

**DECLARATION ON THE COST ACCOUNTING SYSTEM OF THE FIXED TELEPHONE SERVICE, THE  
LEASED LINE SERVICE AND THE INTERCONNECTION SERVICE PROVIDED BY PT  
COMUNICAÇÕES, S.A., FOR THE 2008 FINANCIAL PERIOD**

Whereas:

1. By determinations of the Management Board of ICP-ANACOM of 08/07/2004 and 08/07/2005, PT Comunicações, S.A (PTC) was declared as an entity with significant market power in the following markets:
  - Markets in narrowband access to the fixed public telephone network and of publicly available fixed telephone services;
  - Leased lines retail market and the wholesale markets of terminating and trunk segments of leased lines;
  - Wholesale markets for call origination and termination in the fixed public telephone network;
2. In that capacity, by determinations of the Management Board of ICP-ANACOM of 14/12/2004, 08/07/2005 and 17/12/2004, the following obligations were respectively imposed on PTC:
  - To maintain a cost accounting system (CAS) to allow verification of price regulation measures imposed on markets referred to in point 1a), under paragraph 5 of article 85 of Law No 5/2004, of 10/02 (ECL);
  - To develop and to put in place an appropriate cost accounting system for the leased line market, under paragraph 3 of article 83 of ECL, and to implement a costing and accounting separation system for wholesale leased line markets, pursuant to article 71 of ECL;
  - To implement a costing and accounting separation system for interconnection markets in the fixed public telephone network, under article 71 of ECL.
3. Pursuant to paragraph 6 of article 85 and to paragraph 1 of article 76, all of ECL, it is incumbent on ICP-ANACOM to declare and to publish every year the compliance of CAS with provisions in point 2;
4. Moreover, under its Concession Contract, PTC must be provided with a proper CAS for applying the established tariff principles, being incumbent on ICP-ANACOM to approve the method for implementing and using the system, as well as to verify and declare its conformity (article 18 of the Bases of the Concession, approved by Decree-Law No 31/2003, of 17/02);
5. In December 1996, and after ICP-ANACOM had defined the general principles which PTC's accounting system should comply with, this operator officially notified ICP-ANACOM that it had implemented a CAS in the scope of the Telecommunications Public Service Contract;

6. Since then, ICP-ANACOM has promoted audits by independent entities to the referred system;
7. In the scope of the audit to the 2008 financial period, recently concluded after results were recast according to determination 78/2013 of 04/04, a declaration of conformity of the referred system with applicable provisions was prepared, having auditors concluded that the CAS complies therewith, except as regards: (i) gearing calculation adjustments, having been obtained a value of 34.82% relatively to the 24.89% considered by PTC; and (ii) adjustments in the calculation of invested capital, the total value of which amounts to EUR 3.011 million, instead of the EUR 2.630 million considered by PTC. As a result of adjustments mentioned above in (i) and (ii), the cost of capital, for the purposes of CAS, increased by around EUR 23.5 million.
8. As regards reservations in point 7., (i) and (ii), and whereas: (a) PTC expressed its disagreement to adjustments identified by auditors, preserving the consistency with procedures followed in financial years prior to 2008; (b) as referred above, the implementation of such adjustments would imply an increase of the cost of capital, for CAS purposes, by around EUR 23.5 million and, as such, a general increase in the cost of products and services; and (c), this issue is not raised in 2009 and following financial years, as the method for calculating the cost of capital changed as from that financial year, ICP-ANACOM takes the view that there are no grounds to impose any determinations concerning points 4 and 5 of the auditors' declaration of conformity,

ICP-ANACOM hereby declares that the results of PTC's cost accounting system for the financial year of 2008, subject to the above-mentioned aspects, were produced in compliance with:

- a) Rules defined in paragraph 5 of article 85 of ECL, as regards narrowband access to the fixed public telephone network and publicly available fixed telephone services;
- b) Paragraph 3 of article 83 and article 71 of ECL as regards the leased line service; and
- c) Article 71 of ECL as regards call origination and termination in the fixed public telephone network.

This is without prejudice to any conclusions and recommendations that may result from the advisory services currently provided as regards the overall review and critical analysis of the model implemented by PTC for processing the CAS results.