

February 16, 2011

Tesla Motors Inc.

Q4 Results: Solid Execution Continues

Tesla reported solid Q4/10 results both on operating metrics (vehicle design and testing and production plant plans) and financial results (modest beat on top line and bottom line). Highlights from the quarter:

- Model S still on track for mid-2012 delivery with pre-launch reservations expected to cover all of 2012 production (3,700 reservations to date)
- Gross margins up to 32% with strength across powertrain, development services, and Roadster
- Roadster revenues up 10% q/q on higher ASPs from international sales, slightly offset by weaker volumes (149 units in Q4 vs 151 in Q3)
- Daimler increased orders for Smart ForTwo Electric packs to 1,800 units from 1,500 units – still small in total but positive momentum
- Toyota electric RAV4 on target for launch in 2012. Tesla will receive development revenues up to \$69 million, mostly in 2011.

Possible capital raise late in 2011 to fund crossover SUV "Model X". On the conference call, management mentioned the possibility of a \$100-150 million capital raise late in 2011 after the Model S Beta version is complete. The additional capital would be used for the Model X – an all-electric crossover SUV on the Model S platform at the Model S price point of \$50K – \$80K. Management stressed that they have enough capital resources (cash plus DOE loan = \$566 MM at YE2010) to fund the company through Model S launch, even with expanded plans to increase capacity to 20,000 Model S units per year *per shift*, up from 20,000 units on two shifts.

What's next? The path to the Model S launch continues with testing, design refinements, sourcing, and crash tests of the Alpha build, Beta build, and release candidate.

Morgan Stanley & Co. Incorporated **Joshua Paradise, CFA**
Joshua.Paradise@morganstanley.com
+1 212 761 4014

Ravi Shanker
Ravi.Shanker@morganstanley.com
+1 212 761 6350

Smittipon Srethapramote
Smittipon.Srethapramote@morganstanley.com
+1 212 761 3914

Timothy Radcliff
Timothy.Radcliff@morganstanley.com
+1 212 761 4139

Key Ratios and Statistics

Reuters: TSLA.O Bloomberg: TSLA US
Clean Tech / United States of America

Price target	NA
Shr price, close (Feb 15, 2011)	\$22.84
Mkt cap, curr (mm)	\$2,174
52-Week Range	\$36.42-14.98

Fiscal Year ending	12/09	12/10e	12/11e	12/12e
ModelWare EPS (\$)	(7.96)	(3.04)	(2.19)	(1.46)
EPS (\$)**	(7.96)	(2.73)	(2.03)	(1.33)
Consensus EPS (\$)\$	(1.59)	(2.24)	(1.93)	(1.24)
EV/rev	3.7	20.9	14.0	4.4
Revenue, net (\$mm)	112	117	174	605
Gross margin (%)	8.5	26.5	29.1	12.4
EBITDA margin (%)	(40.2)	(116.7)	(95.1)	(10.6)
Rev 3-yr CAGR (%)	75.5e	132.0	122.0	53.4

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

\$ = Consensus data is provided by FactSet Estimates.

** = Based on consensus methodology

e = Morgan Stanley Research estimates

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

February 16, 2011

Tesla Motors Inc.

Risk-Reward Snapshot: Tesla Motors (TSLA, \$22.84, Equal-weight)

Risk-Reward View: Continued Volatility Is Likely



Source: FactSet, Morgan Stanley Research

Valuation Methodology: We apply multiples of 12x EV/EBITDA and 2.1x EV/sales to our 2014 bull, bear, and base case forecasts, and discount the equity value at 15%. Our comp group is 80% clean tech and EV value chain and 20% traditional auto companies.

We also use a DCF analysis with an 11.3% WACC, 15% cost of equity, and 4% terminal growth.

Bull Case \$35	2014e sales = \$2.6 billion 2014e EBITDA = \$518 million	The future of the auto industry. Tesla delivers the Model S on time (2Q12) and on budget with performance that rivals gasoline-powered luxury sedans. EV adoption takes off. EBITDA margins are 15-18%. OEM partnerships add powertrain volumes.
Base Case \$20	2014e sales = \$1.9 billion 2014e EBITDA = \$205 million	Solid execution and EV demand. Model S deliveries start in 3Q12 and reach 20K per year in 2014. Slower ramp and modest cost overruns result in negative EPS until 2014. EBITDA margins are 7-9%. Powertrain sales a minor contributor.
Bear Case \$10	2014e sales = \$463 million 2014e EBITDA = \$(7 million)	Delays, cost overruns, lower demand. A lot can go wrong in a product launch, especially with new manufacturing. We model a slight delay and lower Model S demand of 5,000 units per year. The company would likely need to raise additional capital to scale production.

Key Assumptions for Bull, Bear, and Base Cases

Key Assumptions for Bull, Bear, and Base Cases				
		Bear	Base	Bull
Gross Margin	2012	11.1%	12.4%	14.7%
	2013	10.8%	16.3%	25.1%
	2014	17.9%	22.2%	25.9%
EBIT Margin	2012	NM	NM	NM
	2013	NM	NM	14.4%
	2014	NM	6.2%	16.8%
Model S Volumes	2012	2,000	5,500	7,000
	2013	5,000	15,000	20,000
	2014	5,000	20,000	26,000

Source: Morgan Stanley Research

Why Equal-weight?

- The opportunity in electric vehicles is enormous, but so is the challenge of getting the Model S on the road on time and on budget. Our \$20 base case is based on discounted equity-based multiples of EV/sales and EV/EBITDA and a DCF and reflects uncertain demand for electric vehicles (EVs), increasing competition from OEMs, and execution risk.

Key Value Drivers

- **Model S pre-orders** — the best indicator of demand.
- **Additional or larger OEM partnerships** would add scale, top line growth, and offer further proof of Tesla's technology leadership.
- **EV adoption and subsidies.** Competitors' EVs will launch before the Model S. Strong sales and/or higher government support are positive.

Potential Catalysts

- Production details for Toyota Electric RAV4 — current forecast is for 2,500 units over several years starting in 2012.
- Larger scale production orders from Daimler for Smart or A-class programs.
- Additional OEM partnerships for larger volumes.
- Model S — continued progress to Beta build and release candidate on final production tools.
- Accelerating Model S reservations.

February 16, 2011

Tesla Motors Inc.

Exhibit 1

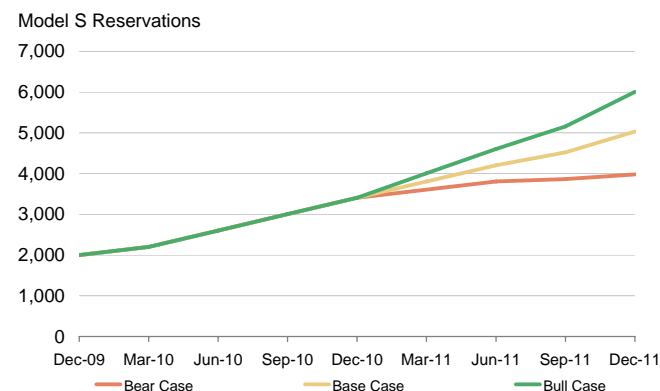
4Q10 Earnings Scorecard (Actual vs. Wall Street Estimates)

	Actual			4Q10 Estimates		Actual vs. Estimates	
	Dec-09	Sep-10	Dec-10	MS	Cons.	vs. MS	vs. Cons.
\$MM							
Total Revenues	18.6	31.2	36.3	32.7	34.3	10.9%	5.8%
Total Cost of Revenue	16.8	21.9	24.9	24.6	26.7	1.0%	(6.8%)
Gross Profit – Total	1.8	9.4	11.4	8.1	7.6	40.9%	49.6%
Expenses							
Total SG&A	16.6	17.9	19.7	17.0		15.6%	
Stock-based Compensation	-	3.8	7.8	5.0		56.9%	
Total Expenses	24.7	47.2	63.1	59.0	57.5	6.9%	9.7%
Operating (Loss) Income	(22.9)	(37.8)	(51.6)	(50.9)	(49.8)	1.5%	3.6%
Operating Margin	(123.4%)	(121.1%)	(142.3%)	(155.6%)	(145.3%)	1324bps	296bps
Total Other Income (Expense)	(1.1)	3.0	0.3	(0.4)		(162.7%)	
Taxes, Recurring	0.2	0.1	(0.0)	-			
Effective Tax Rate	(1.0%)	(0.2%)	0.1%	0.0%		7bps	
Recurring Net Income	(24.2)	(34.9)	(51.4)	(51.3)	(50.0)	(0.1%)	(2.8%)
Recurring NI Margin	(130.4%)	(111.8%)	(141.5%)	(156.8%)	(145.7%)	1525bps	415bps
GAAP EPS		(\$0.38)	(\$0.54)	(\$0.54)		0.1%	
Non-GAAP EPS		(\$0.35)	(\$0.47)	(\$0.50)	(\$0.50)	6.5%	5.3%

Source: Company data, Morgan Stanley Research, FactSet

Exhibit 2

Model S Reservations Appear to Be Tracking Slightly Better than our Base Case



Source: Company data, Morgan Stanley Research

February 16, 2011

Tesla Motors Inc.

Exhibit 1

Base Case Quarterly Assumptions

	2009A				2010E				2011E				2012E				2013E			
	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Volumes																				
Model S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	3,500	3,750	3,750	3,750	3,750
Roadster	182	200	324	134	126	141	151	149	145	145	140	140	140	140	100	45	-	-	500	300
Next Gen Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Vehicles	182	200	324	134	126	141	151	149	145	145	140	140	140	140	2,100	3,545	3,750	3,750	4,250	4,050
Powertrains	-	-	-	-	105	200	240	430	450	450	450	500	650	700	750	800	875	875	875	875
Powertrain ASP (\$)	0.0k	0.0k	0.0k	0.0k	25.9k	24.1k	21.3k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k
Gross Margins																				
Model S	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	8.2%	8.2%	8.4%	13.3%	17.2%	19.5%
Roadster	(9.8%)	7.8%	16.9%	9.6%	17.7%	20.0%	17.0%	24.0%	21.4%	22.4%	23.5%	24.8%	24.6%	24.6%	24.6%	24.3%	0.0%	0.0%	31.5%	31.1%
Powertrain	NM	NM	NM	NM	23.7%	15.0%	4.4%	11.8%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Total	NM	7.8%	16.9%	9.6%	18.5%	22.2%	30.0%	31.5%	28.4%	28.8%	29.4%	29.8%	27.2%	26.0%	11.2%	9.8%	9.7%	14.1%	19.5%	20.9%
Roadster Leasing (as % of Total Vehicles Sold)	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	18.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

Source: Company data, Morgan Stanley Research estimates

Exhibit 2

Base Case Annual Assumptions

	Fiscal Year														
	2007A	2008A	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	
Volumes															
Model S	-	-	-	-	-	5,500	15,000	20,000	23,000	26,450	30,000	30,000	30,000	30,000	
Roadster	-	-	-	321	314	255	480	400	400	400	400	400	400	400	
Next Gen Vehicle	-	-	-	-	-	-	-	-	-	-	25,000	31,250	39,063	48,828	
Total Vehicles	-	-	-	321	314	5,755	15,480	20,400	23,400	26,850	55,400	61,650	69,463	79,228	
Powertrains	-	-	-	975	1,850	2,900	3,500	3,500	4,200	5,000	5,000	5,000	5,000	5,000	
Powertrain ASP (\$)	NM	NM	NM	22.2k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	20.9k	
Gross Margins															
Model S		NM	NM	NM	NM	8.2%	14.7%	21.4%	22.4%	21.5%	21.1%	21.1%	21.1%	21.1%	
Roadster		NM	NM	19.8%	23.0%	24.6%	29.9%	38.1%	36.7%	37.2%	32.9%	38.0%	32.9%	32.9%	
Next Gen Vehicle		NM	NM	NM	NM	NM	NM	15.0%	15.0%	15.0%	16.0%	17.0%	18.0%	19.0%	
Powertrain		NM	NM	12.3%	24.0%	24.0%	24.0%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%	
Total		(7.6%)	8.5%	26.5%	29.1%	12.4%	16.3%	22.2%	23.0%	22.2%	20.0%	20.2%	20.2%	20.5%	
Roadster Leasing (as % of Total Vehicles Sold)				10.8%	15.0%	15.0%	15.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

Source: Company data, Morgan Stanley Research estimates

February 16, 2011

Tesla Motors Inc.

Exhibit 3

Base Case Quarterly Income Statement

\$ millions	2009A				2010E				2011E				2012E				2013E			
	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Total Revenues	20.9	26.9	45.5	18.6	20.8	28.4	31.2	36.3	43.5	43.4	42.8	43.8	39.0	37.2	203.4	325.2	335.4	345.2	397.6	379.2
Cost of Revenue	22.9	24.8	37.8	16.8	17.0	22.1	21.9	24.9	31.2	30.9	30.2	30.8	28.4	27.5	180.7	293.4	303.0	296.5	320.1	300.1
Gross Profit	(2.0)	2.1	7.7	1.8	3.9	6.3	9.4	11.4	12.4	12.5	12.6	13.1	10.6	9.7	22.7	31.8	32.4	48.7	77.5	79.1
Gross Profit Margin	NM	7.8%	16.9%	9.6%	18.5%	22.2%	30.0%	31.5%	28.4%	28.8%	29.4%	29.8%	27.2%	26.0%	11.2%	9.8%	9.7%	14.1%	19.5%	20.9%
Expenses																				
Research and Development	7.9	1.9	1.3	8.1	13.3	14.9	25.4	35.6	37.5	37.5	37.5	37.5	22.3	22.3	22.3	22.3	20.0	15.0	15.0	10.0
Sales and Marketing	-	-	-	-	6.0	7.0	9.0	10.5	11.0	11.0	11.0	11.0	15.3	15.3	15.3	15.3	27.8	27.8	27.8	27.8
General and Administrative	6.6	8.2	10.7	16.6	7.2	9.7	8.9	9.2	10.1	10.4	10.7	11.0	11.3	11.6	11.9	12.2	12.5	12.8	13.1	13.4
Stock-based Compensation	-	-	-	-	3.4	6.1	3.8	7.8	5.1	5.1	5.2	5.2	4.2	4.3	4.3	4.3	5.2	4.8	4.9	4.5
Total Expenses	14.5	10.2	12.0	24.7	29.9	37.7	47.2	63.1	63.7	64.1	64.4	64.7	53.1	53.4	53.7	54.1	65.5	60.4	60.8	55.6
Operating (Loss) Income	(16.6)	(8.1)	(4.3)	(22.9)	(26.0)	(31.4)	(37.8)	(51.6)	(51.4)	(51.5)	(51.8)	(51.6)	(42.5)	(43.7)	(31.0)	(22.2)	(33.1)	(11.7)	16.7	23.4
Operating Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	4.2%	6.2%
EBITDA (excl. SBC)	(16.6)	(8.1)	0.7	(21.0)	(20.5)	(22.8)	(30.9)	(40.9)	(38.5)	(36.6)	(35.3)	(34.1)	(20.6)	(20.2)	(7.1)	1.3	(9.5)	12.2	40.9	46.9
EBITDA Margin	NM	NM	1.6%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.4%	NM	3.5%	10.3%	12.4%
Interest Expense, net	(1.4)	(1.1)	0.0	0.0	(0.2)	(0.4)	(0.3)	0.1	(0.6)	(1.4)	(2.2)	(2.9)	(2.8)	(2.9)	(2.9)	(3.0)	(3.3)	(3.5)	(3.2)	(2.7)
Other Income (Expense), net	2.0	(1.7)	(0.6)	(1.1)	(3.2)	(6.7)	3.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Other Income (Expense)	0.6	(2.8)	(0.5)	(1.1)	(3.4)	(7.1)	3.0	0.3	(0.4)	(1.2)	(2.0)	(2.7)	(2.7)	(2.7)	(2.7)	(2.8)	(3.1)	(3.3)	(3.0)	(2.5)
Pre-tax Income	(16.0)	(10.9)	(4.8)	(24.0)	(29.4)	(38.5)	(34.9)	(51.4)	(51.8)	(52.8)	(53.8)	(54.4)	(45.1)	(46.4)	(33.7)	(25.1)	(36.3)	(15.0)	13.8	20.9
Pre-tax margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.5%	5.5%
Taxes, GAAP	0.0	0.0	(0.2)	0.2	0.1	0.0	0.1	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Tax Impact of One-Time Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes, Recurring	0.0	0.0	(0.2)	0.2	0.1	0.0	0.1	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Effective Tax Rate	(0.0%)	(0.1%)	4.5%	(1.0%)	(0.4%)	(0.0%)	(0.2%)	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Recurring Net Income	(16.0)	(10.9)	(4.6)	(24.2)	(29.5)	(38.5)	(34.9)	(51.4)	(51.8)	(52.8)	(53.8)	(54.4)	(45.1)	(46.4)	(33.7)	(25.1)	(36.3)	(15.0)	13.8	20.9
Recurring NI Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.5%	5.5%
Cumulative Effect of Accounting Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Charges/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(16.0)	(10.9)	(4.6)	(24.2)	(29.5)	(38.5)	(34.9)	(51.4)	(51.8)	(52.8)	(53.8)	(54.4)	(45.1)	(46.4)	(33.7)	(25.1)	(36.3)	(15.0)	13.8	20.9
GAAP EPS									(\$0.38)	(\$0.54)	(\$0.56)	(\$0.55)	(\$0.44)	(\$0.45)	(\$0.33)	(\$0.24)	(\$0.35)	(\$0.14)	\$0.12	\$0.17
Non-GAAP EPS									(\$0.35)	(\$0.47)	(\$0.51)	(\$0.51)	(\$0.41)	(\$0.42)	(\$0.29)	(\$0.21)	(\$0.31)	(\$0.11)	\$0.15	\$0.20

Source: Company data, Morgan Stanley Research estimates

February 16, 2011

Tesla Motors Inc.

Exhibit 4

Base Case Annual Income Statement

\$ millions	Fiscal Year													
	2007A	2008A	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Total Revenues	0.1	14.7	111.9	116.7	173.5	604.9	1,457.3	1,897.9	2,184.0	2,460.6	3,798.2	4,042.5	4,324.8	4,725.2
Cost of Revenue	0.0	15.9	102.4	85.8	123.0	530.1	1,219.7	1,475.9	1,680.9	1,914.8	3,038.9	3,225.2	3,449.1	3,757.4
Gross Profit	0.1	(1.1)	9.5	30.9	50.5	74.9	237.7	422.0	503.2	545.8	759.4	817.3	875.7	967.7
Gross Profit Margin	87.7%	NM	8.5%	26.5%	29.1%	12.4%	16.3%	22.2%	23.0%	22.2%	20.0%	20.2%	20.2%	20.5%
Expenses														
Research and Development	62.7	53.6	19.3	89.1	150.0	89.0	60.0	80.0	85.6	91.6	98.0	104.9	112.2	120.1
Sales and Marketing	-	-	-	32.5	44.0	61.0	111.0	132.9	152.9	172.2	265.9	283.0	302.7	330.8
General and Administrative	17.1	23.4	42.2	35.0	42.4	47.2	52.0	71.2	76.4	86.1	132.9	121.3	129.7	141.8
Stock-based Compensation	0.2	0.4	-	21.2	20.6	17.1	19.4	19.7	19.2	18.4	22.1	18.5	16.8	18.3
Total Expenses	80.0	77.4	61.4	177.8	256.9	214.3	242.3	303.8	334.1	368.4	518.9	527.6	561.5	610.9
Operating (Loss) Income	(79.9)	(78.5)	(51.9)	(146.8)	(206.4)	(139.4)	(4.7)	118.2	169.0	177.4	240.5	289.7	314.1	356.8
Operating Margin	NM	NM	NM	NM	NM	NM	NM	6.2%	7.7%	7.2%	6.3%	7.2%	7.3%	7.6%
EBITDA (excl. SBC)	(76.8)	(73.9)	(45.0)	(115.1)	(144.5)	(46.7)	90.6	205.2	268.4	291.6	367.8	436.8	463.2	517.7
EBITDA Margin	NM	NM	NM	NM	NM	NM	6.2%	10.8%	12.3%	11.9%	9.7%	10.8%	10.7%	11.0%
Interest Expense, net	1.7	(3.2)	(2.4)	(0.8)	(7.1)	(11.6)	(12.7)	(8.4)	(0.2)	1.2	2.0	3.1	4.4	5.7
Other Income (Expense), net	0.1	(1.0)	(1.4)	(6.5)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Total Other Income (Expense)	1.9	(4.2)	(3.8)	(7.3)	(6.3)	(10.9)	(11.9)	(7.6)	0.5	2.0	2.8	3.8	5.1	6.5
Pre-tax Income	(78.0)	(82.7)	(55.7)	(154.2)	(212.7)	(150.3)	(16.6)	110.6	169.6	179.4	243.3	293.5	319.3	363.3
Pre-tax margin	NM	NM	NM	NM	NM	NM	NM	5.8%	7.8%	7.3%	6.4%	7.3%	7.4%	7.7%
Taxes, GAAP	0.1	0.1	0.0	0.2	-	-	-	-	-	-	-	48.4	76.6	87.2
Tax Impact of One-Time Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes, Recurring	0.1	0.1	0.0	0.2	-	-	-	-	-	-	-	48.4	76.6	87.2
Effective Tax Rate	(0.1%)	(0.1%)	(0.0%)	(0.1%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.5%	24.0%	24.0%
Recurring Net Income	(78.2)	(82.8)	(55.7)	(154.3)	(212.7)	(150.3)	(16.6)	110.6	169.6	179.4	243.3	245.1	242.6	276.1
Recurring NI Margin	NM	NM	NM	NM	NM	NM	NM	5.8%	7.8%	7.3%	6.4%	6.1%	5.6%	5.8%
Cumulative Effect of Accounting Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One-Time Charges/Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(78.2)	(82.8)	(55.7)	(154.3)	(212.7)	(150.3)	(16.6)	110.6	169.6	179.4	243.3	245.1	242.6	276.1
GAAP EPS				(\$3.04)	(\$2.19)	(\$1.46)	(\$0.15)	\$0.91	\$1.36	\$1.41	\$1.87	\$1.84	\$1.77	\$1.97
Non-GAAP EPS				(\$2.73)	(\$2.03)	(\$1.33)	(\$0.02)	\$1.04	\$1.48	\$1.52	\$2.00	\$1.94	\$1.87	\$2.07

Source: Company data, Morgan Stanley Research estimates

February 16, 2011

Tesla Motors Inc.

Exhibit 5

Base Case Annual Balance Sheet

\$ millions	Fiscal Year													
	2007A	2008A	2009A	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Current Assets														
Cash and cash equivalents	17.2	9.3	69.6	99.4	215.1	100.0	100.0	100.0	359.5	661.7	1,034.3	1,509.5	2,000.5	2,558.1
Accounts receivable, net	0.1	3.3	3.5	6.7	13.1	11.8	13.7	13.1	16.0	18.9	18.8	18.7	18.4	18.3
Inventories, net	2.1	16.7	23.2	45.2	36.8	350.8	358.8	444.8	506.6	575.5	915.8	972.0	1,039.5	1,129.3
Prepaid expenses and other current assets	2.9	2.2	4.2	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Total Current Assets	22.3	31.4	100.6	162.1	275.7	473.5	483.3	568.8	892.9	1,267.0	1,979.7	2,511.0	3,069.3	3,716.5
Property, Plant and Equipment, net	12.0	18.8	23.5	114.6	275.7	283.8	259.9	324.0	388.0	453.7	525.4	569.9	614.1	661.9
Restricted cash	0.3	1.2	3.6	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5
Other assets	0.3	0.3	2.8	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7	22.7
Total Assets	34.8	51.7	130.4	385.9	670.2	880.2	868.9	1,011.5	1,394.6	1,828.6	2,613.1	3,182.2	3,784.5	4,479.7
Current Liabilities														
Accounts payable	5.4	14.2	15.1	38.8	30.1	287.0	293.6	363.9	414.5	470.8	749.3	795.3	850.5	924.0
Accrued liabilities	8.5	11.1	14.5	11.1	12.8	18.8	60.0	114.9	168.5	221.8	313.3	397.3	478.1	561.7
Deferred development compensation	-	10.2	0.2	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	4.1	1.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
Capital lease obligations, current portion	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Refundable reservation payments	37.3	48.0	26.0	30.8	35.4	12.4	-	-	-	-	-	-	-	-
Total Current Liabilities	51.3	87.9	57.5	88.4	86.0	326.0	361.3	486.5	590.7	700.4	1,070.3	1,200.3	1,336.3	1,493.4
Convertible preferred stock warrant liability	0.2	2.1	1.7	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Capital lease obligations, less current portion	0.0	0.9	0.8	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Convertible notes payable	-	54.5	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue, less current portion	-	-	1.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Other long-term liabilities	-	4.8	3.5	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
Total Convertible Preferred Stock	101.2	101.2	319.2	-	-	-	-	-	-	-	-	-	-	-
DOE Loan	-	-	-	71.8	304.9	345.6	221.6	17.3	-	-	-	-	-	-
Total Long-Term Liabilities	101.4	163.5	326.5	90.7	323.8	364.4	240.4	36.2	18.8	18.8	18.8	18.8	18.8	18.8
Total Liabilities	152.7	251.4	383.9	179.0	409.8	690.4	601.7	522.7	609.6	719.2	1,089.2	1,219.1	1,355.2	1,512.2
Stockholders' Equity														
Common stock	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Additional paid-in capital	4.3	5.2	7.1	621.9	888.1	967.9	1,062.0	1,172.9	1,299.6	1,444.6	1,615.8	1,809.9	2,033.6	2,295.5
Retained Earnings	(122.1)	(204.9)	(260.7)	(415.0)	(627.7)	(778.0)	(794.6)	(684.1)	(514.5)	(335.1)	(91.8)	153.3	395.9	672.0
Accumulated other comprehensive loss, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total stockholders' equity	(117.8)	(199.7)	(253.5)	207.0	260.5	190.0	267.4	489.0	785.2	1,109.6	1,524.0	1,963.2	2,429.5	2,967.6
Total Liabilities and Stockholders' Equity	34.8	51.7	130.4	386.1	670.3	880.4	869.1	1,011.6	1,394.8	1,828.8	2,613.2	3,182.4	3,784.7	4,479.8

Source: Company data, Morgan Stanley Research estimates



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February 16, 2011

Tesla Motors Inc.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1184	41%	449	44%	38%
Equal-weight/Hold	1210	42%	439	43%	36%
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Total	2,906		1028		

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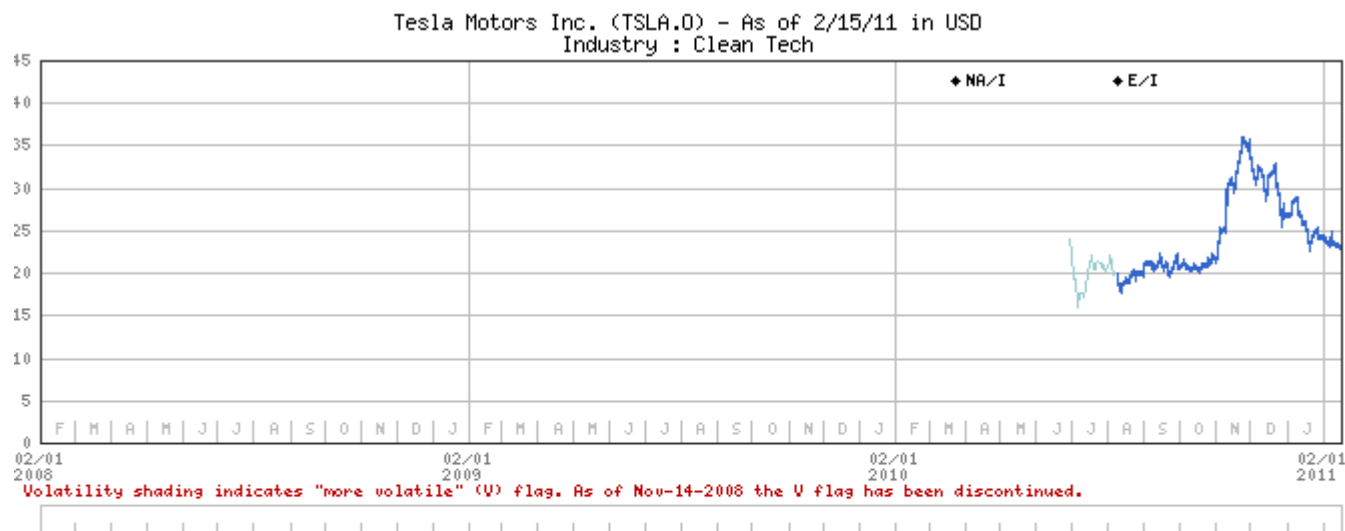
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 3/24/10 : NA/I; 8/9/10 : E/I

Price Target History: 8/9/10 : NA

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (V) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Tesla Motors Inc.

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February 16, 2011

Tesla Motors Inc.

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The Americas

1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1) 212 761 4000

Europe

20 Bank Street, Canary Wharf
London E14 4AD
United Kingdom
Tel: +44 (0) 20 7 425 8000

Japan

4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0) 3 5424 5000

Asia/Pacific

1 Austin Road West
Kowloon
Hong Kong
Tel: +852 2848 5200

Industry Coverage: Clean Tech

Company (Ticker)	Rating (as of)	Price* (02/15/2011)
Joshua Paradise, CFA		
A123 Systems Inc. (AONE.O)	E (11/10/2010)	\$9.74
Cree, Inc. (CREE.O)	E (10/20/2010)	\$55.06
EnerNoc, Inc. (ENOC.O)	E (01/12/2011)	\$20
Energy Conversion Devices, Inc (ENER.O)	E (11/10/2010)	\$4.07
Tesla Motors Inc. (TSLA.O)	E (08/09/2010)	\$22.84
Smittipon Srethapramote		
American Superconductor Corporation (AMSC.O)	E (12/07/2010)	\$27.68
Amyris Inc. (AMRS.O)	E (01/12/2011)	\$31.72
First Solar Inc. (FSLR.O)	E (02/07/2011)	\$166.26
SunPower Corporation (SPWRA.O)	E (10/08/2010)	\$16.58

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.