

Final Terms dated 8 September 2010

TELEFÓNICA EMISIONES S.A.U.
Issue of EUR 1,000,000,000 3.661 % Instruments due 18 September 2017
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 22 to 50, inclusive, of the Base Prospectus dated 23 June 2010 and the supplemental Base Prospectus dated 26 August 2010 which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (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 Prospectus are available for viewing at www.telefonica.es 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: | 24 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Euro (" EUR ") |
| 4. | | Aggregate Nominal Amount: | EUR 1,000,000,000 |
| | (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 50,000 and integral multiples of EUR 50,000 thereafter |

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| | (ii) | Calculation Amount: | EUR 50,000 |
| 7. | (i) | Issue Date: | 16 September 2010 |
| | (ii) | Interest Commencement Date: | Issue Date |
| 8. | | Maturity Date: | 18 September 2017 |
| 9. | | Interest Basis: | 3.661 per cent. 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 |
| 14. | | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | | Fixed Rate Instrument Provisions | Applicable |
| | (i) | Rate of Interest: | 3.661 per cent. per annum payable annually in arrear |
| | (ii) | Interest Payment Dates: | 18 September in each year from and including 18 September 2011 to and including the Maturity Date. There will be a long first coupon from (and including) the Issue Date to the Interest Payment Date falling on 18 September 2011 |
| | (iii) | Fixed Coupon Amount: | EUR 1,830.50 per Calculation Amount payable on each Interest Payment Date except the first Interest Payment Date falling on 18 September 2011 |
| | (iv) | Broken Amount: | EUR 1,840.53 per Calculation Amount, payable on the Interest Payment Date falling on 18 September 2011 |
| | (v) | Day Count Fraction: | Actual/Actual (ICMA) |
| | (vi) | Other terms relating to the method of calculating interest for Fixed Rate Instruments: | Not Applicable |

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| 16. | Floating Rate Instrument Provisions | Not Applicable |
| 17. | Index-Linked Interest Instrument/other variable-linked interest Instrument Provisions | Not Applicable |
| 18. | Dual Currency Instrument Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 19. | Call Option | Not Applicable |
| 20. | Put Option | Not Applicable |
| 21. | Final Redemption Amount of each Instrument | EUR 50,000 per Calculation Amount |
| 22. | Early Redemption Amount | Not Applicable |

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

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| 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. | Additional 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 Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made: | Not Applicable |

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| 28. | Details relating to Instalment Instruments:
amount of each instalment, date on which
each payment is to be made: | Not Applicable |
| 29. | Redenomination, renominatisation and
reconventioning provisions: | Not Applicable |
| 30. | Consolidation provisions: | The provisions in Condition 15 (<i>Further Issues</i>)
apply |
| 31. | Other final terms: | Not Applicable |

DISTRIBUTION

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| 32. | (i) If syndicated, names of Managers: | Joint Lead Managers

BNP Paribas
Banco Santander, S.A.
Citigroup Global Markets Limited
Mitsubishi UFJ Securities International plc

Co-Lead Managers

Banco Español de Crédito, S.A.
Bayerische Landesbank
Caja de Ahorros y Pensiones de Barcelona
Mediobanca – Banca di Credito Finanziario
S.p.A.
Mizuho International plc
SMBC Capital Markets Limited
UniCredit Bank AG |
| | (ii) Stabilising Manager(s) (if any): | BNP Paribas |
| 33. | If non-syndicated, name of Dealer: | Not Applicable |
| 34. | U.S. Selling Restrictions: | Reg. S Compliance Category 2, TEFRA D |
| 35. | Additional selling restrictions: | Not Applicable |
| 36. | Commissioner: | Eduardo Álvarez Gómez |

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the London Stock Exchange of the Instruments described herein pursuant to the EUR 40,000,000,000 Debt Issuance Programme of Telefónica Emisiones S.A.U.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

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 16 September 2010 |
| (ii) | Estimate of total expenses related to admission to trading: | GBP 4,000 |

2. RATINGS

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

S & P: A- (Negative)

Moody's: Baa1 (Stable)

Fitch: A- (Stable) |
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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. REASONS FOR THE OFFER

The net proceeds of the issue of each Tranche of Instruments will be applied by the Issuer to meet part of its general financing requirements.

5. Fixed Rate Instruments only – YIELD

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| Indication of yield: | 3.661 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. |
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6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

Not Applicable

7. PERFORMANCE OF RATE[S] OF EXCHANGE

Not Applicable

8. OPERATIONAL INFORMATION

ISIN Code:	XS0540187894
Common Code:	054018789
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):	The Bank of New York Mellon
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
Intended to be held in a manner which would allow Eurosystem eligibility:	Yes
	Note that the designation "yes" simply means that the Instruments are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Instruments will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.