



IRREVOCABLE DECLARATION

This IRREVOCABLE DECLARATION (this "Declaration") is made as of September 14, 2017, pursuant to Nevada Revised Statutes ("NRS") 360.955, by Tesla, Inc. (the "Company") as the lead participant in a qualified project under NRS chapters 231 and 360.

This Declaration is made with respect to that certain Certificate of Eligibility approved by the Nevada Governor's Office of Economic Development on September 14, 2017.

The Company hereby declares that the amount of transferable tax credits will be applied to applicable fees and taxes as follows:

Applicable Fee or Tax	Applied Amount
Financial Institutions and Business Tax (NRS 360.945.1(a)(1) - Tax imposed by chapters 363A and 363B of NRS)	\$0
Gaming License Fees (NRS 360.945.1(a)(2) - Gaming license fees imposed by NRS 463.370)	\$19,651,543
Insurance Premium Taxes (NRS 360.945.1(a)(3) - Tax imposed by chapter 680B of NRS)	\$0
Total:	\$19,651,543

This Declaration is made effective as of the date first written above.

TESLA, INC.

By: 

Name: Nelson Wong

Title: Tax Director



**Report of Independent Accountants on Applying
Agreed-Upon Procedures**

Tesla, Inc.

January 1, 2017 through March 31, 2017



Report of Independent Certified Public Accountants

Board of Directors and Management
Tesla, Inc.

Grant Thornton LLP
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We have performed the procedures listed below, which were agreed to by the Board of Directors and management of Tesla, Inc. (the “Company” or “Lead Participant”) and the State of Nevada (the “Regulator”) (collectively, the “Specified Parties”), solely to assist you in determining compliance with the State of Nevada SB1 Incentive Compliance agreement for the period of January 1, 2017 through March 31, 2017. Tesla, Inc.’s management is responsible for the schedules of qualified employees and construction employees and the listing of all capital investments made by each Participant (as defined in the SB1 Incentive Compliance Agreement) in the State of Nevada. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Company and the State of Nevada. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows.

Required Qualified Employee Audit Data (Exhibits A-C)

- We obtained a schedule from each Participant listing all qualified employees of the Project Site for the period of January 1, 2017 through March 31, 2017.
- We selected a sample of 25% of the qualified employee additions during the period per the summary sheet. For each selected qualified employee: we agreed wages paid to paystubs or W-2 forms (or equivalent system-generated payroll reports) to include wages, 401(k) contributions, and cafeteria plan contributions; we agreed residency status to a copy of their current (during the period under review) and valid Nevada driver’s license or a copy of their current (during the period under review) motor vehicle registration; and we agreed qualified employee status to the payroll information obtained above to verify that the qualified employee is employed full-time and scheduled to work for an average of 30 hours per week at the Project site and has been for at least three consecutive months as of quarter-end, as well as proof that the qualified employee was offered coverage under a plan of health insurance provided by the Participant. Our sample selected resulted in the 90% accuracy threshold being met.
- We recalculated the average wage of qualified employees to verify that the minimum average wage of \$22.00 was met without exception.
- We recalculated the residency as a percentage of qualified employees for the project to date to verify the percentage reported and that at least 50% of qualified employees are Nevada residents, as required, was met without exception.

- We agreed the schedule of qualified employees obtained from each participant to the Required Qualified Employee Audit Data form without exception.
- We recalculated the transferable tax credit determined by the Company based on the number of qualified employees as noted above and traced to the combined summary and transferable tax credit form, without exception.

Required Combined Construction Employee Audit Data (Exhibit F)

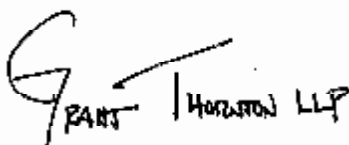
- We obtained a schedule from each Participant listing all construction employees of the Project Site for the period of January 1, 2017 through March 31, 2017.
- We selected a sample of 25% of the construction employee additions during the period listed as Nevada residents per the summary sheet. For each selected construction employee, we agreed residency status to a current (during the period under review) and valid Nevada driver's license. Our sample selected resulted in the 90% accuracy threshold being met.
- We recalculated the residency as a percentage of construction employees for the project to date to verify the percentage reported and that at least 50% of construction employees are Nevada residents, as required, was met without exception.
- We agreed the schedule of construction employees obtained from each participant to the Combined Required Construction Employee Audit Data form without exception.

Required Property Audit Data (Exhibits A, D-E)

- We obtained the real and personal property listings from each Participant listing all capital investments made by each Participant in the state of Nevada for the period of January 1, 2017 through March 31, 2017.
- We selected a sample of property additions during the period of 25% of the total book value of property additions during the period.
- We reviewed the supporting documentation obtained for the sampled property additions to determine that the addition meets the definition of capital investments per the Incentive Agreement, and verified determination of depreciable life. Our sample selected resulted in the 90% accuracy threshold being met.
- We footed the listings by asset class/depreciable life without exception.
- We agreed the listings obtained from each participant to the Required Property Audit Data form, by asset class/depreciable life grouping and in total without exception.
- We recalculated the transferable tax credit determined by the Company based on the total Capital Investment for the period as noted above and traced to the Combined Summary and Transferable Tax Credit form without exception.

We were not engaged to and did not conduct an examination or a review, the objective of which is the expression of opinion or limited assurance in determining the compliance with the State of Nevada SB1 Incentive Compliance agreement. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Tesla, Inc. and the State of Nevada and is not intended to be and should not be used by anyone other than these specified parties.



Reno, Nevada
September 8, 2017

Exhibit A

Combined Summary and Transferable Tax Credit

Qualified Project Name:	Gigafactory Project
Lead Participant:	Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period:	January 1, 2017 - March 31, 2017
Project to Date Period:	October 17, 2014 - March 31, 2017

	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	268	745
Number of NQEs who are Nevada Residents	260	703
Residency as a Percent		94%
Average Wage of Qualified Employees		\$ 45.55
Nevada residency requirements verified:	Yes	Yes
Qualified Employees requirements verified:	Yes	Yes
Total Capital Investment	\$ 701,840,816	\$ 1,815,218,437
Number of Qualified Employees (NQE)	268	745
Dollar Credit per NQE	\$ 12,500	\$ 12,500
Qualified Employee Tax Credit	\$ 3,350,000	\$ 9,312,500
Capital Investment at 5%	\$ -	\$ 1,000,000,000
Percent Credit (5% up to \$1 Billion)	5%	5%
Capital Investment Tax Credit at 5%	\$ -	\$ 50,000,000
Capital Investment at 2.8%	\$ 701,840,816	\$ 815,218,437
Percent Credit (2.8% over \$1 Billion)	2.8%	2.8%
Capital Investment Tax Credit at 2.8%	\$ 19,651,543	\$ 22,826,116
Total Transferable Tax Credit	\$ 23,001,543	\$ 82,138,616

Exhibit B

Required Qualified Employee Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period:	January 1, 2017 - March 31, 2017
Project to Date Period:	October 17, 2014 - March 31, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	182	568
Number of NQEs who are Nevada Residents	176	531
Residency as a Percent		93%
Average Wage of Qualified Employees		\$ 45.50

Exhibit C

Required Qualified Employee Audit Data

Qualified Project Name: Gigafactory Project
Participant: Panasonic Energy Corporation of North America
Reporting Period: January 1, 2017 - March 31, 2017
Project to Date Period: October 17, 2014 - March 31, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	86	177
Number of NQEs who are Nevada Residents	84	172
Residency as a Percent		97%
Average Wage of Qualified Employees		\$ 45.75

Exhibit D

Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period:	January 1, 2017 - March 31, 2017
Project to Date Period:	October 17, 2014 - March 31, 2017

	Reporting Period	Project to Date Period
Real Property		
Land	\$ 33,540,748	\$ 41,989,595
Building/Structure	\$ 532,028	\$ 288,142,748
Building/Structure - CIP	\$ 170,874,702	\$ 573,994,983
Subtotal	\$ 204,947,478	\$ 904,127,326
Personal Property		
3- year life	\$ 4,755	\$ 590,519
5- year life	\$ -	\$ 14,384
7- year life	\$ -	\$ -
10- year life	\$ -	\$ -
15- year life	\$ 12,409,958	\$ 40,545,743
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ 81,762,877	\$ 161,971,392
Other Property	\$ 28,118	\$ 254,935
Expensed Property	\$ 3,197,289	\$ 7,653,377
Subtotal	\$ 97,402,997	\$ 211,030,350
Total Capital Investment	\$ 302,350,475	\$ 1,115,157,676

Exhibit E

Required Property Audit Data

Qualified Project Name:	Gigafactory Project
Participant:	Panasonic Energy Corporation of North America
Reporting Period:	January 1, 2017 - March 31, 2017
Project to Date Period:	October 17, 2014 - March 31, 2017

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ -	\$ -
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ -	\$ -
Personal Property		
3- year life	\$ 720,261	\$ 3,227,097
5- year life	\$ -	\$ -
7- year life	\$ -	\$ -
10- year life	\$ -	\$ -
15- year life	\$ -	\$ -
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
CIP - Life TBD	\$ 398,428,454	\$ 695,843,652
Other Property	\$ -	\$ -
Expensed Property	\$ 341,626	\$ 990,012
Subtotal	\$ 399,490,341	\$ 700,060,761
Total Capital Investment	\$ 399,490,341	\$ 700,060,761

Exhibit F

Combined Required Construction Employee Audit Data

Qualified Project Name: Gigafactory Project
Lead Participant: Tesla, Inc. (FKA: Tesla Motors, Inc.)
Reporting Period: January 1, 2017 - March 31, 2017
Project to Date Period: October 17, 2014 - March 31, 2017

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of Construction Employees (CE)	2,864	8,455
Number of CEs who are Nevada Residents	1,397	4,954
Residency as a Percent		59%
Nevada residency requirements verified:		Yes