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April 29, 2011

Stock Rating
Overweight

Industry View
In-Line

Tesla Motors Inc.

T Minus 500 Days: What Will Matter for Q1 Results?

Tesla has six quarters to report before the first scheduled Model S deliveries in mid-2012. In that period, sales volumes and quarterly EPS will likely be poor indicators of future success. We highlight four items that we think matter when Tesla reports, scheduled for Wednesday after the close.

(1) Model S Reservations: We expect 400 new reservations in the quarter, bringing the total to 3,800. We believe reservations are the best indicator of future demand as each requires a refundable \$5,000 payment. Reservations also de-risk the production ramp: we expect at least six months of production will be pre-sold by mid-2012.

(2) Roadster Sales: We expect Roadster unit volume and ASPs to be 145 and \$126k, respectively, in-line with 4Q/10. Sales of the low-volume high-priced Roadster may not predict Model S demand, but disappointing Roadster sales would likely weigh on the stock price.

(3) Model S production ramp. We hope to hear details of the performance of the Alpha builds and to get more specifics on the factory buildout. In our model, we forecast the first Model S deliveries late in 4Q/12, approximately six months later than management's target of mid-2012. Increasing confidence in or accelerating the schedule could be a major positive and should reduce the risk of a cash crunch.

(4) Cash burn and plans for capital raise: We expect Tesla's free cash burn in the quarter to be \$83MM; funding from the DOE loan reduces net burn to only (\$9MM) and will leave \$483MM of gross liquidity at March 31, 2011. Management has indicated that they plan to raise capital in 2H11 and we have modeled in a \$150 MM equity raise. Even with that, gross liquidity falls below \$150 MM in 2013. A successful capital raise would challenge the bear thesis that the company will run out of cash before they can ramp production and would serve as a positive catalyst in our view.

Key Ratios and Statistics

Reuters: TSLA.O Bloomberg: TSLA US
Autos & Auto-Related / United States of America

Price target	\$70.00
Shr price, close (Apr 27, 2011)	\$27.08
Mkt cap, curr (mm)	\$2,577
52-Week Range	\$36.42-14.98

Recent Reports

Title	Date
Cooper Tire & Rubber Company: Pulling the Right Levers in a Materials Storm Ravi Shanker / Adam Jonas, CFA / Yejay Ying	Apr 27, 2011
Group 1 Automotive, Inc: Few Positive Catalysts on the Horizon, Remain UW Ravi Shanker / Adam Jonas, CFA / Yejay Ying	Apr 27, 2011
Johnson Controls, Inc.: Building a Bridge to More Stable Auto Ravi Shanker / Adam Jonas, CFA / Yejay Ying	Apr 27, 2011
Ford Motor Company: Demand > Supply Keeps the Dearborn Revolution Alive Adam Jonas, CFA / Ravi Shanker / Yejay Ying	Apr 26, 2011
Autos & Auto-Related: Leading Indicator Drops to Lowest Level since Oct-08 Ravi Shanker / Adam Jonas, CFA / Yejay Ying	Apr 26, 2011
Cree, Inc.: LEDs are Bright, but Near Term Outlook Still Isn't Joshua Paradise, CFA / Smittipon Srethapramote / Timothy Radcliff	Apr 20, 2011
Clean Tech: Climate Change & Policy: Clarity on New Italian Solar Policy Exp Smittipon Srethapramote / Joshua Paradise, CFA / Timothy Radcliff / Sunil Gupta / Sophie Lu / Sung Hee Lim / Andrew Humphrey / Allen D Wells, CFA	Apr 18, 2011

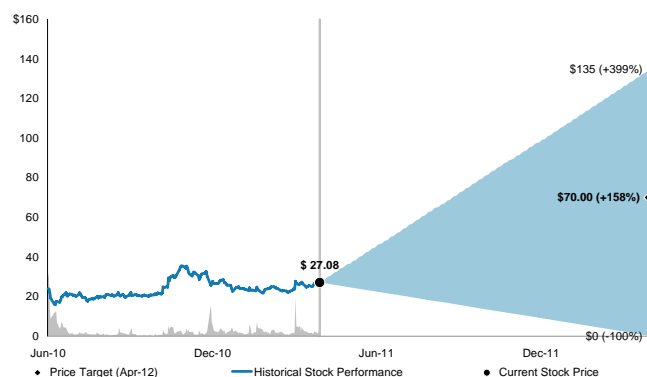
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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

April 29, 2011
Tesla Motors Inc.

OEMs – Tesla Motors (TSLA, OW, PT \$70)

Risk-Reward Snapshot



Investment Thesis

- **Global xEV penetration.** Electric cars will comprise a significant minority of global light vehicle sales medium-term and the majority longer term. Our global xEV model suggests penetration of 5.5% globally by 2020 and >15% by 2025.
- **A natural oil hedge.** A high oil price helps sway both consumer and political forces to support widespread electrification of the automotive fleet. A \$1 rise in US gas price could be worth 13% to Tesla shares based on our est. Tesla 6.0% share of the US xEV market in 2025.
- **Strategic partnerships.** Strategic cooperation and ownership relationships with Daimler, Toyota and Panasonic lend credibility and validation to Tesla's strategy in our view.
- **Mass production.** Acquisition of former NUMMI facility from Toyota should enable manufacturing scale to be a high volume producer.

Key Investment Risks

- **Model S execution and liquidity concerns.** Missteps in the Model S sedan (and derivatives) execution could jeopardize Tesla's ability to participate in the mass EV market. Inability to raise new equity could challenge min. liquidity thresholds.
- **Government support.** Significant long-term government coordination required to provide incentives to foster the application of new battery technologies, consumer taste and grid infrastructure necessary for EV adoption.
- **Competition.** Evolution of cost and performance of battery technology vs. ever-improving internal combustion engines. Stiff competition from other OEMs as they develop their own xEVs.

1Q11e Earnings Outlook

- 1Q11 earnings expected May 4th after the close.
- Key metrics are Model S reservations. We expect 400 new reservations, bringing the total to 3800.
- We expect Roadster unit volume and ASPs to be 145 and \$126k, respectively.
- Model S production ramp, R&D and capex spend and rate of cash burn. We expect Tesla's free cash burn in the quarter to be \$83MM, but funding from the DOE loan reduces net cash burn to only (\$9MM). We forecast gross liquidity of \$483MM at March 31, 2011.

1Q11e Morgan Stanley vs. Consensus

(\$ mm)	MSe	Cons.	% Diff
Revenue	43	43	0.4%
Operating Income	(54)	(54)	NM
Operating Margin	(124.3%)	(124.7%)	NM
Net Income	(55)	(53)	NM
EPS	(\$0.57)	(\$0.52)	NM

Source: Company data, FactSet, Datastream, Morgan Stanley Research

1Q11e vs. Last Year

(\$ mm)	1Q11e	1Q10	% Change
Unit Production	595	231	157.6%
Roadster	145	126	15.1%
Powertrain	450	105	328.6%
Group Revenue	43	21	108.8%
Roadster	18	18	13%
Powertrain	10	2	307.1%
Developmental Services	15	0	6507.9%
Cost of Sales	30	17	76.8%
Gross Profit	13	4	249.7%
Gross Margin	31.0%	18.5%	12.5%
SG&A	30	17	80.9%
R&D	38	13	182.7%
Stock Based Compensation	7	3	99.3%
Operating Profit	(54)	(26)	NM
Operating Margin	(124.3%)	(124.9%)	NM
Adj. Operating Profit	(47)	(23)	NM
Adjusted OP Margin	(108.8%)	(108.6%)	NM
Interest Expense	1	0	297.3%
Net Interest Income	0	0	50.8%
Other Income (expense), net	0	(3)	NM
Pre-tax Income	(55)	(29)	NM
Effective Tax Rate	0.0%	(0.4%)	NM
Net Income	(55)	(30)	NM
ModelWare EPS	(0.57)	(4.04)	NM

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Electric Vehicle Projections and Earnings Model

Exhibit 1

Global PHEV + EV Sales Projections (000s)

	2011	2012	2013	2014	2015	2020	2025
PHEV +EV SALES							
US							
PHEV	11	51	90	176	266	574	1,068
EV	7	28	39	59	89	574	1,601
Total	19	79	129	234	355	1,148	2,669
PHEV % of Total	60%	65%	70%	75%	75%	50%	40%
% of Global xEV Sales	29.2%	33.1%	27.9%	26.6%	25.3%	19.1%	15.2%
W. Europe							
PHEV	19	53	97	180	255	652	1,450
EV	13	29	42	60	85	652	2,174
Total	31	82	139	239	341	1,305	3,624
PHEV % of Total	60%	65%	70%	75%	75%	50%	40%
% of Global xEV Sales	49.1%	34.1%	30.0%	27.2%	24.3%	21.7%	20.7%
China							
PHEV	6	34	72	136	236	1,160	2,718
EV	4	18	31	45	79	625	2,718
Total	9	52	103	182	315	1,785	5,435
PHEV % of Total	60%	65%	70%	75%	75%	65%	50%
% of Global xEV Sales	14.6%	21.8%	22.2%	20.6%	22.5%	29.7%	31.0%
Japan							
PHEV	2	11	29	54	77	177	349
EV	1	6	12	18	26	177	524
Total	3	17	41	72	103	355	873
PHEV % of Total	60%	65%	70%	75%	75%	50%	40%
% of Global xEV Sales	4.7%	7.0%	8.9%	8.1%	7.4%	5.9%	5.0%
ROW							
PHEV	1	6	36	115	215	710	1,975
EV	1	3	15	38	72	710	2,962
Total	2	9	51	153	287	1,421	4,937
PHEV % of Total	60%	65%	70%	75%	75%	50%	40%
% of Global xEV Sales	2.4%	3.9%	11.0%	17.4%	20.5%	23.6%	28.1%
Global							
PHEV	38	155	324	660	1,050	3,274	7,559
EV	25	84	139	220	350	2,739	9,979
Total	64	239	462	880	1,401	6,013	17,538
PHEV % of Total	60%	65%	70%	75%	75%	54%	43%

Source: Company data, Morgan Stanley Research. e = Morgan Stanley research estimates.

Cost-benefit methodology behind our xEV model. We have attempted to determine the financial inflection point for operating costs, which is one of the objective factors driving our US xEV demand model. We note that several other factors also drive EV demand, some of which are more subjective including image, political will etc. These subjective factors could be even more influential than the cost factor in determining xEV demand. For our model, we assume the average car drives 12,000 miles/year and gets 25 mpg, and we estimate a weekly gasoline consumption of 8-9 gallons/week. We note that US consumers tend to feel the pain of high gas prices between \$3.50-\$4 per gallon. This means the average consumer would be comfortable spending no more than \$30 per week on gasoline costs. As part of our xEV model, we have tried to maintain the weekly gasoline/electricity spend at \$30 per week by substituting more PHEVs and EVs in the car fleet, as gasoline prices get to \$5, \$6 and higher between now and 2025.

April 29, 2011
Tesla Motors Inc.

Exhibit 2

Global PHEV + EV Share of Total Market (%)

	2011	2012	2013	2014	2015	2020	2025
PHEV + EV SHARE %							
US							
PHEV	0.1%	0.3%	0.6%	1.1%	1.6%	3.3%	6.0%
EV	0.1%	0.2%	0.2%	0.4%	0.5%	3.3%	9.0%
Total	0.1%	0.5%	0.8%	1.4%	2.1%	6.6%	15.0%
W. Europe							
PHEV	0.1%	0.4%	0.6%	1.1%	1.6%	4.0%	8.7%
EV	0.1%	0.2%	0.3%	0.4%	0.5%	4.0%	13.0%
Total	0.2%	0.5%	0.9%	1.5%	2.1%	8.0%	21.6%
China							
PHEV	0.0%	0.2%	0.4%	0.7%	1.1%	4.1%	8.7%
EV	0.0%	0.1%	0.2%	0.2%	0.4%	2.2%	8.7%
Total	0.1%	0.3%	0.5%	0.9%	1.5%	6.3%	17.5%
Japan							
PHEV	0.0%	0.2%	0.6%	1.1%	1.6%	3.9%	8.0%
EV	0.0%	0.1%	0.3%	0.4%	0.5%	3.9%	12.0%
Total	0.1%	0.4%	0.8%	1.5%	2.1%	7.9%	20.1%
ROW							
PHEV	0.0%	0.0%	0.1%	0.3%	0.6%	1.7%	4.3%
EV	0.0%	0.0%	0.0%	0.1%	0.2%	1.7%	6.4%
Total	0.0%	0.0%	0.2%	0.4%	0.8%	3.4%	10.7%
Global							
PHEV	0.0%	0.2%	0.4%	0.7%	1.1%	3.0%	6.5%
EV	0.0%	0.1%	0.2%	0.2%	0.4%	2.5%	8.6%
Total	0.1%	0.3%	0.5%	0.9%	1.5%	5.5%	15.1%

Source: Company data, Morgan Stanley Research. e = Morgan Stanley research estimates.

Exhibit 3

Global PHEV + EV Parc Analysis

	2011	2012	2013	2014	2015	2020	2025
PHEV + EV PARC							
US	19	98	225	455	802	4,587	13,814
W. Europe	31	112	249	484	816	4,924	16,663
China	9	61	162	341	649	5,883	23,226
Japan	3	20	60	131	232	1,386	4,361
ROW	2	11	61	213	495	4,673	20,056
Global	64	301	757	1,623	2,994	21,452	78,120
% Change		371.4%	151.4%	114.4%	84.5%	36.3%	26.0%
PHEV + EV PARC SHARE %							
US	0.0%	0.0%	0.1%	0.2%	0.3%	1.7%	4.8%
W. Europe	0.0%	0.0%	0.1%	0.2%	0.3%	1.9%	6.1%
China	0.0%	0.1%	0.2%	0.3%	0.5%	2.9%	8.4%
Japan	0.0%	0.0%	0.1%	0.2%	0.3%	1.9%	6.0%
ROW	0.0%	0.0%	0.0%	0.1%	0.1%	1.1%	4.0%
Global	0.0%	0.0%	0.1%	0.2%	0.3%	1.7%	5.5%
TOTAL VEHICLE SALES							
US	14,000	15,000	16,033	16,645	17,136	17,488	17,788
W. Europe	14,345	14,863	15,620	16,190	16,125	16,263	16,743
China	15,845	17,372	18,711	20,125	21,451	28,335	31,128
Japan	4,742	4,783	4,862	4,876	4,814	4,498	4,346
ROW	27,904	30,827	33,023	35,080	37,065	42,378	46,070
Global	76,836	82,844	88,249	92,916	96,592	108,963	116,075
% Change		7.8%	6.5%	5.3%	4.0%	1.2%	1.0%
TOTAL VEHICLE PARC							
US	247,046	248,944	251,728	254,954	258,486	274,686	288,568
W. Europe	238,502	240,697	243,500	246,706	249,690	262,513	274,281
China	82,091	93,524	105,532	118,149	131,256	203,860	276,161
Japan	75,395	75,367	75,415	75,474	75,471	74,645	73,000
ROW	311,523	321,809	333,542	346,504	360,555	437,494	506,186
Global	954,557	980,340	1,009,717	1,041,787	1,075,457	1,253,196	1,418,196
% Change		2.7%	3.0%	3.2%	3.2%	2.9%	2.3%

Source: Company data, Morgan Stanley Research. e = Morgan Stanley research estimates.

April 29, 2011
Tesla Motors Inc.

Exhibit 4

Internal Combustion Engine Share of Auto Market

	2011	2012	2013	2014	2015	2020	2025
ICE Sales Share %							
US	99.9%	99.5%	99.2%	98.6%	97.9%	93.4%	85.0%
W. Europe	99.8%	99.5%	99.1%	98.5%	97.9%	92.0%	78.4%
China	99.9%	99.7%	99.5%	99.1%	98.5%	93.7%	82.5%
Japan	99.9%	99.6%	99.2%	98.5%	97.9%	92.1%	79.9%
ROW	100.0%	100.0%	99.8%	99.6%	99.2%	96.6%	89.3%
Global	99.9%	99.7%	99.5%	99.1%	98.5%	94.5%	84.9%
ICE PARC Share %							
US	100.0%	100.0%	99.9%	99.8%	99.7%	98.3%	95.2%
W. Europe	100.0%	100.0%	99.9%	99.8%	99.7%	98.1%	93.9%
China	100.0%	99.9%	99.8%	99.7%	99.5%	97.1%	91.6%
Japan	100.0%	100.0%	99.9%	99.8%	99.7%	98.1%	94.0%
ROW	100.0%	100.0%	100.0%	99.9%	99.9%	98.9%	96.0%
Global	100.0%	100.0%	99.9%	99.8%	99.7%	98.3%	94.5%
ICE SALES							
US	13,981	14,921	15,904	16,411	16,781	16,340	15,119
W. Europe	14,313	14,781	15,481	15,951	15,785	14,959	13,120
China	15,836	17,320	18,609	19,943	21,136	26,550	25,693
Japan	4,739	4,766	4,821	4,804	4,711	4,143	3,474
ROW	27,902	30,817	32,972	34,926	36,778	40,958	41,133
Global	76,772	82,605	87,786	92,036	95,191	102,950	98,537
% Change		7.6%	6.3%	4.8%	3.4%	0.0%	-1.5%
ICE PARC							
US	247,027	248,846	251,503	254,499	257,683	270,099	274,753
W. Europe	238,471	240,584	243,252	246,222	248,874	257,589	257,618
China	82,081	93,463	105,370	117,808	130,607	197,977	252,935
Japan	75,392	75,347	75,355	75,343	75,239	73,259	68,639
ROW	311,521	321,798	333,480	346,291	360,060	432,821	486,130
Global	954,493	980,039	1,008,960	1,040,164	1,072,463	1,231,744	1,340,076
% Change		2.7%	3.0%	3.1%	3.1%	2.4%	1.2%

Source: Company data, Morgan Stanley Research

Valuation: We argue Tesla cannot be valued on near-term multiple metrics like traditional auto companies given that we expect Tesla to multiply revenues by over 20x from 2010 to 2015, by more than 80x by 2020 and over 150x by 2025. We have thus chosen a 15-year time horizon for our DCF which captures the full utilization of Tesla's manufacturing capacity in Fremont, the full maturation of the Model S, Model X (and top-hat derivatives) and also the ramp up of its mass market electric vehicle (the Gen 3). We have applied a 12% WACC with a range of 10% to 14%. The terminal value accounts for around 60% to 70% of the total DCF value across the range of methodologies we have applied to arrive at our \$70 PT.

April 29, 2011
Tesla Motors Inc.

Exhibit 5

Tesla: Quarterly Revenue Driver Analysis, 2009-2012e

Revenues	FY 2009	FY 2010	1Q11E	2Q11E	3Q11E	4Q11E	FY 2011E	1Q12E	2Q12E	3Q12E	4Q12E	FY 2012E
Unit Volume												
Roadster	840	567	145	145	140	140	570	140	140	100	45	425
Growth		-32.5%	15.1%	2.8%	-7.3%	-6.0%	0.5%	-3.4%	-3.4%	-28.6%	-67.9%	-25.4%
Model S	-	-	-	-	-	-	-	-	-	750	1,250	2,000
Growth												
Model X	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Gen 3	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Powertrain	-	975	450	450	450	500	1,850	650	700	750	800	2,900
Growth			328.6%	125.0%	87.5%	16.3%	89.7%	44.4%	55.6%	66.7%	60.0%	56.8%
Total Units	840	1,542	595	595	590	640	2,420	790	840	1,600	2,095	5,325
Growth												
Revenue/Unit (\$000s)												
Roadster	133,251	133,437	126,378	125,087	126,702	125,906	126,013	126,378	125,087	126,702	125,906	125,979
Growth		0.1%	-12.0%	-8.0%	5.0%	-7.0%	-5.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Model S	-	-	-	-	-	-	-	-	-	89,000	89,000	89,000
Growth												
Model X	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Gen 3	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Powertrain	-	21,968	22,529	22,800	20,302	19,884	21,338	21,402	21,660	19,287	18,890	20,224
Growth			-5.0%	-5.0%	-5.0%	-5.0%	-2.9%	-5.0%	-5.0%	-5.0%	-5.0%	-5.2%
Total Revenue/Unit	133,265	62,956	47,836	47,727	45,550	43,076	45,993	40,005	38,898	58,679	63,020	54,496
Growth												
Revenues												
Roadster	112	76	18	18	18	18	72	18	18	13	6	54
Growth		-32.4%	1.3%	-5.4%	-2.6%	-12.6%	-5.1%	-3.4%	-3.4%	-28.6%	-67.9%	-25.5%
Model S	-	-	-	-	-	-	-	-	-	67	111	178
Growth												
Model X	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Gen 3	-	-	-	-	-	-	-	-	-	-	-	-
Growth												
Powertrain	-	21	10	10	9	10	39	14	15	14	15	59
Growth			307.1%	113.8%	78.1%	10.5%	84.3%	37.2%	47.8%	58.3%	52.0%	48.6%
Total Automotive Revenues	112	97	28	28	27	28	111	32	33	94	132	290
Growth		-13.3%	38.3%	18.5%	15.1%	-5.5%	14.7%	11.0%	15.1%	249.4%	378.9%	160.7%
Developmental Services Sales	-	20	15	15	15	15	60	15	15	15	15	60
Growth			NM	238.3%	90.1%	110.9%	205.1%	NM	0.0%	0.0%	0.0%	0.0%
Total Tesla Revenue	112	117	43	43	42	43	171	47	48	109	147	350
Growth		4.3%	108.8%	52.8%	34.0%	17.3%	46.7%	7.2%	9.9%	160.0%	245.4%	104.4%

E = Morgan Stanley Research estimates.

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 6

Tesla: Consolidated Quarterly Income Statement, 2009 to 2012

Income Statement	FY 2009	FY 2010	1Q11E	2Q11E	3Q11E	4Q11E	FY 2011E	1Q12E	2Q12E	3Q12E	4Q12E	FY 2012E
Revenues												
Automotive	112	97	28	28	27	28	111	32	33	94	132	290
Growth		-13.3%	-2.4%	-0.2%	-5.4%	2.6%	14.7%	14.6%	3.4%	187.3%	40.6%	160.7%
Development services	-	20	15	15	15	15	60	15	15	15	15	60
Growth			110.9%	0.0%	0.0%	0.0%	205.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenues	112	117	43	43	42	43	171	47	48	109	147	350
Growth		4%	19.8%	-0.1%	-3.5%	1.7%	46.7%	9.5%	2.3%	128.4%	35.0%	104.4%
Total Cost of Revenues	102	86	30	29	30	32	121	30	30	72	102	308
Growth												
Total Gross Profit	10	31	13	14	11	11	50	17	18	37	45	42
Gross Margin	8.5%	26.3%	31.0%	33.4%	27.4%	25.3%	29.3%	35.9%	37.6%	33.7%	30.8%	12.1%
Research and Development	19	93	38	38	35	35	145	40	40	40	40	160
R&D/Sales	17.2%	79.7%	86.3%	86.4%	83.6%	82.2%	84.6%	85.8%	83.9%	36.7%	27.2%	45.7%
SG&A	42	85	30	30	32	34	126	38	41	43	46	167
SG&A/Sales	37.7%	72.4%	69.0%	69.1%	76.4%	79.9%	73.6%	81.5%	85.0%	39.5%	30.9%	47.7%
Stock-based Compensation	1	21	7	7	7	7	27	8	8	8	9	33
% of Operating Expense	2.3%	11.9%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Operating Profit (GAAP)	(52)	(147)	(54)	(53)	(56)	(58)	(221)	(61)	(63)	(46)	(40)	(285)
Operating Margin	-46.4%	-125.8%	-124.3%	-122.1%	-132.6%	-136.8%	-128.9%	-131.5%	-131.3%	-42.5%	-27.4%	-81.3%
Operating Profit (Non-GAAP excl. Stock Comp)	(50)	(126)	(47)	(46)	(49)	(51)	(194)	(53)	(55)	(38)	(32)	(252)
Operating Margin	-45.1%	-107.7%	-108.8%	-106.6%	-116.6%	-120.6%	-113.1%	-114.7%	-114.4%	-34.9%	-21.6%	-72.0%
Interest income	0	0	0	0	0	0	0	0	0	0	0	1
Rate		0.14%	0.2%	0.2%	0.2%	0.2%	0.1%	0.5%	0.5%	0.5%	0.5%	0.4%
Interest expense	3	1	1	1	2	2	6	2	3	3	3	12
Rate		1.4%	3.0%	3.0%	3.0%	3.0%	2.2%	3.0%	3.0%	3.0%	3.0%	2.5%
Other income (expense), net	(1.4)	(6.6)	-	-	-	-	-	-	-	-	-	-
Pretax Profit	(56)	(154)	(55)	(54)	(57)	(60)	(226)	(63)	(65)	(49)	(44)	(296)
Pretax Margin	-49.8%	-132.0%	-126.2%	-125.0%	-136.5%	-141.4%	-132.2%	-136.1%	-136.6%	-45.2%	-29.6%	-84.4%
Provision for income taxes	0	0	-	-	-	-	-	-	-	-	-	-
Effective Tax Rate	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ongoing Net Income	(56)	(154)	(55)	(54)	(57)	(60)	(226)	(63)	(65)	(49)	(44)	(296)
Extraordinary gains (charges)												
Reported Net Income	(56)	(154)	(55)	(54)	(57)	(60)	(226)	(63)	(65)	(49)	(44)	(296)
Basic Weighted Average Shares	7	51	96	96	96	100	97	104	105	105	106	105
Diluted Weighted Average Shares	7	51	96	96	96	100	97	104	105	105	106	105
Basic EPS		(3.04)	(0.57)	(0.56)	(0.59)	(0.60)	(2.33)	(0.61)	(0.62)	(0.47)	(0.41)	(2.80)
Diluted EPS Reported		(3.04)	(0.57)	(0.56)	(0.59)	(0.60)	(2.33)	(0.61)	(0.62)	(0.47)	(0.41)	(2.80)
Diluted EPS (GAAP)	(7.94)	(3.04)	(0.57)	(0.56)	(0.59)	(0.60)	(2.33)	(0.61)	(0.62)	(0.47)	(0.41)	(2.80)
Diluted EPS (Non-GAAP excl. Stock Comp)	(7.73)	(2.63)	(0.50)	(0.49)	(0.52)	(0.53)	(2.05)	(0.53)	(0.54)	(0.39)	(0.33)	(2.49)

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 7

Tesla: Consolidated Quarterly Balance Sheet, 2009-2012e

Balance Sheet	FY 2009	FY 2010	1Q11E	2Q11E	3Q11E	4Q11E	FY 2011E	1Q12E	2Q12E	3Q12E	4Q12E	FY 2012E
Cash & Cash Equivalents	70	100	91	80	62	169	169	135	132	145	173	173
Restricted Cash - Current	-	74	49	25	-	-	-	-	-	-	-	-
Account Receivable	3	7	12	12	11	12	12	13	13	30	40	40
Inventory	23	45	41	40	42	44	44	36	33	87	123	123
Prepaid expenses and other current assets	4	11	11	11	11	11	11	11	11	11	11	11
Total Current Assets	101	236	204	166	126	235	235	195	188	273	347	347
Operating lease vehicles, net	-	8	8	8	8	8	8	8	8	8	8	8
Property and equipment, net	24	115	147	188	232	275	275	300	302	294	286	286
Restricted cash	4	5	5	5	5	5	5	5	5	5	5	5
Other assets	3	23	23	23	23	23	23	23	23	23	23	23
Total Assets	130	386	386	390	394	545	545	530	526	602	669	669
Accounts payable	15	29	33	32	33	35	35	33	33	79	112	112
Accrued liabilities	15	21	12	12	12	13	13	12	12	29	41	41
Deferred development compensation	0	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1	5	5	5	5	5	5	5	5	5	5	5
Capital lease obligations, current portion	0	0	0	0	0	0	0	0	0	0	0	0
Reservation payments	26	31	34	37	39	42	42	45	48	52	56	56
Total Current Liabilities	57	86	84	85	89	94	94	94	97	165	213	213
Common stock warrant liability	-	6	6	6	6	6	6	6	6	6	6	6
Convertible preferred stock warrant liability	2	-	-	-	-	-	-	-	-	-	-	-
Capital lease obligations, less current portion	1	0	0	0	0	0	0	0	0	0	0	0
Deferred revenue, less current portion	1	3	3	3	3	3	3	3	3	3	3	3
Long-term debt	-	72	122	172	222	272	272	312	362	412	465	465
Other long-term liabilities	3	12	12	12	12	12	12	12	12	12	12	12
Total Liabilities	65	179	227	278	333	388	388	428	481	598	699	699
Total convertible preferred stock	319	-	-	-	-	-	-	-	-	-	-	-
Common Stock	0	0	0	0	0	0	0	0	0	0	0	0
Additional paid-in capital	7	622	629	635	642	799	799	807	815	823	832	832
Accumulated deficit	(261)	(415)	(470)	(524)	(581)	(641)	(641)	(705)	(770)	(819)	(863)	(863)
Total stockholders' equity (deficit)	(254)	207	159	111	61	158	158	102	45	4	(31)	(31)
Total Liabilities and Equity	130	386	386	390	394	545	545	530	526	602	669	669
check	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	-	72	122	172	222	272	272	312	362	412	465	465
Net Debt (Cash)	(70)	(28)	31	92	160	103	103	177	230	266	291	291
Net Debt/EBITDA		0.2 x	(0.2 x)	(0.5 x)	(0.9 x)	(0.6 x)	(0.6 x)	(1.0 x)	(1.3 x)	(1.7 x)	(2.1 x)	(2.1 x)

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 8

Tesla: Consolidated Quarterly Cash Flow Statement, 2009-2012e

Cash Flow	FY 2009	FY 2010	1Q11E	2Q11E	3Q11E	4Q11E	FY 2011E	1Q12E	2Q12E	3Q12E	4Q12E	FY 2012E
Cash flows from operating activities												
Net Income (Loss)	(56)	(154)	(55)	(54)	(57)	(60)	(226)	(63)	(65)	(49)	(44)	(221)
Depreciation and amortization	7	11	8	9	11	12	40	17	19	19	18	73
Change in fair value of warrant liabilities	1	5	-	-	-	-	-	-	-	-	-	-
Gain on cvt notes and warrants	(1)	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	1	21	7	7	7	7	27	8	8	8	9	33
Inventory write-downs	0	1	-	-	-	-	-	-	-	-	-	-
Interest on convertible notes	1	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	3	(11)	(3)	3	3	3	5	7	6	(4)	2	11
Accounts receivable	(0)	(3)	(5)	0	0	(0)	(5)	(1)	(0)	(17)	(10)	(29)
Inventory	(8)	(20)	4	1	(2)	(2)	2	8	3	(54)	(36)	(79)
Prepaid expenses and other current assets	(2)	(5)	-	-	-	-	-	-	-	-	-	-
Operating lease assets	-	(8)	-	-	-	-	-	-	-	-	-	-
Other assets	(0)	(0)	-	-	-	-	-	-	-	-	-	-
Accounts payable	1	(0)	4	(1)	2	2	6	(2)	(0)	46	32	77
Accrued liabilities	3	13	(9)	(0)	1	1	(8)	(1)	(0)	17	12	28
Deferred development compensation	(10)	(0)	-	-	-	-	-	-	-	-	-	-
Deferred revenue	(1)	5	-	-	-	-	-	-	-	-	-	-
Reservation payments	(22)	5	3	3	2	3	11	3	3	4	4	14
Other long-term liabilities	2	4	-	-	-	-	-	-	-	-	-	-
Net cash used in operating activities	(81)	(128)	(43)	(36)	(37)	(38)	(154)	(32)	(32)	(26)	(14)	(105)
Cash flows from investing activities												
Acquisition of Fremont and related assets	-	(65)	-	-	-	-	-	-	-	-	-	-
Purchases of PP&E excl capital leases	(12)	(40)	(40)	(50)	(55)	(55)	(200)	(42)	(21)	(11)	(11)	(84)
Increase in restricted cash in DOE account	-	(74)	25	25	25	-	74	-	-	-	-	-
Increase in other restricted cash	(2)	(1)	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(14)	(180)	(15)	(25)	(30)	(55)	(126)	(42)	(21)	(11)	(11)	(84)
Cash flows from financing activities												
Proceeds from issuance of common stock	-	269	-	-	-	150	150	-	-	-	-	-
Proceeds from issuance of cvt preferred	132	-	-	-	-	-	-	-	-	-	-	-
Principal paid on capital leases and other debt	(0)	(0)	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	-	72	50	50	50	50	200	40	50	50	53	193
Proceeds from cvt notes and warrants	25	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	0	1	-	-	-	-	-	-	-	-	-	-
Common stock and loan facility issuance costs	(2)	(4)	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	155	338	50	50	50	200	350	40	50	50	53	193
Net increase in cash and cash equivalents	60	30	(9)	(11)	(18)	107	69	(34)	(3)	14	28	4
Cash and equivalents at beginning of period	9	70	100	91	80	62	100	169	135	132	145	169
Cash and cash equivalents at end of period	70	100	91	80	62	169	169	135	132	145	173	173
FCF	(93)	(168)	(83)	(86)	(92)	(93)	(354)	(74)	(53)	(36)	(25)	(189)
Drivers	FY 2009	FY 2010	1Q11E	2Q11E	3Q11E	4Q11E	FY 2011E	1Q12E	2Q12E	3Q12E	4Q12E	FY 2012E
Depreciation/PP&E		45%	28%	24%	23%	21%	35%	25%	25%	25%	25%	27%
Depreciation/Sales		9.1%	18.5%	20.3%	25.8%	28.6%	23.2%	36.9%	39.3%	17.3%	12.5%	20.9%
Capex/Sales		34.4%	92.0%	115.2%	131.3%	129.2%	116.8%	90.1%	44.0%	9.6%	7.1%	24.0%
Days Receivables		21	25	25	25	25	25	25	25	25	25	42
Days Payables		123	100	100	100	100	105	100	100	100	100	132
Inventory Days' Supply		192	125	125	125	125	131	110	100	110	110	145
Accrued Liabilities		24%	10%	10%	10%	10%	11%	10%	10%	10%	10%	13%
EBIT	-53	-153	-54	-53	-56	-58	-221	-61	-63	-46	-40	-210
EBITDA	-46	-143	-46	-44	-45	-46	-181	-44	-44	-27	-22	-137
LTM												
EBITDA		-143	-162	-170	-183	-181	-181	-179	-179	-161	-137	-137

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 9

Tesla: Annual Revenue Driver Analysis, 2009-2025e

Revenues	FY 2009	FY 2010	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Unit Volume													
Roadster	840	567	570	425	128	765	1,148	1,262	1,325	1,392	1,364	1,091	1,528
Growth		-32.5%	0.5%	-25.4%	-70.0%	500.0%	50.0%	10.0%	5.0%	5.0%	-2.0%	-20.0%	5.0%
Model S	-	-	-	2,000	15,000	18,000	20,700	23,805	26,186	23,567	22,389	21,269	27,626
Growth					650.0%	20.0%	15.0%	15.0%	10.0%	-10.0%	-5.0%	-5.0%	5.0%
Model X	-	-	-	-	-	10,000	15,000	20,000	25,000	30,000	36,000	41,400	54,739
Growth						NM	50.0%	33.3%	25.0%	20.0%	20.0%	15.0%	3.0%
Gen 3	-	-	-	-	-	-	-	-	30,000	50,000	100,000	150,000	370,000
Growth									NM	66.7%	100.0%	50.0%	12.1%
Powertrain	-	975	1,850	2,900	3,480	4,176	5,429	8,143	12,215	18,322	21,987	26,384	42,492
Growth			89.7%	56.8%	20.0%	20.0%	30.0%	50.0%	50.0%	50.0%	20.0%	20.0%	10.0%
Total Units	840	1,542	2,420	5,325	18,608	32,941	42,276	53,210	94,726	123,281	181,739	240,144	496,385
Growth													
Revenue/Unit (\$000s)													
Roadster	133,251	133,437	126,013	125,979	128,499	96,374	98,301	100,268	102,273	104,318	106,405	108,533	119,829
Growth		0.1%	-5.6%	0.0%	2.0%	-25.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Model S	-	-	-	89,000	80,100	72,090	64,881	66,179	66,840	67,509	68,184	68,866	72,379
Growth					-10.0%	-10.0%	-10.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Model X	-	-	-	-	-	80,100	76,095	72,090	64,881	66,179	66,840	67,509	70,952
Growth							-5.0%	-5.3%	-10.0%	2.0%	1.0%	1.0%	1.0%
Gen 3	-	-	-	-	-	-	-	-	30,000	30,600	31,212	31,836	32,473
Growth										2.0%	2.0%	2.0%	2.0%
Powertrain	-	21,968	21,338	20,224	16,179	11,326	9,060	9,151	9,243	9,335	9,428	9,523	10,008
Growth			-2.9%	-5.2%	-20.0%	-30.0%	-20.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Revenue/Unit	133,265	62,956	45,993	54,496	68,477	67,382	62,599	60,482	47,724	43,985	40,753	39,163	37,283
Growth													
Revenues													
Roadster	112	76	72	54	16	74	113	127	136	145	145	118	183
Growth		-32.4%	-5.1%	-25.5%	-69.4%	350.0%	53.0%	12.2%	7.1%	7.1%	0.0%	-18.4%	7.1%
Model S	-	-	-	178	1,202	1,298	1,343	1,575	1,750	1,591	1,527	1,465	2,000
Growth					575.0%	8.0%	3.5%	17.3%	11.1%	-9.1%	-4.0%	-4.1%	6.1%
Model X	-	-	-	-	-	801	1,141	1,442	1,622	1,985	2,406	2,795	3,884
Growth							42.5%	26.3%	12.5%	22.4%	21.2%	16.2%	4.0%
Gen 3	-	-	-	-	-	-	-	-	900	1,530	3,121	4,775	12,015
Growth										70.0%	104.0%	53.0%	14.4%
Powertrain	-	21	39	59	56	47	49	75	113	171	207	251	425
Growth			84.3%	48.6%	-4.0%	-16.0%	4.0%	51.5%	51.5%	51.5%	21.2%	21.2%	11.1%
Total Automotive Revenues	112	97	111	290	1,274	2,220	2,646	3,218	4,521	5,423	7,406	9,405	18,507
Growth		-13.3%	14.7%	160.7%	339.1%	74.2%	19.2%	21.6%	40.5%	19.9%	36.6%	27.0%	11.0%
					1,139	1,231							
Developmental Services Sales	-	20	60	60	63	66	69	73	77	80	84	89	113
Growth			205.1%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Tesla Revenue	112	117	171	350	1,337	2,286	2,716	3,291	4,597	5,503	7,491	9,493	18,620
Growth		4.3%	46.7%	104.4%	281.8%	70.9%	18.8%	21.2%	39.7%	19.7%	36.1%	26.7%	10.9%

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 10

Tesla: Annual Operating Profit Bridge Analysis, 2009-2025e

	FY 2009	FY 2010E	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Beginning of period OP			-147	-221	-285	-69	68	192	246	240	382	760	2,541
Volume			20	51	218	258	162	176	642	346	652	602	437
Mix			-12	14	78	-11	-61	-34	-363	-138	-176	-115	27
Pricing			0	0	2	13	11	14	0	23	28	37	-84
Productivity/Structural Costs			18	0	0	40	69	54	33	87	55	127	-134
R&D Delta			-52	-15	-8	-54	-16	-35	-43	-36	-18	-6	-73
SG&A Delta			-41	-41	-23	-61	-47	-57	-132	-85	-102	-161	-147
Commodity Costs			-6	-5	-4	0	0	0	0	0	0	0	0
Launch Costs			0	-34	-35	-40	23	-27	-99	-23	0	0	0
Depreciation Creep			-29	-33	-13	-8	-17	-36	-46	-32	-60	-23	-55
Other			29	0	0	0	0	0	0	0	0	0	0
End of period OP	-52	-147	-221	-285	-69	68	192	246	240	382	760	1,223	2,513
Inputs:													
Units	840	1,542	2,420	5,325	18,608	32,941	42,276	53,210	94,726	123,281	181,739	240,144	496,385
Revenues	112	117	171	350	1,337	2,286	2,716	3,291	4,597	5,503	7,491	9,493	18,620
Revenue/Unit	133,265	62,956	45,993	54,496	68,477	67,382	62,599	60,482	47,724	43,985	40,753	39,163	37,283
Period-over-Period Unit Volume Change (%)			57%	120%	249%	77%	28%	26%	78%	30%	47%	32%	10%
Variable Margin on Volume (%)			30%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Mix Impact per Unit (\$)			(5,089)	2,551	4,194	(328)	(1,435)	(635)	(3,827)	(1,122)	(970)	(477)	54
YoY price change (%)			0%	0%	0.5%	1.0%	0.5%	0.5%	0.0%	0.5%	0.5%	0.5%	-0.5%
Productivity/Structural Costs/Sales (%)			15%	0%	0%	3%	3%	2%	1%	2%	1%	2%	-1%
R&D (\$)		-74	-52	-15	-8	-54	-16	-35	-43	-36	-18	-6	-73
SG&A (\$)		-42	-41	-41	-23	-61	-47	-57	-132	-85	-102	-161	-147
Commodity Impact per Unit (\$)			-2,375	-1,000	-200	-	-	-	-	-	-	-	-
Launch Cost/Sales (%)			0%	-20%	-10%	-3%	1%	-1%	-3%	-1%	0%	0%	0%
OP Margin (%)	-126%	-129%	-81%	-5%	3%	7%	7%	7%	5%	7%	10%	13%	13%
Variable OP Margin (%)			-136%	-36%	22%	14%	29%	9%	-1%	16%	19%	23%	-2%

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 11

Tesla: Consolidated Annual Income Statement, 2009-2025e

Income Statement	FY 2009	FY 2010	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Revenues													
Automotive	112	97	111	290	1,274	2,220	2,646	3,218	4,521	5,423	7,406	9,405	18,507
Growth		-13.3%	14.7%	160.7%	339.1%	74.2%	19.2%	21.6%	40.5%	19.9%	36.6%	27.0%	11.0%
Development services	-	20	60	60	63	66	69	73	77	80	84	89	113
Growth			205.1%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Revenues	112	117	171	350	1,337	2,286	2,716	3,291	4,597	5,503	7,491	9,493	18,620
Growth		4%	46.7%	104.4%	281.8%	71%	19%	21%	40%	20%	36%	27%	11%
Total Cost of Revenues	102	86	121	308	1,048	1,744	1,987	2,416	3,554	4,197	5,686	7,059	13,877
Growth													
Total Gross Profit	10	31	50	42	289	541	729	875	1,043	1,306	1,805	2,435	4,743
Gross Margin	8.5%	26.3%	29.3%	12.1%	21.6%	23.7%	26.8%	26.6%	22.7%	23.7%	24.1%	25.6%	25.5%
Research and Development	19	93	145	160	168	222	238	274	316	352	370	376	740
R&D/Sales	17.2%	79.7%	84.6%	45.7%	12.6%	10.0%	9.0%	8.5%	7.0%	6.5%	5.0%	4.0%	4.0%
SG&A	42	85	126	167	190	251	299	355	487	572	674	835	1,490
SG&A/Sales	37.7%	72.4%	73.6%	47.7%	14.2%	11.0%	11.0%	10.8%	10.6%	10.4%	9.0%	8.8%	8.0%
Stock-based Compensation	1	21	27	33	32	38	38	38	48	46	52	48	67
% of Operating Expense	2.3%	11.9%	10.0%	10.0%	9.0%	8.0%	7.0%	6.0%	6.0%	5.0%	5.0%	4.0%	3.0%
Operating Profit (GAAP)	(52)	(147)	(221)	(285)	(69)	68	192	246	240	382	760	1,223	2,513
Operating Margin	-46.4%	-125.8%	-128.9%	-81.3%	-5.1%	3.0%	7.1%	7.5%	5.2%	6.9%	10.2%	12.9%	13.5%
Operating Profit (Non-GAAP excl. Stock Comp)	(50)	(126)	(194)	(252)	(37)	106	230	284	288	428	813	1,271	2,580
Operating Margin	-45.1%	-107.7%	-113.1%	-72.0%	-2.7%	4.6%	8.5%	8.6%	6.3%	7.8%	10.8%	13.4%	13.9%
Interest income	0	0	0	1	1	2	3	4	4	12	26	47	235
Rate		0.14%	0.1%	0.4%	0.8%	1.0%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest expense	3	1	6	12	14	14	20	15	2	-	-	-	-
Rate		1.4%	2.2%	2.5%	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Other income (expense), net	(1.4)	(6.6)	-	-	-	-	-	-	-	-	-	-	-
Pretax Profit	(56)	(154)	(226)	(296)	(82)	56	175	236	242	393	787	1,270	2,748
Pretax Margin	-49.8%	-132.0%	-132.2%	-84.4%	-6.1%	2.5%	6.5%	7.2%	5.3%	7.1%	10.5%	13.4%	14.8%
Provision for income taxes	0	0	-	-	-	3	11	17	20	38	162	294	659
Effective Tax Rate	0.0%	-0.1%	0.0%	0.0%	0.0%	6.0%	6.0%	7.2%	8.4%	9.6%	20.6%	23.2%	24.0%
Ongoing Net Income	(56)	(154)	(226)	(296)	(82)	53	165	219	221	355	624	976	2,089
Extraordinary gains (charges)													
Reported Net Income	(56)	(154)	(226)	(296)	(82)	53	165	219	221	355	624	976	2,089
Basic Weighted Average Shares	7	51	97	105	108	111	114	116	119	122	125	128	144
Diluted Weighted Average Shares	7	51	97	105	108	125	128	131	134	137	141	144	162
Basic EPS		(3.04)	(2.33)	(2.80)	(0.75)	0.48	1.45	1.88	1.86	2.91	4.99	7.61	14.46
Diluted EPS Reported		(3.04)	(2.33)	(2.80)	(0.75)	0.42	1.29	1.67	1.65	2.59	4.44	6.78	12.88
Diluted EPS (GAAP)	(7.94)	(3.04)	(2.33)	(2.80)	(0.75)	0.42	1.29	1.67	1.65	2.59	4.44	6.78	12.88
Diluted EPS (Non-GAAP excl. Stock Comp)	(7.73)	(2.63)	(2.05)	(2.49)	(0.46)	0.71	1.57	1.94	1.98	2.90	4.74	7.04	13.19

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 12

Tesla: Consolidated Annual Balance Sheet, 2009-2025e

Balance Sheet	FY 2009	FY 2010	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Cash & Cash Equivalents	70	100	169	173	146	200	200	200	200	572	1,314	2,344	11,754
Restricted Cash - Current	-	74	-	-	-	-	-	-	-	-	-	-	-
Account Receivable	3	7	12	40	55	56	67	81	113	136	185	234	434
Inventory	23	45	44	123	215	335	327	397	584	690	935	1,160	2,281
Prepaid expenses and other current assets	4	11	11	11	11	11	11	11	11	11	11	11	11
Total Current Assets	101	236	235	347	427	602	604	689	908	1,408	2,444	3,749	14,479
Operating lease vehicles, net	-	8	8	8	8	8	8	8	8	8	8	8	8
Property and equipment, net	24	115	275	286	334	423	585	768	898	948	1,023	1,144	2,013
Restricted cash	4	5	5	5	5	5	5	5	5	5	5	5	5
Other assets	3	23	23	23	23	23	23	23	23	23	23	23	23
Total Assets	130	386	545	669	796	1,060	1,225	1,492	1,842	2,392	3,503	4,928	16,528
Accounts payable	15	29	35	112	230	358	381	463	682	805	1,090	1,354	2,661
Accrued liabilities	15	21	13	41	105	174	199	242	355	420	569	706	1,388
Deferred development compensation	0	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	1	5	5	5	5	5	5	5	5	5	5	5	5
Capital lease obligations, current portion	0	0	0	0	0	0	0	0	0	0	0	0	0
Reservation payments	26	31	42	56	51	26	6	-	-	-	-	-	-
Total Current Liabilities	57	86	94	213	390	564	590	710	1,042	1,229	1,664	2,065	4,054
Common stock warrant liability	-	6	6	6	6	6	6	6	6	6	6	6	6
Convertible preferred stock warrant liability	2	-	-	-	-	-	-	-	-	-	-	-	-
Capital lease obligations, less current portion	1	0	0	0	0	0	0	0	0	0	0	0	0
Deferred revenue, less current portion	1	3	3	3	3	3	3	3	3	3	3	3	3
Long-term debt	-	72	272	465	465	465	400	291	39	-	-	-	-
Other long-term liabilities	3	12	12	12	12	12	12	12	12	12	12	12	12
Total Liabilities	65	179	388	699	877	1,050	1,012	1,023	1,102	1,251	1,686	2,086	4,076
Total convertible preferred stock	319	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional paid-in capital	7	622	799	832	864	902	939	977	1,025	1,072	1,124	1,172	1,478
Accumulated deficit	(261)	(415)	(641)	(863)	(944)	(891)	(727)	(508)	(286)	69	693	1,669	10,974
Total stockholders' equity (deficit)	(254)	207	158	(31)	(80)	10	213	469	739	1,141	1,817	2,842	12,453
Total Liabilities and Equity	130	386	545	669	796	1,060	1,225	1,492	1,842	2,392	3,503	4,928	16,528
check	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	-	72	272	465	465	465	400	291	39	-	-	-	-
Net Debt (Cash)	(70)	(28)	103	291	319	265	200	91	(161)	(572)	(1,314)	(2,344)	(11,754)
Net Debt/EBITDA		0.2 x	(0.6 x)	(2.1 x)	18.9 x	1.6 x	0.7 x	0.2 x	(0.4 x)	(0.9 x)	(1.3 x)	(1.5 x)	(3.8 x)

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 13

Tesla: Consolidated Annual Cash Flow Statement, 2009-2025e

Cash Flow	FY 2009	FY 2010	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Cash flows from operating activities													
Net Income (Loss)	(56)	(154)	(226)	(221)	(82)	53	165	219	221	355	624	976	2,089
Depreciation and amortization	7	11	40	73	86	93	110	146	192	224	284	307	544
Change in fair value of warrant liabilities	1	5	-	-	-	-	-	-	-	-	-	-	-
Gain on cvt notes and warrants	(1)	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	1	21	27	33	32	38	38	38	48	46	52	48	67
Inventory write-downs	0	1	-	-	-	-	-	-	-	-	-	-	-
Interest on convertible notes	1	-	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	3	(11)	5	11	70	53	24	35	113	60	141	126	190
Accounts receivable	(0)	(3)	(5)	(29)	(15)	(1)	(11)	(14)	(32)	(22)	(49)	(49)	(20)
Inventory	(8)	(20)	2	(79)	(93)	(119)	8	(71)	(187)	(106)	(245)	(226)	(270)
Prepaid expenses and other current assets	(2)	(5)	-	-	-	-	-	-	-	-	-	-	-
Operating lease assets	-	(8)	-	-	-	-	-	-	-	-	-	-	-
Other assets	(0)	(0)	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	1	(0)	6	77	118	129	23	82	218	123	286	263	315
Accrued liabilities	3	13	(8)	28	64	70	24	43	114	64	149	137	164
Deferred development compensation	(10)	(0)	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	(1)	5	-	-	-	-	-	-	-	-	-	-	-
Reservation payments	(22)	5	11	14	(5)	(25)	(20)	(6)	-	-	-	-	-
Other long-term liabilities	2	4	-	-	-	-	-	-	-	-	-	-	-
Net cash used in operating activities	(81)	(128)	(154)	(105)	106	237	336	438	574	686	1,102	1,457	2,889
Cash flows from investing activities													
Acquisition of Fremont and related assets	-	(65)	-	-	-	-	-	-	-	-	-	-	-
Purchases of PP&E excl capital leases	(12)	(40)	(200)	(84)	(134)	(183)	(272)	(329)	(322)	(275)	(360)	(427)	(745)
Increase in restricted cash in DOE account	-	(74)	74	-	-	-	-	-	-	-	-	-	-
Increase in other restricted cash	(2)	(1)	-	-	-	-	-	-	-	-	-	-	-
Net cash used in investing activities	(14)	(180)	(126)	(84)	(134)	(183)	(272)	(329)	(322)	(275)	(360)	(427)	(745)
Cash flows from financing activities													
Proceeds from issuance of common stock	-	269	150	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of cvt preferred	132	-	-	-	-	-	-	-	-	-	-	-	-
Principal paid on capital leases and other debt	(0)	(0)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	-	72	200	193	-	-	(65)	(108)	(253)	(39)	-	-	-
Proceeds from cvt notes and warrants	25	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	0	1	-	-	-	-	-	-	-	-	-	-	-
Common stock and loan facility issuance costs	(2)	(4)	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by financing activities	155	338	350	193	-	-	(65)	(108)	(253)	(39)	-	-	-
Net increase in cash and cash equivalents	60	30	69	4	(27)	54	-	-	-	372	742	1,030	2,144
Cash and equivalents at beginning of period	9	70	100	169	173	146	200	200	200	200	572	1,314	9,610
Cash and cash equivalents at end of period	70	100	169	173	146	200	200	200	200	572	1,314	2,344	11,754
FCF	(93)	(168)	(354)	(189)	(27)	54	65	108	253	410	742	1,030	2,144
Drivers	FY 2009	FY 2010	FY 2011E	FY 2012E	FY 2013E	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2025E
Depreciation/PP&E		45%	35%	27%	30%	28%	26%	25%	25%	25%	30%	30%	30%
Depreciation/Sales		9.1%	23.2%	20.9%	6.4%	4.1%	4.1%	4.4%	4.2%	4.1%	3.8%	3.2%	2.9%
Capex/Sales		34.4%	116.8%	24.0%	10.0%	8.0%	10.0%	10.0%	7.0%	5.0%	4.8%	4.5%	4.0%
Days Receivables		21	25	42	15	9	9	9	9	9	9	9	9
Days Payables		123	105	132	80	75	70	70	70	70	70	70	70
Inventory Days' Supply		192	131	145	75	70	60	60	60	60	60	60	60
Accrued Liabilities		24%	11%	13%	10%	10%	10%	10%	10%	10%	10%	10%	10%
EBIT	-53	-153	-221	-210	-69	68	192	246	240	382	760	1,223	2,513
EBITDA	-46	-143	-181	-137	17	162	302	393	431	606	1,045	1,530	3,057
LTM													
EBITDA		-143	-181	-137	17	162	302	393	431	606	1,045	1,530	3,057

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.

Exhibit 14

Tesla: Annual Geographic Sales Forecasts, 2011-2025

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total xEV Market															
US	19	79	129	234	355	471	612	773	957	1,148	1,419	1,691	1,959	2,303	2,669
W. Europe	31	82	139	239	341	482	658	822	1,027	1,305	1,596	1,957	2,462	3,038	3,624
China	9	52	103	182	315	499	727	1,024	1,403	1,785	2,230	2,829	3,409	4,701	5,435
Japan	3	17	41	72	103	143	189	234	287	355	436	535	633	752	873
ROW	2	9	51	153	287	442	605	790	1,083	1,421	1,851	2,381	3,152	4,127	4,937
Global	64	239	462	880	1,401	2,037	2,790	3,643	4,757	6,013	7,532	9,392	11,615	14,921	17,538
Tesla Sales (ex Powertrain)															
US	0.3	1.4	7.1	14.0	19.5	23.5	41.0	44.8	67.0	83.8	99.3	115.0	131.3	149.7	160.1
W. Europe	0.3	0.7	4.2	7.4	6.8	7.2	13.2	20.5	35.9	49.6	55.9	66.5	81.3	91.2	101.5
China	0.0	0.0	1.0	1.8	3.1	5.0	10.9	15.4	21.0	26.8	33.4	45.3	54.5	70.5	81.5
Japan	0.0	0.0	0.4	0.7	1.0	1.4	2.8	3.5	5.7	8.9	10.9	12.3	14.6	15.0	17.5
ROW	0.0	0.3	2.4	4.8	6.3	7.9	14.6	20.7	30.0	44.7	58.9	75.1	86.4	84.5	93.3
Global	0.6	2.4	15.1	28.8	36.8	45.1	82.5	105.0	159.8	213.8	258.4	314.2	368.0	410.9	453.9
Tesla Share (%)															
US	1.4%	1.8%	5.5%	6.0%	5.5%	5.0%	6.7%	5.8%	7.0%	7.3%	7.0%	6.8%	6.7%	6.5%	6.0%
W. Europe	0.9%	0.9%	3.0%	3.1%	2.0%	1.5%	2.0%	2.5%	3.5%	3.8%	3.5%	3.4%	3.3%	3.0%	2.8%
China	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.6%	1.6%	1.5%	1.5%
Japan	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%	2.0%	2.5%	2.5%	2.3%	2.3%	2.0%	2.0%
ROW	1.9%	2.8%	4.8%	3.1%	2.2%	1.8%	2.4%	2.6%	2.8%	3.1%	3.2%	3.2%	2.7%	2.0%	1.9%
Global	0.9%	1.0%	3.3%	3.3%	2.6%	2.2%	3.0%	2.9%	3.4%	3.6%	3.4%	3.3%	3.2%	2.8%	2.6%

E = Morgan Stanley Research estimates

Source: Company data, Morgan Stanley Research

April 29, 2011
Tesla Motors Inc.



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Global Stock Ratings Distribution

(as of March 31, 2011)

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April 29, 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	1195	42%	469	47%	39%
Equal-weight/Hold	1153	40%	406	40%	35%
Not-Rated/Hold	114	4%	22	2%	19%
Underweight/Sell	389	14%	108	11%	28%
Total	2,851		1005		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

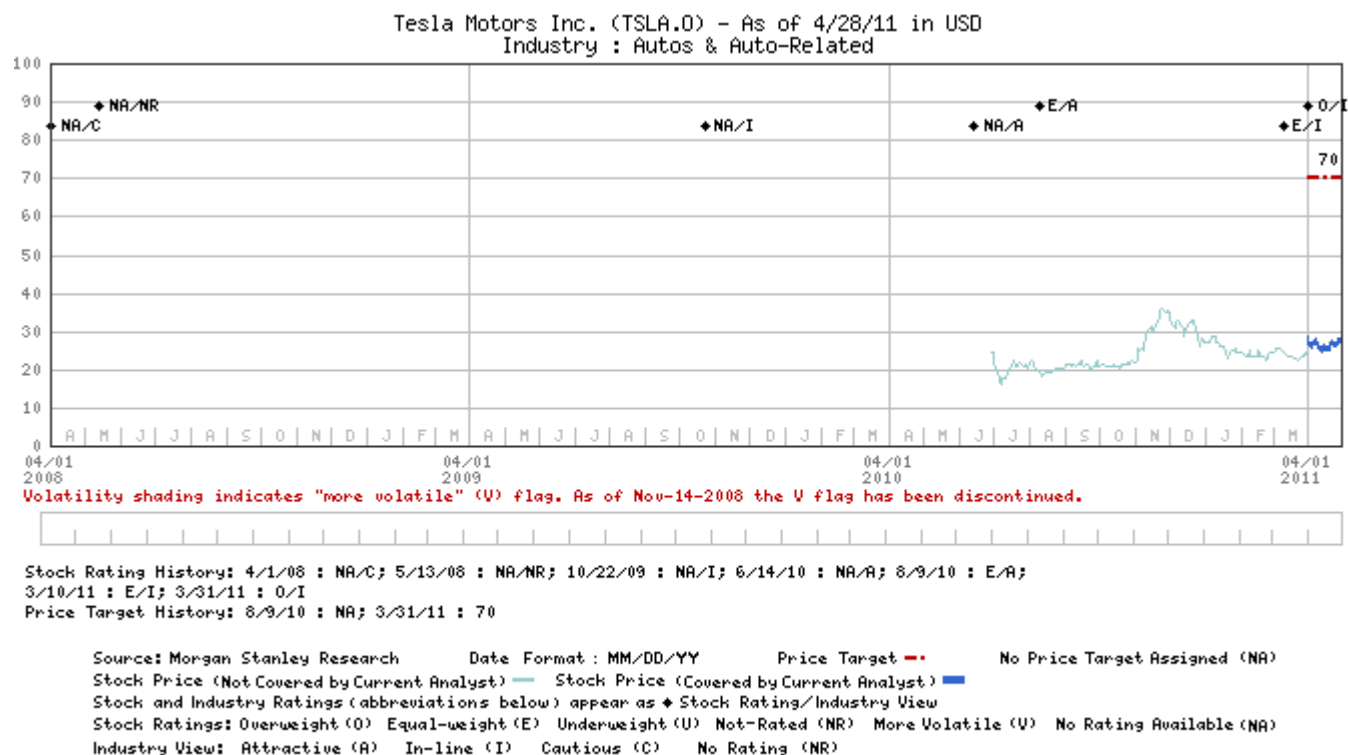
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

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

April 29, 2011
Tesla Motors Inc.



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April 29, 2011
Tesla Motors Inc.

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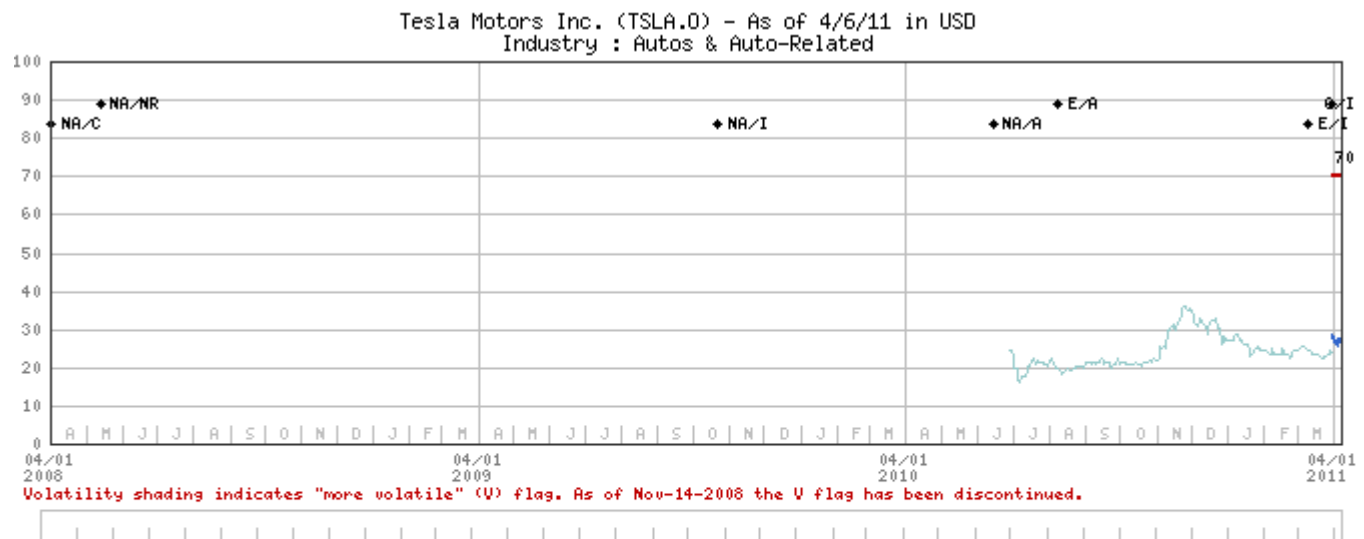
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Stock Price, Price Target and Rating History (See Rating Definitions)

April 29, 2011
Tesla Motors Inc.



Stock Rating History: 4/1/08 : NA/C; 5/13/08 : NA/NR; 10/22/09 : NA/I; 6/14/10 : NA/A; 8/9/10 : E/A;
3/10/11 : E/I; 3/31/11 : O/I
Price Target History: 8/9/10 : NA; 3/31/11 : 70

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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Industry Coverage: Autos & Auto-Related

Company (Ticker)	Rating (as of)	Price* (04/27/2011)
Adam Jonas, CFA		
Ford Motor Company (F.N)	O (10/04/2010)	\$15.58
General Motors Company (GM.N)	O (12/28/2010)	\$31.78
Tesla Motors Inc. (TSLA.O)	O (03/31/2011)	\$27.08
Ravi Shanker		
AutoNation Inc. (AN.N)	U (03/10/2011)	\$33.36
BorgWarner Inc. (BWA.N)	O (10/22/2009)	\$78.56
Cooper Tire & Rubber Company (CTB.N)	O (03/16/2010)	\$26.51
Goodyear Tire & Rubber Company (GT.N)	O (03/10/2011)	\$16.16
Group 1 Automotive, Inc (GPI.N)	U (10/22/2009)	\$40.68
Johnson Controls, Inc. (JCI.N)	O (06/14/2010)	\$41.16
Lear Corporation (LEA.N)	U (09/23/2010)	\$49.97
Magna International Inc. (MGA.N)	U (03/10/2011)	\$49.86
Meritor Inc (MTOR.N)	O (09/23/2010)	\$16.64
Penske Automotive Group, Inc (PAG.N)	U (10/22/2009)	\$20.54
TRW Automotive Holdings Corp. (TRW.N)	O (09/10/2010)	\$56.09
Tenneco Inc. (TEN.N)	U (09/23/2010)	\$45.07

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* Historical prices are not split adjusted.