

Final Terms dated 28 September 2010

TELEFÓNICA EMISIONES S.A.U.
Issue of GBP 400,000,000 5.445% Instruments due 8 October 2029
Guaranteed by TELEFÓNICA, S.A.
under the EUR 40,000,000,000 Debt Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth on pages 22 to 50, inclusive, of the Base Prospectus dated 23 June 2010 and the supplemental Base Prospectus dated 26 August 2010 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Instruments and must be read in conjunction with such Base Prospectus as so supplemented.

Full information on the Issuer, the Guarantor and the offer of the Instruments described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus as so supplemented. The Base Prospectus and the supplemental Base Prospectus are available for viewing at www.telefonica.es and copies may be obtained from Gran Vía, 28, 28013 Madrid (being the registered office of the Issuer), at the offices of The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL and at the offices of The Bank of New York Mellon (Luxembourg), S.A. at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

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| 1. | (i) | Issuer: | Telefónica Emisiones S.A.U. |
| | (ii) | Guarantor: | Telefónica, S.A. |
| 2. | (i) | Series Number: | 25 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Sterling (" GBP ") |
| 4. | | Aggregate Nominal Amount: | GBP 400,000,000 |
| | (i) | Series: | GBP 400,000,000 |
| | (ii) | Tranche: | GBP 400,000,000 |
| 5. | | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. | (i) | Specified Denominations: | GBP 50,000 and integral multiples of GBP 50,000 thereafter |

	(ii) Calculation Amount:	GBP 50,000
7.	(i) Issue Date:	8 October 2010
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	8 October 2029
9.	Interest Basis:	5.445 per cent. Fixed Rate (further particulars specified below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not applicable
12.	Put/Call Options:	Not applicable
13.	(i) Status of the Instruments:	Senior
	(ii) Status of the Guarantee:	Senior
14.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Instrument Provisions	Applicable
	(i) Rate of Interest:	5.445 per cent. per annum payable annually in arrear
	(ii) Interest Payment Dates:	8 October in each year from and including 8 October 2011 to and including the Maturity Date.
	(iii) Fixed Coupon Amount:	GBP 2,722.50 per Calculation Amount payable on each Interest Payment Date
	(iv) Broken Amount:	Not applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Instruments:	Not applicable
16.	Floating Rate Instrument Provisions	Not applicable
17.	Index-Linked Interest Instrument/other variable-linked interest Instrument Provisions	Not applicable

18. **Dual Currency Instrument Provisions** Not applicable

PROVISIONS RELATING TO REDEMPTION

19. **Call Option** Not applicable
20. **Put Option** Not applicable
21. **Final Redemption Amount of each Instrument** GBP 50,000 per Calculation Amount
22. **Early Redemption Amount** Not applicable

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

23. **Form of Instruments:** **Bearer Instruments:**
Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments in the limited circumstances specified in the Permanent Global Instrument
24. **New Global Instrument:** Yes
25. **Additional Financial Centre(s) or other special provisions relating to payment dates:** TARGET Business Days
26. **Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature):** No
27. **Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made:** Not applicable
28. **Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made:** Not applicable

29. Redenomination, renominatisation and reconventioning provisions: Not applicable
30. Consolidation provisions: The provisions in Condition 15 (*Further Issues*) apply
31. Other final terms: Not applicable

DISTRIBUTION

32. (i) If syndicated, names of Managers: **Joint Lead Managers**
HSBC Bank plc
Société Générale
The Royal Bank of Scotland plc
- (ii) Stabilising Manager(s) (if any): Not applicable
33. If non-syndicated, name of Dealer: Not applicable
34. U.S. Selling Restrictions: Reg. S Compliance Category 2, TEFRA D
35. Additional selling restrictions: Not applicable
36. Commissioner: Eduardo Álvarez Gómez

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the London Stock Exchange of the Instruments described herein pursuant to the EUR 40,000,000,000 Debt Issuance Programme of Telefónica Emisiones S.A.U.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of Telefónica Emisiones S.A.U.:

By:
Duly authorised

Signed on behalf of Telefónica, S.A.:

By:
Duly authorised

ISIN Code:	XS0545440900
Common Code:	054544090
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	Not applicable
Delivery:	Delivery against payment
Names and addresses of initial Paying Agent(s):	The Bank of New York Mellon
Names and addresses of additional Paying Agent(s) (if any):	Not applicable
Intended to be held in a manner which would allow Eurosystem eligibility:	Yes

Note that the designation "yes" simply means that the Instruments are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Instruments will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.