interest Rate Hedge Termination Payment required to be paid by the Borrower, to the extent not previously paid;"

(d) deleting subclause (vi) in its entirety and inserting in lieu thereof a new subclause (vi) reading in its entirety as follows:

"sixth, on a pari passu basis and pro rata to the Paying Agent (for the account of the Lenders), the Principal Distributable Amount;"

(e) for subclause (viii), adding at the end thereof the phrase "and the Paying Agent;";

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(f) for subclause (ix), inserting the phrase ", the Paying Agent" after the phrase "and not otherwise paid to the Trustee Bank, the Back-up Servicer" and before the phrase "or Successor Servicer," and

(g) deleting the second paragraph after subclause (x) and before clause (d) in its entirety and inserting in lieu thereof a new paragraph reading in its entirety as follows:

"In approving or giving any distribution instructions under this Section 2.04(c), each of the Administrative Agent and the Paying Agent shall be entitled to rely conclusively on the most recent Settlement Statement provided to it pursuant to Section 2.08 and shall incur no liability to any Person in connection with relying on such Settlement Statements or if the Administrative Agent or the Paying Agent makes different payments or makes no payments if the Administrative Agent or the Paying Agent has concerns that the Settlement Statement might be incorrect.".

(bb) Section 2.05 of the Loan Agreement is hereby amended by deleting Section 2.05 in its entirety and inserting in lieu thereof a new Section 2.05 reading in its entirety as follows:

"*Payments and Computations, Etc*. All amounts to be paid or deposited by the Borrower or the Servicer to a Lender Party (whether for its own account or for the account of another Lender Party) shall be paid or deposited to the Paying Agent Account no later than 10:00 a.m. (New York time) on the day when due in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in an amount in immediately available funds which (together with any amounts then held by the Paying Agent and available for that purpose) shall be sufficient to pay the amount becoming due on such date; *provided that* any such payment or deposit received after 10:00 a.m. (New York time) on any day shall be deemed to be paid by the Borrower or the Servicer on the next Business Day. The Paying Agent shall promptly distribute the amount received to the applicable Lender. The Borrower shall confirm by facsimile or electronically in PDF format on the day payment is due to be made to the Paying Agent that it has issued irrevocable payment instructions for the transfer of the relevant sum due to the Paying Agent Account. The Paying Agent acknowledges that it does not have any interest in any such funds held by it in trust deposited hereunder but is serving as Paying Agent only. The Paying Agent shall be under no liability for interest on any money received by it hereunder. The Paying Agent shall not be required to use or risk its own funds in making any payment on the Loans. All sums to be paid or deposited by the Borrower or the Servicer to the Paying Agent hereunder shall be paid to the Paying Agent Account or such account with such bank as the Paying Agent may from time to time notify the Borrower in writing not less than three Business Days before any such sum is due and payable. The Borrower shall, to the extent permitted by law, pay to each Lender Party, on the first Payment Date that is at least ten (10) days after demand therefor, interest on all amounts not paid or deposited when due to such Lender Party hereunder at a rate equal to the Default Rate. The Paying Agent shall remit funds to each Lender in accordance with this Agreement and the wiring instructions provided by such Lender (or its related Group Agent) to the Paying Agent."

(cc) Section 2.06 of the Loan Agreement is hereby amended as follows:

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(a) inserting the phrase "*and Paying Agent Account*" after the phrase "Reserve Account" in the title of Section 2.06;

(b) re-alphabetizing clause (b) to clause (c) and inserting in lieu thereof a new clause (b) reading in its entirety as follows:

"The Borrower shall cause to be established and maintained in the name of the Borrower for the benefit of the Secured Parties with the Paying Agent an Eligible Account as the Paying Agent Account. Funds on deposit in the Paying Agent Account shall remain uninvested.".

(dd) Section 2.08 of the Loan Agreement is hereby amended as follows:

(a) inserting the phrase "and the Paying Agent" after the phrase "On or before the Determination Date in each month, the Servicer shall prepare and forward to the Administrative Agent"; and

(b) deleting subclause (iii) in its entirety and inserting in lieu thereof a new subclause (iii) in its entirety as follows:

"each Settlement Statement delivered on a Quarterly Report Date shall include a calculation of the most recent Mark-to-Market MRM Residual Values of the Warehouse SUBI Leases."

(ee) Section 2.09 of the Loan Agreement is hereby amended as follows:

(a) deleting clause (b) in its entirety and inserting in lieu thereof a new clause (b) reading in its entirety as follows:

"From time to time in its sole discretion, the Borrower may provide notice, signed by an Authorized Signatory, to the Administrative Agent, the Paying Agent and each Group Agent that it wishes to remove from the Collateral and reallocate to the UTI or another SUBI (including the LML SUBI) the Securitization Take-Out Collateral. Any such removal and reallocation of Securitization Take-Out Collateral (each a "*Securitization Take-Out*") shall be subject to the following additional terms and conditions."

(b) in subclause (b)(i)(A), (A) inserting the phrase ", the Paying Agent" after the phrase "The Borrower shall have given the Administrative Agent" and (B) inserting the phrase "signed by an Authorized Signatory," after the phrase "in the form of *Exhibit F* hereto";

(c) in subclause (b)(vi), (A) deleting the term "Administrative Agent" and inserting in lieu thereof the term "Paying Agent", (B) inserting the phrase "(for the account of the Lenders)" immediately after the phrase "On the related Securitization Take-Out Date the Paying Agent" and (C) inserting the phrase "in the Paying Agent Account" after the phrase "shall have received" and before the phrase ", in immediately available funds,"; and

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(d) in subclause (b)(viii), inserting the phrase "and the Paying Agent" after the phrase "(including fees and expenses of counsel) of the Lender Parties".

(ff) Section 2.11 of the Loan Agreement is hereby amended as follows:

(a) in subclause (a)(i), inserting the phrase "signed by an Authorized Signatory" after the phrase "(such notice, "*Maximum Facility Limit Increase Notice*")"; and

(b) in subclause (b)(i), inserting the phrase "signed by an Authorized Signatory" after the phrase "(such notice, "*Maximum Facility Limit Reduction Notice*")".

(gg) Section 2.12 of the Loan Agreement is hereby amended by inserting the phrase "signed by an Authorized Signatory" in subclause (a)(i) after the phrase "(such notice, "*Maximum Facility Limit Reallocation Notice*")".

(hh) Section 2.13 of the Loan Agreement is hereby amended by inserting the phrase ", the Paying Agent" after the phrase "prior notice to the Administrative Agent" and before the phrase "and each Group Agent, provided that (i)".

(ii) Section 2.15 of the Loan Agreement is hereby inserted at the end of Article II reading in its entirety as follows:

"SECTION 2.15 *Register*.

(a) On or prior to the Amendment No. 1 Effective Date, the Administrative Agent will provide to the Paying Agent a complete and correct list of the Lenders, which list shall be provided in a format agreed to by the Administrative Agent and the Paying Agent and shall include the following information: (i) full name of the Lender; (ii) complete mailing address of the Lender; (iii) payment instructions for making payments to the Lender in respect of the Loans and (iv) appropriate Tax ID form. The Paying Agent shall be entitled to conclusively rely on the accuracy of such information provided by the Administrative Agent. At any time after the Amendment No. 1 Effective Date, the Paying Agent shall provide to the Borrower, TFL, the Administrative Agent or any Group Agent from time to time at its reasonable request a complete and correct list of the Lenders and shall include the following information: (i) full name of the Lender; (ii) complete mailing address of the Lender; (iii) payment instructions for making payments to the Lender in respect of the Loans and (iv) appropriate Tax ID form. Each Lender agrees that all notices from such Lender for changes of name, address, contact details or payment details of the Lenders shall be sent to the Paying Agent at the Paying Agent's address as set forth in Section 12.05.

(b) From and after the Amendment No. 1 Effective Date, the Paying Agent shall, acting solely for this purpose as an agent of the Borrower, maintain at its address referred to in Section 12.05 (or such other address of the Paying Agent notified by the Paying Agent to the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Committed Lenders and the Conduit Lenders, the Commitment Amount of each Committed Lender and the aggregate outstanding principal amount (and stated interest) of the Loans of each Conduit Lender

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and Committed Lender from time to time (the "*Register*"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Servicer, the Administrative Agent, the Paying Agent, the Group Agents, the Conduit Lenders and the Committed Lenders shall treat each Person whose name is recorded in the Register as a Committed Lender or Conduit Lender, as the case may be, under this Agreement for all purposes of this Agreement. Any of the Borrower, the Servicer, the Administrative Agent, any Group Agent, any Conduit Lender or any Committed Lender may request a copy of the Register from the Paying Agent at any reasonable time and from time to time upon reasonable prior notice."

(jj) Section 3.01 of the Loan Agreement is hereby amended by inserting the phrase ", Warehouse SUBI Supplement" in subclause (a)(i) after the phrase 'Warehouse SUBI Sale Agreement" and before the phrase "and all other Transaction Documents".

(kk) Section 5.02 of the Loan Agreement is hereby amended as follows:

(a) deleting clause (d) in its entirety and inserting in lieu thereof a new clause (d) reading in its entirety as follows:

"At least two (2) Business Days preceding each Loan Increase Date following the Initial Loan Date, the Borrower shall have delivered (i) to the Administrative Agent, the Paying Agent, each Group Agent and each Lender set forth on the Register an electronic copy of (A) a Loan Request in substantially the form of *Exhibit A* to this Agreement (without the Pool Cut Report referenced therein) and (B) if such Loan Increase Date is also a Warehouse SUBI Lease Allocation Date, a "Notice of Warehouse SUBI Lease Allocation" in substantially the form of *Exhibit D* to this Agreement, and (ii) to the Administrative Agent, the Paying Agent and each Group Agent (A) a duly executed copy of the Loan Request and, if applicable, the Notice of Warehouse SUBI Lease Allocation given pursuant to preceding clause (i) (which notice may be delivered by email with hard copy to follow promptly) and (B) a Pool Cut Report as to all Leases included in the Warehouse SUBI (including the Lease Pool (if any) to be allocated to the Warehouse SUBI on such Loan Increase Date if such Loan Increase Date is a Warehouse SUBI Lease Allocation Date);"; and

(b) in clause (h), adding at the end of the clause the phrase "; provided that the Reserve Account may be funded following the making of the Loan so long as the Reserve Account is funded on the same date as of the Loan" before the word "and";

(ll) Section 6.03 of the Loan Agreement is hereby amended by deleting the term "Deutsche Bank AG, New York Branch, or Citibank, N.A." from clause (a) and inserting in lieu thereof the phrase "any Lender or Group Agent".

(mm) Section 8.01 of the Loan Agreement is hereby amended by deleting the word "less" and inserting in lieu thereof the word "greater".

(nn) Section 8.02 of the Loan Agreement is hereby amending by deleting the phrase "(g) or (h) (due to a Servicer Default under clause (f) of the definition thereof in Section

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1.1 of the Warehouse SUBI Servicing Agreement" from clause (a) and inserting in lieu thereof the letter "(f)".

(oo) Article IX of the Loan Agreement is hereby amended by deleting Article IX in its entirety and inserting in lieu thereof a new Article IX reading as follows:

"THE ADMINISTRATIVE AGENT AND THE PAYING AGENT

SECTION 9.01 *Authorization and Action*. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Effective as of the Amendment No. 1 Effective Date, the Borrower hereby appoints Deutsche Bank Trust Company Americas, acting through its office at 60 Wall Street, New York, New York 10005, as the registrar and paying agent in respect of the Loans (together with any successor or successors as such registrar and paying agent qualified and appointed in accordance with this Article IX, the "Paying Agent"), upon the terms and subject to the conditions set forth herein, and Deutsche Bank Trust Company Americas hereby accepts such appointment. The Paying Agent shall have the powers and authority granted to and conferred upon it herein, and such further powers and authority to act on behalf of the Borrower as the Borrower and the Paying Agent may hereafter mutually agree in writing. Neither the Administrative Agent nor the Paying Agent shall have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against the Administrative Agent or the Paying Agent. The Administrative Agent and the Paying Agent do not assume, nor shall either of them be deemed to have assumed, any obligation to, or relationship of trust or agency with, Tesla, Inc., TFL, LML or any Tesla Party, the Conduit Lenders, the Committed Lenders or the Group Agents, except for any obligations expressly set forth herein; provided that all funds held by the Paying Agent for payment of principal of or interest (and any additional amounts) on the Loans shall be held in trust by the Paying Agent, and applied as set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall the Administrative Agent or the Paying Agent ever be required to take any action which exposes the Administrative Agent or the Paying Agent, respectively, to personal liability or which is contrary to any provision of any Transaction Document or applicable law. Upon receiving a notice, report, statement, document or other communication from the Borrower or the Servicer pursuant to Section 2.01(d)(i), Section 2.01(d)(iii), Section 2.08, Section 6.03(a), Section 6.03(c) or Section 7.02(c), the Administrative Agent shall promptly deliver to each Group Agent a copy of such notice, report, statement, document or communication. The Administrative Agent shall at all times also be the TFL Administrative Agent. The Paying Agent shall at all times also be the TFL Paying Agent. The Paying Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Borrower or the Lenders, unless such Borrower or Lender shall have offered to the Paying Agent security or indemnity reasonably satisfactory to the Paying Agent against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction. The Paying Agent shall not be responsible for, and makes no representation as to the existence, genuineness, value or protection of any Collateral, for the legality, effectiveness or sufficiency of any documents or other instruments, or for the creation, perfection, filing, priority, sufficiency or protection of any liens securing the Loans. The Paying Agent shall incur no liability for not performing any act or

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fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Paying Agent (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

SECTION 9.02 *Administrative Agent's and Paying Agent's Reliance, Etc* . Neither the Administrative Agent nor the Paying Agent or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent or as Paying Agent under or in connection with this Agreement (including the Administrative Agent's servicing, administering or collecting Warehouse SUBI Assets in the event it replaces the Servicer in such capacity pursuant to Article VII), in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, each of the Administrative Agent and Paying Agent: (a) may consult with legal counsel (including counsel for a Group Agent, the Borrower or the Servicer), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Group Agent or Lender (whether written or oral) and shall not be responsible to any Group Agent or Lender for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Tesla Party, LML, TFL or Tesla, Inc. or to inspect the property (including the books and records) of any Tesla Party, LML, TFL or Tesla, Inc.; (d) shall not be responsible to any Group Agent or Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice, consent, certificate, report, Settlement Statement, information, direction or other instrument or writing (which may be by telecopier or electronic mail) signed by an authorized signatory of the Borrower, TFL, the Administrative Agent, any Group Agent or any Lender, respectively (each, an "Authorized Signatory") reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 9.03 *Administrative Agent and Paying Agent and Their Affiliates*. With respect to any Loan or interests therein owned by any Lender that is also the Administrative Agent or also the Paying Agent, such Lender shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent. The Administrative Agent, the Paying Agent and any of their respective Affiliates may generally engage in any kind of business with Tesla, Inc., TFL, LML and each Tesla Party, any of their respective Affiliates and any Person who may do business with or own securities of Tesla. Inc., TFL, LML or any Tesla Party or any of their respective Affiliates, all as if the Administrative Agent were not the Administrative Agent and as if the Paying Agent were not the Paying Agent hereunder and without any duty to account therefor to any other Secured Party.

SECTION 9.04 *Indemnification of Administrative Agent and Paying Agent.* Each Committed Lender agrees to indemnify the Administrative Agent and the Paying Agent (to the extent not reimbursed by the Tesla Parties), ratably according to the respective Percentage of such Committed Lender, from and against any and all liabilities, obligations, losses, damages, penalties,

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actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or the Paying Agent, as applicable, in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent or the Paying Agent under this Agreement or any other Transaction Document, including, without limitation, any claim commenced by the Administrative Agent or the Paying Agent to enforce such indemnification obligation and any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement of any kind incurred by the Administrative Agent or the Paying Agent, as applicable, in connection with taking action or omitting to take any action at the direction of any Group Agent or Lender; provided that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or the Paying Agent's gross negligence or willful misconduct. The obligations under this Section shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or Paying Agent, as applicable.

SECTION 9.05 *Delegation of Duties*. Each of the Administrative Agent and the Paying Agent may execute any of their respective duties through agents or attorneys-in-fact and shall each be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Administrative Agent nor the Paying Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

SECTION 9.06 *Action or Inaction by Administrative Agent or Paying Agent*. Each of the Administrative Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to take action under any Transaction Document unless it shall first receive such advice or concurrence of the Group Agents and assurance of its indemnification by the Committed Lenders, as it deems appropriate. Each of the Administrative Agent and the Paying Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Transaction Document in accordance with a request or at the direction of the Group Agents and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and the Group Agents.

SECTION 9.07 *Notice of Certain Information or Events of Default; Action by Administrative Agent or Paying Agent*. Neither the Administrative Agent nor the Paying Agent shall be deemed to have knowledge or notice of any fact, claim or demand or the occurrence of any Servicer Default, Default or Event of Default unless the Administrative Agent or a Reponsible Officer of the Paying Agent has received notice from any Group Agent, Lender or the Borrower of such fact, claim or demand or stating that a Servicer Default, Default or Event of Default has occurred hereunder and describing such Servicer Default, Default or Event of Default. If the Administrative Agent or a Responsible Officer of the Paying Agent receives such a notice, either shall promptly give notice thereof to each Group Agent, whereupon each Group Agent shall promptly give notice thereof to its respective Conduit Lender(s) and Related Committed Lenders. The Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, concerning a Servicer Default, Default or Event of Default or any other matter hereunder as the Administrative Agent deems advisable and in the best interests of the Secured Parties. Any other provision of this Agreement to the contrary notwithstanding, the Paying Agent

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shall have no notice of and shall not be bound by the terms and conditions of any other document or agreement unless the Paying Agent is a signatory party to such document or agreement.

SECTION 9.08 *Non-Reliance on Administrative Agent, Paying Agent and Other Parties*. Each Group Agent and Lender expressly acknowledges that neither the Administrative Agent nor the Paying Agent or any of their respective directors, officers, agents or employees has made any representations or warranties to it and that no act by the Administrative Agent or the Paying Agent hereafter taken, including any review of the affairs of Tesla, Inc., TFL, LML and the Tesla Parties, shall be deemed to constitute any representation or warranty by the Administrative Agent or the Paying Agent. Each Lender represents and warrants to each of the Administrative Agent and the Paying Agent that, independently and without reliance upon either the Administrative Agent, the Paying Agent or any Group Agent or any other Lender and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Tesla, Inc., TFL, LML and each Tesla Party and the Warehouse SUBI Assets and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by either the Administrative Agent or the Paying Agent, as applicable, to any Group Agent or Lender, neither the Administrative Agent nor the Paying Agent shall have any duty or responsibility to provide any Group Agent or Lender with any information concerning Tesla, Inc., TFL, LML and the Tesla Parties or any of their Affiliates that comes into the possession of the Administrative Agent, the Paying Agent or any of their respective directors, officers, agents, employees, attorneys-in-fact or Affiliates.

SECTION 9.09 *Compensation*. Each of the Administrative Agent and the Paying Agent shall be entitled to the compensation to be agreed upon with the Borrower in writing, as may be amended from time to time as the parties hereto may agree, for all services rendered by it, and the Borrower agrees promptly to pay such compensation and to reimburse the Administrative Agent and the Paying Agent for out-of-pocket expenses (including legal fees and expenses) incurred by it in connection with the services rendered by it hereunder, as and to the extent agreed upon with the Borrower and subject to the terms of this Agreement, including Section 2.04 . The obligations of the Borrower under this Section 9.09 shall survive the payment of the Loans and the resignation or removal of either the Administrative Agent or the Paying Agent and the termination of this Agreement.

SECTION 9.10 *Authorized Signatory*. Except as otherwise specifically provided herein, any order, certificate, notice, request, direction or other communication from the Borrower, TFL, the Administrative Agent, any Group Agent or any Lender made or given under any provision of this Agreement, shall be sufficient if signed by an Authorized Signatory. From time to time the Borrower and TFL will furnish the Paying Agent with a certificate as to the incumbency and specimen signatures of persons who are then Authorized Signatories. Until the Paying Agent receives a subsequent certificate from the Borrower or TFL, the Paying Agent shall be entitled to conclusively rely on the last such certificate delivered to them for purposes of determining the Authorized Signatories.

SECTION 9.11 *Successor Administrative Agent or Paying Agent*.

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(a) Resignation of Administrative Agent

(i) The Administrative Agent may, upon at least thirty (30) days' notice to the Borrower, the Servicer and each Group Agent, resign as Administrative Agent; provided it also resigns as TFL Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Group Agents as a successor Administrative Agent and as a successor TFL Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Group Agents, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Group Agents within sixty (60) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Group Agents, petition a court of competent jurisdiction to appoint a successor Administrative Agent, which successor Administrative Agent shall be either (i) a commercial bank having a combined capital and surplus of at least $250,000,000 and short-term debt ratings of at least "A-1" from S&P and "P-1" from Moody's or (ii) an Affiliate of such an institution, and in either case shall also be the TFL Administrative Agent.

(b) *Resignation or Removal of Paying Agent*

(i) The Paying Agent may at any time resign by giving written notice of its resignation to the Borrower, the Administrative Agent and the Group Agents specifying the date on which its resignation shall become effective, subject to the conditions set forth below; provided that such date shall be at least 30 days after the receipt of such notice by the Borrower, the Administrative Agent and the Group Agents unless such parties agree in writing to accept shorter notice. The Borrower may, at any time and for any reason with the written consent of the Administrative Agent and upon at least 30 days written notice to that effect (provided that no such notice shall expire less than 15 days before or 15 days after any Payment Date) remove the Paying Agent and appoint a successor Paying Agent by written instrument in duplicate signed on behalf of the Borrower, one copy of which shall be delivered to the Paying Agent being removed and one copy to the successor Paying Agent. Upon resignation or removal, the Paying Agent shall be entitled to the payment by the Borrower of its compensation for the services rendered hereunder and to the reimbursement of all reasonable out-of-pocket expenses (including reasonable legal fees and expenses) incurred in connection with the services rendered by it hereunder, as and to the extent agreed upon with the Borrower.

(ii) In case at any time the Paying Agent shall resign, or shall be removed, or shall become incapable of acting, or be adjudged bankrupt or insolvent, or shall file a voluntary petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they mature, or if an order of any court shall be entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a

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receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor to the Paying Agent shall be appointed by the Borrower by an instrument in writing that is consented to in writing by the Administrative Agent (which consent shall not be unreasonably withheld or delayed). Upon the appointment as aforesaid of a successor to the Paying Agent and acceptance by it of such appointment, the Paying Agent so superseded shall cease to be Paying Agent hereunder. If, after 90 days from the resignation or removal of the Paying Agent, no successor to such Paying Agent shall have been so appointed, or if so appointed, shall not have accepted appointment as hereinafter provided, any Lender or Group Agent, or such Paying Agent (at the expense of the Borrower) may petition any court of competent jurisdiction for the appointment of a successor to such Paying Agent.

(iii) Any corporation or bank into which the Paying Agent may be merged or converted, or with which the Paying Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any corporation or bank to which the Paying Agent shall sell or otherwise transfer all or substantially all of its assets and business, or any corporation or bank succeeding to the corporate trust business of the Paying Agent shall be the successor to the Paying Agent hereunder, without the execution or filing of any document or any further act on the part of the parties hereto.

(iv) Any successor Paying Agent hereunder, if other than the Borrower, shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing, authorized under such laws to exercise corporate trust powers and having a combined capital and surplus in excess of US $250,000,000, and in either case shall also be the TFL Paying Agent.

(c) *Successor Requirements and Responsibilities*.

(i) The Borrower and any Administrative Agent or Paying Agent that resigns or is terminated pursuant to clause (a) or clause (b) above shall cooperate with the applicable successor Administrative Agent or successor Paying Agent, as applicable, and shall use commercially reasonable efforts, in each case, to facilitate the appointment of such successor as the Administrative Agent or the Paying Agent hereunder (including by entering into such amendments to the Control Agreements and other Transaction Documents and authorizing the filing of amendments to financing statements, in each case, as are reasonably requested by the successor Administrative Agent or the successor Paying Agent to reflect such succession).

(ii) Upon such acceptance of its appointment as Administrative Agent or Paying Agent hereunder by a successor Administrative Agent or successor Paying Agent, as applicable, such successor Administrative Agent or successor Paying Agent shall succeed to and become vested with all the rights and duties of the resigning or terminated Administrative Agent or Paying Agent, as applicable, and the resigning or terminated Administrative Agent or resigning or termination Paying Agent shall be discharged from its duties and obligations under the Transaction Documents. After the

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resignation or termination of the Administrative Agent or the Paying Agent under this Section 9.11, the provisions of Article XI and this Article IX shall (i) inure to its benefit as to any actions taken or omitted to be taken by it while it was either the Administrative Agent or the Paying Agent, respectively and (ii) survive with respect to any indemnification claim it may have relating to this Agreement, notwithstanding such resignation or removal or termination of this Agreement."

(pp) Section 11.01 of the Loan Agreement is hereby amended by adding at the end thereof a new sentence reading in in its entirety as follows:

"The obligations under this Section shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or Paying Agent, as applicable."

(qq) Section 11.02 of the Loan Agreement is hereby amended and restated in its entirety as follows:

"SECTION 11.02 *Tax Indemnification*.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrower shall indemnify each Recipient and the Paying Agent, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or the Paying Agent, as applicable, or required to be withheld or deducted from a payment to such Recipient or the Paying Agent and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of another Lender Party, shall be conclusive absent manifest error.

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(d) Each Lender shall severally indemnify the Administrative Agent and the Paying Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent or the Paying Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.10(h) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or the Paying Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent and the Paying Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or otherwise payable by the Administrative Agent or the Paying Agent to the Lender from any other source against any amount due to the Administrative Agent or the Paying Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 11.02, the Borrower shall deliver to the Administrative Agent or the Paying Agent, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent or the Paying Agent.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made hereunder shall deliver to the Servicer, the Borrower, the Paying Agent and the Administrative Agent, at the time or times reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent, shall deliver such documentation prescribed by applicable law or reasonably requested by the Borrower, the Paying Agent or the Administrative Agent as will enable the Servicer, the Borrower, the Paying Agent or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 11.02(f)(ii)(A), (ii)(B), and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

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(A) any Lender that is a U.S. Person shall deliver to the Servicer, the Borrower, the Paying Agent and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Servicer, the Borrower, the Paying Agent or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(B) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower, the Paying Agent and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Servicer, the Borrower, the Paying Agent or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest hereunder, executed originals of IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments hereunder, IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI; or

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code and (y) executed originals of IRS Form W-8BEN-E.

(C) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower, the Paying Agent and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, the Paying Agent or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax,

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duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower, the Paying Agent or the Administrative Agent to determine the withholding or deduction required to be made.

(D) If a payment made to a Recipient under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Recipient were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Recipient shall deliver to the Borrower, the Paying Agent and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower, the Paying Agent or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower, the Paying Agent or the Administrative Agent as may be necessary for the Borrower, the Paying Agent and the Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with such Recipient's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Any Administrative Agent or Group Agent that is a U.S. Person shall deliver to the Borrower and the Servicer executed originals of IRS Form W-9 certifying that such Person is exempt from U.S. federal backup withholding tax (in each case, if such form was not provided pursuant to Section 11.02(f)(ii)(A) above). Any Administrative Agent or Group Agent that is not a U.S. Person shall deliver to the Borrower and the Servicer (and in the case of a Group Agent, to the Administrative Agent) two duly completed executed originals of Form W-8IMY certifying that it is a "U.S. branch" and that the payments it receives for the account of others hereunder are not effectively connected with the conduct of its trade or business in the United States and that such Form W-8IMY evidences its agreement with the Borrower to be treated as a "United States person" with respect to such payments (in each case, pursuant to Treasury Regulation section 1.1441-1T(b)(2)(iv)).

Each Recipient agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(rr) Section 11.05 of the Loan Agreement is hereby amended by deleting Section 11.05 in its entirety and inserting in lieu thereof a new Section 11.05 in its entirety reading as follows:

"*Other Costs and Expenses*. The Borrower shall pay on the first Payment Date which is at least ten (10) Business Days after demand therefor, all actual and reasonable documented costs and expenses of (i) the Lender Parties and the Paying Agent in connection with

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the administration or amendment of this Agreement, the other Transaction Documents and the other documents to be delivered hereunder, including reasonable and documented fees and out-of-pocket expenses of legal counsel for the Administrative Agent and the Paying Agent, and the actual and reasonable documented fees and expenses incurred by any Conduit Lender in connection with the transactions contemplated by this Agreement in obtaining reaffirmation by any Rating Agency of its rating of the commercial paper notes issued by such Conduit Lender and (ii) the Lender Parties and the Paying Agent in connection with obtaining advice as to its rights and remedies under this Agreement or any other Transaction Document or in connection with the enforcement hereof or thereof, including reasonable and documented counsel fees and expenses of each such Person in connection therewith."

(ss) Section 12.01 of the Loan Agreement is hereby amended by adding at the end thereof a new sentence reading as follows:

"The provisions of Article IX shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or the Paying Agent."

(tt) Section 12.02 of the Loan Agreement is hereby amended as follows:

(a) in clause (a), inserting the phrase ", the Paying Agent" after the phrase "No failure on the part of the Group Agents, the Conduit Lenders, the Committed Lenders"; and

(b) in clause (b), at the end of the first sentence, inserting the sentence reading as follows:

"No amendment, waiver or consent shall, unless in writing and signed by the Paying Agent, affect the rights or duties of the Paying Agent, under this Agreement or any other Transaction Documents.".

(uu) Section 12.05 of the Loan Agreement is hereby amended by inserting after the notice contact information for TFL and before the notice contact information for the Administrative Agent the contact information for the Paying Agent in its entirety reading as follows:

If to the Paying Agent: Deutsche Bank Trust Company Americas
Global Securities Services (GSS)
100 Plaza One, 8th Floor
Mail stop: JCY03-0801
Jersey City, New Jersey 07311-3901
Tel: +1 (201) 593-8420
Fax: + (212) 553-2458
Email: Michele.hy.voon@db.com

(vv) Section 12.10 of the Loan Agreement is hereby amended as follows:

(a) inserting the letter "(a)" before the word "Binding.";

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(b) in clause (b), (A) inserting the letter "(A)" after the phrase "and permitted assigns" and before "to any", (B) inserting the phrase "Program Provider or Affiliate of a" after the phrase "to any" and before the phrase" Program Support Provider of such Conduit Lender", (C) inserting the phrase ", any commercial paper issuer supported by a Program Support Provider" after the phrase "Program Support Provider of such Conduit Lender" and before the phrase "or any collateral agent or collateral trustee" and (D) inserting the letter "(B)" after the phrase "restriction of any kind or" and before the phrase "with the prior written consent of the Borrower"; and

(c) in clause (e), deleting clause (e) in its entirety and inserting in lieu thereof the term "[Reserved]."

(ww) Section 12.11 of the Loan Agreement is hereby amended as follows:

(a) inserting the phrase "the Paying Agent," after the phrase "The Administrative Agent, each Group Agent, each Lender,";

(b) deleting the phrase "(except counsel and auditors)" after the phrase "such information to outside parties";

(c) after the phrase "to, or for the account of, a commercial paper issuer," and before the phrase "and its or their counsel and auditors,", inserting the sentence reading as follows:

"any person acting or proposed to act as a placement agent, dealer or investor with respect to any commercial paper notes issued by or on behalf of a Conduit Lender (provided that any confidential information provided to any such placement agent, dealer or investor does not reveal the identity of the Borrower, TFL or any Affiliate thereto and is limited to information of the type that is typically provided to such entities by asset backed commercial paper conduits)";

(d) after the phrase "(d) as required or requested by an Official Body" and before "or pursuant to legal process", inserting the phrase reading as follows:

", regulatory, self-regulatory or supervisory authority having proper jurisdiction"; and

(e) at the end of clause (e), deleting word "and" and inserting in lieu thereof the phrase reading as follows:

"(f) to its attorneys, accountants, agents and Affiliates on a need to know basis provided that each such person to whom disclosure is made shall abide by the confidentiality provisions of this Section 12.11 and (g)".

(xx) Section 12.13 of the Loan Agreement is hereby amended and restated in its entirety as follows:

"SECTION 12.13 *No Petition.*

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(a) Each party hereto agrees, prior to the date which is one (1) year and one (1) day after the payment in full of all indebtedness for borrowed money of the Borrower, not to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause the Borrower to invoke, the process of any Official Body for the purpose of (i) commencing or sustaining a case against Borrower, under any federal or state bankruptcy, insolvency or similar law (including the Bankruptcy Code), (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Borrower, or any substantial part of the property of the Borrower, or (iii) ordering the winding up or liquidation of the affairs of the Borrower.

(b) Each party hereto agrees, prior to the date which is one (1) year and one (1) day after the payment in full of all indebtedness for borrowed money of any Conduit Lender, not to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause such Conduit Lender to invoke, the process of any Official Body for the purpose of (i) commencing or sustaining a case against such Conduit Lender, under any federal or state bankruptcy, insolvency or similar law (including the Bankruptcy Code or similar law in another jurisdiction), (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for such Conduit Lender, or any substantial part of the property of such Conduit Lender, or (iii) ordering the winding up or liquidation of the affairs of such Conduit Lender."

(yy) Section 12.18 of the Loan Agreement is hereby amended as follows:

(a) inserting the phrase ", the Paying Agent, the Administrative Agent" (A) after the phrase "or any of their Affiliates against any Lender Party," (B) after the phrase "No claim may be made by any Lender Party," and (C) after the phrase "in connection therewith and each Lender Party,";

(b) deleting the word "its" and inserting the phrase "their respective" (A) before the phrase "Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages" and (B) before the phrase "Affiliates against the Borrower, TFL, or any of their Affiliates," and

(c) inserting at the end of Section 12.18 a new sentence in its entirety reading as follows:

"In no event shall the Paying Agents be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action."

(zz) Section 12.22 is hereby amended by deleting Section 12.22 in its entirety and inserting in lieu thereof a new Section 12.22 in its entirety reading as follows:

"*Limited Recourse Against Conduit Lenders.* Notwithstanding anything in this Agreement or any other Transaction Document to the contrary, no Conduit Lender shall have any obligation to pay any amount required to be paid by it hereunder or thereunder in excess of any amount received pursuant to this Agreement and available to such Conduit Lender after paying or making provision for the payment of its Short-Term Notes. All payment obligations of any Conduit

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Lender hereunder are contingent upon the availability of funds received pursuant to this Agreement in excess of the amounts necessary to pay Short-Term Notes; and each of the Borrower, TFL and the Secured Parties agrees that they shall not have a claim under Section 101(5) of the Bankruptcy Code (or similar law in another jurisdiction) if and to the extent that any such payment obligation exceeds the amount received pursuant to this Agreement and available to any Conduit Lender to pay such amounts after paying or making provision for the payment of its Short-Term Notes. Notwithstanding the foregoing, the obligations of a Conduit Lender to the Borrower or TFL resulting from the gross negligence or willful misconduct of such Conduit Lender (as finally determined by a court of competent jurisdiction) or for any expenses incurred by the Borrower or TFL as a result of a breach of this Agreement made by a Conduit Lender shall not be limited to any amounts or funds received pursuant to this Agreement (but shall only be limited to the amounts available to such Conduit Lender after paying or making provision for the payment of its Short Term Notes)."

(aaa) Section 12.24 of the Loan Agreement is hereby inserted to the end of Article XII in its entirety reading as follows:

> "*U.S. Patriot Act*. In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("Applicable Law"), the Paying Agent is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Paying Agent. Accordingly, each of the parties agree to provide to the Paying Agent, upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Paying Agent to comply with Applicable Law. The Paying Agent will follow its typical Know Your Customer (KYC) process on any other entity which becomes a party to this Agreement (through assignment or otherwise) prior to processing any instructions from such entity."

(bbb) Schedules 6, 8 and 9 to the Loan Agreement are hereby amended and restated in their entirety as set forth on Schedules 6, 8 and 9 to this Amendment.

2. Joinder of New Groups. The parties hereto acknowledge and agree that, effective as of the Amendment Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 5 below, there shall be created four (4) new Groups under the Loan Agreement (each a "New Group" and collectively, the "New Groups") as follows: (i) a Group consisting of Bank of America, N.A. ("BANA"), as a Group Agent and a Committed Lender; (ii) a Group consisting of Royal Bank of Canada ("RBC") as a Group Agent and a Committed Lender and Lakeshore Trust, as a Conduit Lender ("Lakeshore"); (iii) a Group consisting of Credit Suisse AG, New York Branch ("CSNY"), as a Group Agent, Credit Suisse AG, Cayman Islands Branch, as a Committed Lender ("CSCI") and GIFS Capital Company LLC, as a Conduit Lender ("GIFS") and (iv) a Group consisting of Barclays Bank PLC ("BBPLC") as a Group Agent and Committed Lender, and Salisbury Receivables Companies LLC ("Salisbury"), as a Conduit Lender. Each of BANA, RBC, CSNY and BBPLC in its capacity as a new Group Agent shall be referred to herein individually as a "New Group Agent" and collectively as the "New Group Agents"; each of BANA, RBC, CSCI and BBPLC in its capacity as a new Committed Lender shall be referred to

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herein individually as a "New Committed Lender" and collectively as the "New Committed Lenders"; each of Lakeshore, GIFS and Salisbury shall be referred to herein individually as a "New Conduit Lender" and collectively as the "New Conduit Lenders" and each of the New Group Agents, the New Committed Lenders and the New Conduit Lenders shall be referred to herein individually as a "New Party" and collectively as the "New Parties." By executing and delivering this Amendment, each New Party confirms to and agrees with the Administrative Agent, the Group Agents and the Lenders as follows:

(a) none of the Administrative Agent, the Group Agents or the Lenders makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement, any Transaction Document or any other instrument or document furnished pursuant thereto, or the Collateral or the financial condition of Tesla, Inc., TFL, the Trust, the Servicer or the Borrower or the performance or observance by TFL, the Trust, the Servicer or the Borrower of any of their respective obligations under the Loan Agreement, any Transaction Document or any other instrument or document furnished pursuant thereto;

(b) each New Party confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and become party to the Loan Agreement;

(c) each New Party will, independently and without reliance upon the Administrative Agent, any Group Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

(d) the New Committed Lender in each New Group described in this Section 2 appoints and authorizes the related New Group Agent specified in this Section 2 to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to a Group Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article X of the Loan Agreement;

(e) each New Party appoints and authorizes each of the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article IX of the Loan Agreement; and

(f) each New Party agrees that it will perform in accordance with the terms thereof all of the obligations which by the terms of the Agreement are required to be performed by it as a Group Agent, a Committed Lender or a Conduit Lender, as applicable, and agrees to be bound by and subject to the terms of the Loan Agreement applicable to it in such capacity or to parties thereto generally.

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

3.Reallocation of Loan Balance. The parties hereto acknowledge and agree that in connection with the joinder of the New Groups, on the Amendment Effective Date, the aggregate Loan Balance shall be reallocated such that, immediately after giving effect to such joinder, the portion of the Loan Balance funded by each Group as a percentage of the Loan Balance shall be equal to its respective Percentage. Each Lender shall make the payments to, or receive the payments from, one or more other Lenders as specified in the flow of funds prepared by the Administrative Agent and acknowledged and agreed to by the Borrower in connection with this Section and the Borrower acknowledges and agrees that, upon the receipt by each applicable Lender of such payments, each New Group shall be deemed to have made Loans to the Borrower in an amount equal to its respective Percentage of the Loan Balance.

4.Appointment of Paying Agent. The Borrower hereby appoints Deutsche Bank Trust Company Americas, acting through its office at 60 Wall Street, New York, New York 10005, as the registrar and paying agent in respect of the Loans, upon the terms and subject to the conditions set forth in the Loan Agreement, as amended on the date hereof, and Deutsche Bank Trust Company Americas hereby accepts such appointment. Effective as of the Amendment Effective Date, Deutsche Bank Trust Company Americas is hereby joined as a party to the Loan Agreement.

5.Conditions Precedent. This Amendment shall become effective as of the date hereof (the "Amendment Effective Date") upon satisfaction or waiver of the following conditions precedent:

(a) the receipt by the Administrative Agent or its counsel of counterpart signature pages to this Amendment and each other document, certificate and opinion to be executed or delivered in connection with this Amendment, as more fully described on Exhibit A hereto;

(b) each Group Agent shall have received, for the benefit of the Lenders in its related Group, the "Upfront Fee" in accordance with and as defined in the Amended and Restated Fee Letter, dated as of the date hereof, by and among the Borrower, the Group Agents and the Administrative Agent;

(c) no Default, Event of Default or Potential Servicer Default shall have occurred or be continuing, the Termination Date shall not have occurred and no Event of Bankruptcy shall have occurred with respect to TFL or Tesla, Inc.; and

(d) the Administrative Agent, the Paying Agent and each Group Agent shall have received such other documents, instruments and agreements as the Administrative Agent, the Paying Agent or such Group Agent may have reasonably requested.

6.Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Administrative Agent, each Group Agent, each Lender and the Paying Agent as of the date hereof that:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute the legal, valid and binding obligations of the Borrower and are enforceable against the

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Borrower in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) Upon the effectiveness of this Amendment, the Borrower hereby affirms that all representations and warranties made by it in Article IV of the Loan Agreement, as amended, are correct in all material respects on the date hereof as though made as of the effective date of this Amendment, unless and to the extent that any such representation and warranty is stated to relate solely to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date.

(c) As of the date hereof, no Default, Event of Default or Potential Servicer Default shall have occurred or be continuing, the Termination Date shall not have occurred and no Event of Bankruptcy shall have occurred with respect to TFL or Tesla, Inc.

7.Reference to and Effect on the Loan Agreement.

(a) Upon the effectiveness of Section 1 hereof, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) The Loan Agreement, as amended hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect until hereafter terminated in accordance with their respective terms, and the Loan Agreement and such documents, instruments and agreements are hereby ratified and confirmed.

(c) Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent, any Agent or any Lender, nor constitute a waiver of any provision of the Loan Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

8.Costs and Expenses. The Borrower agrees to pay all reasonable and actual costs, fees, and out-of-pocket expenses (including the reasonable attorneys' fees, costs and expenses of Sidley Austin LLP, counsel to the Administrative Agent, the Group Agents and the Lenders and Nixon Peabody LLP, counsel to the Paying Agent) incurred by the Administrative Agent, each Group Agent, each Lender and the Paying Agent in connection with the preparation, execution and enforcement of this Amendment.

9.GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS PROVISIONS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

10.Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

11.Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile (transmitted by telecopier or by email) shall be effective as delivery of a manually executed counterpart of this Amendment.

Remainder of page left intentionally blank

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their duly authorized signatories as of the date first above written.

TESLA 2014 WAREHOUSE SPV LLC,
as Borrower

By: /s/ Radford Small
Name: Radford Small
Title: Chief Financial Officer / Treasurer

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Administrative Agent, as a Group Agent and as
a Committed Lender

By: /s/ Kevin Fagan
Name: Kevin Fagan
Title: Vice President

By: /s/ Katherine Bologna
Name: Katherine Bologna
Title: Managing Director

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

DEUTSCHE BANK NATIONAL TRUST COMPANY FOR:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Paying Agent

By: /s/ Michele H.Y. Voon
Name: Michele H.Y. Voon
Title: Vice President

By: /s/ Susan Barstock
Name: Susan Barstock
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CITIBANK, N.A.,
CITIBANK, N.A.,
as a Group Agent and as a Committed Lender

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CAFCO, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CHARTA, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CIESCO, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CRC FUNDING, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

BANK OF AMERICA, N.A.,
as a Group Agent and as a Committed Lender

By: /s/ Rahra Macaltao
Name: Rahra Macaltao
Title: Director

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

ROYAL BANK OF CANADA,
as a Group Agent and as a Committed Lender

By: /s/ Angela Nimoh-Etsiakoh
Name: Angela Nimoh-Etsiakoh
Title: Authorized Signatory

By: /s/ Sofia Shields
Name: Sofia Shields
Title: Authorized Signatory

LAKESHORE TRUST,
as a Conduit Lender

By: /s/ Nur Khan
Name: Nur Khan
Title: Authorized Signatory

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CREDIT SUISSE AG, NEW YORK BRANCH,
as a Group Agent

By: /s/ Patrick Duggan
Name: Patrick Duggan
Title: Associate

By: /s/ Elie Chau
Name: Elie Chau
Title: Authorized Signatory

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Committed Lender

By: /s/ Patrick Duggan
Name: Patrick Duggan
Title: Authorized Signatory

By: /s/ Elie Chau
Name: Elie Chau
Title: Authorized Signatory

GIFS CAPITAL COMPANY LLC,
as a Conduit Lender

By: /s/ Thomas J. Irvin
Name: Thomas J. Irvin
Title: Manager

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

BARCLAYS BANK PLC,
as a Group Agent

By: /s/ John McCarthy
Name: John McCarthy
Title: Director

SALISBURY RECEIVABLES COMPANY LLC,
as a Conduit Lender

By: Barclays Bank PLC, as attorney-in-fact

By: /s/ John McCarthy
Name: John McCarthy
Title: Director

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

EXHIBIT A

LIST OF CLOSING DOCUMENTS

	Document	Responsible Party
1.	Amendment No. 1 to A&R Loan and Security Agreement	W&S
2.	Amended and Restated Fee Letter	Sidley
3.	Good Standing Certificate for Borrower from Secretary of State of Delaware	W&S
4.	Good Standing Certificate for Tesla Finance LLC from Secretary of State of Delaware	W&S
5.	Good Standing Certificate for Tesla Lease Trust from Secretary of State of Delaware	W&S
6.	Secretary's Certificate of Borrower: (a) Certificate of Formation (b) Limited Liability Company Agreement (c) Resolutions (d) Incumbency	W&S
7.	Bring down UCC lien searches: (a) Tesla Lease Trust (b) TFL (c) Borrower	W&S
8.	Reliance Letter with respect to Winston & Strawn legal opinions regarding security interest matters, enforceability and corporate matters, true sale matters and non-consolidation matters issued on August 17, 2017	W&S
9.	Reliance Letter with respect to RLF legal opinions (4) issued on August 17, 2017	RLF
10.	Reliance Letter with respect to Tesla in-house opinion issued on August 17, 2017	TFL

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Schedule 6

Notice Addresses

Borrower:

c/o Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: General Counsel

With a copy to
Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: Legal, Finance

TFL:

c/o Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: General Counsel

With a copy to
Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: Legal, Finance

Administrative Agent:

Deutsche Bank AG, New York Branch
60 Wall Street, 5th Floor
New York, New York 10005
Tel: (212) 250-3001
Fax: (212) 797-5300
Attention: Katherine Bologna
Email: abs.conduits@db.com and katherine.bologna@db.com

Deutsche Bank AG, New York Branch, as Lender:

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Deutsche Bank AG, New York Branch
60 Wall Street, 5th Floor
New York, New York 10005
Tel: (212) 250-3001
Fax: (212) 797-5300
Attention: Katherine Bologna
Email: abs.conduits@db.com and katherine.bologna@db.com

Paying Agent:

Deutsche Bank Trust Company Americas
Deutsche Bank National Trust Company
Global Securities Services (GSS)
100 Plaza One, 8th Floor
Mail stop: JCY03-0801
Jersey City, New Jersey 07311-3901
Tel: +1 (201) 593-8420
Fax: +1 (212) 553-2458
Email: michele.hy.voon@db.com

Citibank, N.A., CAFCO LLC, CHARTA LLC, CIESCO, LLC, CRC Funding LLC, as Lenders:

c/o Citibank, N.A.
Global Securitized Products
750 Washington Blvd., 8th Floor
Stamford, CT 06901
Attention: Robert Kohl
Telephone: 203-975-6383
Email: Robert.kohl@citi.com

c/o Citibank, N.A.
Global Loans – Conduit Operations
1615 Brett Road Ops Building 3
New Castle, DE 19720
Telephone: 302-323-3125
Email: conditoperations@citi.com

Credit Suisse AG, New York Branch / Credit Suisse AG, Cayman Islands Branch:

c/o Credit Suisse AG, New York Branch
11 Madison Avenue, 4th Floor
New York, New York 10010
Telephone: 212-325-0432
Attention: Kenneth Aiani

Email: kenneth.aiani@credit-suisse.com; patrick.duggan@credit-suisse.com; list.afconduitreports@credit-suisse.com; abcp.monitoring@credit-suisse.com

GIFS Capital Company:
227 West Monroe Street, Suite 4900
Chicago, IL 60696
Telephone: 312-977-4588
Attention: Mark Matthews
Email: mark.matthews@guggenheimpartners.com

Royal Bank of Canada / Lakeshore Trust:

c/o RBC Capital Markets
200 Vesey Street
New York, New York 10281
Attention: Angela Nimoh
Telephone: 212-428-6296
Fax: 212-428-6308
Email: conduit.management@rbccm.com; rgeoghegan@rbccm.com; angela.nimoh@rbccm.com; sofia.shields@rbccm.com

Barclays Bank PLC / Salisbury Receivables Company LLC:

c/o Barclays Bank PLC
745 Seventh Avenue, 5th Floor
New York, New York 10019
Telephone: 212-526-7161
Email: asgreports@barclays.com; barcapconduitops@barclays.com; john.j.mccarty@barclays.com; martin.attea@barclays.com; jonathan.wu@barclays.com; david.hisrchy@barclays.com; eric.k.chang@barclays.com; eugene.golant@barclays.com.

Bank of America, N.A.:

Bank of America, N.A.
214 N. Tryon Street
Charlotte, North Carolina 28255
Attention: Judith Helms
Telephone: 980-387-1693
Email: judith.a.helms@baml.com

Schedule 8

Commitments of Lenders

Committed Lender	Commitment
Deutsche Bank AG, New York Branch	$139,397,947.21
Citibank, N.A.	$139,397,947.21
Credit Suisse AG, Cayman Islands Branch	$62,729,076.24
Royal Bank of Canada	$61,567,426.68
Barclays Bank PLC	$61,567,426.68
Bank of America, N.A.	$46,465,982.40
Total:	**$511,125,806.42**

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Short-Term Note Rate

The Short-Term Note Rate applicable to each of **CAFCO, LLC, CHARTA, LLC, CIESCO, LLC, CRC Funding, LLC** for any Interest Period (or portion thereof), shall be determined as follows: (a) to the extent that such Conduit Lender funds its Percentage of the Loan Balance during such Interest Period with Short-Term Notes, the per annum rate equal to the weighted average of the rates at which all Short-Term Notes issued by such Conduit Lender to fund its Percentage of the Loan Balance during such Interest Period were sold, which rates include all dealer commissions and other costs of issuing such Short-Term Notes, whether any such Short-Term Notes were specifically issued to fund its Percentage of the Loan Balance or are allocated, in whole or in part, to such funding, and (b) otherwise, the Bank Interest Rate.

The Short-Term Note Rate applicable to **Lakeshore Trust and GIFS Capital Company LLC** means, for any day during any Interest Period, the per annum rate equivalent to (a) the rate (expressed as a percentage and an interest yield equivalent and calculated on the basis of a 360-day year) or, if more than one rate, the weighted average thereof, paid or payable by such Conduit Lender from time to time as interest on or otherwise in respect of the Short-Term Notes issued by such Conduit Lender that are allocated, in whole or in part, by such Conduit's Lender's agent to fund the purchase or maintenance of the Loans outstanding made by such Conduit Lender (and which may also, in the case of a pool-funded conduit Conduit Lender, be allocated in part to the funding of other assets of such Conduit Lender and which Short-Term Notes need not mature on the last day of any Interest Period) during such Interest Period as determined by such Conduit Lender's agent, which rates shall reflect and give effect to (i) certain documentation and transaction costs (including, without limitation, dealer and placement agent commissions, and incremental carrying costs incurred with respect to Short-Term Notes maturing on dates other than those on which corresponding funds are received by such Conduit Lender) associated with the issuance of the Conduit Lender's Short-Term Notes, and (ii) other borrowings by such Conduit Lender, including borrowings to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market, solely to the extent such amounts are allocated, in whole or in part, by the Conduit Lender's agent to fund such Conduit Lender's purchase or maintenance of the Loans outstanding made by such Conduit Lender during such Interest Period; *provided, that*, if any component of such rate is a discount rate, in calculating the applicable "Short-Term Note Rate" for such day, such Conduit Lender's agent shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum.

The Short-Term Note Rate applicable to **Salisbury Receivables Company LLC** shall mean, for each day during an Interest Period, the greater of (x) zero and (y) the weighted average rate at which interest or discount is accruing on or in respect of the Short-Term Notes with respect to such Conduit Lender allocated, in whole or in part, by the related Agent, to fund the purchase or maintenance of such portion of such Loan Balance (including, without limitation, any interest attributable to the commissions of placement agents and dealers in respect of such Short-Term Notes and any costs associated with funding small or odd-lot amounts, to the extent that such

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commissions or costs are allocated, in whole or in part, to such Short-Term Notes by such Agent); *provided, that*, notwithstanding anything herein to the contrary, the Short-Term Note Rate with respect to Salisbury Receivables Company LLC shall, at the election of the related Agent, be determined by such Agent by application of this definition of Short-Term Note Rate with the words "short-term promissory notes of Sheffield Receivables Company LLC" replacing the words "Short-Term Notes with respect to such Conduit Lender" or "such Short-Term Notes" wherever they appear herein.

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Exhibit 10.46

Confidential Treatment Requested by Tesla, Inc.
EXECUTION VERSION

AMENDMENT NO. 1
TO
LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT (this " Amendment"), dated as of October 18, 2017, is entered into by and among LML WAREHOUSE SPV, LLC, a Delaware limited liability company (the " Borrower"), the Lenders party hereto, the Group Agents party hereto, DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as paying agent (in such capacity, the "Paying Agent") and DEUTSCHE BANK AG, NEW YORK BRANCH, as administrative agent (in such capacity, the "Administrative Agent") and is made in respect of the Loan and Security Agreement, dated as of August 17, 2017 (the "Loan Agreement") among the Borrower, Tesla Finance LLC, a Delaware limited liability company ("TFL"), the Lenders party thereto, the Group Agents party thereto and the Administrative Agent. Defined terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Loan Agreement as amended hereby.

WHEREAS, the Borrower, the Lenders, the Group Agents and the Administrative Agent have agreed to amend the Loan Agreement on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders, the Group Agents, the Administrative Agent and the Paying Agent agree as follows:

1.Amendments to Loan Agreement. Effective as of the Amendment Effective Date (as defined below) and subject to the satisfaction of the conditions precedent set forth in Section 5 hereof, the Loan Agreement is hereby amended as follows:

(a) Clauses (ii) and (iii) of the preamble to the Loan Agreement are amended and restated in their entirety as follows:

"(ii) Solely for purposes of Sections 2.11, 2.12, 6.03, 12.01, 12.13 and 12.22, TESLA FINANCE LLC, a Delaware limited liability company ("*TFL*");

(iii) DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as Paying Agent;"

(b) The Loan Agreement is hereby amended by deleting the phrase "RVPR" in each case it appears in the Loan Agreement and inserting in each case in lieu thereof the phrase "RVLR".

(c) The Loan Agreement is hereby amended by deleting the phrase "Residual Value Performance Ratio" in each case it appears in the Loan Agreement and inserting in each case in lieu thereof the phrase "Residual Value Loss Ratio".

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(d) Section 1.01 of the Loan Agreement is hereby amended by adding the following definitions thereto in the appropriate alphabetical order:

"*Amendment No. 1 Effective Date*" shall mean October 18, 2017.

"*Authorized Signatory*" shall have the meaning set forth in Section 9.02.

"*Extended Lease*" shall mean an Eligible Lease as to which the original Lease Maturity Date has been extended.

"*Extended Lease Limit*" shall have the meaning specified in the Amended and Restated Fee Letter.

"*Paying Agent*" shall mean the Person appointed as such pursuant to Section 9.01.

"*Paying Agent Account*" shall mean the account with such name established and maintained pursuant to Section 2.06.

"*TFL Paying Agent*" shall mean the "Paying Agent," as such terms defined in the TFL Warehouse Agreement.

(e) Section 1.01 of the Loan Agreement is amended by amending the definition of "Automotive Lease Guide" as follows:

(i) deleting from clause (a) the phrase "each Group Agent" and inserting in lieu thereof the phrase "the Required Group Agents"; and

(ii) inserting at the end of clause (b) thereof the phrase "and the Required Group Agents".

(f) Section 1.01 of the Loan Agreement is hereby amended by (i) adding at the end of the definition of "Eligible Account" the phrase "or (iv) a segregated, non-interest bearing trust account established with the Paying Agent" and (ii) deleting the word "or" after clause (ii).

(g) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Eligible Lease" as follows:

(i) deleting the number "48" from clause (vii) thereof and inserting in lieu thereof the number "60"; and

(ii) deleting clause (xiii) thereof in its entirety and inserting in lieu thereof a new clause (xiii) restating in its entirety as follows:

"(xiii) (A) the original Lease Maturity Date has not been extended to a date more than six (6) months after such original Lease Maturity Date and, if such original Lease Maturity Date has been extended, such extension was made in accordance with the Credit and Collection Policy and, at the time of such extension, there were no

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more than three scheduled payments remaining under such Lease and all scheduled payments due by the related Lessee prior to the date of such extension have been paid in full, and (B) the other provisions of such Lease have not been adjusted, waived or modified, in each case in any material respect, except in accordance with the Credit and Collection Policy;"

(h) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Eurodollar Rate" in its entirety and inserting in lieu thereof a new definition of "Eurodollar Rate" reading in its entirety as follows:

"*Eurodollar Rate*" shall mean:

(i) with respect to any Lender in the Group for which Bank of America, N.A. is the Group Agent, for each day during any Interest Period, the rate of interest per annum determined by Bank of America, N.A. based on the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other Person that takes over the administration of such rate) for deposits in Dollars in minimum amounts of at least $5,000,000 for a period equal to one month (commencing on the date of determination of such interest rate) as published by a commercially available source providing quotations of such rate as selected by Bank of America, N.A. from time to time at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day (rounded upwards, if necessary, to the nearest 1/100 of 1%); provided, that if the foregoing calculation results in an interest rate per annum that is less than zero (0), the Eurodollar Rate determined pursuant to this clause (i) shall be deemed to be zero (0) for purposes of this Agreement;

(ii) with respect to any Lender in the Group for which Royal Bank of Canada is the Group Agent for each day during any Interest Period, (a) the rate per annum (carried out to the fifth decimal place) equal to the rate determined by Royal Bank of Canada to be the offered rate that appears on the page of the Reuters Screen on such day that displays an average British Bankers Association Interest Settlement Rate (such page currently being LIBOR01) for deposits in United States dollars with a term equivalent to one month; (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried to the fifth decimal place) equal to the rate determined by Royal Bank of Canada to be the offered rate on such day on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in United States dollars (or, if such rate is not available on a successor or substitute service, such comparable rate published on such other service as selected by Royal Bank of Canada from time to time for purposes of providing quotations of interest rates applicable to United States dollar deposits in the London interbank market) with a term equivalent to one month; or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by Royal Bank of Canada on such day as the rate of interest at which Dollar deposits (for delivery on a date two Business days later than such day) in same day funds in the approximate amount of the applicable investment to be funded by reference to the LIBOR Rate and with a term equivalent to one month would be offered by its London Branch to major banks in the London interbank eurodollar market at their request; or

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(iii) with respect to any Lender in any other Group, with respect to an Interest Period, an interest rate per annum equal to the rate for one-month deposits in Dollars, which rate is designated as "LIBOR01" on the Reuters Money 3000 Service as of 11:00 a.m., London time, two (2) LIBOR Business Days prior to the first day of such Interest Period; *provided, however*, that (a) in the event that no such rate is shown, the LIBOR Rate shall be determined by reference to such other comparable available service for displaying Eurodollar rates as may be reasonably selected by the Administrative Agent; (b) in the event that the rate appearing on such page or as so determined by the Administrative Agent shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement, and (c) if no such service is available, the LIBOR Rate shall be the rate per annum equal to the average (rounded upward to the nearest 1/100th of 1%) of the rate at which the Administrative Agent offers deposits in Dollars at or about 10:00 a.m., New York City time, two (2) LIBOR Business Days prior to the beginning of the related Interest Period, in the interbank eurocurrency market where the eurocurrency and foreign currency and exchange operations in respect of its Eurodollar loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount comparable to the applicable portion of the Loan Balance to be accruing interest at the LIBOR Rate during such Interest Period."

(i) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Excess Concentration Amount" as follows:

(i) inserting at the beginning of clause (ii) thereof the phrase "if such date is on or after December 15, 2017,";

(ii) inserting at the beginning of clause (iii) thereof the phrase "if such date is on or after March 15, 2018,";

(iii) deleting at the end of clause (vii) thereof the word "and";

(iv) adding at the end of clause (viii) thereof the word "and"; and

(v) adding at the end thereof a new clause (ix) reading in its entirety as follows:

"(ix) the aggregate Securitization Value of all Warehouse SUBI Leases that are Extended Leases exceeds the Extended Lease Limit."

(j) Section 1.01 of the Loan Agreement is hereby amended by deleting the number "$75,000,000" from the definition of "Facility Limit" and inserting in lieu thereof the number "$588,874,193.58".

(k) Section 1.01 of the Loan Agreement is amended by deleting the definition "Fee Letter" in its entirety and inserting in lieu thereof the following definition of "Fee Letter" reading in its entirety as follows:

"*Fee Letter*" shall mean the Amended and Restated Fee Letter dated as of October 18, 2017 among TFL, the Borrower, the Administrative Agent, the Group Agents and the

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Lenders, setting forth the upfront fee and certain other fees and expenses payable to the Administrative Agent and the Lenders by TFL and the Borrower.

(l) Section 1.01 of the Loan Agreement is hereby amended by adding the phrase "the Paying Agent," to the definition of "Indemnified Parties" immediately after the phrase "shall mean the Administrative Agent, the Group Agents, the Lenders,".

(m) Section 1.01 of the Loan Agreement is hereby amended by inserting at the end of the definition of "Lease Maturity Date" the phrase ", as such date may be extended."

(n) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Mark-to-Market MRM Residual Value" in its entirety and inserting in lieu thereof a new definition of "Mark-to-Market MRM Residual Value" reading in its entirety as follows:

"*Mark-to-Market MRM Residual Value*" shall mean, with respect to any Warehouse SUBI Leased Vehicle and the related Lease, as of any date, the lesser of (i) the expected value of such Leased Vehicle at the related Lease Maturity Date using a residual value estimate produced by Automotive Lease Guide (assuming that the vehicle is in "average" condition) based on the "Maximum Residualizable MSRP," which consists of the MSRP of the typically equipped vehicle and value adding options, giving only partial credit or no credit for those options that add little or no value to the resale price of the vehicle, calculated as of the last day of the calendar month immediately preceding the most recent Mark to Market Adjustment Date prior to and, if applicable, including such date and (ii) the residual value estimate produced by Automotive Lease Guide (based as above) calculated as of the contract date of the related Lease; provided, however, that if the contract date of the related Lease for a Warehouse SUBI Lease is after the last day of the calendar month immediately preceding the most recent Mark-to-Market Adjustment Date, as of any date, then the initial Mark-to-Market MRM Residual Value for such Warehouse SUBI Lease shall be equal to the amount in clause (ii) above."

(o) Section 1.01 of the Loan Agreement is hereby amended by deleting the number "$600,000,000" from the definition of "Maximum Facility Limit" and inserting in lieu thereof the number "$1,100,000,000.00".

(p) Section 1.01 of the Loan Agreement is hereby amended by amending the definition of "Portfolio Performance Condition" as follows:

(i) for clause (ii), deleting the phrase "less than [***]" and inserting in lieu thereof the phrase "greater than [***]"; and

(ii) for clause (y), deleting the phrase "greater than or equal to [***]" and inserting in lieu thereof the phrase "less than or equal to [***]".

(q) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Rating Agencies" in its entirety and inserting in lieu thereof a new definition of "Rating Agency" reading in its entirety as follows:

"*Rating Agency*" shall mean S&P, Moody's, Fitch Inc., DBRS, Inc., Kroll Bond Rating Agency or any other nationally recognized statistical rating organization.

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(r) Section 1.01 of the Loan Agreement is amended by deleting the definition "Residual Value Performance Ratio" in its entirety and inserting in lieu thereof a new definition of "Residual Value Loss Ratio" reading in its entirety as follows:

"*Residual Value Loss Ratio* " shall mean, for any RVLR Calculation Date, and with respect to those Warehouse SUBI Leases which reached their respective Lease Maturity Dates during or prior to such three consecutive Settlement Periods and for which Off-Lease Residual Value Net Liquidation Proceeds were received during the three consecutive Settlement Periods ended on the last day of the calendar month immediately preceding such RVLR Calculation Date, a fraction expressed as a percentage, (a) the numerator of which is the difference between the aggregate Base Residual Values of such Warehouse SUBI Leases and the aggregate Off-Lease Residual Value Net Liquidation Proceeds received with respect to such Warehouse SUBI Leases, and (b) the denominator of which is the aggregate Base Residual Values of such Warehouse SUBI Leases."

(s) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Responsible Officer" in its entirety and inserting in lieu thereof a new definition of "Responsible Officer" reading in its entirety as follows:

"*Responsible Officer*" shall mean with respect to (i) the Borrower or TFL, any of the president, chief executive officer, chief financial officer, treasurer or any vice president of the Borrower or TFL, as the case may be or (ii) the Paying Agent, any managing director, director, vice president, assistant vice president, associate or trust officer of the Paying Agent customarily performing functions with respect to corporate trust matters and, with respect to a particular matter under this Agreement, any other officer to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject, in each case, having direct responsibility for the administration of this Agreement."

(t) Section 1.01 of the Loan Agreement is hereby amended by deleting the definition "Short-Term Notes" in its entirety and inserting in lieu thereof a new definition of "Short-Term Notes" reading in its entirety as follows:

"*Short-Term Notes*" shall mean the short-term commercial paper notes issued or to be issued by or on behalf of a Conduit Lender (or, solely in the case of Salisbury Receivables Company LLC, by or on behalf of Sheffield Receivables Company LLC) to fund or maintain the Loans or investments in other financial assets."

(u) Section 1.01 of the Loan Agreement is hereby amended by moving the definition of "Tesla Change in Control" after the definition of "Termination Date" and before the definition of "Tesla Party".

(v) Section 1.01 of the Loan Agreement is hereby amended by deleting the phrase "at the time of the origination of such Lease" from the definition of "TFL Residual Value" thereof.

(w) Section 1.01 of the Loan Agreement is hereby amended by deleting the following definitions: "Mark to Market Adjustment" and "Matured Lease".

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

(x) Section 1.01 of the Loan Agreement is hereby amended by adding the phrase "the Paying Agent," to the definition of "Withholding Agent" after the phrase "shall mean the Borrower," and before the phrase "and the Administrative Agent".

(y) Section 2.01 of the Loan Agreement is hereby amended as follows:

(i) deleting subclause (i) of clause (d) in its entirety and inserting in lieu thereof a new subclause (i) reading in its entirety as follows:

"at least two (2) Business Days preceding each Warehouse SUBI Lease Allocation Date (or, in the case of the initial Warehouse SUBI Lease Allocation Date, on the Initial Loan Date), the Borrower and the Servicer shall deliver to the Administrative Agent an executed Notice of Warehouse SUBI Lease Allocation in substantially the form of Exhibit D to this Agreement, signed by an Authorized Signatory, together with a Pool Cut Report as to the related Lease Pool;" and

(ii) deleting clause (e) in its entirety and inserting in lieu thereof new clauses (e), (f), (g), (i) and (j) reading in their entirety as follows:

"(e) If any Loan Request is delivered to the Administrative Agent, the Group Agents, the Lenders and the Paying Agent after noon, New York City time, two Business Days prior to the proposed Loan Increase Date, such Loan Request shall be deemed to be received prior to noon, New York City time, on the next succeeding Business Day and the proposed Loan Increase Date of such proposed Loan shall be deemed to be the second Business Day following such deemed receipt. Any Loan Request shall be irrevocable and the Borrower may not request that more than one Loan be funded on any Business Day.

(f) If a Conduit Lender shall have elected not to make all or a portion of such Loan, the related Committed Lender shall make available on the applicable Loan Increase Date an amount equal to the portion of the Loan that such Conduit Lender has not elected to fund.

(g) Each Group's ratable share of a Loan shall be made available to the Paying Agent, subject to the fulfillment of the applicable conditions set forth in Section 5.02, at or prior to 1:00 p.m., New York City time, on the applicable Loan Date, by deposit of immediately available funds to the Paying Agent Account. The Paying Agent shall promptly notify the Borrower in the event that any Lender either fails to make its portion of such funds available before such time or notifies the Paying Agent that it will not make its portion of such funds available before such time. Subject to the fulfillment of the applicable conditions set forth in Section 5.02, as determined by the Paying Agent, the Paying Agent will not later than 3:00 p.m., New York City time, on such Loan Increase Date make such funds available, in the same type of funds received, by wire transfer thereof to the account specified in writing by the Borrower. If any Lender makes available to the Paying Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article, and such funds are not made available to the Borrower by the Paying Agent because the conditions to the applicable Loan set forth in

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Section 5.02 are not satisfied or waived in accordance with the terms hereof, the Paying Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(h) In the event that, notwithstanding the fulfillment of the applicable conditions set forth in Section 5.02 hereof with respect to a Loan, a Conduit Lender elected to make an advance on a Loan Increase Date but failed to make its portion of the Loan available to the Paying Agent when required by this Section 2.01, such Conduit Lender shall be deemed to have rescinded its election to make such advance, and neither the Borrower nor any other party shall have any claim against such Conduit Lender by reason of its failure to timely make such purchase. In any such case, the Paying Agent shall give notice of such failure not later than 1:30 p.m., New York City time, on the Loan Increase Date to the Borrower, which notice shall specify (i) the identity of such Conduit Lender and (ii) the amount of the Loan which it had elected but failed to make. Subject to receiving such notice, the related Committed Lender shall advance a portion of the Loan in an amount equal to the amount described in clause (ii) above, at or before 2:00 p.m., New York City time, on such Loan Increase Date and otherwise in accordance with this Section 2.01. Subject to the Paying Agent's receipt of such funds, the Paying Agent will not later than 4:00 p.m., New York City time, on such Loan Increase Date make such funds available, in the same type of funds received, by wire transfer thereof to the account specified in writing by the Borrower.

(i) The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(j) After the Borrower delivers a Loan Request pursuant to Section 5.02, a Lender (or its Group Agent) may, not later than 4:00 p.m. (New York time) on the Business Day after the Borrower's delivery of such Loan Request, deliver a written notice (a "*Delayed Funding Notice*", the date of such delivery, the "*Delayed Funding Notice Date*" and such Lender, a "*Delaying Lender*") signed by an Authorized Signatory to the Borrower, the Paying Agent and the Administrative Agent of its intention to fund its share of the related Loan Increase (such share, the "*Delayed Amount*") on a date (the date of such funding, the "*Delayed Funding Date*") that is on or before the thirty-fifth (35th) day following the date of the proposed Loan Increase Date (or if such day is not a Business Day, then on the next succeeding Business Day) rather than on the requested Loan Increase Date. Any Group containing a Delaying Lender shall be referred to as a "*Delaying Group*" with respect to such Loan Increase Date. On each Delayed Funding Date, subject to the satisfaction of the conditions set forth in Section 5.02, the Committed Lenders shall (or, in the case of a Group with a Conduit Lender, the Conduit Lender in such Group may in its sole discretion) fund their ratable amounts of such requested Loans. Notwithstanding anything to the contrary contained in this Agreement or any other Related Document, the parties acknowledge and agree that the failure of any Lender to fund its Loan on the requested Loan Increase Date will not constitute a default on the part of such Lender if any Delaying Lender has timely delivered a Delayed Funding Notice signed by an Authorized Signatory to the Borrower with respect to such Loan

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Request. Nothing contained herein shall prevent the Borrower from revoking any Loan Request related to any Delayed Funding Notice."

(z) Section 2.03 of the Loan Agreement is hereby amended as follows:

(i) inserting the phrase ", the Paying Agent" after the phrase "No later than the second Business Day of each month, each Group Agent will provide the Borrower, the Servicer,"; and

(ii) inserting the phrase "each Lender in" after the phrase "(or estimated to be due) to" and immediately before the phrase "its Group pursuant to this Agreement".

(aa) Section 2.04(c) of the Loan Agreement is hereby amended as follows:

(i) deleting subclause (iii) in its entirety and inserting in lieu thereof a new subclause (iii) reading in its entirety as follows:

"third, on a pari passu basis, (x) to the Trustee Bank (to the extent not previously paid by TFL), for the payment of accrued and unpaid fees of the Trustee Bank of $2,000 per annum, (y) to the depositary institutions where the Reserve Account and the Warehouse SUBI Collection Account are maintained for payment of accrued and unpaid maintenance fee of up to $275 per month per account, or $450 per month per account during the continuance of an Event of Default, (z) to the Back-Up Servicer for the payment of the accrued and unpaid Back-Up Servicing Fees and (xx) to the Paying Agent for the payment of accrued and unpaid fees of the Paying Agent of $875 per month;"

(ii) deleting subclause (iv) in its entirety and inserting in lieu thereof a new subclause (iv) reading in its entirety as follows:

"fourth, on a pari passu basis, (x) to the Trustee Bank (to the extent not previously paid by TFL), for the payment of out-of-pocket expenses incurred by the Trustee Bank and the indemnities owed to the Trustee Bank; provided, that the aggregate amount distributed pursuant to this subclause (x) shall not exceed $100,000 per calendar year; (y) to the Back-Up Servicer for the payment of out-of-pocket expenses incurred by the Back-Up Servicer and the indemnities owed to the Back-Up Servicer; provided, that the aggregate amount distributed pursuant to this subclause (y) shall not exceed $25,000 per calendar year; (z) to the Paying Agent for the payment of out-of-pocket expenses incurred by the Paying Agent and the indemnities owed to the Paying Agent; provided that the aggregate amount distributed pursuant to subclause (z) shall not exceed $25,000 per calendar year;"

(iii) deleting subclause (v) in its entirety and inserting in lieu thereof a new subclause (v) reading in its entirety as follows:

"fifth, on a pari passu basis and pro rata based on the applicable amounts payable under subclauses (x) and (y) of this clause fifth, (x) to the Paying Agent (for the

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account of the Lenders), the Interest Distributable Amount, and (y) to each applicable provider of an Interest Rate Hedge, any Interest Rate Hedge Payments and Interest Rate Hedge Termination Payment required to be paid by the Borrower, to the extent not previously paid;"

(iv) deleting subclause (vi) in its entirety and inserting in lieu thereof a new subclause (vi) reading in its entirety as follows:

"sixth, on a pari passu basis and pro rata to the Paying Agent (for the account of the Lenders), the Principal Distributable Amount;"

(v) for subclause (viii), adding at the end thereof the phrase "and the Paying Agent;";

(vi) for subclause (ix), inserting the phrase ", the Paying Agent" after the phrase "and not otherwise paid to the Trustee Bank, the Back-up Servicer" and before the phrase "or Successor Servicer," and

(vii) deleting the second paragraph after subclause (x) and before clause (d) in its entirety and inserting in lieu thereof a new paragraph reading in its entirety as follows:

"In approving or giving any distribution instructions under this Section 2.04(c), each of the Administrative Agent and the Paying Agent shall be entitled to rely conclusively on the most recent Settlement Statement provided to it pursuant to Section 2.08 and shall incur no liability to any Person in connection with relying on such Settlement Statements or if the Administrative Agent or the Paying Agent makes different payments or makes no payments if the Administrative Agent or the Paying Agent has concerns that the Settlement Statement might be incorrect.".

(bb) Section 2.05 of the Loan Agreement is hereby amended by deleting Section 2.05 in its entirety and inserting in lieu thereof a new Section 2.05 reading in its entirety as follows:

"*Payments and Computations, Etc*. All amounts to be paid or deposited by the Borrower or the Servicer to a Lender Party (whether for its own account or for the account of another Lender Party) shall be paid or deposited to the Paying Agent Account no later than 10:00 a.m. (New York time) on the day when due in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in an amount in immediately available funds which (together with any amounts then held by the Paying Agent and available for that purpose) shall be sufficient to pay the amount becoming due on such date; *provided that* any such payment or deposit received after 10:00 a.m. (New York time) on any day shall be deemed to be paid by the Borrower or the Servicer on the next Business Day. The Paying Agent shall promptly distribute the amount received to the applicable Lender. The Borrower shall confirm by facsimile or electronically in PDF format on the day payment is due to be made to the Paying Agent that it has issued irrevocable payment instructions for the transfer of the relevant sum due to the Paying Agent Account. The Paying

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Agent acknowledges that it does not have any interest in any such funds held by it in trust deposited hereunder but is serving as Paying Agent only. The Paying Agent shall be under no liability for interest on any money received by it hereunder. The Paying Agent shall not be required to use or risk its own funds in making any payment on the Loans. All sums to be paid or deposited by the Borrower or the Servicer to the Paying Agent hereunder shall be paid to the Paying Agent Account or such account with such bank as the Paying Agent may from time to time notify the Borrower in writing not less than three Business Days before any such sum is due and payable. The Borrower shall, to the extent permitted by law, pay to each Lender Party, on the first Payment Date that is at least ten (10) days after demand therefor, interest on all amounts not paid or deposited when due to such Lender Party hereunder at a rate equal to the Default Rate. The Paying Agent shall remit funds to each Lender in accordance with this Agreement and the wiring instructions provided by such Lender (or its related Group Agent) to the Paying Agent."

(cc) Section 2.06 of the Loan Agreement is hereby amended as follows:

(i) inserting the phrase "*and Paying Agent Account*" after the phrase "Reserve Account" in the title of Section 2.06;

(ii) re-alphabetizing clause (b) to clause (c) and inserting in lieu thereof a new clause (b) reading in its entirety as follows:

"The Borrower shall cause to be established and maintained in the name of the Borrower for the benefit of the Secured Parties with the Paying Agent an Eligible Account as the Paying Agent Account. Funds on deposit in the Paying Agent Account shall remain uninvested.".

(dd) Section 2.08 of the Loan Agreement is hereby amended as follows:

(i) inserting the phrase "and the Paying Agent" after the phrase "On or before the Determination Date in each month, the Servicer shall prepare and forward to the Administrative Agent"; and

(ii) deleting subclause (iii) in its entirety and inserting in lieu thereof a new subclause (iii) in its entirety as follows:

"each Settlement Statement delivered on a Quarterly Report Date shall include a calculation of the most recent Mark-to-Market MRM Residual Values of the Warehouse SUBI Leases."

(ee) Section 2.09 of the Loan Agreement is hereby amended as follows:

(i) deleting clause (b) in its entirety and inserting in lieu thereof a new clause (b) reading in its entirety as follows:

"From time to time in its sole discretion, the Borrower may provide notice, signed by an Authorized Signatory, to the Administrative Agent, the Paying Agent and each Group Agent that it wishes to remove from the Collateral and reallocate to the UTI

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or another SUBI (including the LML SUBI) the Securitization Take-Out Collateral. Any such removal and reallocation of Securitization Take-Out Collateral (each a "*Securitization Take-Out*") shall be subject to the following additional terms and conditions."

(ii) in subclause (b)(i)(A), (A) inserting the phrase ", the Paying Agent" after the phrase "The Borrower shall have given the Administrative Agent" and (B) inserting the phrase "signed by an Authorized Signatory," after the phrase "in the form of *Exhibit F* hereto";

(iii) in subclause (b)(vi), (A) deleting the term "Administrative Agent" and inserting in lieu thereof the term "Paying Agent", (B) inserting the phrase "(for the account of the Lenders)" immediately after the phrase "On the related Securitization Take-Out Date the Paying Agent" and (C) inserting the phrase "in the Paying Agent Account" after the phrase "shall have received" and before the phrase ", in immediately available funds,"; and

(iv) in subclause (b)(viii), inserting the phrase "and the Paying Agent" after the phrase "(including fees and expenses of counsel) of the Lender Parties".

(ff) Section 2.11 of the Loan Agreement is hereby amended as follows:

(i) in subclause (a)(i), inserting the phrase "signed by an Authorized Signatory" after the phrase "(such notice, "*Maximum Facility Limit Increase Notice*")"; and

(ii) in subclause (b)(i), inserting the phrase "signed by an Authorized Signatory" after the phrase "(such notice, "*Maximum Facility Limit Reduction Notice*")".

(gg) Section 2.12 of the Loan Agreement is hereby amended by inserting the phrase "signed by an Authorized Signatory" in subclause (a)(i) after the phrase "(such notice, "*Maximum Facility Limit Reallocation Notice*")".

(hh) Section 2.13 of the Loan Agreement is hereby amended by inserting the phrase ", the Paying Agent" after the phrase "prior notice to the Administrative Agent" and before the phrase "and each Group Agent, provided that (i)".

(ii) Section 2.15 of the Loan Agreement is hereby inserted at the end of Article II reading in its entirety as follows:

"SECTION 2.15 *Register*.

(a) On or prior to the Amendment No. 1 Effective Date, the Administrative Agent will provide to the Paying Agent a complete and correct list of the Lenders, which list shall be provided in a format agreed to by the Administrative Agent and the Paying Agent and shall include the following information: (i) full name of the Lender; (ii) complete mailing address of the Lender; (iii) payment instructions for making payments to the Lender in respect of the Loans and (iv) appropriate Tax ID form. The Paying Agent shall be entitled to conclusively

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rely on the accuracy of such information provided by the Administrative Agent. At any time after the Amendment No. 1 Effective Date, the Paying Agent shall provide to the Borrower, TFL, the Administrative Agent or any Group Agent from time to time at its reasonable request a complete and correct list of the Lenders and shall include the following information: (i) full name of the Lender; (ii) complete mailing address of the Lender; (iii) payment instructions for making payments to the Lender in respect of the Loans and (iv) appropriate Tax ID form. Each Lender agrees that all notices from such Lender for changes of name, address, contact details or payment details of the Lenders shall be sent to the Paying Agent at the Paying Agent's address as set forth in Section 12.05.

(b) From and after the Amendment No. 1 Effective Date, the Paying Agent shall, acting solely for this purpose as an agent of the Borrower, maintain at its address referred to in Section 12.05 (or such other address of the Paying Agent notified by the Paying Agent to the other parties hereto) a copy of each Assignment and Acceptance Agreement delivered to and accepted by it and a register for the recordation of the names and addresses of the Committed Lenders and the Conduit Lenders, the Commitment Amount of each Committed Lender and the aggregate outstanding principal amount (and stated interest) of the Loans of each Conduit Lender and Committed Lender from time to time (the "*Register*"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Servicer, the Administrative Agent, the Paying Agent, the Group Agents, the Conduit Lenders and the Committed Lenders shall treat each Person whose name is recorded in the Register as a Committed Lender or Conduit Lender, as the case may be, under this Agreement for all purposes of this Agreement. Any of the Borrower, the Servicer, the Administrative Agent, any Group Agent, any Conduit Lender or any Committed Lender may request a copy of the Register from the Paying Agent at any reasonable time and from time to time upon reasonable prior notice."

(jj) Section 5.02 of the Loan Agreement is hereby amended as follows:

(i) deleting clause (d) in its entirety and inserting in lieu thereof a new clause (d) reading in its entirety as follows:

"At least two (2) Business Days preceding each Loan Increase Date following the Initial Loan Date, the Borrower shall have delivered (i) to the Administrative Agent, the Paying Agent, each Group Agent and each Lender set forth on the Register an electronic copy of (A) a Loan Request in substantially the form of *Exhibit A* to this Agreement (without the Pool Cut Report referenced therein) and (B) if such Loan Increase Date is also a Warehouse SUBI Lease Allocation Date, a "Notice of Warehouse SUBI Lease Allocation" in substantially the form of *Exhibit D* to this Agreement, and (ii) to the Administrative Agent, the Paying Agent and each Group Agent (A) a duly executed copy of the Loan Request and, if applicable, the Notice of Warehouse SUBI Lease Allocation given pursuant to preceding clause (i) (which notice may be delivered by email with hard copy to follow promptly) and (B) a Pool Cut Report as to all Leases included in the Warehouse SUBI (including the Lease Pool (if any) to be allocated to the Warehouse SUBI on such Loan Increase Date if such Loan Increase Date is a Warehouse SUBI Lease Allocation Date);";

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(ii) in clause (h), adding at the end of the clause the phrase "; provided that the Reserve Account may be funded following the making of the Loan so long as the Reserve Account is funded on the same date as of the Loan";

(iii) in clause (j), adding the word "and" at the end of the clause; and

(iv) deleting clause (k) in its entirety and replacing clause (k) with the former clause (l) in its entirety.

(kk) Section 6.03 of the Loan Agreement is hereby amended by deleting the term "Deutsche Bank AG, New York Branch, or Citibank, N.A." from clause (a) and inserting in lieu thereof the phrase "any Lender or Group Agent".

(ll) Section 8.01 of the Loan Agreement is hereby amended as follows:

(i) in clause (d), deleting the word "Administration" and inserting in lieu thereof the word "Administrative" and

(ii) in clause (k), deleting the word "less" and inserting in lieu thereof the word "greater".

(mm) Section 8.02 of the Loan Agreement is hereby amending by deleting the phrase "(g) or (h) (due to a Servicer Default under clause (f) of the definition thereof in Section 1.1 of the Warehouse SUBI Servicing Agreement" from clause (a) and inserting in lieu thereof the letter "(f)".

(nn) Article IX of the Loan Agreement is hereby amended by deleting Article IX in its entirety and inserting in lieu thereof a new Article IX reading as follows:

"THE ADMINISTRATIVE AGENT AND THE PAYING AGENT

SECTION 9.01 *Authorization and Action*. Each Lender hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Effective as of the Amendment No. 1 Effective Date, the Borrower hereby appoints Deutsche Bank Trust Company Americas, acting through its office at 60 Wall Street, New York, New York 10005, as the registrar and paying agent in respect of the Loans (together with any successor or successors as such registrar and paying agent qualified and appointed in accordance with this Article IX, the "Paying Agent"), upon the terms and subject to the conditions set forth herein, and Deutsche Bank Trust Company Americas hereby accepts such appointment. The Paying Agent shall have the powers and authority granted to and conferred upon it herein, and such further powers and authority to act on behalf of the Borrower as the Borrower and the Paying Agent may hereafter mutually agree in writing. Neither the Administrative Agent nor the Paying Agent shall have any duties other than those expressly set forth in the Transaction Documents, and no implied obligations or liabilities shall be read into any Transaction Document, or otherwise exist, against the Administrative Agent or the Paying Agent. The Administrative Agent and the Paying Agent do not assume, nor shall either of them be deemed to have assumed, any obligation to, or

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relationship of trust or agency with, Tesla, Inc., TFL, LML or any Tesla Party, the Conduit Lenders, the Committed Lenders or the Group Agents, except for any obligations expressly set forth herein; provided that all funds held by the Paying Agent for payment of principal of or interest (and any additional amounts) on the Loans shall be held in trust by the Paying Agent, and applied as set forth herein. Notwithstanding any provision of this Agreement or any other Transaction Document, in no event shall the Administrative Agent or the Paying Agent ever be required to take any action which exposes the Administrative Agent or the Paying Agent, respectively, to personal liability or which is contrary to any provision of any Transaction Document or applicable law. Upon receiving a notice, report, statement, document or other communication from the Borrower or the Servicer pursuant to Section 2.01(d)(i), Section 2.01(d)(iii), Section 2.08, Section 6.03(a), Section 6.03(c) or Section 7.02(c), the Administrative Agent shall promptly deliver to each Group Agent a copy of such notice, report, statement, document or communication. The Administrative Agent shall at all times also be the TFL Administrative Agent. The Paying Agent shall at all times also be the TFL Paying Agent. The Paying Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Borrower or the Lenders, unless such Borrower or Lender shall have offered to the Paying Agent security or indemnity reasonably satisfactory to the Paying Agent against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction. The Paying Agent shall not be responsible for, and makes no representation as to the existence, genuineness, value or protection of any Collateral, for the legality, effectiveness or sufficiency of any documents or other instruments, or for the creation, perfection, filing, priority, sufficiency or protection of any liens securing the Loans. The Paying Agent shall incur no liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Paying Agent (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

SECTION 9.02 *Administrative Agent's and Paying Agent's Reliance, Etc* . Neither the Administrative Agent nor the Paying Agent or any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent or as Paying Agent under or in connection with this Agreement (including the Administrative Agent's servicing, administering or collecting Warehouse SUBI Assets in the event it replaces the Servicer in such capacity pursuant to Article VII), in the absence of its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, each of the Administrative Agent and Paying Agent: (a) may consult with legal counsel (including counsel for a Group Agent, the Borrower or the Servicer), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Group Agent or Lender (whether written or oral) and shall not be responsible to any Group Agent or Lender for any statements, warranties or representations (whether written or oral) made by any other party in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of any Tesla Party, LML, TFL or Tesla, Inc. or to inspect the property (including the books and records) of any Tesla Party, LML, TFL or Tesla, Inc.; (d) shall not be

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responsible to any Group Agent or Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall be entitled to rely, and shall be fully protected in so relying, upon any notice, consent, certificate, report, Settlement Statement, information, direction or other instrument or writing (which may be by telecopier or electronic mail) signed by an authorized signatory of the Borrower, TFL, the Administrative Agent, any Group Agent or any Lender, respectively (each, an "Authorized Signatory") reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 9.03 *Administrative Agent and Paying Agent and Their Affiliates*. With respect to any Loan or interests therein owned by any Lender that is also the Administrative Agent or also the Paying Agent, such Lender shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent. The Administrative Agent, the Paying Agent and any of their respective Affiliates may generally engage in any kind of business with Tesla, Inc., TFL, LML and each Tesla Party, any of their respective Affiliates and any Person who may do business with or own securities of Tesla. Inc., TFL, LML or any Tesla Party or any of their respective Affiliates, all as if the Administrative Agent were not the Administrative Agent and as if the Paying Agent were not the Paying Agent hereunder and without any duty to account therefor to any other Secured Party.

SECTION 9.04 *Indemnification of Administrative Agent and Paying Agent.* Each Committed Lender agrees to indemnify the Administrative Agent and the Paying Agent (to the extent not reimbursed by the Tesla Parties), ratably according to the respective Percentage of such Committed Lender, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent or the Paying Agent, as applicable, in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent or the Paying Agent under this Agreement or any other Transaction Document, including, without limitation, any claim commenced by the Administrative Agent or the Paying Agent to enforce such indemnification obligation and any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement of any kind incurred by the Administrative Agent or the Paying Agent, as applicable, in connection with taking action or omitting to take any action at the direction of any Group Agent or Lender; provided that no Committed Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's or the Paying Agent's gross negligence or willful misconduct. The obligations under this Section shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or Paying Agent, as applicable.

SECTION 9.05 *Delegation of Duties*. Each of the Administrative Agent and the Paying Agent may execute any of their respective duties through agents or attorneys-in-fact and shall each be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Administrative Agent nor the Paying Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

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SECTION 9.06 *Action or Inaction by Administrative Agent or Paying Agent*. Each of the Administrative Agent and the Paying Agent shall in all cases be fully justified in failing or refusing to take action under any Transaction Document unless it shall first receive such advice or concurrence of the Group Agents and assurance of its indemnification by the Committed Lenders, as it deems appropriate. Each of the Administrative Agent and the Paying Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Transaction Document in accordance with a request or at the direction of the Group Agents and such request or direction and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and the Group Agents.

SECTION 9.07 *Notice of Certain Information or Events of Default; Action by Administrative Agent or Paying Agent*. Neither the Administrative Agent nor the Paying Agent shall be deemed to have knowledge or notice of any fact, claim or demand or the occurrence of any Servicer Default, Default or Event of Default unless the Administrative Agent or a Reponsible Officer of the Paying Agent has received notice from any Group Agent, Lender or the Borrower of such fact, claim or demand or stating that a Servicer Default, Default or Event of Default has occurred hereunder and describing such Servicer Default, Default or Event of Default. If the Administrative Agent or a Responsible Officer of the Paying Agent receives such a notice, either shall promptly give notice thereof to each Group Agent, whereupon each Group Agent shall promptly give notice thereof to its respective Conduit Lender(s) and Related Committed Lenders. The Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, concerning a Servicer Default, Default or Event of Default or any other matter hereunder as the Administrative Agent deems advisable and in the best interests of the Secured Parties. Any other provision of this Agreement to the contrary notwithstanding, the Paying Agent shall have no notice of and shall not be bound by the terms and conditions of any other document or agreement unless the Paying Agent is a signatory party to such document or agreement.

SECTION 9.08 *Non-Reliance on Administrative Agent, Paying Agent and Other Parties*. Each Group Agent and Lender expressly acknowledges that neither the Administrative Agent nor the Paying Agent or any of their respective directors, officers, agents or employees has made any representations or warranties to it and that no act by the Administrative Agent or the Paying Agent hereafter taken, including any review of the affairs of Tesla, Inc., TFL, LML and the Tesla Parties, shall be deemed to constitute any representation or warranty by the Administrative Agent or the Paying Agent. Each Lender represents and warrants to each of the Administrative Agent and the Paying Agent that, independently and without reliance upon either the Administrative Agent, the Paying Agent or any Group Agent or any other Lender and based on such documents and information as it has deemed appropriate, it has made and will continue to make its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Tesla, Inc., TFL, LML and each Tesla Party and the Warehouse SUBI Assets and its own decision to enter into this Agreement and to take, or omit, action under any Transaction Document. Except for items expressly required to be delivered under any Transaction Document by either the Administrative Agent or the Paying Agent, as applicable, to any Group Agent or Lender, neither the Administrative Agent nor the Paying Agent shall have any duty or responsibility to provide any Group Agent or Lender with any information concerning Tesla, Inc., TFL, LML and the Tesla Parties or any of their Affiliates

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that comes into the possession of the Administrative Agent, the Paying Agent or any of their respective directors, officers, agents, employees, attorneys-in-fact or Affiliates.

SECTION 9.09 *Compensation*. Each of the Administrative Agent and the Paying Agent shall be entitled to the compensation to be agreed upon with the Borrower in writing, as may be amended from time to time as the parties hereto may agree, for all services rendered by it, and the Borrower agrees promptly to pay such compensation and to reimburse the Administrative Agent and the Paying Agent for out-of-pocket expenses (including legal fees and expenses) incurred by it in connection with the services rendered by it hereunder, as and to the extent agreed upon with the Borrower and subject to the terms of this Agreement, including Section 2.04 . The obligations of the Borrower under this Section 9.09 shall survive the payment of the Loans and the resignation or removal of either the Administrative Agent or the Paying Agent and the termination of this Agreement.

SECTION 9.10 *Authorized Signatory*. Except as otherwise specifically provided herein, any order, certificate, notice, request, direction or other communication from the Borrower, TFL, the Administrative Agent, any Group Agent or any Lender made or given under any provision of this Agreement, shall be sufficient if signed by an Authorized Signatory. From time to time the Borrower and TFL will furnish the Paying Agent with a certificate as to the incumbency and specimen signatures of persons who are then Authorized Signatories. Until the Paying Agent receives a subsequent certificate from the Borrower or TFL, the Paying Agent shall be entitled to conclusively rely on the last such certificate delivered to them for purposes of determining the Authorized Signatories.

SECTION 9.11 *Successor Administrative Agent or Paying Agent*.

(a) Resignation of Administrative Agent

(i) The Administrative Agent may, upon at least thirty (30) days' notice to the Borrower, the Servicer and each Group Agent, resign as Administrative Agent; provided it also resigns as TFL Administrative Agent. Except as provided below, such resignation shall not become effective until a successor Administrative Agent is appointed by the Group Agents as a successor Administrative Agent and as a successor TFL Administrative Agent and has accepted such appointment. If no successor Administrative Agent shall have been so appointed by the Group Agents, within thirty (30) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Secured Parties, appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Group Agents within sixty (60) days after the departing Administrative Agent's giving of notice of resignation, the departing Administrative Agent may, on behalf of the Group Agents, petition a court of competent jurisdiction to appoint a successor Administrative Agent, which successor Administrative Agent shall be either (i) a commercial bank having a combined capital and surplus of at least $250,000,000 and short-term debt ratings of at least "A-1" from S&P and "P-1" from Moody's or (ii) an Affiliate of such an institution, and in either case shall also be the TFL Administrative Agent.

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(b) *Resignation or Removal of Paying Agent*

(i) The Paying Agent may at any time resign by giving written notice of its resignation to the Borrower, the Administrative Agent and the Group Agents specifying the date on which its resignation shall become effective, subject to the conditions set forth below; provided that such date shall be at least 30 days after the receipt of such notice by the Borrower, the Administrative Agent and the Group Agents unless such parties agree in writing to accept shorter notice. The Borrower may, at any time and for any reason with the written consent of the Administrative Agent and upon at least 30 days written notice to that effect (provided that no such notice shall expire less than 15 days before or 15 days after any Payment Date) remove the Paying Agent and appoint a successor Paying Agent by written instrument in duplicate signed on behalf of the Borrower, one copy of which shall be delivered to the Paying Agent being removed and one copy to the successor Paying Agent. Upon resignation or removal, the Paying Agent shall be entitled to the payment by the Borrower of its compensation for the services rendered hereunder and to the reimbursement of all reasonable out-of-pocket expenses (including reasonable legal fees and expenses) incurred in connection with the services rendered by it hereunder, as and to the extent agreed upon with the Borrower.

(ii) In case at any time the Paying Agent shall resign, or shall be removed, or shall become incapable of acting, or be adjudged bankrupt or insolvent, or shall file a voluntary petition in bankruptcy, or shall make an assignment for the benefit of its creditors, or shall consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they mature, or if an order of any court shall be entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor to the Paying Agent shall be appointed by the Borrower by an instrument in writing that is consented to in writing by the Administrative Agent (which consent shall not be unreasonably withheld or delayed). Upon the appointment as aforesaid of a successor to the Paying Agent and acceptance by it of such appointment, the Paying Agent so superseded shall cease to be Paying Agent hereunder. If, after 90 days from the resignation or removal of the Paying Agent, no successor to such Paying Agent shall have been so appointed, or if so appointed, shall not have accepted appointment as hereinafter provided, any Lender or Group Agent, or such Paying Agent (at the expense of the Borrower) may petition any court of competent jurisdiction for the appointment of a successor to such Paying Agent.

(iii) Any corporation or bank into which the Paying Agent may be merged or converted, or with which the Paying Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any corporation or bank to which the Paying Agent shall sell or otherwise transfer all or substantially all of its assets and business, or any corporation or bank succeeding to the corporate trust business of the Paying Agent

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shall be the successor to the Paying Agent hereunder, without the execution or filing of any document or any further act on the part of the parties hereto.

(iv) Any successor Paying Agent hereunder, if other than the Borrower, shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing, authorized under such laws to exercise corporate trust powers and having a combined capital and surplus in excess of US $250,000,000, and in either case shall also be the TFL Paying Agent.

(c) *Successor Requirements and Responsibilities*.

(i) The Borrower and any Administrative Agent or Paying Agent that resigns or is terminated pursuant to clause (a) or clause (b) above shall cooperate with the applicable successor Administrative Agent or successor Paying Agent, as applicable, and shall use commercially reasonable efforts, in each case, to facilitate the appointment of such successor as the Administrative Agent or the Paying Agent hereunder (including by entering into such amendments to the Control Agreements and other Transaction Documents and authorizing the filing of amendments to financing statements, in each case, as are reasonably requested by the successor Administrative Agent or the successor Paying Agent to reflect such succession).

(ii) Upon such acceptance of its appointment as Administrative Agent or Paying Agent hereunder by a successor Administrative Agent or successor Paying Agent, as applicable, such successor Administrative Agent or successor Paying Agent shall succeed to and become vested with all the rights and duties of the resigning or terminated Administrative Agent or Paying Agent, as applicable, and the resigning or terminated Administrative Agent or resigning or termination Paying Agent shall be discharged from its duties and obligations under the Transaction Documents. After the resignation or termination of the Administrative Agent or the Paying Agent under this Section 9.11, the provisions of Article XI and this Article IX shall (i) inure to its benefit as to any actions taken or omitted to be taken by it while it was either the Administrative Agent or the Paying Agent, respectively and (ii) survive with respect to any indemnification claim it may have relating to this Agreement, notwithstanding such resignation or removal or termination of this Agreement."

(oo) Section 11.01 of the Loan Agreement is hereby amended by adding (i) "(a)" at the beginning thereof after the words "SECTION 11.01 *Indemnification*." and (ii) at the end thereof a new sentence reading in in its entirety as follows:

"The obligations under this Section shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or Paying Agent, as applicable."

(pp) Section 11.02 of the Loan Agreement is hereby amended and restated in its as follows:

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"SECTION 11.02 *Tax Indemnification*.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) The Borrower shall indemnify each Recipient and the Paying Agent, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or the Paying Agent, as applicable, or required to be withheld or deducted from a payment to such Recipient or the Paying Agent and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of another Lender Party, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent and the Paying Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent or the Paying Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.10(h) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or the Paying Agent in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent and the Paying Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or otherwise payable by the Administrative Agent

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or the Paying Agent to the Lender from any other source against any amount due to the Administrative Agent or the Paying Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 11.02, the Borrower shall deliver to the Administrative Agent or the Paying Agent, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent or the Paying Agent.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made hereunder shall deliver to the Servicer, the Borrower, the Paying Agent and the Administrative Agent, at the time or times reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Servicer, the Borrower, the Paying Agent or the Administrative Agent, shall deliver such documentation prescribed by applicable law or reasonably requested by the Borrower, the Paying Agent or the Administrative Agent as will enable the Servicer, the Borrower, the Paying Agent or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 11.02(f)(ii)(A), (ii)(B), and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Servicer, the Borrower, the Paying Agent and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Servicer, the Borrower, the Paying Agent or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax.

(B) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower, the Paying Agent and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Servicer, the Borrower, the Paying Agent or the Administrative Agent), whichever of the following is applicable:

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(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest hereunder, executed originals of IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments hereunder, IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI; or

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code and (y) executed originals of IRS Form W-8BEN-E.

(C) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower, the Paying Agent and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, the Paying Agent or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower, the Paying Agent or the Administrative Agent to determine the withholding or deduction required to be made.

(D) If a payment made to a Recipient under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Recipient were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Recipient shall deliver to the Borrower, the Paying Agent and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower, the Paying Agent or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower, the Paying Agent or the Administrative Agent as may be necessary for the Borrower, the Paying Agent and the Administrative Agent to comply with their obligations under FATCA and to determine that such Recipient has complied with

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such Recipient's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Any Administrative Agent or Group Agent that is a U.S. Person shall deliver to the Borrower and the Servicer executed originals of IRS Form W-9 certifying that such Person is exempt from U.S. federal backup withholding tax (in each case, if such form was not provided pursuant to Section 11.02(f)(ii)(A) above). Any Administrative Agent or Group Agent that is not a U.S. Person shall deliver to the Borrower and the Servicer (and in the case of a Group Agent, to the Administrative Agent) two duly completed executed originals of Form W-8IMY certifying that it is a "U.S. branch" and that the payments it receives for the account of others hereunder are not effectively connected with the conduct of its trade or business in the United States and that such Form W-8IMY evidences its agreement with the Borrower to be treated as a "United States person" with respect to such payments (in each case, pursuant to Treasury Regulation section 1.1441-1T(b)(2)(iv)).

Each Recipient agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(qq) Section 11.05 of the Loan Agreement is hereby amended by deleting Section 11.05 in its entirety and inserting in lieu thereof a new Section 11.05 in its entirety reading as follows:

"*Other Costs and Expenses*. The Borrower shall pay on the first Payment Date which is at least ten (10) Business Days after demand therefor, all actual and reasonable documented costs and expenses of (i) the Lender Parties and the Paying Agent in connection with the administration or amendment of this Agreement, the other Transaction Documents and the other documents to be delivered hereunder, including reasonable and documented fees and out-of-pocket expenses of legal counsel for the Administrative Agent and the Paying Agent, and the actual and reasonable documented fees and expenses incurred by any Conduit Lender in connection with the transactions contemplated by this Agreement in obtaining reaffirmation by any Rating Agency of its rating of the commercial paper notes issued by such Conduit Lender and (ii) the Lender Parties and the Paying Agent in connection with obtaining advice as to its rights and remedies under this Agreement or any other Transaction Document or in connection with the enforcement hereof or thereof, including reasonable and documented counsel fees and expenses of each such Person in connection therewith."

(rr) Section 12.01 of the Loan Agreement is hereby amended by adding at the end thereof a new sentence reading as follows:

"The provisions of Article IX shall survive the termination of this Agreement and the resignation or removal of the Administrative Agent or the Paying Agent."

(ss) Section 12.02 of the Loan Agreement is hereby amended as follows:

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(i) in clause (a), inserting the phrase ", the Paying Agent" after the phrase "No failure on the part of the Group Agents, the Conduit Lenders, the Committed Lenders"; and

(ii) in clause (b), at the end of the first sentence, inserting the sentence reading as follows:

"No amendment, waiver or consent shall, unless in writing and signed by the Paying Agent, affect the rights or duties of the Paying Agent, under this Agreement or any other Transaction Documents.".

(tt) Section 12.05 of the Loan Agreement is hereby amended by inserting after the notice contact information for TFL and before the notice contact information for the Administrative Agent the contact information for the Paying Agent in its entirety reading as follows:

If to the Paying Agent: Deutsche Bank Trust Company Americas
Global Securities Services (GSS)
100 Plaza One, 8th Floor
Mail stop: JCY03-0801
Jersey City, New Jersey 07311-3901
Tel: +1 (201) 593-8420
Fax: + (212) 553-2458
Email: Michele.hy.voon@db.com

(uu) Section 12.10 of the Loan Agreement is hereby amended as follows:

(i) inserting the letter "(a)" before the word "Binding.";

(ii) in clause (b), (A) inserting the letter "(A)" after the phrase "and permitted assigns" and before "to any", (B) inserting the phrase "Program Provider or Affiliate of a" after the phrase "to any" and before the phrase" Program Support Provider of such Conduit Lender", (C) inserting the phrase ", any commercial paper issuer supported by a Program Support Provider" after the phrase "Program Support Provider of such Conduit Lender" and before the phrase "or any collateral agent or collateral trustee" and (D) inserting the letter "(B)" after the phrase "restriction of any kind or" and before the phrase "with the prior written consent of the Borrower"; and

(iii) in clause (e), deleting clause (e) in its entirety and inserting in lieu thereof the term "[Reserved]."

(vv) Section 12.11 of the Loan Agreement is hereby amended as follows:

(i) inserting the phrase "the Paying Agent," after the phrase "The Administrative Agent, each Group Agent, each Lender,";

(ii) deleting the phrase "(except counsel and auditors)" after the phrase "such information to outside parties";

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(iii) after the phrase "to, or for the account of, a commercial paper issuer," and before the phrase "and its or their counsel and auditors,", inserting the sentence reading as follows:

"any person acting or proposed to act as a placement agent, dealer or investor with respect to any commercial paper notes issued by or on behalf of a Conduit Lender (provided that any confidential information provided to any such placement agent, dealer or investor does not reveal the identity of the Borrower, TFL or any Affiliate thereto and is limited to information of the type that is typically provided to such entities by asset backed commercial paper conduits)";

(iv) after the phrase "(d) as required or requested by an Official Body" and before "or pursuant to legal process", inserting the phrase reading as follows:

", regulatory, self-regulatory or supervisory authority having proper jurisdiction"; and

(v) at the end of clause (e), deleting word "and" and inserting in lieu thereof the phrase reading as follows:

"(f) to its attorneys, accountants, agents and Affiliates on a need to know basis provided that each such person to whom disclosure is made shall abide by the confidentiality provisions of this Section 12.11 and (g)".

(ww) Section 12.13 of the Loan Agreement is hereby amended and restated in its entirety as follows:

"SECTION 12.13 *No Petition.*

(a) Each party hereto agrees, prior to the date which is one (1) year and one (1) day after the payment in full of all indebtedness for borrowed money of the Borrower, not to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause the Borrower to invoke, the process of any Official Body for the purpose of (i) commencing or sustaining a case against Borrower, under any federal or state bankruptcy, insolvency or similar law (including the Bankruptcy Code), (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for the Borrower, or any substantial part of the property of the Borrower, or (iii) ordering the winding up or liquidation of the affairs of the Borrower.

(b) Each party hereto agrees, prior to the date which is one (1) year and one (1) day after the payment in full of all indebtedness for borrowed money of any Conduit Lender, not to acquiesce, petition or otherwise, directly or indirectly, invoke, or cause such Conduit Lender to invoke, the process of any Official Body for the purpose of (i) commencing or sustaining a case against such Conduit Lender, under any federal or state bankruptcy, insolvency or similar law (including the Bankruptcy Code or similar law in another jurisdiction), (ii) appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for such Conduit Lender, or any substantial part of the property of such Conduit Lender, or (iii) ordering the winding up or liquidation of the affairs of such Conduit Lender."

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(xx) Section 12.18 of the Loan Agreement is hereby amended as follows:

(i) inserting the phrase ", the Paying Agent, the Administrative Agent" (A) after the phrase "or any of their Affiliates against any Lender Party," (B) after the phrase "No claim may be made by any Lender Party," and (C) after the phrase "in connection therewith and each Lender Party,";

(ii) deleting the word "its" and inserting the phrase "their respective" (A) before the phrase "Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages" and (B) before the phrase "Affiliates against the Borrower, TFL, or any of their Affiliates," and

(iii) inserting at the end of Section 12.18 a new sentence in its entirety reading as follows:

"In no event shall the Paying Agents be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action."

(yy) Section 12.22 is hereby amended by deleting Section 12.22 in its entirety and inserting in lieu thereof a new Section 12.22 in its entirety reading as follows:

"*Limited Recourse Against Conduit Lenders.* Notwithstanding anything in this Agreement or any other Transaction Document to the contrary, no Conduit Lender shall have any obligation to pay any amount required to be paid by it hereunder or thereunder in excess of any amount received pursuant to this Agreement and available to such Conduit Lender after paying or making provision for the payment of its Short-Term Notes. All payment obligations of any Conduit Lender hereunder are contingent upon the availability of funds received pursuant to this Agreement in excess of the amounts necessary to pay Short-Term Notes; and each of the Borrower, TFL and the Secured Parties agrees that they shall not have a claim under Section 101(5) of the Bankruptcy Code (or similar law in another jurisdiction) if and to the extent that any such payment obligation exceeds the amount received pursuant to this Agreement and available to any Conduit Lender to pay such amounts after paying or making provision for the payment of its Short-Term Notes. Notwithstanding the foregoing, the obligations of a Conduit Lender to the Borrower or TFL resulting from the gross negligence or willful misconduct of such Conduit Lender (as finally determined by a court of competent jurisdiction) or for any expenses incurred by the Borrower or TFL as a result of a breach of this Agreement made by a Conduit Lender shall not be limited to any amounts or funds received pursuant to this Agreement (but shall only be limited to the amounts available to such Conduit Lender after paying or making provision for the payment of its Short Term Notes)."

(zz) Section 12.23 of the Loan Agreement is hereby inserted to the end of Article XII in its entirety reading as follows:

"*U.S. Patriot Act.* In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without

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limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("Applicable Law"), the Paying Agent is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Paying Agent. Accordingly, each of the parties agree to provide to the Paying Agent, upon its request from time to time such identifying information and documentation as may be available for such party in order to enable the Paying Agent to comply with Applicable Law. The Paying Agent will follow its typical Know Your Customer (KYC) process on any other entity which becomes a party to this Agreement (through assignment or otherwise) prior to processing any instructions from such entity."

(aaa) Schedules 6, 8 and 9 to the Loan Agreement are hereby amended and restated in their entirety as set forth on Schedules 6, 8 and 9 to this Amendment.

2. Joinder of New Groups. The parties hereto acknowledge and agree that, effective as of the Amendment Effective Date and subject to the satisfaction of the conditions precedent set forth in Section 5 below, there shall be created four (4) new Groups under the Loan Agreement (each a "New Group" and collectively, the "New Groups") as follows: (i) a Group consisting of Bank of America, N.A. ("BANA"), as a Group Agent and a Committed Lender; (ii) a Group consisting of Royal Bank of Canada ("RBC") as a Group Agent and a Committed Lender and Lakeshore Trust, as a Conduit Lender ("Lakeshore"); (iii) a Group consisting of Credit Suisse AG, New York Branch ("CSNY"), as a Group Agent, Credit Suisse AG, Cayman Islands Branch, as a Committed Lender ("CSCI") and GIFS Capital Company LLC, as a Conduit Lender ("GIFS") and (iv) a Group consisting of Barclays Bank PLC ("BBPLC") as a Group Agent and Committed Lender, and Salisbury Receivables Companies LLC ("Salisbury"), as a Conduit Lender. Each of BANA, RBC, CSNY and BBPLC in its capacity as a new Group Agent shall be referred to herein individually as a "New Group Agent" and collectively as the "New Group Agents"; each of BANA, RBC, CSCI and BBPLC in its capacity as a new Committed Lender shall be referred to herein individually as a "New Committed Lender" and collectively as the "New Committed Lenders"; each of Lakeshore, GIFS and Salisbury shall be referred to herein individually as a "New Conduit Lender" and collectively as the "New Conduit Lenders" and each of the New Group Agents, the New Committed Lenders and the New Conduit Lenders shall be referred to herein individually as a "New Party" and collectively as the "New Parties." By executing and delivering this Amendment, each New Party confirms to and agrees with the Administrative Agent, the Group Agents and the Lenders as follows:

(a) none of the Administrative Agent, the Group Agents or the Lenders makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement, any Transaction Document or any other instrument or document furnished pursuant thereto, or the Collateral or the financial condition of Tesla, Inc., TFL, the Trust, the Servicer or the Borrower or the performance or observance by TFL, the Trust, the Servicer or the Borrower of any of their respective obligations under the Loan Agreement, any Transaction Document or any other instrument or document furnished pursuant thereto;

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(b) each New Party confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and become party to the Loan Agreement;

(c) each New Party will, independently and without reliance upon the Administrative Agent, any Group Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

(d) the New Committed Lender in each New Group described in this Section 2 appoints and authorizes the related New Group Agent specified in this Section 2 to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to a Group Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article X of the Loan Agreement;

(e) each New Party appoints and authorizes each of the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Agreement as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Article IX of the Loan Agreement; and

(f) each New Party agrees that it will perform in accordance with the terms thereof all of the obligations which by the terms of the Agreement are required to be performed by it as a Group Agent, a Committed Lender or a Conduit Lender, as applicable, and agrees to be bound by and subject to the terms of the Loan Agreement applicable to it in such capacity or to parties thereto generally.

3.Reallocation of Loan Balance. The parties hereto acknowledge and agree that in connection with the joinder of the New Groups, on the Amendment Effective Date, the aggregate Loan Balance shall be reallocated such that, immediately after giving effect to such joinder, the portion of the Loan Balance funded by each Group as a percentage of the Loan Balance shall be equal to its respective Percentage. Each Lender shall make the payments to, or receive the payments from, one or more other Lenders as specified in the flow of funds prepared by the Administrative Agent and acknowledged and agreed to by the Borrower in connection with this Section and the Borrower acknowledges and agrees that, upon the receipt by each applicable Lender of such payments, each New Group shall be deemed to have made Loans to the Borrower in an amount equal to its respective Percentage of the Loan Balance.

4.Appointment of Paying Agent. The Borrower hereby appoints Deutsche Bank Trust Company Americas, acting through its office at 60 Wall Street, New York, New York 10005, as the registrar and paying agent in respect of the Loans, upon the terms and subject to the conditions set forth in the Loan Agreement, as amended on the date hereof, and Deutsche Bank Trust Company Americas hereby accepts such appointment. Effective as of the Amendment Effective Date, Deutsche Bank Trust Company Americas is hereby joined as a party to the Loan Agreement.

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5.Conditions Precedent. This Amendment shall become effective as of the date hereof (the "Amendment Effective Date") upon satisfaction or waiver of the following conditions precedent:

(a) the receipt by the Administrative Agent or its counsel of counterpart signature pages to this Amendment and each other document, certificate and opinion to be executed or delivered in connection with this Amendment, as more fully described on Exhibit A hereto;

(b) each Group Agent shall have received, for the benefit of the Lenders in its related Group, the "Upfront Fee" in accordance with and as defined in the Amended and Restated Fee Letter, dated as of the date hereof, by and among the Borrower, the Group Agents and the Administrative Agent;

(c) no Default, Event of Default or Potential Servicer Default shall have occurred or be continuing, the Termination Date shall not have occurred and no Event of Bankruptcy shall have occurred with respect to TFL or Tesla, Inc.; and

(d) the Administrative Agent, the Paying Agent and each Group Agent shall have received such other documents, instruments and agreements as the Administrative Agent, the Paying Agent or such Group Agent may have reasonably requested.

6.Representations and Warranties of the Borrower. The Borrower hereby represents and warrants to the Administrative Agent, each Group Agent, each Lender and the Paying Agent as of the date hereof that:

(a) This Amendment and the Loan Agreement, as amended hereby, constitute the legal, valid and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) Upon the effectiveness of this Amendment, the Borrower hereby affirms that all representations and warranties made by it in Article IV of the Loan Agreement, as amended, are correct in all material respects on the date hereof as though made as of the effective date of this Amendment, unless and to the extent that any such representation and warranty is stated to relate solely to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects as of such earlier date.

(c) As of the date hereof, no Default, Event of Default or Potential Servicer Default shall have occurred or be continuing, the Termination Date shall not have occurred and no Event of Bankruptcy shall have occurred with respect to TFL or Tesla, Inc.

7.Reference to and Effect on the Loan Agreement.

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(a) Upon the effectiveness of Section 1 hereof, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Loan Agreement as amended hereby.

(b) The Loan Agreement, as amended hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect until hereafter terminated in accordance with their respective terms, and the Loan Agreement and such documents, instruments and agreements are hereby ratified and confirmed.

(c) Except as expressly provided herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent, any Agent or any Lender, nor constitute a waiver of any provision of the Loan Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

8.Costs and Expenses. The Borrower agrees to pay all reasonable and actual costs, fees, and out-of-pocket expenses (including the reasonable attorneys' fees, costs and expenses of Sidley Austin LLP, counsel to the Administrative Agent, the Group Agents and the Lenders and Nixon Peabody LLP, counsel to the Paying Agent) incurred by the Administrative Agent, each Group Agent, each Lender and the Paying Agent in connection with the preparation, review, execution and enforcement of this Amendment.

9.GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS PROVISIONS (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

10.Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

11.Counterparts. This Amendment may be executed by one or more of the parties to the Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile (transmitted by telecopier or by email) shall be effective as delivery of a manually executed counterpart of this Amendment.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their duly authorized signatories as of the date first above written.

LML WAREHOUSE SPV, LLC,
as Borrower

By: /s/ Radford Small
Name: Radford Small
Title: Chief Financial Officer / Treasurer

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DEUTSCHE BANK AG, NEW YORK BRANCH,
as Administrative Agent, as a Group Agent and as
a Committed Lender

By: /s/ Kevin Fagan
Name: Kevin Fagan
Title: Vice President

By: /s/ Katherine Bologna
Name: Katherine Bologna
Title: Managing Director

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DEUTSCHE BANK NATIONAL TRUST COMPANY FOR:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Paying Agent

By: /s/ Michele H.Y. Voon
Name: Michele H.Y. Voon
Title: Vice President

By: /s/ Susan Barstock
Name: Susan Barstock
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CITIBANK, N.A.,
as a Group Agent and as a Committed Lender

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CAFCO, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CHARTA, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CIESCO, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

CRC FUNDING, LLC,
as Conduit Lender

By: Citibank, N.A., as Attorney-in-Fact

By: /s/ Amy Jo Pitts
Name: Amy Jo Pitts
Title: Vice President

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

BANK OF AMERICA, N.A.,
as a Group Agent and as a Committed Lender

By: /s/ Rahra Macaltao
Name: Rahra Macaltao
Title: Director

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

ROYAL BANK OF CANADA,
as a Group Agent and as a Committed Lender

By: /s/ Angela Nimoh-Etsiakoh
Name: Angela Nimoh-Etsiakoh
Title: Authorized Signatory

By: /s/ Sofia Shields
Name: Sofia Shields
Title: Authorized Signatory

LAKESHORE TRUST,
as a Conduit Lender

By: /s/ Nur Khan
Name: Nur Khan
Title: Authorized Signatory

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

CREDIT SUISSE AG, NEW YORK BRANCH,
as a Group Agent

By: /s/ Patrick Duggan
Name: Patrick Duggan
Title: Associate

By: /s/ Elie Chau
Name: Elie Chau
Title: Authorized Signatory

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Committed Lender

By: /s/ Patrick Duggan
Name: Patrick Duggan
Title: Authorized Signatory

By: /s/ Elie Chau
Name: Elie Chau
Title: Authorized Signatory

GIFS CAPITAL COMPANY LLC,
as a Conduit Lender

By: /s/ Thomas J. Irvin
Name: Thomas J. Irvin
Title: Manager

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

BARCLAYS BANK PLC,
as a Group Agent

By: /s/ John McCarthy
Name: John McCarthy
Title: Director

SALISBURY RECEIVABLES COMPANY LLC,
as a Conduit Lender

By: Barclays Bank PLC, as attorney-in-fact

By: /s/ John McCarthy
Name: John McCarthy
Title: Director

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

EXHIBIT A

LIST OF CLOSING DOCUMENTS

	Document	Responsible Party
1.	Amendment No. 1 to Loan and Security Agreement	W&S
2.	Amended and Restated Fee Letter	Sidley
3.	Good Standing Certificate for Borrower from Secretary of State of Delaware	W&S
4.	Good Standing Certificate for Tesla Finance LLC from Secretary of State of Delaware	W&S
5.	Good Standing Certificate for Tesla Lease Trust from Secretary of State of Delaware	W&S
6.	Secretary's Certificate of Borrower: (a) Certificate of Formation (b) Limited Liability Company Agreement (c) Resolutions (d) Incumbency	W&S
7.	Bring down UCC lien searches: (a) Tesla Lease Trust (b) TFL (c) Borrower	W&S
8.	Reliance Letter with respect to Winston & Strawn legal opinions regarding security interest matters, enforceability and corporate matters, true sale matters and non-consolidation matters issued on August 17, 2017	W&S
9.	Reliance Letter with respect to RLF legal opinions (4) issued on August 17, 2017	RLF
10.	Reliance Letter with respect to Tesla in-house opinion issued on August 17, 2017	TFL

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Notice Addresses

Borrower:

c/o Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: General Counsel

With a copy to
Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: Legal, Finance

TFL:

c/o Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: General Counsel

With a copy to
Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304
Attention: Legal, Finance

Administrative Agent:

Deutsche Bank AG, New York Branch
60 Wall Street, 5th Floor
New York, New York 10005
Tel: (212) 250-3001
Fax: (212) 797-5300
Attention: Katherine Bologna
Email: abs.conduits@db.com and katherine.bologna@db.com

Deutsche Bank AG, New York Branch, as Lender:

Deutsche Bank AG, New York Branch

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

60 Wall Street, 5th Floor
New York, New York 10005
Tel: (212) 250-3001
Fax: (212) 797-5300
Attention: Katherine Bologna
Email: abs.conduits@db.com and katherine.bologna@db.com

Paying Agent:

Deutsche Bank Trust Company Americas
Deutsche Bank National Trust Company
Global Securities Services (GSS)
100 Plaza One, 8th Floor
Mail stop: JCY03-0801
Jersey City, New Jersey 07311-3901
Tel: +1 (201) 593-8420
Fax: +1 (212) 553-2458
Email: michele.hy.voon@db.com

Citibank, N.A., CAFCO, LLC, CHARTA, LLC, CIESCO, LLC, CRC Funding, LLC, as Lenders:

c/o Citibank, N.A.
Global Securitized Products
750 Washington Blvd., 8th Floor
Stamford, CT 06901
Attention: Robert Kohl
Telephone: 203-975-6383
Email: Robert.kohl@citi.com

c/o Citibank, N.A.
Global Loans – Conduit Operations
1615 Brett Road Ops Building 3
New Castle, DE 19720
Telephone: 302-323-3125
Email: conditoperations@citi.com

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Credit Suisse AG, New York Branch / Credit Suisse AG, Cayman Islands Branch:

c/o Credit Suisse AG, New York Branch
11 Madison Avenue, 4th Floor
New York, New York 10010
Telephone: 212-325-0432
Attention: Kenneth Aiani
Email: kenneth.aiani@credit-suisse.com; patrick.duggan@credit-suisse.com; list.afconduitreports@credit-suisse.com; abcp.monitoring@credit-suisse.com

GIFS Capital Company:
227 West Monroe Street, Suite 4900
Chicago, IL 60696
Telephone: 312-977-4588
Attention: Mark Matthews
Email: mark.matthews@guggenheimpartners.com

Royal Bank of Canada / Lakeshore Trust:

c/o RBC Capital Markets
200 Vesey Street
New York, New York 10281
Attention: Angela Nimoh
Telephone: 212-428-6296
Fax: 212-428-6308
Email: conduit.management@rbccm.com; rgeoghegan@rbccm.com; angela.nimoh@rbccm.com; sofia.shields@rbccm.com

Barclays Bank PLC / Salisbury Receivables Company LLC:

c/o Barclays Bank PLC
745 Seventh Avenue, 5th Floor
New York, New York 10019
Telephone: 212-526-7161
Email: asgreports@barclays.com; barcapconduitops@barclays.com; john.j.mccarty@barclays.com; martin.attea@barclays.com; jonathan.wu@barclays.com; david.hisrchy@barclays.com; eric.k.chang@barclays.com; eugene.golant@barclays.com.

Bank of America, N.A.:

Bank of America, N.A.
214 N. Tryon Street
Charlotte, North Carolina 28255
Attention: Judith Helms
Telephone: 980-387-1693

Email: judith.a.helms@baml.com

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Commitments of Lenders

Committed Lender	Commitment
Deutsche Bank AG, New York Branch	$160,602,052.79
Citibank, N.A.	$160,602,052.79
Credit Suisse AG, Cayman Islands Branch	$72,270,923.76
Royal Bank of Canada	$70,932,573.32
Barclays Bank PLC	$70,932,573.32
Bank of America, N.A.	$53,534,017.60
Total:	**$588,874,193.58**

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Short-Term Note Rate

The Short-Term Note Rate applicable to each of **CAFCO, LLC, CHARTA, LLC, CIESCO, LLC, CRC Funding, LLC** for any Interest Period (or portion thereof), shall be determined as follows: (a) to the extent that such Conduit Lender funds its Percentage of the Loan Balance during such Interest Period with Short-Term Notes, the per annum rate equal to the weighted average of the rates at which all Short-Term Notes issued by such Conduit Lender to fund its Percentage of the Loan Balance during such Interest Period were sold, which rates include all dealer commissions and other costs of issuing such Short-Term Notes, whether any such Short-Term Notes were specifically issued to fund its Percentage of the Loan Balance or are allocated, in whole or in part, to such funding, and (b) otherwise, the Bank Interest Rate.

The Short-Term Note Rate applicable to **Lakeshore Trust and GIFS Capital Company LLC** means, for any day during any Interest Period, the per annum rate equivalent to (a) the rate (expressed as a percentage and an interest yield equivalent and calculated on the basis of a 360-day year) or, if more than one rate, the weighted average thereof, paid or payable by such Conduit Lender from time to time as interest on or otherwise in respect of the Short-Term Notes issued by such Conduit Lender that are allocated, in whole or in part, by such Conduit's Lender's agent to fund the purchase or maintenance of the Loans outstanding made by such Conduit Lender (and which may also, in the case of a pool-funded conduit Conduit Lender, be allocated in part to the funding of other assets of such Conduit Lender and which Short-Term Notes need not mature on the last day of any Interest Period) during such Interest Period as determined by such Conduit Lender's agent, which rates shall reflect and give effect to (i) certain documentation and transaction costs (including, without limitation, dealer and placement agent commissions, and incremental carrying costs incurred with respect to Short-Term Notes maturing on dates other than those on which corresponding funds are received by such Conduit Lender) associated with the issuance of the Conduit Lender's Short-Term Notes, and (ii) other borrowings by such Conduit Lender, including borrowings to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market, solely to the extent such amounts are allocated, in whole or in part, by the Conduit Lender's agent to fund such Conduit Lender's purchase or maintenance of the Loans outstanding made by such Conduit Lender during such Interest Period; *provided, that*, if any component of such rate is a discount rate, in calculating the applicable "Short-Term Note Rate" for such day, such Conduit Lender's agent shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate per annum.

The Short-Term Note Rate applicable to **Salisbury Receivables Company LLC** shall mean, for each day during an Interest Period, the greater of (x) zero and (y) the weighted average rate at which interest or discount is accruing on or in respect of the Short-Term Notes with respect to such Conduit Lender allocated, in whole or in part, by the related Agent, to fund the purchase or maintenance of such portion of such Loan Balance (including, without limitation, any interest attributable to the commissions of placement agents and dealers in respect of such Short-Term

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Notes and any costs associated with funding small or odd-lot amounts, to the extent that such commissions or costs are allocated, in whole or in part, to such Short-Term Notes by such Agent); *provided, that*, notwithstanding anything herein to the contrary, the Short-Term Note Rate with respect to Salisbury Receivables Company LLC shall, at the election of the related Agent, be determined by such Agent by application of this definition of Short-Term Note Rate with the words "short-term promissory notes of Sheffield Receivables Company LLC" replacing the words "Short-Term Notes with respect to such Conduit Lender" or "such Short-Term Notes" wherever they appear herein.

[***] Information has been omitted and filed separately with the Securities and Exchange Commission. Confidential Treatment has been requested with respect to the omitted portions.

Exhibit 12.1

Ratio of Earnings to Fixed Charges

The ratio of earnings to fixed charges for each of the periods indicated was as follows (in thousands):

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Earnings:					
Loss before income taxes	$ (2,209,032)	$ (746,348)	$ (875,624)	$ (284,636)	$ (71,426)
Add: Fixed charges	655,415	275,077	183,054	129,096	43,614
Add: Amortization of capitalized interest	14,706	9,789	4,261	1,953	1,406
Subtract: Capitalized interest	(124,913)	(46,691)	(41,477)	(12,762)	(3,501)
Total losses	$ (1,663,824)	$ (508,173)	$ (729,786)	$ (166,349)	$ (29,907)
Fixed Charges:					
Interest expense	$ 471,259	$ 198,810	$ 118,851	$ 100,886	$ 32,934
Capitalized interest	124,913	46,691	41,477	12,762	3,501
Interest factor in rental expense (1)	59,243	29,576	22,726	15,448	7,179
Total fixed charges	$ 655,415	$ 275,077	$ 183,054	$ 129,096	$ 43,614
Ratio of earnings to fixed charges (2)	—	—	—	—	—

(1) Determined using an assumed interest factor of 33% of rental expense

(2) Earnings were inadequate to cover fixed charges by $2.32 billion, $783.3 million, $912.8 million, $295.4 million and $73.5 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

Exhibit 21.1

SUBSIDIARIES OF TESLA, INC.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Allegheny Solar 1, LLC	Delaware
Allegheny Solar Manager 1, LLC	Delaware
Ancon Holdings II, LLC	Delaware
Ancon Holdings III, LLC	Delaware
Ancon Holdings, LLC	Delaware
Ancon Solar Corporation	Delaware
Ancon Solar I, LLC	Delaware
Ancon Solar II Lessee Manager, LLC	Delaware
Ancon Solar II Lessee, LLC	Delaware
Ancon Solar II Lessor, LLC	Delaware
Ancon Solar III Lessee Manager, LLC	Delaware
Ancon Solar III Lessee, LLC	Delaware
Ancon Solar III Lessor, LLC	Delaware
Ancon Solar Managing Member I, LLC	Delaware
Arpad Solar Borrower, LLC	Delaware
Arpad Solar I, LLC	Delaware
Arpad Solar Manager I, LLC	Delaware
AU Solar 1, LLC	Delaware
AU Solar 2, LLC	Delaware
Banyan SolarCity Manager 2010, LLC	Delaware
Banyan SolarCity Owner 2010, LLC	Delaware
Basking Solar I, LLC	Delaware
Beatrix Solar I, LLC	Delaware
Bernese Solar Manager I, LLC	Delaware
Blue Skies Solar I, LLC	Delaware
Blue Skies Solar II, LLC	Delaware
Building Solutions Acquisition Corporation	Delaware
Caballero Solar Managing Member I, LLC	Delaware
Caballero Solar Managing Member II, LLC	Delaware
Caballero Solar Managing Member III, LLC	Delaware
Cardinal Blue Solar, LLC	Delaware
Castello Solar I, LLC	Delaware
Castello Solar II, LLC	Delaware
Castello Solar III, LLC	Delaware
Chaparral SREC Borrower, LLC	Delaware
Chaparral SREC Holdings, LLC	Delaware
Chompie Solar I, LLC	Delaware
Chompie Solar II, LLC	Delaware
Chompie Solar Manager I, LLC	Delaware
Chompie Solar Manager II, LLC	Delaware
City UB Solar, LLC	Delaware
Clydesdale SC Solar I, LLC	Delaware
Common Assets Capital, LLC	Delaware
Common Assets Financial, LLC	Delaware
Common Assets Securities, LLC	Delaware
Common Assets Technologies, LLC	Delaware
Common Assets, LLC	Delaware
Dahlia Holdings I, LLC	Delaware
Dahlia Holdings II, LLC	Delaware
Dom Solar General Partner I, LLC	Delaware
Dom Solar Limited Partner I, LLC	Delaware
Eiger Lease Co, LLC	Delaware
Energy Freedom Coalition of America, LLC	Delaware
Falconer Solar Manager I, LLC	Delaware
Firehorn Finance Company, LLC	Delaware
Firehorn Solar Manager I, LLC	Delaware

FocalPoint Solar Borrower, LLC	Delaware
FocalPoint Solar I, LLC	Delaware
FocalPoint Solar Manager I, LLC	Delaware
Fontane Solar I, LLC	Delaware
Fotovoltaica GI 4, S. de R.L. de C.V.	Mexico
Fotovoltaica GI 5, S. de R.L. de C.V.	Mexico
FTE Solar I, LLC	Delaware
Grohmann Engineering Trading (Shanghai) Co. Ltd.	China
Grohmann USA, Inc.	Delaware
Hammerhead Solar, LLC	Delaware
Hangzhou Sai Ang Alectric Power Co., Ltd. (Sierra Solar Power (Hangzhou) Co., Ltd.	China
Harpoon Solar I, LLC	Delaware
Harpoon Solar Manager I, LLC	Delaware
Haymarket Holdings, LLC	Delaware
Haymarket Manager 1, LLC	Delaware
Haymarket Solar 1, LLC	Delaware
Ikehu Manager I, LLC	Delaware
IL Buono Solar I, LLC	Delaware
Iliosson, S.A. de C.V.	Mexico
Knight Solar Managing Member I, LLC	Delaware
Knight Solar Managing Member II, LLC	Delaware
Knight Solar Managing Member III, LLC	Delaware
Landlord 2008-A, LLC	Delaware
LML Partnership, LLC	Delaware
LML Warehouse SPV, LLC	Delaware
Louis Solar II, LLC	Delaware
Louis Solar III, LLC	Delaware
Louis Solar Manager II, LLC	Delaware
Louis Solar Manager III, LLC	Delaware
Louis Solar Master Tenant I, LLC	Delaware
Louis Solar MT Manager I, LLC	Delaware
Louis Solar Owner I, LLC	Delaware
Louis Solar Owner Manager I, LLC	Delaware
Mako GB SPV Holdings, LLC	Delaware
Mako GB SPV, LLC	Delaware
Mako Solar Holdings, LLC	Delaware
Mako Solar, LLC	Delaware
Master Tenant 2008-A, LLC	Delaware
Matterhorn Solar I, LLC	Delaware
Megalodon Solar, LLC	Delaware
Monte Rosa Solar I, LLC	Delaware
Mound Solar Manager V, LLC	Delaware
Mound Solar Manager VI, LLC	Delaware
Mound Solar Manager X, LLC	Delaware
Mound Solar Manager XI, LLC	Delaware
Mound Solar Manager XII, LLC	Delaware
Mound Solar Master Tenant IX, LLC	Delaware
Mound Solar Master Tenant V, LLC	California
Mound Solar Master Tenant VI, LLC	Delaware
Mound Solar Master Tenant VII, LLC	Delaware
Mound Solar Master Tenant VIII, LLC	Delaware
Mound Solar MT Manager IX, LLC	Delaware
Mound Solar MT Manager VII, LLC	Delaware
Mound Solar MT Manager VIII, LLC	Delaware
Mound Solar Owner IX, LLC	Delaware
Mound Solar Owner Manager IX, LLC	Delaware
Mound Solar Owner Manager VII, LLC	Delaware
Mound Solar Owner Manager VIII, LLC	Delaware
Mound Solar Owner V, LLC	California
Mound Solar Owner VI, LLC	Delaware
Mound Solar Owner VII, LLC	Delaware

Mound Solar Owner VIII, LLC	Delaware
Mound Solar Partnership X, LLC	Delaware
Mound Solar Partnership XI, LLC	Delaware
Mound Solar Partnership XII, LLC	Delaware
MS SolarCity 2008, LLC	Delaware
MS SolarCity Commercial 2008, LLC	Delaware
MS SolarCity Residential 2008, LLC	Delaware
MT Solar Corporation	Delaware
NBA SolarCity AFB, LLC	California
NBA SolarCity Commercial I, LLC	California
NBA SolarCity Solar Phoenix, LLC	California
Northern Nevada Research Co., LLC	Nevada
Oranje Solar I, LLC	Delaware
Oranje Solar Manager I, LLC	Delaware
Paramount Energy Fund I Lessee, LLC	Delaware
Paramount Energy Fund I Lessor, LLC	Delaware
PEF I MM, LLC	Delaware
Perbix Machine Company, Inc.	Minnesota
Poppy Acquisition LLC	Delaware
Presidio Solar I, LLC	Delaware
Presidio Solar II, LLC	Delaware
Presidio Solar III, LLC	Delaware
Pukana La Solar I, LLC	Delaware
Roadster Automobile Sales and Service (Beijing) Co., Ltd.	China
Roadster Finland Oy	Finland
Sequoia Pacific Holdings, LLC	Delaware
Sequoia Pacific Manager I, LLC	Delaware
Sequoia Pacific Solar I, LLC	Delaware
Sequoia SolarCity Owner I, LLC	Delaware
Servicios de Technología Y Admninstración Ilioss, S.A. de C.V.	Mexico
Sierra Solar Power (Hong Kong) Limited	Hong Kong
Silevo, LLC	Delaware
Solar Aquarium Holdings, LLC	Delaware
Solar Energy of America 1, LLC	Delaware
Solar Energy of America Holdco, LLC	Delaware
Solar Energy of America Manager 1, LLC	Delaware
Solar Explorer, LLC	Delaware
Solar Grove Holdings, LLC	Delaware
Solar House I, LLC	Delaware
Solar House II, LLC	Delaware
Solar House III, LLC	Delaware
Solar House IV, LLC	Delaware
Solar Integrated Fund I, LLC	Delaware
Solar Integrated Fund II, LLC	Delaware
Solar Integrated Fund III, LLC	Delaware
Solar Integrated Fund IV-A, LLC	Delaware
Solar Integrated Fund V, LLC	Delaware
Solar Integrated Manager I, LiLC	Delaware
Solar Integrated Manager II, LLC	Delaware
Solar Integrated Manager III, LLC	Delaware
Solar Integrated Manager IV-A, LLC	Delaware
Solar Integrated Manager V, LLC	Delaware
Solar Odyssey Holdings, LLC	Delaware
Solar Services Company, LLC	Delaware
Solar Ulysses Manager I, LLC	Delaware
Solar Ulysses Manager II, LLC	Delaware
Solar Voyager, LLC	Delaware
Solar Warehouse Manager I, LLC	Delaware
Solar Warehouse Manager II, LLC	Delaware
Solar Warehouse Manager III, LLC	Delaware
Solar Warehouse Manager IV, LLC	Delaware
SolarCity Alpine Holdings, LLC	Delaware

SolarCity Amphitheatre Holdings, LLC	Delaware
SolarCity Arbor Holdings, LLC	Delaware
SolarCity Arches Holdings, LLC	Delaware
SolarCity AU Holdings, LLC	Delaware
SolarCity Cruyff Holdings, LLC	Delaware
SolarCity Electrical New York Corporation	Delaware
SolarCity Electrical, LLC	Delaware
SolarCity Engineering, Inc.	California
SolarCity Finance Company, LLC	Delaware
SolarCity Finance Holdings, LLC	Delaware
SolarCity Foxborough Holdings, LLC	Delaware
SolarCity FTE Series 1, LLC	Delaware
SolarCity FTE Series 2, LLC	Delaware
SolarCity Fund Holdings, LLC	Delaware
SolarCity Giants Holdings, LLC	Delaware
SolarCity Grand Canyon Holdings, LLC	Delaware
SolarCity Holdings 2008, LLC	Delaware
SolarCity International, Inc.	Delaware
SolarCity Leviathan Holdings, LLC	Delaware
SolarCity LMC Series I, LLC	Delaware
SolarCity LMC Series II, LLC	Delaware
SolarCity LMC Series III, LLC	Delaware
SolarCity LMC Series IV, LLC	Delaware
SolarCity LMC Series V, LLC	Delaware
SolarCity Mid-Atlantic Holdings, LLC	Delaware
SolarCity Nitro Holdings, LLC	Delaware
SolarCity Orange Holdings, LLC	Delaware
SolarCity Pierpont Holdings, LLC	Delaware
SolarCity Series Holdings I, LLC	Delaware
SolarCity Series Holdings II, LLC	Delaware
SolarCity Series Holdings IV, LLC	Delaware
SolarCity Steep Holdings, LLC	Delaware
SolarCity Ulu Holdings, LLC	Delaware
SolarCity Village Holdings, LLC	Delaware
SolarRock, LLC	Delaware
SolarStrong Holdings, LLC	Delaware
SolarStrong, LLC	Delaware
Sparrowhawk Solar I, LLC	Delaware
SREC Holdings, LLC	Delaware
Sunshine Storage I, LLC	Delaware
Sunshine Storage II, LLC	Delaware
Sunshine Storage III, LLC	Delaware
TALT Holdings, LLC	Delaware
TES 2017-1, LLC	Delaware
TES 2017-2, LLC	Delaware
TES Holdings 2017-1, LLC	Delaware
Tesla (Beijing) New Energy R&D Co., Ltd.	China
Tesla 2014 Warehouse SPV LLC	Delaware
Tesla Auto Lease Trust 2018-A	Delaware
Tesla Automobile Distribution (Beijing) Co., Ltd.	China
Tesla Automobile Sales and Service (Beijing) Co., Ltd.	China
Tesla Automobile Sales and Service (Chengdu) Co., Ltd.	China
Tesla Automobile Sales and Service (Guangzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Hangzhou) Co., Ltd.	China
Tesla Automobile Sales and Service (Nanjing) Co., Ltd.	China
Tesla Automobile Sales and Service (Ningbo) Co., Ltd.	China
Tesla Automobile Sales and Service (Qingdao) Co., Ltd.	China
Tesla Automobile Sales and Service (Shanghai) Co., Ltd.	China
Tesla Automobile Sales and Service (Shenzhen) Co., Ltd.	China
Tesla Automobile Sales and Service (Tianjin) Co. Ltd.	China
Tesla Automobile Sales and Service (Wuhan) Co., Ltd.	China
Tesla Automobile Sales and Service (Xi'an) Co., Ltd.	China

Tesla Automobiles Sales and Service Mexico, S. de R.L. de C.V.	Mexico
Tesla Belgium BVBA	Belgium
Tesla Canada GP Inc.	Canada
Tesla Canada LP	Canada
Tesla Energia Macau Limitada	Macau
Tesla Energy Electrical LLC	Delaware
Tesla Energy Operations, Inc.	Delaware
Tesla Energy Operations, Inc. (formerly SolarCity Corporation)	Delaware
Tesla Energy Sales LLC	Delaware
Tesla Finance LLC	Delaware
Tesla Financial Services GmbH	Germany
Tesla Financial Services Holdings B.V.	Netherlands
Tesla Financial Services Limited	United Kingdom
Tesla France S.à r.l.	France
Tesla Germany GmbH	Germany
Tesla Grohmann Automation GmbH	Germany
Tesla Insurance Services, Inc.	California
Tesla International B.V.	Netherlands
Tesla Italy S.r.l.	Italy
Tesla Jordan Car Trading LLC	Jordan
Tesla Korea Limited	Republic of Korea
Tesla Lease Trust	Delaware
Tesla Motors Australia, Pty Ltd	Australia
Tesla Motors Austria GmbH	Austria
Tesla Motors Canada ULC	Canada
Tesla Motors Coöperatief U.A.	Netherlands
Tesla Motors Denmark ApS	Denmark
Tesla Motors Exports LLC	Delaware
Tesla Motors FL, Inc.	Florida
Tesla Motors HK Limited	Hong Kong
Tesla Motors Ireland Limited	Ireland
Tesla Motors Japan GK	Japan
Tesla Motors Limited	United Kingdom
Tesla Motors Luxembourg S.à r.l.	Luxembourg
Tesla Motors MA, Inc.	Massachusetts
Tesla Motors Netherlands B.V.	Netherlands
Tesla Motors New York LLC	New York
Tesla Motors NL LLC	Delaware
Tesla Motors Norway AS	Norway
Tesla Motors NV, Inc.	Nevada
Tesla Motors PA, Inc.	Pennsylvania
Tesla Motors Sales and Service LLC	Turkey
Tesla Motors Singapore Holdings Pte. Ltd.	Singapore
Tesla Motors Singapore Private Limited	Singapore
Tesla Motors Stichting	Netherlands
Tesla Motors Switzerland GmbH	Switzerland
Tesla Motors Taiwan Limited	Taiwan
Tesla Motors TN, Inc.	Tennessee
Tesla Motors TX, Inc.	Texas
Tesla Motors UT, Inc.	Utah
Tesla New Zealand ULC	New Zealand
Tesla Portugal, Sociedade Unipessoal LDA	Portugal
Tesla Puerto Rico LLC	Puerto Rico
Tesla Sales, Inc.	Delaware
Tesla Services Sdn. Bhd.	Malaysia
Tesla Spain, S.L. Unipersonal	Spain
The Big Green Solar Holdings, LLC	Delaware
The Big Green Solar I, LLC	Delaware
The Big Green Solar Manager I, LLC	Delaware
Three Rivers Solar 1, LLC	Delaware
Three Rivers Solar 2, LLC	Delaware
Three Rivers Solar 3, LLC	Delaware

Three Rivers Solar Holding Company, LLC	Delaware
Three Rivers Solar Manager 1, LLC	Delaware
Three Rivers Solar Manager 2, LLC	Delaware
Three Rivers Solar Manager 3, LLC	Delaware
TM International C.V.	Netherlands
TM Sweden AB	Sweden
USB SolarCity Manager 2009, LLC	Delaware
USB SolarCity Manager 2009-2010, LLC	Delaware
USB SolarCity Manager III, LLC	Delaware
USB SolarCity Manager IV, LLC	Delaware
USB SolarCity Master Tenant 2009, LLC	California
USB SolarCity Master Tenant 2009-2010, LLC	California
USB SolarCity Master Tenant IV, LLC	California
USB SolarCity Owner 2009, LLC	California
USB SolarCity Owner 2009-2010, LLC	California
USB SolarCity Owner IV, LLC	California
Viceroy Solar Holdings, LLC	Delaware
Visigoth Solar 1, LLC	Delaware
Visigoth Solar Holdings, LLC	Delaware
Visigoth Solar Managing Member 1, LLC	Delaware
Zep Solar Hong Kong Limited	Hong Kong
Zep Solar LLC	California
Zep Solar Trading Ltd	China

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-221378 and 333-211437) and S-8 (Nos. 333-216376, 333-209696, 333-198002, 333-187113, 333-183033, and 333-167874) of Tesla, Inc. of our report dated February 22, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

San Jose, California
February 22, 2018

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Form 10-K of Tesla, Inc. (the Company) and in the following Registration Statements:

- Forms S-3 (Nos. 333-221378 and 333-211437) of the Company; and
- Forms S-8 (Nos. 333-167874, 333-183033, 333-187113, 333-198002, 333-209696 and 333-216376) pertaining to the Tesla, Inc. 2010 Equity Incentive Plan, the Tesla, Inc. 2010 Employee Stock Purchase Plan and/or the Tesla Motors, Inc. 2003 Equity Incentive Plan of the Company

of our report dated March 1, 2017, with respect to the consolidated financial statements of SolarCity Corporation incorporated by reference in the Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ Ernst & Young LLP
Los Angeles, California
February 22, 2018

Exhibit 31.1

CERTIFICATIONS

I, Elon Musk, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tesla, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ Elon Musk
Elon Musk
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Deepak Ahuja, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tesla, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2018

/s/ Deepak Ahuja
Deepak Ahuja
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

I, Elon Musk, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Annual Report of Tesla, Inc. on Form 10-K for the annual period ended December 31, 2017, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tesla, Inc.

Date: February 22, 2018

/s/ Elon Musk

Elon Musk
Chief Executive Officer
(Principal Executive Officer)

I, Deepak Ahuja, certify, pursuant to 18 U.S.C. Section 1350, that, to my knowledge, the Annual Report of Tesla, Inc. on Form 10-K for the annual period ended December 31, 2017, (i) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) that the information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Tesla, Inc.

Date: February 22, 2018

/s/ Deepak Ahuja

Deepak Ahuja
Chief Financial Officer
(Principal Financial Officer)