

TREND IN PRICES AND INTERNATIONAL COMPARISONS

PRIORITY

AND NON-PRIORITY MAIL

2003

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1. SUMMARY

This text sets out to:

- Present the trends in the prices of priority ("Correio Azul") and non-priority ("Correio Normal") mail services provided by CTT – Correios de Portugal, S.A. (CTT) between 1993 and 2003¹;
- compare Domestic and International Basic price figures (prices of standard letters² weighing up to 20 g) practised in European Union (E.U.)³ countries in 2003.

The following conclusions can be drawn from an analysis of this work:

- The price basket for priority and non-priority mail fell 5.9% in real terms between 1993 and 2003;
- The average price of non-priority mail fell 4.2% in real terms between 1993 and 2003;
- The average price of priority mail fell 25.2% in real terms between 1993 and 2003;
- In global terms this period saw the gradual rebalancing of prices achieved by reducing:
 - the prices of the higher weight scales compared with the prices of the lower weight scales;
 - the price of the international service compared with the domestic service;

¹ Priority mail has existed since 1991 for the domestic service and since 1992 for the international service;

² Minimum size: 20 x 140 mm; Maximum size: 120 x 235 mm; with leeway of 2 mm.

³ Amounts established on 16/01/03.

- the price of priority mail compared with non-priority mail;

Despite the progress made, the liberalisation of the sector has made it imperative that the process of relating prices to costs be continued;

- The domestic and international basic prices charged in Portugal are lower than the EU average;
- As far as the domestic service is concerned, the prices of non-priority mail in Portugal are significantly lower than average European costs (-29.0%). With regard to priority mail, lower prices are also charged though they are nearer the European average (-10.4%);
- Comparing the international service with the EU average, the prices charged in Portugal for non-priority mail are:
 - (i) -2.2% in the E.U. segment; (ii) -3.9% in the other European countries segment; (iii) -10.7% in the Rest of the World segment.

2. OBJECTIVE

This text sets out to:

- Present the trends in the prices of priority ("Correio Azul") and non-priority ("Correio Normal") mail services provided by CTT – Correios de Portugal, S.A. (CTT) between 1993 and 2003;
- compare Domestic and International Basic price figures (prices of standard letters weighing up to 20 g) practised in European Union (E.U.) countries in 2003.

3. REGULATORY FRAMEWORK

The trend in postal service prices during the period under analysis has been influenced by the various regulatory regimes to which they have been subject.

Up to 1992 public postal service prices⁴ were set administratively in accordance with Decree Law no. 49368 enacted on November 10th 1969, no.48007 dated October 26th 1967 and no.355 enacted on September 14th 1987.

As from 1992, with the enactment of Decree Law no. 207 enacted on October 2nd 1992, the prices for these services became subject to a Convention established between the Direcção – Geral de Comércio e Concorrência (Directorate-General for Trade and Competition), the Instituto das Comunicações de Portugal and the CTT – Correios de Portugal, SA.

Hence, 1993 saw the negotiation of the first Price Convention, with annual renegotiation taking place between 1995 and 2000.

The Price Conventions set limits for the global variation of the prices of services provided under an exclusive regime⁵ and for the variation of some items in the price list⁶.

⁴ Under the terms of no.1, article 2 of the Annex to Statute Law no. 176/88, the public postal service includes the acceptance, transport, distribution and delivery of postal correspondence; the issue and sale of stamps and other postal products and the public fax service.

⁵ Under the terms of no.1, article 3 of the Annex to Statute Law no. 176/88, the following are run on an exclusive basis: acceptance, transport, distribution and delivery of all closed correspondence, postcards and other missives, even when unsealed, whenever their content is of a personal and current nature; the issue and sale of stamps and other postal products; the public fax service.

⁶ For example, the Price Conventions set maximum prices for the following services:

- non-priority domestic letter weighing up to 20 grammes and with standard format;
- domestic priority letter weighing up to 20 grammes;
- non-priority domestic letter, weighing up to 20 grammes and destined for EU countries (except Spain), Spain, Other European Countries and the Rest of the World;
- an international priority letter weighing up to 20 grammes;
- domestic and international postcard.

The Conventions also required price-setting rules to comply with cost, transparency and non-discrimination guidelines, and also with service quality objectives and cost accounting obligations.

With the coming into force of:

- Law no.102 enacted on July 26th 1999, defining the general bases regulating the establishment, management and running of domestic postal services, as well as international services originating in or destined for national territory (this Law integrates the obligations of EEC Directive 97/67 enacted on December 15th 1997 into the domestic regulatory framework, namely in terms of the creation of conditions for the development of the domestic market and the enhancement of service quality);
- Statute Law no. 448 enacted on November 4th 1999 which approves the bases for concession of the universal postal service, setting out the precise terms where under the universal postal service should be provided, the regulatory framework for postal services changed, namely in terms of postal service price-setting.

This framework establishes that price-setting rules for postal services forming part of the universal service⁷ are subject to the Convention agreed upon between the regulator, the Direcção-Geral do Comércio e Concorrência (DGCC) and the operator, respecting the principles of accessibility, cost orientation, transparency and non-discrimination in their application.

With this in mind the Universal Postal Service Price Convention for the three-year period 2001-2003 was signed on 21/12/00 by ANACOM, CTT and DGCC.

⁷ The universal service includes the delivery of correspondence, books, catalogues, newspapers and other periodicals weighting up to 2 kg and postal parcels weighing up to 20 kg as well as a recorded delivery service and a declared value service. These provisions apply to both the domestic and international postal service.

4. TREND IN PRIORITY AND NON-PRIORITY MAIL PRICES

4.1 METHODOLOGY

The information set out in the successive CTT price lists was used to calculate the price variations presented.

It was decided to carry out an analysis of price trends in accordance with the structure used in previous years, in other words the service (*e.g.* non-priority mail) and the destination (*e.g.* Europe).

The results of this study highlight the main price aspects such as basic tariffs (pertaining to standard letters weighing up to 20 grammes) and global tariffs (deriving from the average price of the various weight scales covered by each service). It was decided to present results in this way (basic and global tariffs) as: (i) basic tariffs account for the largest percentage of traffic and postal revenue⁸; (ii) the global tariffs for a certain service are a way of presenting the average trend in tariffs for all its weight scales.

As with previous studies, when calculating the global tariffs for each service the latest available fixed traffic structure was used as a weighting for the prices of the various weight scales.

Hence, to determine the price trend the figures for 2001 were used. It should be noted by way of example that in the previous study for 2002, the figures for 2000 were used meaning that the trend deriving from the methodology adopted in the present study for years prior to 2003 is slightly different from the trend established in the price variation studies carried out in previous years owing to the use of different fixed traffic structures.

⁸ Source: CTT.

Also worthy of mention is the fact that the methodology adopted in the present study differs from that adopted within the framework of the Universal Postal Service Price Convention according to which the average variation is obtained by using the weight of gross turnover associated with each format and weight scale as the weighting for the price variation of each postal service (*vide*, for example, no.2, article 12 of the Universal Postal Service Price Convention: <http://www.anacom.pt/template12.jsp?categoryId=17497>).

When calculating average annual prices, due consideration was given to the number of months during which each price list was in force. In this context, it should be pointed out that the prices charged in 1992 and 1997 came into force in February, whilst the prices for 1993, 1995 and 1996 came into force in March. As regards the period 1998-2003 prices came into force in January. In 1994 the prices for 1993 remained in force. The calculation of actual variations in prices took due account of the inflation recorded in each year⁹.

4.2 SUMMARY OF TRENDS

4.2.1 NON-PRIORITY MAIL

Global Tariff

An analysis of the real trend in global tariffs for the non-priority mail service (*vide* graphic 1) demonstrates that, on the whole, there has been a 4.2% fall between 1993 and 2003.

The non-priority mail service for the Rest of the World (countries outside Europe) suffered the sharpest fall and there was a real reduction in global tariffs of around 23.8% between 1993 and 2003.

⁹ Source: INE (Portuguese National Office of Statistics)

During the same period there were also falls in real terms – though not as pronounced – in global tariffs for domestic non-priority mail (3.9%) and in non-priority mail to Europe (0.2%).

Basic Tariff

The basic tariff for domestic non-priority mail (figure 1 in the annex hereunto) underwent an actual increase of 5.1% between 1993 and 2003.

In turn, the basic tariff for non-priority mail to Europe (outside the EU) fell 10.7% in real terms between 1993 and 2003.

The basic tariff for non-priority mail for countries in the Rest of the World (outside Europe) was down on the 1993 figure by 21.0% in real terms.

Readjustment of Tariffs

The following trends were observed in terms of the readjustment of tariffs:

- Increase in the real price of the basic domestic tariff compared with the real price of the domestic global tariff. In actual fact, the real variation in the global tariff of the domestic non-priority mail service was –3.9% whilst the real variation in the domestic basic tariff stood at 5,1%.
- Increase in the real global tariff for the domestic non-priority mail service compared with the real global tariff for non-priority mail to countries outside Europe. In actual fact, whilst the real global tariff for the non-priority mail service destined to countries outside Europe fell by 23.8%, the real global tariff for the domestic non-priority mail service fell 3.9%.

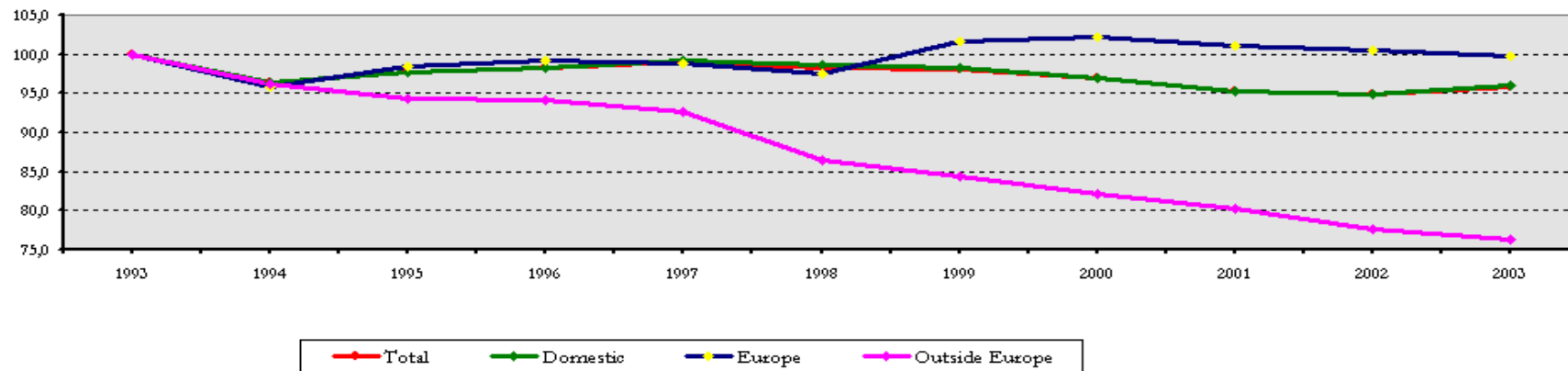
Graphic 1

**Graphic 1 - Evolution of Index and Real Variation in Annual Average Prices
NON-PRIORITY MAIL - GLOBAL TARIFFS - REAL EVOLUTION (1993 = 100)**

Price Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	100,0	96,3	97,7	98,3	99,0	98,2	98,1	97,0	95,2	94,9	95,8
Domestic	100,0	96,4	97,7	98,3	99,2	98,6	98,2	97,0	95,2	94,9	96,1
Europe	100,0	95,8	98,4	99,1	98,9	97,4	101,6	102,2	101,1	100,6	99,8
Outside Europe	100,0	96,2	94,4	94,2	92,6	86,4	84,4	82,1	80,2	77,7	76,2
Conversion Factor	1,0	1,1	1,1	1,1	1,2	1,2	1,2	1,2	1,3	1,4	1,4

Real Variation	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total		-3,7%	1,4%	0,6%	0,8%	-0,9%	-0,1%	-1,1%	-1,9%	-0,3%	0,9%
Domestic		-3,6%	1,4%	0,7%	0,9%	-0,6%	-0,4%	-1,2%	-1,9%	-0,2%	1,2%
Europe		-4,2%	2,7%	0,7%	-0,2%	-1,5%	4,3%	0,6%	-1,1%	-0,5%	-0,8%
Outside Europe		-3,8%	-1,9%	-0,2%	-1,7%	-6,7%	-2,2%	-2,8%	-2,3%	-3,1%	-1,9%
Inflation		5,2%	4,1%	3,1%	2,2%	2,8%	2,3%	2,9%	4,4%	3,6%	2,5%

Non-priority Mail - Global Tariffs - Real Evolution (1993 = 100)



Graphic 1 - Real Trend in Index and Real Variation in Annual Average Prices
NON-PRIORITY MAIL - GLOBAL TARIFFS - REAL TREND (1993 = 100)
Non-priority Mail - Global Tariffs - Real Trend (1993 = 100)

Price Index
Total
Domestic
Europe
Outside Europe
Conversion Factor

Real Variation
Domestic
Europe
Outside Europe
Inflation

4.2.2 PRIORITY MAIL

Global Tariff

By analysing the real trend in global tariffs for the priority mail service (vd. Graphic 2), it can be concluded that the average prices of this service were 25.2% down in real terms on the 1993 figure. This reduction in prices affected both domestic and international mail. In actual fact, the global tariff for the domestic priority mail service was 24.6% down in real terms on the 1993 figure and priority mail services for European countries and countries outside Europe fell 27.8% and 29.6%, respectively.

Basic tariff

The basic tariff for domestic priority mail was down 16.0% in real terms on the 1993 figure.

Tariffs for European countries and the Rest of the World maintained their downward course in real terms (27.6% compared to 1993) owing to the maintenance of their nominal value since 1993.

Tariff Readjustment

As far as tariff readjustment was concerned, priority mail showed the same trends as non-priority mail, namely the relative increase of the basic tariff compared to the global tariff and the relative reduction in international mail compared with domestic mail:

- In actual fact, the domestic global tariff fell 24.6%, whilst the real price of 1st scale domestic mail fell 16.0%, thereby reflecting a greater reduction in the real prices of heavier weight scales;
- On the other hand, the real price of international priority mail fell when compared with the real price of domestic priority mail, since the largest

drops in price were seen in tariffs for Europe and the Rest of the World (down 27.8% and 29.6%, respectively), whilst national tariffs fell 24.6%;

- There was also a fall in the price of priority mail in relation to non-priority mail.

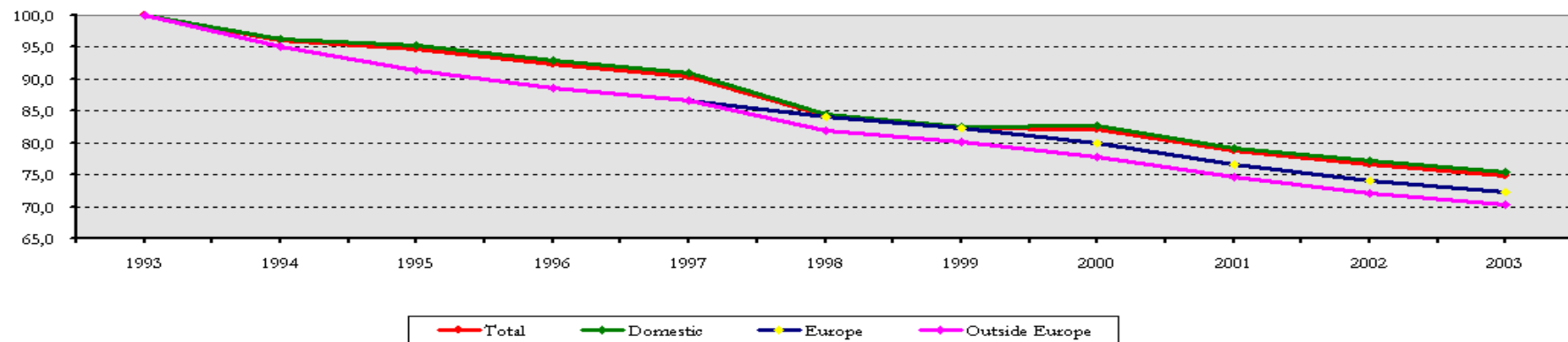
Graphic 2

**Graphic 2 - Real Evolution of Index and Real Variation in Annual Average Prices
PRIORITY MAIL - GLOBAL TARIFFS - REAL EVOLUTION (1993 = 100)**

Price Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	100,0	96,1	94,7	92,3	90,3	84,3	82,4	82,2	78,7	76,7	74,8
Domestic	100,0	96,2	95,3	93,0	91,0	84,4	82,5	82,7	79,2	77,3	75,4
Europe	100,0	95,1	91,3	88,6	86,7	84,1	82,2	79,9	76,5	74,0	72,2
Outside Europe	100,0	95,1	91,3	88,6	86,7	82,0	80,1	77,9	74,6	72,2	70,4
Conversion Factor	1,0650	1,12038	1,16631558	1,202471363	1,228925733	1,263335653	1,292392374	1,329871752	1,388386109	1,438368009	1,47432721

Varição Real	1993/1992	1994/93	1995/94	1996/95	1997/96	1998/97	1999/98	2000/1999	2000/2001	2001/2002	2002/2003
Total		-3,9%	-1,5%	-2,5%	-2,2%	-6,6%	-2,2%	-0,3%	-4,2%	-2,6%	-2,4%
Domestic		-3,8%	-1,0%	-2,4%	-2,2%	-7,2%	-2,2%	0,2%	-4,2%	-2,5%	-2,4%
Europe		-4,9%	-3,9%	-3,0%	-2,2%	-3,0%	-2,2%	-2,8%	-4,2%	-3,2%	-2,4%
Outside Europe		-4,9%	-3,9%	-3,0%	-2,2%	-5,4%	-2,2%	-2,8%	-4,2%	-3,2%	-2,4%
Inflation	6,5%	5,2%	4,1%	3,1%	2,2%	2,8%	2,3%	2,9%	4,4%	3,60%	2,50%

Priority Mail - Global Tariffs - Real Evolution (1993 = 100)



Graphic 2

Graphic 2 - Real Trend in Index and Real Variation in Annual Average Prices

Priority Mail - GLOBAL TARIFFS - REAL TREND - Real Trend (1993 = 100)

Price Index

Total

Domestic

Europe

Outside Europe

Conversion Factor

Real Variation

Domestic

Europe

Outside Europe

Inflation

4.2.3 CONCLUSION

Between 1993 and 2003 the global tariff (average price) of the basket, made up of the priority and non-priority mail services, fell 5.9% in real terms as can be observed in the table below.

As far as non-priority mail was concerned, the global tariff also fell 4.2% in real terms between 1993 and 2003.

The real fall in prices was more notable in the priority mail service whose global tariff fell 25.2% over the same time period.

REAL VARIATION (Global Tariffs)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	1993 a 2003
BASKET	0,9%	-3,7%	1,2%	0,4%	0,5%	-1,3%	-0,3%	-1,1%	-2,1%	-0,5%	0,7%	-5,9%
NON-PRIORITY MAIL	1,0%	-3,7%	1,4%	0,6%	0,8%	-0,9%	-0,1%	-1,1%	-1,9%	-0,3%	0,9%	-4,2%
PRIORITY MAIL	-0,9%	-3,9%	-1,5%	-2,5%	-2,2%	-6,6%	-2,2%	-0,3%	-4,2%	-2,6%	-2,4%	-25,2%

REAL VARIATION

BASKET

NON-PRIORITY MAIL

PRIORITY MAIL

It should be pointed out that the relative prices of the various services provided are still unbalanced when compared with cost ratios. The existence of unbalanced tariffs could have a negative impact in the context of the market liberalisation process. These imbalances can be observed between the average price of non-priority mail and the average price of priority mail, between the domestic service and the international service, and finally between the lower and higher weight scales.

5. INTERNATIONAL COMPARISONS

5.1. METHODOLOGY

In order to analyse the figures for Basic Domestic Tariffs (TBN) and Basic International Tariffs (TBI) in force in 2003 in European Union countries¹⁰, the following comparisons were drawn:

- the TBN (converted into euros) practised by each of the European Union countries in their own territory;
- the TBI (converted into euros) practised by each of the European Union countries whose destination is some other country, namely: (i) other European Union countries; (ii) European countries which do not form part of the European Union; (iii) Rest of the World.

The following sources of information were used:

- CTT tariffs for 2003;
- Tariffs of the other European Union postal service operators in force as at 16/01/03 (information obtained from the postal operators' websites).

The heterogeneous nature of the mail classification criteria adopted by the various operators is worthy of special mention both in terms of speed (routing delivery time) and content.

Hence, when comparing the **domestic service** of each country, the following services were considered:

- Priority mail, with a routing delivery time standard of D+1 available in all countries under analysis;

¹⁰ European Union countries: Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Holland, Ireland, Italy, Luxembourg, Portugal, the UK and Sweden.

- Non-priority mail with a routing delivery time standard of over D+1, only available in countries with postal systems based on speed criteria¹¹ i.e. countries with a two-speed postal system equivalent to priority and non-priority mail.

The comparisons drawn for the **international service** were limited to priority mail in the case of countries with a single-speed postal system,¹² and non-priority mail in the case of countries with a two-speed postal system (priority and non-priority)¹³.

For the purposes of calculating prices in euros, in the case of countries outside the euro zone, the standard exchange rates between the euro and the currency in question were used as at 15/01/03.

5.2. COMPARATIVE SUMMARY

An analysis of the TBN and TBI figures practised as at 16/01/03 in the various European Union countries allows us to conclude that for all the service analysed Portugal has lower basic tariffs than the EU average¹⁴.

As regards the **domestic service**, the price of non-priority mail (domestic non-priority) produced a negative deviation of around 29.0% from the European Union average whilst with the priority mail service (domestic priority) this deviation stood at -10.4%.

As regards the **international service**, the tariffs of the historic Portuguese operator show deviations of - 2.2% from the European Union average in the letters destined for the European Union segment, of -3.9% in the letters destined

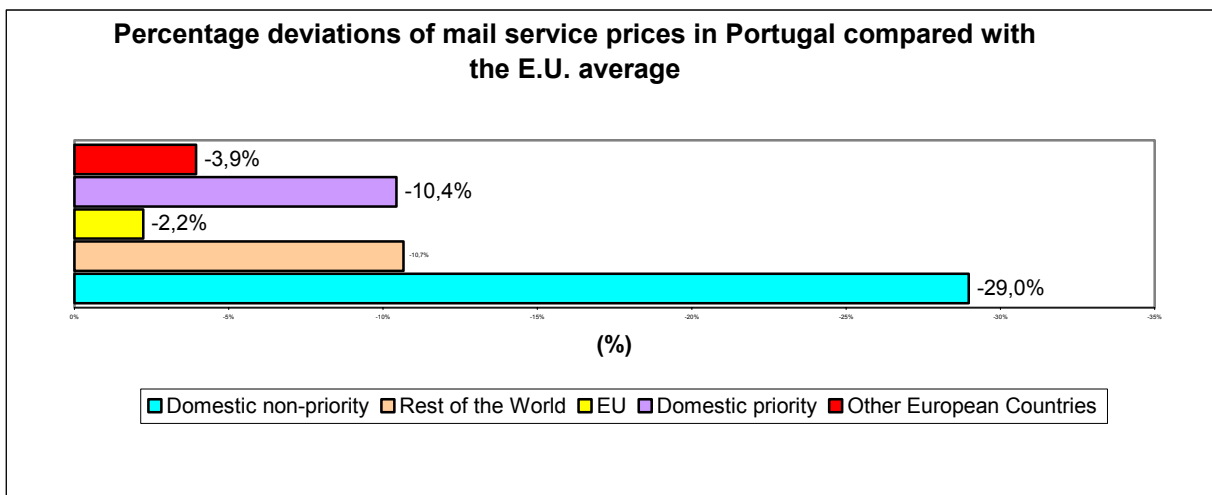
¹¹ Comparing solely the basic tariffs of those countries with a relatively homogeneous classification system in terms of priority / non-priority mail and regardless of content: Denmark, Finland, France, Greece, Italy, Portugal, the UK, Sweden and Belgium.

¹² Sweden, England, Germany, Austria, Luxembourg, France and Spain.

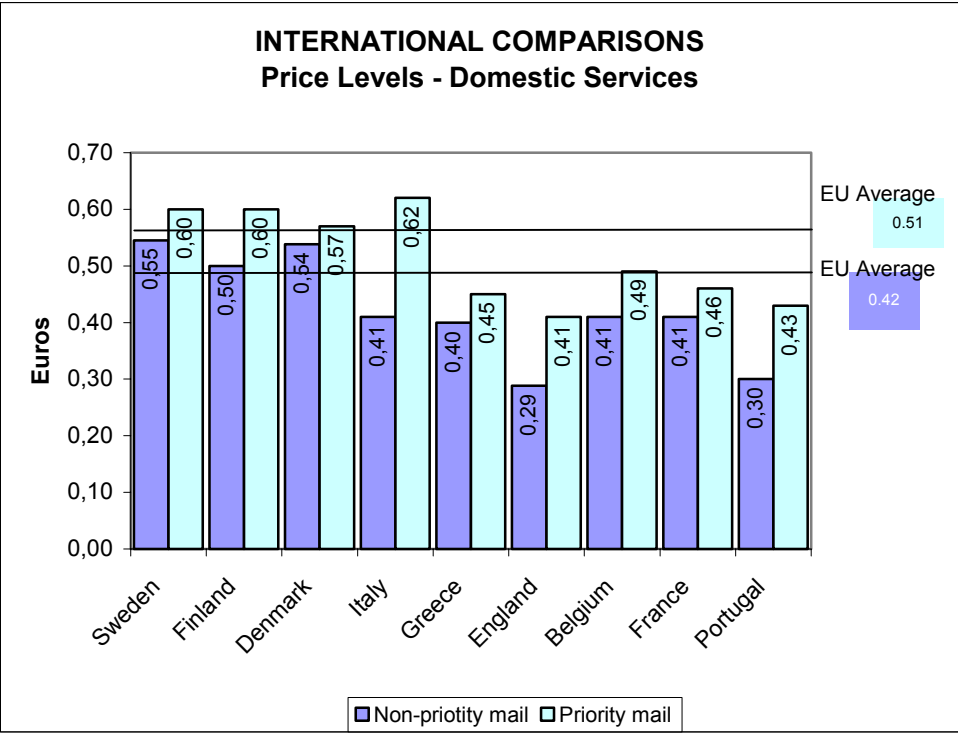
¹³ Italy, Denmark, Finland, Belgium, Greece, Holland, Ireland and Portugal.

¹⁴ The tariffs for Sweden include VAT at a rate of 25% and the tariffs for Finland include VAT at a rate of 22% for domestic dispatches and for dispatches to the E.U.

for other European countries segment and of -10.7% in the letters destined for the Rest of the World segment.



By comparing solely the basic tariffs for the **domestic service** of those countries with a relatively homogeneous classification system in terms of priority / non-priority mail and regardless of content, it can be concluded that the basic tariff level in Portugal is 29.0% lower in the case of non-priority mail / normal and 16.4% lower in the case of priority mail / (azul):



6. Appendixes

The following graphics have been provided in the form of appendices hereunto:

NON-PRIORITY MAIL – TREND IN PRICES

FIGURE 1- Real Trend in index and real variation in annual average prices – Basic Tariffs

FIGURE 2- Nominal trend of average annual prices – Global Tariffs

FIGURE 3- Nominal trend of average annual prices – Basic Tariffs

FIGURE 4- Trend of Basic Tariffs 1993/2003

FIGURE 5- Trend of Global Tariffs 1993/2003

PRIORITY MAIL - EVOLUTION OF PRICES

FIGURE 6 - Real trend in index and real variation in annual average prices - Basic Tariffs

FIGURE 7 - Nominal trend of annual average prices - Global Tariffs

FIGURE 8 - Nominal trend of annual average prices - Basic Tariffs

FIGURE 9 - Trend of Basic Tariffs 1993 /2003

FIGURE 10 - Trend of Global Tariffs 1993 / 2003

INTERNATIONAL COMPARISONS

FIGURE 11 - Prices of the domestic and international services for 2003

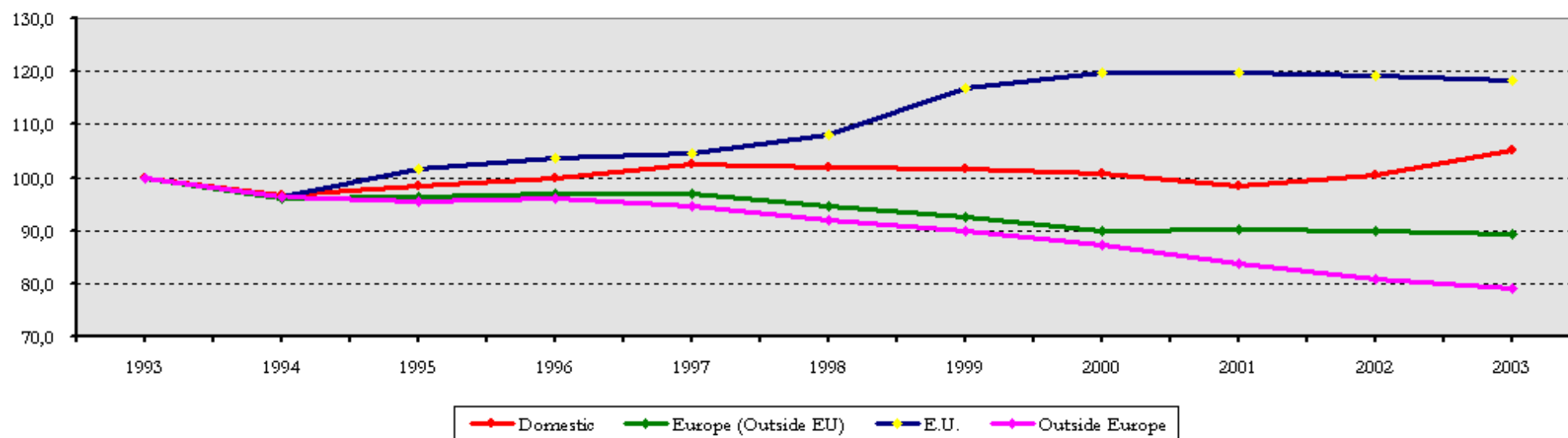
FIGURE 12 - Prices of domestic priority and non-priority mail for 2003

**FIGURE 1 - Real Trend in Index and Real Variation in Annual Average Prices
BASIC TARIFFS - NON-PRIORITY MAIL**

Price Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Domestic	100,0	96,6	98,3	100,0	102,4	102,0	101,7	100,7	98,4	100,6	105,1
Europe (Outside EU)	100,0	95,9	96,4	96,8	97,0	94,5	92,4	89,8	90,3	89,9	89,3
E.U.	100,0	96,2	101,6	103,6	104,4	108,2	116,9	119,6	119,8	119,1	118,4
Outside Europe	100,0	96,3	95,5	96,0	94,5	92,0	89,9	87,4	83,7	81,0	79,0
Conversion Factor	1,46512856	1,54131524	1,60450917	1,65424895	1,69064243	1,73798041	1,77795396	1,82951463	1,91001327	1,97877375	2,028243094

Real Variation	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2001/2003
Domestic	2,8%	-3,4%	1,8%	1,7%	2,4%	-0,4%	-0,3%	-0,9%	-2,4%	2,2%	4,5%
Europe (Outside EU)	-1,0%	-4,1%	0,5%	0,4%	0,2%	-2,6%	-2,2%	-2,8%	0,6%	-0,5%	-0,6%
E.U.	0,3%	-3,8%	5,5%	2,0%	0,8%	3,6%	8,0%	2,4%	0,1%	-0,5%	-0,6%
Outside Europe	1,1%	-3,7%	-0,9%	0,6%	-1,6%	-2,7%	-2,2%	-2,8%	-4,2%	-3,2%	-2,4%
Inflation	6,5%	5,2%	4,1%	3,1%	2,2%	2,8%	2,3%	2,9%	4,4%	3,6%	2,5%

Non-priority Mail - Basic Tariffs - Real Trend (1993=100)

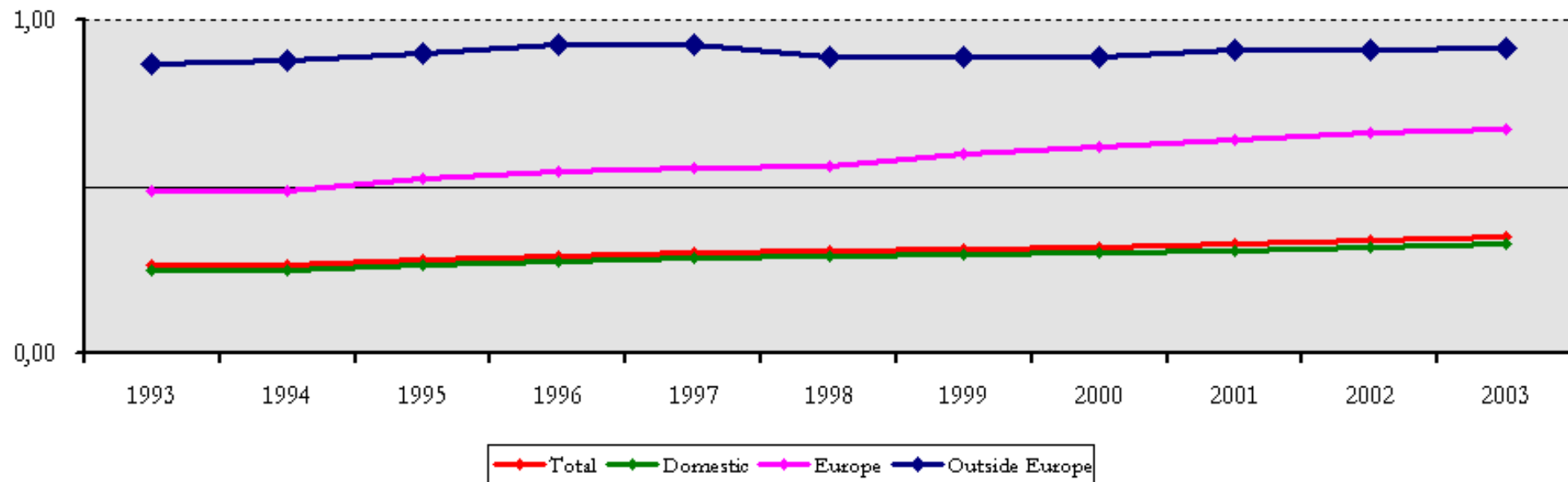


**FIGURE 2 - Nominal Trend in Annual Average Prices
GLOBAL TARIFFS - NON-PRIORITY MAIL**

	(euros)										
Global Tariffs	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	0,26	0,27	0,28	0,29	0,30	0,31	0,31	0,32	0,33	0,34	0,35
Domestic	0,25	0,25	0,26	0,27	0,28	0,29	0,30	0,30	0,31	0,32	0,33
Europe	0,49	0,49	0,52	0,54	0,55	0,56	0,60	0,62	0,64	0,66	0,67
Outside Europe	0,87	0,88	0,90	0,92	0,93	0,89	0,89	0,89	0,91	0,91	0,92

Global Tariffs	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003
Total	7,69%	1,31%	5,56%	3,76%	2,98%	1,90%	2,21%	1,75%	2,44%	3,27%	3,47%
Domestic	8,00%	1,36%	5,56%	3,77%	3,14%	2,13%	1,91%	1,65%	2,39%	3,36%	3,70%
Europe	4,16%	0,74%	6,92%	3,87%	1,98%	1,28%	6,71%	3,51%	3,23%	3,09%	1,66%
Outside Europe	7,14%	1,22%	2,13%	2,90%	0,48%	-4,14%	0,00%	0,00%	1,99%	0,43%	0,55%

Non-priority Mail - Global Tariffs - Nominal Trend



**FIGURE 3 - Nominal Trend in Annual Average Prices
BASIC TARIFFS - NON-PRIORITY MAIL**

(euros)											
Base Tariffs	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TBN-Domestic	0,21	0,21	0,22	0,23	0,24	0,25	0,25	0,26	0,2644	0,28	0,30
TBI-Europe (Outside EU)	0,44	0,45	0,47	0,49	0,50	0,50	0,50	0,50	0,52	0,54	0,55
TBI-EU	0,33	0,33	0,37	0,39	0,40	0,42	0,47	0,49	0,52	0,53	0,54
TBI-Outside Europe	0,64	0,65	0,67	0,69	0,70	0,70	0,70	0,70	0,70	0,70	0,70

Nominal Trend	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003
TBN-Domestic	9,49%	1,61%	5,95%	4,87%	4,64%	2,39%	2,00%	1,96%	1,92%	5,92%	7,14%
TBI-Europe (Outside EU)	5,42%	0,93%	4,63%	3,54%	2,39%	0,17%	0,00%	0,00%	5,00%	3,11%	1,85%
TBI-EU	6,87%	1,23%	9,87%	5,19%	3,01%	6,47%	10,53%	5,32%	4,52%	3,05%	1,88%
TBI-Outside Europe	7,69%	1,30%	3,21%	3,73%	0,60%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%

Non-priority Mail - Basic Tariffs - Nominal Trend

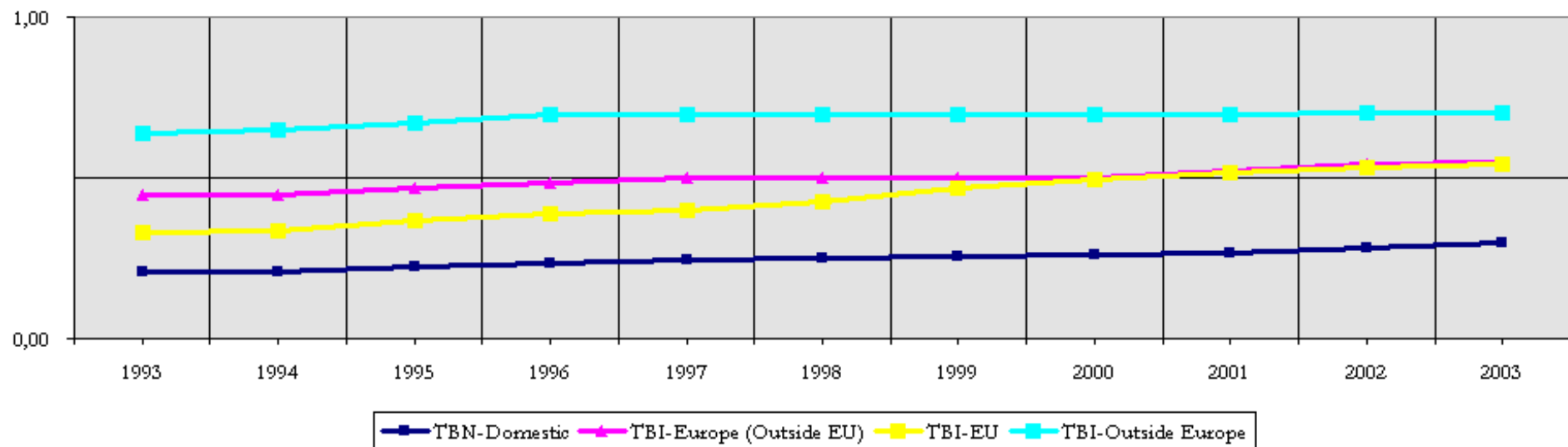


FIGURE 4 - TREND IN BASIC TARIFFS - NON-PRIORITY MAIL 1989/2003

	(euros)										
Basic Tariffs	Mar 1993	1994	Mar 1995	Mar 1996	Fev 1997	Jan 1998	Jan 1999	Jan 2000	Jan 2001	Jan 2002	Jan 2003
Domestic	0,21	0,21	0,22	0,23	0,24	0,25	0,25	0,26	0,26	0,28	0,30
Europe (Outside EU)	0,45	0,45	0,47	0,49	0,50	0,50	0,50	0,50	0,52	0,54	0,55
E.U.	0,33	0,33	0,37	0,39	0,40	0,42	0,47	0,49	0,52	0,53	0,54
Outside Europe	0,65	0,65	0,67	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70

Variation %	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003
Domestic	10,53%	0,00%	7,14%	4,44%	4,26%	2,04%	2,00%	1,96%	1,92%	5,92%	7,14%
Europe (Outside EU)	5,88%	0,00%	5,56%	3,16%	2,04%	0,00%	0,00%	0,00%	5,00%	3,11%	1,85%
E.U.	7,87%	0,00%	11,85%	4,00%	2,56%	6,25%	10,53%	5,32%	4,52%	3,05%	1,88%
Outside Europe	8,33%	0,00%	3,85%	3,70%	0,00%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%

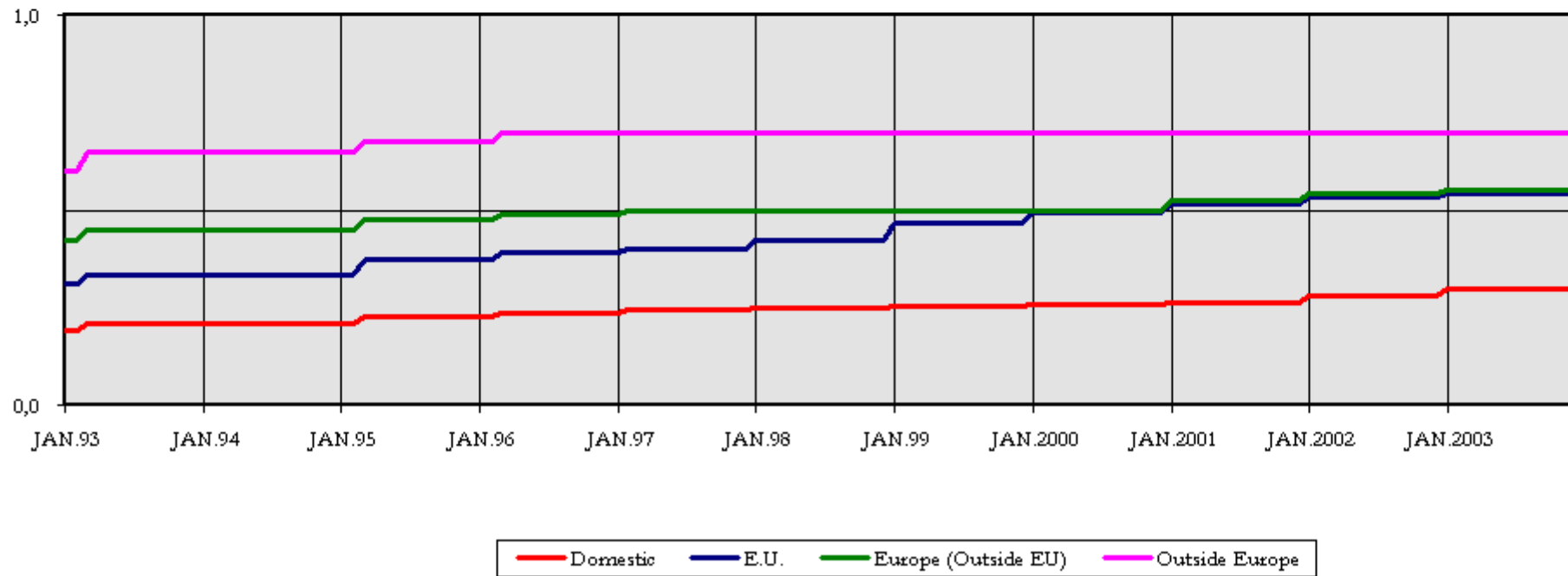
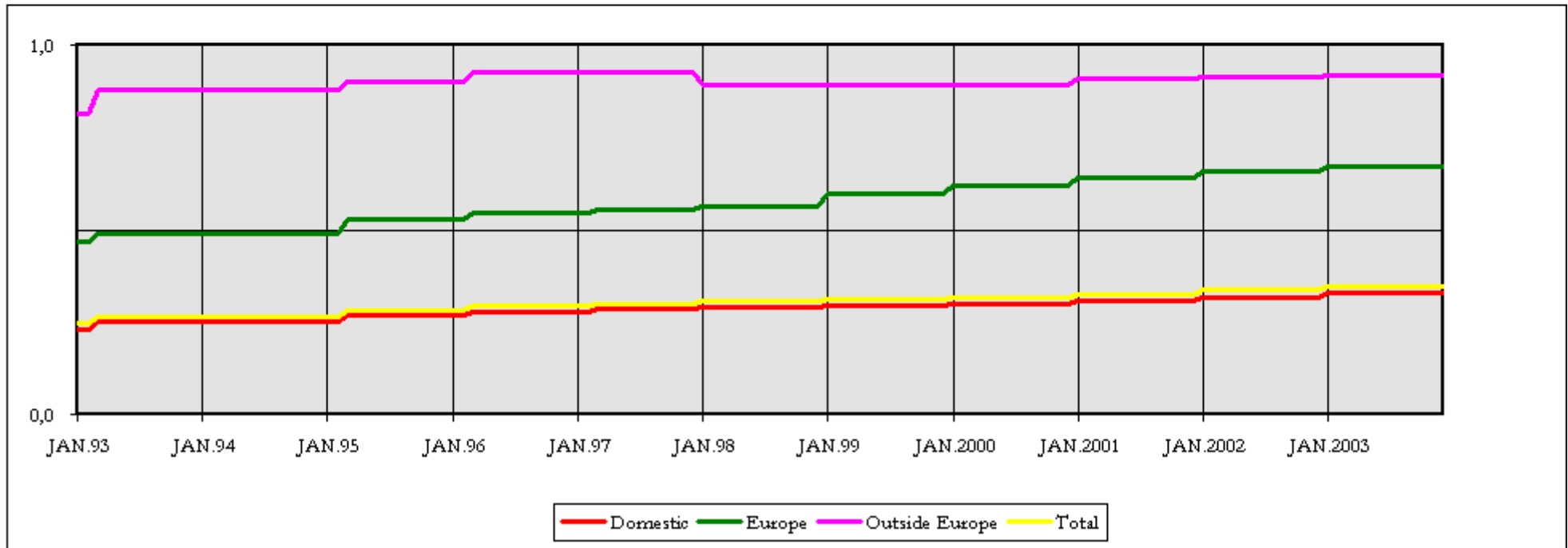


FIGURE 5 - TREND IN GLOBAL TARIFFS - NON-PRIORITY MAIL

(euros)											
Global Tariffs	Mar 1993	1994	Mar 1995	Mar 1996	Fev 1997	Jan 1998	Jan 1999	Jan 2000	Jan 2001	Jan 2002	Jan 2003
Total	0,27	0,27	0,28	0,29	0,30	0,31	0,31	0,32	0,33	0,34	0,35
Domestic	0,25	0,25	0,27	0,28	0,28	0,29	0,30	0,30	0,31	0,32	0,33
Europe	0,49	0,49	0,53	0,55	0,55	0,56	0,60	0,62	0,64	0,66	0,67
Outside Europe	0,88	0,88	0,90	0,93	0,93	0,89	0,89	0,89	0,91	0,91	0,92

Variation %	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2001/2003
Total	8,44%	0,00%	6,67%	3,21%	2,66%	1,68%	2,21%	1,75%	2,44%	3,27%	3,47%
Domestic	8,78%	0,00%	6,67%	3,23%	2,83%	1,90%	1,91%	1,65%	2,39%	3,36%	3,70%
Europe	4,63%	0,00%	8,30%	3,05%	1,61%	1,15%	6,71%	3,51%	3,23%	3,09%	1,66%
Outside Europe	7,78%	0,00%	2,56%	2,97%	0,00%	-4,14%	0,00%	0,00%	1,99%	0,43%	0,55%

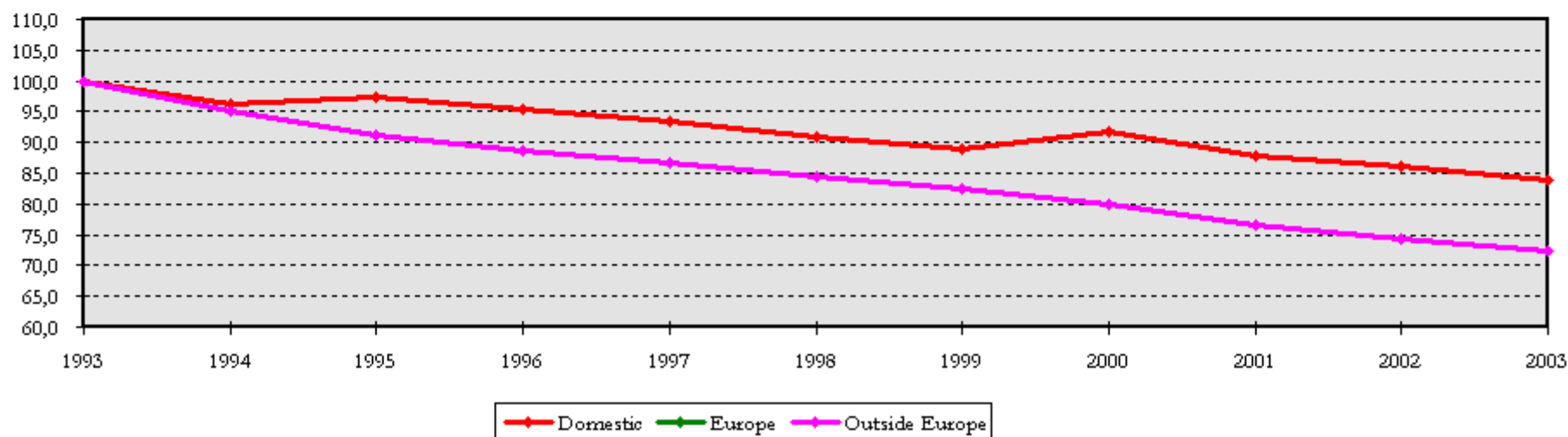


**FIGURE 6 - Real Trend in Index and Real Variation in Annual Average Prices
BASIC TARIFFS PRIORITY MAIL**

Real Price Index	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Domestic	100,0	96,1	97,5	95,5	93,5	90,9	88,9	91,8	87,9	86,1	84,0
Europe	100,0	95,1	91,3	88,6	86,7	84,3	82,4	80,1	76,7	74,2	72,4
Outside Europe	100,0	95,1	91,3	88,6	86,7	84,3	82,4	80,1	76,7	74,2	72,4
Conversion Factor	1,065	1,12038	1,1663156	1,2024714	1,2289257	1,2633357	1,2923924	1,3298718	1,3883861	1,438368	1,4743272

Growth Rates	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003
Domestic	-0,5%	-3,9%	1,4%	-2,0%	-2,2%	-2,7%	-2,2%	3,3%	-4,2%	-2,1%	-2,4%
Europe	-6,1%	-4,9%	-3,9%	-3,0%	-2,2%	-2,7%	-2,2%	-2,8%	-4,2%	-3,2%	-2,4%
Outside Europe	-6,1%	-4,9%	-3,9%	-3,0%	-2,2%	-2,7%	-2,2%	-2,8%	-4,2%	-3,2%	-2,4%
Inflation	6,5%	5,2%	4,1%	3,1%	2,2%	2,8%	2,3%	2,9%	4,4%	3,6%	2,5%

PRIORITY MAIL - BASIC TARIFFS - REAL TREND (1993 = 100)

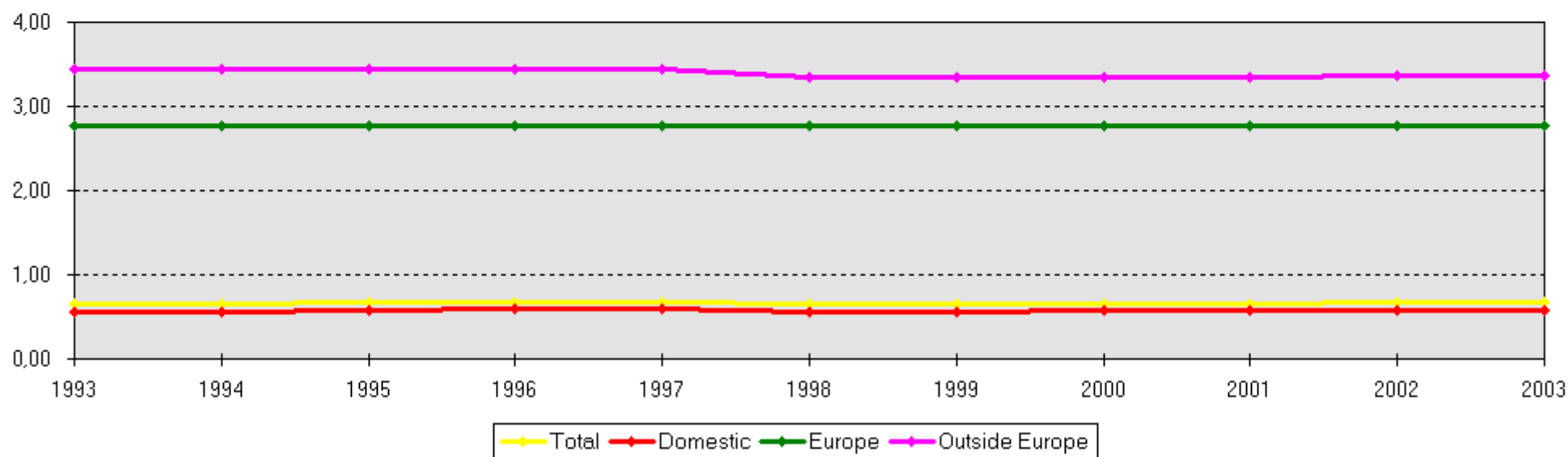


**FIGURE 7 - Trend in Annual Average Prices
GLOBAL TARIFF**

	(euros)										
Global Tariffs	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	0,65	0,65	0,67	0,67	0,67	0,65	0,65	0,66	0,66	0,67	0,67
Domestic	0,56	0,57	0,58	0,59	0,59	0,56	0,56	0,58	0,58	0,58	0,58
Europe	2,78	2,78	2,78	2,78	2,78	2,77	2,77	2,77	2,77	2,78	2,78
Outside Europe	3,45	3,45	3,45	3,45	3,45	3,35	3,35	3,35	3,35	3,36	3,36

Variation %	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	5,51%	1,04%	2,58%	0,50%	0,00%	-4,02%	0,00%	2,64%	0,00%	0,88%	0,00%
Domestic	6,68%	1,25%	3,09%	0,60%	0,00%	-4,62%	0,00%	3,15%	0,00%	1,00%	0,00%
Europe	0,00%	0,00%	0,00%	0,00%	0,00%	-0,23%	0,00%	0,00%	0,00%	0,24%	0,00%
Outside Europe	0,00%	0,00%	0,00%	0,00%	0,00%	-2,79%	0,00%	0,00%	0,00%	0,24%	0,00%

PRIORITY MAIL - GLOBAL TARIFFS - NOMINAL TREND



**FIGURE 8 - Trend in Annual Average Prices
BASIC TARIFF**

(euros)											
Base Tariffs	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TBN-Domestic	0,37	0,37	0,39	0,40	0,40	0,40	0,40	0,42	0,42	0,43	0,43
TBI-Europe	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,746	1,750	1,750
TBI-Outside Europe	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,746	1,750	1,750

Variation %	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TBN-Domestic	5,95%	1,12%	5,56%	1,05%	0,00%	0,00%	0,00%	6,25%	0,00%	1,42%	0,00%
TBI-Europe	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%
TBI-Outside Europe	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%

PRIORITY MAIL - BASIC TARIFFS - NOMINAL TREND

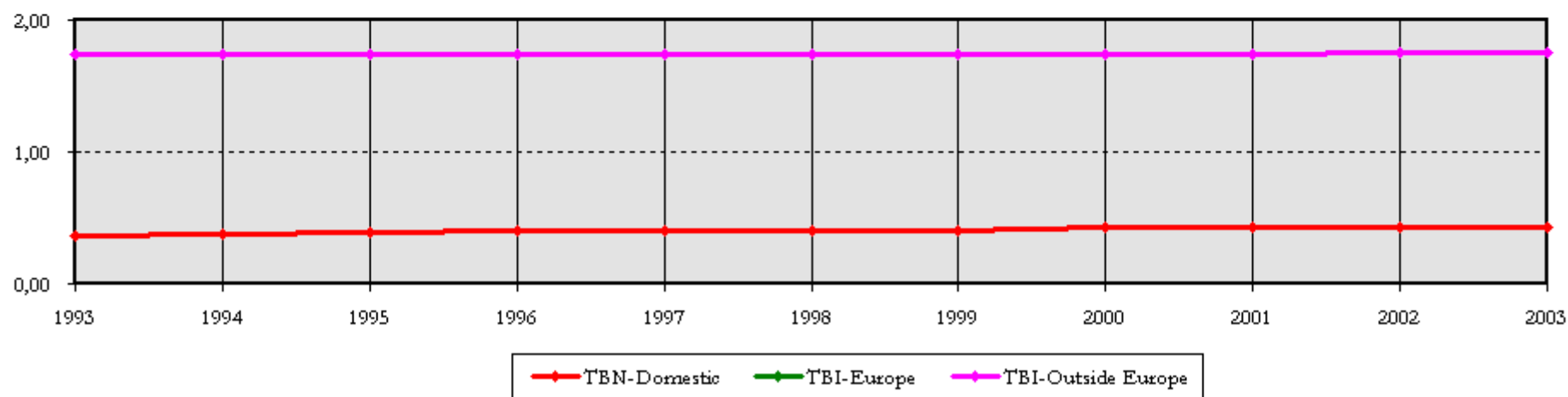


FIGURE 9 - TREND IN BASIC TARIFFS - PRIORITY MAIL

(euros)											
Base Tariffs	Mar 1993	1994	Mar 1995	Mar 1996	Fev. 97	Jan. 98	Jan. 99	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003
TBN-Domestic	0,37	0,37	0,40	0,40	0,40	0,40	0,40	0,42	0,424	0,430	0,430
TBI-Europe	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,746	1,750	1,750
TBI-Outside Europe	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,75	1,746	1,750	1,750

Variation %	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TBN-Domestic	7,14%	0,00%	6,67%	0,00%	0,00%	0,00%	0,00%	6,25%	0,00%	1,42%	0,00%
TBI-Europe	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%
TBI-Outside Europe	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,24%	0,00%

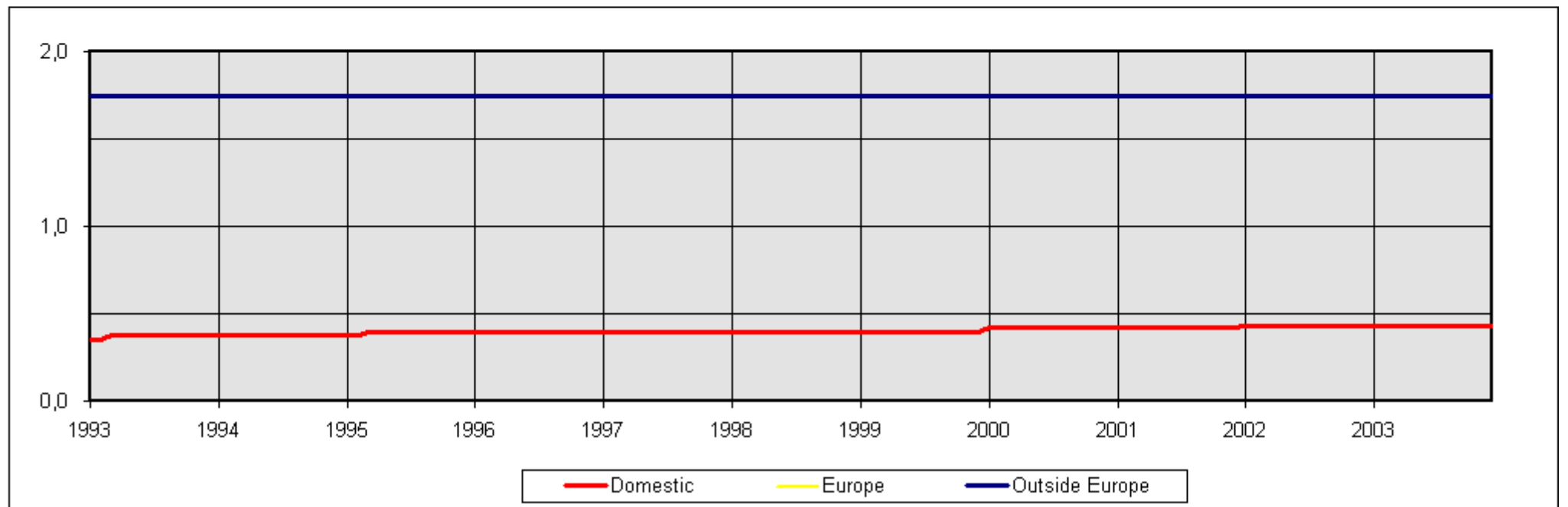


FIGURE 10 - TREND IN GLOBAL TARIFFS - PRIORITY MAIL

(euros)

Global Tariffs	Mar. 1993	1994	Mar. 1995	Mar. 1996	Fev. 1997	Jan. 1998	Jan. 1999	Jan. 2000	Jan. 2001	Jan. 2002	Jan. 2003
Total	0,65	0,65	0,67	0,67	0,67	0,65	0,65	0,66	0,66	0,67	0,67
Domestic	0,57	0,57	0,59	0,59	0,59	0,56	0,56	0,58	0,58	0,58	0,58
Europe	2,78	2,78	2,78	2,78	2,78	2,77	2,77	2,77	2,77	2,78	2,78
Outside Europe	3,45	3,45	3,45	3,45	3,45	3,35	3,35	3,35	3,35	3,36	3,36

Variation %	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total	6,61%	0,00%	3,10%	0,00%	0,00%	-4,02%	0,00%	2,64%	0,00%	0,88%	0,00%
Domestic	8,02%	0,00%	3,71%	0,00%	0,00%	-4,62%	0,00%	3,15%	0,00%	1,00%	0,00%
Europe	0,00%	0,00%	0,00%	0,00%	0,00%	-0,23%	0,00%	0,00%	0,00%	0,24%	0,00%
Outside Europe	0,00%	0,00%	0,00%	0,00%	0,00%	-2,79%	0,00%	0,00%	0,00%	0,24%	0,00%

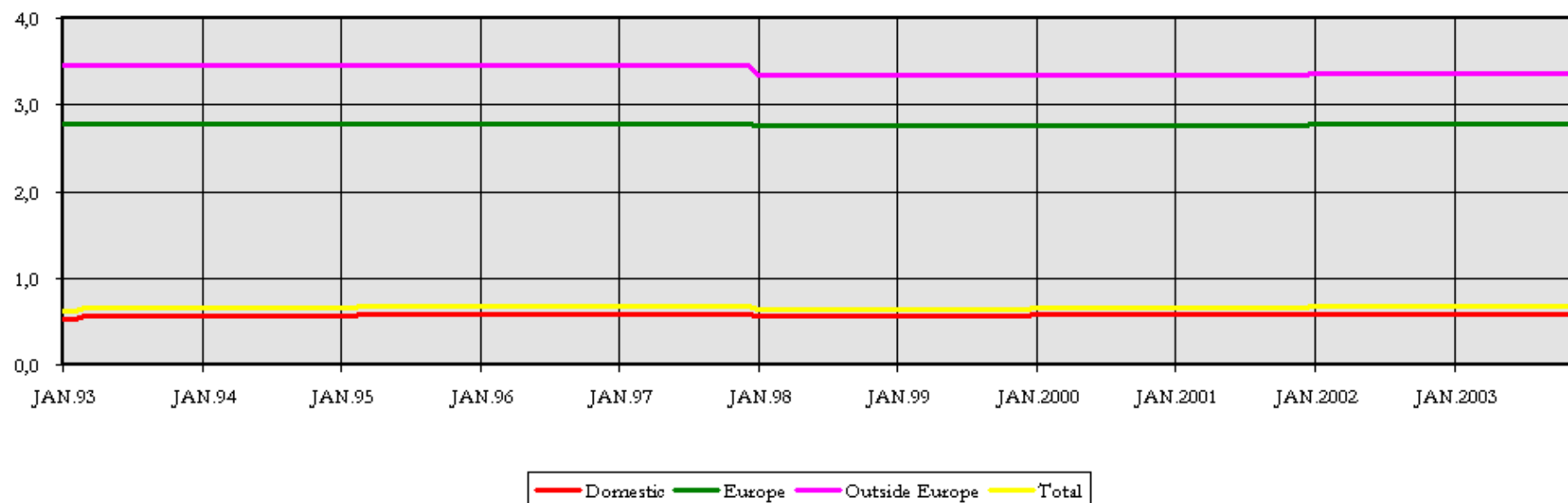


FIGURE 11 - Prices of domestic and international service - Portugal 2003

	Portugal	EU Average	Deviation %
	€	€	
Domestic Service			
Priority Mail	0,43	0,48	-10,4%
Non-priority Mail	0,30	0,42	-29,0%
International Service			
EU	0,55	0,56	-2,2%
Europe Outside EU	0,55	0,57	-3,9%
Rest World	0,70	0,78	-10,7%

FIGURE 12 - Prices of domestic priority mail and domestic non-priority mail 2003

Priority Mail	
Italy	0,62
Sweden	0,60
Finland	0,60
Germany	0,55
Denmark	0,57
Austria	0,51
France	0,46
Luxembourg	0,45
England	0,41
Spain	0,26
Belgium	0,49
Ireland	0,41
Greece	0,45
Netherlands	0,39
Portugal	0,43
EU Average	0,48

Non-Priority Mail	
Sweden	0,55
Finland	0,50
Denmark	0,54
Italy	0,41
Greece	0,40
England	0,29
Belgium	0,41
Portugal	0,30
EU Average	0,42