

**Declaration on the cost accounting system of the telephone service at a fixed location, the leased line service and the interconnection service provided by MEO – Serviços de Comunicações e Multimédia, S.A., for the 2014 financial period**

Whereas:

1. By determinations of the Management Board of ANACOM of 08/07/2004, 14/01/2009, 28/09/2010 and 27/08/2013, MEO – SERVIÇOS DE COMUNICAÇÕES E MULTIMÉDIA, S.A. (MEO) was declared to be a body with significant market power in the following markets:
  - Markets for narrowband access to the public telephone network at a fixed location and of publicly available telephone services at a fixed location;
  - Market for wholesale (physical) network infrastructure access at a fixed location;
  - Market for wholesale broadband access in non-competitive areas;
  - Wholesale markets for terminating and trunk segments of leased lines on non-competitive routes;
  - Wholesale markets for call origination and termination in the public telephone network at a fixed location;
  
2. In that capacity, by determinations taken by the Management Board of ANACOM on 14/12/2004, 28/09/2010, 17/12/2004, 27/08/2013 and 27/11/2013, MEO was imposed the following obligations:
  - To maintain a cost accounting system (CAS) allowing price regulation measures imposed on access markets to be monitored, under paragraph 5 of article 85 of Law No. 5/2004, of 10 February, as it stands (Electronic Communications Law - ECL);
  - To develop and put in place 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 public telephone network at a fixed location, 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 ANACOM to declare and to publish every year the conformity of the CAS with provisions referred to in point 2;
  4. Moreover, under the Concession Contract, MEO must be provided with a CAS that appropriately implements the established tariff principles, being incumbent on ANACOM to approve the system's implementation and usage method, as well as to monitor and declare its conformity (article 18 of the Bases of the Concession, approved by Decree-Law No. 31/2003, of 17 February);
  5. In December 1996, and after ANACOM had defined the general principles with which MEO's accounting system should comply, this operator officially notified ANACOM that it had implemented a CAS in the scope of the Telecommunications Public Service Contract;
  6. Since then, ICP - ANACOM has promoted audits to the referred system by independent bodies;
  7. In the scope of the audit to the 2014 financial period, a declaration of conformity of the referred system with applicable provisions was prepared, having auditors concluded that the CAS complies therewith, in all relevant material respects;

ANACOM hereby declares that the results of MEO's CAS for the 2014 financial year were produced in compliance with:

- a) Provisions laid down in paragraph 5 of article 85 of ECL, as regards narrowband access to the public telephone network at a fixed location and publicly available telephone services at a fixed location;
- b) Article 71 of ECL as regards physical infrastructure access and broadband access, the leased line service (terminating and trunk segments) and call origination and termination in the public telephone network at a fixed location.