



Telefónica to provide M2M connectivity for Tesla electric vehicles across major European markets

- **The solution will power Tesla's Model S telematics and infotainment services**
- **Connectivity provided by Telefónica and its M2M World Alliance partners**

London, April 2, 2014 – Telefonica today announced an agreement with Tesla, the world's leading electric vehicle (EV) manufacturer, to provide Machine-To-Machine (M2M) connectivity for the Tesla Model S in Europe. Telefonica and its M2M World Alliance partners will provide connectivity for Model S across multiple countries in Europe, including in Germany and the United Kingdom on Telefonica's O2 network, in Spain on Movistar, and in the Netherlands on KPN.

Telefónica's global M2M solution - powered by Jasper - will enable connectivity for Tesla's industry-leading in-car infotainment telematics including navigation, online music, and internet browsing, and remote vehicle diagnostics that relay information about the car's safety, security and performance to the driver and Tesla service in real time.

The Tesla Model S, an award winning five-door sedan, was launched in 2012, with deliveries beginning in Europe in 2013. Its state of the art features include remote driver support and a connected infotainment control centre. The 17 inch touchscreen puts rich content at the fingertips of drivers and passengers, seamlessly integrating media, navigation, communications, cabin controls and vehicle data.

The agreement, which establishes Telefonica as Tesla's largest European connectivity partner, is supported by KPN in the Netherlands and Belgium as part of the M2M World Alliance, simplifying Tesla's deployment of connected cars.

With its proven M2M technology, Telefónica's services offer flexible and reliable connectivity solutions for Model S customers across Europe. The ability of Telefónica and KPN to work together locally will further improve the customer experience by maintaining a smaller pool of suppliers with a common M2M service. Jose Luis Gamo, CEO at Telefonica Multinational Solutions, said: "As we accelerate our transformation into a digital telco we see lots of opportunities to empower consumers. Connected cars that provide drivers with more information and a better and safer driving experience is a perfect example of this. Tesla is one of the world's most forward thinking



and exciting businesses. We share their passion for innovation and are thrilled to be working with them to deliver a superb connected in-car experience to Tesla drivers across Europe.”

Peter Carlsson, Vice President of Supply Chain at Tesla: “The full Model S experience requires reliable and flexible connectivity solution. Tesla looks forward to our partnership with Telefonica to provide our European customers with a whole new class of connected car.”

The Connected Car market will achieve mass-market penetration in the next few years. The number of vehicles with built-in connectivity will increase from 10 per cent of the overall market today to 90 per cent by 2020, according to the Telefonica Connected Car Industry 2013 report, which features contributions from eight of the world’s largest car manufacturers.

Jimmy Wind, Managing Director M2M/New Business of KPN said: “This is a great example of how the M2M World Alliance delivers simple and effective solutions to major multinational customers. We’re delighted to work with Telefonica supporting such a prestigious company as Tesla”

About Telefónica

Telefónica is one of the largest telecommunications companies in the world in terms of market capitalisation and number of customers. From this outstanding position in the industry, and with its mobile, fixed and broadband businesses as the key drivers of its growth, Telefónica has focused its strategy on becoming a leading company in the digital world.

The company has a significant presence in 24 countries and a customer base that amounts more than 323 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company, with more than 1.5 million direct shareholders. Its share capital currently comprises 4.551.024.586 ordinary shares traded on the Spanish Stock Market (Madrid, Barcelona, Bilbao and Valencia) and on those in London, New York, Lima, and Buenos Aires.

For more information about Telefonica’s M2M business, visit m2m.telefonica.com or follow them on Twitter at @m2mtelefonica and LinkedIn.



About Telsa

Tesla Motors' (NASDAQ: TSLA) goal is to accelerate the world's transition to electric mobility with a full range of increasingly affordable electric cars. California-based Tesla designs and manufactures EVs, as well as EV powertrain components for partners such as Toyota and Daimler. Deliveries of Model S in Europe started in 2013.

About KPN

KPN is the leading telecommunications and ICT service provider in the Netherlands, offering wireline and wireless telephony, internet and TV to consumers and end-to-end telecom and ICT services to business customers. In Germany and Belgium, KPN pursues a Challenger strategy in its wireless operations and holds number three market positions through E-Plus and BASE. KPN provides wholesale network services to third parties and operates an efficient IP-based infrastructure with global scale in international wholesale through iBasis.