California New Car Dealers Association

September 16, 2013

Ms. Jean Shiomoto,
Acting Director
Department of Motor Vehicles
2415 First Ave.
Sacramento, California 95814

RE: Tesla Motors Advertising Violations

Dear Director Shiomoto:

The California New Car Dealers Association (CNCDA) is a statewide trade association that represents the interests of approximately 1,100 franchised new car and truck dealer members. CNCDA members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repair and part sales. We write to ask the Department to investigate and remedy several egregious violations of advertising and consumer protection laws by a Department-licensed manufacturer and dealer of motor vehicles—Tesla Motors, Inc. (Tesla).

While California law does not affect Tesla's ability to both manufacture and directly sell new vehicles to California consumers, Tesla must abide by the advertising rules that apply to *all* dealers. Instead, Tesla has engaged in a long-term advertising strategy to mislead consumers as to the affordability of its vehicles in violation of several state and federal laws. These laws were created to protect consumers and promote fair and open markets for the sale of all new vehicles. When one licensed entity violates these laws, it gains an unfair advantage over competing dealers; this is where the Department must step in to restore balance to the market by ensuring Tesla conforms to all applicable legal requirements.

Executive Summary

State and federal credit advertising laws were created to allow consumers to have a complete understanding of their obligations when considering a purchase on credit and to accurately compare advertisements for competing credit terms. These laws apply equally to all dealers, automakers, and finance lenders. For instance, a consumer should be able to read an advertisement for the purchase on credit of a new Ford Fusion and understand the required down payment, Annual Percentage Rate, payment amount, and number of monthly payments. With this knowledge, the consumer can view a similar competing advertisement for a Chevrolet Impala and understand how his or her credit obligations would differ.

Unlike the vast majority of California franchised new car dealers who faithfully meet their state and federal advertising obligations, Tesla has apparently decided that these disclosure rules do not apply to its Internet advertising. Tesla fails to provide required information and shatters the notion of comparison finance shopping by including the *potential* availability of incentives, gas savings, and tax savings into final payment quotes for prospective customers. This scheme is most blatantly demonstrated by the general "$580 per month after gas savings" advertisement found on several of its internal web pages.

CNCDA members supported the "Car Buyer's Bill of Rights" in 2005 which contained several important disclosures to prevent "payment packing"—a practice where an inflated monthly payment is agreed to by a consumer and "packed" into that payment are one or more goods or services that the consumer did not request. With Tesla's Internet advertising campaign, the company takes a novel, but equally-illegal, spin on this practice by quoting payments throughout their website that deceptively include "packed" external savings that most consumers will never realize. This practice of "savings packing"—inflated savings claims to make a monthly finance payment appear lower than is actually the case—is already illegal and within the purview of the Department to stop.

Further evidence of "savings packing" by Tesla is found in the "true cost of ownership" (TCO) financing model it has invented. In addition to misleading payment quotes riddling the entire Tesla website, Tesla also devotes an entire webpage to this deceptive advertising scheme—baiting consumers who scroll to the "BUY" heading, and click the "Financing" tab into a fantasy world of savings that can allegedly reduce the cost to own a Tesla Model S—with a base price of $71,070—to $114 per month[1] – a payment significantly less than the current $139 per month advertised lease special for the Nissan Versa—America's least-expensive new car.[2] The TCO turns consumer advertising law protections on their head: payments are reduced by including numerous variable external cost savings that bear no relation to the amount a consumer would be required to pay a lender on a monthly basis.

Tesla's Internet marketing violates multiple sections of Federal Regulation Z, the California Vehicle Code, the California Business and Professions Code, and the California Civil Code. This misleading information is based on unsound factual assumptions, fails to provide required qualifying terms and disclosures, and presents "savings" that most consumers will never achieve. While we acknowledge Tesla's ability to manufacture and sell its vehicles in California, the company cannot be allowed to do so without complying with the same rules that apply to any other new car dealer. The Department must act to enforce the state's vehicle

[1] http://www.teslamotors.com/true-cost-of-ownership

[2] See Exhibit F, from http://www.choosenissan.com/sacramento-area/versa-note/?next=cn.dsp.featuredoffers.carousel_versa_hatchback.vsp_featuredoffers, Accessed September 8, 2013.

advertising laws so that Tesla is held accountable for its illegal behavior. Failure to act against Tesla will bring continued harm to California consumers and other new car dealers.

Statement of the Case against Tesla

Tesla Motors, Inc. ("Tesla") is licensed by the Department of Motor Vehicles as both a Manufacturer (OL # 63277) and dealer with 13 locations operating under a single dealer license (OL # 68106). Tesla's primary source of advertising is its own webpage (www.teslamotors.com), which includes several deceptive and misleading statements in violation of state and federal law.

Tesla's Website is an Advertisement

Both California[3] and federal[4] law broadly define "advertisement" in a manner that includes Internet websites. The Department's regulations define "advertisement" to include "a statement, representation, act, or announcement intentionally communicated to the public generally for the purpose of arousing a desire to buy or patronize." The Federal Reserve Board defines an "advertisement" as "a commercial message in any medium that promotes, directly or indirectly, a credit transaction." Since Tesla's website is designed to provide information to the public about its vehicles and the availability of credit for the purposes of soliciting transactions, the site is an advertisement.

Illegal Payment Advertisements

As demonstrated in *Exhibit A*, Tesla's website advertisement provides a $580 per month payment quote "after gas savings." No additional disclosures are made on the page.

1. Advertised Terms Must be Available: Federal law[5] states that "[i]f an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor." California Vehicle Code Section 11713.16(d) creates a separate state mandate for dealers to comply with this federal regulation. Tesla's payment quote states that the Model S is available for $580 per month "after gas savings", and apparently with no down payment (since none is quoted).

   Elsewhere on Tesla's website, consumers are provided with a True Cost of Ownership page, described below, that provides potential context to the claimed $580 per month quote—

[3] 13 California Code of Regulations 255.00(b).
[4] 12 Code of Federal Regulations Section 226.2(a)(2). Federal Reserve Board Staff Commentary on Regulation Z is even clearer: "Messages inviting, offering, or otherwise announcing generally to prospective customers the availability of credit transactions, whether in visual, oral, or print media, are covered by Regulation Z"; a list of examples follows, including "Electronic advertisements, such as on the Internet."
[5] 12 Code of Federal Regulations Section 226.24(a).

demonstrating that the quote likely includes a very large down payment and many "packed" savings, including assumed eligibility and receipt of incentives, tax credits, tax deductions, time savings, and other elements. Accordingly, Tesla's general payment quote, which provides no such qualifying information, advertises terms that are not arranged or offered by Tesla, in violation of state and federal Law.

Penalty: Pursuant to Vehicle Code Section 40000.11(a), this violation is a criminal misdemeanor. Pursuant to Vehicle Code Section 11705(a)(10), the Department may seek to suspend or revoke Tesla's dealer license for this violation.

2. Required Payment Advertising Disclosures: To protect unwary consumers against deceptive advertising tactics that promise unrealistic payments, both federal[6] and state[7] laws require additional contextual information to be provided in an advertisement that provides any of the following:

    a. Amount or percentage of any down payment;
    b. Number of payments or period of repayment;
    c. Amount of any payment; or
    d. Amount of any finance charge.

    Whenever such a "trigger term" is used, the advertisement must also clearly and conspicuously disclose the amount or percentage of the down payment, the terms of repayment obligation over the full term of the loan, and the Annual Percentage Rate.

    California law[8] also prohibits dealers from failing to "clearly and conspicuously disclose in an advertisement for the sale of a vehicle any disclosure required by this code or *any qualifying term used in conjunction with advertised credit terms*." (Emphasis added). Any such qualifying statements must be large enough and sufficiently displayed to enable the "average reader" to comprehend the statement. Here, Tesla has provided a blanket payment quote (with the sole exception of unsubstantiated gas savings) that fails to inform consumers of qualifying terms.

    Tesla's advertisement fails to make any of the necessary disclosures and qualifying statements, in violation of state and federal law.

    Penalty: Pursuant to Vehicle Code Section 40000.11(a), each violation is a criminal misdemeanor. Pursuant to Vehicle Code Section 11705(a)(10), the Department may seek to suspend or revoke Tesla's dealer and manufacturing licenses for these violations.

[6] 12 Code of Federal Regulations Section 226.24(a), (b), and (d).
[7] Vehicle Code Section 11713.16(d).
[8] Vehicle Code Section 11713.16(i); 13 California Code of Regulations Section 262.09.

3. Untrue and Misleading Advertising: The backbone of consumer protection law is the general prohibition against advertising in an untrue or misleading manner. This prohibition is repeated several times throughout California[9] and Federal law, and law enforcement agencies are given very broad authority to interpret these laws in a manner that will promote consumer protection.

   By repeatedly quoting a $580 per month payment for the Model S that includes several assumed and undisclosed external savings assumptions, Tesla has engaged in an advertising scheme that clearly deceives consumers into believing that their financial obligations to Tesla are lower than is actually the case. The extent of these unrealistic claims is further described in the following section.

   Penalty: Pursuant to Vehicle Code Section 40000.11(a), each violation of Vehicle Code Section 11713(a) and its associated regulations is a criminal misdemeanor. Pursuant to Vehicle Code Section 11705(a)(10), the Department may seek to suspend or revoke Tesla's dealer and manufacturing licenses for these violations. The Department may also cooperate with the Attorney General or one or more District Attorneys to enforce Business & Professions Code Section 17500. Tesla consumers also have the ability to enforce the Consumer Legal Remedies Act.

[9] *See*, *e.g.*:

- Vehicle Code Section 11713(a), prohibits both dealers and manufacturers from making or disseminating "before the public in this state, in . . . any advertising device, or means whatever, any statement which is untrue of misleading and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading or to so make or disseminate or cause to be so disseminated, any statement as part of a plan or scheme with the intent not to sell any vehicle or service so advertised at the price stated therein, or as so advertised."
- 13 California Code of Regulations Section 260.00, requiring "[a]ny advertised statements, representations, or offers made in connection with the sale or attempted sale of any vehicles shall be clearly set forth, and based on facts and shall be subject to these regulations and the Vehicle Code."
- Business & Professions Code Section 17500, prohibiting any business from advertising goods or services in an untrue or misleading manner.
- Business & Professions Code Section 17508, prohibiting any business from advertising goods or services through making unsubstantiated claims—including those comparing the effectiveness of one product to another, and particularly when involving claims of cost savings.
- Consumer Legal Remedies Act (Civil Code Section 1770), prohibiting any of the following in a consumer transaction for the sale or lease of goods or services:
  - (a)(14) Representing that a transaction confers or involves rights, remedies, or obligation which it does not have or involve, or which are prohibited by law;
  - (a)(17) Representing that the consumer will receive a rebate, discount, or other economic benefit, if the earning of the benefit is contingent on an event to occur subsequent to the consummation of the transaction.

Illegal Price Advertisements

Like most automakers, Tesla gives viewers of their webpage advertisements the opportunity to design the Model S to their own specifications. Once the customization is completed, the consumer is given a cash price quote for the vehicle—as shown in *Exhibit E*.

1. Advertised Cash Price Quote Includes Tax Credit: This price quote is inclusive of potential claimed savings through federal tax credits.
    a. The tax credit is completely irrelevant to the purchase price for the Model S. Whether the customer never applies for the credit, has insufficient tax liability to claim the full tax credit, or can claim the full credit, the tax credit has no bearing on the purchase price of the Model S.
    b. Last year, the Congressional Budget Office studied the efficacy of the federal tax credit for electric vehicles and concluded that only 20% of potential tax filers have the tax liability sufficient to qualify for the full $7,500 tax credit.[10] By including the tax credit in the advertised price quote for the vehicle, Tesla is misleading *80% of the population* of the actual purchase price of the vehicle, even net of the federal tax credit.

    To include these incentives to display a lower sale price of the Model S violates Business and Professions Code Section 17500's prohibition against untrue or misleading advertisements. This practice also runs afoul of two provisions of the Consumer Legal Remedies Act: first, Tesla represents that the transaction confers or involves rights to the full amount of the federal $7,500 tax credit, which does not apply to the vast majority of consumers, in direct contravention of Civil Code Section 1770(a)(14); second, Tesla represents that the consumer will receive a discount that is contingent upon a subsequent event—the qualification for the full tax credit amount, in violation of Civil Code Section 1770(a)(17).

    Penalty: The Department may cooperate with the Attorney General or one or more District Attorneys to enforce Business & Professions Code Section 17500. Tesla consumers also have the ability to enforce the Consumer Legal Remedies Act.

2. Advertised Price Disclaimer: California law[11] prohibits advertising vehicles without including all costs to the buyer at the time of sale, except for government taxes, vehicle registration fees, emissions testing charges, finance charges, and any dealer document processing charge. These exclusions must be disclosed in the advertisement and the consumer must be informed that they will be added to the price at the time of sale.[12] Tesla's price advertisement looks to go a step further by excluding *additional* costs from

[10] *Effects of Federal Tax Credits for the Purchase of Electric Vehicles*, Congressional Budget Office (2012), available at: http://www.cbo.gov/publication/43576.
[11] Vehicle Code Section 11713.1(b).
[12] Vehicle Code Section 11713.1(c).

the advertised price. As shown in *Exhibit E*, Tesla explains in a footnote that the "[p]rice does not include taxes, license and title fees, or regionally required equipment, service, and charges."

Not only does the advertised sale price of the Model S fail to include required costs, such as "regionally required equipment, service, and charges," Tesla also fails to state that the excluded fees will be added to the advertised sale price at the time of sale. Tesla's conscious decision to exclude these fees, thus lowering the advertised sales price on the website, and failure to notify the purchaser that the fees would need to be paid at the time of sale is dishonest and deceptive.

Penalty: Pursuant to Vehicle Code Section 40000.11(a), each violation is a criminal misdemeanor. Pursuant to Vehicle Code Section 11705(a)(10), the Department may seek to suspend or revoke Tesla's dealer license for this violation.

"True" Cost of Ownership ("Savings Packing")

Many of Tesla's payment and cost claims appear to derive from its "True Cost of Ownership" (TCO) advertisement, as shown in Section 1 of *Exhibit B*, where Tesla "encourage[s] you to think about Model S ownership in terms of true out of pocket cost", as opposed to *actual* payment obligations. This customizable page starts with a default $579/month quote that "packs" many unrealistically assumed savings. Several other potential savings can be selected by clicking on a respective checkbox, lowering the monthly payment quote to a mere $114/month, as shown in *Exhibit C*. To put this into perspective, this is significantly cheaper than the current[13] advertised lease special for the Nissan Versa—America's cheapest new car—which has a monthly payment of $139. Worse still, as shown below, many of the assumed savings are unlikely to apply to most consumers. Going through several elements of this TCO advertisement fully shows the extent to which consumers are deceived by Tesla's "savings packing" scheme.

Section 2 of *Exhibits B and C*

1. Finance: The first portion of Section 2 of *Exhibit B* is the "finance" box, which provides for an assumed 15% down payment, 2.95% "rate"[14], six-year term, and $71,070 cash price.

2. Down Payment & EV Incentives: The second portion of the TCO advertisement provides a "combined federal and state incentives" calculation for California of $10,000. This

[13] See Exhibit F, from http://www.choosenissan.com/sacramento-area/versa-note/?next=cn.dsp.featuredoffers.carousel_versa_hatchback.vsp_featuredoffers, Accessed September 8, 2013.
[14] No mention is made as to whether this rate is calculated on an Annual Percentage Rate basis.

sum apparently includes a combination of the federal $7,500 income tax credit, and the $2,500 rebate from the California Clean Vehicle Rebate Project (CVRP).

a. $7,500 Federal Tax Credit: The federal government offers an income tax credit of up to $7,500 for purchasers of certain alternative fuel vehicles—including the Tesla Model S. As described above, the Congressional Budget Office concluded that only 20% of potential tax filers had tax liability sufficient to qualify for the full $7,500 tax credit. Despite this fact, Tesla's advertisements consistently show a purchase price that includes the full amount of the federal income tax credit.

b. $2,500 Rebate: The CVRP is funded through state registration fees, which are collected and paid into the CVRP fund on a monthly basis, and the project has faced significant funding shortfalls over the past year. Despite this fact, Tesla's advertisements consistently show a purchase price that includes the full amount of the California rebate.

c. Timing: The TCO website misleads consumers into associating the various available incentives with the down payment. The down payment is due at the time of purchase, unless lawfully deferred in compliance with various finance laws. Consumers must apply for the CVRP rebate following the purchase, and may face significant delays in receiving it. Tax credits are only available based upon the extent to which an individual has tax liability, which generally isn't known until a tax return is filed in the subsequent year.

Section 3 of *Exhibits B and C*

3. Resale Value Guarantee: Tesla's TCO advertisement decreases the payment amount by $95 per month due to its Resale Value Guarantee (the terms of which are reproduced in *Exhibit D*). The exercise of this right is only available during months 36-39 of the term. Furthermore, exercising this guarantee right requires that the consumer have clear title to the vehicle—meaning that *all* payments must be made while the right is active.

   Ironically, Tesla's payment quotes are based upon a 72-month repayment term, which packs a $95/month savings attributable to this Resale Value Guarantee. A consumer could never realize this $95/month savings, however, since the full value of the vehicle would have to be paid in half of that time.

4. Electric vs. Gasoline: Tesla includes a default $261 per month of gasoline savings in its base payment quote, which is based upon non-EPA verified data to compare the costs to fuel an "average premium sedan" with a Model S. This is calculated at 15,000 miles driven per year, gasoline at $4.90 per gallon, the competing sedan achieving 20 miles per gallon, and the price of electricity at $0.11 per kWh. These unsubstantiated numbers are completely arbitrary, and are deceptively used to unrealistically lower the payment quote provided by Tesla in its "savings packing" scheme.

5. Business Tax Benefit: Tesla's TCO advertisement claims that if the Model S is used for business purposes, the purchaser *will* be able to deduct depreciation, interest expense,

operating expense, and any other expenses related to the car from the purchaser's taxable income. When the box is checked, an automatic savings of $194/month is generated and calculated into the payment disclosure. The fine print at the bottom of the page explains that this is calculated based upon a 40% effective tax rate and 70% business use of the vehicle, and includes deductions for depreciation, interest and operating expenses from the use of electricity over gasoline. Despite this accounting guidance, Tesla fails to describe any factors that may limit the availability or disqualify the purchasing business from claiming these deductions.

6. Tax Benefit from Sale: Tesla's advertisement claims that a person selling the Model S on the used car market after three years will "experience an added tax benefit." When this box is checked, the "business tax benefit" value at the right of this section will reflect a savings of an additional $72 per month, for a total savings of $266/month. The advertisement provides no substantiation for these savings claims.

7. Shorten Your Commute: In this portion of the TCO advertisement, Tesla seeks to quantify the savings realized by driving in the carpool lane as opposed to the traditional, non-carpool lanes. The payment calculator defaults to 10 minutes savings at $50/hour—attributing $167/month to the purchase of a Model S. As of this writing, California's carpool lane access for electric vehicles is scheduled to expire January 1, 2015, yet Tesla includes a full 72 months of savings based upon the program.

8. Avoid the Gas Station: Tesla's TCO advertisement also calculates savings based upon time avoided at gas stations—defaulting to four 10-minute stops per month at $50/hr.—or an additional $33/month. The advertisement provides no substantiation for these savings claims.

Conclusion

As described above, Tesla's current "savings packing" scheme flagrantly violates both state and federal law. CNCDA asks the Department to investigate this illegal activity, and to take all steps necessary to protect consumers from this deceptive advertising. Such action will also ensure that Tesla competes on a level playing field with the rest of the state's new and used vehicle dealers.

Should you have any questions about the topics raised in this document, or any other matter, please feel free to contact me at (916) 441-2599.

Sincerely Yours,

Jonathan Morrison
Director of Legal & Regulatory Affairs

cc: The Honorable Brian P. Kelly, Secretary, State Transportation Agency

Appendix

(excerpts from the Tesla Webpage accessed on 8/27/2013)

Exhibit	Description
A	Example of General Payment Advertisement
B	True Cost of Ownership Page (default)
C	True Cost of Ownership Page (with all default options checked)
D	Resale Value Guarantee Form
E	Tesla Price Quote
F	Nissan Versa Lease Special

Exhibit A

Example of General Payment Advertisement

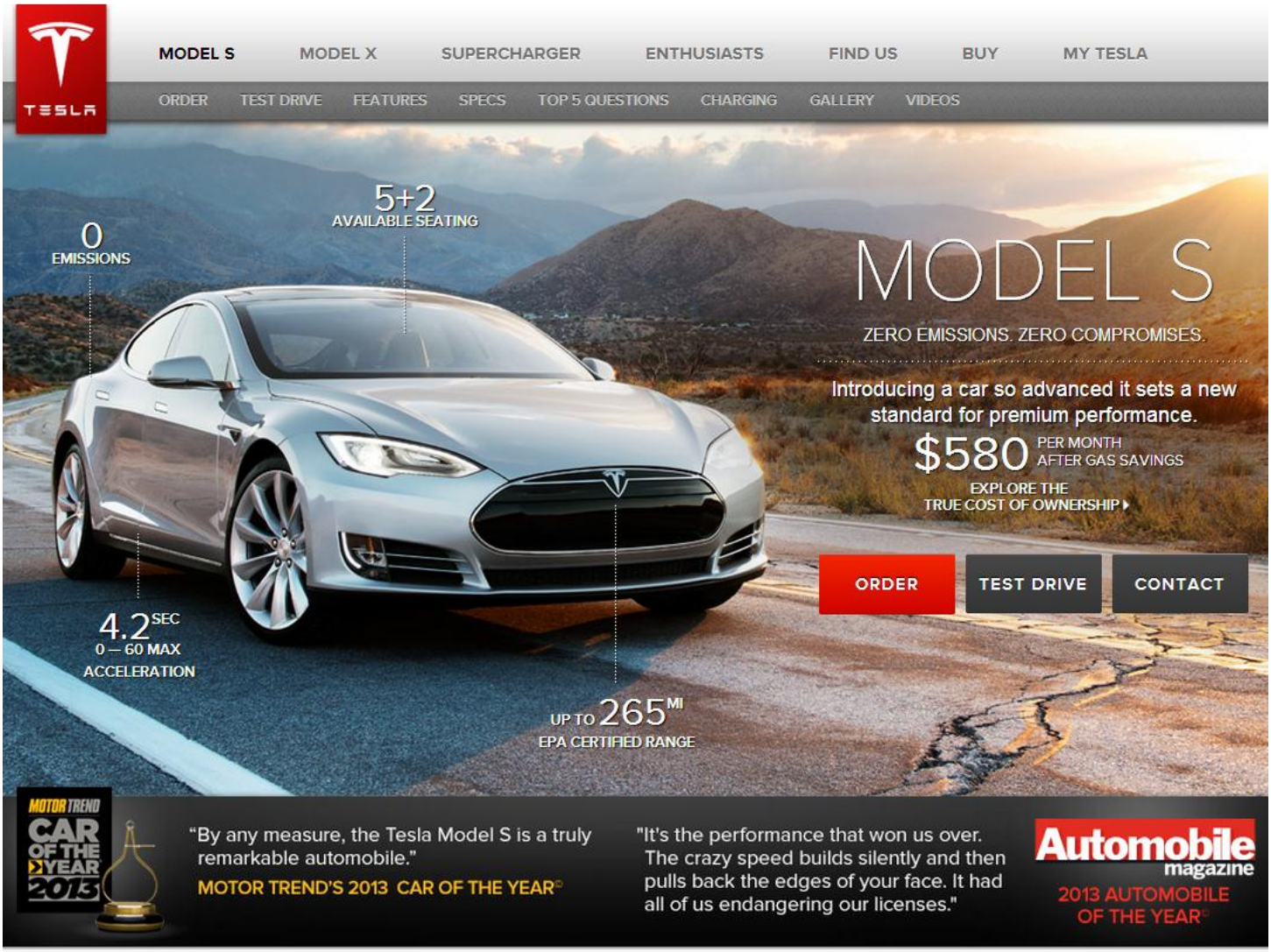
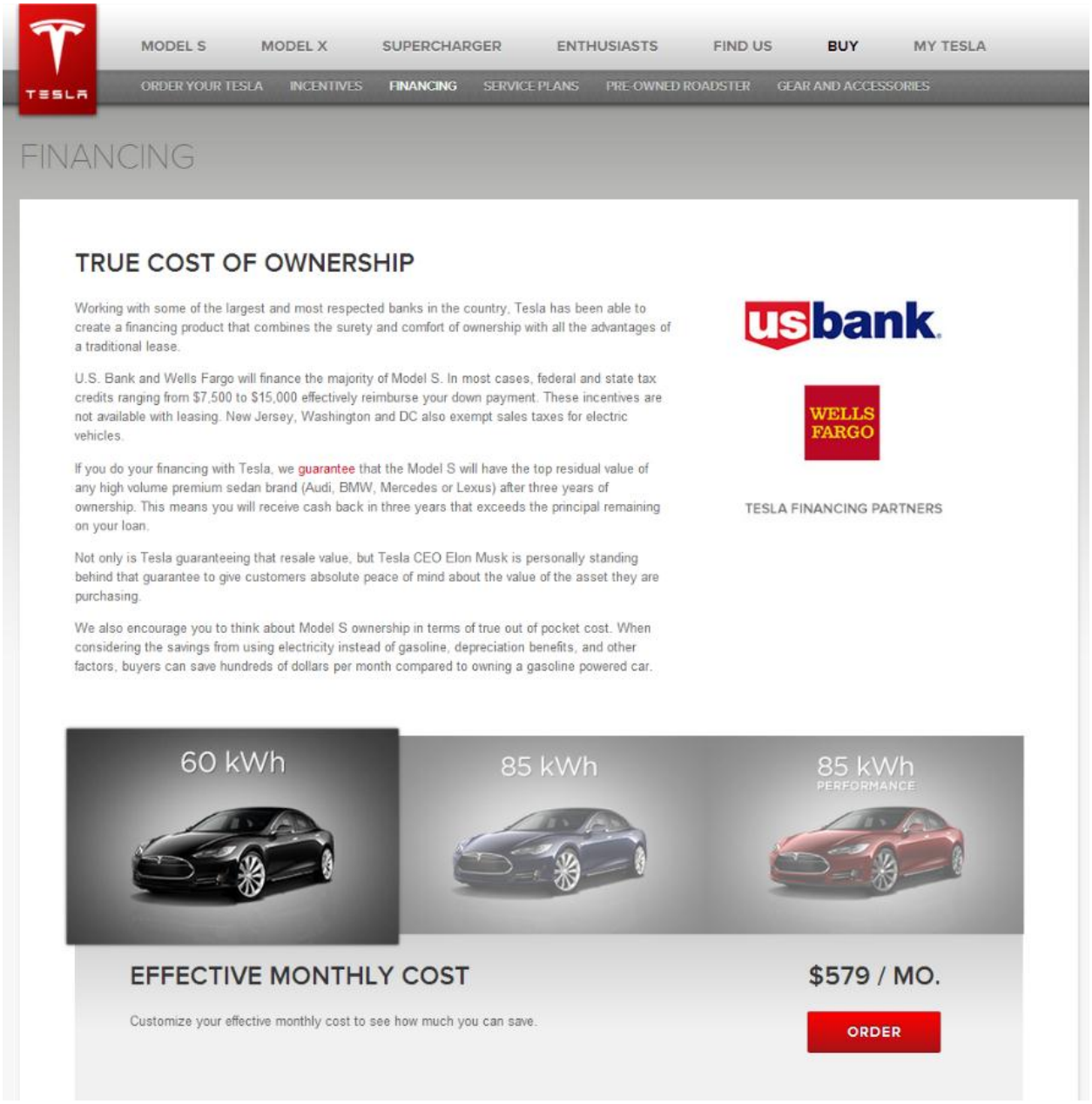


Exhibit B

True Cost of Ownership Page (default)

Section 1:



Section 2:

FINANCE

This example includes a 2.95% annual percentage rate, 15% down payment, and 72-month loan term, excluding fees, sales tax, and registration. Modify the terms below for a customized estimate.

$916 / mo.
ESTIMATED PAYMENT

Cash Price	$71,070
Rate	2.95%
Down Payment	15%
Term	72 mo

The minimum down payment for a 66 through 72-month term loan is 15%. For terms 63-months and lower, the minimum down payment is reduced to 10%.

DOWN PAYMENT & EV INCENTIVES

In many cases, you'll recoup the cost of your down payment with electric vehicle incentives. You may even be eligible for more total incentives than you paid in your down payment. This will reduce your effective monthly cost. Incentives depend on the total price of your car and the state that you live in.

$18 / mo
REMAINING DOWN PAYMENT OVER 3 YEARS

Combined federal and state incentives

(●) California $10,000	( ) Colorado $13,500	( ) Illinois $11,500
( ) Georgia $12,500	( ) Utah $8,105	( ) West Virginia $15,000
( ) All Other States $7,500		

In addition, New Jersey, Washington and DC have sales tax credits for electric vehicles.

ELECTRICITY VS. GASOLINE

Even with an increased electricity bill, you'll see significant savings each month.

-$261 / mo.
3-YEAR AVERAGE ENERGY SAVINGS

Miles driven per year	15,000 mi
Average price of premium gas over 3 years	$4.90
Average premium sedan fuel economy	20 mpg
Price of electricity (kWh) The national average is $0.11 per kWh.	$0.11

Section 3:

GUARANTEED RESALE VALUE

If you do your financing with Tesla, we guarantee that the Model S will have the top residual value of any high volume premium sedan brand (Audi, BMW, Mercedes or Lexus) after three years of ownership. This means you will receive cash back in three years that exceeds the principal remaining on your loan. Spread over 36 months, it means your effective monthly payment is lower by this amount.

-$95 / mo.
3-YEAR
GUARANTEED RESALE VALUE

BUSINESS TAX BENEFIT

If you drive Model S for your business, you'll be able to deduct depreciation, interest expense, operating expense, and other expenses from your taxable income.

INCLUDE TAX BENEFIT FROM SALE

If you sell Model S at the end of three years, you'll experience an added tax benefit.

SHORTEN YOUR COMMUTE

Most states allow EVs to drive in the carpool lane, which saves a significant amount of time in rush hour traffic.

Time saved each day by driving in the carpool lane	10 minutes
What's your time worth?	$50/hr

AVOID THE GAS STATION

Detouring to a gas station and refilling the tank takes time out of your day. Plugging in Model S takes seconds, just like your phone, and you'll wake up to a full charge every day.

Monthly gas stops	4
Time spent driving to a gas station and refueling	10 minutes
What's your time worth?	$50/hr

This calculator is intended to give you an idea of how much you can save by driving Model S compared to a gasoline sedan.

Financing approval is based on your credit and program guidelines. Changes in term or down payment may change the annual percentage rate and are subject to change without notice. We have excluded sales tax, registration fees, and loan fees from the above calculator because they vary from state to state and in some cases, town to town. Financing is currently only available in the following states: CA, CO, IL, FL, NJ, NY, OR and WA. If you live outside of these states, contact us for alternate financing options.

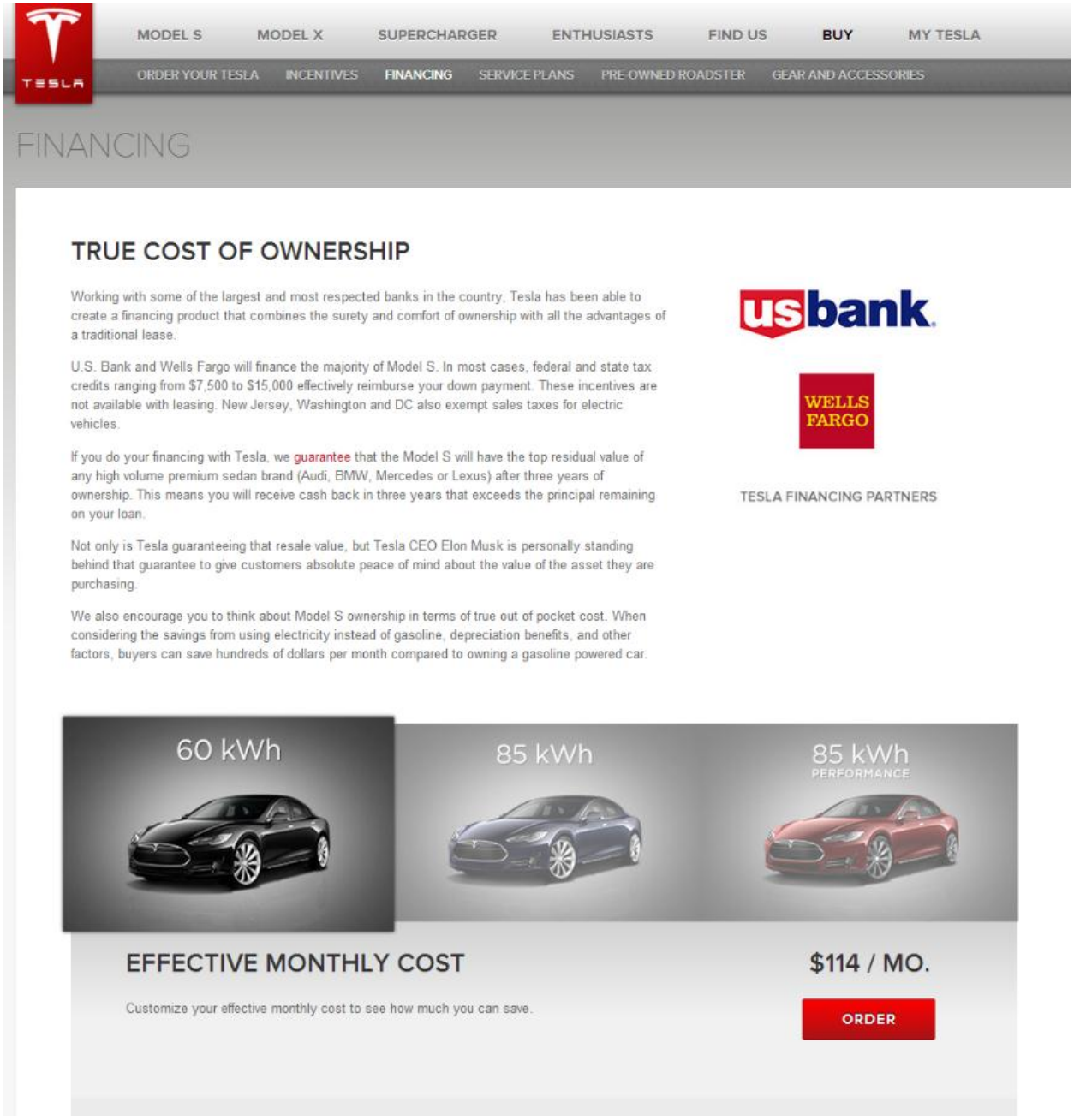
Loans are offered through U.S. Bank and Wells Fargo. Neither U.S. Bank nor Wells Fargo is associated with the Guaranteed Resale Value.

When calculating business tax benefit estimates, we have assumed a 40% effective tax rate and 70% business use of your car. These estimates include depreciation, interest expenses, and operating expenses from use of electricity over gasoline. Your effective tax rate and actual use of your car will change the estimates provided. Learn more about Guaranteed Resale Value.

Exhibit C

True Cost of Ownership Page (with all default options checked)

Section 1:



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OVER 3 YEARS

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Section 3:

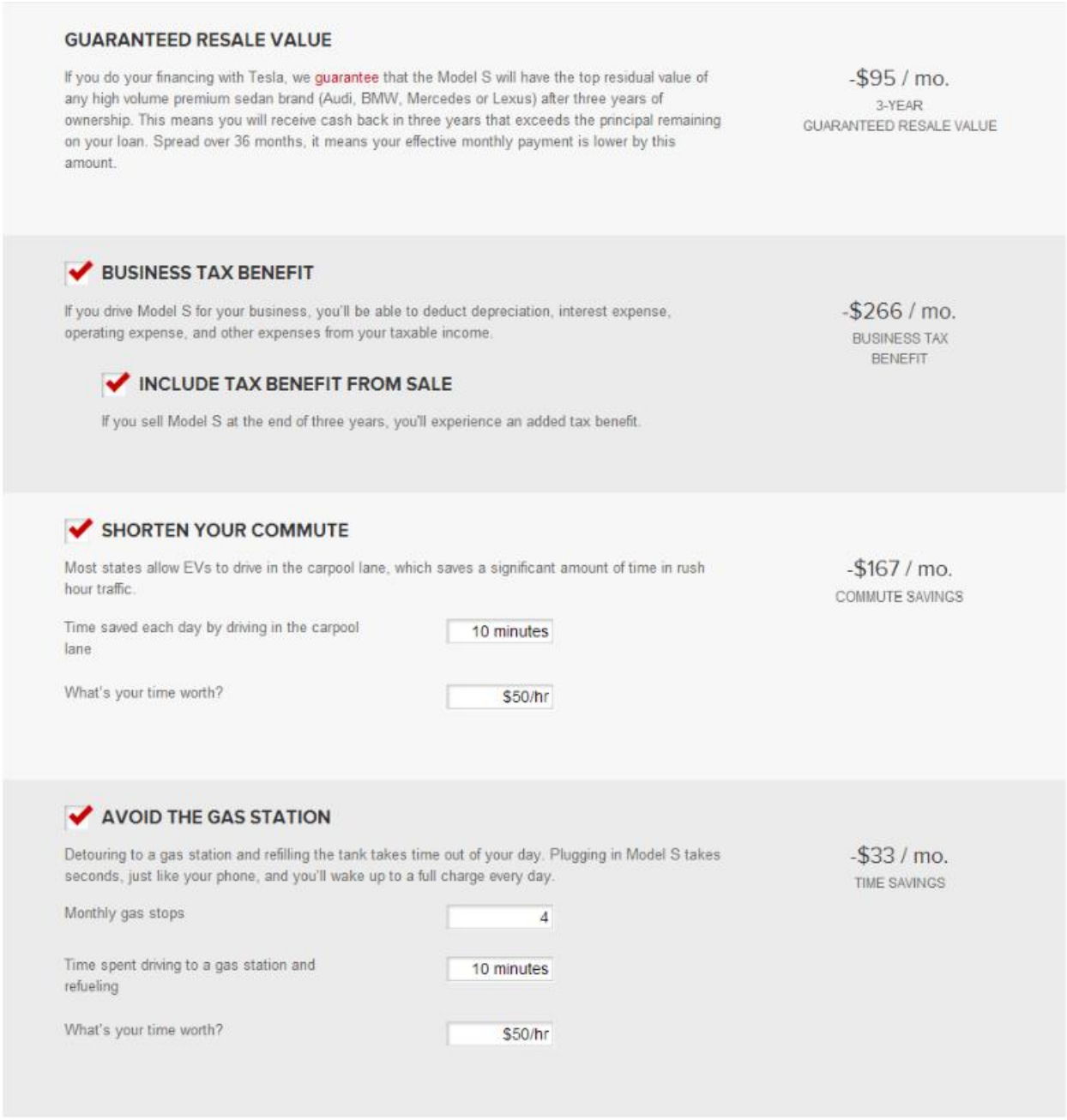

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Exhibit D

Resale Value Guarantee

RESALE VALUE GUARANTEE

OWNER & VEHICLE INFORMATION

Owner Name & Address	Guarantee Effective Date	Guaranteed Resale Value ($)
Name Address City, ST ZIP	[Delivery Date]	$[Calculate]
	Vehicle Identification Number	
	XXXXXXXXXXXXXXX	

Year	Make / Model	Trim	Color
2013	Tesla Model S	[60/85 kWh; Signature; Performance]	Color

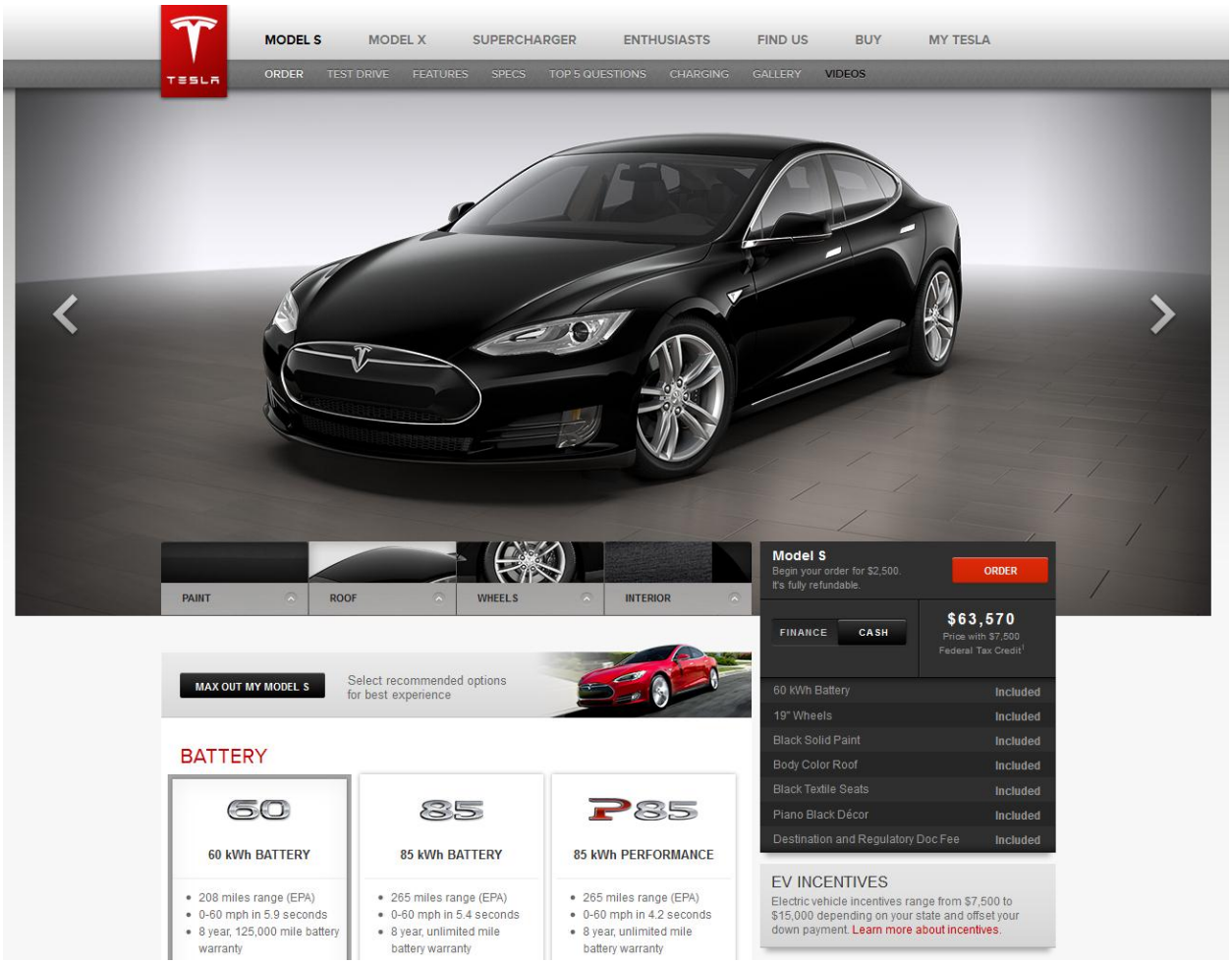
Welcome to the Tesla Family! Your vehicle identified above ("Vehicle") qualifies for our Resale Value Guarantee ("Guarantee"). We guarantee that your vehicle will have a resale value after 3 years of at least the Guaranteed Resale Value specified above. This value is equal to 50% of the base purchase price of the 60kWhr Model S at the time of your purchase of the Vehicle, plus 43% of the original purchase price for all options including the upgrade to the 85kWhr battery pack (exclusive of taxes, fees and accessories). During the period between 36 months to 39 months from your Guarantee Effective Date, you have the option to sell your vehicle to Tesla for the Guaranteed Resale Value. This Guarantee is subject to the following terms and conditions:

TERMS AND CONDITIONS

- The Vehicle is financed through Tesla's direct vehicle financing program with U.S. Bank, N.A. or Wells Fargo Dealer Services. The Vehicle will need to continue to be financed through this program and your account must remain in good standing for a minimum of six months.
- The Vehicle is maintained by Tesla Motors or its subsidiary according to Tesla's recommended service schedule. You must not have taken any action that would void the New Vehicle Limited Warranty on the Vehicle.
- The Vehicle will be inspected by Tesla and the Guaranteed Resale Value will be adjusted for damage, excessive wear and use based on Tesla's standards for normal use and for mileage in excess of 15,000 miles per year. Excess mileage will reduce your Guaranteed Resale Value at a rate of $0.25 per mile.
- To exercise this Guarantee, you will need to contact us and deliver the Vehicle to us for inspection and purchase during the period between 36 months to 39 months from the Guarantee Effective Date. Prior to or in conjunction with our purchase of the Vehicle, you will need to provide proof of ownership and clear title for the Vehicle. To obtain clear title on the Vehicle, it is your responsibility to clear all outstanding obligations with the lender, including any principal amount, late payments, penalties, and other fees that may be due to the lender.
- This Guarantee may not be assigned or transferred to any person or entity at any time. Only the Owner(s) identified above, and no other person or entity, including any heirs or successors, has any rights under this Guarantee. This Guarantee only applies to the vehicle identified above. Tesla Motors, Inc. and any of its successors hereto, may assign or transfer this Guarantee, or any portion thereof, to any third-party without your prior consent or approval. This Guarantee automatically expires on the 39 month anniversary of the Guarantee Effective Date.

Exhibit E

Tesla Price Quote



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The information presented on this website is based on data available at the time. Design, specifications, price, and production dates are subject to change without notice and pertain specifically to US vehicles. Some features and options may be unavailable when your vehicle enters production.

[1]Price does not include taxes, license and title fees, or regionally required equipment, service, and charges.

21-inch wheels are equipped with low-profile performance tires that provide less protection from, and are consequently more likely to suffer damage from, uneven road surfaces, debris, curbs, and other common obstacles. Damage to wheels or tires from these conditions are not covered under the Model S new vehicle limited warranty. 21-inch wheels with low-profile performance tires reduce battery range compared to 19-inch wheels with all season tires. Model S does not come with a spare wheel and tire.

Rear Facing Seats are child restraint systems intended for children at least 3' 1" tall and between 35 and 77 pounds. Children should be seated upright without their head touching the roof of the car and be properly belted in at all times. It's important that you follow all provided instructions to ensure the safety of your passengers.

Performance characteristics are estimated or determined by Tesla Motors, Inc. under certain driving, operating, and environmental conditions. Actual results will vary based on your driving habits and other factors.

Exhibit F

Nissan Versa Lease Special