

Telefonica Emisiones, S.A.U.

Form 424B5

April 25, 2017

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Amount to be Registered	Amount of Registration Fee
5.213% Fixed Rate Senior Notes Due 2047	\$500,000,000	\$57,950

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**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-204118**

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED MAY 13, 2015)

TELEFÓNICA EMISIONES, S.A.U.

(incorporated with limited liability in the Kingdom of Spain)

\$500,000,000 5.213% FIXED RATE SENIOR NOTES DUE 2047

guaranteed by:

TELEFÓNICA, S.A.

(incorporated with limited liability in the Kingdom of Spain)

On March 8, 2017, Telefónica Emisiones, S.A.U. issued \$2,000,000,000 aggregate principal amount of 5.213% Fixed Rate Notes due 2047 (the **Original Notes**). The notes offered under this prospectus supplement (the **Reopened Notes**) will have the same terms (other than the price to public and issue date), form part of the same series and be fully fungible and trade interchangeably with the Original Notes. Upon completion of this offering, the total aggregate principal amount of the Original Notes and the Reopened Notes will be \$2,500,000,000. Unless the context requires otherwise, the Original Notes and the Reopened Notes are referred to together as the **Notes**.

The Notes will bear interest at 5.213% per year. Interest on the Notes will be payable on March 8 and September 8 of each year, beginning on September 8, 2017, until March 8, 2047 (the **Maturity Date**), and on the Maturity Date. The Notes will mature at 100% of their principal amount on the Maturity Date.

Subject to applicable law, the Notes 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 and the related Guarantee, see **Description of the Notes and the Guarantee** beginning on S-21.

Investing in the Reopened Notes involves risks. See Risk Factors beginning on S-15.

The underwriter proposes to offer the Reopened Notes from time to time for sale in negotiated transactions, or otherwise, at varying prices to be determined at the time of each sale, initially at 103.026% of their principal amount plus accrued interest from and including March 8, 2017 to, but excluding, the settlement date. The underwriter has agreed to purchase the Reopened Notes from us at 102.276% of their principal amount plus accrued interest from and including March 8, 2017 to, but excluding, the settlement date (which would result in \$515,000,138.89 of proceeds to us before expenses), subject to the terms and conditions in the underwriting agreement between the underwriter, the Issuer and the Guarantor. The underwriter has agreed to reimburse the Issuer for certain expenses in connection with this offering. See **Underwriting** beginning on page S-49.

Potential investors should review the summary set forth in **Taxation, beginning on S-38, regarding the tax treatment in Spain of income obtained in respect of the Notes. In particular, income obtained in respect of the Notes will be exempt from Spanish withholding tax provided certain requirements are met, including that the Paying Agent (as defined herein) provides us and the Guarantor with certain documentation in a timely manner.**

None of the U.S. Securities and Exchange Commission (the **SEC), any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus Supplement or the accompanying Prospectus. Any representation to the contrary is a criminal offense.**

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The underwriter expects to first deliver the Reopened Notes to purchasers in registered book entry form through the facilities of The Depository Trust Company (**DTC**) for credit to accounts of direct or indirect participants in DTC, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V., on or about April 28, 2017, which will be the fourth Business Day following the date of pricing of the Reopened Notes (such settlement period being referred to as **T+4**). Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. A supplemental listing application will be filed for the Reopened Notes described in this Prospectus Supplement to be listed on the New York Stock Exchange (the **NYSE**). The Reopened Notes are further issuances of the Original Notes, which are listed on the NYSE.

Sole Book-Running Manager

Citigroup

The date of this Prospectus Supplement is April 24, 2017.

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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**, **we**, **us** and **our** refer to Telefónica Emisiones, S.A.U., **Telefónica** or the **Guarantor** refer to Telefónica, S.A. and the **Telefónica Group** refers to Telefónica and its consolidated subsidiaries, in each case except as otherwise indicated or the context otherwise requires. We use the word **you** to refer to prospective investors in the securities.

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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 by 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 telecommunications services; and

present principally in Europe and Latin America.

Telefónica, S.A.'s principal executive offices are located at Distrito Telefónica, Ronda de la Comunicación, s/n, 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). At December 31, 2016, our share capital was 62,000 divided into 62,000 ordinary shares of par value 1 each, all of them duly authorized, validly 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.

At December 31, 2016, we had no outstanding secured indebtedness and approximately 33 billion of outstanding unsecured indebtedness and the Guarantor had no outstanding consolidated secured indebtedness and approximately 60 billion of outstanding consolidated unsecured indebtedness. For additional information about the principal transactions of the Guarantor since December 31, 2016, see Capitalization and Indebtedness .

Our principal executive offices are located at Distrito Telefónica, Ronda de la Comunicación, s/n, 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

On March 13, 2017, the Guarantor entered into a swap agreement with Koninklijke KPN NV (**KPN**) to deliver 72.0 million of its treasury shares (representing 1.43% of its share capital), in exchange for 178.5 million shares of its subsidiary Telefónica Deutschland Holding AG (**Telefónica Deutschland**), representing 6.0% of the share capital of the latter. The exchange ratio was determined based on the average of the volume weighted

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average price of the respective shares during the last five trading sessions. As a result of this agreement, the Guarantor increased its shareholding from 63.2% to 69.2% in Telefonica Deutschland, one of the Group's main cash flow growth contributors, increasing, as a result, its share in dividends distributed by Telefonica Deutschland. Under this agreement, KPN committed, among other obligations, to comply with certain restrictions which, in case of sale of the aforementioned shares of the Guarantor, would ensure an orderly sale of such shares.

On March 29, 2017, the board of directors of the Guarantor established the dividend payment periods for 2017. The payment of dividends in the second quarter will take place in June 2017, and the payment of dividends in the fourth quarter will take place in December 2017, in both cases on or before the third Friday of the corresponding month. In the 2017 calendar year, the dividend payment will amount to 0.40 euros per share in cash, payable in two tranches: i) 0.20 euros per share will be paid on cash on or before Friday June 16, 2017 (meeting the commitment of paying 0.55 euros per share for year 2016), and ii) 0.20 euros per share will be paid on cash on or before Friday, December 15, 2017.

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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.
Notes Offered	\$500,000,000 aggregate principal amount of 5.213% Fixed Rate Senior Notes due 2047. The Reopened Notes offered under this prospectus supplement will have the same terms (other than the price to public and issue date), form part of the same series and be fully fungible and trade interchangeably with the Original Notes issued on March 8, 2017. The Reopened Notes offered hereby will have the same CUSIP (87938W AU7) and ISIN (US87938WAU71) as the Original Notes and will trade interchangeably with the Original Notes immediately upon settlement. Upon completion of this offering, the total aggregate principal amount of the Original Notes and the Reopened Notes will be \$2,500,000,000.
Purchase Price by the underwriter	102.276% plus accrued interest from and including March 8, 2017 to, but excluding, the settlement date.
Issue Price to the public	Variable price re-offer, initially at 103.026% of their principal amount plus accrued interest from and including March 8, 2017 to, but excluding, the settlement date.
Interest Payable on the Notes	The Notes will bear interest at 5.213% per year, payable on March 8 and September 8 of each year, beginning on September 8, 2017, until the Maturity Date, and on the Maturity Date.
Early Redemption for Taxation or Listing Reasons	If (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 administrative interpretation or administration of any such laws or regulations which becomes effective on or after the date of issuance of the Notes, (x) we or the Guarantor, as the case may be, are 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 us to enable us to make any payment of principal, premium, if any, or interest on the Notes, 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 us 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 advisors of recognized standing to the effect that such circumstances prevail, we or the Guarantor, as the case may be, may, at our respective

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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 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 we or the Guarantor would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due.

In addition, if the Notes are not listed on a regulated market, multilateral trading facility or other organized market no later than 45 days prior to the first Interest Payment Date (as defined herein) for the Notes, we or the Guarantor, as the case may be, may, at our respective option and having given not less than 15 days' notice (ending on a day which is no later than the Business Day (as defined herein) immediately preceding the relevant first Interest Payment Date) to the holders of the 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 at their principal amount, together with accrued interest, if any, thereon to but not including the redemption date (any such redemption, a **Redemption for Failure to List**); *provided* that from and including the issue date of the Notes to and including such Interest Payment Date, we will use our reasonable best efforts to obtain or maintain such listing, as applicable.

In the event of a Redemption for Failure to List of the Notes, we or the Guarantor, as the case may be, will be required to withhold tax and will pay any income in respect of the Notes redeemed net of the Spanish withholding tax applicable to such payments (currently 19%). If this were to occur, Beneficial Owners would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A hereto in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled. See "Taxation Spanish Tax Considerations Tax Rules for Notes not Listed on a Regulated Market, Multilateral Trading Facility or other Organized Market".

Optional Redemption of the Notes

We may, at our election and having given not less than 30 nor more than 60 days' notice to the holders 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 at a "make whole" redemption price determined in the manner set forth in this Prospectus Supplement. See "Description of the Notes and the Guarantee Redemption and Purchase Optional Redemption of Notes".

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Status of the Notes

The Notes will constitute our direct, unconditional, unsubordinated and unsecured obligations and will rank *pari passu* without any preference among themselves and (subject to any applicable statutory exceptions) our payment obligations under the Notes will rank at least *pari passu* with all our other unsecured and unsubordinated indebtedness, present and future, except as our obligations 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 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. Beneficial Owners 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, Transfer and Registration occurs.

A Beneficial Owner may hold beneficial interests in the Notes represented by a Global Certificate directly through DTC if such Beneficial Owner is a DTC participant or indirectly through organizations that are DTC participants 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.

See Description of the Notes and the Guarantee Form, 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 us under the Notes on an unsubordinated and unconditional basis. The obligations of the Guarantor under the Guarantee in respect of the Notes 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 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 .

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At December 31, 2016, the Guarantor had no outstanding consolidated secured indebtedness and approximately 60 billion of outstanding consolidated unsecured indebtedness. For information about the Guarantor's principal transactions since December 31, 2016, see Capitalization and Indebtedness .

Spanish Tax Law Requirements

Under Spanish Law 10/2014 and Royal Decree 1065/2007, each as amended, income obtained in respect of the Notes will not be subject to withholding tax in Spain, provided certain requirements are met, including that the Paying Agent provides us and the Guarantor, in a timely manner, with a duly executed and completed Payment Statement. See Taxation Spanish Tax Considerations Compliance with Certain Requirements in Connection with Income Payments . For these purposes, income means interest paid on an Interest Payment Date (as defined herein) or the amount of the difference, if any, between the aggregate redemption price paid upon the redemption of the Notes (or a portion thereof) and the aggregate principal amount of such Notes (other than in the event of a Redemption for Failure to List), as applicable.

The Payment Statement shall contain certain details relating to the Notes, including the relevant payment date, the total amount of income to be paid on such payment date and a breakdown of the total amount of income corresponding to Notes held through each clearing agency located outside Spain.

The supplemental indenture in respect of the Notes provides for the timely provision by the Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income under the Notes, and sets forth certain procedures agreed by us, the Guarantor and the Paying Agent which aim to facilitate such process, along with a form of the Payment Statement to be used by the Paying Agent. See Description of the Notes and the Guarantees Maintenance of Tax Procedures .

If a payment of income in respect of the Notes is not exempt from Spanish withholding tax, including due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement, such payment will be made net of Spanish withholding tax, currently at the rate of 19%. If this were to occur due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement, affected Beneficial Owners will receive a refund of the amount withheld, with no need for action on their part, if the Paying Agent submits a duly executed and completed Payment Statement to us and the Guarantor no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, Beneficial Owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled pursuant to the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A hereto. **Neither we nor the Guarantor will pay Additional Amounts (as defined herein) in respect of any such withholding tax.**

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Listing	A supplemental listing application will be filed for the Reopened Notes described in this Prospectus Supplement to be listed on the NYSE. The Reopened Notes are further issuances of the Original Notes, which are listed on the NYSE.
Governing Law	<p>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.</p> <p>The due authorization of the Notes and the ranking of the Notes and the Guarantee shall be governed by Spanish law.</p>
Use of Proceeds	We expect that the net proceeds from this offering, before expenses and including accrued interest for the period from and including March 8, 2017 to, but excluding, the settlement date, will be approximately \$515,000,138.89. We will 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 and Minimum Purchase Amount	The Notes will be issued in denominations of \$1,000 and integral multiples thereof. The minimum purchase amount of the Notes is \$150,000.
Settlement	The underwriter expects to first deliver the Reopened Notes to purchasers in registered form through DTC on or about April 28, 2017.
Trustee, Transfer Agent, Registrar and Paying Agent	The Bank of New York Mellon will be acting as the Trustee, Transfer Agent, Registrar and Paying Agent with respect to the Notes.
Risk Factors	<p><i>Investing in the Reopened Notes involves risks.</i></p> <p>Beneficial Owners 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, 2016 filed with the SEC on February 23, 2017 (the Form 20-F).</p> <p>Unless the context otherwise requires, we refer collectively herein to the Original Notes and the Reopened Notes as the Notes .</p>

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

Telefónica, S.A.

The following tables present certain selected historical consolidated financial information of Telefónica, S.A. and its subsidiaries and investees. You should read these tables in conjunction with Item 5. Operating and Financial Review and Prospects, Item 4. Information on the Company Business Overview and the Guarantor's consolidated financial statements (including the notes thereto) included in the Form 20-F (the **Consolidated Financial Statements**). The consolidated income statement and cash flow data for the years ended December 31, 2014, 2015 and 2016 and the consolidated statement of financial position as of December 31, 2015 and 2016 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, which is incorporated herein by reference.

The consolidated income statement and cash flow data for the year ended December 31, 2015 set forth below has been retrospectively amended in 2016 to show the reclassification of the results attributable to Telefónica, S.A.'s operations in the United Kingdom as continuing operations and is not derived from Telefónica, S.A.'s consolidated financial statements for such year.

The consolidated income statement and cash flow data for the year ended December 31, 2014 set forth below is derived from Telefónica, S.A.'s consolidated financial statements for that year. The consolidated statement of financial position data as of December 31, 2014 set forth below have been retrospectively amended to show the finalization of the purchase price allocation for the acquisition of E-Plus and is not derived from Telefónica, S.A.'s consolidated financial statements for such year.

The consolidated statement of financial position as of December 31, 2012 and 2013 and the consolidated income statement and cash flow data for the years ended December 31, 2012 and 2013 set forth below are derived from Telefónica, S.A.'s consolidated financial statements for such years

You should not rely solely on the summarized information in this section of this Prospectus Supplement.

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The basis of presentation and principles of consolidation of the information below are described in detail in Note 2 to the Consolidated Financial Statements. The 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,				
	2012	2013	2014	2015	2016
(in millions of euros, except share and per share data)					
Consolidated Income Statement Data of the Guarantor					
Revenues	62,356	57,061	50,377	54,916	52,036
Other income	2,323	1,693	1,707	2,011	1,763
Supplies	(18,074)	(17,041)	(15,182)	(16,547)	(15,242)
Personnel expenses	(8,569)	(7,208)	(7,098)	(10,349)	(8,098)
Other expenses	(16,805)	(15,428)	(14,289)	(16,802)	(15,341)
Depreciation and amortization	(10,433)	(9,627)	(8,548)	(9,704)	(9,649)
OPERATING INCOME	10,798	9,450	6,967	3,525	5,469
Share of profit (loss) of investments accounted for by the equity method	(1,275)	(304)	(510)	(10)	(5)
Net finance expense	(3,062)	(2,696)	(2,519)	(2,341)	(2,706)
Net exchange differences	(597)	(170)	(303)	(268)	487
Net financial expense	(3,659)	(2,866)	(2,822)	(2,609)	(2,219)
PROFIT BEFORE TAX	5,864	6,280	3,635	906	3,245
Corporate income tax	(1,461)	(1,311)	(383)	(155)	(846)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	4,403	4,969	3,252	751	2,399
PROFIT FOR THE YEAR	4,403	4,969	3,252	751	2,399
Attributable to equity holders of the Parent	3,928	4,593	3,001	616	2,369
Attributable to non-controlling interests	(475)	(376)	251	135	30
Weighted average number of shares-Basic (thousands)(1)	4,847,311	4,872,974	4,850,311	5,070,588	5,060,519
Basic and diluted earnings per share attributable to equity holders of the parent (euros)(1)	0.81	0.94	0.58	0.07	0.42
Basic and diluted earnings per ADS (euros)(1)	0.81	0.94	0.58	0.07	0.42
Weighted average number of ADS-Basic (thousands)(1)	4,847,311	4,872,974	4,850,311	5,070,588	5,060,519
Dividends per ordinary share (cash and scrip) (euro)	0.83	0.35	0.75	0.75	0.75
Dividends per ordinary share (cash and scrip) (\$)(2)	1.06	0.47	0.98	0.83	0.82

	For the year ended December 31,				
	2012	2013	2014	2015	2016
(in millions of euros)					
Consolidated OIBDA Data of the Guarantor					