

FINAL TERMS

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties and professional clients only, each defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 9 November 2018

TELEFÓNICA EMISIONES, S.A.U.

**Issue of EUR 1,000,000,000 3.961 per cent. Instruments due March 2021
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 2012 Conditions (the “**Conditions**”) incorporated by reference in the Base Prospectus dated 19 June 2018. This document constitutes the Final Terms relating to the issue of Instruments described herein for the purposes of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 19 June and supplements to it dated 26 July 2018 and 31 October 2018 which together constitute a base prospectus (the “**Base Prospectus**”) for the purposes the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated 12 June 2012 and are incorporated by reference in the Base Prospectus.

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.

Full information on the Issuer, the Guarantor and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 19 June 2018 and supplements to it dated 26 July 2018 and 31 October 2018. 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.

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| 1. | (i) | Issuer: | Telefónica Emisiones, S.A.U. |
| | (ii) | Guarantor: | Telefónica, S.A. |
| 2. | (i) | Series Number: | 38 |
| | (ii) | Tranche Number: | 1 |
| | (iii) | Date on which the Instruments become fungible: | Not Applicable |
| 3. | | Specified Currency or Currencies: | Euro (“ EUR ”) |

4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 1,000,000,000
	(ii) Tranche:	EUR 1,000,000,000
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 March 2013
	(ii) Interest Commencement Date:	Issue Date
8.	Maturity Date:	26 March 2021
9.	Interest Basis:	3.961 per cent. Fixed Rate (See paragraph 14 below)
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Put Option: Not Applicable Call Option: Not Applicable
13.	(i) Status of the Instruments:	Senior
	(ii) Status of the Guarantee:	Senior
	(iii) Date Board approval for issuance of Instruments obtained:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Instrument Provisions	Applicable
	(i) Rate of Interest:	3.961 per cent. <i>per annum</i> payable annually in arrear
	(ii) Interest Payment Date(s):	26 March in each year from and including 26 March 2014 to and including the Maturity Date. There will be a short first Interest Period from, and including, the Interest Commencement Date to, but excluding, 26 March 2014.
	(iii) Fixed Coupon Amount:	EUR 3,961.00 per Calculation Amount
	(iv) Broken Amount:	EUR 3,950.15 per Calculation Amount
	(v) Day Count Fraction:	Actual/Actual (ICMA)

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: Not Applicable

20. **Early Termination Amount** Not Applicable

21. **Substantial Purchase Event** Not 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, renominatisation and reconventioning provisions: Not applicable

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

30. Commissioner: Javier Campillo Diaz

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 has been made by the issuer (or on its behalf) for the instruments to be admitted to trading on Euronext Dublin's Main Securities Market with effect from the business day following date of Final Terms.
- (ii) Estimate of total expenses related to admission to trading: EUR 1,000

2. RATINGS

- Ratings: The Instruments to be issued have been rated:
- Standard & Poor's Credit Market Services France SAS: BBB (Negative Outlook)
- Moody's Investors Service España, S.A.: Baa2 (Negative Outlook)
- Fitch Ratings Limited: BBB+ (Negative Outlook)
- 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 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. REASONS FOR THE OFFER

Not Applicable

5. YIELD

- Indication of yield: 3.961 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.

6. OPERATIONAL INFORMATION

- ISIN: XS0907289978
- Common Code: 090728997
- CFI: Not Applicable
- FISN: Not Applicable
- 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

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

7. **DISTRIBUTION**

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