

Final Terms dated 4 December 2012

TELEFÓNICA EMISIONES, S.A.U.

Issue of CHF 150,000,000 3.450 per cent. Instruments due 2022

Guaranteed by TELEFÓNICA, S.A.

under the EUR 40,000,000,000
Programme for the Issuance of Debt Instruments

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 20 to 49, inclusive, of the Base Prospectus dated 12 June 2012 and the supplemental Base Prospectuses dated 28 June 2012, 21 August 2012 and 7 November 2012 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") as amended. 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 and the listing prospectus (including all documents set out or incorporated by reference therein, including these Final Terms and the Base Prospectus) dated 4 December 2012 prepared for the listing of the Instruments on the SIX Swiss Exchange (the "**Swiss Listing Prospectus**").

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, the Base Prospectus as so supplemented and the Swiss Listing Prospectus. The Base Prospectus, the supplemental Base Prospectuses and the Swiss Listing 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). Copies of the Swiss Listing Prospectus may also be obtained from UBS AG, Prospectus Library, Europastrasse 1, CH-8152 Opfikon, Switzerland (tel: +41 44 239 47 03, fax: +41 44 239 69 14 or email: swiss-prospectus@ubs.com).

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| 1. | (i) | Issuer: | Telefónica Emisiones, S.A.U. |
| | (ii) | Guarantor: | Telefónica, S.A. |
| 2. | (i) | Series Number: | 36 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Swiss Francs (" CHF ") |
| 4. | | Aggregate Nominal Amount: | CHF 150,000,000 |
| | (i) | Series: | CHF 150,000,000 |
| | (ii) | Tranche: | CHF 150,000,000 |

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| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (i) Specified Denominations: | CHF 5,000 and integral multiples thereafter |
| | (ii) Calculation Amount: | CHF 5,000 |
| 7. | (i) Issue Date: | 14 December 2012 |
| | (ii) Interest Commencement Date: | Issue Date |
| 8. | Maturity Date: | 14 December 2022 |
| 9. | Interest Basis: | 3.450 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

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| 15. | Fixed Rate Instrument Provisions | Applicable |
| | (i) Rate of Interest: | 3.450 per cent. per annum payable annually in arrear |
| | (ii) Interest Payment Date(s): | 14 December in each year |
| | (iii) Fixed Coupon Amount: | CHF 172.50 per Calculation Amount |
| | (iv) Broken Amount(s): | Not applicable |
| | (v) Day Count Fraction: | 30/360 |
| | (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** CHF 5,000 per Calculation Amount
22. **Early Redemption Amount**
(if different from that set out in the Conditions): Not applicable

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

23. Form of Instruments:

Bearer Instruments:

Permanent Global Instrument (as defined below) exchangeable for definitive Instruments (*Wertpapiere*) in the limited circumstances described below and specified in the Permanent Global Instrument.

The Instruments and all rights in connection therewith are documented in the form of a Permanent Global Instrument (the "**Permanent Global Instrument**") which shall be deposited by the Principal Swiss Paying Agent (as defined below) with SIX SIS Ltd or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange Ltd (SIX SIS Ltd or any such other intermediary, the "**Intermediary**"). Once the Permanent Global Instrument is deposited with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Instruments will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act.

Each Holder (as defined below) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Instrument to the extent of its claim against the Issuer, *provided that* for so long

as the Permanent Global Instrument remains deposited with the Intermediary the co-ownership interest shall be suspended and the Instruments may only be transferred by entry of the transferred Instruments in a securities account of the transferee.

Neither the Issuer nor the Holders (as defined below) shall at any time have the right to effect or demand the conversion of the Permanent Global Instrument (*Globalurkunde*) into, or the delivery of, uncertificated securities (*Wertrechte*) or definitive Instruments (*Wertpapiere*).

The records of the Intermediary will determine the number of Instruments held through each participant in that Intermediary. In respect of the Instruments held in the form of Intermediated Securities, the holders of the Instruments (the "**Holders**") will be the persons holding the Instruments in a securities account.

No physical delivery of the Instruments shall be made unless and until definitive Instruments (*Wertpapiere*) shall have been printed. Instruments may only be printed, in whole, but not in part, if the Principal Swiss Paying Agent determines, in its sole discretion, that the printing of the definitive Instruments (*Wertpapiere*) is necessary or useful. Should the Principal Swiss Paying Agent so determine, it shall provide for the printing of definitive Instruments (*Wertpapiere*) without cost to the Holders. If printed, the definitive Instruments (*Wertpapiere*) shall be executed by affixing thereon the facsimile signature of two authorised officers of the Issuer. Upon delivery of the definitive Instruments (*Wertpapiere*), the Permanent Global Instrument will immediately be cancelled by the Principal Swiss Paying Agent and the definitive Instruments (*Wertpapiere*) shall be delivered to the Holders against cancellation of the Instruments in the Holders' securities accounts.

24. New Global Instrument: No

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| 25. | Relevant Financial Centre(s) or other special provisions relating to payment dates: | Zurich, TARGET2 and London |
| 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 (<i>Further Issues</i>) apply |
| 31. | Other final terms: | Payments |

Payments of principal and interest in respect of the Instruments will be made without any restrictions and irrespective of nationality, domicile or residence of the holder of an Instrument or Coupon and without requiring any certification, affidavit or the fulfilment of any other formality.

The receipt by the Principal Swiss Paying Agent of the due and punctual payment of the funds in CHF in Zurich, in the manner provided by the Conditions and these Final Terms, shall release the Issuer from its obligations under the Instruments and Coupons for the payment of interest and principal due on the respective Interest Payment Dates and on the Maturity Date to the extent of such payment.

In respect of the Instruments, the Issuer and the Guarantor will at all times maintain a paying agent having a specified office in Switzerland and will at no time maintain a

paying agent having a specified office outside of Switzerland.

Conditions 9 (*Payments*) and 11 (*The Paying Agents, the Registrars and the Calculation Agent*) shall be construed accordingly.

Notices

So long as the Instruments are listed on the SIX Swiss Exchange and so long as the rules of the SIX Swiss Exchange so require, all notices in respect of the Instruments will be validly given by the Issuer and the Guarantor without cost to Holders of the Instruments through the Principal Swiss Paying Agent either (i) by means of electronic publication on the internet website of the SIX Swiss Exchange (www.six-swiss-exchange.com, where notices are currently published under www.six-exchange-regulation.com/publications/notices/debt_securities_en.html) or (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange. Any notices so given will be deemed to have been validly given on the date of such publication or if published more than once, on the first date of such publication.

Condition 14 (*Notices*) shall be construed accordingly.

Taxation

The following shall be deemed inserted as a new Condition 8.01(viii):

"which is required to be withheld or deducted from a payment pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down (a) in the European Council Directive 2003/48/EC or (b) in the draft legislation initiated by the Swiss Federal Council on 24 August 2011, including the principle to have a person other than the Issuer or the Guarantor withhold or deduct tax, in particular, without limitation, any paying agent."

Condition 8 (*Taxation*) shall be construed

accordingly.

DISTRIBUTION

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| 32. | (i) If syndicated, names of Managers: | Joint Lead Managers BNP Paribas (Suisse) SA UBS AG |
| | (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 rules are applicable; TEFRA D in accordance with usual Swiss practice |
| 35. | Additional selling restrictions: | Public offer selling restriction under the Prospectus Directive In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a " Relevant Member State "), each of the Issuer, the Guarantor and the Joint Lead Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the " Relevant Implementation Date ") it has not made and will not make an offer of Instruments to the public in that Relevant Member State other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, |

provided that no such offer of Instruments

shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Instruments to the public**" in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

36. Commissioner: Javier Campillo Diaz

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the SIX Swiss 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

PART B – OTHER INFORMATION

1. LISTING

- (i) Admission to trading: Application will be made by the Issuer (or on its behalf) for the Instruments to be provisionally admitted to trading on the SIX Swiss Exchange with effect from 12 December 2012. Listing on the SIX Swiss Exchange will be applied for. The last day of trading is expected to be 9 December 2022.
- (ii) Estimate of total expenses related to admission to trading: Not applicable

2. RATINGS

Ratings: The Instruments to be issued have been rated:

S & P: BBB

Moody's: Baa2

Fitch: BBB+

Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investor Service España, S.A. and Fitch Ratings Limited is established in the EU and registered under Regulation (EC) No 1060/2009, as amended.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.

4. YIELD

Indication of yield: 3.450 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

Not applicable

6. **PERFORMANCE OF RATES OF EXCHANGE**

Not applicable

7. **OPERATIONAL INFORMATION**

ISIN Code: CH0200252788

Common Code: 085978900

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): SIX SIS Ltd, the Swiss Service Corporation in Olten, Switzerland

Swiss Security Number: 20.025.278

Delivery: Delivery against payment

Names and addresses of initial Paying Agent(s): For the purposes of this Series of Instruments only, the Issuer and the Guarantor have, pursuant to a supplemental agency agreement dated 4 December 2012 as supplemented, appointed UBS AG with its registered office located at the following address as the principal Swiss paying agent (the "**Principal Swiss Paying Agent**"):

Bahnhofstrasse 45
CH-8001 Zurich
Switzerland

and BNP Paribas (Suisse) SA with its registered office located at the following address as a Swiss paying agent (a "**Swiss Paying Agent**" and together with the Principal Swiss Paying Agent, the "**Swiss Paying Agents**"):

2, place de Hollande
1204 Geneva
Switzerland

None of the existing Paying Agents appointed under the amended and restated issue and paying agency agreement dated 12 June 2012 as amended, supplemented and restated in connection with the Programme will act as paying agents for the Instruments and any reference in the Conditions to the "Issue and Paying Agent" or the "Paying Agents" shall, so far as the context

permits, be construed as references to the Principal Swiss Paying Agent and the Swiss Paying Agents, respectively.

Names and addresses of additional Paying Agent(s) (if any):

Not applicable

Intended to be held in a manner which would allow Eurosystem eligibility:

Not applicable