

FINAL TERM SHEET

TELEFÓNICA EMISIONES, S.A.U.

4.103% FIXED RATE SENIOR NOTES TERMS AND CONDITIONS

This Free Writing Prospectus relates only to the securities described below and should only be read together with the Preliminary Prospectus Supplement dated March 1, 2017 and the accompanying Prospectus dated May 13, 2015 relating to these securities.

Issuer:	Telefónica Emisiones, S.A.U.
Guarantor:	Telefónica, S.A.
Expected Ratings*:	Baa3 (Stable) / BBB (Stable) / BBB (Stable) (Moody's / S&P / Fitch)
Principal Amount:	\$1,500,000,000
Security Type:	Senior Notes
Form of Issuance:	SEC Registered
Issue Price to Public:	100.000% of Principal Amount
Settlement Date:	March 8, 2017 (T+5)
Maturity Date:	March 8, 2027
CUSIP/ISIN:	87938W AT0 / US87938WAT09
Coupon:	4.103%
Benchmark Treasury:	UST 2.250% due February 15, 2027
Spread to Benchmark Treasury:	165 basis points (1.650%)
Treasury Strike:	98-07; 2.453%
Re-offer Yield:	4.103%
Interest Payment Dates:	March 8 and September 8 of each year
First Interest Payment Date:	September 8, 2017
Day Count Convention/Business Day Convention:	30/360; Following, Unadjusted; Madrid, London, New York
Redemption Provisions:	
Tax call:	Optional redemption for taxation reasons, by no fewer than 30 nor more than 60 days' notice ending on an Interest Payment Date at 100% of principal and accrued and unpaid interest.
Make-whole call:	Optional redemption, at any time by no fewer than 30 nor more than 60 days' notice, at the greater of (x) 100% of principal and accrued and unpaid interest and (y) sum of the present values of the remaining payments of principal and

interest discounted at a discount rate of Treasury plus 25 basis points.

Listing call:	Optional redemption, if the Senior Notes are not listed on a regulated market, multilateral trading facility or other organized market 45 days prior to the first Interest Payment Date at 100% of principal and accrued and unpaid interest.
Taxation:	Exemption from Spanish withholding tax applies subject to compliance by the paying agent with certain formalities and satisfaction of all other conditions for exemption from applicable Spanish withholding taxes.
Denominations:	Minimum of \$1,000 with increments of \$1,000 thereafter.
Minimum Initial Purchase Amount:	\$150,000
Listing:	New York Stock Exchange
Joint Book-Running Managers:	Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC Goldman, Sachs & Co. HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Mizuho Securities USA Inc. BBVA Securities Inc. BNP Paribas Securities Corp. Santander Investment Securities Inc.

***Any ratings obtained will reflect only the views of the respective rating agency, and should not be considered a recommendation to buy, sell or hold the 4.103% Fixed Rate Senior Notes. The ratings assigned by the rating agencies are subject to revision or withdrawal at any time by such rating agencies in their sole discretion. Each rating should be evaluated independently of any other rating.**

The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for this offering. Before you invest, you should read the prospectus for this offering in that registration statement, and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by searching the SEC online database (EDGAR®) at www.sec.gov. Alternatively, you may obtain a copy of the prospectus from Citigroup Global Markets Inc. by calling 1-800-831-9146, Credit Suisse Securities (USA) LLC by calling 1-800-221-1037, Goldman, Sachs & Co. by calling 1-866-471-2526, HSBC Securities (USA) Inc. by calling 1-866-811-8049, J.P. Morgan Securities LLC by calling 1-212-834-4533 and Mizuho Securities USA Inc. by calling 1-866-271-7403.

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