



TELEFÓNICA EMISIONES, S.A.U.
(incorporated with limited liability under the laws of the Kingdom of Spain)
€40,000,000,000
PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS

unconditionally and irrevocably guaranteed by
TELEFÓNICA, S.A.
(incorporated with limited liability in the Kingdom of Spain)

This supplement (the "**Supplement**") to the base prospectus dated 5 June 2015 (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 update the Base Prospectus with the following information: (i) the change in the outlook of the ratings of Telefónica, S.A. (Telefónica) and (ii) the divestment in Telecom Italia.

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 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

Change of outlook

On 26 June 2015 Fitch Ratings has revised Telefonica SA's outlook to stable from negative, while affirming its long term credit rating at 'BBB+.

Divestment in Telecom Italia

On 24 June 2015, Telefónica undertook the divestment of its entire stake in Telecom Italia S.p.A.