

FOR IMMEDIATE RELEASE



Press Release

SAN JOSE LANDS TESLA MOTORS

Zero-emission car company to add 1,000 jobs to San Jose economy

Tesla to manufacture electric sedans and locate headquarters, manufacturing, R&D at new facility, fulfilling San Jose Green Vision goals for clean tech innovation

SAN JOSE, CALIF. (SEPTEMBER 17, 2008)—California State Treasurer Bill Lockyer, California Secretary of Labor Victoria Bradshaw, San Jose Mayor Chuck Reed and Tesla Motors Inc. President and CEO Ze'ev Drori announced today that the nation's leading electric car company will locate its headquarters, manufacturing, and research and development campus in San Jose.

Construction of the proposed \$250 million facility on an 89-acre site, located at Zanker Road and Highway 237 near the San Jose Water Pollution Control Plant in North San Jose, is planned to begin in the summer of 2009. The first vehicles will likely roll off the assembly line in late 2010. When fully operational, the facility will employ approximately 1,000 workers.

“California's ground-breaking leadership on climate change is creating a market for clean technology that will not only change the world, but continue to help bring innovative companies and jobs to our state,” said Governor Arnold Schwarzenegger. “I congratulate San Jose for helping Tesla, a cutting-edge car company, bring green manufacturing jobs to California—which will help build our state's economy for the future.”

Treasurer Lockyer said, “Tesla’s choice to locate in San Jose is a credit to California’s commitment to fighting climate change and to working together to find innovative solutions that foster solid economic growth. Manufacturing these zero-emission vehicles will boost the local and state economies, create good jobs and help reduce our dependence on foreign oil.”

Tesla executives decided to base the company in San Jose for several strategic reasons, Tesla President and CEO Ze’ev Drori said. Silicon Valley already enjoys a high concentration of highly skilled engineers and support infrastructure, and San Jose’s “Green Vision” job-creation initiative perfectly aligns with Tesla’s own vision.

“Big deals like this happen when both parties have something significant to gain,” Drori said. “Locating Tesla’s headquarters, manufacturing and R&D in San Jose will allow us to proceed with minimum disruptions and virtually no dislocations to employees.”

“We applaud Tesla’s decision to locate in San Jose and bring 1,000 new green-collar jobs to our economy,” said San Jose Mayor Chuck Reed. “The development of the San Jose Tesla facility brings us closer to our Green Vision goal of creating 25,000 clean tech jobs within the next 15 years. The Tesla electric sedans will demonstrate how Silicon Valley’s ingenuity, entrepreneurship, and creative talent can create solutions to global challenges,” said Reed. San Jose’s 15-year Green Vision is showing the world how environmental responsibility makes financial sense and stimulates economic opportunity.

Tesla selected the San Jose site for its easy access to transportation, high level of visibility, and strategic location at Silicon Valley’s Innovation Triangle innovation center, home to more than 2,000 corporations, including Cisco, eBay, and other leading tech companies.

With assistance from California Governor Arnold Schwarzenegger and State Treasurer Bill Lockyer, Tesla announced earlier this year that California would be the new home for its corporate headquarters and for the manufacturing plant of the Model S, an all-electric, zero-emission, five-passenger luxury sedan. Tesla selected San Jose in part

because it is only 20 miles from the company's current headquarters in San Carlos, actually making it even closer to the homes of many employees.

The development of the site builds upon San Jose's strong track record in expedient development services capacity and history of delivering large scale development as exemplified by the recent headquarters developments by Adobe, Cisco and eBay, three of San Jose's top employers.

A preliminary analysis by the City of San Jose's Office of Economic Development estimates that Tesla's first phase manufacturing facility will initially create approximately 500 jobs at the San Jose site. Tesla's second phase research and development site and headquarters relocation is conservatively estimated to bring an additional 525 jobs by 2012. Jobs created within the San Jose Tesla facility will have a significant collective buying power. In turn, the City can reasonably expect numerous jobs in both the supplier and service sectors to accrue to both the City and the region.

Additionally, development of the new Tesla facility is projected to generate 700 construction jobs.

With the introduction of San Jose's Green Vision eleven months ago, the City is becoming a significant player in clean tech innovation.

"Just as with automotive manufacturers located elsewhere throughout the world, Tesla will require supplier companies located near the new San Jose facility to facilitate just-in-time manufacturing and inventory control, which will further spawn new jobs and opportunities in the region," said Paul Krutko, chief development officer, City of San Jose. "With a concentration of clean tech companies locating in North San Jose, Tesla is providing tremendous momentum to the creation of San Jose's 'clean tech cluster,'" said Krutko.

About Tesla Motors

Tesla Motors develops and manufactures electric vehicles with exceptional design, performance and efficiency, while conforming to all U.S. safety, environmental and durability standards. The Tesla Roadster is the only highway-capable production zero-

emission electric car of any kind for sale in the United States. With a 0 to 60 mph acceleration of 3.9 seconds, a 14,000 rpm redline, and the fastest top gear acceleration of any production car tested by Car & Driver magazine in 2007, the Tesla Roadster is unique in providing super car performance, zero emissions and extraordinary efficiency. For more information, visit www.teslamotors.com.

About the City of San Jose

From its founding in 1777 as California's first city, San Jose has been a leader, driven by its spirit of innovation. Today, San Jose stands as the largest city in Northern California and the Capital of Silicon Valley—the world's leading center of innovation. The city, the 10th largest in the U.S., is committed to remaining a top-ranked place to do business, work, live, play and learn. For more information, visit, www.sanjoseca.gov.

About San Jose's Green Vision

On October 30 2007, San Jose, the nation's tenth largest city, implemented San Jose's Green Vision, which sets 10 ambitious goals for environmental protection and economic development. Clean energy is a key component of the 15-year Green Vision, which envisions: Creating 25,000 Clean Tech jobs; Installing 100,000 solar roofs (1/10 of Gov. Schwarzenegger's 1 million solar roofs for California initiative); Reducing per capita electricity use by half; and Moving to 100 percent renewable energy. San Jose already is a leader in solar technology innovation, with leading corporations such as SunPower, SoloPower, Stion, Nanosolar, Fat Spaniel, and others headquartered in the city. For more information, visit www.sanjoseca.gov/greenvision/.

About the City of San Jose's Office of Economic Development

The San Jose Office of Economic Development works to build a vital, competitive San Jose economy that increases prosperity for people and companies and enhances city revenues. The office guides the City's economic strategy, coordinates efforts for

companies to locate and grow in San Jose, provides assistance for business success, helps connect employers with trained workers, and provides art, sporting and cultural resources to our community. For more information, visit, www.sjeconomy.com.

###

Mark DiCello
GlobalFluency
(650) 279-7546
mdicello@globalfluency.com

Steven Brewster
San Jose Office of Economic
Development
(415) 577-8851
steven.brewster@sanjoseca.gov

Rachel Konrad
Tesla Motors, Inc.
(650) 701-2664
rachel@teslamotors.com

Michelle McGurk
Office of Mayor Chuck Reed
(408) 655-7332
michelle.mcgurk@sanjoseca.gov