

**Final Terms dated 15 March 2017**

**TELEFÓNICA EMISIONES, S.A.U.**

**Issue of EUR 200,000,000 2.318 per cent. Instruments due October 2028 (to be consolidated and form a single series with the EUR 500,000,000 2.318 per cent. Instruments due 17 October 2028 issued on 17 January 2017 (the "Original Instruments"))**

**Unconditionally and Irrevocably 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 25 to 58, inclusive, of the Base Prospectus dated 13 September 2016 and the supplements to it dated 26 September 2016, 30 September 2016, 27 October 2016, 8 November 2016 and 28 February 2017 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of 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.

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 supplements to it are available for viewing at [www.telefonica.com](http://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.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU **provided, however, that** all references in this document to the "Prospectus Directive" in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and include any relevant implementing measure in the relevant Member State.

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|----|-------|--|--|
| 1. | (i)   | Issuer:  | Telefónica Emisiones, S.A.U.   |
|    | (ii)  | Guarantor:                                     | Telefónica, S.A.   |
| 2. | (i)   | Series Number:                                 | 55   |
|    | (ii)  | Tranche Number:                                | 2  |
|    | (iii) | Date on which the Instruments become fungible: | The Instruments shall be consolidated, form a single series and be interchangeable for trading purposes with the Original Instruments on exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, as referred to in paragraph 21 below which is expected to occur on or about 26 April 2017 |
| 3. |       | Specified Currency or Currencies:              | Euro (" <b>EUR</b> ")  |
| 4. |       | Aggregate Nominal Amount:                      |  |
|    | (i)   | Series:  | EUR 700,000,000  |
|    | (ii)  | Tranche:                                       | EUR 200,000,000  |
| 5. |       | Issue Price:                                   | 99.50 per cent. of the Aggregate Nominal Amount plus accrued interest from and including 17  |

		January 2017 to, but excluding, the Issue Date
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:	17 March 2017
	(ii) Interest Commencement Date:	17 January 2017
8.	Maturity Date:	17 October 2028
9.	Interest Basis:	2.318 per cent. Fixed Rate  (See paragraph 14 below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Instruments will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
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.	<b>Fixed Rate Instrument Provisions</b>	Applicable
	(i) Rate of Interest:	2.318 per cent. <i>per annum</i> payable annually in arrear
	(ii) Interest Payment Date:	17 October in each year commencing on 17 October 2017 (the " <b>First Interest Payment Date</b> "). Not adjusted
	(iii) Fixed Coupon Amount:	EUR 2,318 per Calculation Amount, payable on each Interest Payment Date other than the First Interest Payment Date
	(iv) Broken Amount(s):	Short First Coupon: EUR 1,733.74 per Calculation Amount payable on the First Interest Payment Date
	(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 on which such Talons mature): No

25. Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made: Not Applicable

26. Redenomination, renominatisation and reconventioning provisions: Not Applicable

27. Consolidation provisions: The provisions in Condition 15 (*Further Issues*) apply

28. Instruments where the Specified Currency is Renminbi: Party responsible for calculating the Spot Rate: Not Applicable

29. Commissioner: Not Applicable

**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 is expected to 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 the Issue Date
- (ii) Estimate of total expenses related to admission to trading: GBP 3,600

### 2. RATINGS

Ratings: The Instruments to be issued have been rated:

Standard & Poor's Credit Market Services France SAS ("**S&P**"): BBB

Moody's Investors Service España, S.A. ("**Moody's**"):  
Baa3

Fitch Ratings Limited ("**Fitch**"): BBB

Each of S&P, Moody's and Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended

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

So far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer. The Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.

### 4. YIELD

Indication of yield: 2.368 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. OPERATIONAL INFORMATION

ISIN: Until the Instruments are consolidated, become fungible with and form a single Series with the Original Instruments, the Instruments will have a temporary ISIN XS1581293021. After that, the Instruments will have the same ISIN as the Original Instruments, which is XS1550951138

Common Code: Until the Instruments are consolidated, become fungible with and form a single Series with the Original Instruments, the Instruments will have a temporary Common Code 158129302. After that, the Instruments will have the same Common Code as the Original Instruments, which is 155095113

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, Not Applicable

*société anonyme* and the relevant identification number(s):

Delivery:

Delivery against payment

Names and addresses of initial Paying Agent(s):

The 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

6. **DISTRIBUTION**

US Selling Restrictions:

Reg. S Compliance Category 2 /TEFRA D