



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 Stock Market Act (*Ley del Mercado de Valores*), hereby

NOTIFIES

That pursuant to the applicable regulations, Telefónica, S.A. has today notified the Portuguese “Comissão do Mercado de Valores Mobiliários” of the increase in its holding in the share capital of the telecommunications company Portugal Telecom SGPS, S.A.

Subsequent to the acquisition, Telefónica, S.A. directly holds 89,132,630 shares of Portugal Telecom SGPS, S.A., representing 7.106 % of its share capital. In addition, it should be noted that Telefónica, S.A. holds an indirect stake representing 1.062% of the Portugal Telecom, SGPS, S.A. share capital through the following Grupo Telefónica companies:

Subsidiary	Grupo Telefónica % ownership in subsidiary	PT shares	% of PT capital
Alliança Atlântica Holding B.V.	93.76%	5,329,500	0.424%
Telecomunicações de Sao Paulo, S.A.-TELESP	87.49%	7,994,250	0.637%

Madrid, April 29th, 2004

SPANISH NATIONAL SECURITIES MARKET COMMISSION
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