

TELEFONICA S A
Form 424B5
April 13, 2010

Table of Contents**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities Offered	Amount to be Registered	Amount of Registration Fee(1)
2013 Fixed Rate Notes	\$ 1,200,000,000	\$ 85,560
2015 Fixed Rate Notes	\$ 900,000,000	\$ 64,170
2020 Fixed Rate Notes	\$ 1,400,000,000	\$ 99,820

**Filed pursuant to Rule 424(b)(5)
Registration No. 333-159062**

**PROSPECTUS SUPPLEMENT
(TO PROSPECTUS DATED MAY 8, 2009)**

TELEFÓNICA EMISIONES, S.A.U.
(incorporated with limited liability in the Kingdom of Spain)
\$1,200,000,000 FIXED RATE SENIOR NOTES DUE 2013
\$900,000,000 FIXED RATE SENIOR NOTES DUE 2015
\$1,400,000,000 FIXED RATE SENIOR NOTES DUE 2020
guaranteed by:

TELEFÓNICA, S.A.
(incorporated with limited liability in the Kingdom of Spain)

The \$1,200,000,000 fixed rate senior notes due 2013 (the **2013 Fixed Rate Notes**) will bear interest at 2.582% per year. The \$900,000,000 fixed rate senior notes due 2015 (the **2015 Fixed Rate Notes**) will bear interest at 3.729% per year. The \$1,400,000,000 fixed rate senior notes due 2020 (the **2020 Fixed Rate Notes** , and together with the 2013 Fixed Rate Notes and the 2015 Fixed Rate Notes, the **Notes**) will bear interest at 5.134% per year. Interest on the 2013 Fixed Rate Notes will be payable on April 26 and October 26 of each year, beginning on October 26, 2010, until April 26, 2013 (the **2013 Fixed Rate Note Maturity Date**), and on the 2013 Fixed Rate Note Maturity Date. Interest on the 2015 Fixed Rate Notes will be payable on April 27 and October 27 of each year, beginning on October 27, 2010, until April 27, 2015 (the **2015 Fixed Rate Note Maturity Date**), and on the 2015 Fixed Rate Note Maturity Date. Interest on the 2020 Fixed Rate Notes will be payable on April 27 and October 27 of each year, beginning on October 27, 2010, until April 27, 2020 (the **2020 Fixed Rate Note Maturity Date** , the 2013 Fixed Rate Note Maturity Date and the 2015 Fixed Rate Note Maturity Date, each a **Maturity Date**), and on the 2020 Fixed Rate Note Maturity Date. The 2013 Fixed Rate Notes will mature at 100% of their principal amount on the 2013 Fixed Rate Note Maturity Date. The 2015 Fixed Rate Notes will mature at 100% of their principal amount on the 2015 Fixed Rate Note Maturity Date. The 2020 Fixed Rate Notes will mature at 100% of their principal amount on the 2020 Fixed Rate Note Maturity Date. The 2013 Fixed Rate Notes, the 2015 Fixed Rate Notes and the 2020 Fixed Rate Notes constitute separate series of securities issued under the Indenture (as defined herein).

Subject to applicable law, the Notes of each series will be unsecured and will rank equally in right of payment with other unsecured unsubordinated indebtedness of Telefónica Emisiones, S.A.U. (the **Issuer**). The Guarantee (as defined herein) as to the payment of principal, interest and Additional Amounts (as defined herein) will be a direct, unconditional, unsecured and unsubordinated obligation of our parent, Telefónica, S.A. (the **Guarantor**), and, subject

to applicable law, will rank equally in right of payment with its other unsecured unsubordinated indebtedness.

For a more detailed description of the Notes of each series and the related Guarantee, see Description of the Notes and the Guarantee beginning on S-19.

Investing in the Notes involves risks. See Risk Factors beginning on S-13.

	Price to Public	Underwriting Discounts and Commissions ¹	Proceeds, Before Expenses, to the Issuer
Per 2013 Fixed Rate Note	100%	0.15%	99.85%
Total for 2013 Fixed Rate Notes	\$ 1,200,000,000	\$ 1,800,000	\$ 1,198,200,000
Per 2015 Fixed Rate Note	100%	0.35%	99.65%
Total for 2015 Fixed Rate Notes	\$ 900,000,000	\$ 3,150,000	\$ 896,850,000
Per 2020 Fixed Rate Note	100%	0.45%	99.55%
Total for 2020 Fixed Rate Notes	\$ 1,400,000,000	\$ 6,300,000	\$ 1,393,700,000
Total	\$ 3,500,000,000	\$ 11,250,000	\$ 3,488,750,000

¹ Before reimbursement of certain expenses in connection with this offering, which the underwriters have agreed to make to the Issuer. See Underwriting beginning on page S-46.

Neither the U.S. Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus Supplement and of the accompanying Prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Notes to purchasers in registered book entry form through the facilities of The Depository Trust Company (DTC) and Euroclear Bank S.A./N.V. (an indirect participant in DTC), as operator of the Euroclear System (Euroclear), on or about April 26, 2010, which will be the tenth Business Day (as defined herein) following the date of pricing of the Notes. Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Application will be made for the Notes described in this Prospectus Supplement to be listed on the New York Stock Exchange (the NYSE). *The Notes will not be eligible to be held through Clearstream Banking, société anonyme.*

Joint Bookrunning Lead Managers

BOFA MERRILL LYNCH CREDIT SUISSE J.P. MORGAN UBS INVESTMENT BANK

Co-Managers

BBVA SECURITIES BNP PARIBAS MITSUBISHI UFJ SECURITIES SANTANDER SOCIETE GENERALE

The date of this Prospectus Supplement is April 12, 2010.

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT
AND THE ACCOMPANYING PROSPECTUS**

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of this offering of the Notes and also adds to and updates information contained in the accompanying Prospectus and the documents incorporated by reference in this Prospectus Supplement and the accompanying Prospectus. The second part is the accompanying Prospectus which gives more general information, some of which does not apply to this offering.

If the description of this offering varies between this Prospectus Supplement and the accompanying Prospectus, you should rely on the information contained in or incorporated by reference in this Prospectus Supplement.

In this Prospectus Supplement and any other prospectus supplements, the **Issuer** refers to Telefónica Emisiones, S.A.U., **Telefónica** or the **Guarantor** refers to Telefónica, S.A. and the **Telefónica Group** refers to Telefónica and its consolidated subsidiaries, unless the context otherwise requires. We use the words **we**, **us** and **our** to refer to the Issuer or the Guarantor, as the context requires. We use the word **you** to refer to prospective investors in the securities.

SPANISH WITHHOLDING TAX REQUIREMENTS

Potential investors should note the statements beginning on page S-36 regarding the tax treatment in Spain of interest payments received in respect of the Notes and the disclosure requirements imposed by Law 13/1985 of May 25, as amended, on the Issuer and the Guarantor relating to the identity and country of tax residence of owners of a beneficial interest in the Notes (each, a Beneficial Owner). In particular, interest payments in respect of the Notes will be subject to Spanish withholding tax if certain information regarding Beneficial Owners is not received by the Issuer and the Guarantor in a timely manner.

Law 4/2008 of December 23, by its terms, reduced the categories of Beneficial Owners to whom the information collection obligations of Law 13/1985 of May 25 apply. According to Law 4/2008 of December 23, the information reporting requirements are to be limited to those natural or legal persons considered residents for tax purposes in Spain as well as those natural or legal persons not considered residents for tax purposes in Spain but who act, with respect to the relevant securities, through a permanent establishment in Spain. The revised information reporting requirements set forth in Law 4/2008 of December 23 will enter into force upon the approval by the Spanish government of regulations setting forth the procedures for complying with this law.

The Spanish General Tax Directorate issued two binding rulings dated January 20, 2009 (num. V0077-09 and V0078-09), stating that until the relevant regulations setting forth the procedures for complying with Law 4/2008 are approved, Spanish issuers and guarantors must continue to adhere to the information reporting procedures established under pre-existing laws and regulations to provide the relevant information relating to Beneficial Owners to the Spanish tax authorities. The Issuer and the Guarantor, as the case may be, will withhold Spanish withholding tax from any interest payment in respect of any outstanding principal amount of the Notes as to which the required Beneficial Owner information has not been provided or the required information collection procedures have not been followed. See **Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments.**

Under Spanish law, interest payments in respect of the Notes will be subject to withholding tax in Spain, currently at the rate of 19%, in the case of individual Beneficial Owners who are resident for tax purposes in

Spain. Each of the Issuer and the Guarantor is required pursuant to Spanish law to submit to the Spanish tax authorities certain information relating to Beneficial Owners who receive interest payments on the Notes. Beneficial Owners in respect of whom such information is not provided to the Issuer or the Guarantor in accordance with the procedures described herein will receive payments net of Spanish withholding tax, currently at the rate of 19%. Neither the Issuer nor the Guarantor will pay

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Additional Amounts (as defined herein) in respect of any such withholding tax in any of the above cases. See Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments .

We, the Guarantor, Acupay System LLC (Acupay) and The Bank of New York Mellon (in its capacity as Paying Agent and for other limited purposes, the Paying Agent) have entered into a tax certification agency agreement dated June 20, 2006 (the Tax Certification Agency Agreement) and we, the Guarantor and Acupay will enter into a letter of appointment to be dated as of the issue date of the Notes (the Letter of Appointment) pursuant to and amending the Tax Certification Agency Agreement. Beneficial Owners may not be beneficiaries under the Tax Certification Agency Agreement. The Letter of Appointment will incorporate, among other things, certain procedures arranged by Acupay, DTC and Euroclear that will facilitate the collection of information regarding the identity and tax residence of Beneficial Owners who (i) are exempt from Spanish withholding tax requirements and therefore entitled to receive payments in respect of the Notes free and clear of Spanish withholding taxes and (ii) are (a) direct participants in DTC, (b) hold their interests through securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a direct participant in DTC, including Euroclear (each such entity an indirect DTC participant), or (c) hold their interests through direct DTC participants. These procedures are set forth in Annexes A, B and C to this Prospectus Supplement. No arrangements or procedures have been made by the Issuer or the Guarantor with respect to any depository or clearing system other than the procedures arranged by Acupay, DTC and Euroclear mentioned above.

Neither DTC nor Euroclear is under any obligation to continue to perform such procedures and such procedures may be modified or discontinued at any time. In addition, DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to us.

The Issuer and the Guarantor have agreed in the Indenture, so long as any principal amount of the Notes remains outstanding, to, insofar as it is practicable, maintain, implement or arrange the implementation of procedures to facilitate the collection of information concerning the Notes or the Beneficial Owners thereof so long as such collection is required under Spanish law to allow payment of interest on the Notes free and clear of Spanish withholding tax. However, neither the Issuer nor the Guarantor can assure you that it will be practicable to do so.

The Tax Certification Agency Agreement, according to its terms, including the tax certification procedures annexed to the Letter of Appointment, may be modified, amended or supplemented only by an instrument in writing duly executed by the Issuer, the Guarantor, Acupay and the Paying Agent, the parties to such agreement (except if such modification, amendment or supplement does not affect the rights and obligations of the Paying Agent, in which case neither the consent of the Paying Agent nor its execution of such instrument shall be required); provided, however, that any modification, amendment or supplement to the tax certification procedures may be made only if it is (i) necessary to reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof, provided that the parties to the Tax Certification Agency Agreement are provided with an opinion of independent Spanish counsel to the effect that such modification, amendment or supplement is necessary as a result of such change in applicable Spanish law, regulation, ruling or interpretation thereof, (ii) necessary to reflect a change in applicable clearing system rules or procedures or to add procedures for one or more new clearing systems, provided that the parties to the Tax Certification Agency Agreement are provided with written communication from the applicable clearing system or clearing systems to this effect (including, without limitation, written communications in the form of an e-mail or written posting) and an opinion of independent Spanish counsel to the effect that such modified or new procedures do not conflict with applicable Spanish tax legislation or (iii) not materially detrimental to Beneficial Owners, as evidenced, in the case of any modification, amendment or supplement that requires the prior written consent of

the Paying Agent, an officer's certificate of the Issuer and the Guarantor to that effect, on which the Paying Agent shall be entitled to rely when consenting to such modification, amendment or supplement under this item (iii); and provided further that any modification, amendment or supplement of any of the

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rights or duties of the Paying Agent thereunder, shall require the prior written consent of the Paying Agent.

The tax certification procedures described above will have to be modified, amended or supplemented, as the case may be, once the Spanish government approves new regulations setting forth procedures for complying with Law 4/2008. See **Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments** .

The tax certification procedures set forth in Annexes A, B and C to this Prospectus Supplement provide that payments of interest to any DTC participants that fail or for any reason are unable to comply with the procedures herein for the provision of the required Beneficial Owner information in respect of all Beneficial Owners who are entitled to an exemption from Spanish withholding tax and who own their beneficial interests in the Notes through such participants, will be paid net of Spanish withholding tax in respect of such DTC participant s entire beneficial interest in the Notes. In particular, should the required Beneficial Owner information submitted by a direct DTC participant to Acupay be inconsistent with its EDS Elections (as defined in Annex A hereto) and/or DTC holdings in the Notes on any Interest Payment Date, then such direct DTC participant will be paid net of Spanish withholding tax with respect to such direct DTC participant s entire holding in the Notes. If this were to occur, affected Beneficial Owners who hold their beneficial interests in the Notes directly or indirectly through such direct DTC participant (other than Beneficial Owners who hold their beneficial interests in the Notes through Euroclear or participants in Euroclear) would have to follow the quick refund procedures set forth in Article II of Annex A to this Prospectus Supplement. Affected Beneficial Owners who hold their beneficial interests in the Notes through Euroclear or participants in Euroclear would have to follow the quick refund procedures set forth in Article II of Annex B to this Prospectus Supplement. Beneficial Owners may also apply directly to the Spanish tax authorities for any refund to which they may be entitled pursuant to the procedures set forth in Article II of Annex C to this Prospectus Supplement. See **Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments** . We and the Guarantor will not pay any Additional Amounts with respect to any such withholding.

If DTC or the direct or indirect DTC participants including Euroclear, are unable to facilitate the collection of the required Beneficial Owner information, we may attempt to remove the Notes from DTC, and this may affect the liquidity of the Notes. Provision has been made for each series of the Notes to be represented by certificated Notes in the event that the Notes cease to be held through DTC. See **Description of the Notes and the Guarantee Form, Transfer and Registration** .

See **Risk Factors Risks Relating to the Notes** .

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SUMMARY

The following brief summary is not intended to be nor is it complete and is provided solely for your convenience. It is qualified in its entirety to the full text and more detailed information contained elsewhere in this Prospectus Supplement, the accompanying Prospectus, any amendments or supplements to this Prospectus Supplement and the accompanying Prospectus and the documents that are incorporated by reference into this Prospectus Supplement and the accompanying Prospectus. You are urged to read this Prospectus Supplement and the other documents mentioned above in their entirety.

The Telefónica Group

Telefónica, S.A., the Guarantor, is a corporation duly organized and existing under the laws of the Kingdom of Spain, incorporated on April 19, 1924. The Telefónica Group is:

a diversified telecommunications group which provides a comprehensive range of services through one of the world's largest and most modern telecommunications networks;

mainly focused on providing fixed and mobile telephony services; and

present principally in Spain, Europe and Latin America.

Telefónica S.A.'s principal executive offices are located at Distrito C, Ronda de la Comunicación, s/n, Las Tablas, 28050 Madrid, Spain, and its registered offices are located at Gran Vía, 28, 28013 Madrid, Spain. Its telephone number is +34 900 111 004.

Telefónica Emisiones, S.A.U.

We are a wholly-owned subsidiary of the Guarantor. We were incorporated on November 29, 2004, as a company with unlimited duration and with limited liability and a sole shareholder under the laws of the Kingdom of Spain (*sociedad anónima unipersonal*). Our share capital is 62,000 divided into 62,000 ordinary shares of par value 1 each, all of them issued and fully paid and each of a single class. We are a financing vehicle for the Telefónica Group. We have no material assets. Spanish reserve requirements must be met prior to the payment of dividends, and dividends may only be distributed out of income for the previous year or out of unrestricted reserves, and our net worth must not, as a result of the distribution, fall below our paid-in share capital (*capital social*). There are no other restrictions on Telefónica's ability to obtain funds from us through dividends, loans or otherwise. Spanish Law 13/1985 requires that the proceeds of the offering of the Notes be deposited with Telefónica or one of its consolidated subsidiaries.

At December 31, 2009, we had no outstanding secured indebtedness and approximately 24 billion of outstanding unsecured indebtedness and the Guarantor had no outstanding secured indebtedness and approximately 57 billion of outstanding unsecured indebtedness. For additional information about our principal transactions since December 31, 2009, see Capitalization and Indebtedness .

Our principal executive offices are located at Distrito C, Ronda de la Comunicación, s/n, Las Tablas, 28050 Madrid, Spain, and our registered offices are located at Gran Vía, 28, 28013 Madrid, Spain. Our telephone number is +34 900 111 004.

Recent Developments

The Telefónica Group intends to continue building on its leading market positions in Spain, Europe and Latin America through the participation in various spectrum auctions in selected countries during 2010. In particular, in order to foster further growth, the Telefónica Group is participating in spectrum auctions in Germany and Mexico during the first half of 2010 and may also participate in any spectrum award process conducted in Spain. In addition, it may participate in any attractive consolidation opportunities in its existing markets and has announced its intention to increase its shareholding stake in China Unicom to 10%. Expenditures associated with these items, which may be significant, are not included in our capital expenditures targets announced for 2010.

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THE OFFERING

For a more detailed description of the Notes and the Guarantee, see Description of the Notes and the Guarantee .

Issuer	Telefónica Emisiones, S.A.U.
Guarantor	Telefónica, S.A.
Trustee and Paying Agent	The Bank of New York Mellon will be acting as the Trustee and Paying Agent, with respect to each series of the Notes under, and as such terms are defined in, the Indenture.
Notes Offered	<p>\$1,200,000,000 aggregate principal amount of fixed rate senior notes due 2013. The 2013 Fixed Rate Notes will bear the following CUSIP: 87938W AK9, the following ISIN: US87938WAK99 and the following Common Code: 050333787.</p> <p>\$900,000,000 aggregate principal amount of fixed rate senior notes due 2015. The 2015 Fixed Rate Notes will bear the following CUSIP: 87938W AL7, the following ISIN: US87938WAL72 and the following Common Code: 050333817.</p> <p>\$1,400,000,000 aggregate principal amount of fixed rate senior notes due 2020. The 2020 Fixed Rate Notes will bear the following CUSIP: 87938W AM5, the following ISIN: US87938WAM55 and the following Common Code: 050333906.</p> <p>The 2013 Fixed Rate Notes, the 2015 Fixed Rate Notes and the 2020 Fixed Rate Notes constitute separate series of securities issued under the Indenture (as defined herein).</p>
Issue Price	<p>100% (2013 Fixed Rate Notes).</p> <p>100% (2015 Fixed Rate Notes).</p> <p>100% (2020 Fixed Rate Notes).</p>
Interest Payable on the Notes	<p>The 2013 Fixed Rate Notes will bear interest at 2.582% per year, payable on April 26 and October 26 of each year, beginning on October 26, 2010, until the 2013 Fixed Rate Note Maturity Date, and on the 2013 Fixed Rate Note Maturity Date.</p> <p>The 2015 Fixed Rate Notes will bear interest at 3.729% per year, payable on April 27 and October 27 of each year, beginning on October 27, 2010, until the 2015 Fixed Rate Note Maturity Date, and on the 2015 Fixed Rate Note Maturity Date.</p>

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The 2020 Fixed Rate Notes will bear interest at 5.134% per year, payable on April 27 and October 27 of each year, beginning on October 27, 2010, until the 2020 Fixed Rate Note Maturity Date, and on the 2020 Fixed Rate Note Maturity Date.

Early Redemption for Taxation or Listing Reasons If, in relation to the Notes of a series (i) as a result of any change in the laws or regulations of the Kingdom of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issuance of the Notes of such series, (x) the Issuer or

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the Guarantor, as the case may be, is or would be required to pay any Additional Amounts (as defined herein) or (y) the Guarantor is or would be required to deduct or withhold tax on any payment to the Issuer to enable the Issuer to make any payment of principal, premium, if any, or interest on the Notes of such series, provided that such payment cannot with reasonable effort by the Guarantor be structured to avoid such deduction or withholding, and (ii) such circumstances are evidenced by the delivery by the Issuer or the Guarantor, as the case may be, to the Trustee of a certificate signed by an authorized officer or director of the Issuer or the Guarantor, as the case may be, stating that such circumstances prevail and describing the facts leading to such circumstances, together with an opinion of independent legal advisers of recognized standing to the effect that such circumstances prevail, the Issuer or the Guarantor, as the case may be, may, at its election and having given not less than 30 nor more than 60 days' notice (ending on a day upon which interest is payable) to the holders in accordance with the terms described under Description of the Notes and the Guarantee Notices (which notice shall be irrevocable), redeem all of the outstanding Notes of such series at a redemption price equal to their principal amount, together with accrued and unpaid interest, if any, thereon to but excluding the redemption date. No such notice of redemption may be given earlier than 150 days prior to the date on which the Issuer or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due.

In addition, if any series of Notes is not listed on an organized market in an OECD country no later than 45 days prior to the initial Interest Payment Date (as defined herein) on such series of Notes, the Issuer or the Guarantor, as the case may be, may, at its option and having given not less than 15 days' notice (ending on a day which is no later than a Business Day (as defined herein) immediately preceding the relevant initial Interest Payment Date) to the holders of such series of Notes in accordance with the terms described under Description of the Notes and the Guarantee Notices (which notice shall be irrevocable), redeem all of the outstanding Notes of such series at their principal amount, together with accrued interest, if any, thereon to but not including the redemption date; provided that from and including the issue date of the Notes of such series to and including such Interest Payment Date, the Issuer will use its reasonable efforts to obtain or maintain such listing, as applicable.

In the event of an early redemption of the Notes for the reasons set forth in the preceding paragraph, the Issuer or the Guarantor, as the case may be, may be required to withhold tax and will pay interest in respect of the principal amount of the Notes redeemed net of the withholding tax applicable to such payments (currently 19%). If this were to occur, Beneficial Owners would have to either follow the Quick Refund Procedures set forth in Article II of Annex A to this Prospectus Supplement (other than Beneficial Owners holding their interests through Euroclear or participants in Euroclear, who would have to follow the

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Article II of Annex B to this Prospectus Supplement), or the Direct Refund from Spanish Tax Authorities Procedures set forth in Article II of Annex C of this Prospectus Supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

See Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments .

For a description of the Spanish tax treatment applicable to the accrued interest, if any, on the Notes upon an early redemption of such Notes as a result of such Notes not being listed on an organized market in an OECD country, see Taxation Spanish Tax Considerations Tax Rules for Notes not Listed on an Organized Market in an OECD Country .

Optional Redemption of the Notes

The Issuer may, at its election and having given not less than 30 nor more than 60 days notice to the holders of any series of the Notes in accordance with the terms described under Description of the Notes and the Guarantee Notices (which notice shall be irrevocable), redeem from time to time all or a portion of the outstanding Notes of such series at a make whole redemption price determined in the manner set forth in this Prospectus Supplement. See Description of the Notes and the Guarantee Optional Redemption of Notes .

Status of the Notes

The Notes of each series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and (subject to any applicable statutory exceptions) the payment obligations of the Issuer under the Notes of such series will rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present and future, of the Issuer, except as the obligations of the Issuer may be limited by Spanish bankruptcy, insolvency, reorganization or other laws relating to or affecting the enforcement of creditors rights generally in the Kingdom of Spain. See Description of the Notes and the Guarantee Status of the Notes .

Form of Notes

The Notes of each series will be initially represented by one or more global security certificates (each, a **Global Certificate**) which will be deposited with a custodian for DTC and Notes represented thereby will be registered in the name of Cede & Co., as nominee for DTC. You will not receive Certificated Notes (as defined herein) unless one of the events described under the heading Description of the Notes and the Guarantee Form, Denomination, Transfer and Registration occurs.

You may hold beneficial interests in the Notes of a series represented by a Global Certificate directly through DTC if you are a participant in DTC or indirectly through organizations that are participants in DTC or that have accounts with DTC. In order to confirm any position that is held through an indirect participant of a clearing system, the direct participant holding the Notes directly through the relevant clearing system must confirm their

indirect participant s downstream position.

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See Description of the Notes and the Guarantee Form, Denomination, Transfer and Registration .

Status of the Guarantee

Pursuant to the Guarantee, Telefónica, as Guarantor, will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes of each series on an unsubordinated and unconditional basis. The obligations of the Guarantor under the Guarantee in respect of the Notes of a series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor under the Guarantee and will rank *pari passu* without any preference among such obligations of the Guarantor under the Guarantee in respect of the Notes of such series and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future; provided that the obligations of the Guarantor under the Guarantee in respect of the Notes will be effectively subordinated to those obligations that are preferred under Law 22/2003 (*Ley Concursal*) dated July 9, 2003 regulating insolvency proceedings in Spain (the **Insolvency Law**). See Description of the Notes and the Guarantee The Guarantee .

At December 31, 2009, the Guarantor had no outstanding secured indebtedness and approximately 57 billion of outstanding unsecured indebtedness. For additional information about the Guarantor's principal transactions since December 31, 2009, see Capitalization and Indebtedness .

Beneficial Owner Identification Requirements under Spanish Tax Laws

Under Spanish Law 13/1985, as amended, and Royal Decree 1065/2007, the Issuer and the Guarantor are required to provide to the Spanish tax authorities certain information relating to Beneficial Owners of the Notes who receive interest payments.

This information includes the identity and country of tax residence of Beneficial Owners and the amount of interest received by such Beneficial Owners, and must be obtained with respect to each Interest Payment Date by 8:00 p.m. (New York time) on the fourth New York Business Day (as defined herein), before such Interest Payment Date or, under certain circumstances, by 9:45 a.m. (New York time) on such Interest Payment Date and filed by the Issuer and the Guarantor with the Spanish tax authorities on an annual basis.

We, the Guarantor and Acupay will amend the Tax Certification Agency Agreement pursuant to its terms through the Letter of Appointment, which will incorporate certain procedures arranged by Acupay, DTC and Euroclear that will facilitate the collection of information concerning the identity and tax residence of Beneficial Owners. The Indenture provides that the Trustee and the Paying Agent will, to the extent applicable, comply with such procedures. The

delivery of such information, while the Notes are in global form, shall generally be made

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through the relevant direct and indirect DTC participants (including Euroclear). The Issuer or the Guarantor, as the case may be, will withhold at the then-applicable rate (currently 19%) from any interest payment in respect of any principal amount of the Notes as to which the required information has not been provided or the required procedures have not been followed and will not pay any Additional Amounts with respect to any such withholding.

Law 4/2008 of December 23, by its terms, reduced the categories of Beneficial Owners to whom the information collection obligations of Law 13/1985 of May 25 apply. According to Law 4/2008 of December 23, the information reporting requirements are to be limited to those natural or legal persons considered residents for tax purposes in Spain as well as those natural or legal persons not considered residents for tax purposes in Spain but who act, with respect to the relevant securities, through a permanent establishment in Spain. The revised information reporting requirements set forth in Law 4/2008 of December 23 will enter into force upon the approval by the Spanish government of regulations setting forth the procedures for complying with this law.

The Spanish General Tax Directorate issued two binding rulings dated January 20, 2009 (num. V0077-09 and V0078-09), stating that until the relevant regulations setting forth the procedures for complying with Law 4/2008 are approved, Spanish issuers and guarantors must continue to adhere to the information reporting procedures established under pre-existing laws and regulations to provide the relevant information relating to Beneficial Owners to the Spanish tax authorities.

See Taxation Spanish Tax Considerations Evidencing of Beneficial Owner Residency in Connection with Interest Payments and Annexes A, B and C to this Prospectus Supplement.

Listing

Application will be made to list the Notes of each series on the NYSE. Trading on the NYSE is expected to begin within 30 days after delivery of the Notes.

Governing Law

Pursuant to Section 5-1401 of the General Obligations Law of the State of New York, the Indenture, the Notes and the Guarantee shall be governed by, and shall be construed in accordance with, the laws of the State of New York.

The due authorization of the Notes and the ranking of the Notes and the Guarantee shall be governed by Spanish law.

Use of Proceeds

We expect that the net proceeds from this offering, after deducting the underwriters' discounts but before expenses, will be \$3,488,750,000. We intend to deposit the net proceeds on a permanent basis with the

Guarantor. The Guarantor will use such net proceeds for general corporate purposes. See Use of Proceeds .

Denomination

The denomination of the Notes is \$1,000.

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Settlement The underwriters expect to deliver the Notes to purchasers in registered form through DTC on or about April 26, 2010 which will be the tenth Business Day (as defined herein) following the date of pricing of the Notes.

Risk Factors ***Investing in the Notes involves risks.***

You should carefully consider the risk factors in the Risk Factors section in this Prospectus Supplement and in Item 3.D. in Telefónica's Form 20-F for the year ended December 31, 2009 (the **Form 20-F**) as filed with the SEC on March 26, 2010.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL INFORMATION****Telefónica, S.A.**

The following tables present certain selected historical consolidated financial information of Telefónica, S.A. You should read these tables in conjunction with "Operating and Financial Review and Prospects" and the Guarantor's consolidated financial statements included in the Form 20-F including the notes thereto (the **Consolidated Financial Statements**). The consolidated statements of income, comprehensive income, changes in equity and cash flow data for the years ended December 31, 2007, 2008 and 2009 and the consolidated statement of financial position at December 31, 2008 and 2009 set forth below are derived from, and are qualified in their entirety by reference to the Consolidated Financial Statements included in the Form 20-F. The consolidated statement of income, comprehensive income, changes in equity and cash flow data for the years ended December 31, 2005 and 2006, and the consolidated statement of financial position at December 31, 2005, 2006 and 2007 set forth below are derived from the Guarantor's consolidated financial statements for such years. You should not rely solely on the summarized information in this section of this Prospectus Supplement.

The basis of presentation and principles of consolidation of the information below are described in detail in Notes 2 and 3.q., respectively, to the Consolidated Financial Statements. The Guarantor's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**), which do not differ for the purposes of the Telefónica Group from IFRS as adopted by the European Union.

For the Year Ended December 31,
2005(1) 2006(1) 2007 2008 2009
(In millions of euros, except share and per share data)

**Consolidated Income Statement Data
of the Guarantor in accordance with
IFRS**

Revenues	37,383	52,901	56,441	57,946	56,731
Other income	1,416	1,571	4,264	1,865	1,645
Supplies	(9,999)	(16,629)	(17,907)	(17,818)	(16,717)
Personnel expenses	(5,532)	(7,622)	(7,893)	(6,762)	(6,775)
Other expenses	(8,212)	(11,095)	(12,081)	(12,312)	(12,281)
Depreciation and amortization	(6,693)	(9,704)	(9,436)	(9,046)	(8,956)
Operating income	8,363	9,422	13,388	13,873	13,647
Share of profit (loss) of associates	(128)	76	140	(161)	47
Net financial expenses	(1,790)	(2,795)	(2,851)	(2,821)	(2,767)
Net exchange differences	162	61	7	24	(540)
Net financial income (expense)	(1,628)	(2,734)	(2,844)	(2,797)	(3,307)
Profit before taxes from continuing operations	6,607	6,764	10,684	10,915	10,387
Corporate income tax	(1,904)	(1,781)	(1,565)	(3,089)	(2,450)
Profit for the year from continuing operations	4,703	4,983	9,119	7,826	7,937
	124	1,596			

Profit from discontinued operations after taxes					
Profit for the year	4,827	6,579	9,119	7,826	7,937
Non-controlling interests	(381)	(346)	(213)	(234)	(161)
Profit for the year attributable to equityholders of the parent	4,446	6,233	8,906	7,592	7,776
Weighted average number of shares (thousands)	4,870,852	4,778,999	4,758,707	4,645,852	4,552,656
Basic and diluted earnings per share from continuing operations attributable to equityholders of the parent (euros)(2)	0.90	0.97	1.87	1.63	1.71