



Entel's Controlling Shareholder and Grupo GTD Sign Agreement with Intent to Merge Both Companies

- **Agreement will create a company capable of delivering additional and improved services to homes and businesses within a converging world**

Santiago, Chile – November 29, 2011 – Empresa Nacional de Telecomunicaciones S.A. (Bolsa de Comercio de Santiago: ENTEL) (“the Company” or “Entel”) announced that Entel’s controlling shareholder, Almendral, and the shareholders of Grupo GTD signed an agreement with the intent to merge operations of both telecommunications companies, which will be finalized via agreements signed at a later date.

The negotiations per this agreement, which were disclosed to Entel’s Board of Directors yesterday, have taken place over the course of previous weeks. The operation will take place through a share exchange, by which current holders of Grupo GTD will hold 9.8% of Entel’s shares upon completion of the transaction. The operation will take several months and will require the refinement of various aspects, as well as obtaining the corresponding approvals.

Grupo GTD’s President, Mr. Manuel Casanueva, stated, “This agreement will allow greater investment in networks and equipment, which will provide additional and improved services to our enterprises and residential clients, always maintaining the same level of client attention that characterizes Grupo GTD.”

Entel’s Chief Executive Officer, Mr. Antonio Buchi, added, “The merged company will create value within the market. This operation is of great importance to our future development and will allow us to leverage areas such as fixed connectivity and the residential segment. The greater fiber optic network coverage access, among other factors, will make Entel more competitive with bigger actors within the telecommunications industry, which are already integrated and each day more convergent.”

It is estimated that obtained synergies and complementary services will be reflected in an improved and more ample high quality service offering in the residential and business segments. With this merger a more competitive actor will be created in this market.

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About Entel

Empresa Nacional de Telecomunicaciones S.A. is the largest telecommunications Company in Chile with Ch\$ 1,086,816 million in annual revenues reported in December 2010. The Company provides mobile and wireline services (including Data & IT, Internet, local telephony, call center, long distance and related services). Entel also has wireline and call center operations in Peru. Entel is listed on the Chilean Stock Exchange (Bolsa de Comercio de Santiago) under the ticker symbol ENTEL and is headquartered in Santiago, Chile. For more information, visit www.entel.cl

About Grupo GTD

Grupo GTD counts among its business areas, business services which include Internet, data, local telephony, as well as residential offerings of local telephony, Internet and Paid TV, focused on specific geographical areas via a platform of fiber and copper access networks. These services are offered through affiliates GTD Teleductos, GTD Telesat, GTD Internet, GTD Long Distance, GTD Image, GTD Manquehue, Telefónica del Sur and Telcoy. Grupo GTD bills approximately \$150 billion annually. For more information, visit www.grupogtd.cl

This document contains certain "forward-looking statements" which are based on management's expectations as well as on a number of assumptions concerning future events resulting from currently available information. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are out of Entel's control, which could cause actual results to materially differ from such statements.