

## Third Quarter 2011 Results

Santiago, Chile – November 7, 2011 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced unaudited results for the third quarter ended September 30, 2011. All figures are expressed in Chilean Pesos and are reported according to International Financial Reporting Standards (IFRS). The exchange rate at September 30, 2011 was Ch\$ 521.76/US\$ 1. Average inflation from 3Q10 to 3Q11 was 3.2%

### Consolidated Financial Highlights IFRS

In millions of Chilean pesos  
(except EPS figures)

#### Quarterly Highlights:

- Total mobile customers expanded to 8,572,002, representing 23% growth when compared to third quarter 2010. Post-paid subscriber base (voice and MBB) increased 19%, reaching 32% of the total customer base, whereas prepaid (voice and MBB) increased 25%. Mobile broadband subscribers (MBB) reached 889,875 (including M2M data cards), 114% above the figure reported in 3Q10.
- Revenues in the quarter expanded to Ch\$ 307.1 billion, increasing 15% from 3Q10.
- EBITDA in the quarter rose 13%, reaching Ch\$ 132.8 billion. Operating income totaled Ch\$ 62.3 billion, 9% higher than 3Q10.
- Net income amounted to Ch\$ 46.2 billion, increasing 1% when compared to 3Q10.

	3Q11	3Q10	% Var.	2Q11	9M11	9M10	% Var
<b>Total Revenues</b>	307,129	266,953	15%	301,657	902,905	785,377	15%
EBITDA	132,763	117,221	13%	133,134	398,736	330,508	21%
EBITDA Margin	43%	44%		44%	44%	42%	
Operating Income (EBIT)	62,292	57,389	9%	65,976	195,886	155,199	26%
Net Financing Cost	(5,917)	(2,903)	-104%	(5,551)	(14,062)	(6,693)	-110%
Tax	(10,174)	(8,554)	-19%	(9,066)	(31,823)	(23,712)	-34%
Net Income	46,201	45,932	1%	51,359	150,001	124,794	20%
EPS	195.33	194.20	1%	217.14	634.19	527.62	20%

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**Comments from the Chief Financial Officer:**

- In an environment of strong evolution, the mobile industry continued to feature sustained demand, especially for data services. Within this setting, mobile service revenues rose 17%, stimulated by customer base growth (+23%). In addition, Chile wireline and Americatel Peru (measured in Peruvian soles) posted solid revenue growth.
- EBITDA rose 13%, tied to strong results in the mobile business.
- Net income slightly increased during the period, resulting from higher operating income (+9%), partially offset by higher net financing costs due to increased losses in mark to market accruals over F/X hedging instruments. Also, a higher applicable income tax rate in 2011 impacted earnings, in-line with the tax rate increase from 17% in 2010 to 20% in 2011.

**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)

	3Q11	3Q10	% Var.	2Q11	9M11	9M10	% Var
<b>Total Revenues</b>	<b>307,129</b>	<b>266,953</b>	<b>15%</b>	<b>301,657</b>	<b>902,905</b>	<b>785,377</b>	<b>15%</b>
Mobile services	239,821	205,814	17%	235,412	703,983	604,105	17%
Data services (includes IT)	23,525	21,001	12%	23,156	68,541	60,020	14%
Local telephony (includes NGN-IP)	10,071	9,643	4%	10,696	30,553	29,198	5%
Long distance	7,409	8,198	-10%	7,460	23,554	25,687	-8%
Internet	4,176	3,962	5%	4,193	12,464	11,618	7%
Other telecommunication companies	5,251	4,491	17%	4,910	14,672	12,836	14%
Traffic business	7,859	6,203	27%	6,990	22,211	19,043	17%
Americatel Perú	4,849	4,778	1%	4,525	14,028	14,604	-4%
Call Center services and others	2,741	1,898	44%	2,317	7,392	5,509	34%
Others Revenues - Non core (1)	1,428	965	48%	1,998	5,507	2,757	100%

**Consolidated revenues** during the quarter totaled Ch\$ 307.1 billion, increasing 15% when compared to 3Q10 figures. This growth was driven by: a) 17% growth in mobile services sustained by service revenues expansion (+18%), resulting from a 23% rise in the average customer base and a 5% decline in ARPU. The customer base posted a strong increase across all segments, remarkably in mobile broadband (+114%). ARPU evolution was a consequence of lower MOU in the voice prepaid segment and a decline in average tariffs in the postpaid segment, partially offset by higher VAS services (including MBB). Equipment sales declined 4% due to lower handset prices in the prepaid segment, b) data and IT services recorded a 12% increase, driven by growth of integrated solutions supplied over MPLS-IP platforms and data center/IT services in the corporate and SME segment, c) 27% expansion in the traffic business associated with higher traffic and tariffs resulting from an 8% increase in the average CH\$/US\$ rate, d) 44% growth in call centers and others revenues as a result of higher commercial activity in both Peru and Chile, e) 17% increase in other telecommunication companies revenue as a result of higher rentals of infrastructure to fixed telecom companies, f) local telephony posted a 4% increase, principally boosted by the consolidation of Transam (acquired in fourth quarter 2010), g) 1% increase in Americatel Peru, principally related to higher revenue in datacom services provided to the enterprise segment and higher traffic in the wholesale business, partially offset by a reduction in tariffs, in-line with a 7% reduction in the CH\$/Peruvian Soles exchange rate, h) Other Revenues (Non Core) increased basically due to site rentals to other mobile operators. These increases were slightly offset by: a) 10% reduction in LD, principally tied to a decline in traffic and average tariffs in DLD and lower traffic in ILD.

Revenues in the first nine months 2011 increased 15% when compared to the same period 2010.

(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)

	3Q11	3Q10	% Var.	2Q11	9M11	9M10	% Var
<b>Cost of Operations</b>	<b>244,838</b>	<b>209,564</b>	<b>17%</b>	<b>235,681</b>	<b>707,019</b>	<b>630,178</b>	<b>12%</b>
Access charges & Payments to corresp.	46,654	42,535	10%	44,535	134,964	125,133	8%
Salaries and expenses	31,788	27,174	17%	30,801	92,640	79,100	17%
Outsourced, Supplies and Equipment Services	6,476	6,307	3%	5,487	18,428	18,631	-1%
Bad debt provisions	8,611	5,886	46%	8,193	22,441	18,638	20%
Advertising, Sales commissions & expenses	37,340	29,786	25%	40,127	113,822	92,050	24%
Depreciation, amortization and Impairment	70,471	59,832	18%	67,158	202,851	175,310	16%
Others	43,497	38,044	14%	39,382	121,874	121,316	0%

**Consolidated cost of operations** during the quarter reached Ch\$ 244.8 billion, increasing 17% when compared to 3Q10. This was driven by: a) Depreciation, Amortization and Impairments increased 18%, mainly related to postpaid handsets (including mobile broadband), in-line with the solid customer base expansion, and to a lesser extent higher network depreciation. Furthermore, Chile wireline posted an increase, mostly related to Transam's consolidation (company acquired in 4Q10), b) 25% growth in advertising, sales commissions and sales expenses attributable to increased mobile activity linked to higher prepaid handset sales and sales commissions across all segments. In addition, advertising costs grew in the mobile business related to the introduction of the new tagline and soccer championships (America Cup). Partially offsetting the above mentioned increases, Chile wireline and Americatel Peru posted lower costs, c) 17% expansion in salaries and expenses mainly attributable to the Company's reorganization process, higher activity in call center services, salaries adjustments in connection with inflation and the incorporation of Transam, d) access charges and payments to correspondents grew 10%, linked to higher traffic in the mobile business and the traffic business in the Chile wireline, e) bad debt increased 46%, mainly in the mobile business as a result of increased penetration in the mid-low income segment, as well as the absence of a Ch\$ 1.1 billion benefit booked in 3Q10, f) other costs increased 14%, especially in the mobile and Chile wireline as a result of the non-existence of accounting reclassifications for repair and maintenance booked in 3Q10 related to last year's earthquake insurance payment. In addition, facilities and network rentals in the mobile business and Chile wireline increased in-line with network expansion requirements.

Cost of operations in the first nine months 2011 increased 12%.

### EBITDA and Operating Income

Derived from the above, EBITDA in the quarter reached Ch\$ 132.8 billion, increasing 13% when compared to the Ch\$ 117.2 billion reported in 3Q10, boosted by the mobile business (+17%) and Americatel Peru, which grew approximately 3 times. Chile wireline results were flat compared to 3Q10, due to one-time benefits booked the third quarter 2010 totaling Ch \$2.3 billion related to the earthquake's insurance payments and the reversal of bad debt provisions.

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EBITDA margin in 3Q11 was 43%, below the 44% reported in 3Q10 mainly impacted by the decline in Chile wireline as a result of the previously mentioned impacts booked in 3Q10. The mobile business reported an increase in margins.

Operating Income in the quarter totaled Ch\$ 62.3 billion, 9% growth when compared to the Ch\$ 57.4 billion reported in 3Q10 tied to improvements in the mobile business, and to a lesser extent, Americatel.

For the first nine months 2011, EBITDA and Operating Income expanded 21% and 26%, respectively. EBITDA margin increased to 44% from the 42% reported in the same period in 2010.

### Financial Expenses Results

	3Q11	3Q10	% Var.	2Q11	9M11	9M10	% Var
<b>Net Financing Cost and Others</b>	(5,917)	(2,903)	-104%	(5,551)	(14,062)	(6,693)	-110%
Net Financial Expenses	(2,136)	(2,213)	3%	(1,623)	(5,020)	(6,512)	23%
Foreign Exchange Fluctuation & Readjustment	(3,780)	(690)	-448%	(3,928)	(9,042)	(181)	-4893%

Net Financing Costs and Others in 3Q11 totaled a loss of Ch\$ 5.9 billion, above the \$2.9 billion loss reported in 3Q10. This was a result of increased losses on mark-to-mark accounting for F/X hedging derivatives.

### Net Income

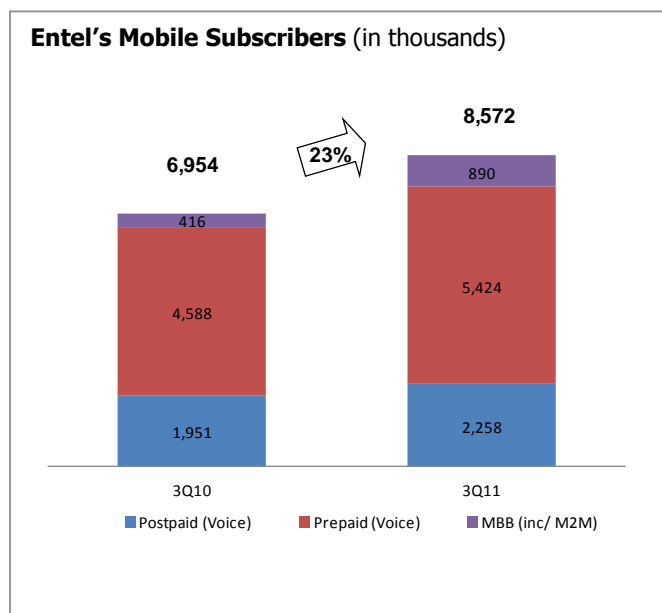
Net Income in the period increased slightly to Ch\$ 46.2 billion, 1% above the Ch\$ 45.9 billion reported in 3Q10.

For the first nine months 2011, Net Income rose 20%, reaching Ch\$ 150.0 billion when compared to 2010.

## INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSSINESS SEGMENT (2)

### Mobile Business:

Revenues in 3Q11 reached Ch\$ 244.1 billion, a 17% increase when compared to 3Q10. This was generated by strong growth in service revenue (+18%), highlighted by solid customer expansion (+23%) across all segments. Monthly voice service and access charge revenues continued to grow associated with higher traffic, while VAS revenue increased (+41%), enhanced by mobile broadband (+53%) and other innovative services (+51%). On the other hand, equipment sales revenue declined (-4%) as a result of increased subsidies in the prepaid segment.



The mobile customer base continued to grow with solid trends throughout the third quarter. The total subscriber base rose 23%, reaching 8,572,002 clients as of September 30, 2011, accounting for 38% market share of active customers.

The postpaid customer base (voice and MBB) increased 19%, and represents 32% of the total base. As a means to reach new market segments, Entel introduced the "**e) Days**" campaign, consisting of recreational and technology activities in different cities, counties and neighborhoods. In addition, the Company further stepped up its strategy to expand the use of value added services by launching multimedia plans including zero-cost handset promotions and free access to mobile Internet during certain hours of the day, as well as video from the *Goal* football channel.

Within a positive economic environment, the prepaid segment base (voice and MBB) grew 25% when compared to 3Q10, driven by continuous promotions for mobile Internet, which provides customers access to a series of services such as e-mail, social networks and web browsing.

The total mobile broadband (MBB) client base, including both post paid and prepaid, continued to increase at high rates (+114%), totaling 890 thousand customers at the end of 3Q11. The Company sustained a strong penetration strategy, pushing convenient pricing packages (Controlled Accounts) and special offers to continue providing the best services. Within the mobile broadband segment (MBB), very strong growth was posted in the prepaid client base.

The enterprise segment's sales offerings were focused on data services (including mobile broadband and value added services) to increase value for customers. The introduction of smartphone devices increased the capabilities of mobile technology in the streamlining of business processes and access to information in real time, resulting in higher productivity.

During the quarter, the Company changed its tagline from "live the future first" to "*live better connected*". This not only involves having the best network, but how users make use of the network, being present by linking and connecting worlds.

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Entel's goal to deliver better service each day was once again recognized by customers. For the ninth consecutive year, Entel was awarded First Place in the mobile services category in the National Index of Consumer Satisfaction by ProCalidad and Capital Magazine.

Blended ARPU declined 5% in 3Q11 vs. 3Q10, basically in voice services due to lower MOU, partially offset by higher VAS usage (including mobile broadband).

The blended churn rate was 2.53% in the quarter, an increase compared to the 1.87% reported in 3Q10. This was basically a result of higher voice prepaid segment churn due to strong promotions within the market, partially offset by the mobile broadband segment, which posted a decline in its rate.

EBITDA in the quarter expanded 17%, reaching Ch\$ 104.0 billion compared to the Ch\$ 88.8 billion in 3Q10. This expansion was entirely driven by direct service margins, which rose across all segments as a result of the strong growth of the customer base. This improvement also represents the sustained demand for data services including mobile broadband (MBB) and innovative value added services (VAS) within a strong competitive environment. In contrast, equipment sales margins declined, attributable to the prepaid segment, associated with increased subsidies in prepaid terminals. With regards to SG&A, expense increases were reported in sales expenses and advertising, in-line with increased sales activity and the new advertising tag line launched during the quarter. Also, bad debt and salaries expenses were impacted due to the increased penetration in the mid-low income segments, as well as costs related to the reorganization process taking place at the Company, respectively. EBITDA margin in 3Q11 reached 43%, an improvement from the 42% reported in 3Q10.

During the quarter, depreciation rose, aligned with the increase in the postpaid customer base (including mobile broadband), and to the expansion of the network. Operating income in the quarter amounted to Ch\$ 52.4 billion, a 12% expansion when compared to the Ch\$ 46.6 billion reported in 3Q10.

For the first nine-months 2011, EBITDA amounted to Ch\$ 310.6 billion, a 27% increase when compared to the same period in 2010. EBITDA margin rose to 43%, above the 40% reported in 2010.

For the first nine months 2011, EBIT reached Ch\$ 161.7 billion, 33% growth compared to 2010.

### Chile Wireline Results:

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

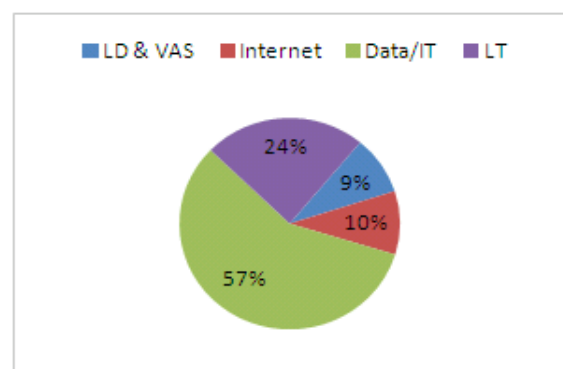
Ch\$ (millions)	3Q11	3Q10	% Var.	2Q11	9M11	9M10	% Var
<b>Revenues*</b>	<b>79,050</b>	<b>71,263</b>	<b>11%</b>	<b>77,906</b>	<b>232,528</b>	<b>213,863</b>	<b>9%</b>
Corporate and SME	40,803	38,379	6%	40,669	120,490	111,738	8%
Residential	4,399	5,014	-12%	5,716	16,152	15,911	2%
Infraest. Serv. Telcos, Traffic B. and Others	33,493	27,501	22%	31,333	95,185	85,308	12%
Others Revenues (Non-core)	355	370	-4%	188	701	906	-23%

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

Chile Wireline revenue reached Ch\$ 79.1 billion, an 11% increase when compared to the Ch\$ 71.3 billion reported in 3Q10.

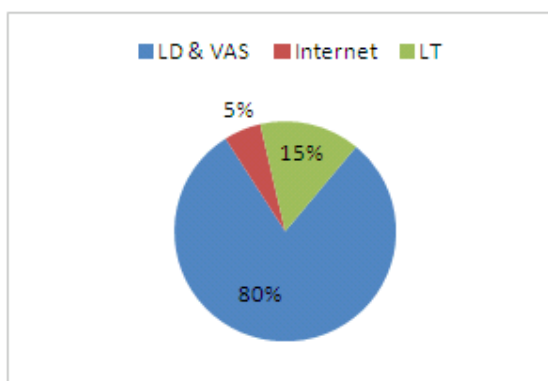
**Corporate and SME segment** revenues in the quarter increased 6%, mainly driven by voice and data integrated solutions over MPLS-IP network and IT services in the enterprise segment, where new contracts supported a solid revenue base. Entel's market position is based on the Company's capabilities to deliver high quality services. This result was partially offset by a decline in LD revenue affected mostly by lower traffic in both ILD and DLD.

#### Corporate and SME Revenue Distribution 3Q11 (local telephony includes NGN)



**Residential segment** in the quarter fell 12% when compared to 3Q10 figures. This decline was mainly in LD revenues, principally related to DLD, driven by lower traffic. Also, Internet services declined in-line with the reduction of the customer base. On the other hand, local telephony increased, associated with the incorporation of Transam's operations in 4Q10.

#### Residential Revenue Distribution 3Q11



**Infrastructure service to other Telecom companies, traffic business and other revenues** reported a 22% increase during the quarter, along with higher revenues in infrastructure rentals to related parties (mobile business) and other fixed line telecom operators, and in the low margin traffic business due to an increase in traffic and tariffs, the latter in-line with an 8% increase in the average CH\$/US\$ rate.

Operating costs and expenses increased 15% totaling Ch\$ 69.4 billion when compared to the Ch\$ 60.4 billion reported in 3Q10. The major cost impacts were related to salaries and expenses due to the Company's reorganization process and Transam's incorporation in 4Q10, as well as access charges and payments to correspondents, in-line with increased traffic in the wholesale business. In addition, maintenance and repairs and bad debt increased due to the absence of one-time benefits accounted for last year. Depreciation and impairments also increased during the quarter. On the other hand, advertising and sales commissions reported a decline.

Based on the above, operating income amounted to Ch\$ 9.7 billion in 3Q11, declining 11% when compared to 3Q10. EBITDA reached Ch\$ 27.8 billion, flat when compared to last year. EBITDA margin was 35%, below the 39% in 3Q10. This decline was impacted by one-time benefit accruals made in 3Q10, totaling Ch\$ 2.3 billion.

For the first nine months 2011, EBITDA was Ch\$ 84.8 billion, increasing 3% when compared to the same period in 2010. EBITDA margin totaled 36% in the same period.

For the first nine months 2011, EBIT amounted to Ch\$ 33.0 billion, 1% lower when compared to the same period in 2010.

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

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

Entel offers a wide range of integrated voice, data and IT solutions, which ensures business continuity, connectivity and processing technology platforms that support client's business processes, sold as tailor-made solutions to on-demand services. These services incorporate industry best practices such as ISO 9001:2000, ISO 27001, ITIL, PMI, eSCM, in processes of delivery, operation and management and the latest COPC ® Certification obtained in four of the service desk platform services ( call center service desks), highlighted by Blackberry Enterprise Services (BES) and enterprise customer care.

In the Corporate and SME segment, Entel introduced "Tech Day" during the quarter, which included technological sessions with clients and business partners to raise awareness, enhance efficiency in customer businesses, adapt to On-Demand IT solutions and telecommunication services via 'cloud computing'.

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

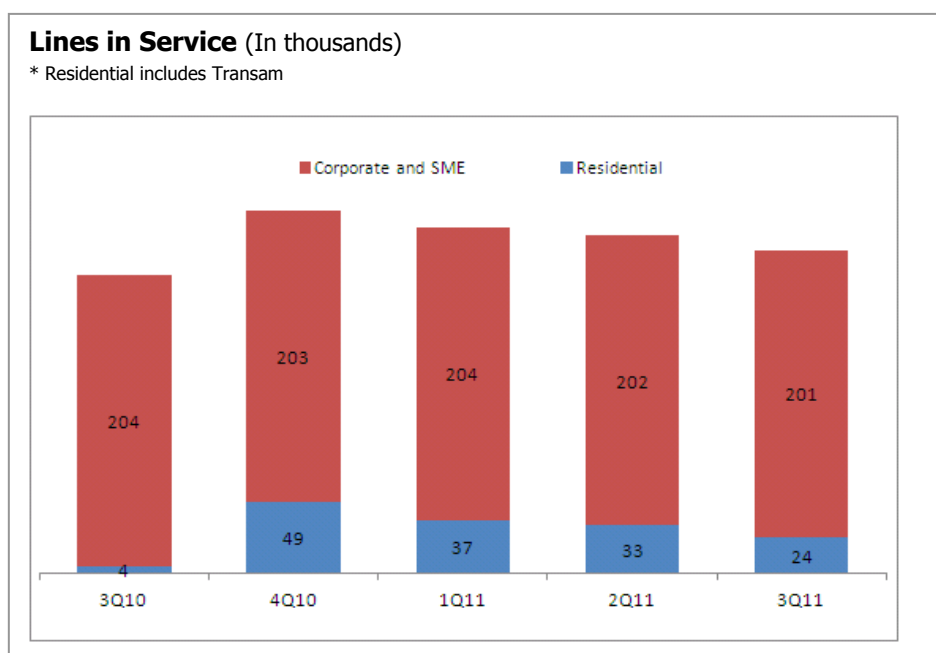
- Instituto de Previsión Social (Public Social Security Department): This agreement will provide integrated solutions covering infrastructure and communications services

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including fixed and mobile voice, data and Internet and value added services for 160 sites nationwide.

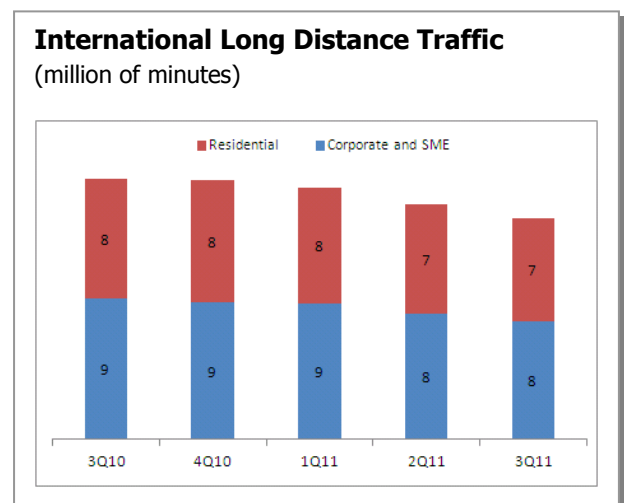
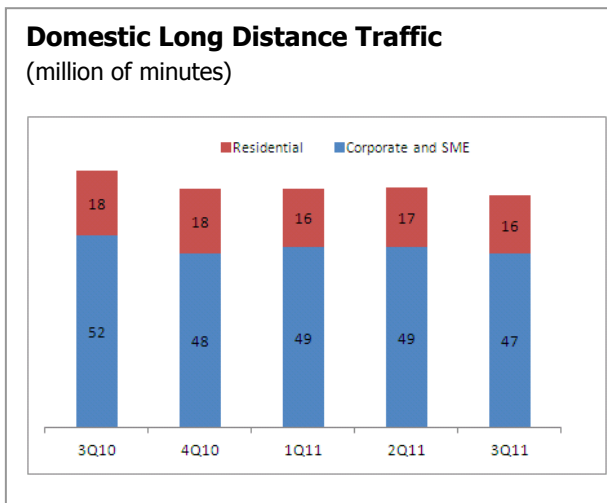
- **Compañía Minera del Pacifico (Mining company):** The project will ensure the provisioning of a communication platform for the company's work camps and central offices. This integrated solution will support infrastructure and communication at a WAN and LAN level and provide services such as IP telephony, video conferencing and WIFI networks.
  - **Cencosud (Multi-format Retailer with operations throughout Latin America):** the client renewed its service contract, which includes the provisioning of data center services in a modality of housing services, under proper energy, climate and security conditions to ensure smooth operations.
- **Local Telephony (including NGN-IP)**

At the end of 3Q11, lines in service totaled 225 thousand, an 8% increase when compared to last year. This improvement was attributed to the integration of Transam's operations in the fourth quarter 2010, partially offset by a decline in total lines within the corporate segment.



### Long Distance

- DLD traffic declined 9%, falling across all segments. Average tariffs also declined, primarily in the residential segment.
- ILD traffic decreased 15%, posting reductions across all segments; on the other hand, average tariffs increased in the enterprise and residential segments.
- Entel's ILD average market share in 3Q11 was 37%, whereas DLD market share reached 28%.

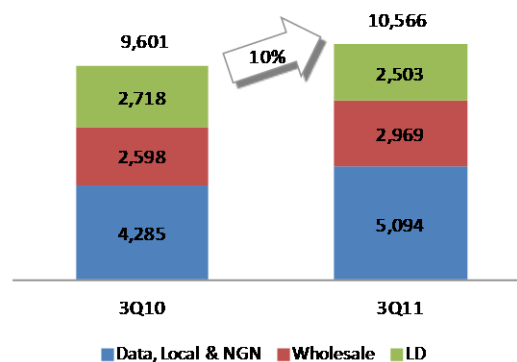


### Americatel Peru

Revenues in the quarter reached US\$ 10.6 million, 10% growth when compared to reported figures in 3Q10. This increase was mainly attributed to datacom revenues from the enterprise segment. Wholesale business revenue also grew due to higher domestic and international traffic. Partially offsetting this increase was a decline in LD associated with the changes in regulations which took place last year, reducing the relevant LD market.

#### Quarterly Revenues

In thousand US\$ (Peruvian Soles divided by 2.77)



During the quarter, operating costs and expenses increased 5% compared to 3Q10. Increases were related to satellite rentals and access charges, in-line with higher activity in data service provided to the corporate segment and in the wholesale business, respectively. Depreciation and amortization also grew due to equipment provisioning for datacom (NGN-IP) service expansion. In addition, sales expenses increased to meet demand, while advertising costs declined. For the 3Q11 period, EBITDA reached US\$ 0.8 million, an increase of 191% when compared to 3Q10 figures.

## **BALANCE SHEET**

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

(in millions of Chilean Pesos)

	Sep-11	Sep-10	Var %
<b>Assets</b>	<b>1,478,953</b>	<b>1,377,316</b>	<b>7%</b>
Current assets	350,936	314,631	12%
Property, plant & equipment, net	991,758	944,647	5%
Others Non-current assets	136,259	118,038	15%
<b>Liabilities &amp; shareholders'</b>	<b>1,478,953</b>	<b>1,377,316</b>	<b>7%</b>
Current liabilities	437,468	258,079	70%
Non Current Liabilities	291,042	398,228	-27%
Shareholders' equity	750,443	721,009	4%

## **Financial Indexes**

	Sep-11	Sep-10	Jun-11
Current assets/Current liabilities	0.80	1.22	0.73
EBITDA/Financial expenses	54.08	45.28	53.70
Gross Financial debt/EBITDA*	0.63	0.70	0.59
Total liabilities/(equity + min. interest)	0.97	0.91	1.02

\* EBITDA last 12 months.

As of September 30, 2011, gross financial debt totaled Ch\$ 324.9 billion, 7% higher when compared to same period last year. This increase was largely explained by an 8% increase in the CH\$/US\$ exchange rate. Net debt (gross debt less cash and net balance from hedging activities including mark to market accruals) during the period reached Ch\$ 319.6 billion, almost flat when compared to the Ch\$ 319.3 billion posted in 3Q10.

## **RECENT EVENTS**

- At the Board of Directors Meeting held November 7, 2011, an interim dividend of Ch\$150 per share was approved based on net profits as of September 30, 2011. The total amount was Ch\$ 35.5 billion and will be paid December 12, 2011.
- The second phase of the "Todo Chile Comunicado" project concluded, which delivers mobile broadband coverage (MBB) to 587 new rural locations across Chile, benefiting approximately 991 thousand people. This initiative has provided 2.7 million people with access to MBB and mobile voice. When the three phases are fully operational in early 2012, over 3 million Chileans in 1,474 rural and remote locations will have the option to connect to the Internet.
- For the ninth consecutive year, Entel was awarded First Place in the National Consumer Prize within the "Mobile" category. The award was the result of ongoing efforts to maintain high service standards.
- Entel and Nextel Chile signed an agreement for domestic roaming. Through this agreement, Entel will provide access to its network in certain regions of Chile.
- During the third quarter, Entel concluded collective bargaining negotiations with all Chile Wireline and Entel Call Center unions, setting conditions for the next 2 years.
- Entel signed with Banco de Chile a co-branding agreement to issue Visa credit cards for mobile customers, to enhance Entel's loyalty plan. The business will be operated by Banco de Chile, with a sharing profit arrangement.

### **Company Description**

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.

## 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.

**HSDPA + Dual Carrier:** Is a wireless broadband standard based on HSPA that is defined in 3GPP UMTS release 8, which enables mobile broadband speeds of up to 22 Mbps.

**IFRS:** International financial reporting standards.

**ILD:** International Long Distance.

**IT:** Information Technology.

**LIS:** Lines In Service.

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

**M2M:** Machine to Machine, includes the automating of communication processes between machines (Machine to Machine) between mobile devices and machines (Mobile to Machine), and between men and machines (Man to Machine).

**MBB:** Mobile broadband.

**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.

**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)

	3Q11	3Q10	% Var.	9M11	9M10	% Var
<b>Mobile Telephony</b>						
<b>Total Revenues</b>	<b>244,131</b>	<b>209,229</b>	<b>17%</b>	<b>718,107</b>	<b>614,676</b>	<b>17%</b>
- Service Revenues and equipment	241,860	207,571	17%	709,799	608,723	17%
- Others Revenues	2,271	1,658	37%	8,309	5,953	40%
<b>Cost of Operations</b>	<b>191,725</b>	<b>162,619</b>	<b>18%</b>	<b>556,362</b>	<b>493,134</b>	<b>13%</b>
Depreciation and Amortization and Impairment	51,594	42,183	22%	148,873	123,873	20%
Salaries & Expenses	12,853	10,162	26%	35,906	29,320	22%
<b>EBITDA</b>	<b>104,000</b>	<b>88,792</b>	<b>17%</b>	<b>310,618</b>	<b>245,416</b>	<b>27%</b>
EBITDA Margin	43%	42%		43%	40%	
<b>Operating Income</b>	<b>52,406</b>	<b>46,609</b>	<b>12%</b>	<b>161,745</b>	<b>121,543</b>	<b>33%</b>
Operating Margin	21%	22%		23%	20%	

	3Q11	3Q10	% Var.	9M11	9M10	% Var
<b>Chile Wireline (*)</b>						
<b>Total Revenues</b>	<b>79,050</b>	<b>71,263</b>	<b>11%</b>	<b>232,528</b>	<b>213,863</b>	<b>9%</b>
<b>Cost of Operations</b>	<b>69,389</b>	<b>60,384</b>	<b>15%</b>	<b>199,525</b>	<b>180,681</b>	<b>10%</b>
Depreciation and Amortization and Impairment	18,130	16,903	7%	51,813	49,341	5%
Salaries & Expenses	16,345	13,835	18%	49,247	40,762	21%
<b>EBITDA</b>	<b>27,791</b>	<b>27,783</b>	<b>0%</b>	<b>84,816</b>	<b>82,523</b>	<b>3%</b>
EBITDA Margin	35%	39%		36%	39%	
<b>Operating Income</b>	<b>9,662</b>	<b>10,880</b>	<b>-11%</b>	<b>33,003</b>	<b>33,181</b>	<b>-1%</b>
Operating Margin	12%	15%		14%	16%	

(\*) Includes data services, IT, 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)

	3Q11	3Q10	% Var.	9M11	9M10	% Var.	3Q11	3Q10	% Var.	9M11	9M10	% 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>29,287</b>	<b>26,613</b>	<b>10%</b>	<b>86,220</b>	<b>81,184</b>	<b>6%</b>	<b>5,017</b>	<b>4,558</b>	<b>10%</b>	<b>14,768</b>	<b>13,906</b>	<b>6%</b>
<b>Cost of Operations</b>	<b>29,954</b>	<b>28,634</b>	<b>5%</b>	<b>87,063</b>	<b>83,069</b>	<b>5%</b>	<b>5,131</b>	<b>4,905</b>	<b>5%</b>	<b>14,913</b>	<b>14,229</b>	<b>5%</b>
Depreciation and Amortization and Impairment	2,997	2,823	6%	8,682	7,938	9%	513	484	6%	1,487	1,360	9%
Salaries & Expenses	4,782	4,490	7%	13,912	13,543	3%	819	769	7%	2,383	2,320	3%
<b>EBITDA</b>	<b>2,331</b>	<b>802</b>	<b>191%</b>	<b>7,838</b>	<b>6,053</b>	<b>29%</b>	<b>399</b>	<b>137</b>	<b>191%</b>	<b>1,343</b>	<b>1,037</b>	<b>29%</b>
<b>EBITDA Margin</b>	<b>8%</b>	<b>3%</b>	<b>9%</b>	<b>7%</b>	<b>7%</b>	<b>29%</b>	<b>8%</b>	<b>3%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>29%</b>
<b>Operating Income</b>	<b>-666</b>	<b>-2,021</b>	<b>-67%</b>	<b>-844</b>	<b>-1,886</b>	<b>55%</b>	<b>-114</b>	<b>-346</b>	<b>-67%</b>	<b>-145</b>	<b>-323</b>	<b>55%</b>
<b>Operating Margin</b>	<b>-2%</b>	<b>-8%</b>		<b>-1%</b>	<b>-2%</b>		<b>-2%</b>	<b>-8%</b>		<b>-1%</b>	<b>-2%</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	
	01-01-2011 30-09-2011	01-01-2010 30-09-2010	01-07-2011 30-09-2011	01-07-2010 30-09-2010
	M\$	M\$	M\$	M\$
Operating Revenues	897,398,083	782,619,887	305,701,334	265,987,543
Other Revenues	6,797,793	2,514,263	1,378,180	789,664
Salaries and Expenses	(92,639,949)	(79,100,106)	(31,787,815)	(27,173,598)
Depreciation and amortization	(199,107,475)	(172,442,697)	(68,978,654)	(59,676,996)
Impairment and bad debt	(26,184,539)	(21,505,426)	(10,104,013)	(6,040,627)
Other Operating Expenses	(389,087,424)	(357,129,801)	(133,967,502)	(116,672,665)
Gain (Loss) on sale of non-current assets	(1,290,785)	242,382	49,973	175,644
Financial income	2,353,332	787,014	283,354	293,565
Financial expenses	(7,372,882)	(7,298,659)	(2,419,841)	(2,506,942)
Exchange gain (Loss)	(5,293,356)	2,398,583	(3,040,622)	90,756
Other monetary adjustment	(3,749,018)	(2,579,702)	(739,842)	(780,582)
<b>Profit/(loss) before income Tax</b>	<b>181,823,780</b>	<b>148,505,738</b>	<b>56,374,552</b>	<b>54,485,762</b>
Income Tax	(31,823,074)	(23,711,900)	(10,173,681)	(8,553,987)
<b>Net Income for the period</b>	<b>150,000,706</b>	<b>124,793,838</b>	<b>46,200,871</b>	<b>45,931,775</b>
<b>Earnings per share</b>	<b>634.19</b>	<b>527.62</b>	<b>195.33</b>	<b>194.20</b>
<b>Other Income and (Expense), debit / credit directly to Equity</b>				
Cash Flow Coverage	59,686	(954,683)	(1,404,249)	2,914,385
Conversion Adjustments	1,298,239	(126,322)	1,086,871	(1,360,666)
Income Tax	(10,445)	197,620	245,744	(460,121)
<b>Other Income and Expense with debits and credits in the Equity, Total</b>	<b>1,347,480</b>	<b>(883,385)</b>	<b>(71,634)</b>	<b>1,093,598</b>
<b>Net Results</b>	<b>151,348,186</b>	<b>123,910,453</b>	<b>46,129,237</b>	<b>47,025,373</b>

**Entel Group Consolidated Balance Sheet**  
(in thousands of Chilean Pesos)

<b>ASSETS</b>	<b>30-09-2011</b>	<b>31/12/2010</b>
<b>Current assets</b>	<b>350,935,692</b>	<b>379,676,583</b>
Cash and cash equivalents	33,425,532	75,272,215
Other financial assets	14,587,488	870,798
Other non financial assets	16,523,682	13,145,025
Trade and other receivables	222,149,312	236,011,842
Accounts receivable from related entities	496,242	469,192
Inventory	58,566,442	36,799,196
Tax assets	5,186,994	17,108,315
<b>Non-current assets</b>	<b>1,128,017,506</b>	<b>1,109,597,566</b>
Other Financial Assets	5,794,143	6,057,517
Other non Financial assets	5,398,856	3,935,778
Trade and other receivables	4,366,766	2,807,389
Intangible assets	32,041,354	32,665,098
Goodwill	45,821,474	45,821,474
Property, plant and equipment	991,758,481	978,457,143
Deferred tax assets	42,836,432	39,853,167
<b>TOTAL ASSETS</b>	<b>1,478,953,198</b>	<b>1,489,274,149</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Current Liabilities</b>	<b>437,468,423</b>	<b>376,371,289</b>
Other financial liabilities	121,445,391	14,570,686
Trade and other payables	269,090,241	319,275,469
Other provisions	783,451	689,270
Income tax	9,587,748	201,105
Other liabilities non financial	36,561,592	41,634,759
<b>Non Current Liabilities</b>	<b>291,042,127</b>	<b>391,528,337</b>
Other financial liabilities	251,941,945	350,331,042
Other provisions long term	4,683,064	4,001,616
Deferred income tax	14,640,333	21,345,618
Employee severance and others	7,721,035	8,257,812
Other non financial liabilities	12,055,750	7,592,249
<b>Equity</b>	<b>750,442,648</b>	<b>721,374,523</b>
Paid-in Capital	522,667,566	522,667,566
Retained Earnings	289,435,711	261,715,066
Other Reserves	(61,660,629)	(63,008,109)
Minority interests	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,478,953,198</b>	<b>1,489,274,149</b>