



ANTONIO J. ALONSO UREBA
*Director, General Secretary
and Secretary to the Board of Directors*
TELEFÓNICA, S.A.

Telefónica S.A., as provided in article 82 of the Spanish Securities Market Act (Ley del Mercado de Valores), hereby in writing

REPORTS

That Telefónica, S.A. has sold 38,853,403 shares in the company Pearson Plc on the London stock market for approximately 350 million euro, representing 4.88% of its share capital. This sale forms part of the previously announced company strategy of divesting its media assets.

Madrid, 23 September 2004

SPANISH NATIONAL SECURITIES MARKET COMMISSION
-MADRID-