

Section XII – NEPA Overview

Specific Report 1 – Project Impact and Description

Overview

There is an acknowledged need in the United States to reduce the country's dependence on fossil fuels, especially those that are petroleum-based. There is also a worldwide imperative to abate greenhouse gas emissions to address the potential effects of global warming and other environmental damage. In addition, in California, and many other states, there is a pressing need to improve local air quality or to prevent further deterioration.

Tesla Motors plans to address these national and regional needs through the production and sale of all-electric, zero emission automobiles. Tesla vehicles consume no petroleum-based fuels, generate a lower carbon footprint, and produce fewer emissions than comparable combustion engine-based vehicles. This project will be the realization of this ideal by helping fund the development and manufacture of an American-made mass market electric vehicle which could

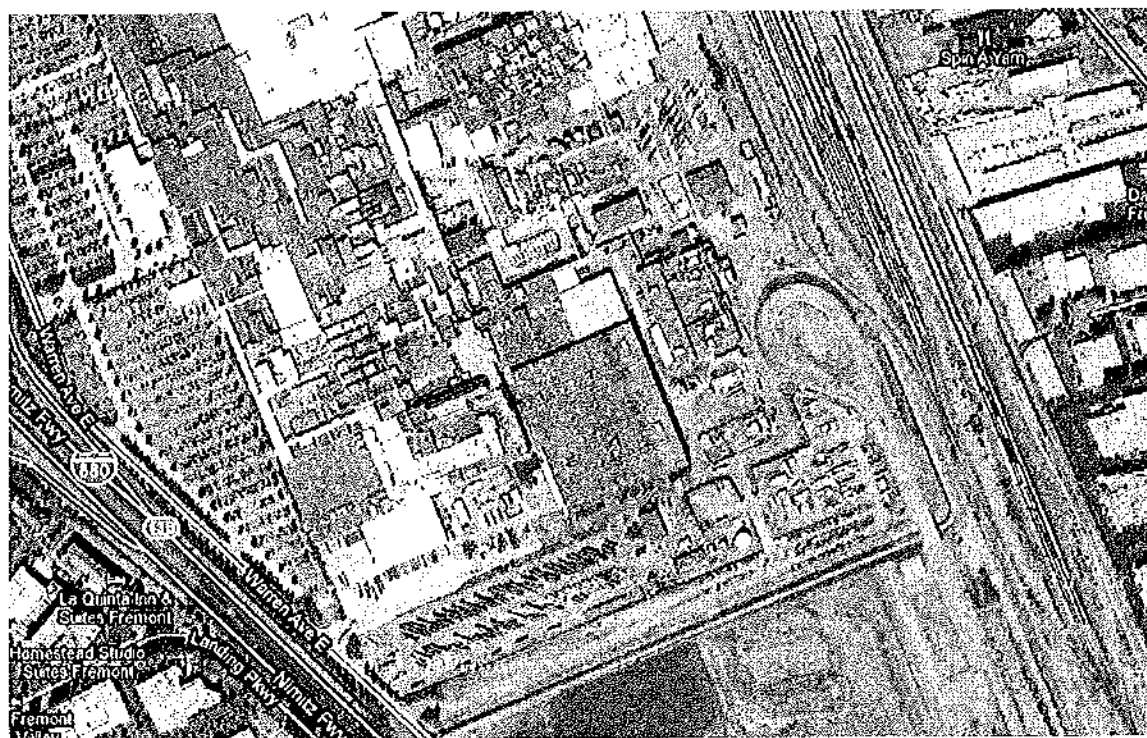
In addition, the manufacturing facility that produces the proposed vehicle will have minimal environmental impact. Tesla Motors has entered into an agreement to purchase NUMMI, an existing automobile manufacturing plant located in Fremont, CA. Tesla's proposed use for the property to manufacture its Model S product will not require negative environmental impacts to initially set up (due to the facility's prior use as a large scale auto manufacturing plant) nor to operate. The production facility's environmental footprint will be smaller than in previous uses because Tesla will produce fewer automobiles using processes that are likely to produce fewer emissions and discharges per automobile compared to previous operations at the NUMMI facility.

Tesla's commitment to green technology will be visible in all aspects of how the company does business. Tesla Motors's goal is to be a "green," no-waste company, and reuse and recycling are existing company policies.

Environmental mitigation measures will be incorporated into the project to the greatest extent possible to address identified environmental impacts. The results of these efforts will be a breakthrough automobile manufacturing facility, producing energy-efficient, zero emission vehicles with minimal environmental impact.

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Exhibit XII - 1 - Fremont Manufacturing Facility



Property Features

- 210 acre facility in Fremont, California
- Approximately 5.4 million square feet of manufacturing space
- Capacity to produce more than 400,000 vehicles per year
- Large labor pool immediately available
- Adjacent to Interstate 880 (Nimitz Freeway)
- Access to multiple rail lines
- 12 miles from San Jose International Airport, 35 miles from San Francisco International, and 25 miles from Oakland International
- 20 miles from Tesla headquarters in Palo Alto

The manufacturing facility for the Tesla Model S will be established in Fremont, CA at a site previously occupied by General Motors and Toyota Motor Corporation through their NUMMI joint venture. The site will include stamping, body, paint, plastics and final assembly plants. The plant will be home to production of the Tesla Model S initially.

[REDACTED] given that the full capacity of the facility previously exceeded 400,000 vehicles under the ownership of NUMMI. Built in 1984, this facility is a former automobile manufacturing facility and as such will be well suited for manufacturing the Tesla Model S. Its proximity to major ports and a strong labor pool further enhance this site's attractiveness.

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Report Organization

The rest of this report presents the required elements specified in Section 611.106 - Environmental Requirements. Specifically, the following topics are included:

- Section 3 - Facilities Associated With the Project
- Section 4 - Special Construction and Operation Procedures
- Section 5 - Construction Timetables
- Section 6 - Future Plans for Related Construction
- Section 7 - Compliance With Regulations, Codes, and Permits
- Section 8 - Environmental Impacts of the Project
 - 8.1 Conditions or Resources Affected
 - 8.2 Significant Environmental Effects
 - 8.2.1 Construction Effects
 - 8.2.2 Operation Effects
 - 8.2.3 Termination Effects
 - 8.2.4 Cumulative Effects
 - 8.3 Mitigation Measures
- Section 9 - List of Publications and References Used

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3. Facilities Associated With the Project

Location and Layout

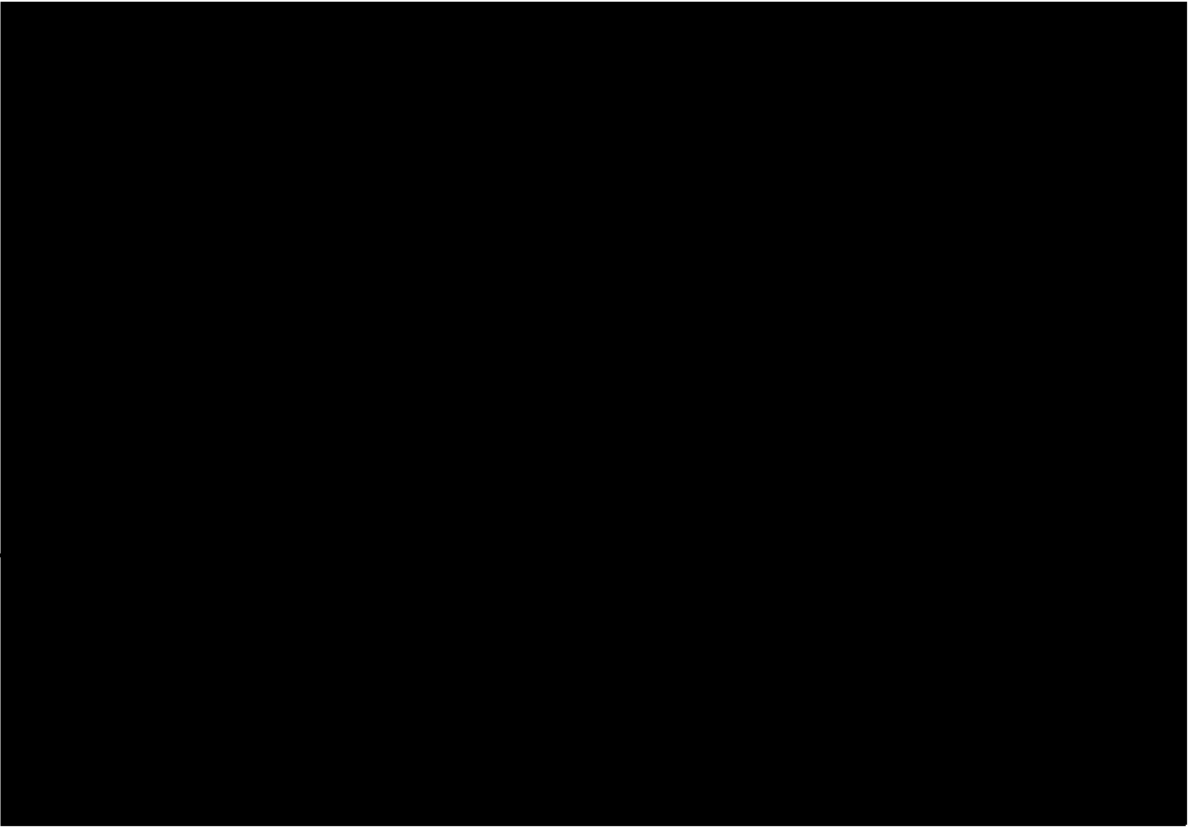
The proposed Tesla Manufacturing Facility will be located in Fremont, California at the previous home of NUMMI, a large-volume automobile manufacturing plant. Tesla has purchased a parcel of this facility situated on approximately 210 acres. The site is adjacent to the multiple rail lines, I-880, and sits within 20 miles of Tesla's corporate headquarters in Palo Alto and within 35 miles of three major metropolitan airports. The property, located at 45500 Fremont Boulevard, in Fremont, California (Alameda County Assessor's Parcel Number 519-0850-107-04), was previously owned by a joint venture between Toyota Motor Corporation and the former General Motors. The land is improved with an auto manufacturing facility in multiple buildings totaling approximately 5.4 million square feet. The land and existing buildings, associated structures, electrical power distribution systems, natural gas and water distribution systems, compressed air distribution system, waste water treatment system, building HVAC systems, lighting systems, and fire protection systems are included under Tesla's recent purchase.

Tesla will begin occupying this facility in 2010 in preparation for production of the Model S sedan.

Operations Overview

Figure XII - 2 presents a preliminary site layout. As shown, the facility will include many grade-level docks surrounding the building, and a two-lane access road to provide two-way access around the entire building. Incoming materials will be delivered via these docks.

Exhibit XII - 2 - Preliminary Site Layout



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For efficiency and safety, the project is designed to separate the ingress and egress of trucks from automobile traffic and parking. This will be accomplished by separate, and dedicated ingress/egress routes into and out of onto the site for delivery trucks.

The facility will serve as home to the body, paint, and final assembly plants, including stamping of body panels. The assembly of battery packs and other powertrain components is also expected to occur at the site phased in over a time after the start of Model S production. Vehicle and powertrain components will arrive via truck or rail from domestic and international sources. Reusable racks and packaging will be used to the greatest extent possible. Finished vehicles will be staged for loading into car carriers or rail carriages traveling to regional distribution centers. From there, the cars will be transported to retail stores, where they will be prepared for final delivery to customers.

Manufacturing Process Overview

Standard industrial construction techniques and equipment will be used to retrofit the Fremont facility for the proposed operations

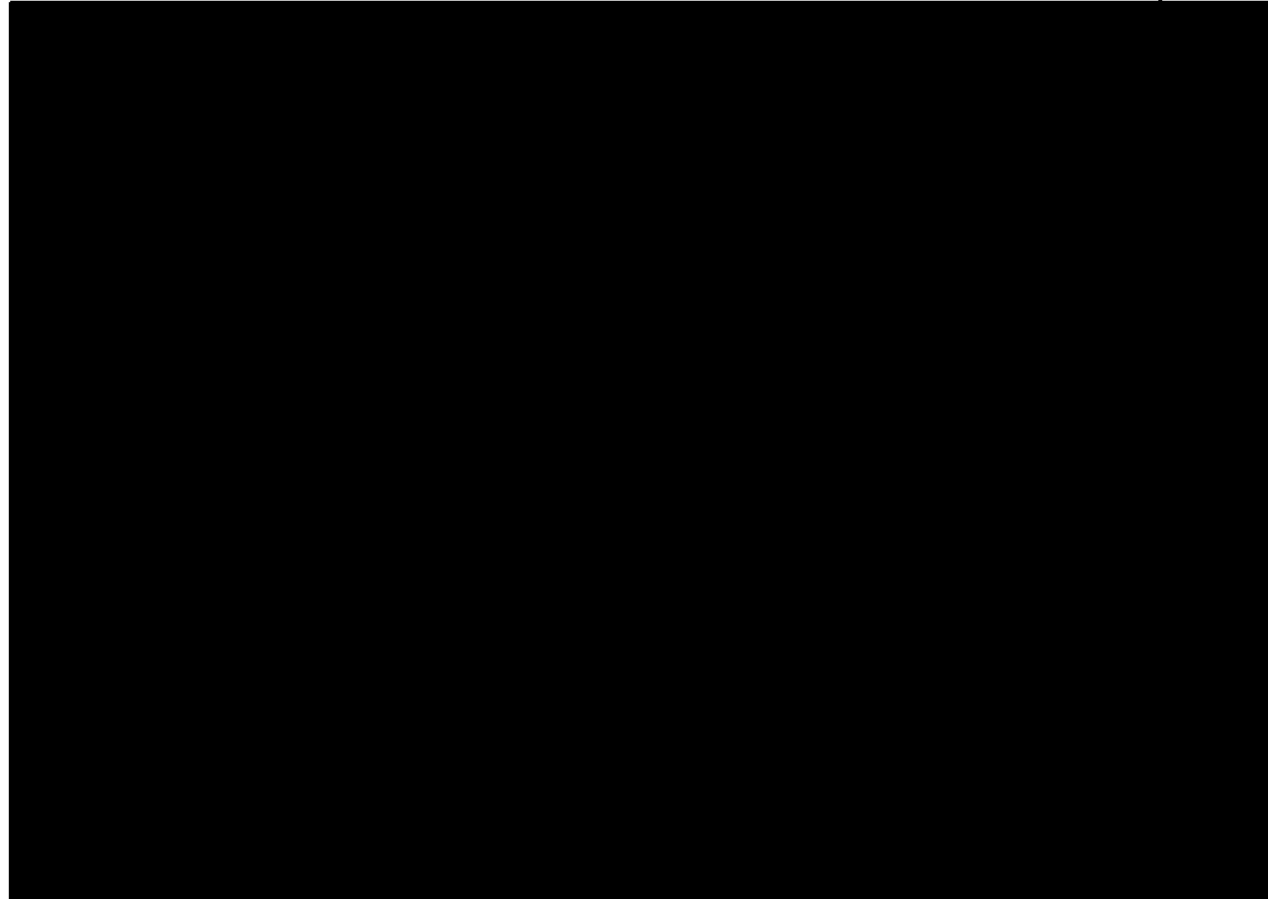
Each area will include conveyor systems to move materials and product through production as well as to transport materials between areas. The manufacturing process is further described in the following sections.

Stamping Shop

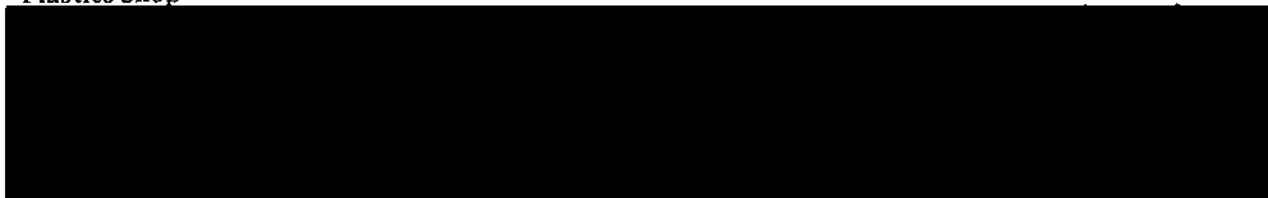
Body Shop

Paint Shop

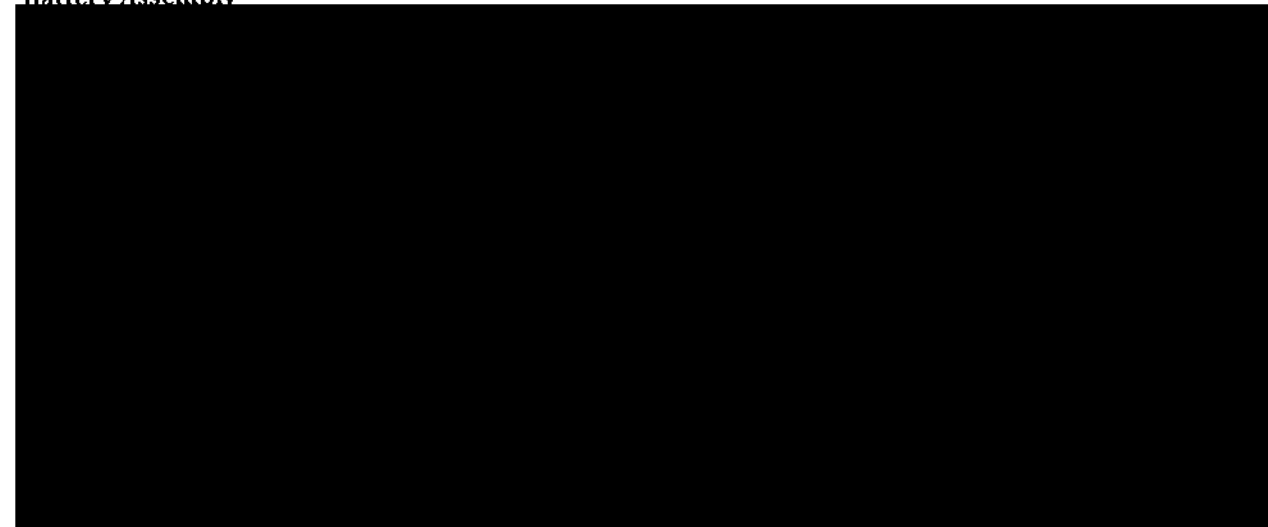
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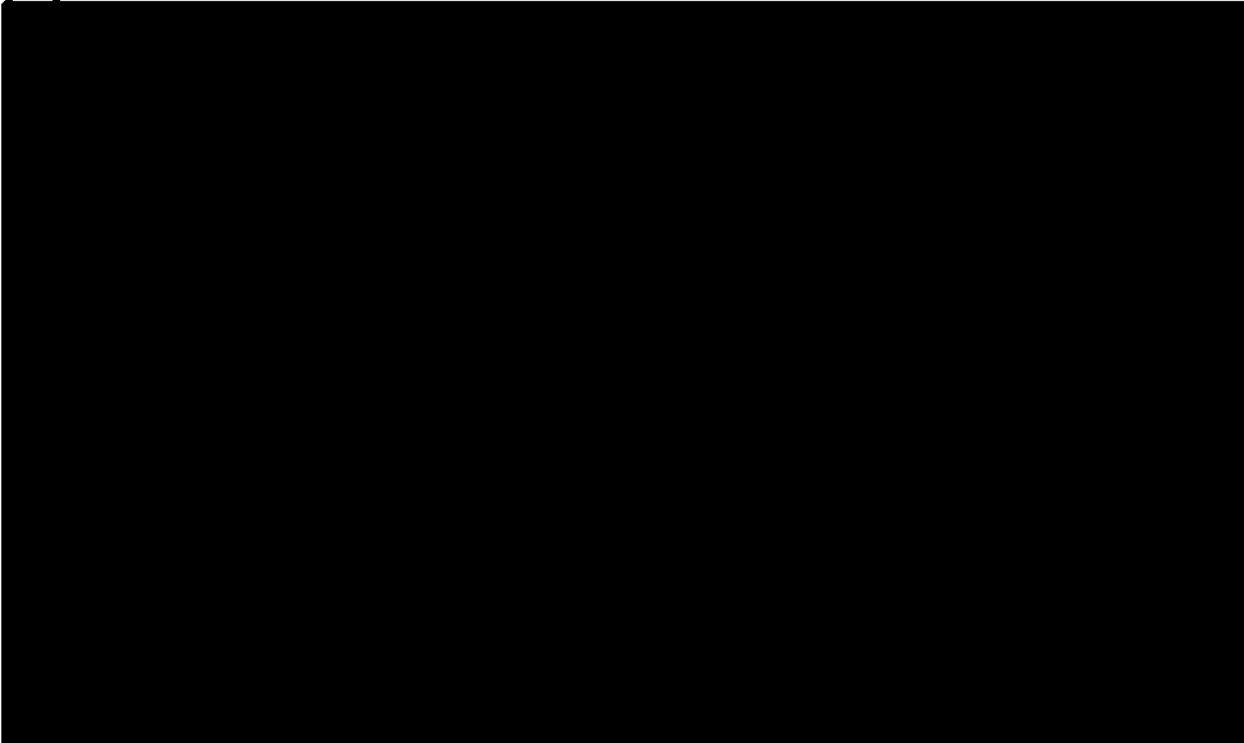
Plastics Shop



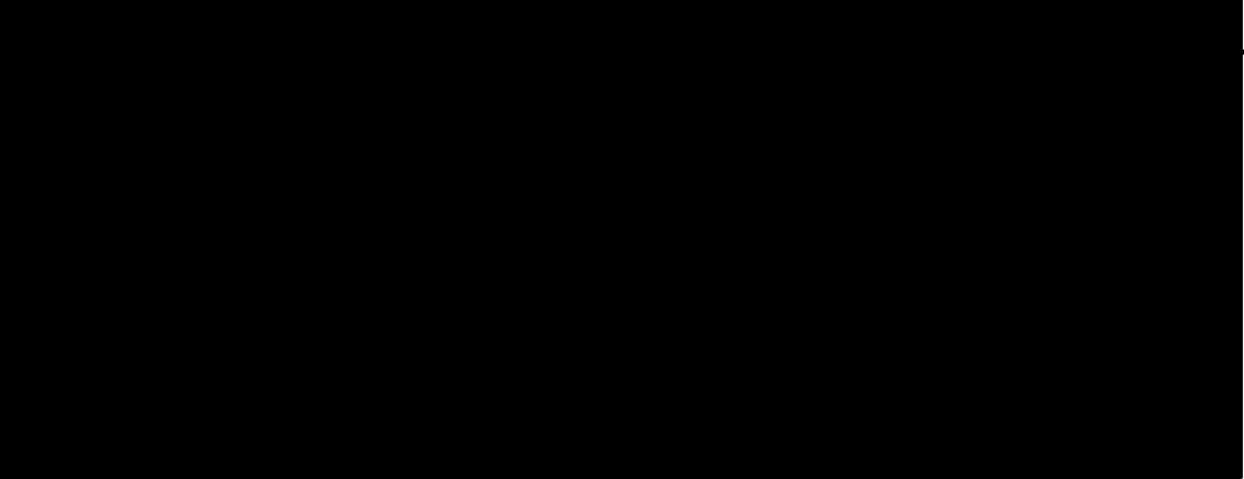
Battery Assembly



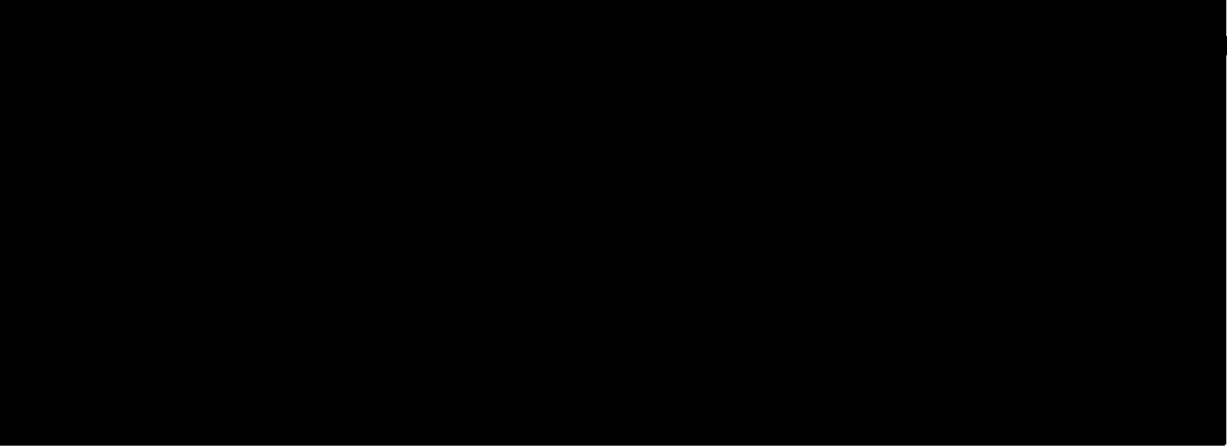
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Assembly Area



Testing



The following contains proprietary information that Tesla Motors, Inc. requests not be released to persons outside the Government, except for purposes of review and evaluation.

[Redacted]

Production Workforce (Direct Labor)

[Redacted]

Maintenance Workforce

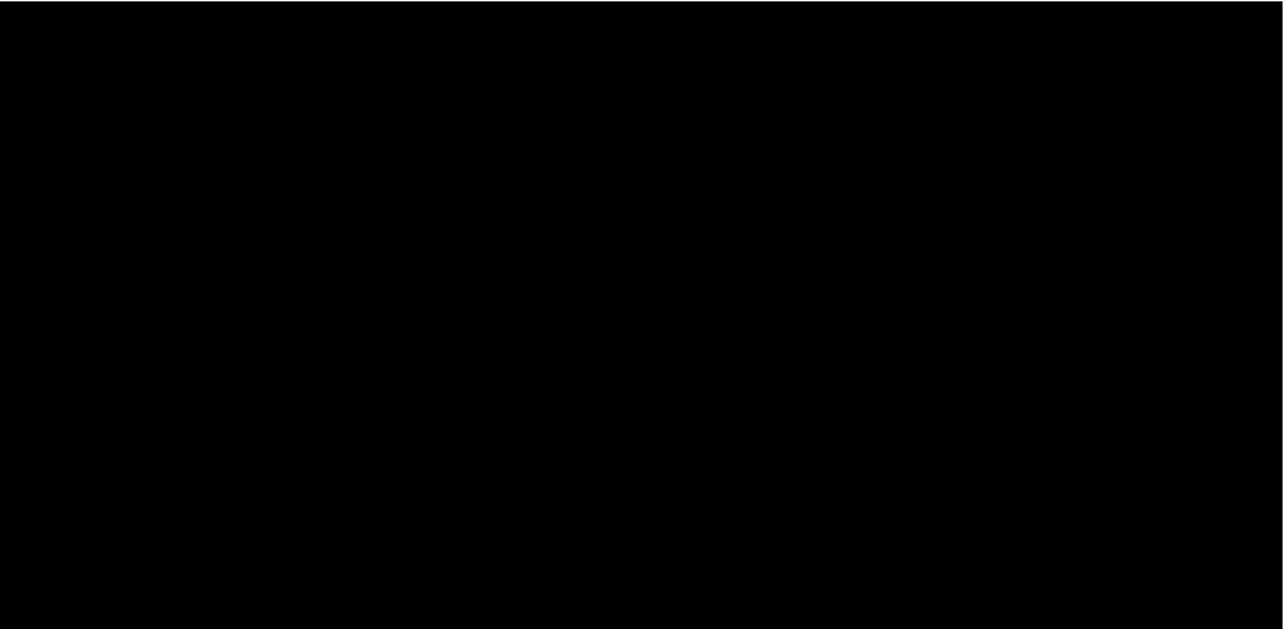
[Redacted]

4. Special Construction and Operation Procedures

[Redacted]

The following contains proprietary information that Tesla Motors, Inc. requests not be released to persons outside the Government, except for purposes of review and evaluation.

5. Construction Timetables



6. Future Plans for Related Construction



7. Compliance With Regulations, Codes, and Permits

Prior to Tesla's occupation of the Fremont facility, NUMMI operated the facility with several environmental permits including air, waste water, storm water and ground water permits, and a Consolidated Environmental Compliance Manual, and Hazardous Materials Management Plan ("HMMP"). The current HMMP was submitted to the Fremont Fire Department ("FFD") in February 2008. NUMMI currently maintains several environmental permits as summarized below:

Air Permit

In December 2002, in compliance with the Clean Air Act of 1990, the BAAQMD in conjunction with the Environmental Protection Agency ("U.S. EPA"), issued NUMMI an initial Title V Permit. This new permit incorporated new federal requirements into the existing permit and gave the U.S. EPA general oversight of the facility. The U.S. EPA has since designated the BAAQMD as the oversight administrator for NUMMI's Title V Permit.

Waste/Storm/Ground Water Management

The sources of wastewater from the facility were generated from processes that discharged either directly into the sanitary sewer, or into an industrial wastewater pretreatment system and then into the sewer. The sanitary system also contained discharges from non-categorical processes and bathrooms.

Industrial storm water from the facility was previously covered under State Water Resources Control Board ("SWRCB") Order NO. 97-03-DWQ, and Tesla plans full compliance with all similar ordinances.

The Alameda County Water District ("ACWD") provided regulatory oversight for NUMMI's groundwater extraction and monitoring plans, and Tesla plans to comply with similar oversight throughout its occupation of the Fremont Facility.

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Consolidated Environmental Compliance Plan

[Redacted]

Section 8 - Environmental Impacts of the Project

8.1 Conditions or Resources Affected

The property is already fully developed and operational with a permitted structure in place, parking and access are available, and all utilities are operational. Because Tesla will not require development, or redevelopment of additional land area, biological, cultural, historical, hydrological, visual or other resources will not be affected.

The conditions that could be affected by the facility include local and regional transportation and circulation, and local air quality. In both cases, Tesla's planned use of the facility is expected to produce fewer environmental impacts compared to the prior use of the facility, in which the NUMMI joint venture was manufacturing over 400,000 vehicles per year, all using a manufacturing process that had greater environmental consequences than those planned by Tesla.

Significant Environmental Effects

8.2.1 Construction Effects

Air Quality

The project site is located within the Bay Area Air Quality Management District (BAAQMD). Environmental studies are underway to identify and quantify the possible emissions of potential criteria and hazardous air pollutants (including diesel particulate matter) from construction activities. However, the results of these studies are expected to be favorable given that Tesla will be occupying an existing facility designed for automobile manufacturing, and no significant new construction will be required.

Construction air emissions will be addressed according to the BAAQMD guidelines and construction emission mitigation measures will be identified.

[Redacted]

Effluents

[Redacted]

Solid and Construction Waste

During construction, anticipated solid (non-hazardous) waste includes the ancillary generation of construction debris.

[Redacted]

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8.2.2 Operation Effects

Air Quality

The facility is not expected to produce significant air emissions, as the manufacturing activities proposed are more efficient, more advanced, and smaller in scale than the manufacturing activities that were taking place in the same facility prior to Tesla's ownership.

Air emissions from all potential stationary sources will be quantified and evaluated, based on maximum use rates and engineering design data, along with some source data that may be derived from industry studies or reports. The results of additional traffic studies will be used to determine emissions of carbon monoxide at the most heavily traveled intersections, to determine if significant effects are possible.

The use of potting compound in the battery module assembly has the potential for minor odor effects. Therefore, Tesla will control potential odor by

Public Health & Safety

Lithium-ion batteries (cells) will be delivered to the facility and will be assembled into battery pack modules for shipment offsite and use in vehicles. Batteries (cells) will be delivered to the facility, via truck, from vendors in the United States or Asia. While the maximum number of batteries in storage at one time has not been finalized, up to cells may be stored at the facility at one time. As discussed above, a multitude of safety features are built into these cells and the assembly process to mitigate potential risks associated with high-density energy storage.

Transportation and Traffic

The facility will generate operational traffic from employees and truck trips for material deliveries and shipping. At full build out of the initial 20,000 Model S vehicles per year, the facility will include:

Production workers:

Maintenance workers:

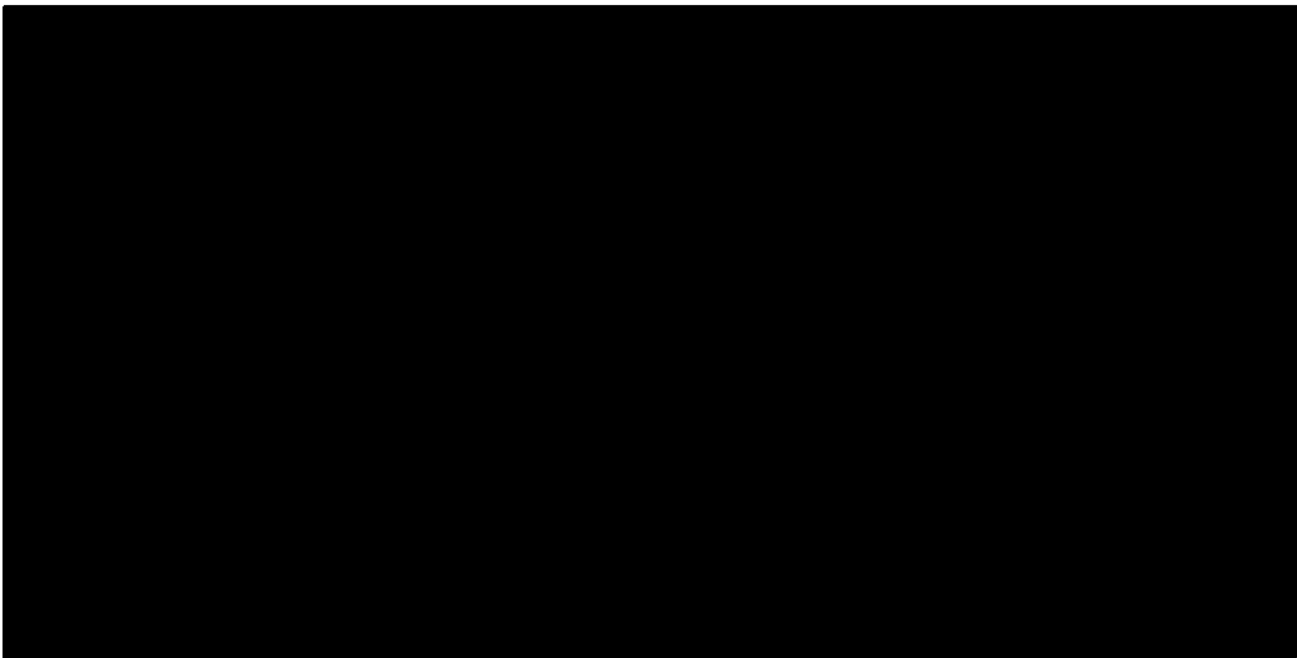
Plant-based operations and G&A employees, as described above. Tesla will develop car-pooling and other programs to reduce worker-generated traffic impacts. This, combined with the fact that the Tesla plant will involve fewer workers than the previous NUMMI facility, should result in overall lower traffic impacts compared to previous operations.

Hazardous Materials and Substances

Chemicals and potentially hazardous materials would be stored and used at the facility. It is Tesla's belief that the hazardous materials footprint of Tesla's operation of the facility for Model S and Generation III products will be smaller than the manufacturing activities previously taking place at the facility under the ownership of NUMMI.

Tesla is in the process of collecting detailed information on all chemicals, including the applicable Material Safety Data Sheets (MSDS's). Tesla Motors will review Homeland Security's "Chemicals of Interest List" to determine regulatory applicability.

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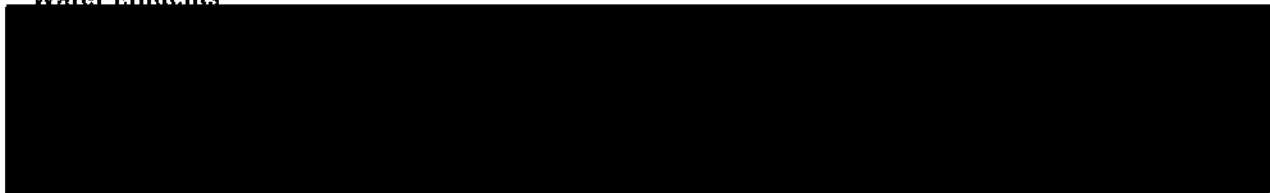
Tanks and Spill Prevention and Containment

Storage Tanks

No underground storage tanks (USTs) are currently in use at the Site; however USTs have been historically utilized on-Site. The facility includes a number of sumps that collected process wastewater and transported it to the on-site wastewater treatment plant for treatment and disposal into the sewer. Numerous aboveground storage tanks (ASTs) are located at the Site. The table below identifies the principal former ASTs and USTs used at the site.

Tank	Current use (under NUMMI)
Wastewater Treatment Plant	Wastewater treatment plant, receives process (trade waste) water from NUMMI prior to discharge. Wastewater is treated based on influent tank contents.
K45 Tank	No longer in use. UST was reportedly last used in 1982 and removed in 1984. This 2,500-gal UST contained indolene gasoline for use in the audit lab in the northern portion of the Main Assembly Building.
Z32 Tank	UST was reportedly last in service in "1984 or before". This 5,000-gal UST contained gasoline
V32 Tank	No longer in use. UST was reportedly last used in 1970 and reportedly abandoned, drained, and filled with sand in 1980.
Tank Farm	ASTs housing fuels, products, and wastes which are pumped via the Pump House to / from the Main Plant.
Central Sludge	Not currently in use as a sludge pond (last use 1996). Currently used as staging area for industrial waste and miscellaneous small equipment.

Water Effluents



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Storm Water

Because all operations will be contained within the existing building, it is not expected that any change will be needed for storm water management.

Utilities

8.2.3 Termination Effects

Tesla intends to remove all equipment, supplies, products, and materials at termination of operations and upon sale of the property, unless otherwise agreed upon in the contract of sale. The closure plan will include decommissioning and decontamination as required by the local CUPA (Fremont Fire Department). Because of these programs, significant environmental effects are not expected as part of the termination of Tesla operations at the facility.

8.2.4 Cumulative Effects

The Fremont area supports and is home to a diverse mix of commercial, industrial, and residential uses. Tesla Motors does not foresee any adverse cumulative effects in light of the fact that Tesla's proposed use of the facility has a smaller impact than the previous use of this facility. Additional development on parcels 1 and 3 of the broader site will not be controlled by Tesla, which has only purchased parcel 2 of the original NUMMI property.

Mitigation Measures

Tesla Motors's goal is to be a "green," no-waste company, and reuse and recycling are existing company policies. The facility intends to incorporate LEED sustainable design principles in the retrofit of the existing buildings. In addition, mitigation measures will be incorporated into the project to the greatest extent possible to address potential environmental impacts. Such mitigation measures will include:

- Scheduling start and end times for the work shifts for off-peak hours, to avoid traffic impacts on local streets
- Developing a company carpool program, including van/bus pickups, and use of available mass transit (such as the BART system), to (1) reduce traffic impacts on local streets and freeways, (2) reduce the requirements for onsite parking at the facility so that sufficient parking is available for workers, guests, and material deliveries, and (3) reduce local environmental impacts (primarily air quality) resulting from automobile use
- Designing the internal circulation system to separate truck material and shipping traffic from employee automobile traffic to avoid potential safety threats
- Identifying the best opportunities to minimize emissions and wastes as part of a comprehensive pollution prevention approach, including a life-cycle assessment of the facility's physical plant, production processes and products
- Reduce or eliminate the potential for offsite odor generation by providing continuous refresh air and collecting air from certain areas, and carbon filtering prior to outside venting.

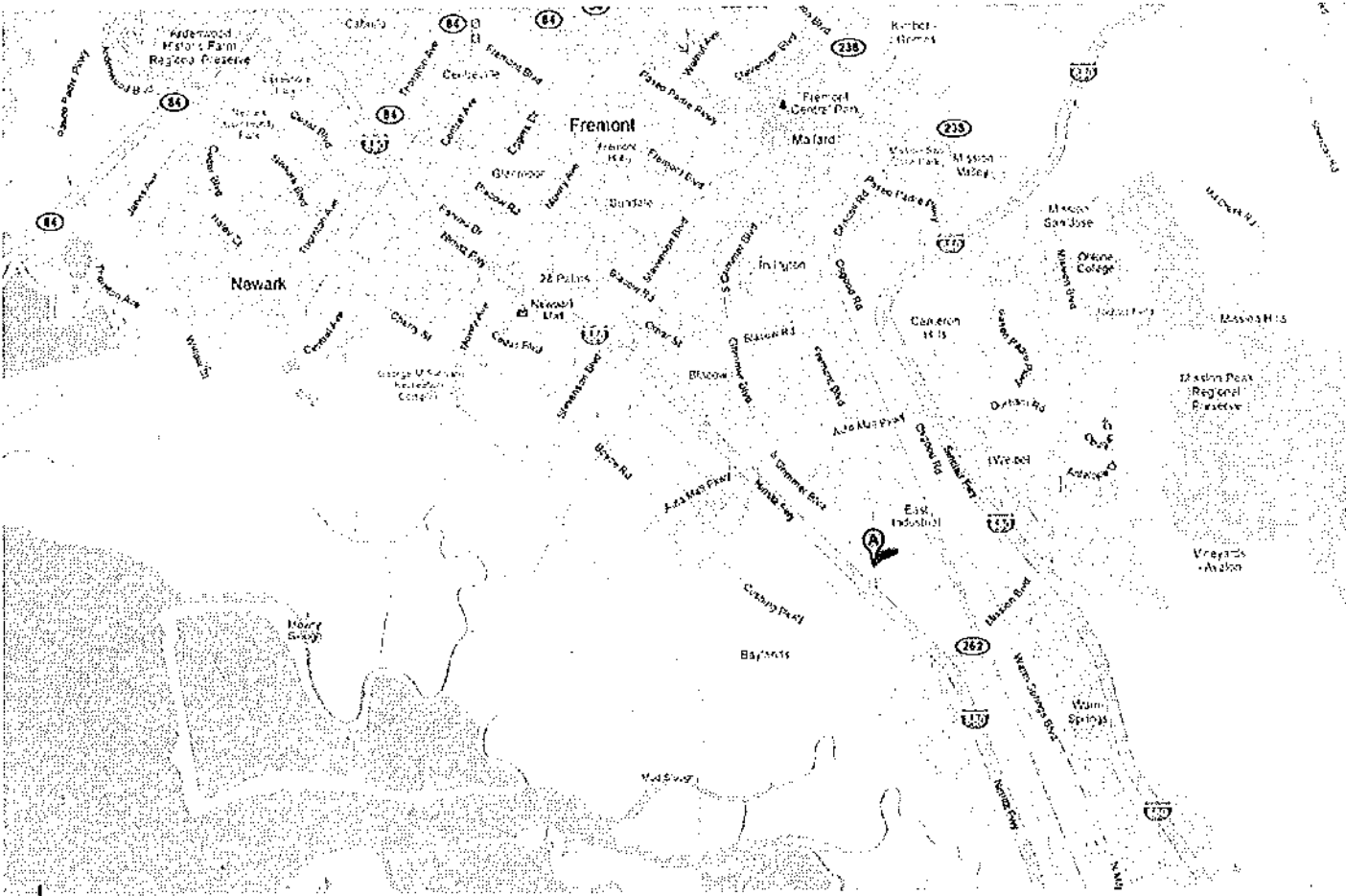
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- Incorporation of extensive safety features into the (offsite) manufacture of lithium-ion cells, and providing additional onsite safety measures to reduce or avoid the risk of possible battery fires or incidents.
- Extensive use of “green” roofing, and modern, intelligent insulation and HVAC systems to minimize energy consumption of the facility

List of Publications and References Used

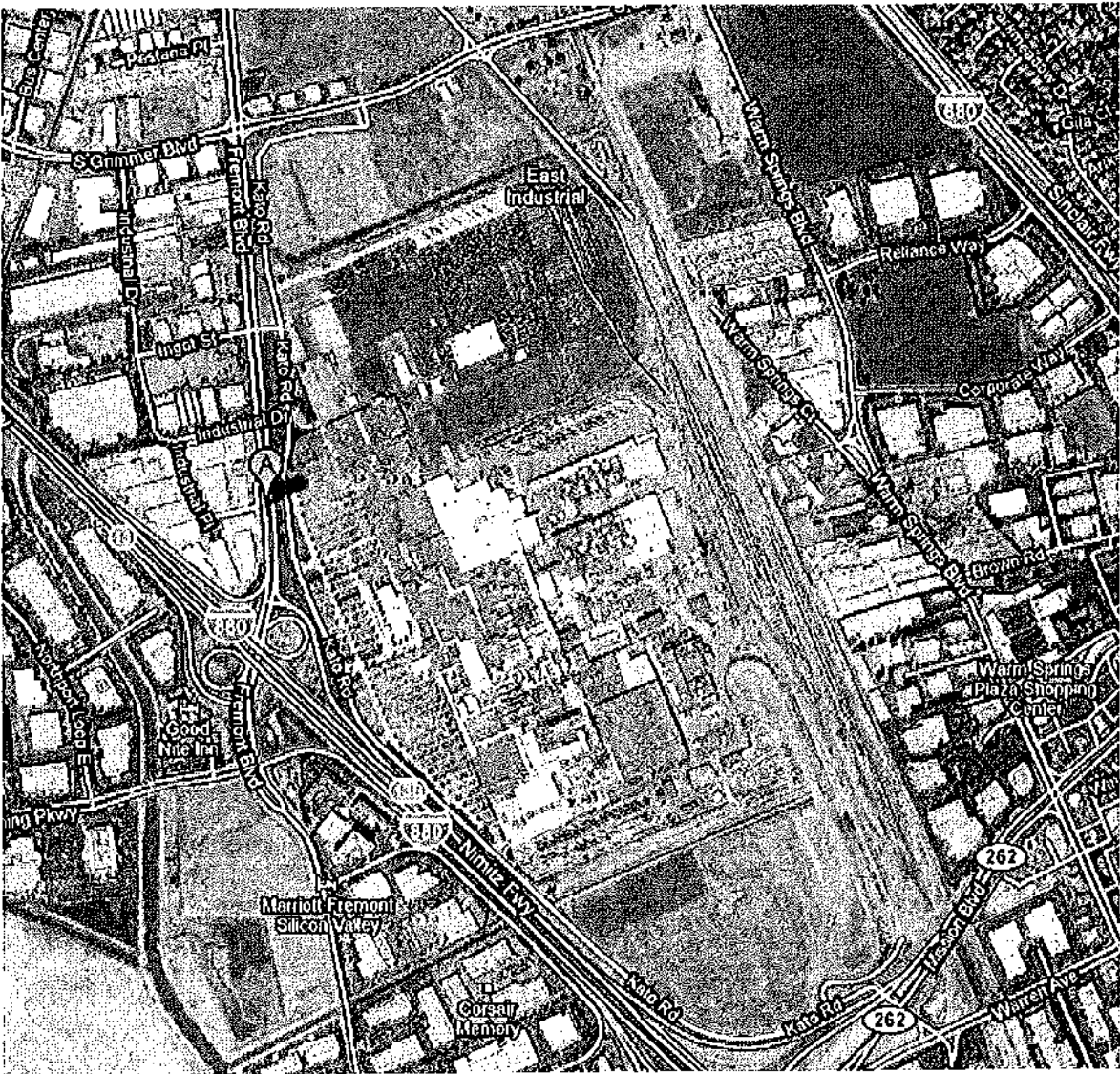
This report relies heavily on internal Tesla data and project plans, as well as diligence materials received from NUMMI, Alameda County, and standard mapping resources (e.g. Google Maps).

Exhibit XII - 3 – Regional Area



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Exhibit XII - 4- Site Layout



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Specific Report 2 – Socioeconomic Analysis

The Tesla Model S will be manufactured at the proposed facility in Fremont, CA. The property has recently been purchased from NUMMI, a joint venture between Toyota Motor Corporation and the former General Motors. As a result, the property is already developed and operational, with a permitted structure in place. Parking and access are available, and all utilities are operational.

NUMMI ceased manufacturing at the Fremont facility on April 1, 2010. NUMMI employed 5,700 workers directly and an estimated 25,000 people indirectly through suppliers and other business partners. In addition to the immediate and recent loss in employment, the closure of the plant creates substantial losses in local and state revenues and employment taxes, may lead to increased property foreclosures which will lead to a drop in attendance in local schools from migration of jobs out of the immediate area, and significantly increased unemployment claims. While Tesla's planned use of the facility will be smaller in scope, the use itself re-creates needed opportunities for affected population and tax revenues for the affected municipalities and State of California.

Specifically, Tesla Motors believes that the socioeconomic impact of the project on the Fremont, Alameda County, and the State of California will be significantly positive for the following reasons:

Government Revenues.

Existing Infrastructure. Prior to Tesla's ownership, the Fremont facility employed 5,700 workers directly and an estimated 25,000 people indirectly through suppliers and other business partners of NUMMI.

Since the infrastructure already exists to accommodate this employment, there is no additional transportation or housing expansion anticipated. Tesla also does not anticipate that additional housing will be required to support its eventual expansion of the Fremont facility to manufacture its Generation III product.

Existing Skilled Labor Force. Fremont has a deep history of automotive assembly through the NUMMI plant, which was first established in 1984.

Unemployment. Alameda County has a labor force of approximately 757,600, 11.5% of whom, or 87,500 people, are unemployed as of April 2010. Economists believe that California employment will continue to deteriorate. Once the facility comes on line, Tesla projects the availability of a significant qualified labor pool.

No Additional Housing Units Planned. The project will draw upon the large installed base of workers and infrastructure.

1. Report Organization

The rest of this report presents the required elements specified in Section 611.106 - Environmental Requirements. Specifically, the following topics are included:

- Section 2 – Socioeconomic Impact Area
- Section 3 – Impact of Immigration, if any, on governmental facilities and services
- Section 4 – Manpower Requirements during Construction and Operation
- Section 5 – Housing Requirements
- Section 6 – Displaced Properties
- Section 7 – Fiscal Impact Analysis
- Section 8 – List of Publications and References Used
- Section 9 – Additional Considerations

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2. Socioeconomic Impact Area

The socioeconomic impact area centers upon the City of Fremont in Alameda County, CA. According to the California Employment Development Department Alameda County has a labor force of approximately 757,600, 11.5% of whom, or 87,500 people, are unemployed as of April 2010. Fremont has a long history of automotive assembly, which provides a deep talent pool of skilled personnel for automotive manufacturing operations.

The proposed site is strategically located on a railway, within 35 miles of three major airports (San Francisco, Oakland, and San Jose), and proximate to major ports such as Oakland. Two major freeways - 680 and 880- provide quick access to downtown the rest of the Bay Area, as do the BART and ACE rail systems.

While the economic impacts center on the City of Fremont, the project expects to draw workers from, and provide economic benefits to the surrounding communities.

3. Impact of Immigration, if any, on governmental facilities and services

Given the existing infrastructure in the City of Fremont, its current unemployment rate, and the limited number of personnel needed for both plant modification and operation, Tesla Motors does not expect significant immigration of people into the area. As a result, the impact on government facilities and services will be minimal. Nonetheless, Tesla Motors plans to offer ride sharing and carpooling to minimize the impact to the area.

4. Manpower Requirements

(a) Existing Commuting Conditions. As described above, the proposed use of the Fremont manufacturing facility is smaller in scale than the manufacturing activities taking place in the same facility over the 26 year history of the NUMMI plant. As a result, the traffic related to Tesla would not likely degrade the levels of service of existing commuting conditions to unacceptable levels.

(b) Manpower Requirements During Facility Upgrade. The project involves the re-use and re-equipping of an existing automobile manufacturing facility. It does not require the new construction of a factory facility. The existing facility will require some upgrades to fully establish the capability to build the Model S vehicle in the desired volumes of [REDACTED]

Tesla expects to use local construction trades will be used for the factory upgrades. The availability of local construction trades will not be a problem due to the recent downturn in new construction and the overall increasing unemployment rates referenced above. Since the construction personnel already reside in the area, the impact from commuting will be minimal. These construction trades will be paid the local prevailing wage. The facility upgrade construction timeline is 6-12 months during which time an average of [REDACTED] construction trades will be required [REDACTED]

c) Manpower Requirements During Operation. [REDACTED]

Given the prior use of the facility for automobile manufacturing, the pre-existing infrastructure, and the current unemployment rate of Fremont, most of the required workers will reside in Alameda County. As such, Tesla Motors does not envision significant relocation, commuting, or other similar activities that would impact the surrounding area.

4. Housing Requirements

(a) Existing Housing Infrastructure. The 2000 Census documents a total of 540,183 housing units in Alameda County, 69,452 of which are in Fremont. Given the rate of economic growth in the early part of the decade in

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the greater San Francisco Bay Area, it is Tesla's belief that the housing infrastructure is much larger than reported in the 2000 Census, and that the infrastructure in the immediate area that has already been established to support the NUMMI plant will be more than adequate to provide for Tesla's requirements.

(b) *Housing Requirements of the Project.* The project does not construct any additional housing units. As such, all workers will have to be absorbed into the immediate or surrounding area of Fremont. Since Tesla plans on drawing upon the existing labor pool in the local area, and since the units required for the personnel of the project are a small proportion of the total housing infrastructure in the surrounding area, Tesla Motors expects the existing housing within the impact area to be sufficient to meet the needs of the incoming population.

6. Displaced Properties

Tesla Motors will re-use an existing facility at 45500 Fremont Boulevard in Fremont, California. No additional businesses or residences will need to be acquired or displaced.

7. Fiscal Impact Analysis

Tesla Motors has evaluated both the incremental government revenues generated by and incremental government costs of services required by the project. Since the property is already developed, operational and used as an automobile production facility recently, the incremental impact on governmental resources will be minimal and consistent with the existing planning. The impact of the daily increase in employment and an increase in the number of residents is considered in the analysis below. For the financial impact of the NUMMI purchase, including the items below, see the chart below and latest version of the Project S business plan as submitted to the Department of Energy for review on July 7, 2010.

(a) *Incremental Government Revenues.* The project will generate additional tax revenues for sales of its production and the operation of the facility. [REDACTED]

Sales Tax. Sales tax for the State of California is 8.25%. Sales tax at the county level can be as high as an incremental 1%. A significant percentage of the vehicles produced by the facility will be sold in California, [REDACTED]

Income Tax. Income tax for the State of California is 8.84%. The project will start generating taxable income (assuming that Tesla Motors, Inc. has used all NOL carry-forwards by that time) in 2012. [REDACTED]

Property Tax. We estimate that annual property taxes will be approximately [REDACTED]

(b) *Incremental Government Costs.* Incremental costs are projected to be immaterial given that no incremental housing is being added by the project. We project that most of the required personnel will come from existing residents in the City of Fremont, or the surrounding area. Given that resources have been in place to enforce public safety, education, and infrastructure maintenance to support the prior automobile manufacturing activity at the NUMMI site prior to Tesla's ownership, and that Model S production will already be underway at full run-rate by the start of production of Generation III, virtually no incremental investment or ongoing costs will be required on the part of local, state, and federal governments.

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Fiscal Impact Analysis - Fremont Production
Model S Facility
Tesla Motors, Inc

In \$000s	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Model S Facility P&L												
Revenue												
EBITDA												
EBT												
Revenue to Government												
Sales Tax												
Sales												
% of Sales in CA												
CA Sales Taxable												
CA Rate												
Sales Tax to State												
Local Rate												
Sales tax to County												
Utility Tax												
Utilities												
Utility Taxes												
Total Utility Tax												
Property Tax												
Total												
Income Tax												
Net Income												
CA Income Tax												
Gross Income Tax												
Less tax Credits												
Gross Income Tax to CA												
Federal income tax rate												
Gross Income Tax to US												
Total Taxes												
To California												
To County of Alameda												
To City of Fremont												
To Federal Government												
Total												

8. List of Publications and References Used

The following are the major publications and references used in this report:

State of California Employment Development Department -
<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSRResults.asp?selectedarea=Alameda+County&selectedindex=1&menuChoice=localAreaPro&state=true&geogArea=0604000001&countyName=&submit1=View+Local+Area+Profile>

City of Fremont (<http://www.fremont.gov/Search.aspx?SearchString=utility+tax&Action.x=0&Action.y=0>)

9. Additional Considerations

This report is based on the data, engineering design, and technical analyses assembled and completed by Tesla Motors to date for the proposed project. All of the major conclusions are supported by discussions with local officials and experts, research and assembly of available data, site reconnaissance observations, and review of applicable literature and references. This report is therefore considered substantially complete. In some subject areas, as noted in the report, investigations are ongoing and the data base and results may be updated and expanded in the future as new information is developed. Additionally, as the project design becomes more detailed, additional information will be added.

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Specific Report 3 – Alternatives Analysis

Overview

This report is based on the data, engineering design, and technical analyses assembled and completed by Tesla Motors to date for the proposed project. All of the major conclusions are supported by discussions with experts, research and assembly of available data, site reconnaissance observations, and review of applicable literature and references. In some subject areas, as noted in the report, investigations are ongoing and the results may be updated in the future as new information is developed. Additionally, as the project design becomes more detailed, additional information will be added.

For additional information, refer to the Specific Report 1 for this site that presents a detailed project description for the proposed site, along with applicable information regarding affected resources and conditions, and environmental impacts of construction and operation, and literature and references used.

The rest of this report presents the required elements specified in Section 611.106 - Environmental Requirements for Alternatives. Specifically, the following topics are included:

- Section 2 - Description of Alternatives to the Project
- Section 3 - Comparison of Environmental Impacts to Proposal
- Section 4 - Discussion of Costs and Benefits
- Section 5 - Potential to Meet Deadlines
- Section 6 - No Action Alternative
- Section 7 - Relative Environmental Benefits and Costs

2. Description of Alternatives to the Project

Tesla Motors performed a detailed evaluation, considering the following factors:

Site Constraints and Issues

- Sensitive biological species
- Cultural and historic resources
- Wetlands
- Traffic

Zoning/Approvals Needed

Permits Needed

Stakeholder & Public Interest Groups

- Proximity to Residences
- History of Activism

Site-Related Costs

Intrinsic Values

- Location & labor force
- Site suitability
- Proximity to Tesla headquarters

Given the constraints of the above screening process and the fact that Tesla already has ownership to the Fremont facility, it is Tesla Motors' belief that there are no alternatives to using the proposed Fremont facility for the Model S.

3. Comparison of Environmental Impacts to Proposal

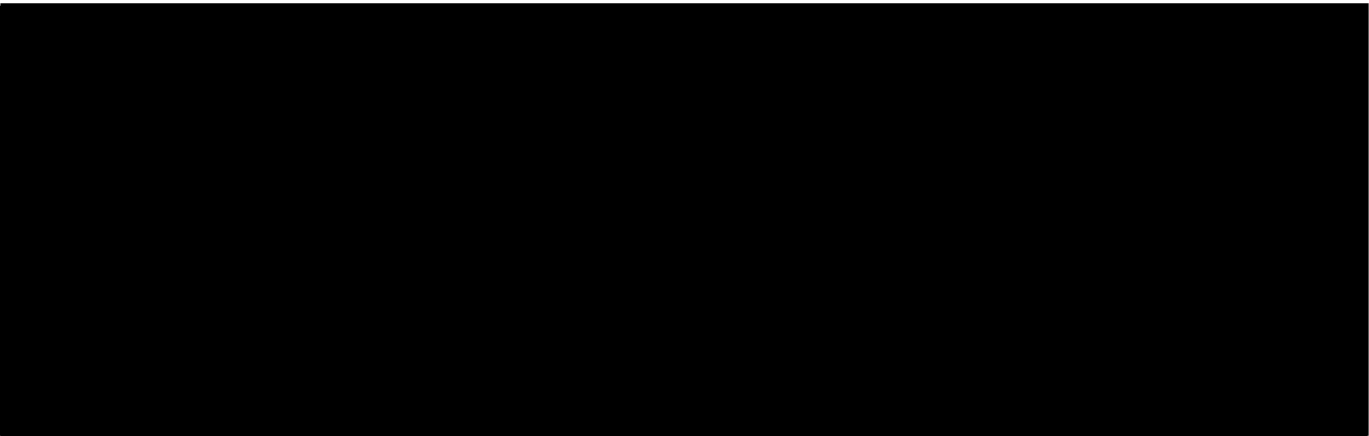
Tesla Motors believes that the environmental impact of the Model S will be significantly less than the impact of the prior use of the Fremont facility by NUMMI, making it a compelling host for Model S production.

4. Discussion of Costs and Benefits

The following contains proprietary information that Tesla Motors, Inc. requests not be released to persons outside the Government, except for purposes of review and evaluation.

Tesla Motors evaluated several sites and selected the Fremont facility primarily because

- It was recently used for automobile manufacturing
- It is located in close proximity to our Palo Alto engineering facility and corporate headquarters (and is in fact the only existing automobile manufacturing plant that offered this proximity)
- It offers cost effective expansion of our manufacturing capacity
- Its size permits us to adapt our internal manufacturing plans quickly.



5. Potential to Meet Deadlines

The Fremont facility is able to meet all project deadlines with a much higher degree of certainty than any other location because it was a fully operational auto manufacturing facility until earlier this year. The existing infrastructure is compatible for the manufacturing of Model S, hence no significant facilities improvement are required other than those specific to the manufacturing of the Model S. [REDACTED]

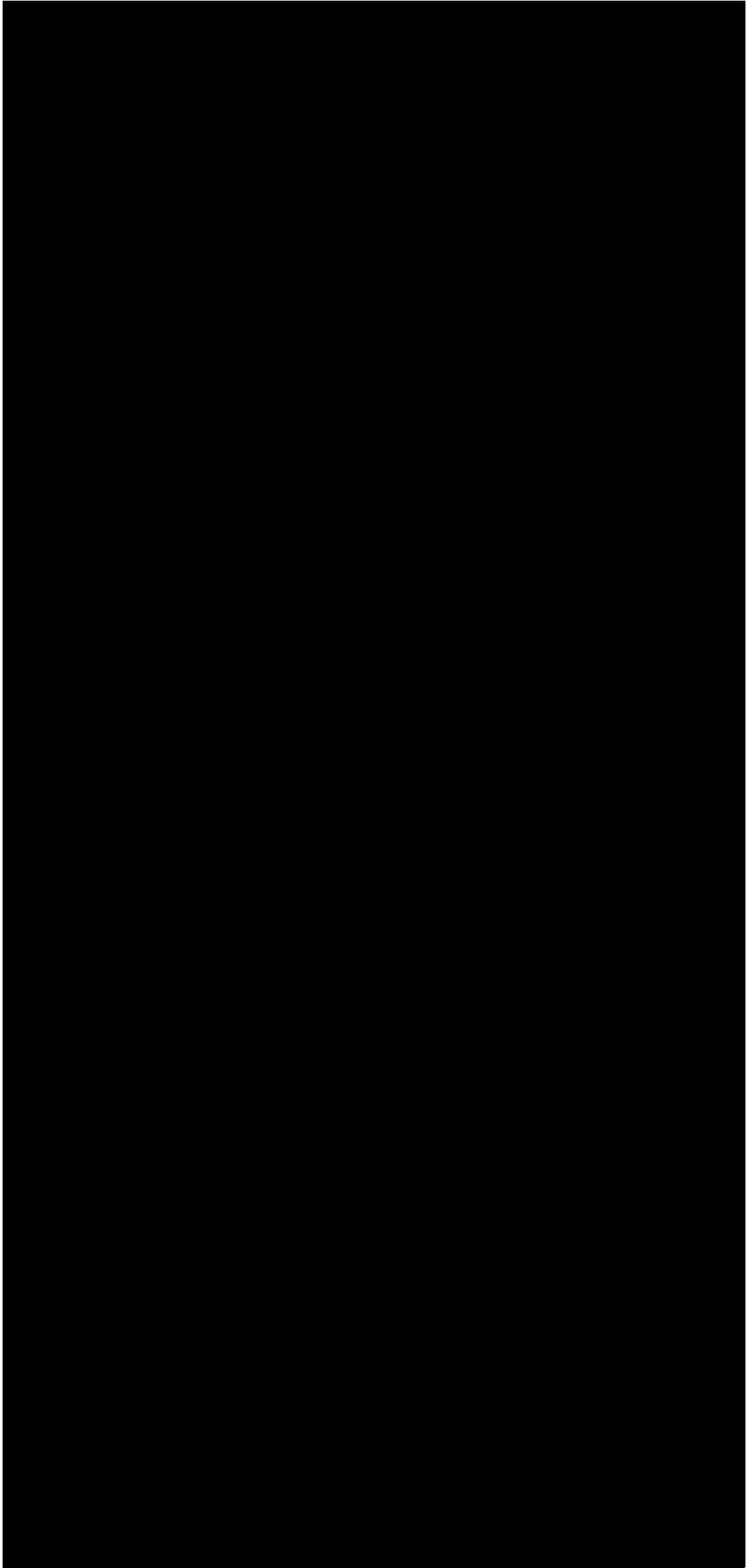
[REDACTED] Both factors significantly reduce the risk associated with the Model S launch plans. Furthermore, Tesla will receive all the building and operating permits from NUMMI with the purchase of this facility. This further reduces management distraction and time required to obtain the operating permits required for any other site.

6. No Action Alternative

Under a no action alternative, Tesla would not construct a manufacturing facility for the Model S product, would not be able to meet its project objectives (as described in greater detail Specific Report 1) and would therefore not produce and sell this vehicle. The public would have fewer choices regarding efficient transportation, the United States would be even more dependant on petroleum-based fuels and farther away from energy independence.

7. Relative Environmental Benefits and Costs

As discussed in Section 3, the proposed site is equal to or better for environmental impacts compared to any other alternatives. It also provides a significant benefit in its ability for expansion without significant environmental impact.



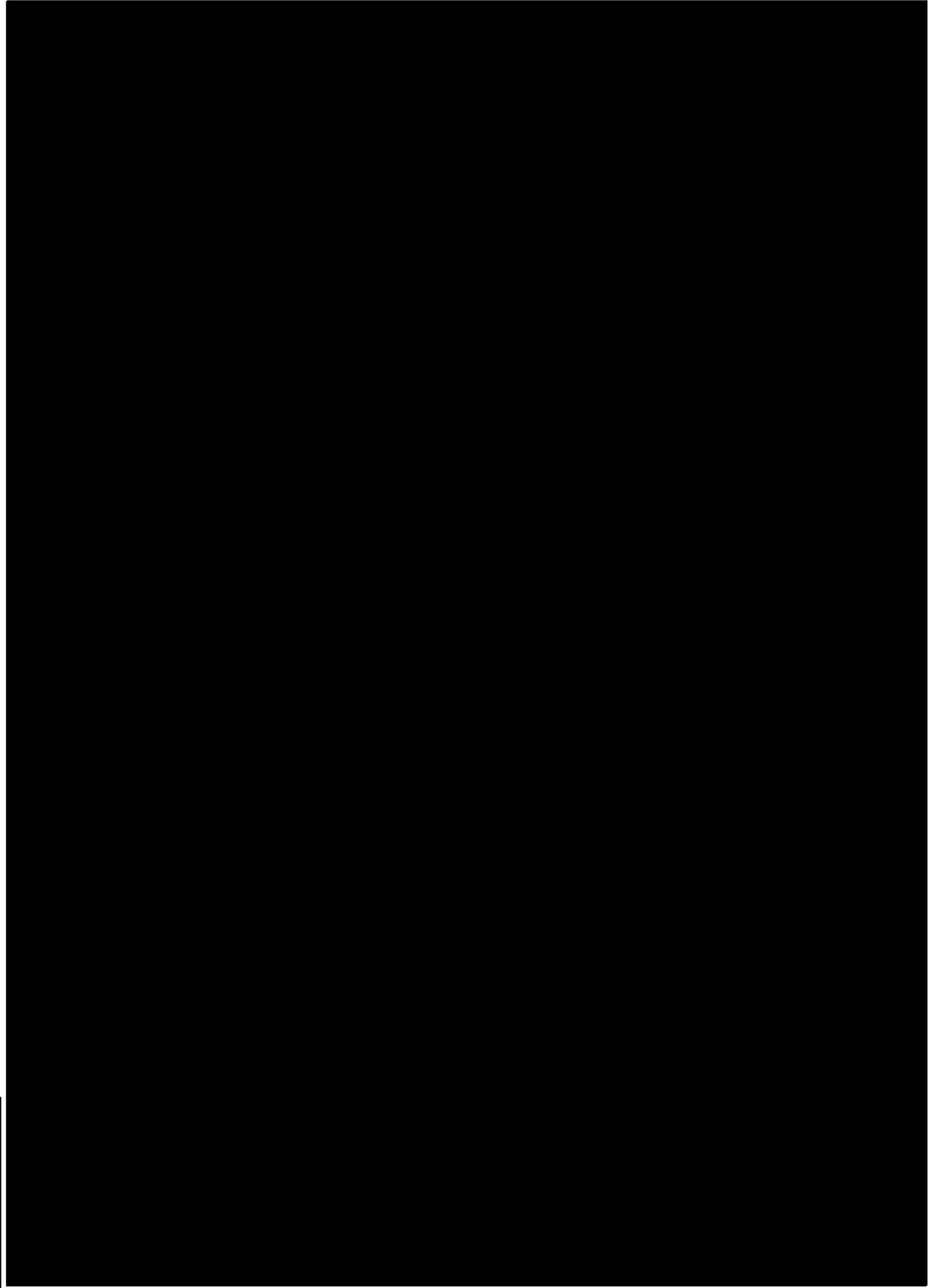


TABLE 2 – HISTORICAL SITE OVERVIEW FROM HISTORICAL AERIALS, TOPOGRAPHIC MAPS, AND CITY DIRECTORY RECORDS

Date	Source	Finding
1906	Topographic Map	Site and surrounding vicinity are undeveloped.
1939	Aerial Photograph	Site and Site vicinity appear to be cattle pasture with feeding stations visible. Small buildings, likely residences and farming structures are visible on the Site. Row crops and orchards to the north, south and east. Western and Southern Pacific railroad tracks visible to the east. Landing Road (future Fremont Blvd) to the west, Railroad Ave. (future Warren Ave.) to the south and Warm Springs Blvd. to the east are visible.
1946	Aerial Photograph	No significant changes from previous photo.
1953	Topographic Map	Site and immediate vicinity remain undeveloped.
1956	Aerial Photograph	Site is now cultivated as row crops. Small buildings visible on eastern edge of Site adjacent to railroad tracks. Surrounding areas remain agricultural with associated small buildings.
1961	Topographic Map	Site and immediate vicinity remain undeveloped. Interstate 880 Freeway is now present. Sewage disposal facility is indicated southwest of the Site, west of Landing Road. Fremont Raceways and Skyways Airport to the west of Site, beyond Interstate 880.
1965	Aerial Photograph	General Motors (future NUMMI) facility visible at the Site. Parking lot located immediately west of main plant building and adjacent to 880. North of the Main Plant Building is parking, presumably for newly assembled vehicles. A small detached building sits north of the Main Plant Building. East of the Main Plant Building is another smaller building and two large diesel ASTs which are currently on Site. East of these ASTs 12 propane ASTs are visible in the current location of the North Passenger Paint Building. The location of the current Truck Paint Building appears to be used for container storage. Three large ASTs are visible in the current location of the Wastewater Treatment Plant as are two buildings in the approximate location of the current structures. Immediately east of these ASTs appear to be four structures that may be small ASTs in the location of the current NUMMI electrical substation. Immediately south of the Wastewater Treatment Plant location, a fuel tank farm is visible which is currently still on Site. Just west of the tank farm a building is visible attached to the Main Plant Building. This is the location of the former Paint Mix Room and sump. Immediately south of the tank farm is a vacant area with a potential AST visible in the location of the current Stamping Storage area. Immediately southwest of the Tank Farm a water treatment pond is visible at the location of the current Plastics Plant

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Date	Source	Finding
		Building. A large water tower is visible at the southern edge of the Site. Five railroad spurs are visible leading from the main tracks to the east side of the GM facility. The north, northeast, and south portions of the Site are vacant. The areas surrounding the Site are vacant land or agricultural fields. Several small buildings are visible to the east of the railroad tracks.
1965	City Directory	General Motors Assembly division and Frank Fyock are listed at the 45500 Fremont Boulevard Site address. Pacific Motor Trucking Auto Transport is listed at the 45300 Fremont Boulevard Site address. They remain listed through 1979.
1968	Topographic Map	The Main Plant Building is indicated on the 1968 map. The large diesel ASTs are indicated, as is the water tower on the southern border of the Site. Note that the 1968 map erroneously identifies the waste water pond as a building. Increasing development is indicated to the east of the Site across the railroad tracks.
1973	Topographic Map	Expansion of the Main Plant Building to the north and east are indicated. Wastewater treatment tanks are also indicated at the location of current Wastewater Treatment Plant. Increased development is depicted to the west of Fremont Boulevard.
1974	Aerial Photograph	The Main Plant Building has been extended on the northern and southern ends. To the north, the areas currently occupied by the truck quality control unit and audit labs are visible. To the south, the areas currently occupied by the production control, body units and south dock are visible. Four small diesel ASTs are visible adjacent to south body unit in their current location. Immediately to the east of the Main Plant Building and just west of the diesel ASTs, the Main Plant Building has been extended to include what is currently the production control unit. The remainder of the Site to the north and south is undeveloped. Increased development visible to the east of the railroad tracks.
1980	Topographic Map	New small structures surrounding the Main Plant Building are displayed. Wastewater treatment pond still marked as a structure. Water tower at southern boundary of property is no longer visible.
1982	Aerial Photograph	Photo quality is generally poor. The wastewater treatment pond is still visible. The water tower at southern boundary of NUMMI is also visible. The remainder of the Site to the north and south is undeveloped. Increased development east of the railroad tracks and west of the 880 freeway.
1993	Aerial Photograph	The wastewater pond is no longer present. The Stamping Section of the Main Plant Building has now been constructed. The Stamping Building has taken over the location of the former water tank. A large AST is now visible adjacent to firewater pump house south of the Stamping Building. Four of the five railroad spurs are no longer visible. Only the northernmost one remains. The Main Plant Building has expanded at the

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Date	Source	Finding
		north end to include the areas currently occupied by the car quality control section and at the south end with the addition of the Stamping Building. The Truck Paint Building north of the Wastewater Treatment Plant is visible. The hazmat receiving building is visible east of the tank farm. The Central Sludge facility is now present immediately east of tank farm. Five small diesel ASTs are visible at southern end of the Main Plant Building. Three new ASTs are visible at the Wastewater Treatment Plant. The north portion of the Site (Parcel 1) has been further developed for marshalling activities, with the Main Plant Building currently occupied by TLS present (smaller building without the northern expansion currently present), along with the railcar loading area, truck staging area, and parking areas. Increased development is visible to the southwest.
1999	Aerial Photograph	Site appears in its current configuration. North Passenger Paint building is visible. Central Sludge Facility now present immediately east of tank farm. PG&E substation visible just north of Sludge Facility and boiler building visible to east. Plastics building visible east of the Stamping Building. Parcel 1 appears to be similarly developed as the 1993 aerial photograph. Surrounding areas show increased development west of freeway and east of railroad tracks.
2002	City Directory	NUMMI and various subcontractors listed at Site address. Surrounding properties are primarily light industrial and commercial.
2005	Aerial Photograph	No significant changes from 1999 photo.

While historical records were not available for the property at 5 year intervals (the suggested frequency in the ASTM Standard), we do not consider this data gap to be significant to the identification of RFCs at the Site, as sufficient information was available to develop an understanding of past property uses.

Table 3: Summary of Areas of Interest
Phase I Environmental Site Assessment
NUMMI
Fremont, California

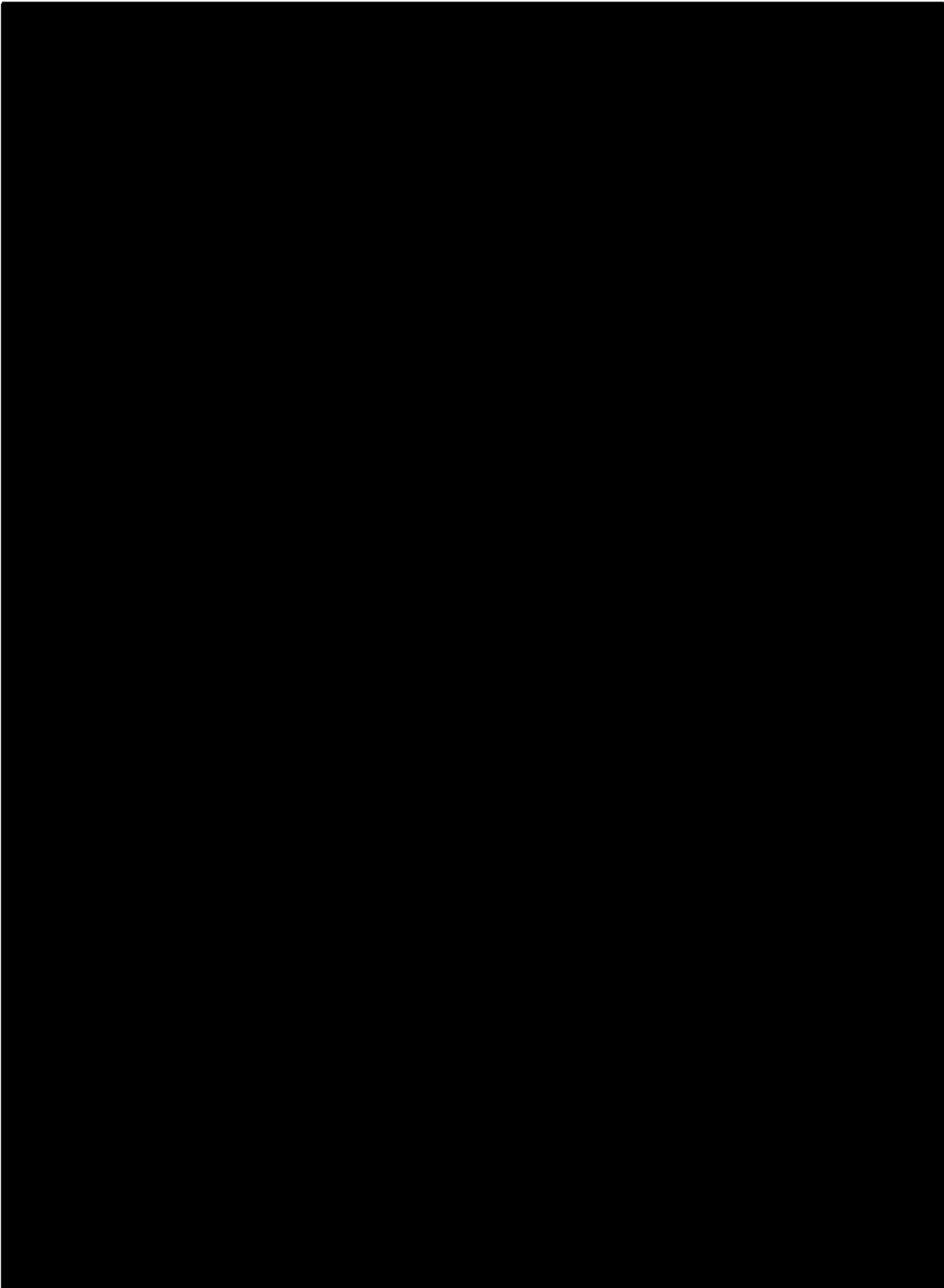
AOI Number	REC/PREC	Associated Facility Component	Area of Interest (AOI)	Chemicals of Concern (COCs)	Media Which May be Impacted

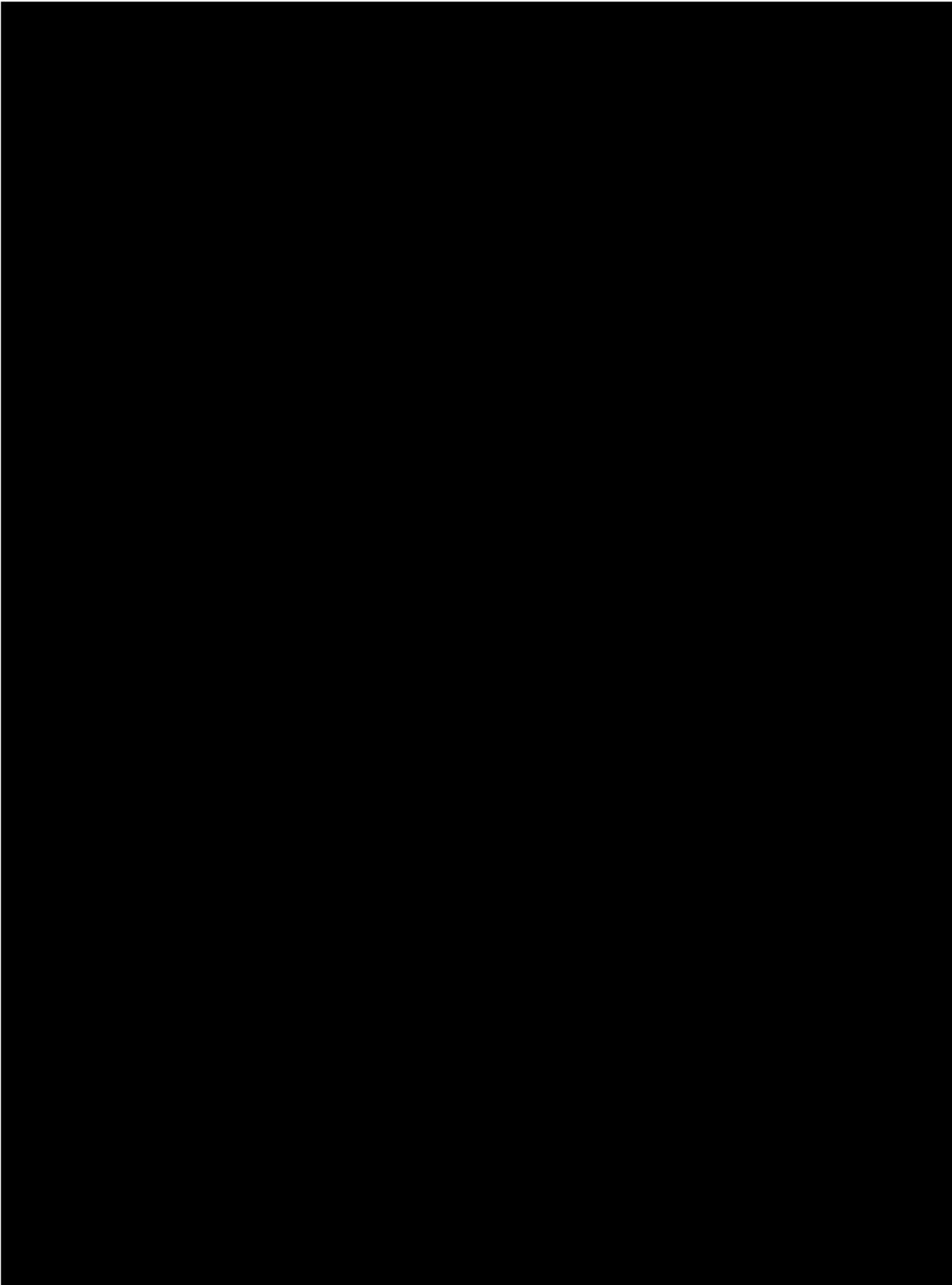
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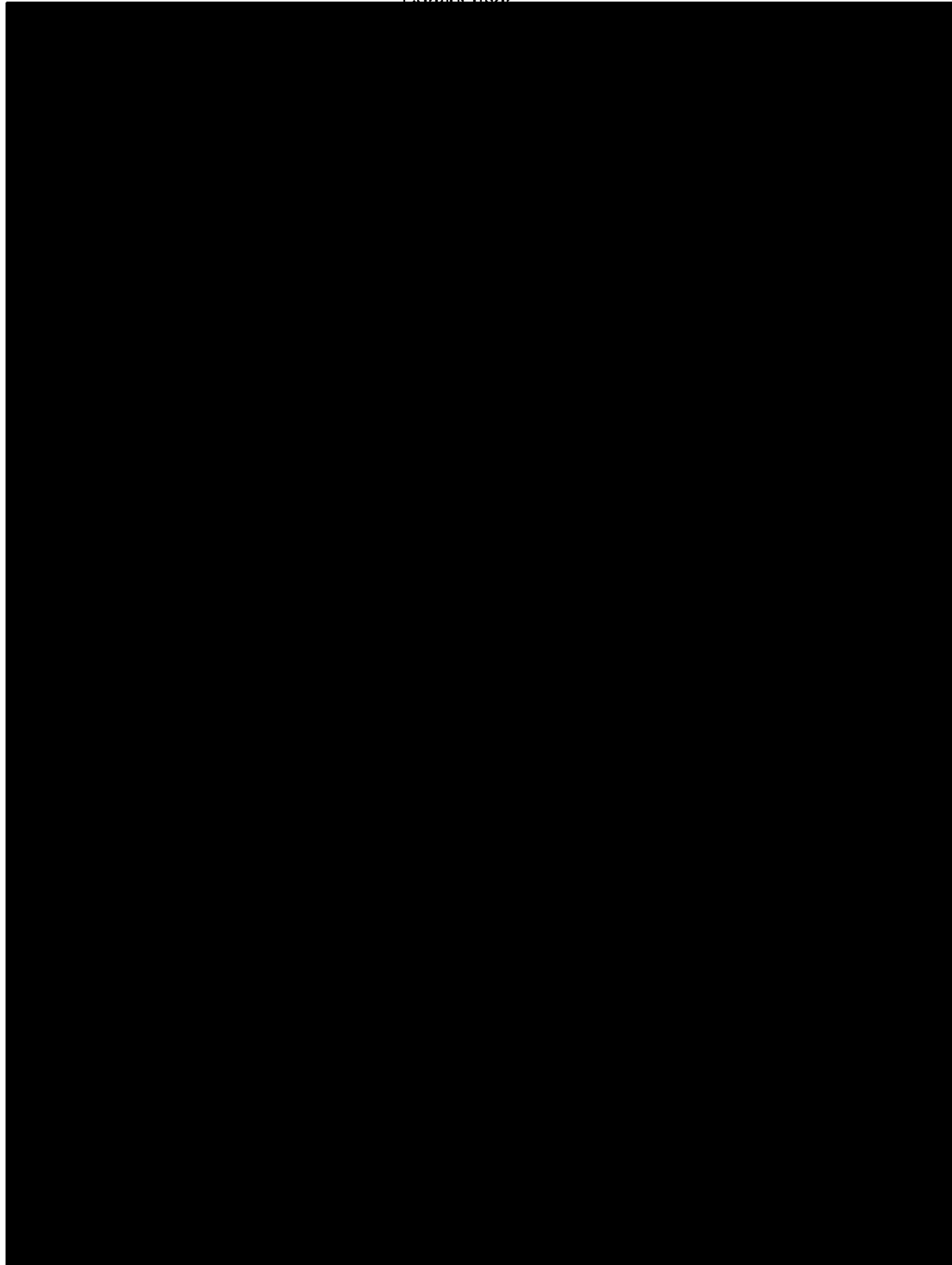
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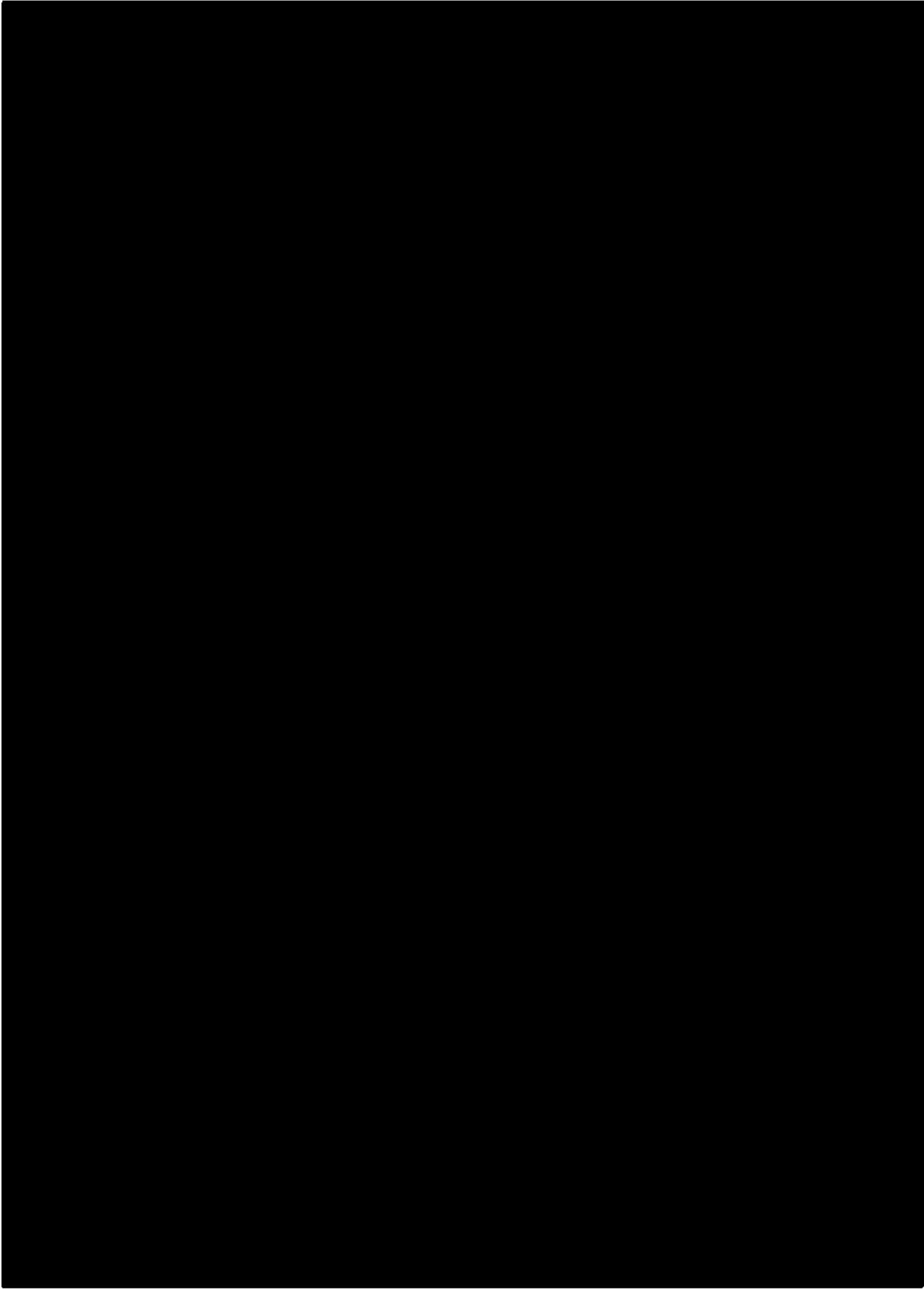




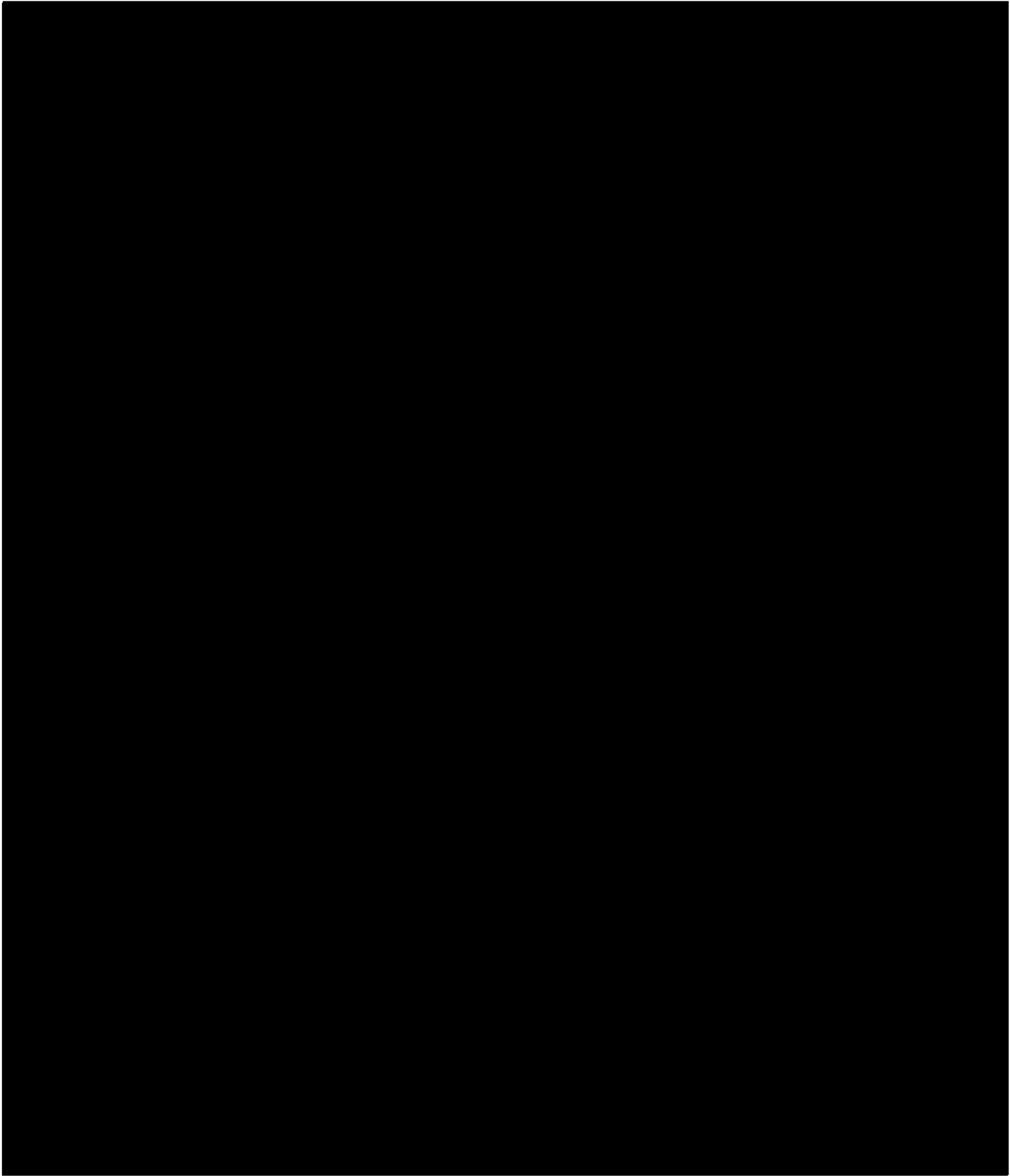
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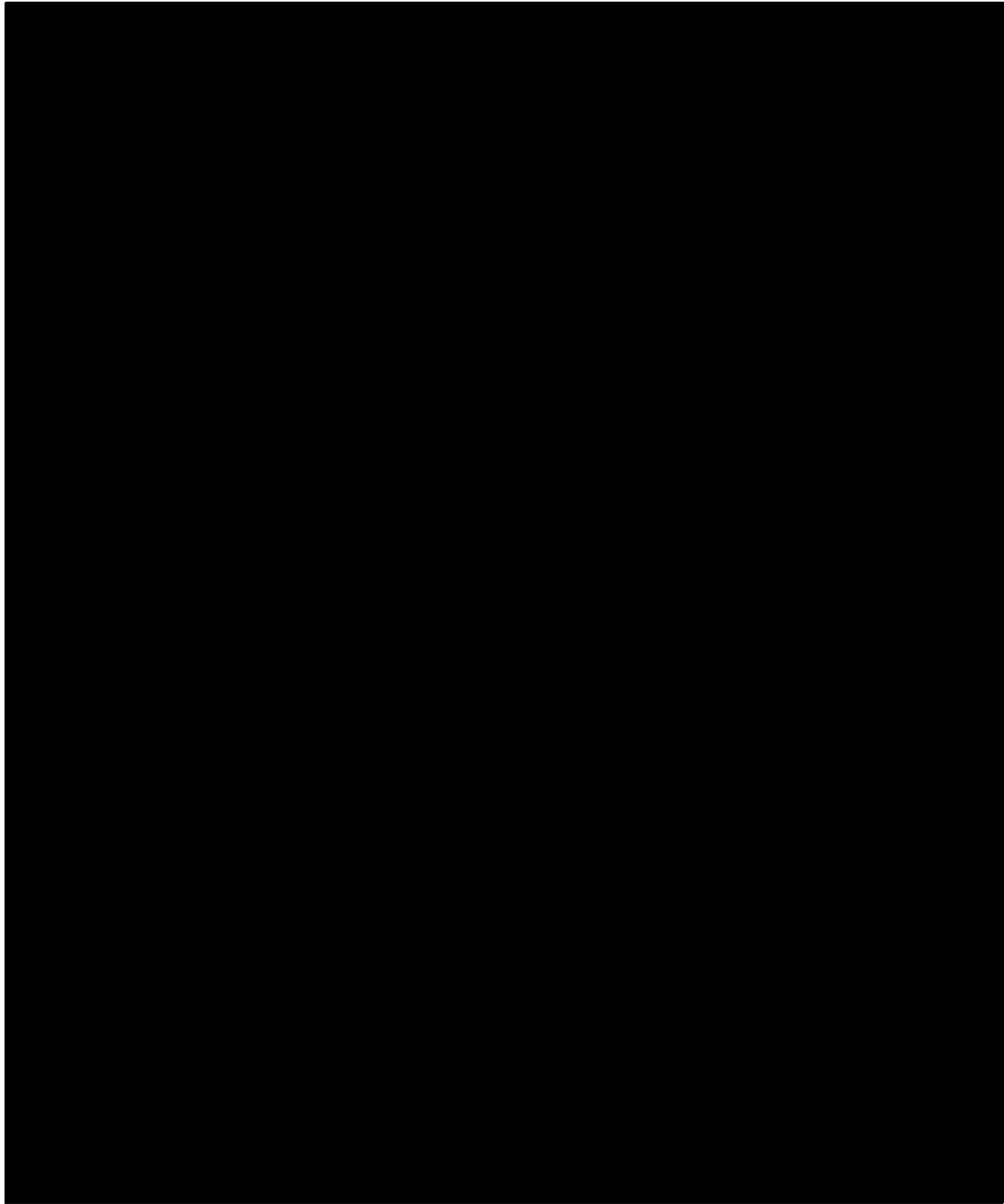


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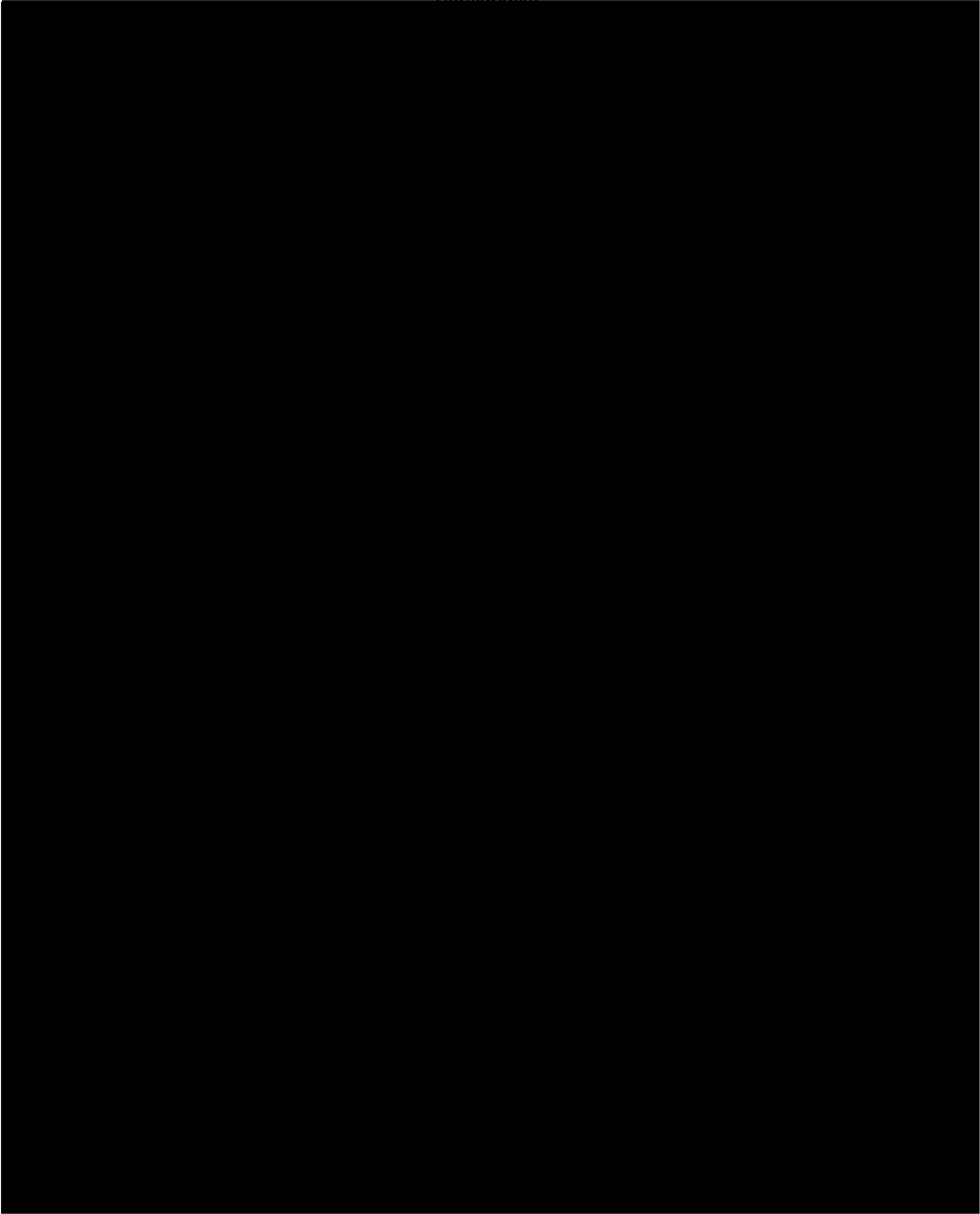


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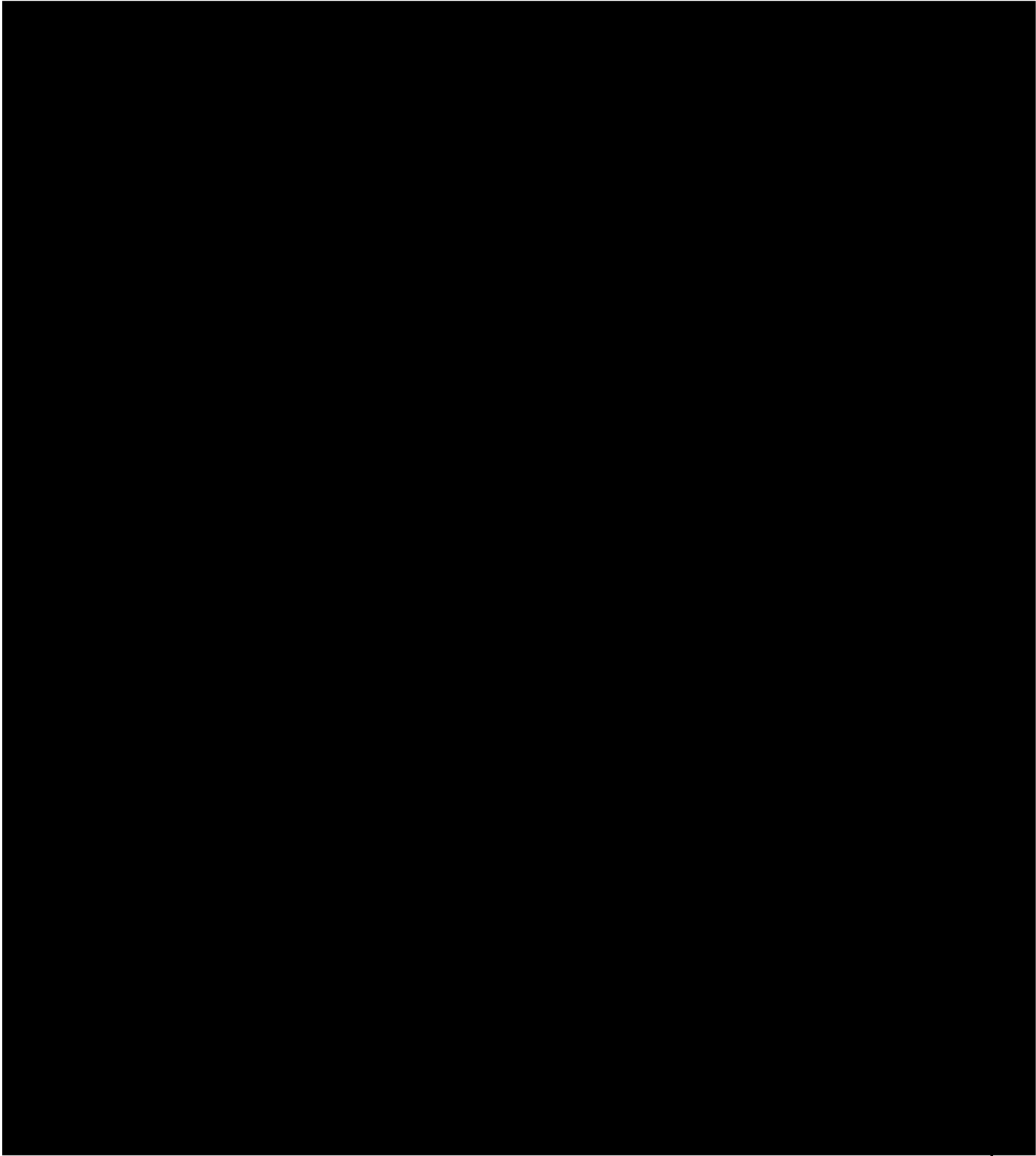




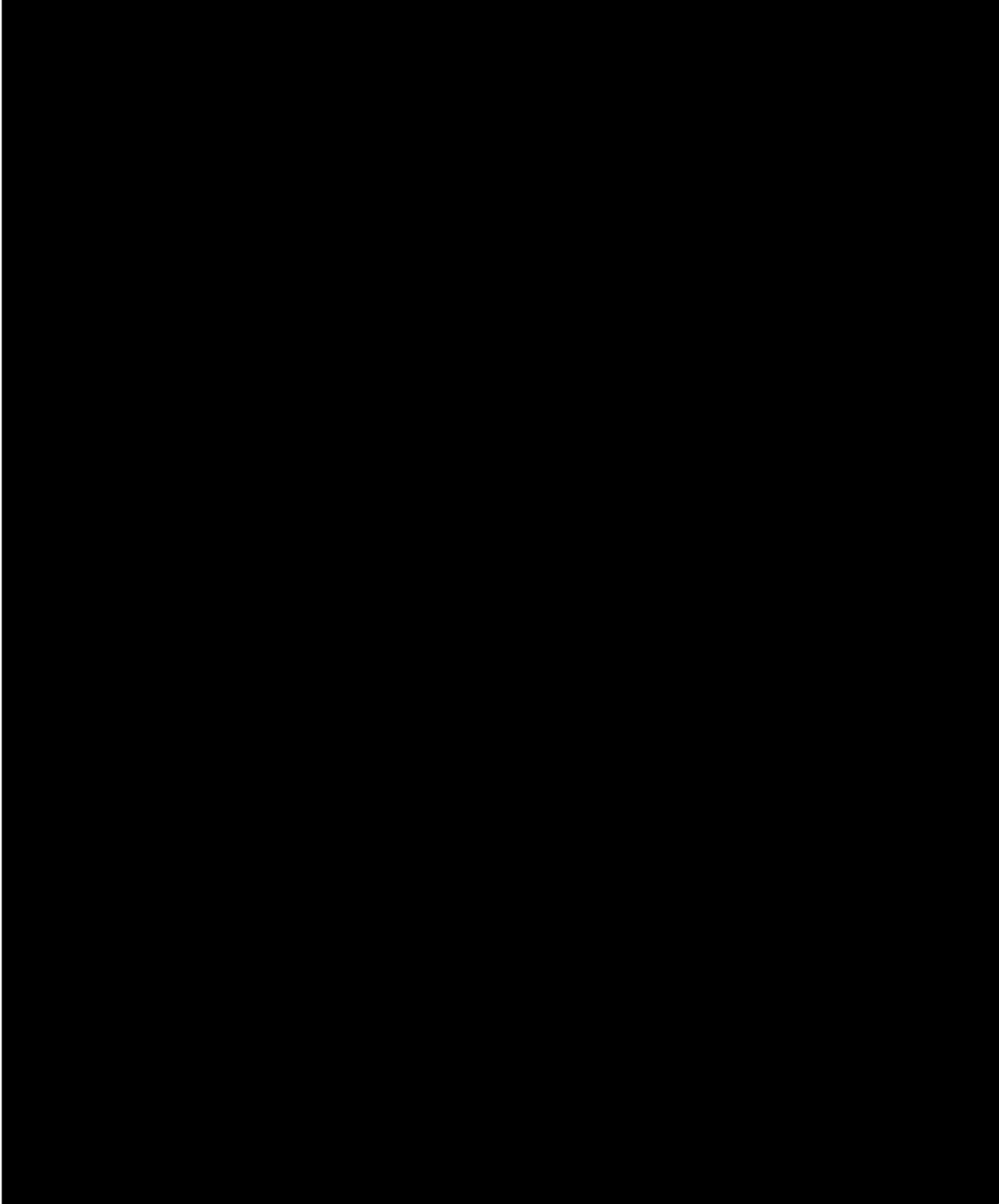
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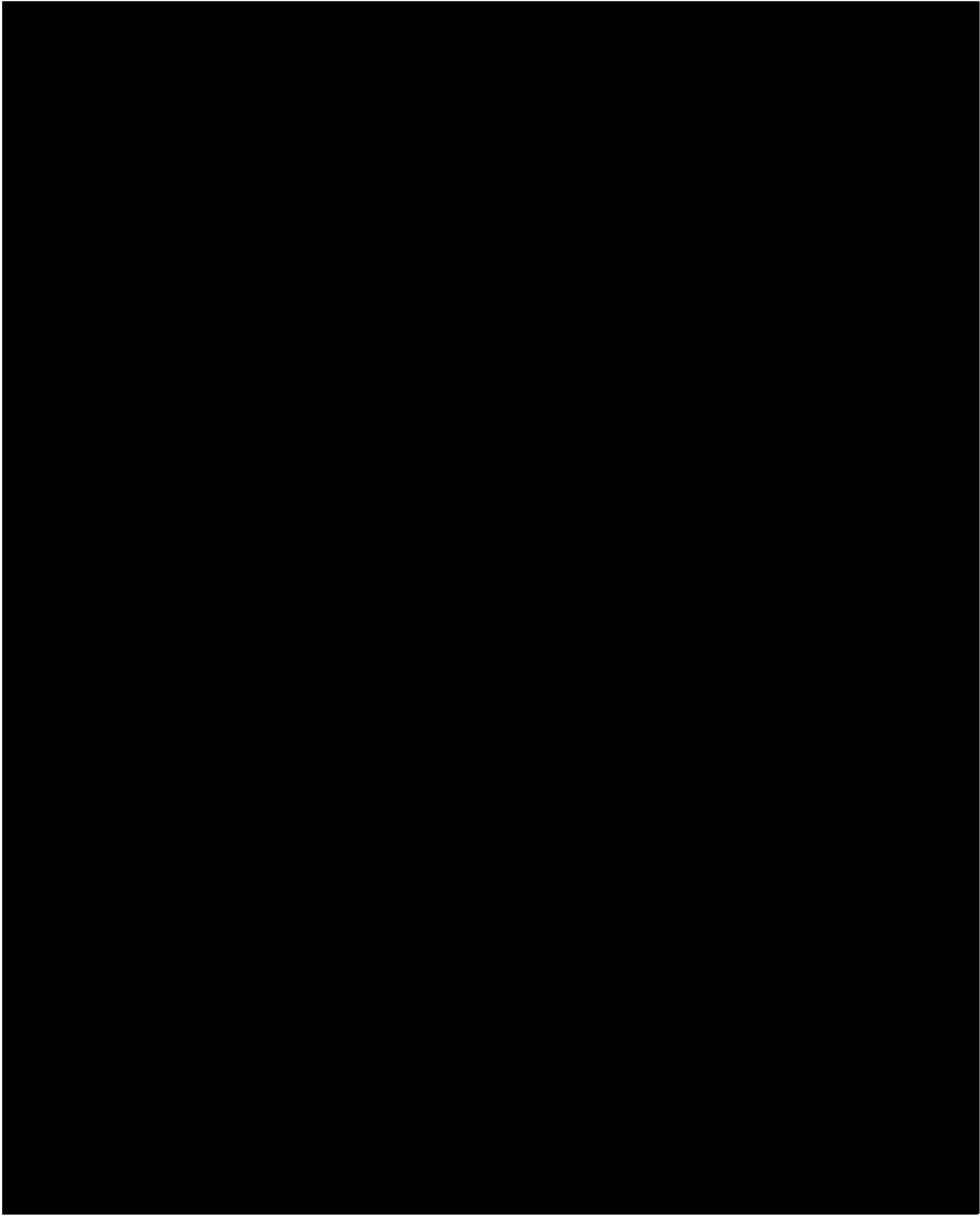
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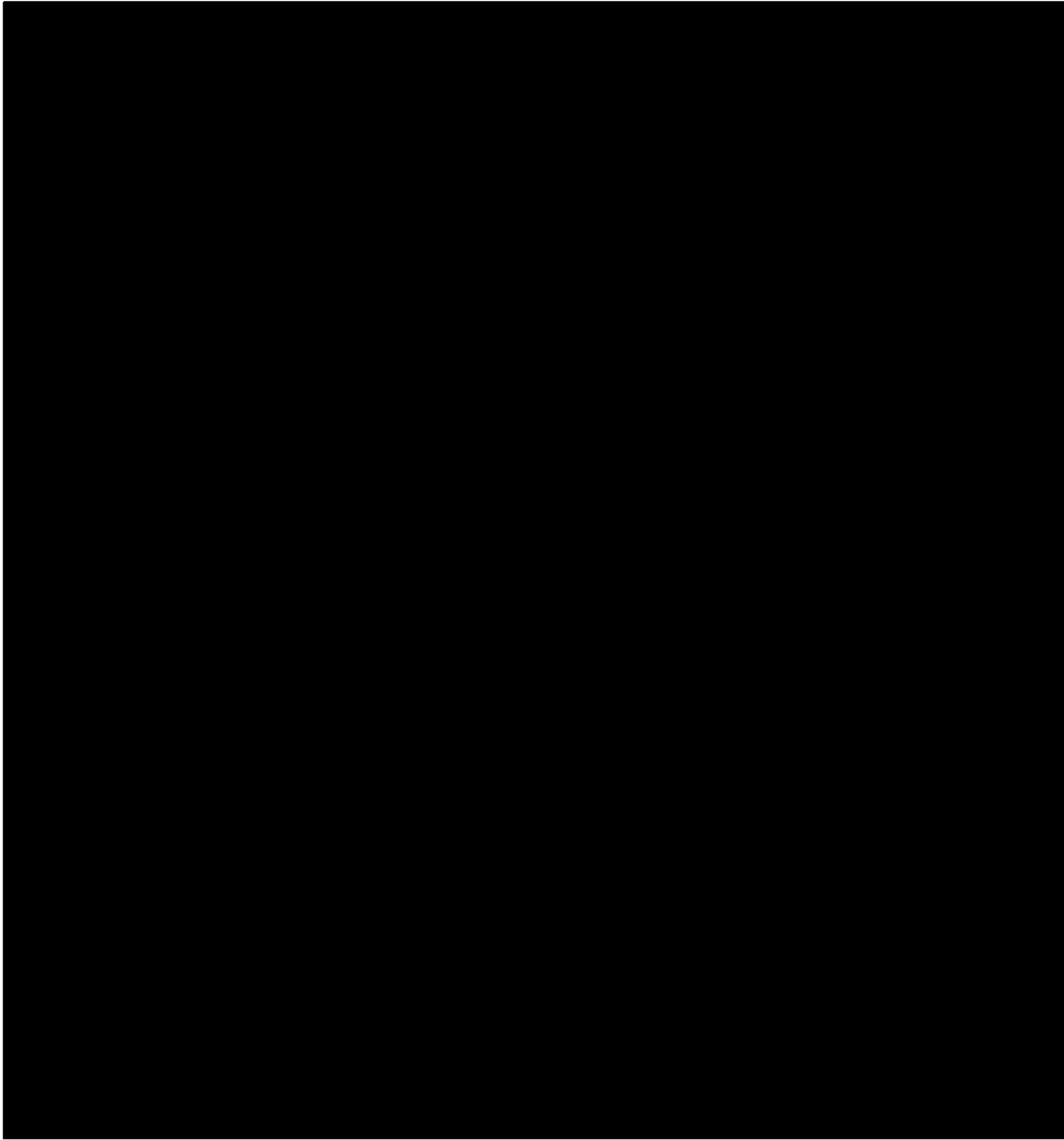
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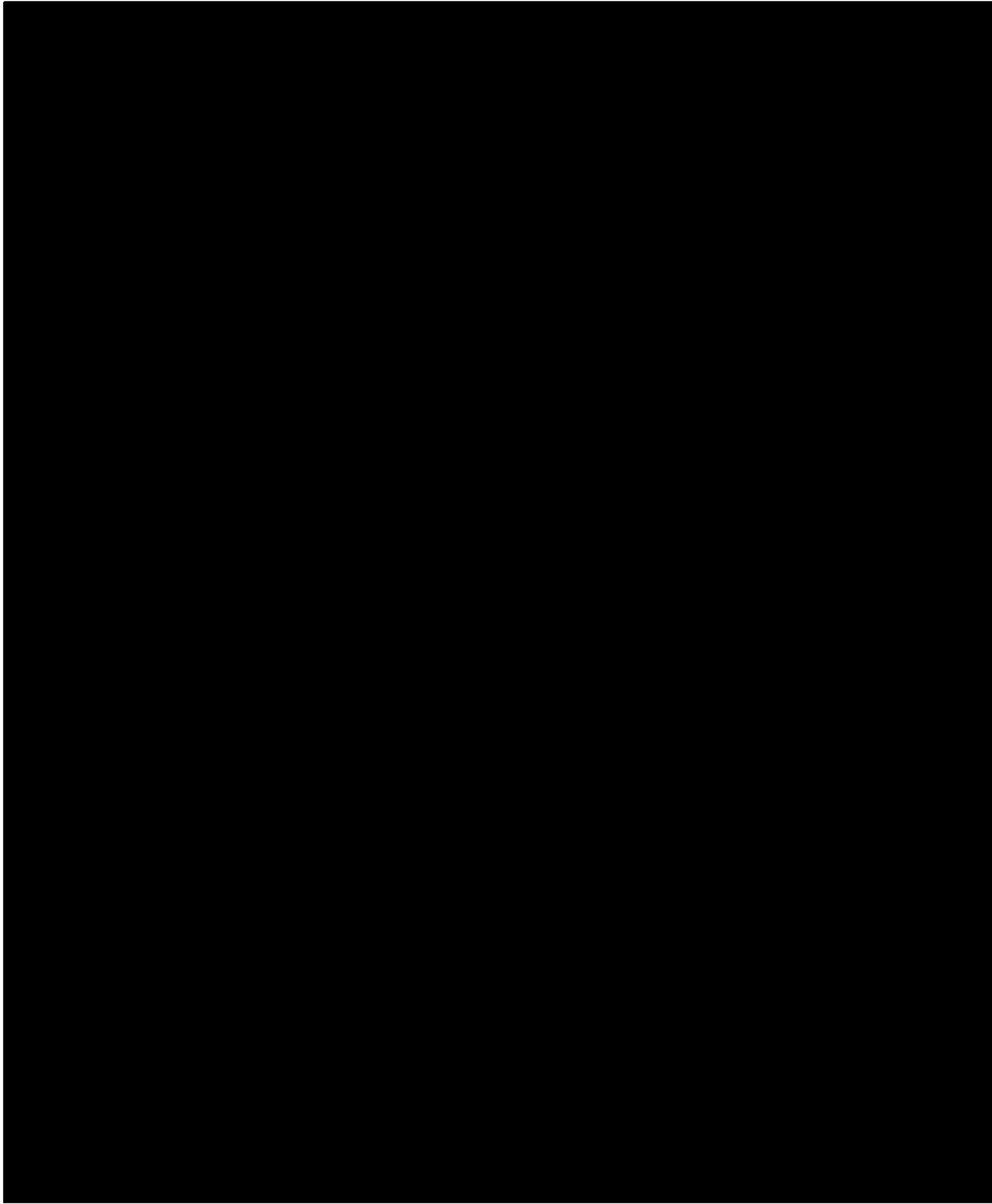
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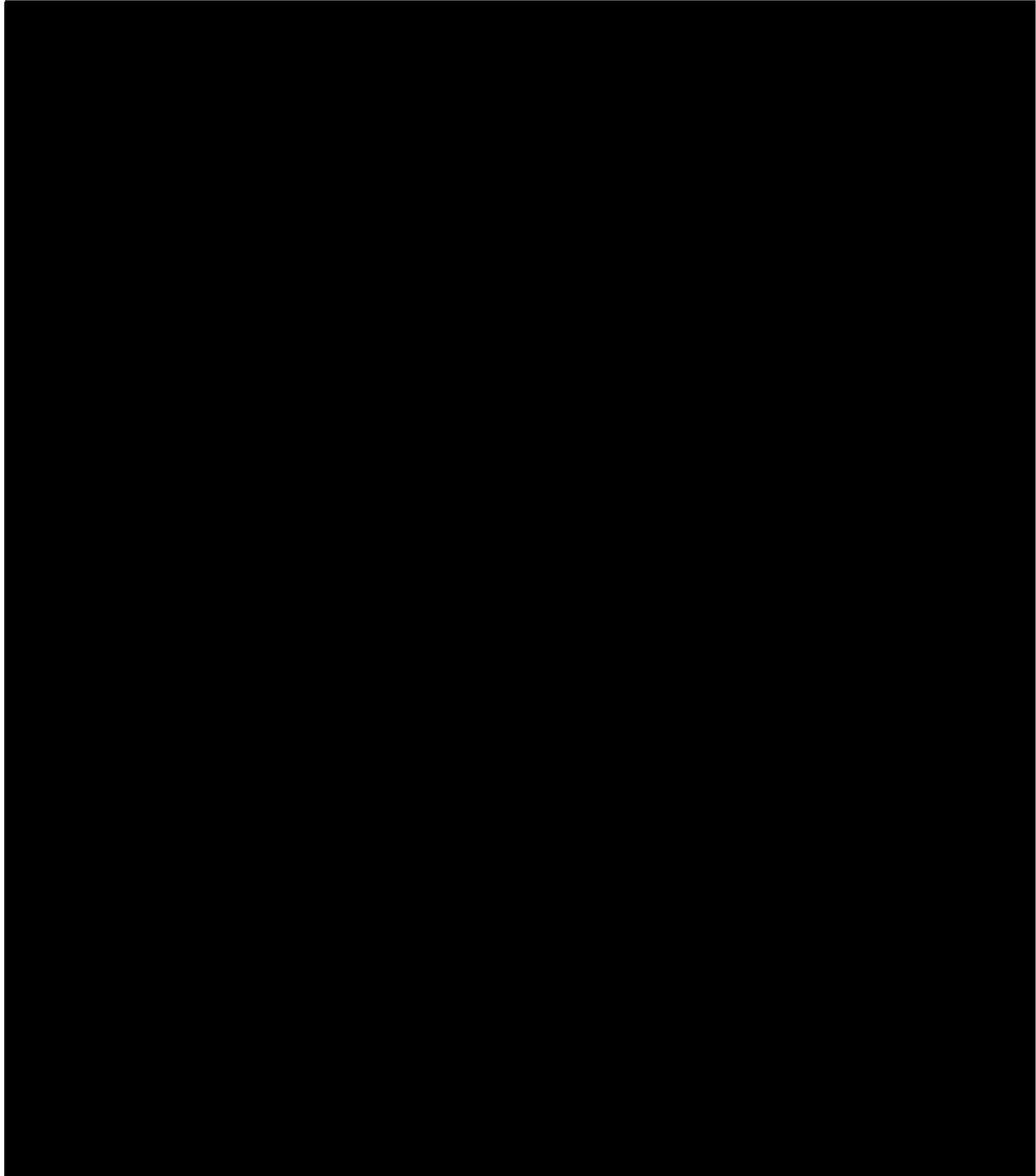
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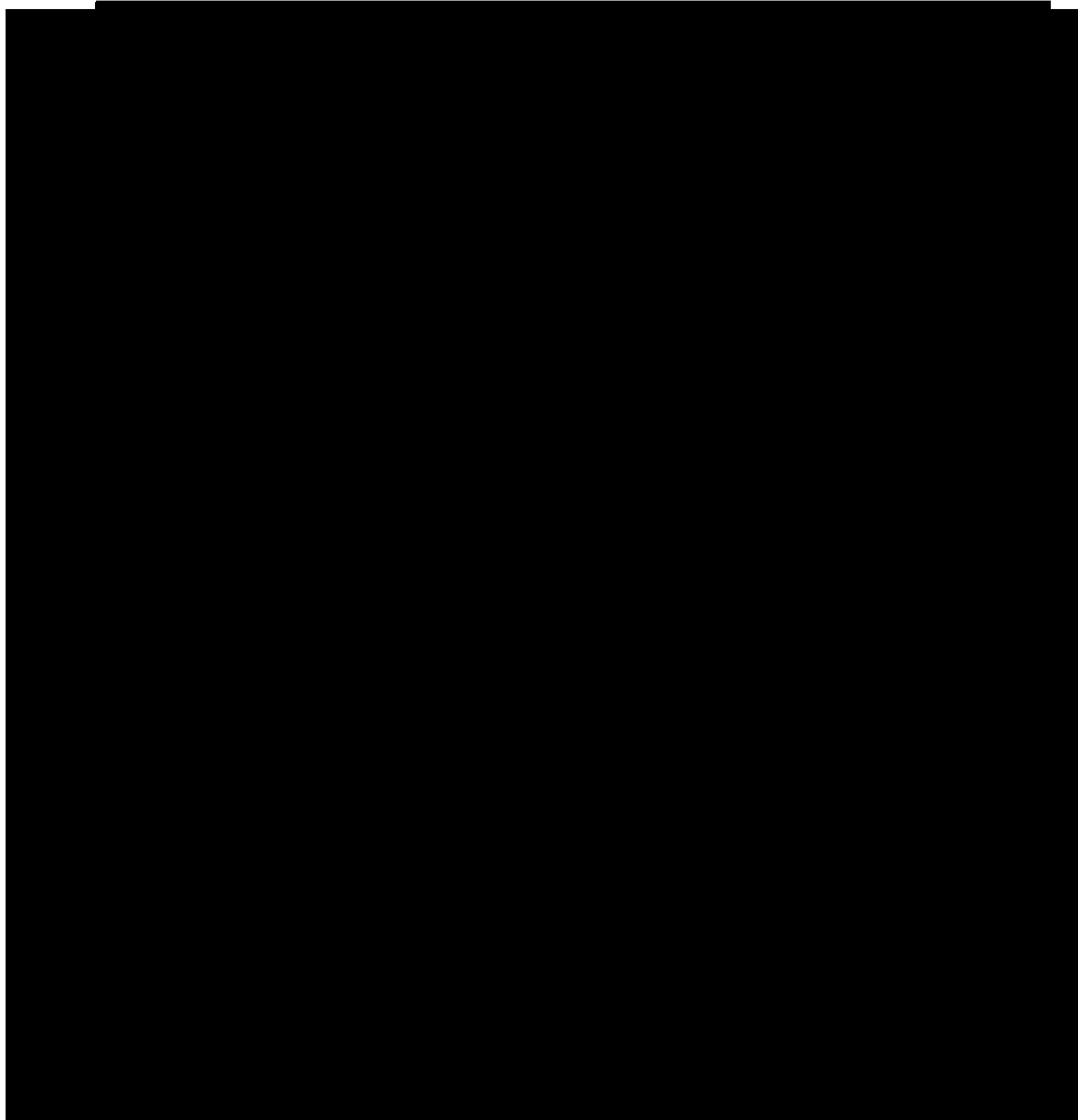
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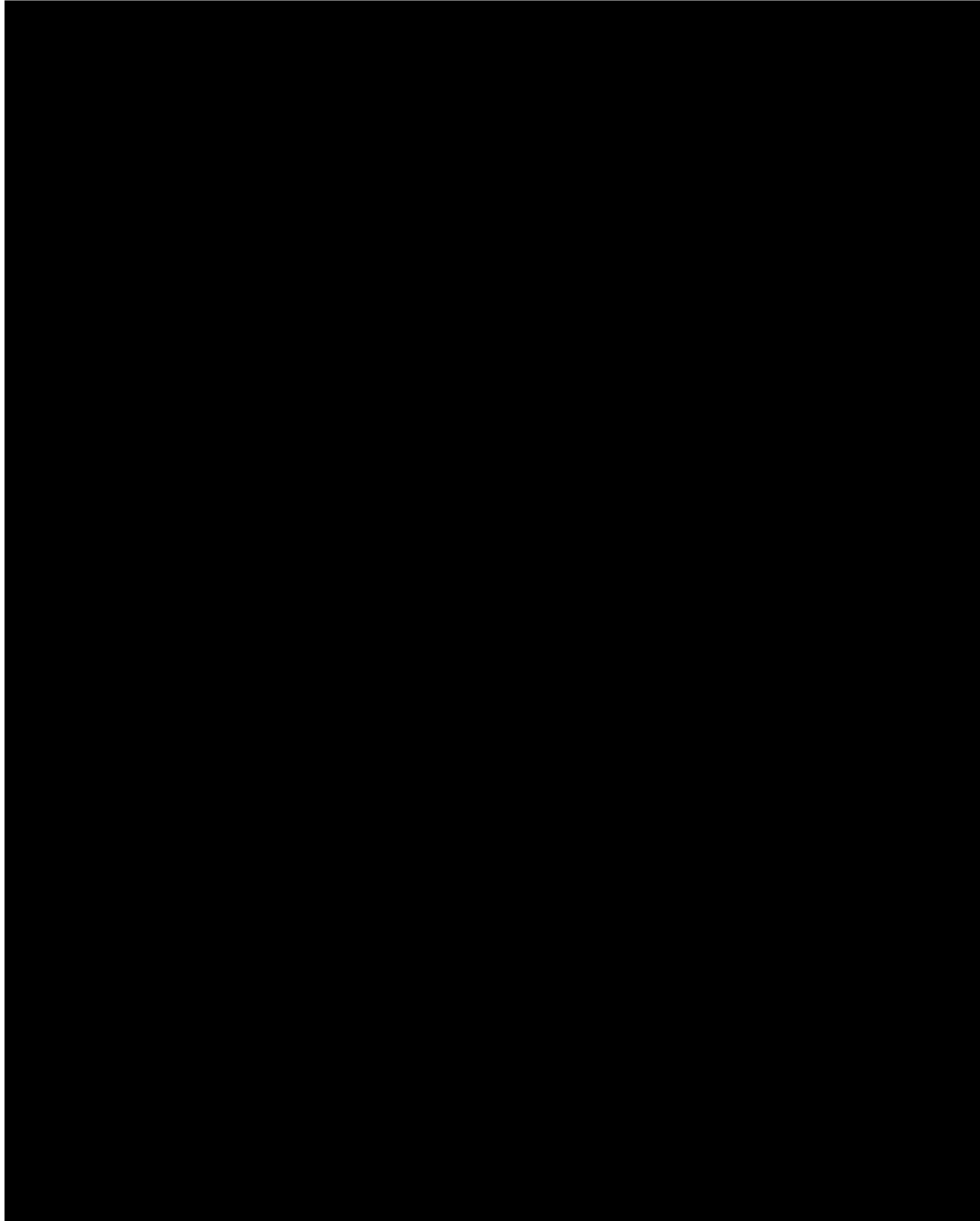
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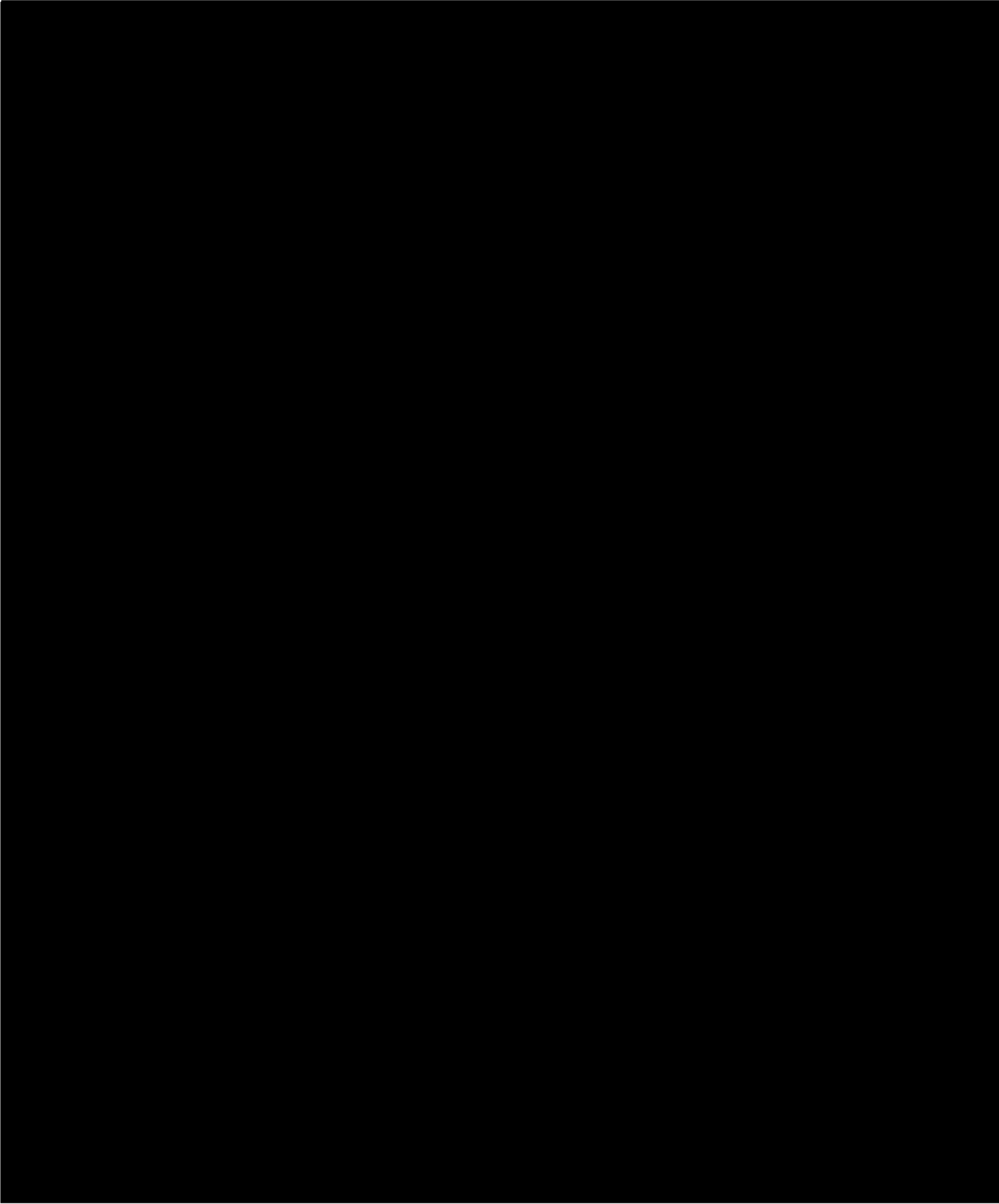
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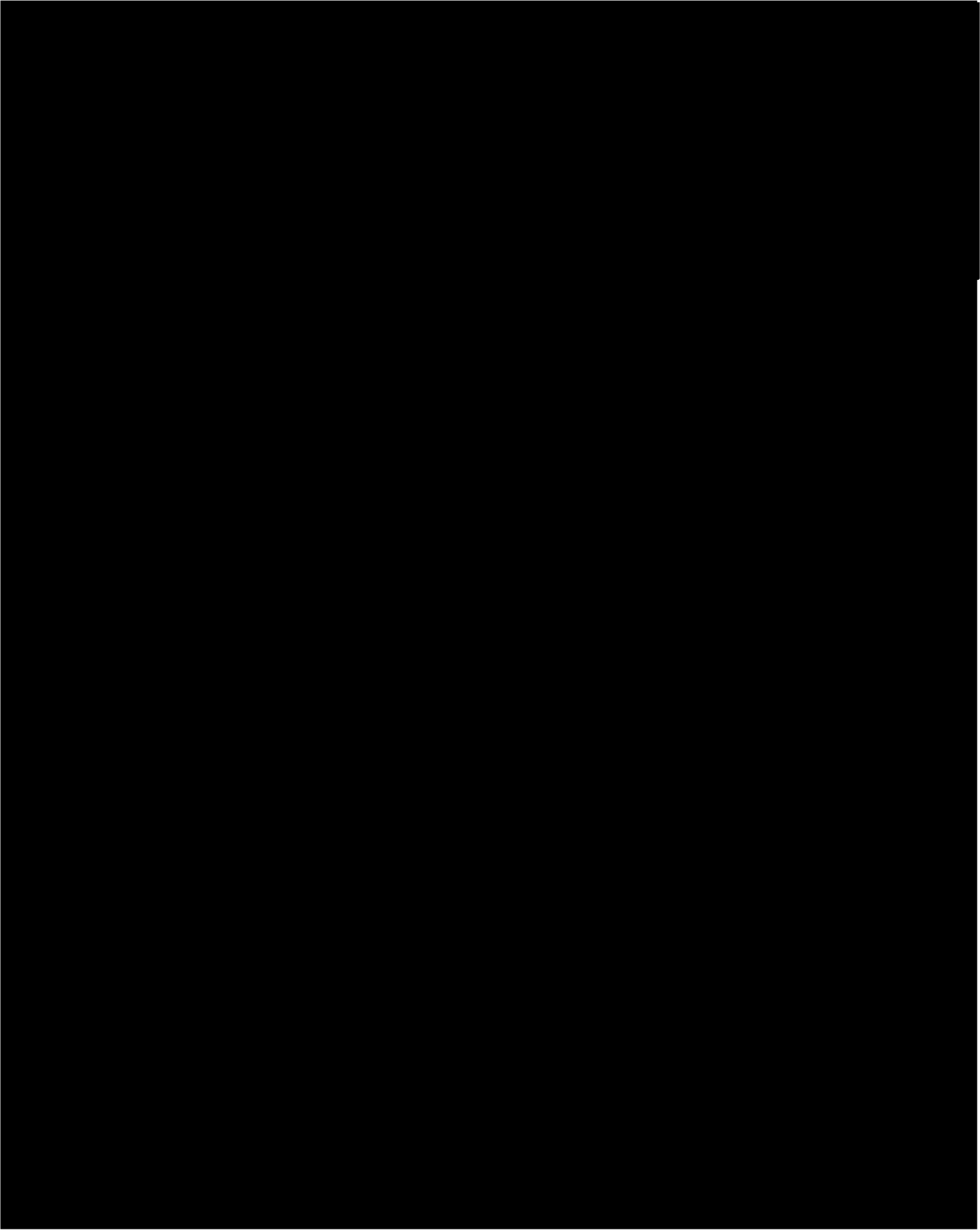
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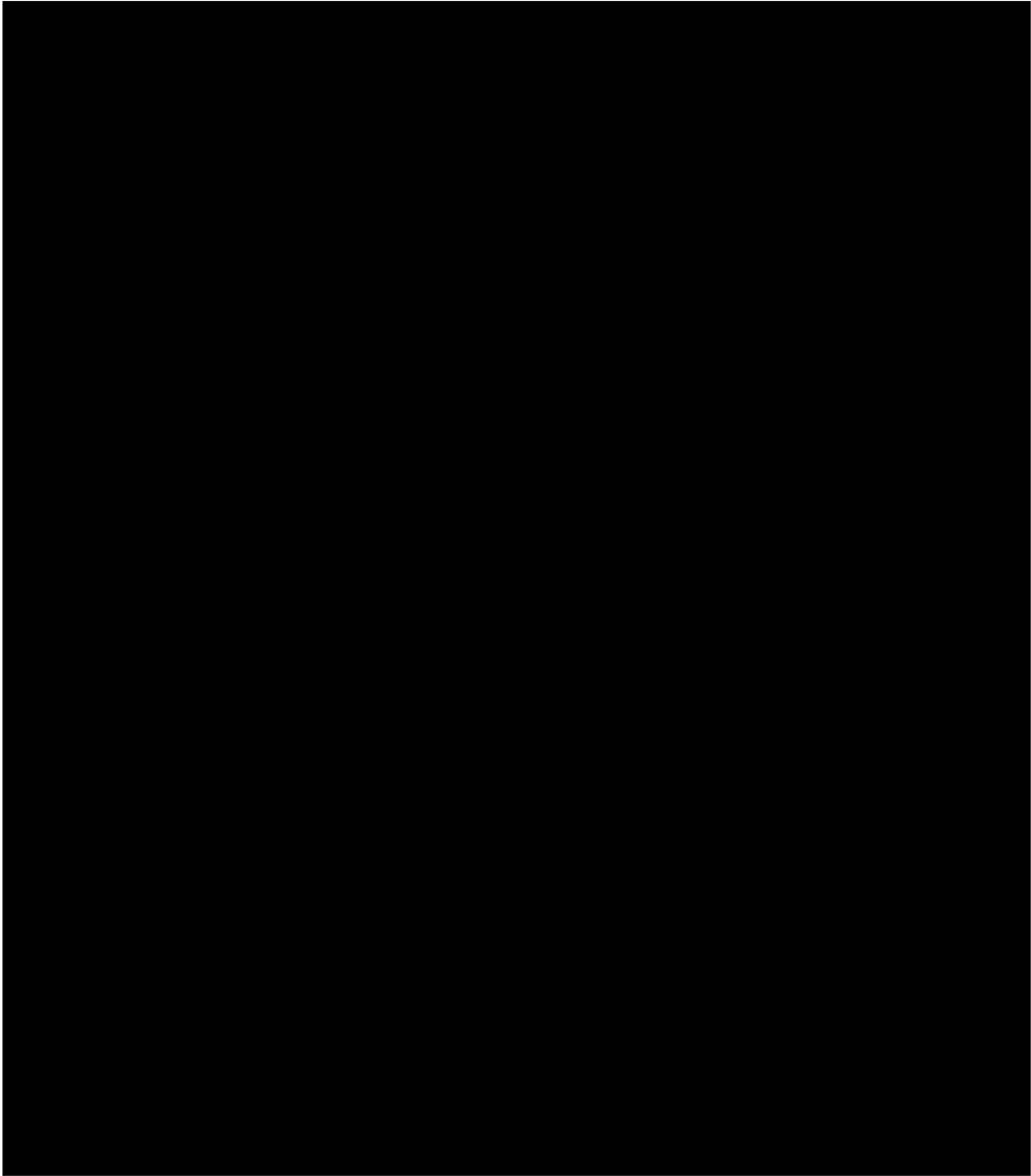


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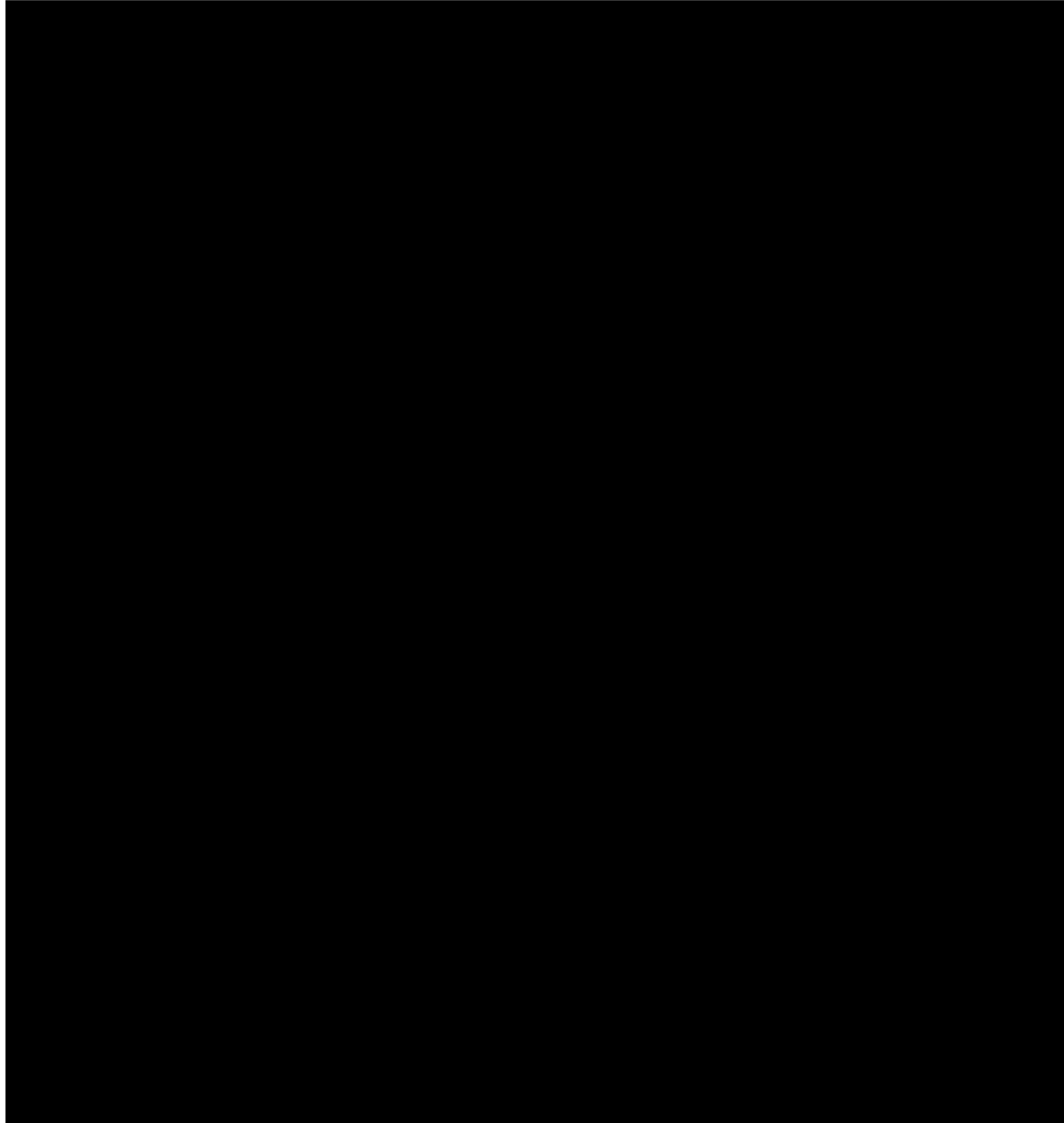


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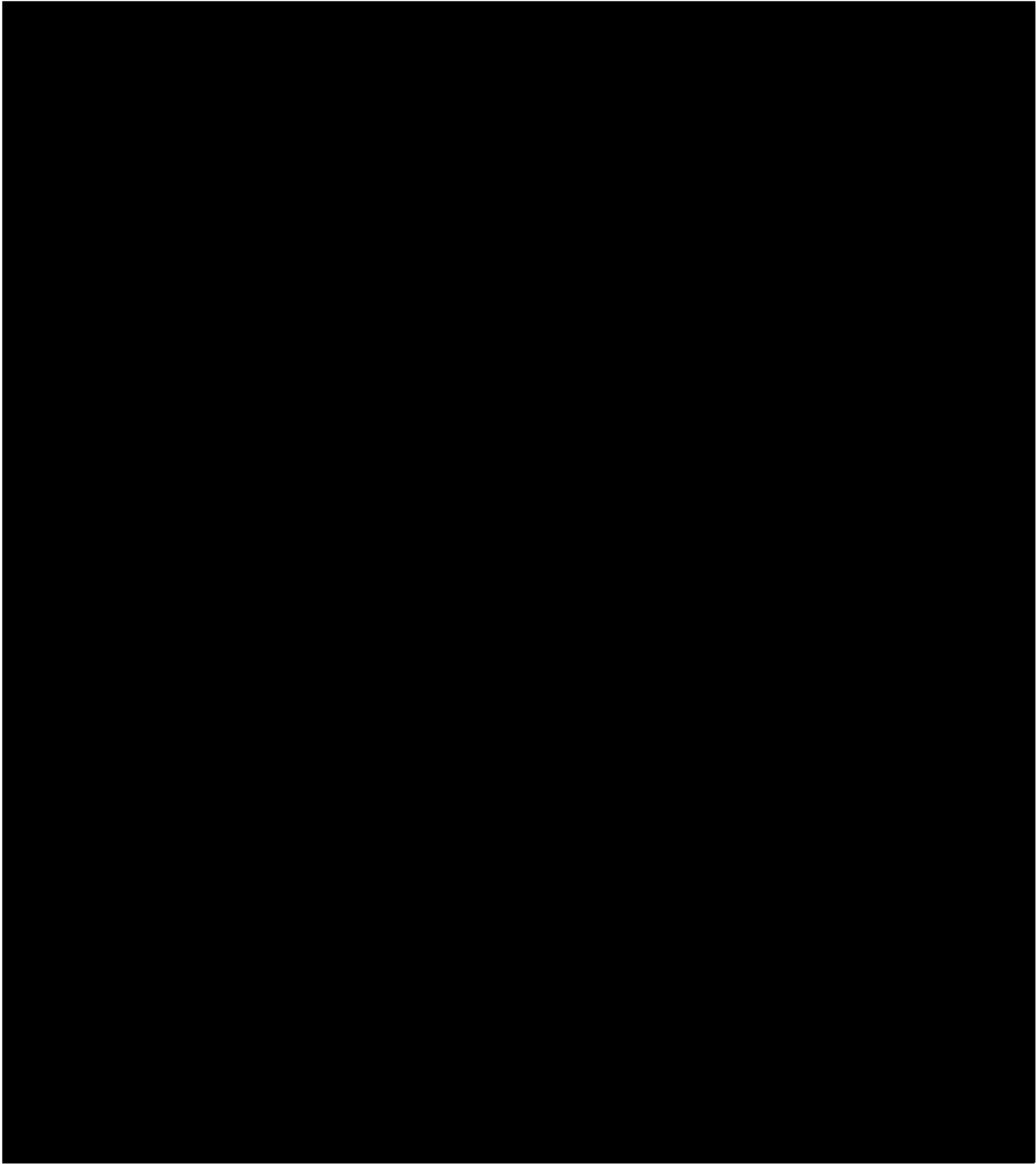




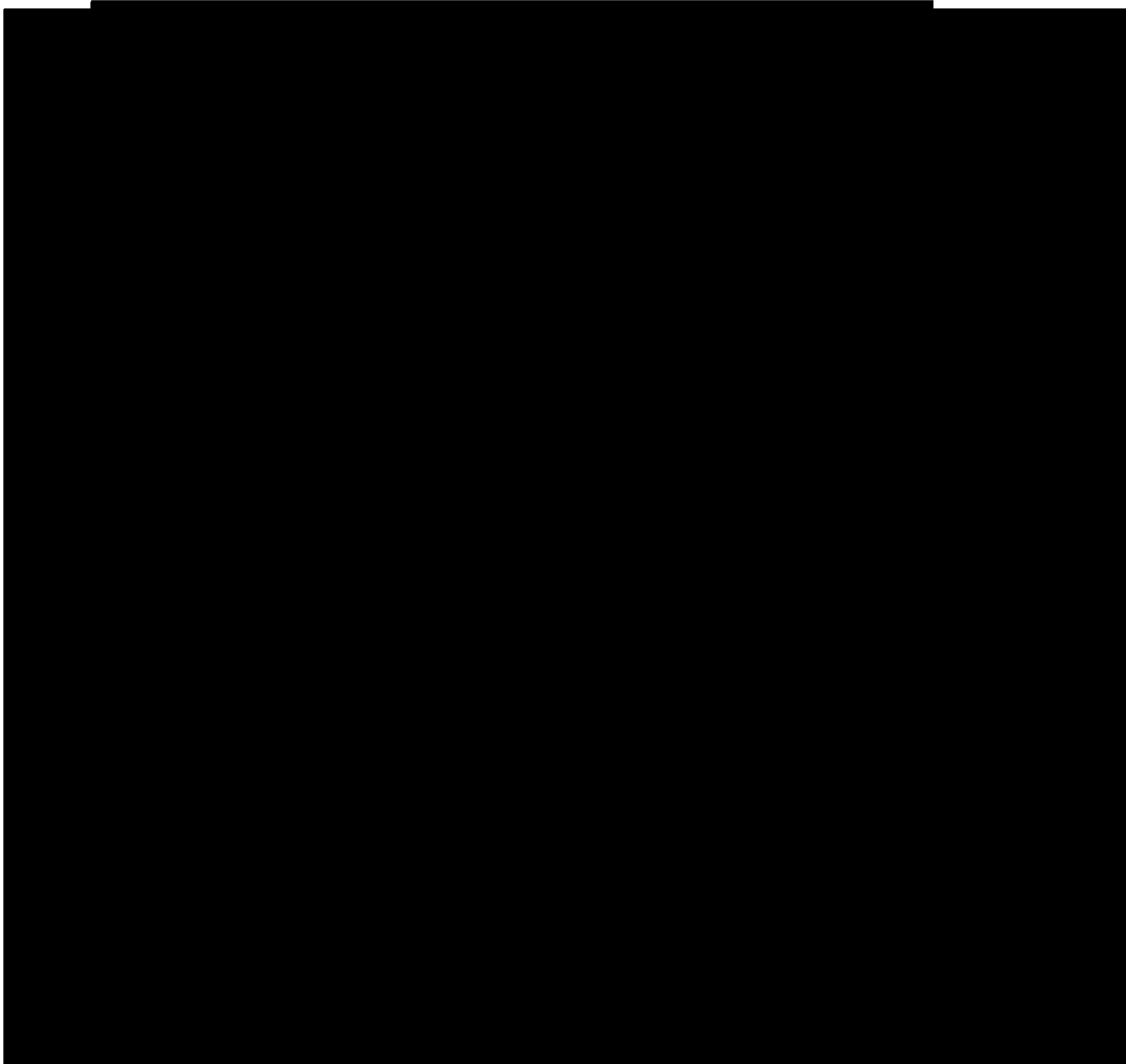
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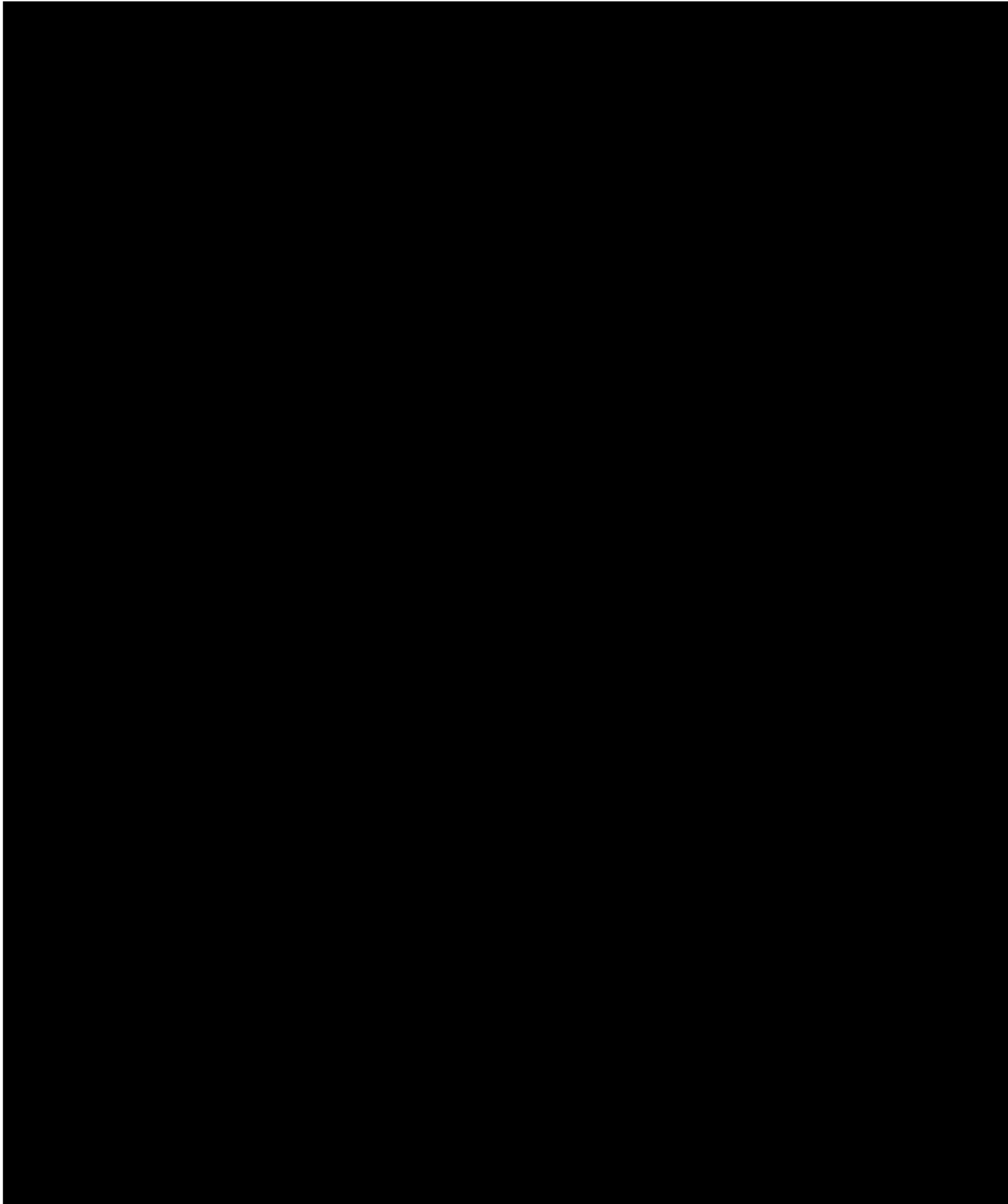
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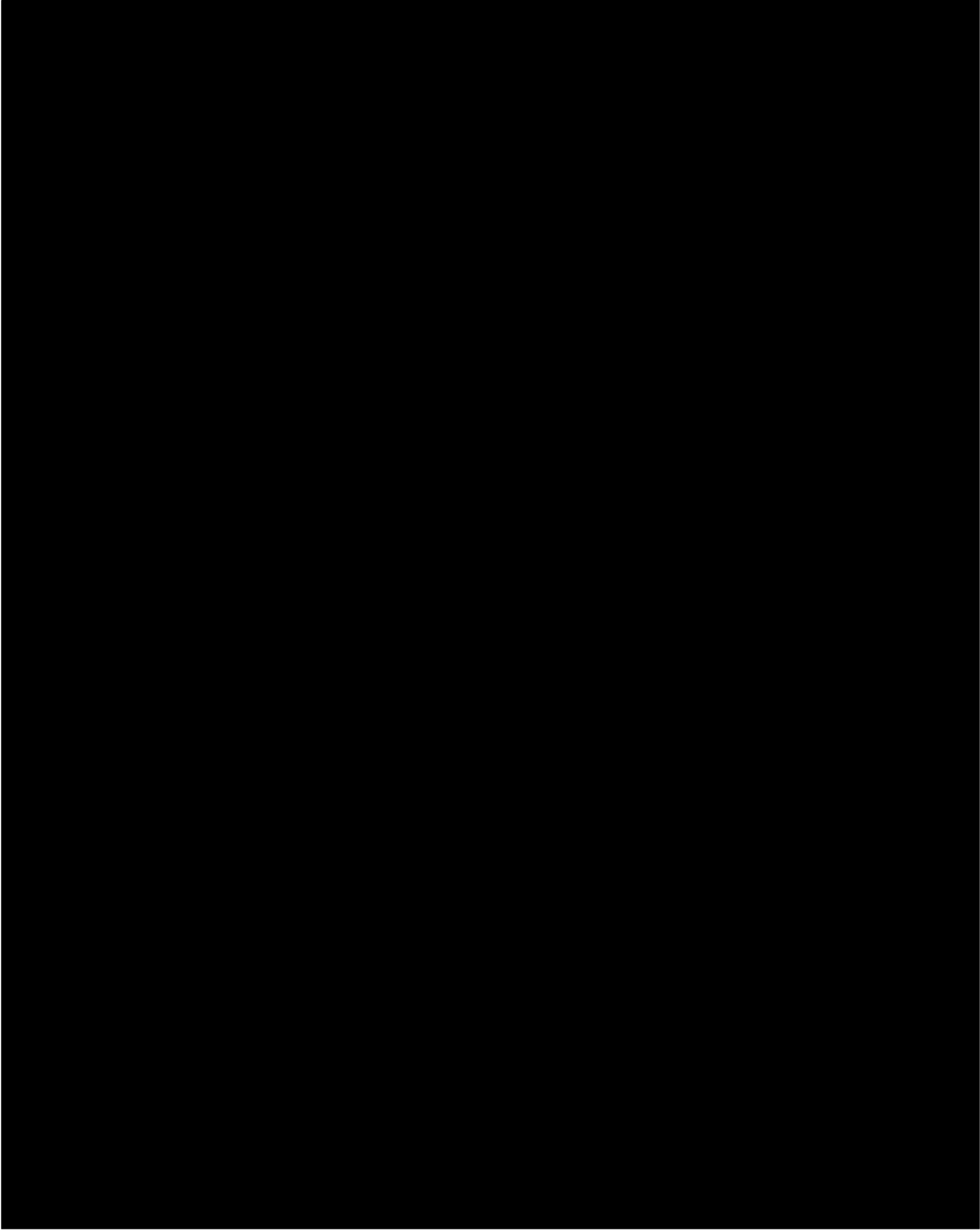
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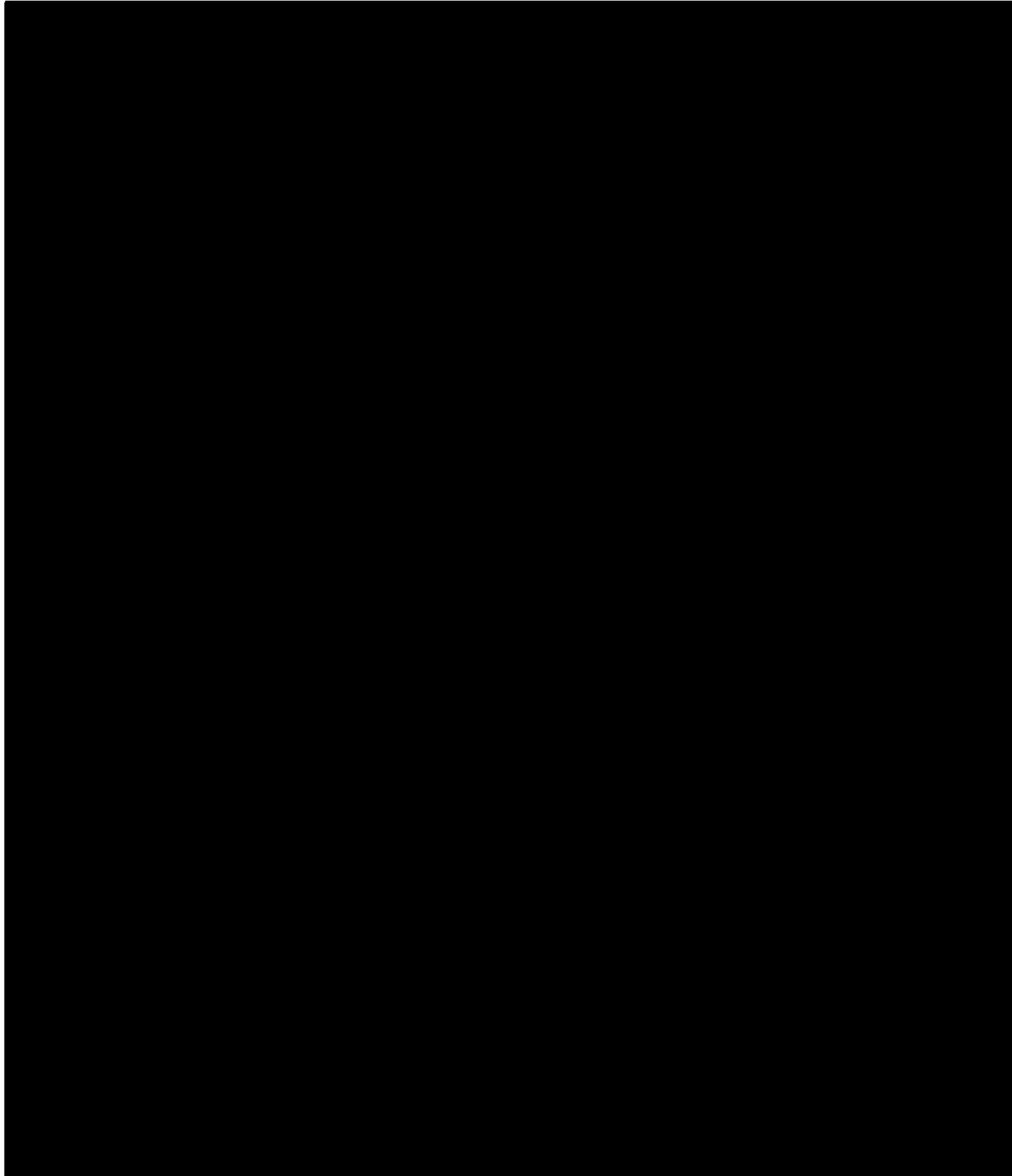
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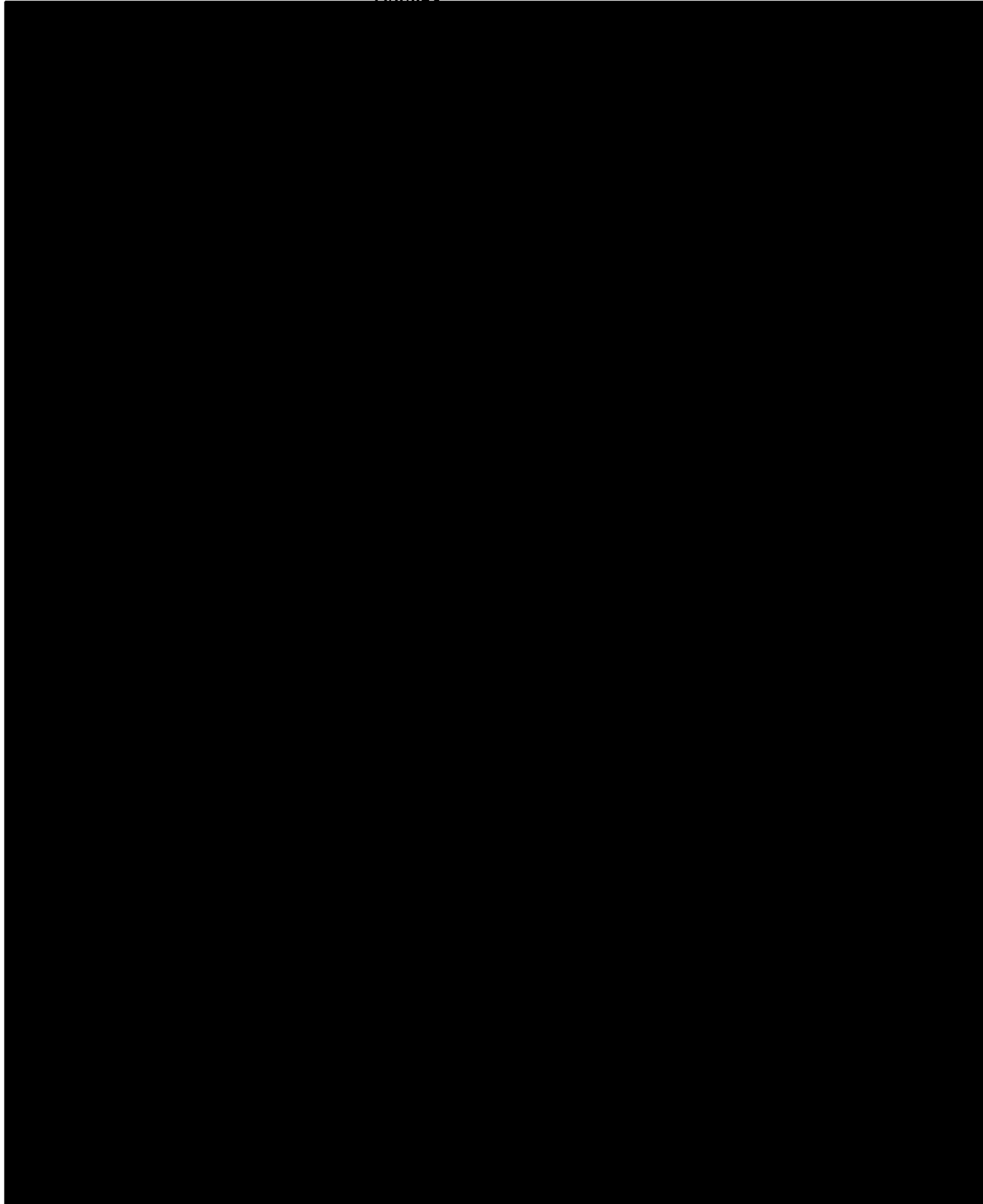
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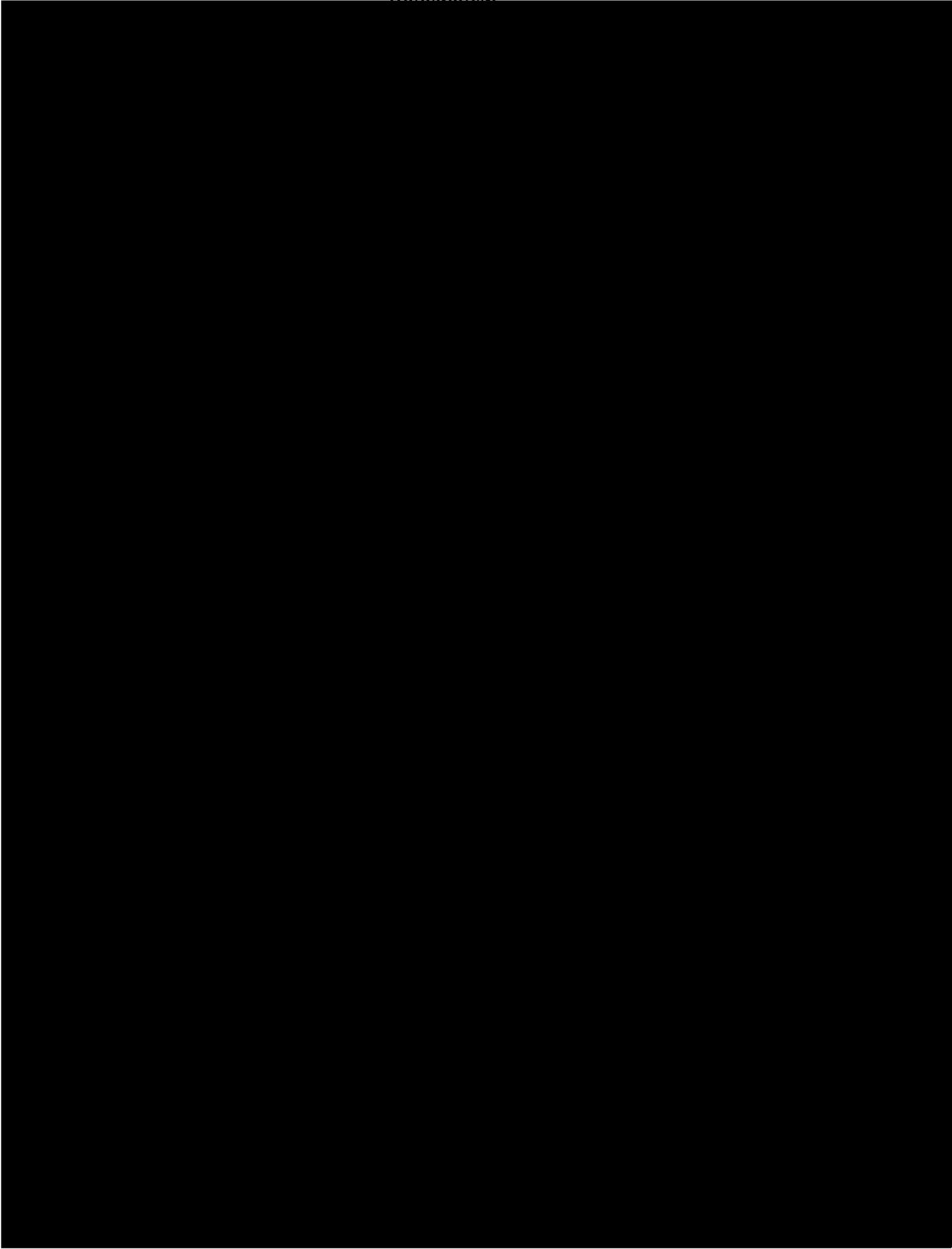
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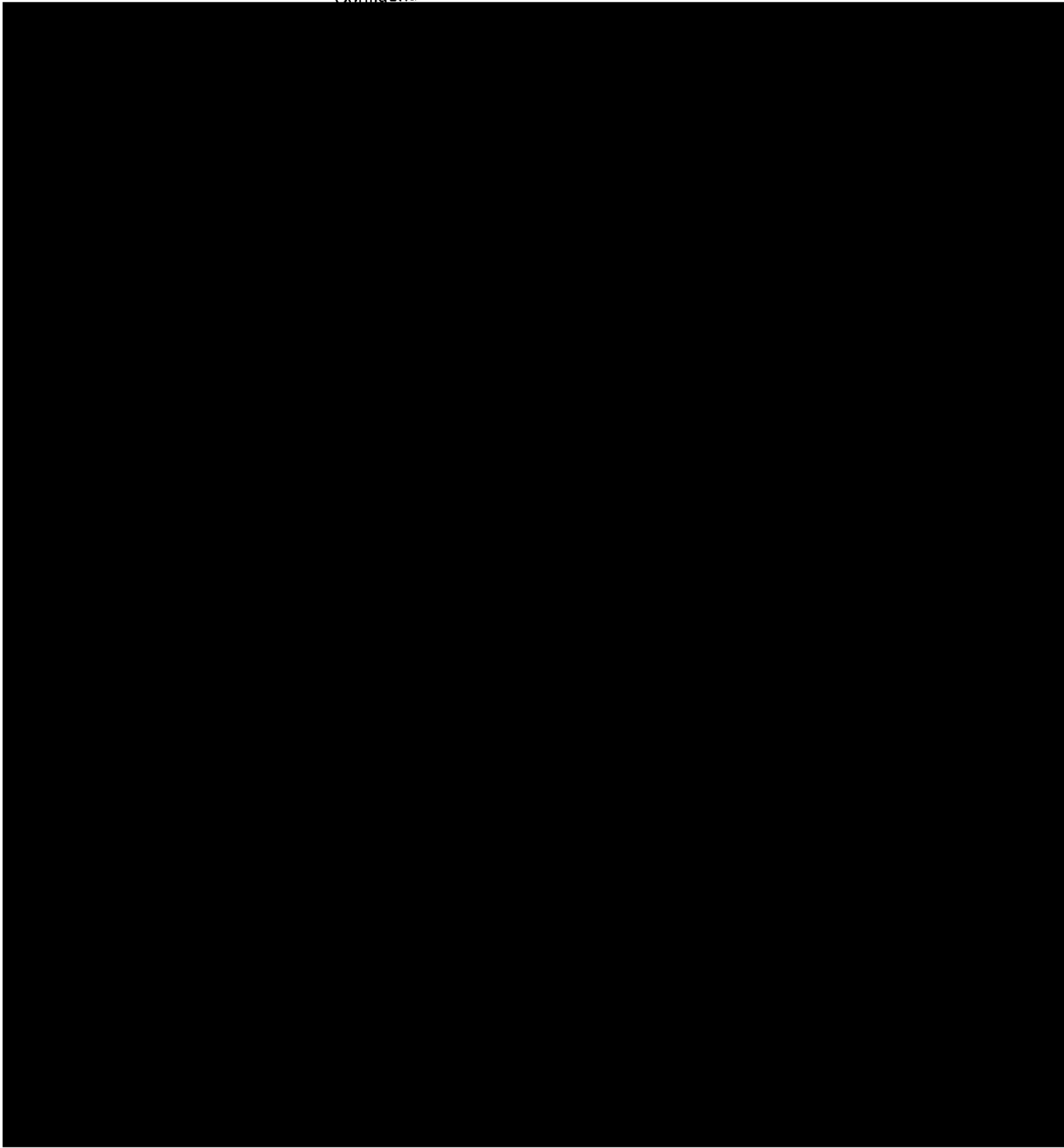
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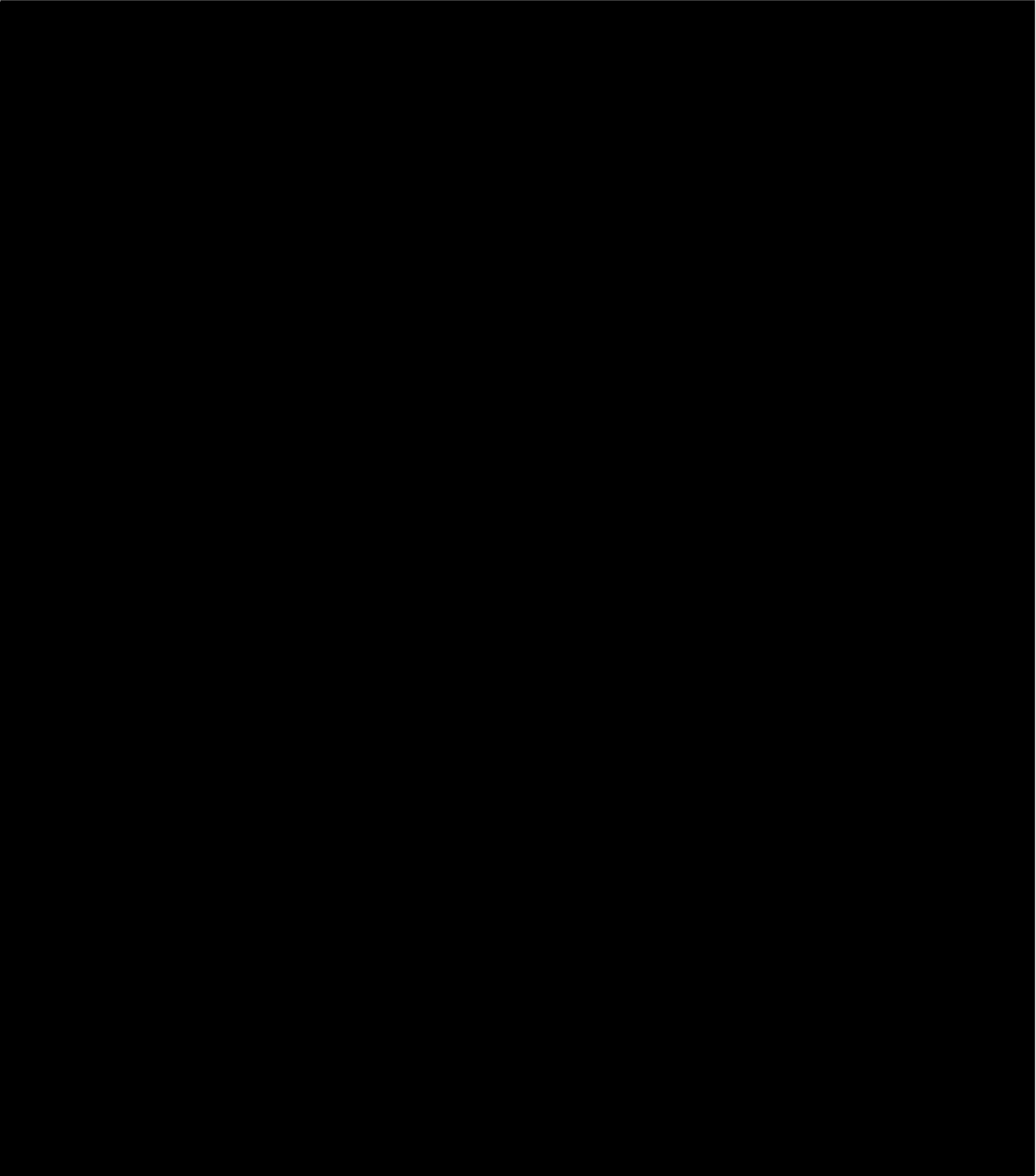
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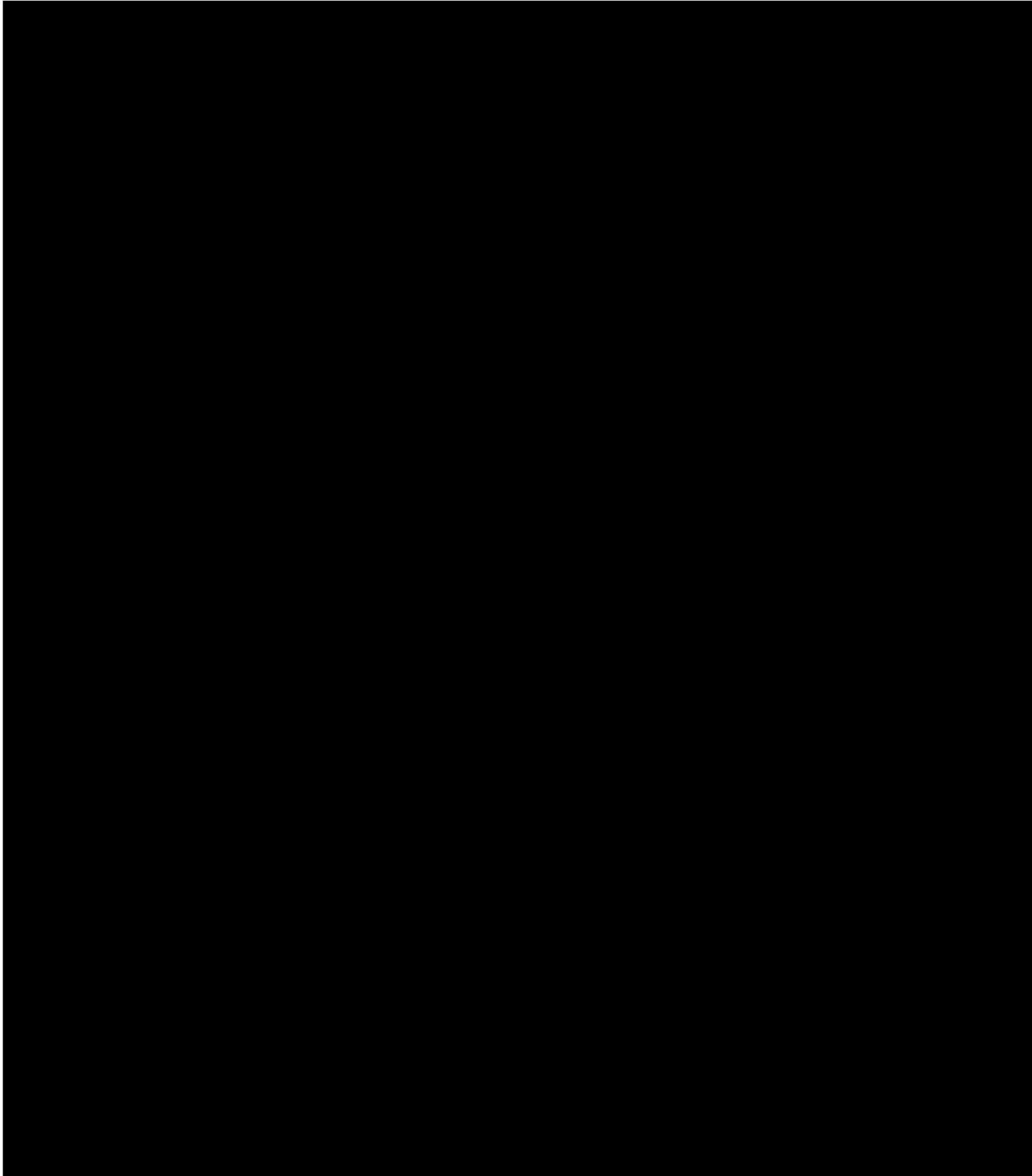
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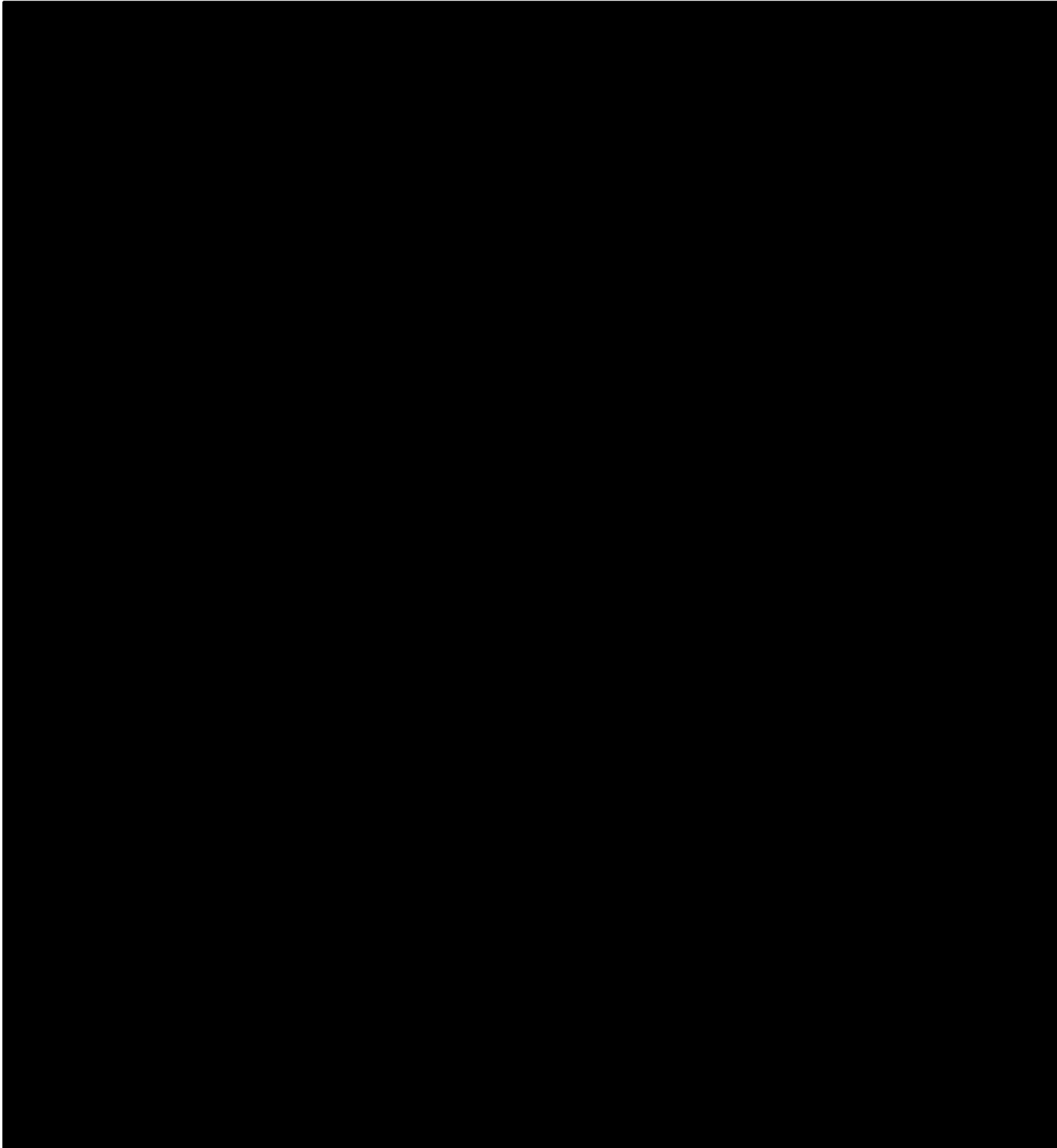
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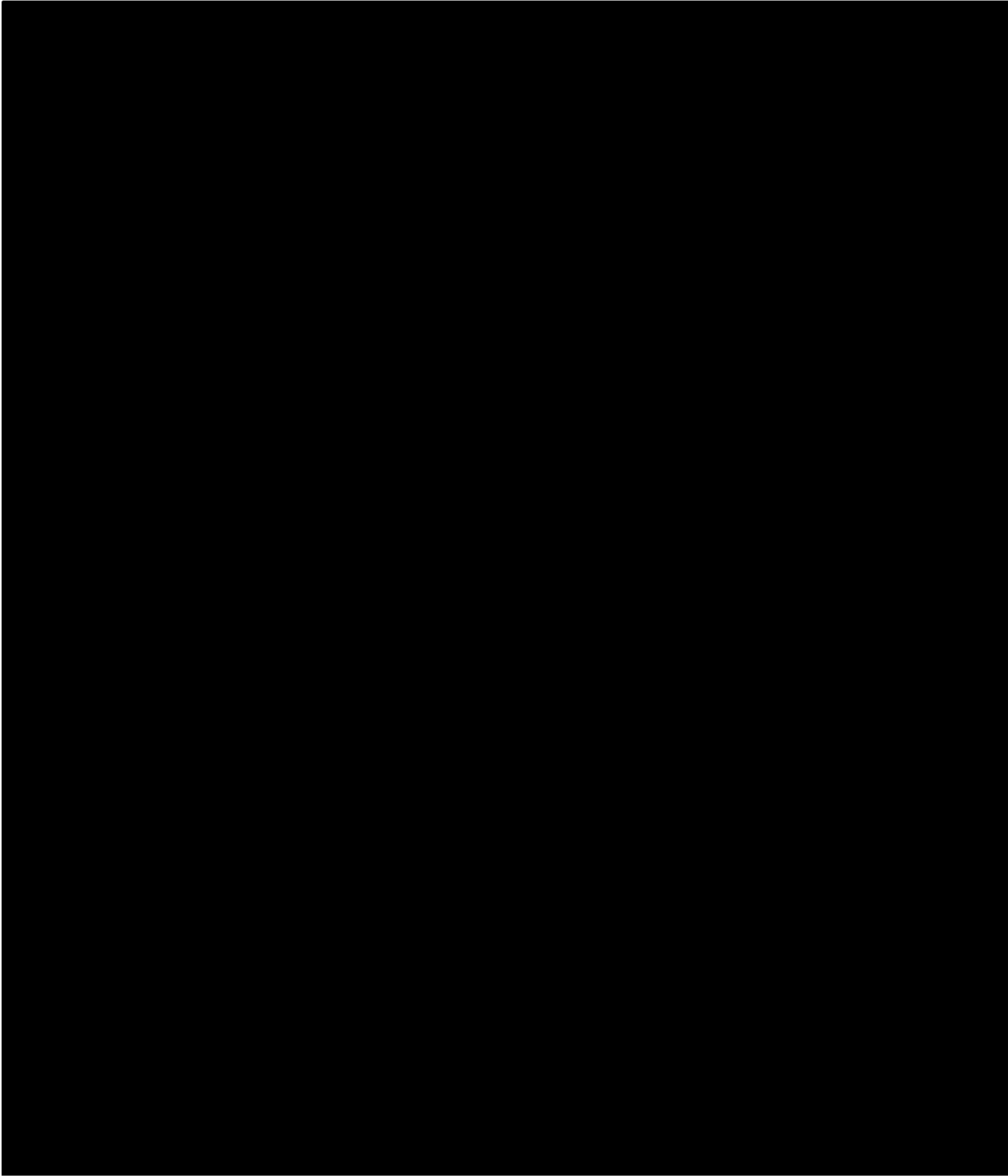
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