



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)
€40,000,000,000

PROGRAMME FOR THE ISSUANCE OF WHOLESALE DEBT INSTRUMENTS

This supplement (the "**Supplement**") to the base prospectus dated 12 June 2013 (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.

The purpose of this Supplement is to inform about the sale of Telefónica's 100% participation in Telefónica Ireland, Ltd to Hutchison Whampoa Group.

IMPORTANT NOTICES

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, 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.

SUPPLEMENTARY INFORMATION

Sale of Telefónica's 100% participation in Telefónica Ireland, Ltd. to Hutchison Whampoa Group

On June 24, 2013, Telefónica S.A. (hereinafter, Telefónica) has reached an agreement with Hutchison Whampoa Group, for the sale of its 100% participation in Telefónica Ireland, Ltd. to Hutchison Whampoa Group.

The value of the sale totals 850 million euros, including an initial cash consideration of 780 million euros at closing of the transaction, and an additional deferred payment of 70 million euros based on the completion of agreed financial objectives.

The transaction is subject, among other conditions, to the relevant competition approvals.

It is expected that this agreement will positively impact the reduction of Telefónica's net debt position by approximately 780 million euros, without considering the additional deferred payment. Thus, accelerating Telefónica's deleveraging process and making closer the goal to reach a net debt level below 47,000 million euros in 2013.

This transaction is part of the policy of proactive management of the portfolio of assets of the Company and the initiatives to increase Telefonica's financial flexibility.