

TELEFONICA S A
Form FWP
June 23, 2009

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June 22, 2009

**FINAL TERM SHEET
TELEFÓNICA EMISIONES, S.A.U.**

5.877% FIXED RATE SENIOR NOTES TERMS AND CONDITIONS

This Free Writing Prospectus relates only to the securities described below and should only be read together with the Preliminary Prospectus Supplement dated June 22, 2009 and the Prospectus dated May 8, 2009 relating to these securities.

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| Issuer: | Telefónica Emisiones, S.A.U. |
| Guarantor: | Telefónica, S.A. |
| Expected Ratings: | Baa1/A-/A-(Moody s/S&P/Fitch) |
| Principal Amount: | \$1,000,000,000 |
| Security Type: | Senior Notes |
| Form of Issuance: | SEC Registered |
| Issue Price: | 100% of principal amount |
| Settlement Date: | July 6, 2009 (T+9) |
| Maturity Date: | July 15, 2019 |
| CUSIP/ISIN: | 87938W AH6/US87938WAH60 |
| Coupon: | 5.877% |
| Benchmark Treasury: | 3.125% due May 15, 2019 |
| Spread to Benchmark: | 220 basis points (2.20%) |
| Treasury Strike: | 95-14+ 3.677% |
| Re-offer Yield: | 5.877% |
| Interest Payment Dates: | January 15 and July 15 of each year, commencing on January 15, 2010 (long first coupon) |
| First Interest Payment Date: | January 15, 2010 |
| Day Count Convention/ Business Day Convention: | 30/360; Following, Unadjusted, Madrid, London, New York |
| Redemption Provisions: | |
| Tax call: | Optional redemption for taxation reasons, on January 15, 2010 and each Interest Payment Date thereafter at 100% of principal and accrued interest |
| Make-whole call: | Optional redemption, at any time, at the greater of (x) 100% of principal and accrued interest and (y) sum of the present values of the remaining payments of principal and interest |

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| Listing call: | discounted at a discount rate of Treasury plus 35 basis points |
| Taxation: | Optional redemption, if Notes are not listed on an OECD exchange 45 days prior to first Interest Payment Date at 100% of principal and accrued interest Exemption from Spanish withholding tax applies subject to compliance with Beneficial Owner identification procedures and satisfaction of all other conditions for exemption from applicable Spanish withholding taxes Minimum of \$1,000 with increments of \$1,000 thereafter. |
| Denominations: | |
| Minimum Initial Purchase Amount: | \$75,000 |
| Listing: | New York Stock Exchange |
| Underwriters: | Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated |
| Other underwriters: | BNP PARIBAS Securities Corp., Calyon Credit Agricole CIB, Credit Suisse Securities (USA) LLC and Mitsubishi UFJ Securities (USA), Inc. |

Any ratings obtained will reflect only the views of the respective rating agency, and should not be considered a recommendation to buy, sell or hold the Notes. The ratings assigned by the rating agencies are subject to revision or withdrawal at any time by such rating agencies in their sole discretion. Each rating should be evaluated independently of any other rating.

The issuer has filed a registration statement (including a prospectus) with the U.S. Securities and Exchange Commission (SEC) for this offering. Before you invest, you should read the prospectus for this offering in that registration statement, and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by searching the SEC online database (EDGAR®) at www.sec.gov. Alternatively, you may obtain a copy of the prospectus from Citigroup Global Markets Inc. by calling 1-877-858-5407, Deutsche Bank Securities Inc. by calling 1-800-503-4611, Goldman, Sachs & Co. by calling 1-866-471-2526 and Morgan Stanley & Co. Incorporated by calling 1-866-718-1649.