

Final Terms dated 8 September 2017

TELEFÓNICA EMISIONES, S.A.U.

**Issue of EUR 1,250,000,000 1.715 per cent. Instruments due January 2028
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 60, inclusive, of the Base Prospectus dated 29 June 2017 and the supplements to it dated 27 July 2017 and 30 August 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 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 SA/NV, Luxembourg Branch 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.

- | | | | |
|----|-------|--|---|
| 1. | (i) | Issuer: | Telefónica Emisiones, S.A.U. |
| | (ii) | Guarantor: | Telefónica, S.A. |
| 2. | (i) | Series Number: | 58 |
| | (ii) | Tranche Number: | 1 |
| | (iii) | Date on which the Instruments become fungible: | Not Applicable |
| 3. | | Specified Currency or Currencies: | EUR (“ EUR ”) |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | EUR 1,250,000,000 |
| | (ii) | Tranche: | EUR 1,250,000,000 |
| 5. | | Issue Price: | 100.003 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: | 12 September 2017 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 8. | | Maturity Date: | 12 January 2028 |
| 9. | | Interest Basis: | 1.715 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: | Put Option: Not Applicable

Call Option: Applicable (see paragraph 16 below) |
| 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: | 1.715 per cent. <i>per annum</i> payable annually in arrear |
| | (ii) | Interest Payment Date: | 12 January in each year commencing on 12 January 2018 (the " First Interest Payment Date "). Not adjusted |
| | (iii) | Fixed Coupon Amount: | EUR 1,715 per Calculation Amount, payable on each Interest Payment Date other than the First Interest Payment Date |
| | (iv) | Broken Amount(s): | Short First Coupon: EUR 573.23 per Calculation Amount, payable on the First Interest Payment Date |
| | (v) | Day Count Fraction: | Actual/Actual (ICMA) |

15. **Floating Rate Instrument Provisions** Not Applicable

PROVISIONS RELATING TO REDEMPTION

16. **Call Option** Applicable
- (i) Optional Redemption Date(s): Any Business Day on or prior to the Maturity Date
 - (ii) Optional Redemption Amounts of each Instrument: Make Whole Amount
 - (iii) If redeemable in part: Not Applicable
 - (iv) Calculation Agent: An independent and internationally recognised financial adviser selected by the Issuer at its own expense
 - (v) Reference Bond: DBR 0.500% due August 2027
 - (vi) Quotation Time: 10:00 a.m. London time
 - (vii) Redemption Margin: 0.200 per cent.
 - (vii) Par Redemption Date: 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
21. **Substantial Purchase Event** Applicable
22. **Residual Maturity Call Option** Not Applicable

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. | Relevant Financial Centre(s) or other special provisions relating to payment dates: | Not Applicable |
| 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 Instalment Instruments: amount of each instalment, date on which each payment is to be made: | Not Applicable |
| 28. | Redenomination, renominalisation and reconventioning provisions: | Not Applicable |
| 29. | Instruments where the Specified Currency is Renminbi: Party responsible for calculating the Spot Rate: | Not Applicable |
| 30. | 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 3,650

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

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer. The Joint Lead Managers and their 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: 1.715 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: XS1681521081

Common Code: 168152108

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. 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, London Branch One Canada Square London E14 5AL United Kingdom
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

6. **DISTRIBUTION**

(i) US Selling Restrictions	Reg. S Compliance Category 2 / TEFRA D
(ii) Prohibition of Sales to EEA Retail Investors	Not Applicable