Third Preliminary Non Binding

Letter of Intent

To Purchase 50%

of the Company

Tesla Motors

Common Voting Stock

This letter ("Letter of Intent"), when agreed to and accepted by you for the purposes provided herein, shall evidence our respective intentions to proceed with negotiations, in good faith, with the objective of moving forward toward the execution of a definitive agreement (the "Common Stock Purchase Agreement") providing for the acquisition by the Infinite Freedom Foundation of King County, a nonprofit public benefit association or its assignee (the "Purchaser") Tesla Motors Inc., (hereinafter referred to as the "Sellers") Fifty Percent (33%) of the to be issued and outstanding capital stock of Tesla Motors Inc., (collectively referred to herein as "TSLA") free and clear of all liens, claims and encumbrances, which is engaged in the business of designing, manufacturing, and selling three models of electric cars, electric vehicle powertrain components, and battery products.

It is understood that this Letter of Intent is not intended to constitute a binding agreement yet to be made by and between Purchaser and Sellers to enter into the Common Stock Purchase Agreement, and no liability or obligation of any nature whatsoever is intended to be created hereunder, except as expressly set forth in this Letter of Intent.

Purchaser and Sellers hereby agree to use their reasonable best efforts to negotiate, in good faith, the Common Stock Purchase Agreement as soon as practicable and within the time frame provided herein.

This Letter of Intent does not contain all matters on which agreement must be reached in order to consummate the transactions contemplated herein, as it is intended solely as an outline of certain material terms.

The transactions contemplated in this Letter of Intent and the Common Stock Purchase Agreement are subject in all respects to the following terms and conditions:

1. <u>Purchase of Stock by Purchaser; Purchase Price; Consideration.</u>

a. Purchaser shall acquire 50% of a combination of existing and newly issued common stock of TSLA from Sellers (it being represented and warranted by Sellers by signing this letter that the capital stock of TSLA consists of various classes of stock disclosed in Exhibit 1,) free and clear of all liens, claims and encumbrances.

Adequate provisions for federal and state income taxes on taxable income through the date of Closing shall be estimated by TSLA, and sufficient cash shall be on hand at the date of Closing to pay such taxes.

In addition to the amount estimated for federal and state income taxes as discussed above, there shall be sufficient cash and working capital on hand at Closing to allow TSLA to continue to operate in the ordinary course of business consistent with past practices without the injection of cash from the Purchaser.

It is the intent of the Purchaser to make this a friendly, not a hostile acquisition designed to enhance the global business and long term goals of Tesla Motors.

The amount of working capital to be on hand at the date of Closing shall be mutually agreed upon by the Sellers and Purchaser but in no event shall the amount of working capital on hand at closing be less than the amount of working capital as set forth on the TSLA Pro Forma Balance sheet as of March 4th, 2017 provided by Sellers to Purchaser (see Exhibit 2).

The authorized capital stock of TSLA consists of 2,100,000,000 shares, with a par value of $0.001 per share, of which 2,000,000,000 shares are designated as common stock.

At the time of execution of this letter of intent the issued and outstanding common voting shares of capital stock is approximately 131,424,856 shares, and Elon Musk, Chairman and CEO currently exercises voting control over 37,193,974 shares representing approximately 26.5%.

It is the intent of the purchaser to recruit, hire and train the Chairman of Tesla Motors, SolarCity and SpaceX to be the Chairman of Pen Bancorp.

It is contemplated that upon execution and closing of the Stock Purchase Agreement the total issued and outstanding common voting shares of capital stock of TSLA shall not exceed 185,000,000 shares, and that the Purchaser at that time shall own no more than 50,000,000 shares upon closing or approximately 33%.

Purchaser hereby advises Seller that it is making a similar offer to purchase all of the common voting shares of TSLA from FMR LLC which as of December 31st, 2015 held 13,341,827 shares of the Seller's common voting stock valued at $3.2 Billion, which shall be deducted from the purchase price and share amounts if a successful tender offer results in Purchaser acquiring those shares from FMR LLC.

b. Unless otherwise agreed to by both parties, the consideration shall be TWELVE BILLION Dollars ($12,000,000,000) to be paid in the following manner:

1. 4 BILLION Dollars ($4,000,000,000), payable by Pen Bancorp through Bitcoin transfer, at Closing;

2. $4 BILLION Dollars ($4,000,000,000) payable at Closing in preferred stock of Pen Bancorp issued at a per share amount equal to $1,000,000 Per Share of Pen Bancorp preferred shares ("Issued Share Price");

3. $4 Billion Dollars in Cash from the proceeds of a convertible promissory note payable to the Banks of Soap Lake, Washington, at zero interest over a twenty year period. The note shall be convertible into convertible bonds of Tesla Motors or common stock at the option of the holder(s) of the note in due course.

c. In addition to the above consideration Pen Bancorp and its wholly owned affiliates will enter into a refinancing agreement whereby all interest bearing debt of TSLA shall be paid off with Zero Interest Bonds Underwritten and Syndicated by the Banks of Soap Lake. All convertible bonds of TSLA shall be paid off in full in this manner without breaching existing bondholder agreements or banking relationships..

d. Concurrent with the Closing of the Stock Purchase Agreement TSLA shall enter into a revolving credit agreement with Affiliates and Syndication Partners of Soap Lake Bancshares to borrow up to $25 Billion to purchase up to 50% of the outstanding shares of Uber Technologies Inc. at Zero Interest.

f. Concurrent with the Closing of the Acquisition of the Purchase of up to a half interest in Uber, Pen Bancorp and its affiliates will enter into a five year term loan agreement to lend TSLA up to $150 Billion to acquire a controlling interest in Volkswagen of Germany, propelling Tesla Motors into becoming the largest automobile manufacturing company in the world within twelve months of signing this Letter of Intent.

g. Concurrent with the Closing of the Stock Purchase Agreement, an affiliate of the Infinite Freedom Foundation of King County to be known as the Uber Tesla Taxi Company of Washington State LLC shall enter into a purchase agreement to purchase 5,000 Tesla Model 3 All Electric Vehicles for the purposes of launching the Uber Tesla Taxi Company. Payment of $5 million in cash for said advance purchase shall be made on the Closing Date.

The total price to be paid for said vehicles to be delivered under a separate agreement shall be no more than $175,000,000.00 payable on an as delivered basis to Soap Lake Washington.

h. Concurrent with the Closing of the Stock Purchase Agreement, TSLA shall enter into a joint venture agreement with the Bank of Soap Lake to finance a Tesla Gigafactory and Electric Railway Station Company in Grant County, Washington.

The Bank of Soap Lake shall provide loan syndications to finance 100% of this proposed $5 Billion Project.

2. Employment Contracts; Non-Compete Agreements.

a. At the date of Closing, certain key employees of TSLA shall enter into Employment Contracts with Purchaser for not more than a three (3) year period commencing upon the date of Closing.

Said contracts shall provide a salary and benefits (including employee stock options) comparable to other members of Purchaser's senior management in comparable positions.

The terms and provisions of those Employment Contracts, and the salary, benefits and employee stock options, between Purchaser and key employees of TSLA shall be negotiated by Purchaser and Seller prior to Closing.

b. These key employees shall also be required to execute a non-compete agreement in which they agree not to compete in a similar business of Purchaser.

The term of the non-compete agreement shall be for a period of not less than two (2) years commencing upon the termination of their employment contract with Purchaser, and shall contain such other provisions as shall be mutually agreed upon prior to Closing.

3. Conditions. The Closing will be subject to the satisfaction of various conditions to be satisfied as of the date of Closing, which shall include, without limitation, the following:

a. **Common Stock Purchase Agreement.** Purchaser and Sellers shall have negotiated, executed, and delivered a mutually satisfactory Common Stock Purchase Agreement and related documents which shall provide for the transactions contemplated hereby and include (without limitation): (i) representations and warranties of Purchaser and Sellers as are mutually acceptable and customary for a transaction of the nature set forth herein; (ii) Closing conditions (including those specified herein) as are mutually acceptable; (iii) covenants pending prior to Closing and in effect thereafter (including those specified herein) as are mutually acceptable; (iv) indemnities as are mutually acceptable, including indemnities, if any, in favor of key TSLA employees which are at least as extensive as those which are currently in effect; and (v) forms of opinions of counsel as are mutually acceptable and customary for a transaction of the nature set forth herein.

b. **Other Documents; Legal Opinions.** Each other instrument contemplated by the Common Stock Purchase Agreement shall have been executed and delivered by each signatory hereto, and the opinions of counsel shall have been delivered.

c. **Corporate and Shareholder Approvals.** The Common Stock Purchase Agreement and the transactions contemplated thereby shall have been approved by the respective boards of directors of TSLA and Purchaser, the Purchaser’s senior lenders and the shareholders of TSLA.

d. **Consents and Approvals.** All necessary government filings and approvals relating to the transactions contemplated by this Letter of Intent and the Common Stock Purchase Agreement, and all consents and approvals of third parties necessary for the consummation of the transactions contemplated by this Letter of Intent and the Common Stock Purchase Agreement, shall have been obtained.

e. **Financial Statements.** Prior to closing, Purchaser shall have received financial statements of TSLA for all of its prior fiscal years (since inception) and monthly financial statements of TSLA for the months subsequent to the end of the most recently completed fiscal year, which shall be satisfactory to Purchaser.

f. **Due Diligence.** Purchaser shall have conducted the legal, environmental, business, and financial due diligence reviews of TSLA (the “Due Diligence”) it considers necessary, the results of which shall be materially consistent with Seller's’ representations and warranties regarding such matters.

g. **Conditions Precedent.** The obligations of the parties to consummate the transactions contemplated by the Common Stock Purchase Agreement shall be subject to certain conditions precedent, including, without limitation, the following:

(i) The obligation of the Purchaser to perform in accordance with the Common Stock Purchase Agreement shall be subject to the completion of satisfactory financing arrangements required to provide the funding necessary to pay the Bitcoin portion of the consideration contemplated in Paragraph 1 herein. TSLA understands that Purchaser’s lending sources may wish to conduct their own due diligence after **April 24th, 2016**, and prior to closing.

(ii) The obligation of the Sellers to perform in accordance with the Common Stock Purchase Agreement shall be subject to the approval by Sellers, in its sole discretion, of the Private Placement Memorandum to be provided by Purchaser.

h. **Closing; Removal of Conditions on Purchaser's Obligation to Close.** The parties will negotiate in good faith with a view to executing the Common Stock Purchase Agreement on or before **October 31, 2016**. The Closing of the proposed transaction will take place as soon thereafter as all conditions to the transaction are satisfied or waived, but not later than **March 4th, 2017**, unless an extension is mutually agreed upon. If the Common Stock Purchase Agreement is not executed by October 31, 2016, or such later date as the parties may agree, either party may terminate this Letter of Intent.

4. **Confidentiality.** The parties agree that neither will use any of the information gathered pursuant to the proposed Due Diligence contemplated herein for any purpose other than the transaction anticipated by this Letter of Intent.

Without the express written consent of all the parties hereto, each of the parties hereto agree to maintain an open and public dialogue regarding the existence of this Letter of Intent, the terms of the proposed transaction or the information delivered in connection with the proposed Due Diligence, including disclosures required to obtain the approvals for the transaction contemplated hereby, disclosures to those professionals, advisors and potential financing sources and their attorneys who have a need to know, or any other disclosure required by applicable law.

In the event that a party hereto is at any time requested or required (by oral questions, interrogatories, request for information or documents, subpoena or similar process) to disclose any information supplied to it in connection with this transaction to anyone other than professionals, advisors and potential financing sources and their attorneys, such party agrees to provide the other parties prompt notice of such request so that an appropriate protective order may be sought and/or such other parties may waive the first party's compliance with the terms of this paragraph. The parties acknowledge that no existing Confidentiality Agreement exists between the parties and none shall remain in full force and effect following the execution of this Letter of Intent.

5. Conduct of Business. Sellers agree that pending negotiation of the Common Stock Purchase Agreement, TSLA in all material aspects will operate its business only in the usual, regular and ordinary manner and in accordance with past practice so as to maintain the goodwill it now enjoys, and to the extent consistent with such operation, it will use all reasonable efforts to preserve its present officers and employees and to preserve relationships with customers and others having business dealings with it, including, but not limited to, paying suppliers and vendors in accordance with its usual business practices in a timely fashion.

6. **Exclusivity.** TSLA and the Sellers shall immediately terminate negotiations and/or marketing efforts, if any, with others in regard to the sale of the amount of stock of TSLA described herein.

Sellers shall not, prior to December 31, 2016, in the event the Common Stock Purchase Agreement is executed on or before October 31, 2016, solicit or initiate the submission of indications of interest, proposals, or offers from, or discuss or negotiate with any person relating to any direct or indirect acquisitions or purchase of any part of or all of the amount of stock of TSLA contemplated herein, or any part of (other than an immaterial part of), or all of, the assets owned or to be owned by TSLA, nor will the Seller or TSLA discuss any merger, consolidation, or business combination with TSLA.

Neither the Sellers nor TSLA shall furnish to any other person any information with respect to TSLA that could be used for the purposes described in this paragraph.

Sellers shall promptly notify Purchaser of any acquisition proposal received by Sellers and shall provide Purchaser a copy (to the extent written) or description (to the extent made) of such acquisition proposal.

7. Access. From the date of execution of this Letter of Intent, and until such time as the parties either terminate negotiations on the Common Stock Purchase Agreement or until the Closing, Sellers and TSLA shall cooperate with Purchaser in the performance by Purchaser of its Due Diligence.

Upon execution of this Letter of Intent, and until such time as the parties either terminate negotiations on the Common Stock Purchase Agreement or until the Closing, Sellers and TSLA agree to grant to Purchaser and its authorized agents the right to inspect and audit the books and records of TSLA and to consult with those directors, officers, key employees, attorneys, auditors, and accountants of TSLA as Sellers shall approve upon request by Purchaser, such approval not to be unreasonably withheld, concerning customary due diligence matters.

Such inspections and audits may include, for example, review and examination of TSLA's books and records of account, tax records, records of corporate proceedings, contracts, trademarks, governmental consents, and other business activities and matters relating to the transactions contemplated by this Letter of Intent and the Common Stock Purchase Agreement.

All confidential information acquired by Purchaser pursuant to this paragraph shall be held in the strictest of confidence by Purchaser and shall not be revealed or disclosed to any third party or parties, other than to Purchaser's professionals, advisors and potential funding sources and their attorneys, except as may be required by law.

In the event the transaction should not be consummated for any reason after execution of the Common Stock Purchase Agreement, Purchaser shall promptly, upon request of TSLA, return all such documents as it may have obtained in this process, and any and all copies of such documents.

The parties acknowledge that no Confidentiality Agreements exist or shall exist between the Purchaser and TSLA and a policy of open public discussion and negotiation shall be conducted and shall remain in place following the execution of this Letter of Intent.

8. Costs and Expenses. All costs and expenses incurred in connection with the negotiation, execution, and delivery of this Letter of Intent and the Common Stock Purchase Agreement and related agreements and the consummation of the transactions contemplated thereby shall be paid by the party incurring such costs and expenses, except that the Common Stock Purchase Agreement shall contain a provision that, in the event of a default under the Common Stock Purchase Agreement, the defaulting party shall pay the non-defaulting party's attorneys' fees incurred in connection with the negotiation, execution, and efforts toward consummation of the Common Stock Purchase Agreement.

The costs and expenses incurred by the Purchaser shall include, but not be limited to, the costs and expenses of due diligence reviews and financial audits conducted at the Purchaser's request.

Notwithstanding anything herein, the execution of this Letter of Intent does not obligate either party to enter into the Common Stock Purchase Agreement, but does obligate both to utilize their reasonable best efforts to negotiate the terms and provisions of such an Agreement in good faith.

9. Termination. It is understood and agreed that if, despite the reasonable good faith efforts of the parties, a mutually satisfactory definitive Common Stock Purchase Agreement has not been executed on or before October 31, 2016, Purchaser and Seller may terminate this Letter of Intent by written notice to the other without any liability; provided, however, that the obligations set forth in paragraphs 4 and 6 through 13 shall survive.

10. Nature of Letter of Intent. The provisions of paragraphs 4 through 13 hereof are intended to be binding upon the parties in accordance with their terms. With respect to all other matters set forth herein, it is understood that: (i) this Letter of Intent sets forth the intentions of the parties to use their reasonable best efforts to negotiate, in good faith, a Common Stock Purchase Agreement and that any legal obligations with respect to such matters, including, but not limited to, the customary representations and warranties described in paragraph 3(a), shall be only as set forth in the Common Stock Purchase Agreement when and if executed by Purchaser and Sellers, and (ii) that neither Purchaser (or any affiliate thereof) nor Sellers shall be responsible for any claims or liability relating to the transactions contemplated hereby in the event the Common Stock Purchase Agreement is not so executed and delivered, except as expressly provided in the Letter of Intent.

11. Indemnification. The Sellers represent and warrant that the Purchaser will not incur any liability of any kind or nature whatsoever in connection with the consummation of the acquisition of TSLA to any third party with whom the Seller or its agents have had discussions regarding the disposition of TSLA, and the Sellers agree to indemnify, defend and hold harmless the Purchaser, its officers, directors, stockholders, lenders and affiliates from any claims by or liabilities to such third parties, including any legal or other expenses incurred in connection with the defense of such claims.

12. Governing Law. This Letter of Intent shall be governed by and construed in accordance with the laws of the State of California, without giving effect to principles of conflicts of laws.

13. Miscellaneous. This Letter of Intent constitutes the complete understanding of the parties with respect to the matters referenced herein, and any other agreements, contracts or understanding (whether written or oral) are superseded by the terms hereof.

The rights and obligations of the parties created by this Letter of Intent shall not be assignable by either party without the prior written consent of the other party, which will not be unreasonably withheld. Notwithstanding the foregoing, the rights and obligations of Purchaser created by this Letter of Intent shall be assignable by Purchaser without the prior written consent of Seller only to the ultimate holding company contemplated by this agreement.

This Letter of Intent may be signed in one or more counterparts, each of which taken together shall constitute one and the same agreement.

If the foregoing general terms are acceptable to you, please so indicate by signing the enclosed duplicate original of the Letter of Intent and returning it to the undersigned.

Very truly yours,

/s/ Gabriel S. Acs

Director
Infinite Freedom Foundation of King County, a nonprofit public benefit association

ACCEPTED this 24th day of April, 2016.
Tesla Motors Inc.

By: /s/ Elon Musk Chairman & CEO