

**SUPPLEMENT DATED 26 SEPTEMBER 2016 TO THE BASE PROSPECTUS DATED 13  
SEPTEMBER 2016**



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**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)*

**PROGRAMME FOR THE ISSUANCE OF DEBT INSTRUMENTS**

This supplement (the "**Supplement**") to the base prospectus dated 13 September 2016 (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 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 information made public on 20 September 2016, regarding the offering of the shares in Telxius Telecom, S.A.U., a wholly-owned subsidiary of Telefónica, S.A.

**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**

On 20 September 2016, Telefonica, S.A. announced that the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores) approved and entered at the relevant official registry the prospectus for the offering (the “Offering”) of shares in its telecommunication infrastructures subsidiary Telxius Telecom, S.A.U. (“Telxius” or the “Company”).

Telefonica, S.A. the sole shareholder of the Company, intends to sell 90,909,091 shares representing 36.36% of the share capital of Telxius, which may be extended up to a maximum of 40%, if the over-allotment option granted over 10% of the number of shares initially offered is fully exercised.

The Offering will be targeted exclusively to qualified investors and it is intended to be performed through a book-building process, which commenced on 20 September 2016 and will conclude on 29 September 2016.

The indicative non-binding price range agreed for the Offering is of between 12.00 and 15.00 euros per share.

It is expected that the final sale price per share of the Offering will be established on 29 September 2016 and that the shares of Telxius will start trading on the stock exchanges of Barcelona, Bilbao, Madrid and Valencia and on the Continuous Market of said stock exchanges on 3 October 2016.