



1611 Telegraph Ave. Suite 1450
Oakland, CA 94612

March 20, 2018

Philip Rothenberg
Vice President, Legal
Tesla, Inc.
3500 Deer Creek Road
Palo Alto, CA 94304

Re: Withdrawal of 2018 Water Risk Shareholder Proposal

Dear Mr. Rothenberg

As You Sow appreciates the constructive dialogue we have had with Tesla, Inc. ("**Tesla**" or the "**Company**") regarding the Company's water policies and the water-risk resolution we filed this year on behalf of shareholder Andrew Behar. The water resolution outlines shareholder concern about a range of water-related issues at the Company, including the increasing potential for water shortages and conflict at production locations in water-constrained areas such as California and Nevada and across supply chains. In order to make informed investment decisions, investors require disclosures about the company's water policies.

Following *As You Sow's* submission of the 2018 water risk disclosure proposal, and subsequent discussions with the company, *As You Sow* and Tesla, Inc. have agreed to the following actions:

1. **As You Sow Action.** In exchange for the actions listed below by Tesla, *As You Sow* agrees to withdraw its shareholder proposal and agrees that such proposal need not appear in the Company's definitive proxy statement for Tesla's 2018 Annual Meeting.
2. **Company Actions.** Tesla is producing its first sustainability report this year and agrees, subject to final management approval, to include in that report a general discussion of its water stewardship and risk management policies such as a description of how Tesla uses water in its operations and its plans to reduce and reuse water, with a focus on water recovery efforts at Gigafactory 1.
3. Both parties further agree to continue good-faith dialogues on these matters in the future.

This agreement will become effective on the date the last party below executes this agreement.



AS YOU SOW:



Danielle R. Fugere
President and General Counsel
As You Sow

3-20-18

Date

COMPANY:



Philip Rothenberg
Vice President, Legal
Tesla, Inc.

3-22-18

Date