

**NETWORK OF POSTAL ESTABLISHMENTS
CTT – CORREIOS DE PORTUGAL, S.A.,
AS AT THE END OF THE FIRST HALF OF 2008**

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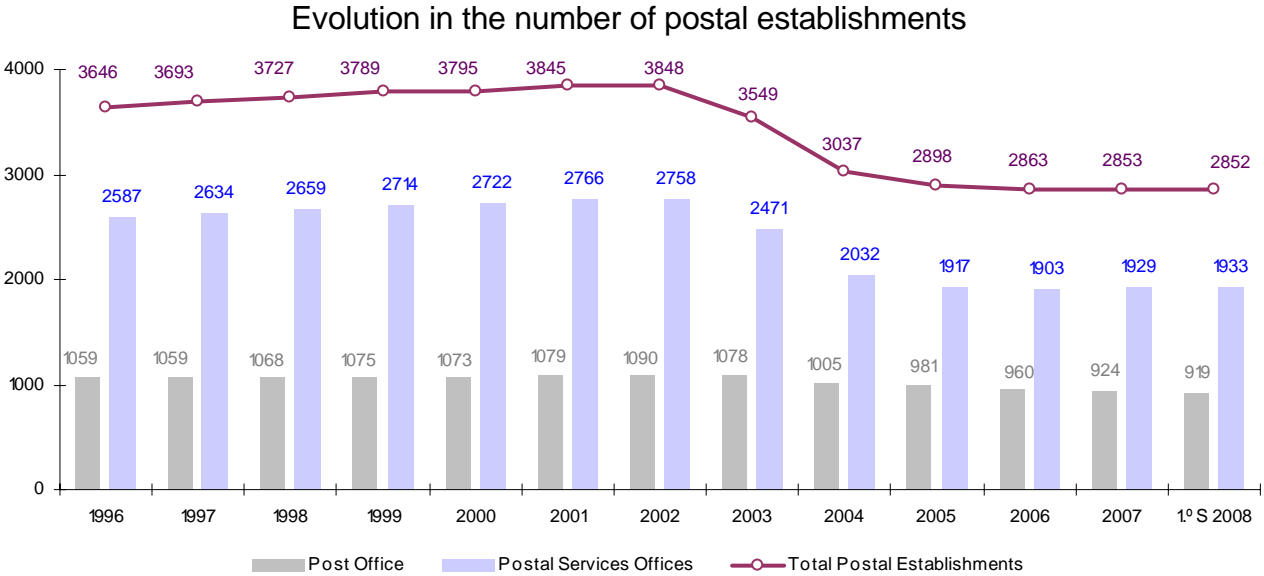
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The following information refers to the postal establishments of the universal postal service concessionaire (CTT – Correios de Portugal. S.A.) as well as to private establishments and those of other entities where postal services conceded to CTT are provided.

1. EXECUTIVE SUMMARY

1. At the end of the first half of 2008 there were 2,852 postal establishments in operation (1 fewer than at the end of 2007), of which 907 were permanent post offices (5 fewer than at the end of 2006), 12 were mobile post offices and 1,933 were postal service offices¹ (4 more than at the end of 2007).
2. In 20 (21 at the end of 2007) of these permanent post office the customer service operations are contracted out in accordance with Base XXII, paragraph 1 of the Universal Postal Service Concession.
3. The number of postal establishments has stabilised in recent years (see Graph below), resulting from a gradual annual reduction in the number of postal offices, offset by the annual increase in postal service offices.



Note: Figures for end of each indicated period

¹ Postal service offices are establishments operated under contract by third parties. In all such offices, the postal services which make up the universal service are provided (Source: CTT).

4. As at the end of the first half of 2008 there was at least one post office located within each Municipality (*Concelho*).
5. Taking the whole network of postal establishments into consideration (post office and postal service office networks), at the end of the first half of 2008:
 - a) In 94.5% of Municipalities (*Concelhos*) (291 Municipalities) there were two or more postal establishments (at the end of 2007 there were 260 Municipalities with two or more postal establishment);
 - b) In 52.4% of parishes (*Freguesias*) there was at least one postal establishment (2,223 parishes – 6 less than at the end of 2007)². It is also shown that: there was at least one postal establishment in 17.9% of parishes with less than 1000 inhabitants; there was at least one postal establishment in 77.9% of parishes with 1000 or more inhabitants.
6. According to CTT, all post offices provide the full range of concession services and 45.5% of postal service offices do not offer parcel services (879 in absolute terms, compared to 880 at the end of 2007), although providing the remaining concession services.
7. Based on available data (source UPU) on the network of permanent postal establishments belonging to the providers of universal service in the Member States of the European Union (EU), with reference to 2006, it can be concluded that the situation in Portugal compares favourably with the average of the EU (excluding Portugal), both in terms of postal coverage (average area, in km², per fixed postal establishment) and in terms of postal density (average number of inhabitants per fixed postal establishment).
8. Around 32% of the postal establishment network consists of post offices managed by CTT. The remaining 68% are managed by third parties (postal service offices). This second figure is surpassed, according to the UPU's 2006 data, only by Denmark (80%), Finland (82%), Sweden (91%), Ireland (95%), Cyprus (95%) and the United Kingdom (97%).

² Taking into account the total of 4241 Parishes (Census 2001).

2. BACKGROUND

In accordance with paragraph 3 of Base XX of the Bases for the Universal Postal Service Concession (Concession)³, the following are incumbent upon CTT:

- a) the establishment and closure of postal establishments;
- b) the alteration of the working hours of postal establishments, bearing in mind service needs and levels of demand.

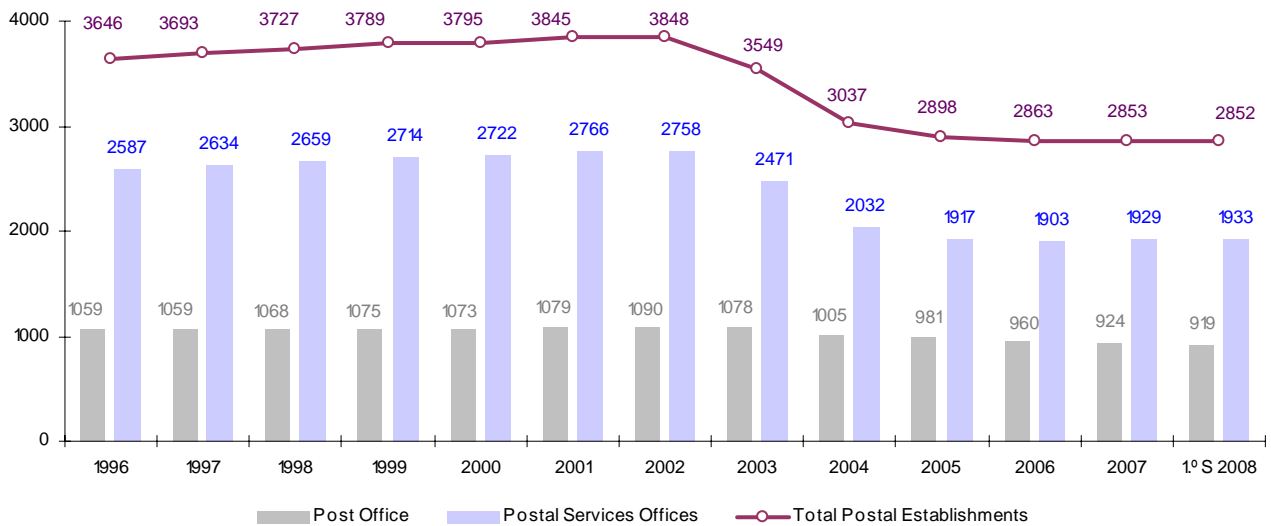
CTT is bound to notify ANACOM of decisions which it takes in respect of the above, and shall, in respect of the closure of postal establishments or the reduction of the working hours of postal establishments, provide grounds for such decisions, especially in terms of service needs, levels of demand and satisfaction of the communication needs of the population and of economic activities (paragraph 4 of Base XX, in the amendment enacted by Decree-Law no. 112/2006 of 9 June).

³ Approved by Decree-Law no. 448/99 of 4 November (<http://www.anacom.pt/render.jsp?contentId=121476>), as amended by Decree-Law no. 116/2003 of 12 June (<http://www.anacom.pt/render.jsp?contentId=111971>) and by Decree-Law no. 112/2006 of 9 June (http://www.anacom.pt/streaming/DLei112_2006%20.pdf?categoryId=148366&contentId=370158&field=ATTACHED_FILE).

3. EVOLUTION OF NETWORK OF POSTAL ESTABLISHMENTS

1. At the end of the first half of 2008 there were 2,852 establishments in operation (see **Graph 1**), consisting of:
 - a) 907 permanent post offices (including 20 postal agencies⁴);
 - b) 12 mobile post office⁵;
 - c) 1933 postal service offices⁶.

Graph 1 – Evolution of the number of postal establishments



Source: CTT data

Note: Figures for end of each indicated period.

2. In comparison to the end of 2007, there has been a reduction of one postal establishment, consisting of a reduction of 5 post offices offset by an increase of 4 in the number of postal service offices. This evolution reflects, over the course of the first half of 2008: a) the closure of 6 post offices; b) the opening up of one post office; c) the opening of 21 postal service offices (4 replacing the closure of 4 post offices); d) the closure of 17 postal service offices.

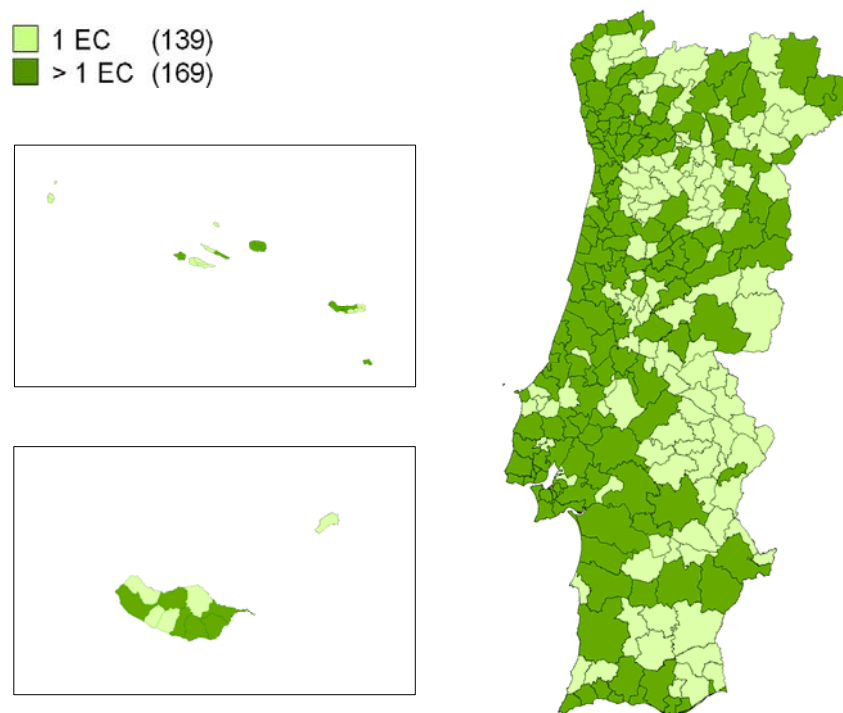
⁴ Postal agencies are postal establishments which are the same as post offices in physical terms and in terms of the level of postal services provided to users and customers, being different from post offices only in terms of the internal organisation of CTT, given that these are establishments which depend, in terms of hierarchical structure, on offices (Source: CTT)

⁵ Mobile post offices are postal establishments installed in automobile vehicles which follow previously defined routes and which stop in specific areas not served by permanent offices. The services provided are the same as those provided by fixed postal offices (Source: CTT).

⁶ Postal service offices are establishments, operated under contract by third parties. All of these offices provide the postal services which make up the universal service (Source: CTT).

3. As at the end of the first half of 2008, in 20 of these permanent post offices, the customer service operations are contracted out by CTT in accordance with Base XXII, paragraph 1 of the Universal Postal Service Concession, representing a decrease of 1 compared to the end of 2007. These post offices are generally designated as partnership shops⁷.
4. As shown in **Graph 1**, the number of postal establishments has levelled off in recent years, resulting from a slight reduction in the number of postal service offices, offset by the annual increase in the number of postal service stations.
5. In respect of post offices, at the end of the first half of 2008:
 - a) All Municipalities contained at least one post office (see **Graph 2**);
 - b) 139 Municipalities (45% of the totality of Municipalities) contained only one post office, the same number as at the end of 2007.

Graph 2 – Post offices per Municipality, at the end of the first half of 2008

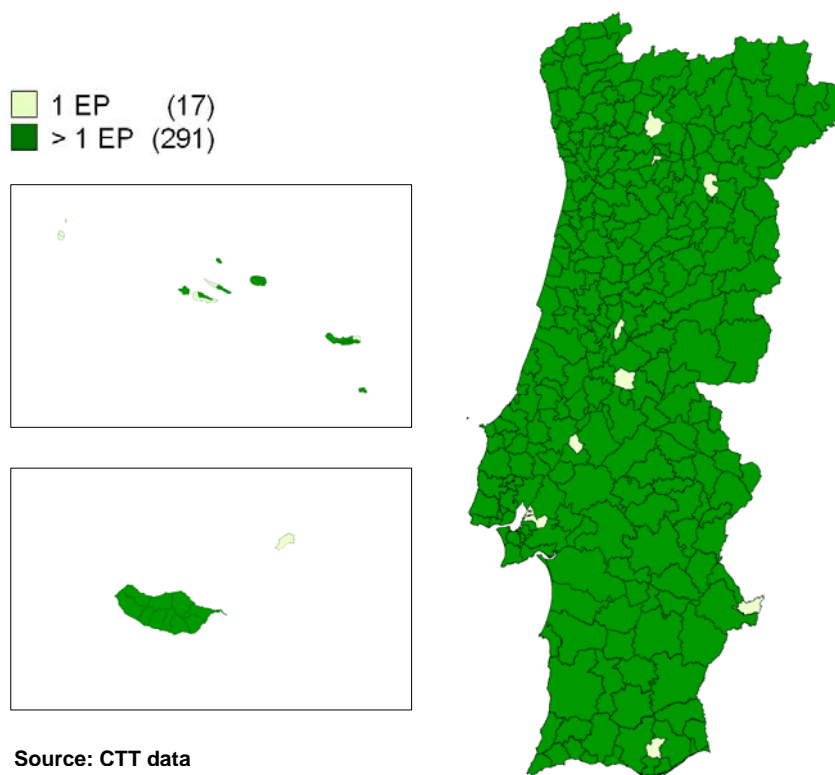


Source: CTT data

⁷ Partnership shops are postal establishments with contracts made between CTT and another entity for the contracting out of the customer service operations in post offices. The postal services which make up the universal service are provided in the name of and behalf of CTT (Source: CTT).

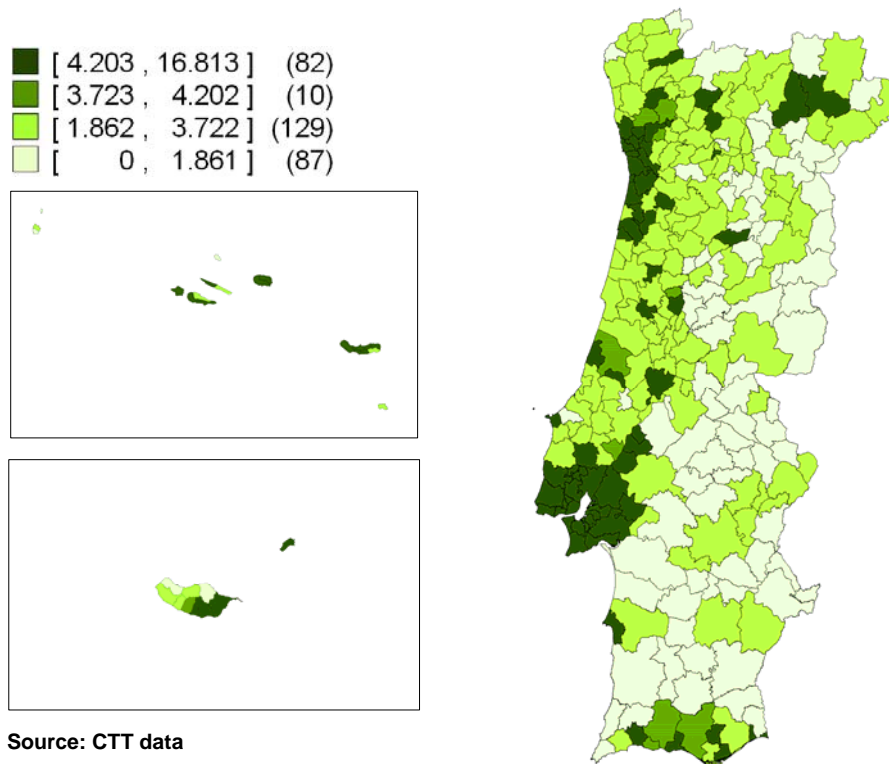
6. Considering the entire network of postal establishments (that is including the network of post offices and postal service office), at the end of the first half of 2008:
- a) In 94.5% of Municipalities (*Concelhos*) (291 Municipalities) there were two or more postal establishments (at the end of 2007 there were 260 Municipalities with two or more postal establishment) – see **Graph 3**.

Graph 3 – Postal establishments by Municipality at the end of the first half of 2008



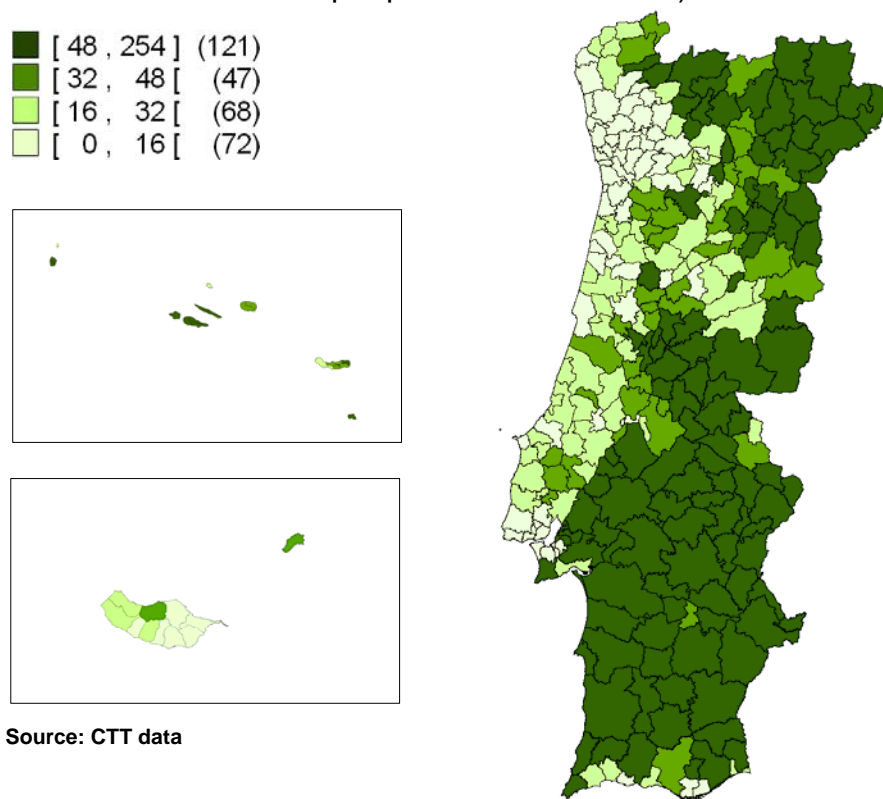
- b) On average, each postal establishment serviced 3,723 inhabitants. In general terms the density index was higher in coastal regions, in line with the population density of the territory (see **Graph 4**);

Graph 4 – Density of postal establishments, by Municipality as at the end of the first half of 2008 (resident population per postal establishment)



- c) On average it is possible to find one postal establishment for every 32.3 km². In the interior regions of the North and Centre and *Sul do Tejo*, as well as on some of the islands of the Autonomous Region of the Azores, there is a higher level of postal coverage (km² per postal establishment) – see **Graph 5**;
- d) The percentage of Parishes (*Freguesias*) with at least one postal establishment is 52.4%, corresponding to 2,223 Parishes (6 fewer Parishes than at the end of 2007), taking into account a total of 4,241 Parishes (2001 Census). It is further shown that the Parishes with at least one postal establishment and which have less than 1000 inhabitants corresponds to 27.9% (604 Parishes; 610 at the end of 2007). Meanwhile, the percentage of Parishes with 1000 or more inhabitants and with at least one postal establishment corresponds to 77.9% (1,619 Parishes, the same number as at the end of 2007).

Graph 5 – Coverage of postal establishments, by Municipality at the end of the first half of 2008 /km² per postal establishment)



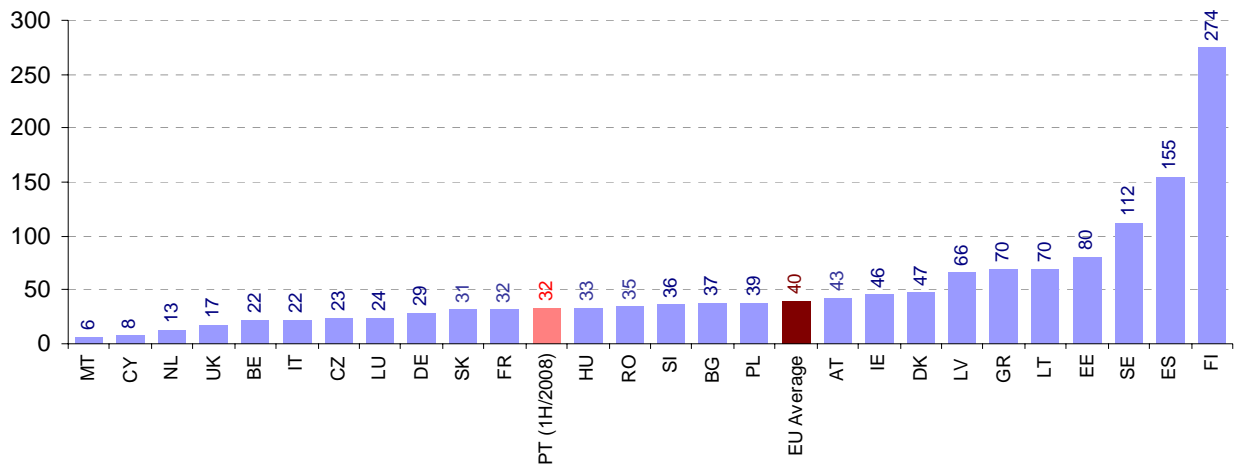
Source: CTT data

7. According to CTT, all post offices provide the full range of concession service whereas 45.5% do not offer parcel services (879, compared to 880 at the end of 2007), while providing the remaining concession services.

4. INTERNATIONAL COMPARISON

8. Based on available data (source UPU⁸) on the network of permanent postal establishments⁹ of the providers of universal service in the Member States of the European Union (EU), with reference to 2006, it can be concluded that the situation in Portugal compares favourably to the EU average (excluding Portugal), both in terms of coverage (see **Graph 6**) and in terms of density of permanent postal establishments (see **Graph 7**).

Graph 6 – Coverage of permanent postal establishments in EU in 2006* (km² per permanent postal establishment)



Source: UPU (2006), except for data from Belgium which refers to 2005.

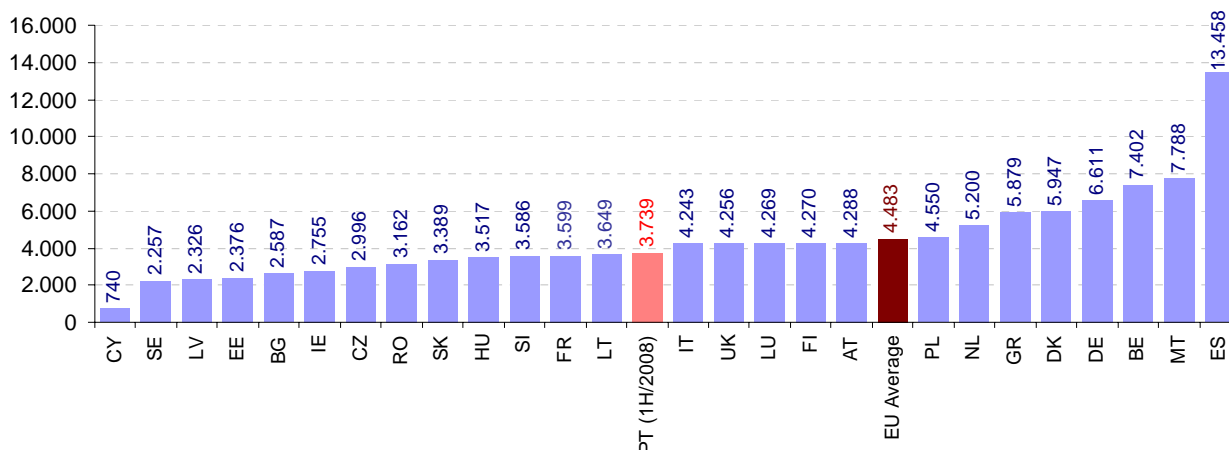
*Portugal (1H/2008): Number of permanent postal establishments – CTT; Area of Portugal – INE (92,090.1km²).

Note: Consideration is not made, for example, of mobile post offices and postmen who also provide the services offered in permanent postal establishments.

⁸ Universal Postal Union: www.upu.int.

⁹ Does not include mobile post offices.

Graph 7 – Density of permanent postal establishments in Member States of EU in 2006* (population per permanent postal establishment)



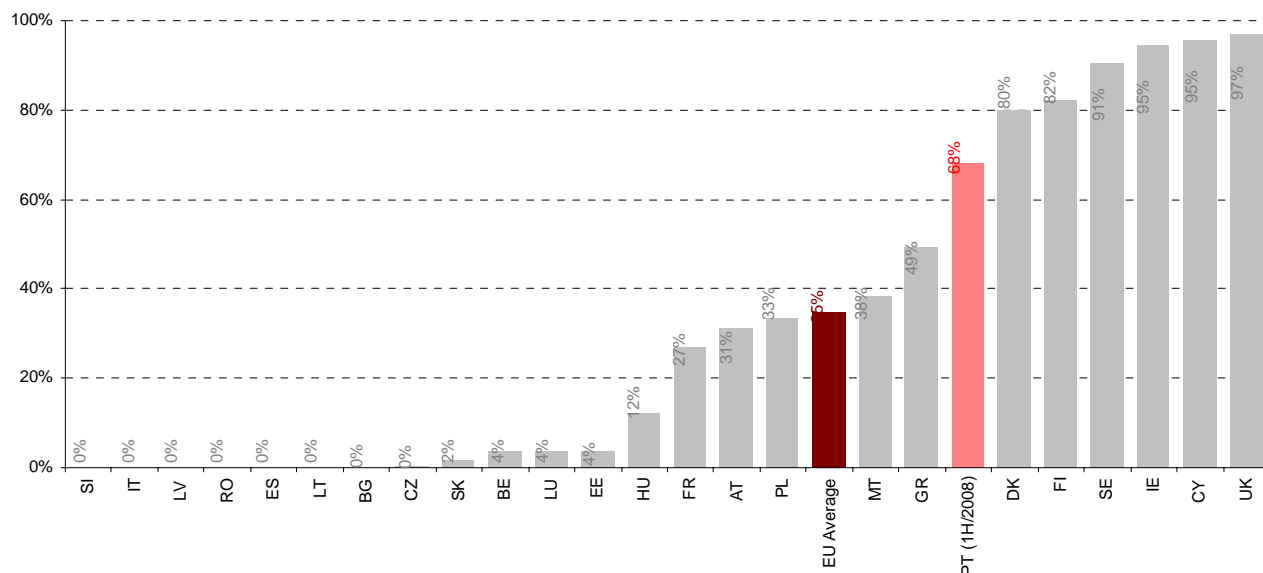
Source: UPU (2006), except for data from Belgium which refers to 2005.

*Portugal (1H/2008): Number of permanent postal establishment– CTT; Inhabitants IN 2007 – INE (10,617,575 inhabitants).

Notes: Consideration is not made, for example, of mobile post offices and postmen who also provide the services offered in permanent postal establishments..

9. The differences seen between the Member States of the EU may result from the geographic particularities of each country. They may also result from the fact that in some countries postmen provide similar postal services to those provided in postal establishments.
10. Around 32% of the postal establishment network consists of post offices managed by CTT. The remaining 68% are managed by third parties (postal service offices). This second figure is surpassed, according to the UPU's 2006 data, only by Denmark (80%), Finland (82%), Sweden (91%), Ireland (95%), Cyprus (95%) and the United Kingdom (97%) – see **Graph 8**.

Graph 8 – Relative importance of permanent postal establishments managed by third parties (2006*)



Source: UPU (2006), except for data from Belgium which refers to 2005.

Notes: * Portugal data: CTT.

UPU definition of postal establishments managed by third parties: Postal establishments managed by persons other than the universal service provider (USP), based on a contract made between the parties.

The UPU does not give data for Germany and Holland which allows the relative importance of permanent postal establishments managed by third parties to be calculated. Based on data published by the German regulator in its 2005 Report and Accounts¹⁰ (page 110) it is stated that in 2005: a) 5671 postal establishments were managed by the German concessionaire (Deutsche Post A.G.); b) 12,671 was the total number of postal establishments; this give a relative importance of permanent postal establishments managed by third parties in 2005 of 55%

According to data published in the study of Wik-Consult *Main Developments in the European Postal Sector*¹¹ of July 2004 (pages 46/58 and 47/58 of *Appendix C – Sector Development*), in Holland in 2003, 86% of postal establishments were managed by third parties.

¹⁰ <http://www.bundesnetzagentur.de/media/archive/5278.pdf>.

¹¹ http://ec.europa.eu/internal_market/post/doc/studies/2004-wik-final-appendices_en.pdf.

5. NOTIFICATIONS MADE TO ICP-ANACOM PURSUANT TO PARAGRAPH 4 OF BASE XX OF THE CONCESSION

11. During the first half of 2008, ICP-ANACOM received 16 notifications from CTT pursuant to paragraph 4 of Base XX of the Concession, in the amendment enacted by Decree-Law no. 112/2006 of 9 July, categorised as follows:
 - 8 notifications in respect of the closure of post offices and their replacement by postal service offices;
 - 1 notification in respect of post offices openings;
 - 2 notifications in respect of reductions in post office working hours;
 - 5 notifications in respect of other alterations to post office working hours which do not imply a reduction in the daily timetable.

6. GLOSSARY

Austria	AT
Belgium	BE
Bulgaria	BG
Cyprus	CY
Czech Republic	CZ
Denmark	DK
Estonia	EE
Finland	FI
France	FR
Germany	DE
Greece	GR
Holland	NL
Hungary	HU
Ireland	IE
Italy	IT
Latvia	LV
Lithuania	LT
Luxembourg	LU
Malta	MT
Poland	PL
Portugal	PT
Romania	RO
Slovakia	SK
Slovenia	SI
Spain	ES
Sweden	SE
United Kingdom	UK