

FINAL TERMS

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties and professional clients only, each defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 9 November 2018

TELEFÓNICA EMISIONES, S.A.U.

Issue of EUR 200,000,000 2.318 per cent Instruments due October 2028 (to be consolidated and form a single series with the EUR 500,000,000 2.318 per cent. Instruments due 17 October 2028 issued on 17 January 2017 (the "Original Instruments"))

**Unconditionally and Irrevocably Guaranteed by TELEFÓNICA, S.A.
under the EUR 40,000,000,000 Programme for the Issuance of Debt Instruments**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the 2016 Conditions (the “**Conditions**”) incorporated by reference in the Base Prospectus dated 19 June 2018. This document constitutes the Final Terms relating to the issue of Instruments described herein for the purposes of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 19 June 2018 and the supplements to it dated 26 July 2018 and 31 October 2018 which together constitute a base prospectus (the “**Base Prospectus**”) for the purposes the Prospectus Directive, save in respect of the Conditions which are set forth in the base prospectus dated 13 September 2016 and are incorporated by reference in the Base Prospectus.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU **provided, however, that** all references in this document to the “Prospectus Directive” in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and include any relevant implementing measure in the relevant Member State.

Full information on the Issuer, the Guarantor and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 19 June 2018 and the supplements to it dated 26 July 2018 and 31 October 2018. The Base Prospectus and the supplements to it are available for viewing at www.telefonica.com 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 SA/NV, Luxembourg Branch 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: | 55 |
| | (ii) | Tranche Number: | 2 |

(iii)	Date on which the Instruments become fungible:	The Instruments shall be consolidated, form a single series and be interchangeable for trading purposes with the Original Instruments on exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, as referred to in paragraph 21 below which is expected to occur on or about 26 April 2017
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 700,000,000
	(ii) Tranche:	EUR 200,000,000
5.	Issue Price:	99.50 per cent. of the Aggregate Nominal Amount plus accrued interest from and including 17 January 2017 to, but excluding, the Issue Date
6.	(i) Specified Denominations:	EUR 100,000 and integral multiples of EUR 100,000 thereafter
	(ii) Calculation Amount:	EUR 100,000
7.	(i) Issue Date:	17 March 2017
	(ii) Interest Commencement Date:	17 January 2017
8.	Maturity Date:	17 October 2028
9.	Interest Basis:	2.318 per cent. Fixed Rate (See paragraph 14 below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Instruments will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Put Option: Not Applicable Call Option: Not Applicable
13.	(i) Status of the Instruments:	Senior
	(ii) Status of the Guarantee:	Senior
	(iii) Date Board approval for issuance of Instruments obtained:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Instrument Provisions	Applicable
	(i) Rate of Interest:	2.318 per cent. <i>per annum</i> annually in arrear

(ii)	Interest Payment Date:	17 October in each year commencing on 17 October 2017 (the " First Interest Payment Date "). Not adjusted
(iii)	Fixed Coupon Amount:	EUR 2,318 per Calculation Amount, payable on each Interest Payment Date other than the First Interest Payment Date
(iv)	Broken Amount(s):	Short First Coupon: EUR 1,733.74 per Calculation Amount payable on the First Interest Payment Date
(v)	Day Count Fraction:	Actual/Actual (ICMA)
15.	Floating Rate Instrument Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

16.	Call Option	Not Applicable
17.	Put Option	Not Applicable
18.	Final Redemption Amount of each Instrument	EUR 100,000 per Calculation Amount
19.	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	EUR 100,000 per Calculation Amount
20.	Early Termination Amount	EUR 100,000 per Calculation Amount
21.	Substantial Purchase Event	Not Applicable
22.	Residual Maturity Call Option	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

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.	Relevant 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 Instalment Instruments: amount of each instalment, date on which each payment is to be made:	Not Applicable
28.	Redenomination, renominatisation and reconventioning provisions:	Not Applicable

29. Instruments where the Specified Currency is Renminbi: Party responsible for calculating the Spot Rate: Not Applicable
30. Commissioner: Not Applicable

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

- (i) Admission to trading Application has been made by the issuer (or on its behalf) for the instruments to be admitted to trading on Euronext Dublin's Main Securities Market with effect from the business day following date of Final Terms.
- (ii) Estimate of total expenses related to admission to trading: EUR 1,000

2. RATINGS

- Ratings: The Instruments to be issued have been rated:
- Standard & Poor's Credit Market Services France SAS ("**S&P**"): BBB
- Moody's Investors Service España, S.A. ("**Moody's**"):
Baa3
- Fitch Ratings Limited ("**Fitch**"): BBB
- Each of S&P, Moody's and Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business.

4. REASONS FOR THE OFFER

Not Applicable

5. YIELD

Indication of yield: 2.368 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.

6. OPERATIONAL INFORMATION

ISIN: Until the Instruments are consolidated, become fungible with and form a single Series with the Original Instruments, the Instruments will have a temporary ISIN XS1581293021. After that, the Instruments will have the same ISIN as the Original Instruments, which is XS1550951138

Common Code: Until the Instruments are consolidated, become fungible with and form a single Series with the Original Instruments, the Instruments will have a temporary Common Code 158129302. After that, the Instruments will have the same Common

	Code as the Original Instruments, which is 155095113
CFI:	Not Applicable
FISN:	Not Applicable
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. 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, London Branch One Canada Square London E14 5AL
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
7. DISTRIBUTION	
(i) US Selling Restrictions	Reg. S Compliance Category 2 / TEFRA D
(ii) Prohibition of Sales to EEA Retail Investors	Not Applicable