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**From:** Richard Kahn <[REDACTED]>  
**Sent:** Wednesday, June 14, 2017 12:17 PM  
**To:** Jeffrey Epstein  
**Subject:** Fwd: Apple, Inc. & Tesla Motors Inc.: Partners or Competitors?

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Begin forwarded message:

**From:** "/b>"Morgan Stanley" <[REDACTED]>  
**Subject:** "/b>Apple, Inc. & Tesla Motors Inc.: Partners or Competitors?  
**Date:** "/b>June 14, 2017 at 12:29:51 AM EDT  
**To:** "/b><[REDACTED]>  
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Apple, Inc. & Tesla Motors Inc.: Partners or Competitors?

June =4, 2017 4:02 AM GMT

Tesla has dominated the =potlight in EVs and applied AI in transport. Apple CEO Tim Cook views =utonomous cars as the 'mother of all AI projects' and =E2 a core technology.' We think Tesla investors must =repare for serious competition for talent and investment of capital in =his market.

Please see our colleague Adam Jonas's note on =he same topic, with added color from Tesla's point of view. In a recent =loomberg interview, Apple's CEO made some of the most candid =nd direct statements on the company's position on disrupting =utos and transport. We share the following thoughts on this evolving =opic: 1. Many investors we speak with believe Tesla's lead in =iles traveled and data capture is insurmountable. We question this =osition, particularly at this still very early stage of commercial =pplication in shared autonomy. It is the working assumption of the =organ Stanley Global Autos & Shared Mobility team and the Tech =ardware team (led by Katy Huberty) that Apple will pursue a strategy in =ars/transport, an addressable market we calculate is worth many =rillions of dollars in revenue and many hundreds of billions of =onsumer hours annually. For more, please see our May 15th TSLA =owngrade, The Price of Ambition: Downgrade to EW. 2. If Apple is serious =bout pursuing autonomous driving systems as a 'core =echnology,' it will have to harvest real-world miles on public =oads in very large quantities, perhaps in the not too distant future. =here are many potential ways in which it can go about this: (a) with =stablished ride sharing firms, (b) with established car rental firms, =c) in partnership with OEMs, (d) through its own proprietary machine =earning network, (e) more than one or all of the above. 3. From the =pple perspective, core self-driving software is likely the first step =n its autonomous pursuits, and we believe Apple will eventually move =eyond just software into designing a full car and/or launching a =platform for third party services and content over tim

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