

## Second Quarter 2010 Results

Santiago, Chile – August 3, 2010 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced unaudited results for the second quarter ended June 30, 2010. All figures are expressed in Chilean Pesos and are reported according to International Financial Reporting Standards (IFRS). The exchange rate at June 30, 2010 was Ch\$ 547.19/US\$ 1. Average inflation from 2Q09 to 2Q10 was 0.9%.

### Consolidated Financial Highlights IFRS

In millions of Chilean pesos  
(except EPS figures)

#### Quarterly Highlights:

- Total mobile customer base grew 14% when compared to June 2009, reaching 6,783,667. Post-paid subscriber base (including mobile broadband) expanded 21%, representing 33% of the total base. Mobile broadband subscribers continued its strong development, reaching 343,350 customers, an 88% increase compared to 2Q09.
- Revenues during the quarter totaled Ch\$267.3 billion, 12% higher than 2Q09.
- EBITDA for the quarter reached Ch\$ 110.5 billion, expanding 13% when compared to 2Q09. EBITDA margin was 41%. Operating income grew 15%, rising to Ch\$ 51.5 billion in 2Q10.
- Net income totaled Ch\$ 41.9 billion, 26% higher than the comparable period of 2009.

	2Q10	2Q09	% Var.	1Q10	6M10	6M09	% Var.
<b>Total Revenues</b>	267,315	238,801	12%	251,311	518,627	491,081	6%
EBITDA	110,546	97,674	13%	102,945	213,491	196,946	8%
EBITDA Margin	41%	41%		41%	41%	40%	
Operating Income (EBIT)	51,488	44,915	15%	46,525	98,013	87,113	13%
Net Financing Cost	(1,648)	(4,912)	66%	(2,345)	(3,993)	(10,044)	60%
Tax	(7,912)	(6,707)	-18%	(7,246)	(15,158)	(12,566)	-21%
Net Income	41,928	33,295	26%	36,934	78,862	64,504	22%
EPS	177.27	140.77	26%	156.15	333.42	272.71	22%

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**Comments from the Chief Financial Officer:**

- The economic environment is showing a persistent shift in trends, driving the economy to a robust expansion. Within this environment, the Company reported strong results.
- During the quarter, consolidated revenues expanded 12%, driven by 18% growth in the mobile business. On the other hand, revenues in the Chile wireline related to the low margin traffic business and public services declined.
- EBITDA grew 13%, with improvements across all segments, especially in the mobile business and the Chile wireline. EBIT rose 15%.
- Net Income increased 26% during the quarter, explained by higher operating income and lower net financing costs mostly related to mark-to-market accruals on hedging derivative instruments.

***Note: Please see an accompanying presentation at [www.entel.cl](http://www.entel.cl), within the "Investors" section for additional information.***

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.

## Consolidated Revenues

(in millions of Chilean Pesos)

	2Q10	2Q09	% Var.	1Q10	6M10	6M09	% Var
<b>Total Revenues</b>	<b>267,315</b>	<b>238,801</b>	<b>12%</b>	<b>251,311</b>	<b>518,627</b>	<b>491,081</b>	<b>6%</b>
Mobile services	206,323	175,457	18%	191,968	398,291	363,624	10%
Data services (includes IT)	19,849	19,849	0%	19,170	39,018	39,541	-1%
Local telephony (includes NGN-IP)	9,814	10,326	-5%	9,741	19,555	21,070	-7%
Long distance	8,462	9,121	-7%	9,028	17,490	18,352	-5%
Internet	3,786	3,777	0%	3,869	7,655	7,797	-2%
Other telecommunication companies	4,284	4,206	2%	4,061	8,345	8,710	-4%
Traffic business	6,679	8,910	-25%	6,161	12,840	17,056	-25%
Americatel Perú	4,934	5,201	-5%	4,892	9,827	10,356	-5%
Call Center services and others	1,716	1,176	46%	1,895	3,611	2,775	30%
Others Revenues - Non core (1)	1,468	778	89%	526	1,995	1,800	11%

**Consolidated revenues** during the quarter reached Ch\$ 267.3 billion, an expansion of 12% when compared to 2Q09 figures. This growth was explained by: a) 18% expansion in mobile as a result of higher service revenues due to a 13% and 4% increases in the average customer base and ARPU, respectively. The mobile broadband customer base spiked 88%. ARPU grew 4% mainly due to an increase in VAS usage, partially offset by lower average voice tariffs. In addition, equipment sales grew 30%, b) Call Center services and others increased 46%, in-line with higher activity in both Chile and Peru, c) Other telecommunication companies revenues increased 2%, associated with network rentals to international operators. These enhancements were partially offset by reductions in: a) Revenues in the traffic business decreased 25%, basically due to a decline in traffic and average tariffs in wholesale, the latter a result of an 8% reduction in the average CH\$/US\$ exchange rate, b) 7% decline in long distance due to lower revenues in DLD, principally associated with lower traffic in the corporate and SME segment, and reduced average tariffs and traffic in the residential segment. This was partially offset by ILD revenues, which increased as a consequence of higher average tariffs across the board, especially in the corporate and SME segment, c) Local telephony decreased 5% due to reduced ARPU in corporate & SME, driven by lower traffic. Total lines in service (including NGN-IP) remained flat for the period, d) 5% reduction in Americatel Peru revenue basically related to long distance and wholesale, partially offset by datacom services provided to the corporate and SME segments.

Revenues from data services (including IT) remained flat, primarily resulting from the accrual of new contracts signed in the recent months, completely offset by the impact of the termination of certain low margins IT contracts in the corporate & SME segments.

Revenues for the first half of 2010 grew 6% when compared to the same period of 2009.

(1) Other revenues (Non-core): revenues which are not a part of the Company's core business include gains/(losses) in sales of fixed assets and interest accrued on past due invoices and leasing operations.

### Consolidated Cost of Operations

(in millions of Chilean Pesos)

	2Q10	2Q09	% Var.	1Q10	6M10	6M09	% Var
<b>Cost of Operations</b>	<b>215,828</b>	<b>193,886</b>	<b>11%</b>	<b>204,786</b>	<b>420,614</b>	<b>403,968</b>	<b>4%</b>
Access charges & Payments to corresp.	39,083	42,827	-9%	43,514	82,598	93,374	-12%
Salaries and expenses	27,119	25,858	5%	24,811	51,929	50,228	3%
Outsourced, Supplies and Equipment Services	5,741	4,839	19%	6,514	12,253	10,825	13%
Bad debt provisions	5,888	7,828	-25%	6,864	12,752	15,320	-17%
Advertising, Sales commissions & expenses	35,413	26,618	33%	27,842	63,255	52,747	20%
Depreciation, amortization and Impairment	59,058	52,759	12%	56,420	115,478	109,832	5%
Others	43,525	33,157	31%	38,822	82,349	71,642	15%

**Consolidated cost of operations** during the quarter totaled Ch\$ 215.8 billion, rising 11% when compared to 2Q09. This increase was explained by: a) advertising, sales commissions and sales expenses grew 33%, best explained by costs related with higher gross sales and sales commissions in the mobile business, in-line with the strong growth in the postpaid (including mobile broadband) customer base. Advertising also grew in the mobile and Chile wireline associated with the launching of the new brand campaign and World Cup soccer promotions, while Americatel Peru posted a decline, b) depreciation, amortization and impairments increased 12%, related mainly to higher investments in 3.5G mobile infrastructure and software. Partially offsetting this was a decline at Chile wireline, c) 5% increase in salaries and expenses, principally in the Chile wireline, partially offset by lower costs in the mobile business and Americatel Peru., d) outsourced, supplies and equipment costs grew 19% principally associated with higher activity in the mobile business, and in the Chile wireline, e) others increased 31% mainly in mobile related to rentals, coverage expansion and maintenance in new 3.5G sites and repairs caused by the earthquake. This was partially offset by a decline in Chile wireline and Americatel Peru. Partially offsetting these increases were a) 9% decline in access charges and payments to correspondents, mainly in the Chile wireline, in-line with lower traffic business revenues, and the accrual of a onetime benefit related to access charges with the local incumbent and to correspondants agreements adjustments. Partly counterbalancing, were higher access charges in the mobile business associated with higher traffic, b) Bad debt declined 25%, principally in the Chile wireline.

Cost of operations for the first half 2010 increased 4%.

### EBITDA and Operating Income

Based on the above, EBITDA for the quarter reached Ch\$ 110.5 billion, 13% higher than the Ch\$ 97.7 billion achieved in 2Q09. This was principally due to improvements across all businesses, especially in the mobile business (+11%) and Chile wireline (+18%).

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In the second quarter 2010, EBITDA margin reached 41%, a 45 bps improvement when compared to 2Q09.

Operating Income for the quarter amounted to Ch\$ 51.5 billion, a 15% improvement when compared to the Ch\$ 44.9 billion reported in 2Q09. This was a result of a substantial improvement in the Chile wireline, in addition to the mobile business. In addition, progress was shown in Americatel Peru.

For the first half 2010, EBITDA grew 8% and Operating Income expanded 13%. EBITDA margin rose to 41% from 40% reported in the same period 2009.

### Financial Expenses Results

	2Q10	2Q09	% Var.	1Q10	6M10	6M09	% Var.
<b>Net Financing Cost and Others</b>	(1,648)	(4,912)	66%	(2,345)	(3,992)	(10,044)	60%
Net Financial Expenses	(2,254)	(2,750)	18%	(2,248)	(4,501)	(5,147)	13%
Foreign Exchange Fluctuation & Readjustment	606	(2,162)	n.a	(97)	509	(4,897)	n.a

Net Financing Costs and others totaled a Ch\$ 1.6 billion loss, a 66% improvement when compared to 2Q09 figures. This decrease was attributed principally to profit on mark-to market accounting for hedging derivatives during the quarter. Additionally, net financial expenses declined due to lower interest rates in the period.

### Net Income

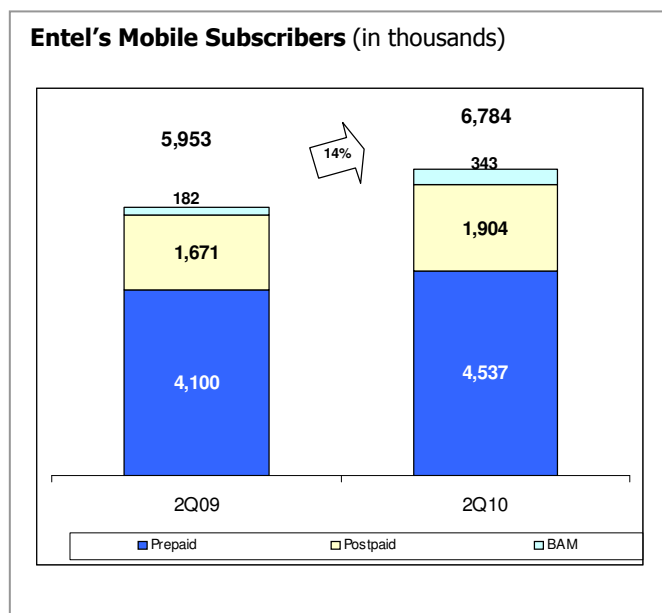
Net Income for the period reached Ch\$ 41.9 billion, 26% higher than the Ch\$ 33.3 billion reported in 2Q09.

For the first six months, Net Income expanded 22% when compared to the same period of 2009.

## **INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSSINESS SEGMENT** <sup>(2)</sup>

### Mobile Business:

During 2Q10, revenues amounted to Ch\$ 210.2 billion, growing 18% from the Ch\$ 177.5 billion in 2Q09. Service revenues were up 17%, mainly driven by the growth in the customer base (+14%) and ARPU (+4%). Monthly voice services together with access charge revenues grew fueled by higher traffic. VAS during the quarter posted strong growth (+46%), triggered by an increase in mobile broadband customers (+88%), and innovative services related to Internet browsing and e-mail. In addition, equipment sales increased (+30%), resulting from higher sales in both post and prepaid segments.



Within a strong market evolution, the mobile customer base expanded 14%, reaching 6,783,667 clients, with a 38% market share of active customers.

Postpaid customer base grew 21% (including mobile broadband), and currently represents 33% of the customer base. Growth was primarily supported by the introduction of new plans, and selective promotions to encourage the migration to 3G equipment. Mobile broadband increased significantly, while the customer base reached 343 thousands, expanding 88% from 2Q09. This was a result of continuous efforts to deliver the best user experience to customers via Entel's high-quality network. Entel continues leading in the market, offering a high variety of plans offering differentiated guaranteed speeds from 700 kbps to 8Mbps.

Prepaid segment base grew 11%. This was achieved through the strengthening of the open sales model and promotions at major retailers.

Blended ARPU increased 4%, mainly explained by the higher innovative VAS usage (including broadband). The impact of higher voice MOU was more than offset by lower average tariffs in the prepaid segment.

The blended churn rate for the quarter was 1.50%, a decline compared to 1.59% in 2Q09.

Entel and Samsung signed a long-term strategic alliance to encourage innovation, research and development to offer widespread access to new technologies in Chile. This partnership reaffirms Entel's permanent advocacy for technological leadership and innovation through the development of innovative services with high growth prospects, thus reinforcing the Company's value proposition, while delivering the best service experience to customers.

Chile's National Soccer Federation renewed Entel's sponsorship of the national team for an additional four years, thus re-affirming the Company's commitment to this popular sport. Also, the Company will start transmission of national soccer championship goals to clients.

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(2) Includes Intercompany

EBITDA for the quarter rose 11%, reaching Ch\$ 80.6 billion compared to the Ch\$ 72.5 billion in 2Q09. This improvement was explained by higher gross service margins due to an expansion in revenues derived from growth in the customer base. Equipment sales margins also grew, driven by the prepaid segment. These improvements were partially offset by higher SG&A expenses, principally advertising, sales commissions and sales expenses related to marketing campaigns and sales costs to sustain increased sales activity, especially in postpaid (including broadband). EBITDA margin in 2Q10 reached 38%, lower than the 41% achieved in 2Q09.

Depreciation for the quarter increased as a result of 3.5G network expansion and software developments. Operating income for the quarter totaled Ch\$ 38.7 billion, a 4% increase when compared to the Ch\$ 37.4 billion reported in the same quarter of the previous year.

For the first half 2010, EBITDA amounted to Ch\$ 156.6 billion, a 5% increase compared to the same period in 2009. EBITDA margin reached 39%, 200bp below the figure reported in same period 2009.

For the first half 2010, EBIT reached Ch\$ 74.9 billion, almost flat when compared to the same period in 2009.

**Chile Wireline Results:**

**Revenues**  
(in millions of Chilean Pesos)

Ch\$ (millions)	2Q10	2Q09	% Var.	1Q10	6M10	6M09	% Var
<b>Revenues*</b>	<b>71,890</b>	<b>70,884</b>	<b>1%</b>	<b>70,913</b>	<b>142,802</b>	<b>142,976</b>	<b>0%</b>
Corporate and SME	37,184	38,102	-2%	36,173	73,358	75,796	-3%
Residential	5,163	6,057	-15%	5,734	10,897	12,203	-11%
Infraest. Serv. Telcos, Traffic B. and Others	29,128	26,165	11%	28,700	57,826	53,636	8%
Others Revenues (Non-core)	415	560	-26%	306	721	1,341	-46%

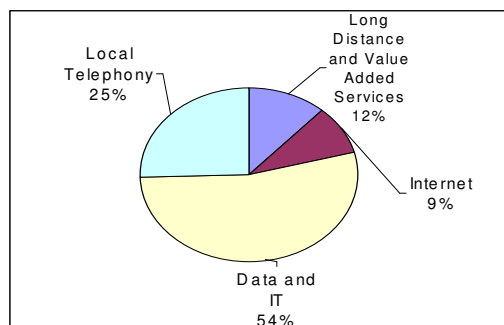
\*Includes inter-company revenues with Mobile and Int'l subsidiaries and support companies.

Chile Wireline revenue reached Ch\$ 71.9 billion, a 1% increase when compared to the Ch\$ 70.9 billion reported in the comparable period of 2009.

**Corporate and SME** segment revenues for the quarter fell 2% when compared to 2Q09 figures. This decline was mostly associated with lower local telephony traffic, despite the slight increase in lines in service. DLD revenues also declined due to lower traffic, while ILD revenues increased due to higher tariffs. In addition, IT/Data remained flat, impacted by the non-renewal of low margin IT contracts.

**Corporate and SME Revenue**

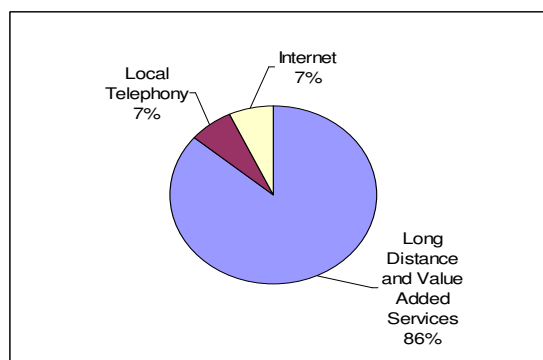
**Distribution 2Q10** (local telephony includes NGN)



**Residential segment** revenues declined 15%, associated with a drop in LD, mainly in DLD due to lower tariffs and traffic. This decline was partially offset by higher revenues in ILD, in-line with higher tariffs and traffic. Local telephony revenues also declined as a result of lower ARPU and line disconnections. In addition, Internet decreased as a consequence of a smaller broadband customer base. This is in-line with the Company's strategic decision of not investing in areas with low competitive advantages.

**Residential Revenue**

**Distribution 2Q10**



**Infrastructure service to other Telecom companies, traffic business and other revenues** increased 11% during the quarter, basically due to the expansion in revenues from network leases, mainly related to services provided to related companies (Entel PCS). This growth was partially offset by a decline in the low margin traffic business, impacted by lower traffic and tariffs. The decline in tariffs was partially the result of lower average CH\$/US\$ exchange rates during the period (-8%).

Operating costs decreased 6% to Ch\$ 59.4 billion from the Ch\$ 63.2 billion reported in 2Q09. The main declines were in access charges and payments to correspondents related to reduced activity in the low margin traffic business, coupled with lower traffic in local telephony. Also, there was an accrual of a onetime benefit related to access charges with the local incumbent and to correspondent agreements. In addition, bad debt provisions and depreciation declined. These, were partially offset by an increase in salaries, advertising and maintenance costs due to the earthquake.

The aforementioned factors resulted in operating income of Ch\$ 12.5 billion, substantial growth compared to Ch\$ 7.7 billion in 2Q09. EBITDA grew 18% to reach Ch\$ 29.0 billion, while the EBITDA margin was 40%, higher than the 35% reported in last year's comparable quarter. Excluding non-recurring benefits, EBITDA margin in 2Q10 would have been 37%.

The improved performance reflects Entel's strategy to focus on segments with high competitive advantages, along with tight control over costs in mature businesses.

For the first half of 2010, EBITDA reached Ch\$ 54.9 billion, 18% higher when compared to the same period in 2009. EBITDA margin reached 38%, increasing 500bps from 2Q09.

For the first semester of 2010, EBIT totaled Ch\$ 22.5 billion compared to Ch\$ 12.8 billion in 2009, a 75% expansion.

#### **Chile Wireline Main Activities by Services:**

- **Data & IT Services – Corporate / SME segments**

Entel continued to consolidate its position in the IT outsourcing market. As part of this strategy, the Company launched a new data center in Ciudad de Los Valles (with a Master Plan of 8.000 square meters), which adds to Entel's current network of interconnected data centers providing the highest security standards and world-class capacity. The data center incorporates all of Entel's technical and management capabilities, allowing the Company to deliver a wide range of IT services and on-demand solutions, such as "Software as a Service", dedicated virtual servers, on-demand hosting and storage, network services and on-demand security access. With this platform, Entel will be the first Company in Chile to deliver the most secure and advanced Cloud Computing services.

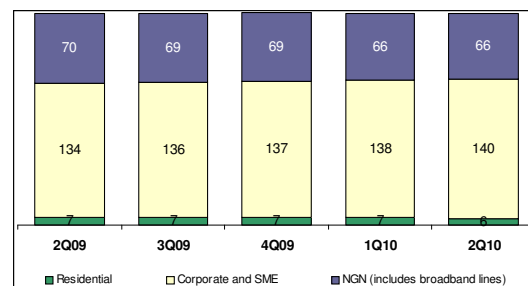
For third consecutive year, the Company successfully hosted the “Entel Summit 2010”, attended by over 1,600 people, featuring presentations by renowned speakers and partners from the world of technology and business. The event was highlighted by keynote speaker Mr. Jack Dorsey, the founder of Twitter. Entel emphasized the Company’s new, virtual platform that allows Entel to offer a variety of on-demand services.

During the quarter the following contracts were signed, among others:

- **Elecmetal (Metallurgical Company):** This agreement consists of the outsourcing of 1,300 terminals via “thin client applications”, in addition to the management of a 22 server site.
- **Lumina Cooper Mining - Faena Caserones (a leading Copper Mining Company):** The agreement includes the provisioning of a data network between Santiago and mining camps. Additional services will be provided, such as private and public telephony and mobile coverage.
- **Coopeuch (Leading Financial Services Institution):** The agreement includes data network connectivity for 86 branches nationwide, with over 50% of the sites comprising network back-ups.
- **Local Telephony (including NGN-IP)**  
Lines in service at the end of the second quarter totaled 212 thousand, remaining flat when compared to 2Q09. The increase was mostly in traditional lines in the Corporate and SME segment, while LIS in the residential segment declined. NGN-IP lines declined for the period.

### Lines in Service

(In thousand)

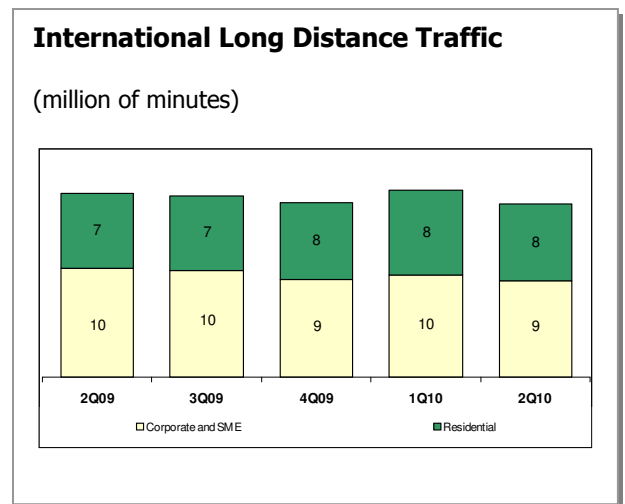
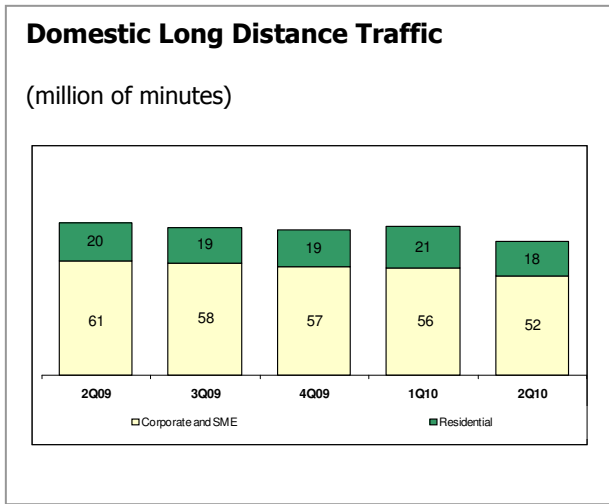


### Long Distance

- DLD traffic decreased 13%, principally as a result of lower activity in direct dialing in all segments. The average tariff also fell, best explained by a reduction in the residential segment.

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- ILD traffic declined 6%, in-line with reduced activity in the corporate and SME segment. The average tariff increased, driven by the corporate and SME.
- Entel's ILD average market share increased 2%, reaching 40%, while DLD market share declined to 32%, 1% lower compared to 2Q09.



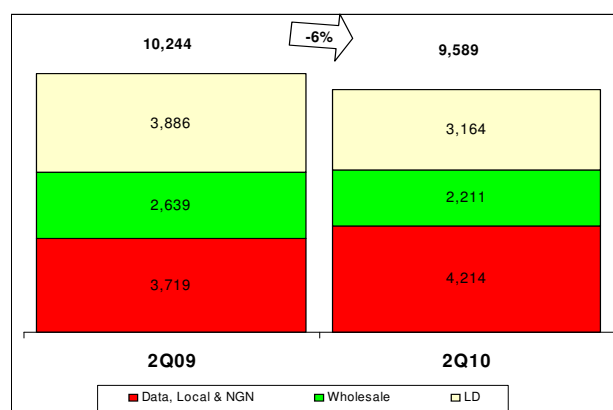
## Americatel Peru

In June, Americatel Peru launched a new business line to support its Corporate and SME clients: a wide variety of IT services such as virtual servers, on-demand hosting and storage services among others. Services will be provided through Entel's state-of-the-art network of data centers in Chile, including the recently opened in Ciudad de los Valles data center.

Revenues for the quarter amounted to US\$ 9.5 million, a 6% decline when compared to figures reported in 2Q09. This decrease was mainly associated with long distance revenue as a consequence of the continued migration to mobile. In addition, wholesale business revenue decreased due to lower average tariffs, partially offset by higher incoming traffic. On the other hand, there was a 12% growth in datacom services (voice, data and internet) supplied over Americatel Peru's own access network focused on providing integrated services to the enterprise segment in Lima.

### Quarterly Revenues

In thousand US\$ (Peruvian Soles divided by 2.82)



During the quarter, Operating costs declined 10% when compared to 2Q09. The main reductions were in access charges and termination rates, in-line with lower long distance traffic. In addition, there were reductions in advertising related to LD services and in infrastructure maintenance and salaries. Depreciation declined allied with the end of equipment life cycles coupled with a lower capex over time. Partially offsetting this reduction were increases in customer care and bad debt expenses related to datacom enterprise services.

During 2Q10, EBITDA grew 60% versus 2Q09, reaching US\$ 0.9 billion when compared to the US\$ 0.6 billion in the comparable quarter. The improvements were shown in services provided over Americatel own access network (NGN-IP, data and local telephony).

### **BALANCE SHEET**

#### **Consolidated Balance Sheet (limited review)**

(in millions of Chilean Pesos)

	<b>6M10</b>	<b>6M09</b>	<b>Var %</b>
<b>Assets</b>	<b>1,374,876</b>	<b>1,303,734</b>	<b>5%</b>
Current assets	300,550	277,710	8%
Property, plant & equipment, net	956,643	916,605	4%
Others Non-current assets	117,683	109,419	8%
<b>Liabilities &amp; shareholders'</b>	<b>1,374,876</b>	<b>1,303,734</b>	<b>5%</b>
Current liabilities	279,837	255,886	9%
Non Current Liabilities	421,056	422,328	0%
Shareholders' equity	673,984	625,520	8%

#### **Financial Indexes**

	<b>Jun/10</b>	<b>Jun/09</b>	<b>Dec/09</b>
Current assets/Current liabilities	1.07	1.09	1.06
EBITDA/Financial expenses	44.55	31.89	35.36
Gross Financial debt/EBITDA*	0.87	0.89	0.85
Total liabilities/(equity + min. interest)	1.04	1.08	1.07

\* EBITDA last 12 months.

As of June 30, 2010, gross financial debt amounted to Ch\$ 361.7 billion, a slight decline when compared to same period last year. This reduction was mainly explained by the payments of overdraft bank lines and financial leases. Net debt (gross debt less cash and net balance from hedging activities including mark to market accruals) for the period totaled Ch\$ 366.9 billion, a 7% reduction from the Ch\$ 396.6 billion reported in 2Q09. This decline resulted from a higher cash balance coupled with reduced liabilities on financial hedging instruments.

## **RECENT EVENTS**

- Entel was recognized as Cisco's "Service Provider Partner of the Year" for the Southern Cone for its leadership, positioning Entel as the largest Service Provider and System Integrator in Chile. Entel has demonstrated that its vision goes far beyond that of a traditional telecom company, with a commitment to excellence that creates value for customers.
- Entel launched the first 2,000 m<sup>2</sup> data center in Ciudad de los Valles. The project includes a Master Plan of 8,000 m<sup>2</sup>. With this infrastructure, Entel will continue to lead the provisioning of IT solutions. Ciudad de los Valles joins a network of six data centers, fiber ringed, fully-redundant with adequate back-up systems, enabling Entel to deliver advanced IT services.
- On July 7, 2010 the Department of Telecommunications (Subtel) announced that the Comptroller's Office approved the decree that grants VTR and Nextel spectrum in the 1.7/2.1 GHz band.
- During July 2010, all outstanding short-term commercial paper (Ch\$ 20 million) was paid.

### **Company Description**

Empresa Nacional de Telecomunicaciones S.A. is the largest telecommunications Company in Chile with Ch\$ 994,671 million in annual revenues reported in December 2009. 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.

## Glossary of Terms

**ARPU:** Average Revenue per User. It is presented on a monthly basis.

**BPO:** Business Process Outsourcing.

**Capex:** Capital Expenditure.

**Churn:** Disconnection Rate. It is presented on a monthly basis.

**DLD:** Domestic Long Distance.

**EBIT:** Operating earnings.

**EBITDA:** Operating earnings excluding depreciation, amortization and fixed assets impairment.

**EDGE:** Enhanced Data rates for GSM Evolution. A technology that gives GSM the capacity to handle data services.

**EPS:** Earnings Per Share.

**GAAP:** Generally Accepted Accounting Principles.

**GPRS:** General Packet Radio Service. Enables GSM networks to offer higher capacity, Internet-based content and packet-based data services. It is a second generation technology.

**GSM:** Global System for Mobile communications.

**HSPA:** High Speed Packet Access. A family of high-speed 3G digital data services that use the GSM technology. The service works with HSPA mobile phones as well as laptops and portable devices with HSPA modems.

**HSDPA:** High Speed Downlink Packet Access. Is an enhanced 3G (third generation) mobile telephony communications protocol in the High-Speed Packet Access (HSPA) family.

**IFRS:** International financial reporting standards.

**ILD:** International Long Distance.

**IT:** Information Technology.

**LIS:** Lines In Service.

**LTE:** Long Term Evolution, is the fourth generation of radio technologies designed to increase the capacity and speed of mobile telephone networks

**MOU:** Minutes of Use per subscriber. The ratio of traffic in a given period to the average number of subscribers in that same period. It is presented on a monthly basis.

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**MPLS:** Multiprotocol Label Switching, Is a switching technology created to provide virtual circuits in IP networks.

**Net debt:** Total short and long term debt less cash and net balances from hedging activities.

**Net debt / EBITDA:** The ratio of total short and long term debt less cash and net balances from hedging activities to trailing 12-month period income before interest, taxes, depreciation and amortization.

**NGN:** Next Generation Network, The convergence of the public switched telephone network (PSTN) voice network, the internet and the data network.

**Other Revenues – Non core:** revenues which are not a part of the Company's core business. Concepts included are gain/(loss) in sales of fixed assets and interest accrued on past due invoices and leasing operations.

**SAC:** Subscriber Acquisition Cost. The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is calculated as the difference between equipment cost and equipment revenues.

**SG&A:** Selling, General and Administrative Expenses.

**SME:** Small & Medium-Sized Enterprises.

**SMS:** Short Message Service.

**VAS:** Value Added Services.

**WIMAX:** Worldwide Interoperability for Microwave Access, a standard-based wireless technology which provides access network.

**3.5G:** Commercial name for HSDPA, the third generation service given by Entel PCS.

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## Individual Consolidated Results by Business Segment

(in millions of Chilean Pesos)

	2010	2009	% Var.	6M10	6M09	% Var.
<b>Mobile Telephony</b>						
<b>Total Revenues</b>	<b>210,232</b>	<b>177,478</b>	<b>18%</b>	<b>405,447</b>	<b>368,200</b>	<b>10%</b>
- Service Revenues and equipment	207,464	177,265	17%	401,152	367,736	9%
- Others Revenues	2,768	213	1199%	4,295	463	827%
<b>Cost of Operations</b>	<b>171,524</b>	<b>140,081</b>	<b>22%</b>	<b>330,514</b>	<b>293,286</b>	<b>13%</b>
Depreciation and Amortization and Impairment	41,849	35,074	19%	81,690	74,582	10%
Salaries & Expenses	9,580	10,009	-4%	19,158	18,921	1%
<b>EBITDA</b>	<b>80,557</b>	<b>72,470</b>	<b>11%</b>	<b>156,623</b>	<b>149,496</b>	<b>5%</b>
EBITDA Margin	38%	41%		39%	41%	
<b>Operating Income</b>	<b>38,708</b>	<b>37,397</b>	<b>4%</b>	<b>74,933</b>	<b>74,914</b>	<b>0%</b>
Operating Margin	18%	21%		18%	20%	

	2Q10	2Q09	% Var.	6M10	6M09	% Var.
<b>Chile Wireline (*)</b>						
<b>Total Revenues</b>	<b>71,890</b>	<b>70,884</b>	<b>1%</b>	<b>142,802</b>	<b>142,976</b>	<b>0%</b>
<b>Cost of Operations</b>	<b>59,388</b>	<b>63,190</b>	<b>-6%</b>	<b>120,298</b>	<b>130,130</b>	<b>-8%</b>
Depreciation and Amortization and Impairment	16,514	16,914	-2%	32,438	33,772	-4%
Salaries & Expenses	14,417	12,257	18%	26,930	25,824	4%
<b>EBITDA</b>	<b>29,016</b>	<b>24,608</b>	<b>18%</b>	<b>54,942</b>	<b>46,618</b>	<b>18%</b>
EBITDA Margin	40%	35%		38%	33%	
<b>Operating Income</b>	<b>12,502</b>	<b>7,694</b>	<b>62%</b>	<b>22,505</b>	<b>12,846</b>	<b>75%</b>
Operating Margin	17%	11%		16%	9%	

(\*) Includes data services, I, local telephony, LD, Internet, traffic business and capacity rentals to other telecom companies.

## Individual Consolidated Results Americatel Peru.

(in thousands of Peruvian Soles and in million of Chilean Pesos)

	2010	2009	% Var.	6M10	6M09	% Var.	2010	2009	% Var.	6M10	6M09	% Var.
<b>Americatel Peru</b>	<b>(SOL\$)</b>	<b>(SOL\$)</b>		<b>(SOL\$)</b>	<b>(SOL\$)</b>		<b>(Ch\$)</b>	<b>(Ch\$)</b>		<b>(Ch\$)</b>	<b>(Ch\$)</b>	
<b>Total Revenues</b>	<b>27.089</b>	<b>28.939</b>	<b>-6%</b>	<b>54.571</b>	<b>57.239</b>	<b>-5%</b>	<b>4.994</b>	<b>5.335</b>	<b>-6%</b>	<b>10.061</b>	<b>10.553</b>	<b>-5%</b>
<b>Cost of Operations</b>	<b>27.180</b>	<b>30.156</b>	<b>-10%</b>	<b>54.435</b>	<b>60.521</b>	<b>-10%</b>	<b>5.011</b>	<b>5.560</b>	<b>-10%</b>	<b>10.036</b>	<b>11.158</b>	<b>-10%</b>
<b>Depreciation and Amortization and Impairment</b>	<b>2.606</b>	<b>2.793</b>	<b>-7%</b>	<b>5.115</b>	<b>5.259</b>	<b>-3%</b>	<b>480</b>	<b>515</b>	<b>-7%</b>	<b>943</b>	<b>970</b>	<b>-3%</b>
<b>Salaries &amp; Expenses</b>	<b>4.681</b>	<b>4.783</b>	<b>-2%</b>	<b>9.053</b>	<b>9.319</b>	<b>-3%</b>	<b>863</b>	<b>882</b>	<b>-2%</b>	<b>1.669</b>	<b>1.718</b>	<b>-3%</b>
<b>EBITDA</b>	<b>2.515</b>	<b>1.576</b>	<b>60%</b>	<b>5.251</b>	<b>1.977</b>	<b>166%</b>	<b>464</b>	<b>291</b>	<b>60%</b>	<b>968</b>	<b>364</b>	<b>166%</b>
<b>EBITDA Margin</b>	<b>9%</b>	<b>5%</b>		<b>10%</b>	<b>3%</b>		<b>9%</b>	<b>5%</b>		<b>10%</b>	<b>3%</b>	
<b>Operating Income</b>	<b>-90</b>	<b>-1.217</b>	<b>-93%</b>	<b>135</b>	<b>-3.282</b>	<b>n.a</b>	<b>-17</b>	<b>-224</b>	<b>-93%</b>	<b>25</b>	<b>-605</b>	<b>n.a</b>
<b>Operating Margin</b>	<b>0%</b>	<b>-4%</b>		<b>0%</b>	<b>-6%</b>		<b>0%</b>	<b>-4%</b>		<b>0%</b>	<b>-6%</b>	

Any distortion in the figures is due to monetary exchange fluctuation

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## Entel Group Consolidated Income Statement

(in thousands of Chilean Pesos)

INCOME STATEMENT	YTD		QTD	
	01-01-2010 6-30-2010	01-01-2009 6-30-2009	4-01-2010 6-30-2010	4-01-2009 6-30-2009
	M\$	M\$	M\$	M\$
Operating Revenues	516,632,344	489,281,941	265,846,681	238,022,810
Other Revenues	1,927,685	1,802,326	1,461,775	776,247
Salaries and Expenses	(51,929,491)	(50,228,499)	(27,118,794)	(25,858,210)
Depreciation and amortization	(112,765,701)	(108,236,505)	(57,263,755)	(51,962,167)
Impairment and bad debt	(15,464,799)	(16,915,375)	(7,682,957)	(8,624,186)
Other Operating Expenses	(240,454,153)	(228,587,627)	(123,762,381)	(107,441,308)
Gain (Loss) on sale of non-current assets	66,738	(2,836)	7,004	1,774
Financial income	290,363	1,028,222	135,740	273,815
Financial expenses	(4,791,717)	(6,174,863)	(2,389,284)	(3,024,306)
Exchange gain (Loss)	2,307,827	(9,266,649)	2,008,823	(2,499,944)
Other monetary adjustment	(1,799,120)	4,369,340	(1,402,789)	338,199
<b>Profit/(loss) before income Tax</b>	<b>94,019,976</b>	<b>77,069,475</b>	<b>49,840,063</b>	<b>40,002,724</b>
Income Tax	(15,157,913)	(12,565,968)	(7,912,109)	(6,707,394)
<b>Net Income for the period</b>	<b>78,862,063</b>	<b>64,503,507</b>	<b>41,927,954</b>	<b>33,295,330</b>
<b>Earnings per share</b>	<b>333.42</b>	<b>272.71</b>	<b>177.27</b>	<b>140.77</b>
<b>Other Income and (Expense), debit / credit directly to Equity</b>				
Cash Flow Coverage	(3,869,068)	(3,757,059)	2,387,510	3,811,514
Conversion Adjustments	1,234,344	(1,006,536)	625,336	(580,237)
Income Tax	657,741	638,700	(405,877)	(647,957)
<b>Other Income and Expense with debits and credits in the Equity, Total</b>	<b>(1,976,983)</b>	<b>(4,124,895)</b>	<b>2,606,969</b>	<b>2,583,320</b>
<b>Net Results</b>	<b>76,885,080</b>	<b>60,378,612</b>	<b>44,534,923</b>	<b>35,878,650</b>

## Entel Group Consolidated Balance Sheet

(in thousands of Chilean Pesos)

<b>ASSETS</b>	<b>6-30-2010</b>	<b>12-31-2009</b>
<b>Current assets</b>	<b>300,550,366</b>	<b>321,390,166</b>
Cash and cash equivalents	33,101,637	63,363,142
Other financial assets	6,140,086	1,949,031
Other non financial assets	15,182,715	11,749,901
Trade and other receivables	207,831,610	206,857,485
Accounts receivable from related entities	677,049	559,866
Inventory	29,596,452	25,882,906
Tax assets	8,020,817	11,027,835
<b>Non-current assets</b>	<b>1,074,326,075</b>	<b>1,043,999,409</b>
Other Financial Assets	8,107,791	5,586,878
Other non Financial assets	2,966,925	2,628,569
Trade and other receivables	3,894,400	4,282,535
Intangible assets	18,340,574	13,721,663
Goodwill	45,786,481	45,786,481
Property, plant and equipment	956,642,864	937,358,125
Deferred tax assets	38,587,040	34,635,158
<b>TOTAL ASSETS</b>	<b>1,374,876,441</b>	<b>1,365,389,575</b>

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### Entel Group Consolidated Balance Sheet

(in thousands of Chilean Pesos)

<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>6-30-2010</b>	<b>12-31-2009</b>
<b>Current Liabilities</b>	<b>279,837,327</b>	<b>303,397,501</b>
Other financial liabilities	30,991,064	48,111,954
Trade and other payables	223,640,043	229,425,777
Income tax	2,359,753	1,202,537
Employee severance and others	30,024	-
Other liabilities non financial	22,816,443	24,657,233
<b>Non Current Liabilities</b>	<b>421,055,548</b>	<b>401,140,172</b>
Other financial liabilities	383,306,537	364,371,102
Non Current liabilities	-	-
Other provisions	3,615,286	3,313,148
Deffered income tax	19,125,665	22,016,915
Employee severance and others	9,843,212	9,734,760
Other non financial liabilities	5,164,848	1,704,247
<b>Equity</b>	<b>673,983,566</b>	<b>660,851,902</b>
Paid-in Capital	522,667,566	522,667,566
Retained Earnings	219,231,485	223,152,715
Other Reserves	(67,915,485)	(84,968,379)
Minority interests	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,374,876,441</b>	<b>1,365,389,575</b>