



TELEFÓNICA EMISIONES, S.A.U.  
(incorporated with limited liability under the laws of the Kingdom of Spain)  
guaranteed by  
TELEFÓNICA, S.A.  
(incorporated with limited liability in the Kingdom of Spain)  
€25,000,000,000

PROGRAMME FOR THE ISSUANCE OF WHOLESALE DEBT INSTRUMENTS

This supplement (the "**Supplement**") to the base prospectus dated 3 July 2009 (the "**Base Prospectus**") constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**") and is prepared in connection with the programme for the issuance of wholesale debt instruments (the "**Programme**") established by Telefónica Emisiones, S.A.U. (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with the Base Prospectus, and any other supplements to the Base Prospectus issued by the Issuer. Each of the Issuer and Telefónica, S.A. ("**Telefónica**" or the "**Company**") accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of each of the Issuer and Telefónica (which have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Base Prospectus previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Instruments issued under the Programme since the publication of the Base Prospectus.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the prospectus directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

Investors should be aware of their rights under Section 87Q(4) of FSMA 2000.

## SUPPLEMENTARY INFORMATION

### *Publication of Half-yearly Results by Telefónica*

On 30 July 2009, Telefónica published its Half-Yearly financial Report covering the six-months period ended 30 June 2009. A translation from Spanish into English of this unaudited financial information has been filed with the Financial Services Authority and, by virtue of this Supplement, those interim financial reporting are incorporated in, and form part of, the Base Prospectus. To the best of the knowledge of each of the Issuer and Telefónica, the English translation is an accurate, complete and direct translation of the original Spanish text.

This Half-Yearly financial Report can be viewed on the website of Telefónica, at

[www.telefonica.com/accionistaseinversores/](http://www.telefonica.com/accionistaseinversores/)

and on the website of the Regulatory News Services operated by the London Stock Exchange at

<http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/>.

For the avoidance of doubt, the above-mentioned Uniform Resource Locators ("URLs") given in respect of web-site addresses are inactive textual references only and it is not intended to incorporate the contents of any such web sites into the Base Prospectus nor should the contents of such web sites be deemed to be incorporated into the Base Prospectus.

## RECENT DEVELOPMENTS

### *Strategic Alliance with China Unicom*

On September 6, 2009 we entered into a wide strategic alliance with the Chinese telecommunications company, China Unicom (Hong Kong) Limited ("China Unicom") which included, among others, the areas of: joint procurement of infrastructure and client equipment; common development of mobile service platforms; joint provision of services to multinational customers; roaming; research and development; co-operation and sharing of best practises and technical, operational and management know-how; joint development of strategic initiatives in the area of network evolution and joint participation in international alliances; and exchange of senior management.

In addition, on this same date, we and China Unicom executed a mutual share exchange agreement through which, upon the terms and conditions set out thereof, both conditionally agreed to invest the equivalent of US\$ 1 billion in ordinary shares of the other party.

On October 21, 2009, the mutual share exchange was implemented by way of the subscription by us, through our wholly-owned subsidiary Telefónica Internacional, S.A. of 693,912,264

newly issued shares of China Unicom, satisfied by the contribution in kind to China Unicom of 40,730,735 Telefónica shares.

Accordingly, upon completion, Telefónica's shareholding interest in China Unicom's voting share capital has increased from approximately 5.38% to approximately 8.06%, and in turn China Unicom has a shareholding interest of approximately 0.87% of Telefónica's voting share capital.

***Tender offer for the acquisition of up to 100% of the shares of GVT (Holding) S.A.***

On October 7, 2009 we launched a voluntary tender offer for the acquisition of up to 100% of the shares of the Brazilian company GVT (Holding) S.A. ("GVT"), for the price of R\$ 48,00 per share, to be paid in cash.

GVT is a telecommunications services provider with presence on Region II of the Brazilian *Plano Geral de Outorgas* that has been successful targeting users of high technology services with innovative products, strategically complementing therefore the activities of Telesp.

The tender offer launched is subject, among others conditions, to (i) the acquisition of a minimum amount of shares that corresponds to 51% of GVT's share capital; (ii) the adoption by GVT's General Meeting of Shareholders of a resolution waiving the anti-takeover provisions of GVT's By-laws in relation to our offer; and (iii) the approval of this transaction by the Brazilian regulatory agency (ANATEL), with no imposition of extraordinary restrictions.

The transaction would represent a total investment, assuming the acquisition of 100% of the shares addressed by the offer, of approximately Euros 2,550 million (depending on the exchange rate prevailing when the transaction is closed).

***Proposal to distribute dividend***

On October 9, 2009, at the Seventh Investor Conference held in Madrid, we reiterated the commitment to reach 2.10 euros earnings per share in 2010, and announced a proposal to distribute a dividend of 1.40 euros per share for 2010, showing an annual increase of 21.7%. Additionally, the Company announced that it has set as a target to increase, up to a minimum of 1.75 euros per share, the dividend for 2012. For such purpose, the adoption of the corresponding corporate resolutions will be proposed.