

Final Terms dated 16 May 2014

TELEFÓNICA EMISIONES, S.A.U.

**Issue of EUR 1,250,000,000 2.242 per cent. Instruments due May 2022
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 23 to 54, inclusive, of the Base Prospectus dated 12 June 2013 and the supplemental Base Prospectuses dated 3 July 2013, 26 July 2013, 3 October 2013, 11 November 2013, 10 March 2014 and 9 May 2014 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of 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 Prospectuses are available for viewing at www.telefonica.com 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: | 43 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Euro (" EUR ") |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | EUR 1,250,000,000 |
| | (ii) | Tranche: | EUR 1,250,000,000 |
| 5. | | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. | (i) | Specified Denominations: | EUR 100,000 and integral multiples of EUR 100,000 thereafter |
| | (ii) | Calculation Amount: | EUR 100,000 |
| 7. | (i) | Issue Date: | 27 May 2014 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 8. | | Maturity Date: | 27 May 2022 |
| 9. | | Interest Basis: | 2.242 per cent. per annum 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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Instrument Provisions	Applicable
	(i) Rate of Interest:	2.242 per cent. per annum payable annually in arrear
	(ii) Interest Payment Date(s):	27 May in each year not adjusted
	(iii) Fixed Coupon Amount:	EUR 2,242 per Calculation Amount
	(iv) Broken Amount(s):	Not applicable
	(v) Day Count Fraction:	Actual/Actual (ICMA)
	(vi) Determination Dates:	Not applicable
15.	Floating Rate Instrument Provisions	Not applicable

PROVISIONS RELATING TO REDEMPTION

16.	Call Option	Not applicable
17.	Put Option	Not applicable
18.	Final Redemption Amount of each Instrument	EUR 100,000 per Calculation Amount
19.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	EUR 100,000 per Calculation Amount
20.	Early Termination Amount	EUR 100,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

21.	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
22.	New Global Instrument:	Yes
23.	Relevant Financial Centre(s) or other special provisions relating to payment dates:	Not applicable
24.	Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates	No

on which such Talons mature):

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| 25. | 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 |
| 26. | Details relating to Instalment Instruments:
amount of each instalment, date on which
each payment is to be made: | Not applicable |
| 27. | Redenomination, renominatisation and
reconventioning provisions: | Not applicable |
| 28. | Consolidation provisions: | The provisions in Condition 15 (<i>Further Issues</i>)
apply |
| 29. | Commissioner: | Javier Campillo Díaz |

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

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| (i) | Admission to trading | Application will be made by the Issuer (or on its behalf) for the Instruments to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from 27 May 2014. |
| (ii) | Estimate of total expenses related to admission to trading: | GBP 3,650 |

2. RATINGS

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| Ratings: | The Instruments to be issued have been rated:

Standard & Poor's Credit Market Services France SAS: BBB

Moody's Investors Service España, S.A.: Baa2

Fitch Ratings Limited: BBB+ |
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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. Fixed Rate Instruments only – YIELD

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| Indication of yield: | 2.242 per cent. <i>per annum</i> |
| | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

5. OPERATIONAL INFORMATION

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| ISIN Code: | XS1069430368 |
| Common Code: | 106943036 |
| 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): | Bank of New York Mellon, London Branch
One Canada Square,
London E14 5AL |
| Names and addresses of additional Paying Agent(s) (if any): | Not applicable |

DISTRIBUTION

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| 6. U.S. Selling Restrictions: | Reg. S Compliance Category 2 TEFRA D |
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