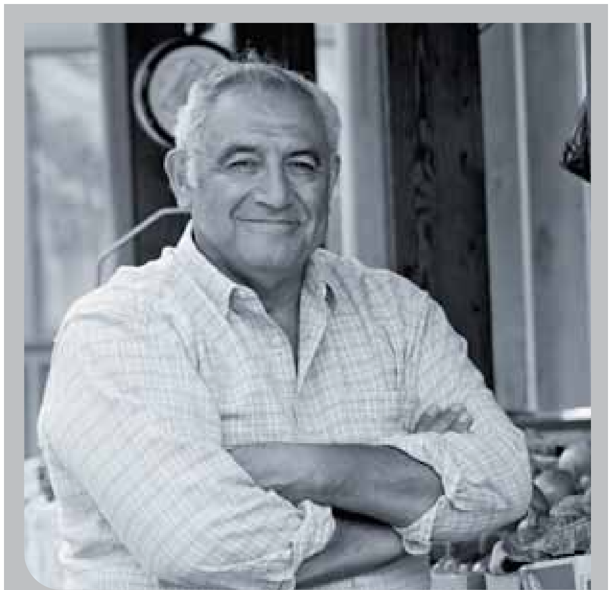
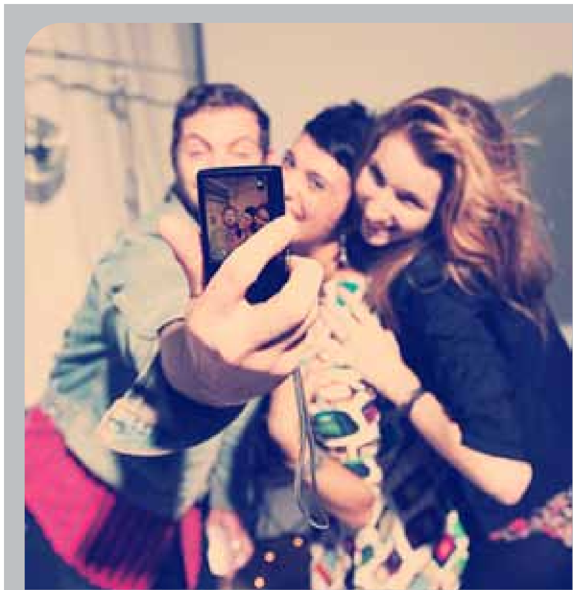



entel


AnNual RepOrt 2012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BASIC INFORMATION

Company Name
Empresa Nacional de Telecomunicaciones S.A. (Entel Chile S.A.)

Domicile
Santiago de Chile

Tax ID Number
92.580.000-7

Type of Entity
Public limited company, registered with the Chilean Securities and Insurance Supervisor (No. 0162), and governed by the provisions of Act No. 18,046 and its regulations.

CONTACT INFORMATION

Address
Casilla 4254-Santiago

Telephone
+56 2 2360 0123

Fax
+56 2 2360 3424

Head Office
Avenida Andrés Bello 2687, piso 14, Las Condes, Santiago de Chile.

Administration and Finance
Avenida Andrés Bello 2687, piso 14, Las Condes, Santiago de Chile.

Investor Relations:
Carmen Luz de la Cerda Castro, cdelacerda@entel.cl

Filing Office
Avenida Andrés Bello 2687, piso 9, Las Condes, Santiago de Chile.

Website
www.entel.cl

* National subsidiaries share the same address and telephone number as the parent company.

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Juan José Hurtado Vicuña
Chairman

chAirman's letter__

"One of the most significant advances in 2012 was the strong growth in customers taking out mobile Internet plans on smartphones, driven by both the market and changes in people's lifestyles. At the end of the year, 42% of our subscription base had contracted the service".

Dear shareholders,

It is my pleasure to present the Annual Report and Consolidated Financial Statements for 2012, which this year are accompanied by our Sustainability Report, which contains details of our social and environmental performance over the last two years.

The environment in which Entel operates continues to be extremely dynamic. Fixed and mobile connectivity with voice and Internet, smartphones, IT services delivered using these networks, and other innovations are changing the way we live and how companies operate.

However, people and companies do not just need technology: they also need a good user experience, allowing them to enjoy a better quality of life and increase their productivity. This is the context in which our business operates. At Entel, we have positioned our company as one whose strengths and expertise allow it to capture the flow of technology, understand it, and channel it into a distinctive service for our customers.

It is thanks to this perspective and our efforts in this area that we have enjoyed the rewards I would like to outline below in 2012.

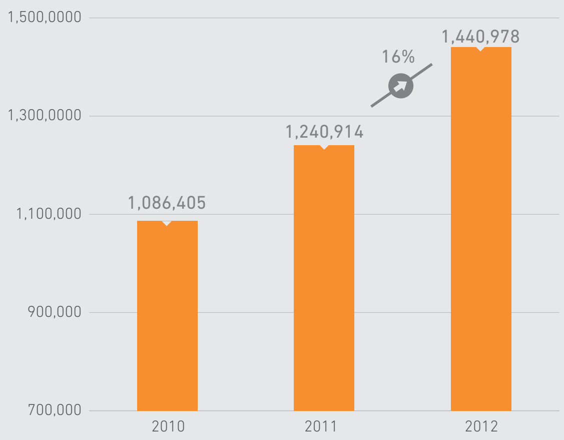
Leadership and Position

In 2012, an organizational structure based on market segments, coupled with a policy of continuous investment, allowed us to expand and consolidate Entel's position in a highly competitive, demanding and active market.

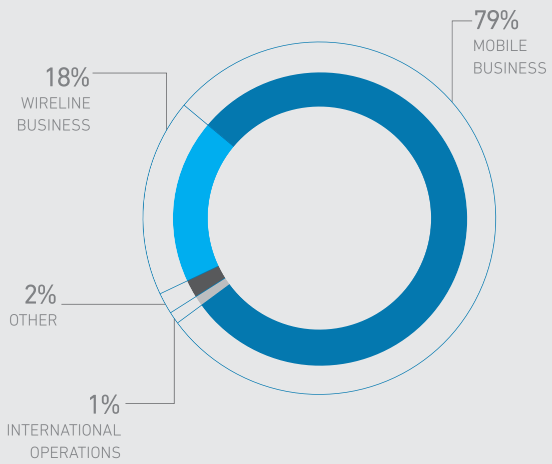
The entry of new competitors in the industry and the implementation of number portability increased the level of competition and imposed significant commercial challenges in all markets. When taken together with the industry-wide trend of migration to smartphones and mobile Internet, the year was marked by challenging demands and a high level of commercial activity.

A strong commitment to offering our customers the best service experience based on modern and robust networks and data centers, coupled with a brand that is in keeping with these aims, allowed us not only to preserve our position, but to strengthen it. At the end of 2012, with an annual increase of 8%, we had over 10 million mobile customers, leading the industry with a market share of 39% of active customers, with a large share of the mass-market Segment and over 50% of the SME and Corporate segments.

CONSOLIDATED REVENUE
In CLP$ million



DISTRIBUTION OF CONSOLIDATED REVENUE BY BUSINESS ACTIVITY



Similarly, we achieved excellent results in the implementation of number portability. Entel was chosen by 45% of postpaid customers (customers with a service contract with their operator) who switched company and retained their number, making us market leader in the segment.

In our vision, we aspire to provide our customers with a "distinctive service experience". This is no easy task, especially in an industry with high levels of growth and technological change. In this context, we are extremely proud to have come first in the mobile category of the National Customer Satisfaction Ranking run by ProCalidad for the 10th year in a row.

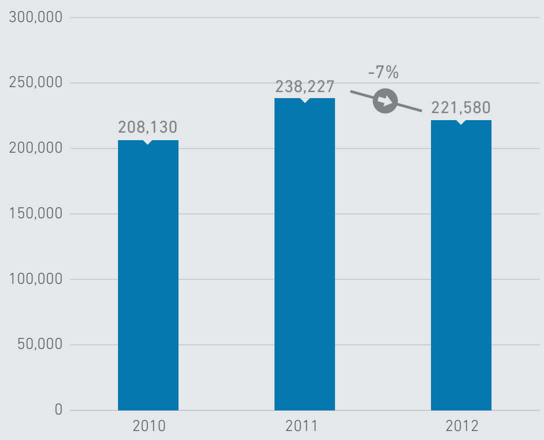
We would like to thank our customers for choosing Entel and for this continuous recognition for over a decade, embodied in an award that we received with modesty and a commitment to keep improving.

More Customers and Increased Value

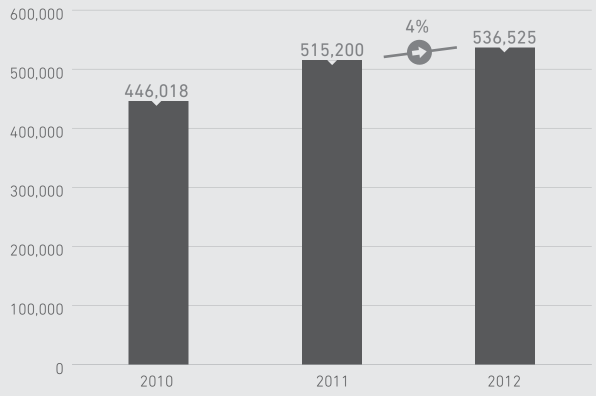
As I mentioned, our total customer base for mobile customers grew by 8%, however postpaid customers increased by 11% to reach a share of 31% of the total customer base at the end of 2012, growing our market share of this segment by 1.8 percentage points.

As I have mentioned, a key factor in the growth of the mobile industry is the transition to data and the use of mobile Internet. While the fact that more than 1 million of our customers used mobile broadband (MBB) on their computers at the end of the year is in itself striking, the strong growth in customers with mobile Internet plans on smartphones over the past year is even more remarkable. At the end of the year 42% of our mobile customers had mobile Internet plans, up from 28% at the close of 2011.

CONSOLIDATED OPERATING INCOME
In CLP$ million



EBITDA
In CLP$ million



In the Consumer Segment, as of December 2012, 47% of post-paid customers had smartphones, in addition to 18% of pre-paid customers. Smartphones accounted for 68% of all hand-set sales and replacements made during the year.

This same phenomenon occurred in the SME and Corporate segments, supporting our goal of consolidating the provision of convergent fixed-mobile-IT services in these markets over fixed and mobile access.

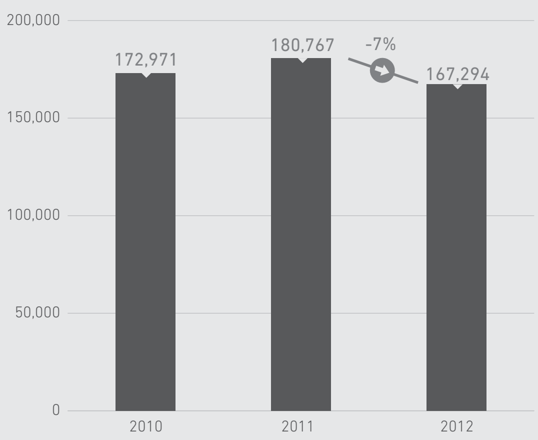
Thanks to our wide range of products and focus on customer service, the SME and Corporate segments saw an increase of 9% in revenue from fixed and IT services (data, telephony, Internet and IT services). The main factors responsible for this growth were services to increase the use and productivity of fixed and mobile connections, such as agreements signed with Prontoforums and SAP, a more aggressive supply of fixed connectivity to companies over fiber optic cables, cloud computing services provided from our data center, and the supply of various housing, hosting and administration services on our network of data centers with over 7,000 m^2 of floorspace.

New Business

In August 2012, we created a new line of business with the launch of Entel Hogar for the residential market. The product offers fixed telephony and Internet services over the mobile wireless network, as well as satellite television, for homes in the residential segment. At the end of the year, more than 30,000 customers had signed up to the service.

In the Wholesale Segment, we signed an agreement with Falabella to provide network services for the Mobile Virtual Network Operator (MVNO) the retailer plans to launch in Chile in 2013, which expands our operations in this new area and reaffirms the robustness of our services and network quality.

PROFIT FOR FINANCIAL YEAR
In CLP$ million



Results

Consolidated net revenue rose by 16% in 2012, with relatively even growth across the Consumer and SME segments, as well as across fixed and mobile services, totaling CLP $1,440,978 million for 2012.

All this has been achieved in an environment in which there is increasing pressure on operating costs as a result of increased activity and new initiatives launched by the company, together with its increased market share of the high-value segment.

Consolidated EBITDA for 2012 rose to CLP $536,525 million, 4% less than the increase in revenue, as a result of the aforementioned increases in costs and the impact of a new accounting procedure for the provision of mobile handsets to postpaid customers.

Profits for 2012 were CLP $167,294 million, down 7% from the previous year as a result of the reasons mentioned above. Without the implementation of the accounting procedure, profits would have totaled CLP $180,990 million, a slight increase over the figures for 2011.

The new procedure has no effect on the value or the company's business activities. However, there will be some additional negative effects on the financial statements, although these will be temporary and decrease over the first three quarters of 2013.

Financing

Taking advantage of the favorable conditions of the international market, in August we obtained a syndicated loan of USD $400 million, primarily used to refinance loans nearing their due date. Financial indicators remain indicative of high levels of solvency (NFD/EBITDA of 0.70 and EBITDA/Financial Expenditure of 39.16) considering the significant level of investment and expenditure as part of business activities that has allowed us to increase our market share of high-value customers.

Investment and Technological Change

In 2012, we maintained a high level of investment to support our own network and infrastructure with national coverage, which is essential to provide the best connectivity and service experience, investing a total of USD $521 million in addition to investment in mobile handsets.

Some of the most significant investments include the completion of the Todo Chile Comunicado project, the 3G network for indoor coverage and capacity, the expansion of our GPON fiber optic network (with a total deployment of 810 km of fiber optic cable for fixed access services), and the second building of our Ciudad de los Valles data center, with 2,000 m^2 of floor space and the same TIER III certification as the first building.

One of the most important events to take place during the year was the award of the central block of the 2,600 MHz spectrum

* NFD: Net financial debt.

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in August, which will make is possible to use LTE (Long Term Evolution), or 4G, technology. The network will be deployed throughout the national territory in 2013, in line with commitments undertaken as part of the tender process.

This is an important step in responding more efficiently to the high demand for data traffic forecast for the coming years. However it is just one step forward in a continuous process that will soon lead to the deployment of 4G technology on other bands to be tendered by the regulating body, such as 700 MHz.

Opportunities in a Competitive Environment

In addition to the entry of more competitors into the market, 2012 saw a number of changes in regulations and the environment in which the company operates.

The application of the Network Neutrality Act, regulating the installation of antennas and supporting towers, the implementation of number portability, and the ruling by the Tribunal for the Defense of Free Competition prohibiting the use of different pricing structures for traffic destined for different networks (on-net/off-net traffic) are all extremely important changes that transform the environment in which we operate and create a greater regulatory burden for the industry. The Bill to create the Telecommunications Supervisor will also soon come into force, changing the form and intensity of enforcement.

We understand that all these changes respond to the transformation of society and the formation of a new public environment. At Entel, we are comfortable with opening up and ensuring the transparency of all out activities in an increasingly competitive market. As a company, we strongly believe that even when this new environment—which may be more demanding in some aspects, with changes in competition, more empowered consumers and bodies representing them in a more active manner—means higher costs and adaptation, it is nonetheless consonant with our brand and our market positioning.

We are confident we will adapt well and that new opportunities will also arise. With the support of our shareholders and the motivation and passion of our staff, we will be able to identify and capture to some extent—as our company, characterized by an ability to transform itself, has traditionally done—the reality of the market and society.

In closing, I would like to thank you once more for the trust placed in our company by all our shareholders, the preference, recognition and, occasionally, tolerance of our customers, the support and collaboration of our suppliers, the receptiveness and understanding of all those affected on a daily basis by our activities, and the professional and human effort and dedication of all our staff.

With my best wishes,

Juan Hurtado Vicuña
Chairman

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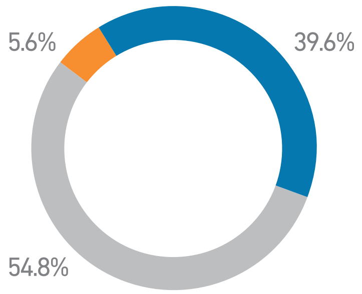
[SUPPORTED by the best network and data center infrastructure in Chile, we help more than 10 million customers live better connected and support SMEs and Corporations in Chile and Peru in the optimization of their business processes.

Entel provides integrated telecommunications and IT services to the Consumer, SME and Corporate segments, in addition to network leasing services to wholesalers. The company operates in Chile, where it leads the industry, and Peru through its subsidiaries Americatel Perú and Servicios de Call Center del Perú. It provides call center services, remote contact services and technical support help desks in both countries.

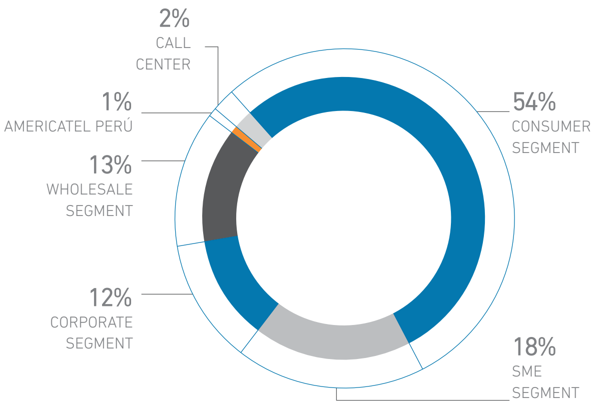
With a market capitalization of USD $4,878 million at the end of 2012 (equivalent to 3% of Chile's IPSA national share index), Entel Chile S.A. is one of the country's largest public limited companies. Its stock is distributed among 2,114 shareholders and its controller, with a 54.8% share, is Inversiones Altel Ltda., a subsidiary of Almendral S.A., an investment company owned by six business groups.

COMPANY OWNERSHIP



INVERSIONES ALTEL LTDA	129,530,284	54.8%
PENSION FUNDS	13,258,413	5.6%
INTERNATIONAL FUNDS/RETAIL	93,734,998	39.6%
	236,523,695	100%

DISTRIBUTION OF REVENUE BY SEGMENT



Note: Distribution by segment in terms of gross revenue (includes revenue for services provided between Entel Group companies and markets, particularly by Wholesale and Call Center).

GROSS REVENUE

In CLP$ million	2012	Dist %
Consumer Segment	868,794	54%
SME Segment	292,158	18%
Corporate Segment	189,804	12%
Wholesale Segment	202,378	13%
Americatel Perú	20,878	1%
Call Center	32,965	2%
	1,606,977	100%

KEY FIGURES 2012

In CLP$ million	2012	2011	Change 12/11	2010
Consolidated Revenue	1,440,978	1,240,914	16%	1,086,405
EBITDA	536,525	515,200	4%	446,018
Operating Profit	221,580	238,227	-7%	208,130
Annual Profit	167,294	180,767	-7%	172,971
Total Assets	1,695,255	1,558,014	9%	1,489,274
Total Liabilities	881,249	784,937	12%	767,900
Minority Interest	0	0		
Total Equity	814,007	773,077	5%	721,374
Total Liabilities and Net Equity	1,695,255	1,558,014	9%	1,489,274

MISSION

Our mission is to ensure that we all live better connected, making a responsible contribution to the transformation of our society.

VISION

Aspiring to be a company that offers world-class service and provides customers with a distinctive experience. A place where people reach their full potential. A company that is continuously reinventing itself to strengthen its role as a leader.

Our mission and vision are backed by a solid brand, a demanding workplace with opportunities for growth, the country's most modern and reliable networks and data centers, the best practices in customer service and a systematic culture of innovation that permeates all areas of the business.

Principles of Our Corporate Culture

Entel's value is rooted in the seven principles of its corporate culture:

Excellence, Quality and Delivery
Taking responsibility for our decisions and actions, committed to delivering the highest service standards, both externally and internally, without losing sight of the fact that our commitments affect those made by others. Continuously working to strengthen our leadership.

Customer-Focused
Always working based on what the customer wants and expects in order to meet their expectations. Always guided by how the end result of our actions and decisions will affect them. Aspiring to build trust with our customers in long-term relationships that allow us to understand and anticipate their needs.

Ethical and Transparent People Reaching Their Full Potential
Promoting an environment of understanding, openness, sincerity, loyalty and honesty; a demanding, stimulating and enjoyable environment that allows people to reach their full potential and grow in the broadest sense.

Teamwork, Integration and Collaboration
Working with team spirit, focusing on the bigger picture to achieve common goals. Transparency, openness, honesty and integration with the rest of the company are essential. Seeking to promote relationships that favor collaboration and learning across different areas of the business, providing incentives to form working networks between areas, with a collaborative attitude, always willing to help and share information, knowledge and experience.

Innovation and Adaptation
Experimenting with new ways of doing things and encourage others to experiment, challenge and come up with ideas. Accepting errors as learning opportunities and being open to change. Promoting the self-assessment and reviewing of actions because it is always possible to learn and improve on what we do.

Passion and Persistence
Undertaking initiatives with energy and enthusiasm, always with a positive attitude. Always ready and willing to help and motivated both by goals and the paths that lead to them. An awareness that it will not always be easy and of the need to learn and adapt along the way.

Proactive
A proactive approach to solving problems, prioritizing, simplifying and focusing on what delivers the best results. Taking the initiative and pushing things forward so they are done with energy, while always being aware of the risks.

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[FROM ITS INCEPTION, Entel has helped to shape Chile's economic and social development.

The earthquake of 1960 caused major damage to Chile's inter-urban network, making clear the requirement for a modern and secure telecommunications system. This gave rise to the creation of Empresa Nacional de Telecomunicaciones in 1964, a public organization whose mission included the installation of microwave networks throughout the majority of the national territory. In 1968, it launched Latin America's first satellite station and in 1974 the National Telecommunications Center in Santiago (better known as the Entel Tower) began its operations as the core of the country's communications system.

In 1986, the Chilean state began to privatize the company, a process which was completed in 1992. In 1993, through a series of market transactions, Chilquinta (now Almendral), acquired 19.9% of the company's stock. In June 1996, a meeting of the company's shareholders authorized an increase in capital that allowed the entry of Stet International Netherlands N.V. (later to be taken over by Telecom Italia), which shared control with Chilquinta through a shareholder agreement. In March 2001, Telecom Italia bought the shares owned by Chilquinta and Grupo Matte, increasing its stake in the company to 54.76%. The Italian group held its stock until March 2005, when Almendral S.A. bought back the stock, which it retained at end of 2012.

Transformation

For 30 years, Entel was Chile's main supplier of long-distance telephone services. In 1994, the reformation of the national telecommunications market allowed the entry of new operators and created competition via the Multicarrier system, which gave customers a choice of long-distance operators. The reform also allowed local telephone operators to provide national and international long-distance services via contracts with operators of these services.

Entel maintained a strong position in long-distance services in this new environment and successfully entered other high growth markets in the country, such as mobile services, focusing its efforts on providing integrated voice, data and Internet solutions, with an emphasis on enterprise segments, in addition to IT services and infrastructure leasing services to other companies.

Leadership and Innovation

Maintaining the vision upon which it was founded, Entel has continuously reformulated its business model to operate in highly competitive markets with a strategy based on three fundamental aspects: high service quality, infrastructure, and innovation. In 1994, it installed the first GSM (Global System for Mobile Communications) network in the region, the first commercial network in Latin America with ATM technology, which has evolved into the current multi-service IP network for fixed broadband solutions (1997) and launched the first mobile broadband service delivered over the GPRS platform on the 1,900 MHz spectrum (2001). Entel was the first company in Chile to offer a service providing users with email access from a mobile handset (2005), and the first operator in Latin America to launch commercial 3.5G (2006) and HSDPA+ (2009) networks.

In 2011, it continued to make progress in this area with the introduction of HSPA+ Dual Carrier technology, being one of the first companies in the world to offer this standard.

The company launched the country's first Tier III certified data center in 2012 to complement its leadership in integrated and IT services with high-capacity business networks, a position it has retained since 2005.

To capitalize on and increase innovations such as these, Entel has formed strategic partnerships with leading technology companies such as Vodafone, Samsung and Ericsson.

In June 2011, the company's mobile and fixed operations were integrated under an organizational structure designed to bring the company close to its customers in each of the market segments in which it is present.

landmArks_

1960 — 1970 — 1980 — 1990

1964

CREATION

Empresa Nacional de Telecomunicaciones (Entel) was founded on December 30 by a treasury decree to provide national and international long-distance telephone and telegraph services to enterprises.

1968

FIRST SATELLITE STATION

Entel installed Latin America's first satellite station in Longovilo.

1974

ENTEL TOWER

The company completed the 127-m high structure that houses the National Telecommunications Center.

1977

SATELLITE EXPANSION

Construction of three new satellite stations to provide coverage throughout mainland Chile, completed in 1985.

1987

NETWORK DIGITIZATION

Entel consolidated its technological leadership with the digitization of its national and international long-distance network.

1990

FIBER OPTIC NETWORK

Development began on the fiber optic network that currently provides coverage from Arica to Puerto Montt.

1992

PRIVATIZATION

Completion of the privatization process that began in 1986.

1993

INTERNATIONAL EXPANSION

Entel began to expand abroad with the creation of Americatel Corp to provide long-distance services in the United States. It took over Americactel Centroamérica the following year. Both companies were sold in 2006.

1994

MULTICARRIER SYSTEM

With Multicarrier code 123, Entel began to compete with other operators in its original business area, long-distance telephone services.

1995

INTERNET SERVICES

Entel began providing Internet access services.

1996

LOCAL TELEPHONE SERVICE

The company began operations through the subsidiary Entel Telefonía Local.

1996

ANALOG MOBILE SERVICE

Entel took over Telecom Celular S.A., which provided analog mobile services with coverage in various regions of the country.

1997

PCS MOBILE SERVICE

Following the award of two PCS (Personal Communication Service) licenses, Entel launched a national mobile service. In 1998, Entel began to offer digital mobile services on the 1,900 MHz spectrum.

2000

2000
CALL CENTER

To provide its customers with better service and promote the use of remote channels, the company created the Entel Call Center subsidiary, which subsequently expanded its operations to Peru.

2001
MOBILE BROADBAND

Entel PCS launched the first Mobile Broadband service in Latin America with the implementation of the first 1,900 MHz GPRS platform to provide Internet access from mobile handsets.

2001
EXPANSION IN PERU

Entel formed Americatel Perú to provide long-distance and traffic termination services in the country.

2001
ENTEL WILL

EntelPhone obtained its WILL license on the 3,500 MHz frequency band to provide wireless fixed telephone services, and two licenses with a total capacity of 100 MHz to provide broadband for Internet and local telephone access (Entel Will).

2005
IT SERVICES

Entel expanded the areas in which it operates in order to offer IT services.

2005
LAUNCH OF BLACKBERRY

Entel became the first company to offer BlackBerry technology.

2006
LAUNCH OF 3.5G

Entel became the first Latin-American operator to launch a commercial 3.5G mobile network.

2008
PARTNERSHIP WITH VODAFONE

Entel formed a strategic partnership with Vodafone, the world's leading mobile operator.

2008
PURCHASE OF CIENTEC

Entel acquired Cientec Computación S.A to consolidate its strategy in the IT market.

2009
FIRST COMMERCIAL HSPA+ NETWORK

With the operation of the first commercial HSPA+ network in Latin America, Entel PCS became able to offer the fastest broadband speeds on the market.

2010
TODO CHILE COMUNICADO

Completion of the first phase of the bicentenary project *Todo Chile Comunicado*, a public-private initiative with national and regional government that has seen Entel roll out mobile broadband (MBB) to 1,474 rural communities throughout the country.

2010
NEW DATA CENTER

Entel launched the first phase of a data center in Ciudad de los Valles that will provide 8,000 m^2 of floor space. This marked the beginning of a shift in the industry towards local, high-quality data centers.

2010
ACQUISITION OF TRANSAM AND WILL

Entel acquired all shares in Transam, which provided intermediary telecommunications services and long-distance operator, and Will, which provided local wireless telephone and data transmission services.

2011
DUAL CARRIER PIONEER

Entel became the first operator in Latin America to implement HSPA+ Dual Carrier, a breakthrough in the evolution of its 3G HSDPA+ network, providing users with maximum download speeds of up to 22 Mbps, almost double the existing capacity.

2011
ENTEL VISA CARD ISSUED

Thanks to its long-term partnership with Banco de Chile, the company launched the Entel Visa card.

2011
RESTRUCTURING OF ENTEL

In order to forge closer relationships with its customers, Entel restructured the organization, integrating its fixed and mobile businesses. Under the new structure, activities are grouped in units based on market segments.

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january

THE START OF NUMBER PORTABILITY

The number portability system began operation on January 16, 2012, for mobile services throughout the country. Entel saw a net increase of 75,000 contract customers between the date number portability took effect and the end of 2012, attracting the highest number of customers in this high-value segment.

may

COMPLETION OF TODO CHILE COMUNICADO

Entel and the Chilean Government successfully completed the connectivity program to provide access to Internet and mobile services to more than 90% of inhabitants in the country's rural areas. The public-private initiative saw a total of 1,474 communities in 289 districts obtain mobile broadband coverage.

NEW OPERATORS

VTR, a company that has traditionally provided telephone, fixed Internet and cable television services entered the mobile market.

The same month, Nextel began offering mobile services, expanding its range of services from mobile broadband.

june

APPLE CO-FOUNDER KEYNOTES AT ENTEL SUMMIT

The fifth Entel Summit, organized in collaboration with its strategic partners, saw the participation of Apple's co-founder, Steve Wozniak who appeared as keynote speaker at the country's most important technology and business event.

july

4G SPECTRUM AWARD

Entel was awarded the central block of the 2,600 MHz band in the Department of Telecommunications public auction. Upon publication of the corresponding decree, the company will have 12 months to implement and launch a national LTE (4G) network.

august

SATELLITE TV AND FIXED TELEPHONY EXPANSION

Via its new Entel Hogar services, the company began to provide wireless fixed telephone services, satellite television and Internet to the residential segment of the Consumer Segment. This product aims to satisfy the connectivity and entertainment requirements of customers in areas where services have low coverage.

september

SIGNING OF A LOAN FOR USD $400 MILLION

Entel obtained an international bank loan for USD $400 million. The resources were mainly used for the advance payment of the second installment of a syndicated loan due in 2013 and refinancing some of the company's other liabilities.

NUMBER ONE FOR CONSUMER SATISFACTION

Entel led the mobile category of the National Consumer Satisfaction Ranking for the tenth year running. The ranking is run on an annual basis by the not-for-profit organization ProCalidad and includes large companies or institutions that are most highly regarded by their customers.

october

TIER III CONSTRUCTED FACILITY

The Uptime Institute certified the second phase of the Ciudad de los Valles data center, making it the first in Chile and the second in Latin America to obtain this certification, which ensures the infrastructure is able to provide first-class services without interruptions in the event of faults.

PROPYME CERTIFICATION

Entel became the first company in the telecommunications sector to obtain the ProPyme certification, awarded by the Ministry of the Economy, Public Works and Tourism to companies complying with the voluntary commitment to pay SME suppliers within a maximum of 30 days.

november

FALABELLA CONTRACT

Entel signed an agreement with Falabella to provide network infrastructure services for the Virtual Mobile Operator (VMO) to be launched by the retailer in Chile in 2013.

SUPPORTING INNOVATION

The company sponsored the 2012 Avonni TIC Entel prize, awarded to the company Lifeware Integra for the creation of software that allows people with physical disabilities to operate a computer using a device that works using brain pulses.

december

MOBILE LEADERSHIP

Entel's total mobile customer base grew to over 10 million customers, a 39% share of active customers and the highest in the industry.

RULING BY THE TRIBUNAL FOR THE DEFENSE OF FREE COMPETITION

The Tribunal for the Defense of Free Competition issued a ruling on on-net/off-net pricing and bundled offers of telecommunications services, issuing general instructions for mobile telephone companies and the industry in general. The provisions will take effect upon publication in the Official Gazette.

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[THE AIM OF ENTEL'S corporate governance system is the sustainable creation of value for its shareholders and the company through a significant contribution to the development of telecommunications and information technology. Excellence, integrity and responsibility are all essential in fulfilling this commitment.

Principles

Entel's corporate governance is based on the following principles: the protection of the rights of shareholders, ensuring they are all treated equally; the timely and accurate disclosure of any relevant information about the company; the responsibility of the board of directors in approving strategic directives and ensuring executive management is aligned with them; and the effective development of relationships with its stakeholders (shareholders, employees, customers, suppliers and the community).

Structure

Entel's corporate governance is the responsibility of a board of directors with nine members who do not hold executive positions in the company and hold their posts two-year periods with the possibility of being re-election. The current board of directors was elected at the Annual General Meeting of Shareholders held in April 2012. There is also a Directors Committee comprising three members.

The members of Entel's Directors Committee are: Luis Felipe Gazitúa Achondo (Chairman of the Committee), Richard Büchi Buc (Director of Controlling Party), Alejandro Pérez Rodríguez (Independent Director).

The main duties of the committee include examining the external auditors' reports, balance sheets and other financial statements, proposing the auditors and risk ratings agencies to the board of directors, reviewing transactions between related parties, and the other material contained in the committee's regulations.

The board of directors appoints the CEO, who has all the powers and responsibilities befitting their position. By law, the position is incompatible with the roles of company chairman, director, auditor or accountant.

Entel also has a Corporate Internal Audit Department, responsible for ensuring the effectiveness and efficiency of the company's internal control system, identifying any possible risks in a timely manner and recommending actions to mitigate them.

Once a year, the remuneration of the directors (shown in the attached table) is approved at the Annual General Meeting. None of the members of the board of directors or the organization's executives are remunerated with shares or stakes in the company's equity or for their work as directors of subsidiary companies.

The directors elected at the Annual General Meeting of Shareholders, held on April 26, 2012 are listed in the table below alongside their remunerations.

REMUNERATION OF THE BOARD

NAME	TAX ID	POSITION	2012 (Th. CLP$)	2011 (Th. CLP$)
Juan Hurtado Vicuña	5.715.251-6	Chairman	69,324	73,646
Luis Felipe Gazitúa Achondo	6.069.087-1	Vice-Chairman	65,379	63,174
Andrés Echeverría Salas	9.669.081-9	Director	35,661	20,276
Juan José Mac-Auliffe Granello	5.543.624-K	Director	35,661	34,459
Juan José Claro González	5.663.828-8	Director	31,689	29,625
Juan Bilbao Hormaeche	6.348.511-K	Director	33,664	33,483
Richard Büchi Buc	6.149.585-1	Director	31,799	0
Alejandro Pérez Rodríguez	5.169.389-2	Independent Director	47,548	53,407
Raúl Alcaíno Lihn	6.067.858-8	Director	34,669	34,458
Alejandro Jadresic Marinovic**	7.746.199-K	Director	15,749	45,945
Total			401,143	400,759*

* Bernardo Matte resigned from his role as director in June 2011, receiving remuneration of Th.CLP $12,286.

** Alejandro Jadresic Marinovic ceased to be a director in April 2012.

Executive Compensation

In 2012, the value of compensation for senior executives of equivalent rank at Entel was CLP $7,982,856,872, distributed between 92 people (Entel S.A. and its subsidiaries). The total value of bonuses paid for the year was CLP $3,066,526,190 and severance pay for 2012 was CLP $1,810,785,843, covering a total of 14 executives.

During the financial year, the Directors Committee did not incur any expenses or contract any consultancy services.

Investor Relations

The company has an investor relations area responsible for providing the information required by the financial market and disclosing information about the company in line with the provisions contained in current regulations.

Code of Ethics

Since 2009, Entel has had a Code of Ethics and Conduct that seeks to guide the behavior of the company, its staff and contractors, establishing high standards of conduct that preserve integrity and the ethical principles. The document contains guidelines for relationships between the company and shareholders, founded on the principles of preventing discrimination and avoiding the acceptance of pressure from one group of shareholders at the expense of others.

The Company has Regulations for the Directors Committee and a Manual for the Handling of Market-Sensitive Information. The former governs the appointment of independent directors, and the formation and duties of the Directors Committee, whereas the latter covers the handling of company information with respect to the market and the mechanisms for protecting confidential and private information.

Entel has also made progress with the implementation of a system to prevent legal entities incurring criminal liabilities, undertaking studies and designating a role responsible for prevention, which has been assigned the appropriate measures and attributes, such as the supervision and certification of this system.

board of dirEctors_

Juan José Hurtado Vicuña
Chairman
Civil Engineering,
Universidad de Chile.
Tax ID No: 5.715.251-6

Alejandro Pérez Rodríguez
Independent Director
Civil Industrial Engineering,
Universidad de Chile;
Masters in Economics,
University of Chicago.
Tax ID No: 5.169.389-2

Richard Büchi Buc
Director
Civil Engineering,
Universidad de Chile;
MBA, Wharton School
of Business,
University of Pennsylvania.
Tax ID No: 6.149.585-1

Luis Felipe Gazitúa Achondo
Vice-Chairman
Business Engineering,
Universidad de Chile.
Tax ID No: 6.069.087-1

Juan José Claro González
Director
Entrepreneur; Civil Engineering and Masters in Physics, Pontificia Universidad Católica de Chile.
Tax ID No: 5.663.828-8

Juan Bilbao Hormaeche
Director
Business Engineering, Pontificia Universidad Católica de Chile;
MBA, University of Chicago.
Tax ID No: 6.348.511-K

Juan José Mac-Auliffe Granello
Director
Business Engineering, Pontificia Universidad Católica de Chile.
Tax ID No: 5.543.624-K

Raúl Alcaíno Lihn
Director
Civil Industrial Engineering, Universidad de Chile.
Tax ID No: 6.067.858-8

Andrés Echeverría Salas
Director
Business Engineering, Pontificia Universidad Católica de Chile;
MBA, University of California.
Tax ID No: 9.669.081-9

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managEment_

Structure and Governance

Entel's operations are structured around market segments: Consumer, SME and Corporate. Each of these units has its own teams for innovation and product development, pricing, marketing, sales, and customer service. Traditional technology activities (networks, systems, and operations) and the Wholesale Segment, are grouped under a convergent Technology and Operations area. IT Services is responsible for managing, operating and running processing, transaction, and connectivity technology platforms (cloud services, data center, outsourcing).

All units that cut across the organization operate under a single leadership. The structure was designed in line with international best practices, envisaging close integration among different areas as a result of increasing synergies in technology.

In addition to its functional responsibilities, the executive the group has a business-wide governance system, allowing the it to effectively tackle any strategic and management issues that cannot be resolved solely by the business functions or processes. Issues tackled in this way include the approval and monitoring of investments, the control of operations aligned with customer quality targets, the company-wide management of human talent and related strategies, and communications.

workfOrce*_

	Entel S.A.	Entel PCS	Call Center S.A.	Other subsidiaries	Transam-Will	Call Center Perú	Americatel Perú	Total
Executives	51	37	17	2	1	4	25	137
Professional and Technical	1,718	1,170	841	75	-	86	67	3,957
Clerical	735	1,016	777	417	7	1,097	164	4,213
Total	2,504	2,223	1,635	494	8	1,187	256	8,307

* Workforce: as full-time equivalent.

seniOr executives_

Antonio Büchi Buc
Chief Executive Officer
Civil Engineer, Pontificia Universidad Católica de Chile; Masters in Economics, University of Chicago.
Tax ID No: 9.989.661-2

Felipe Ureta Prieto
Finance and Management Control Executive
Business Engineering, Pontificia Universidad Católica de Chile;
Tax ID No: 7.052.775-8

Juan Baraqui Anania
Management Executive
Business Engineering, Universidad de Santiago de Chile.
Tax ID No: 7.629.477-1

Felipe Straub Barros
Corporate Human Resources Executive
Psychology, Pontificia Universidad Católica de Chile;
MBA, Universidad Alberto Hurtado / Loyola College, Maryland.
Tax ID No: 8.131.463-2

Cristián Maturana Miquel
Legal Executive
Law, Universidad de Chile.
Tax ID No: 6.061.194-7

Manuel Araya Arroyo
Regulatory and Corporate Affairs Executive
Civil Engineering and MBA, Pontificia Universidad Católica de Chile.
Tax ID No: 10.767.214-1

Luis Cerón Puelma
Internal Audit Executive
Accounting & Auditing, Universidad Católica de Valparaíso.
Tax ID No: 6.271.430-1

José Luis Poch Piretta
Vice-Chairman Consumer Segment
Business Engineering, Pontificia Universidad Católica de Chile.
Tax ID No: 7.010.335-4

Mario Núñez Popper
Vice-Chairman SME Segment
Civil Industrial Engineering, Pontificia Universidad Católica de Chile.
Tax ID No: 8.165.795-5

Julián San Martin Arjona
Vice-Chairman Corporate Segment
Civil Industrial Engineering, Universidad de Las Américas;
Computer Science, Universidad de Chile.
Tax ID No: 7.005.576-7

Alfredo Parot Donoso
Vice-Chairman Technology and Operations
Civil Industrial Engineering, Pontificia Universidad Católica de Chile.
Tax ID No: 7.003.573-1

Víctor Hugo Muñoz Álvarez
IT Services Executive
Civil Electrical Engineering, Universidad Técnica Federico Santa María.
Tax ID No: 7.479.024-0

Sebastián Domínguez Phillipi
Strategy and Innovation Executive
Civil Industrial Engineering, Pontificia Universidad Católica de Chile;
Masters in Economics, the University of Cambridge.
Tax ID No: 10.864.289-0

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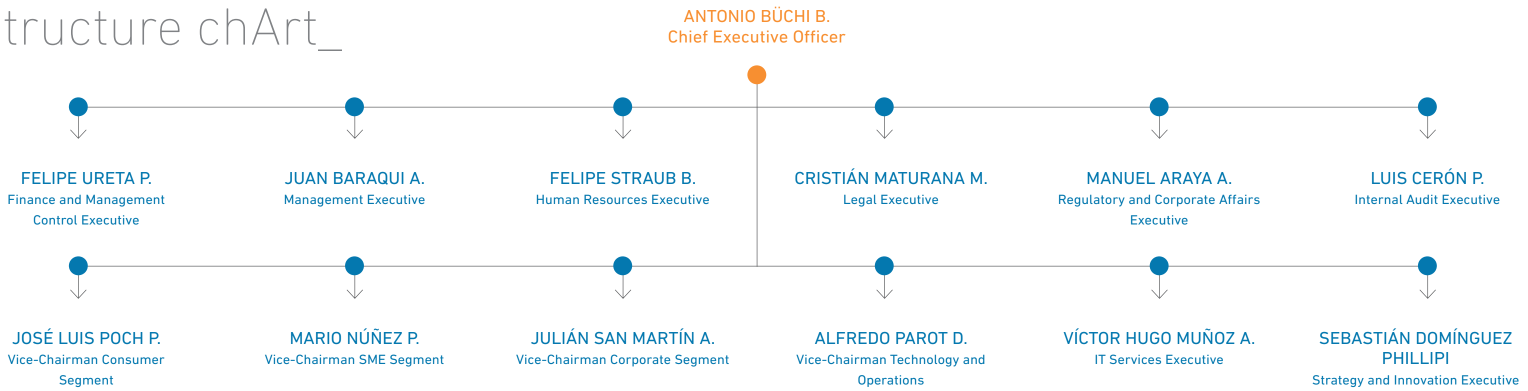
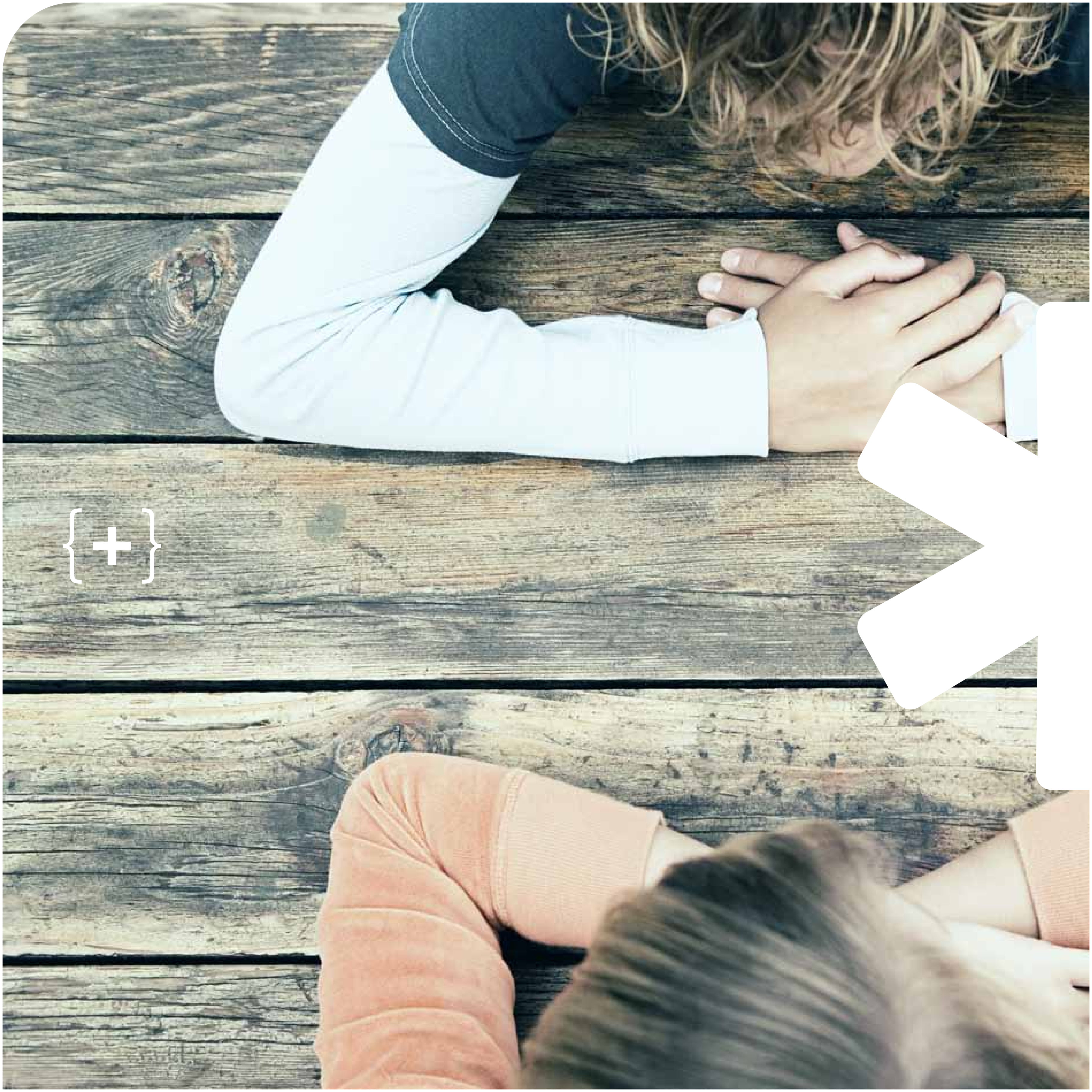




hUman resourcEs_

Highlights 2012

* Redefinition of vision and mission, and definition of values based on the principles of our corporate culture.
* Progress in the cultural transformation process with the participation of more than 4,600 employees.
* New corporate competency model and a redefinition of the performance evaluation system, achieving a participation rate of 96%.
* Reduction of the accident rate by 0.28% to 1.19%, significantly below the average for the telecommunications industry (3.40%).
* The incorporation of 1,229 new employees into the company.
* Agreements with the Belén Educa foundation and universities to attract and develop specialized technical staff.

[PEOPLE

who reach their full potential and act ethically and transparently are key to Entel's new organizational culture.

Cultural Transformation

One of Entel's most important goals over the last year has been the consolidation of a process of cultural change that began with the restructuring of its operations into markets in 2011. As part of this process, it organized more than 150 workshops in various formats, involving more than 4,600 managers and employees.

The definition of the mission, vision and organizational culture during the year supported the communication of the values that guide the management of all areas and employees. Each aspect of the organizational culture entails specific commitments and attitudes consistent with the organizational culture required to tackle the challenges faced by the company, as well as situations to be avoided.

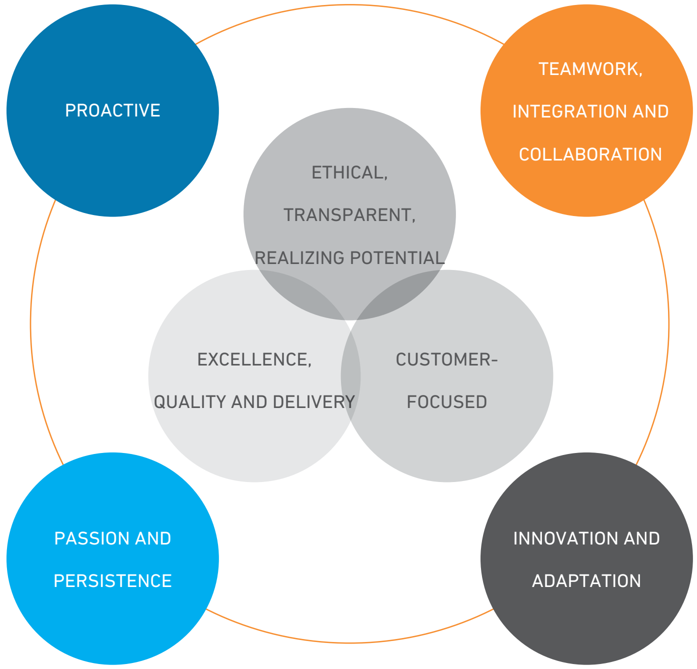
Development

The company used a performance evaluation process to align participants' behavior with strategic goals and defined training plans based on its Competency-Based Development Model.

More than 70 integration activities contributed to building trust, knowledge and commitment in the new teams.

Instruments from the Great Place to Work survey were used to detect progress in employees' perceptions of their relationship with the workplace and analyze aspects to be developed over the coming years.

Entel's seven cultural principles



Sense of Belonging

Entel is focused on fostering and supporting a sense of belonging among all its employees, generating a stimulating working environment and providing the spaces required for the professional and personal development of all of its staff. Examples of activities that foster a sense of belonging include the annual party on March 23, Chilean Independence Day in Santiago, Family Christmas and the male and women's Football Championship involving 53 teams and 620 people.

Training

Entel invested around CLP $1 billion in training activities, which translated into a total of 122,880 man-hours, with a participation rate of 84% among a total of 5,278 employees. The Entel Campus website was launched in 2012 to provide information about available courses and programs.

Attracting Talent

In 2012, some 1,229 new employees joined the company and

a total of 323 employees were promoted throughout the year thanks to the Internal Mobility Program, which seeks to offer occupational and professional development to all members of staff.

The IT Services, Human Resources and Corporate Social Responsibility departments started a project to work in partnership with the Belén Educa Foundation to promote the educational development and entry into the workplace of its students over the coming years through a technical program of excellence, thus fostering a relationship between the foundation's telecommunications students and Entel.

The company also signed agreements with a number of universities throughout the country.

PROGRAMS 2012

Program	Purpose	Participants
Induction	Introduce new-starts to the company under the new Entel culture.	679 people.
Management	The program has been undertaken for six years with Universidad de Chile to keep knowledge of business management up to date.	333 professional staff, project managers, supervisors, area managers, deputy executives and executives.
Leadership	Promote the skills and beliefs that facilitate the integration of teams and business areas by Entel's leaders.	130 executives and deputy executives.
Postgraduate scholarships	Supporting continuous education.	31 professionals.
Technical training	Obtaining ITIL certification.	113 technical and professional staff.
Project management	Specialization for project managers.	89 professional staff.
English (e-learning and in-person)	Acquiring a command of the language.	170 employees.

Health and Safety

The implementation of the group-wide 2012/13 Prevention Management System protocol got underway, aiming to contribute to the quality of life and physical integrity of employees and contractors.

With the creation of 17 Peer Health and Safety Committees, the total number of committees throughout the country rose to 19.

The company's accident rate for 2012, as recorded by the Chilean Safety Association (ACHS, in Spanish), was 1.19%, down 0.28% with respect to 2011. The figure is considerably lower than the average for the Telecommunications industry (3.40%) and the Transport and Telecommunications sector (6.25%).

Compensation

Entel has a conceptual salary management model that includes processes for analyzing and describing role at the company and determining salary and incentive structures in line with market rates as part of the company's plan to achieve excellence. With a view to improving the process, in 2012, a role evaluation system based on a number of factors was implemented with support from the specialist consultancy firm Mercer.

The company has also developed a structured compensation system based on management by objectives that applies to executives and area managers and seeks to align the fulfillment of targets set at each level with those of the company to ensure a consistent vision.

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corpOrate imAge_

[BETTER COVERAGE,
better quality communications,
cutting-edge technology, and service
quality management are what allow
Entel's mobile users to live the best
comprehensive connectivity experience.

Highlights 2012

* Consolidation of the leadership of Entel across the industry after the implementation of number portability with an 11-point increase in levels of preference.

* Increased association of the Entel brand with cutting-edge technology following successful smartphones launches and improvement of our technological position in the business segments through integrated connectivity and IT services.

* Ranked seventh among companies with the best corporate reputation in Chile (Merco Ranking 2012).

* Award of two AMAUTA prizes in the integrated online marketing campaign category, the highest distinction for direct and interactive marketing in Latin America.

* Consolidation of the strategy for entertainment and sporting events and sponsorships.

As part of its drive to promote sport, family life and a connection with its brand, Entel is official sponsor of the Chilean football team and 24 teams throughout the country.

Attributes

The implementation of number portability in January 2012 resulted in significant changes to the perception of mobile brands. According to studies undertaken in June, the category recovered social and leisure dimensions that it had lost and there was an increase in the importance users attribute to handsets, new technologies and functionality. Access to technologies that permit connectivity and instantaneity were highly valued in the digital dimension. The Entel brand benefited from this shift as a result of being closely associated with cutting-edge technology, better coverage and unrivaled communication quality. It also kept its solid position in terms of trust and quality, and improved its emotional connection as a result of being perceived as a brand that is more flexible and closer to customers.

Together with the development of ethical and value aspects in its positioning, this has made it possible to achieve a stronger emotional bond with consumers across all products and services provided by the company, giving Entel a competitive advantage in terms of trust, security and transparency.

Personality

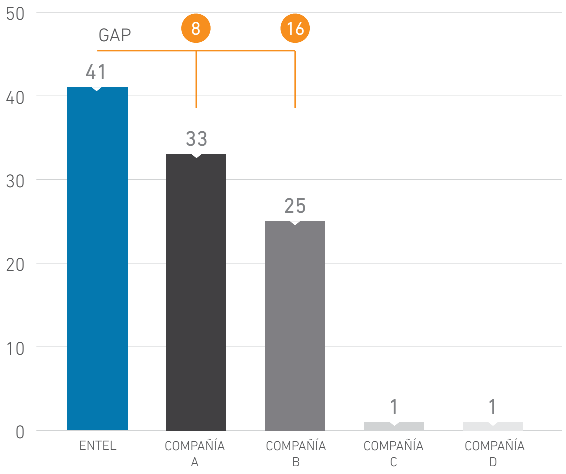
Entel's marketing strategies and activities contributed to the creation of a brand personality that portrays a positive, friendly and innovative attitude, with a sense of belonging that is close to customers. Every instance in which the company communicates to its customers and the general public (advertising, store design, events, etc.) is consistent with these definitions.

Communication

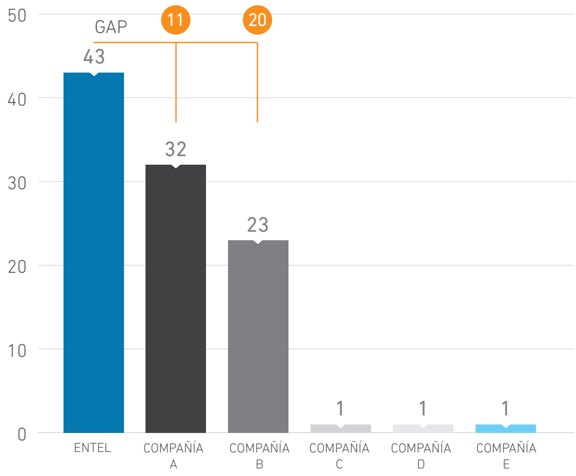
In 2012, marketing strategies in the Consumer Segment mainly focused on supporting the concept of "cyber-independence" associated with MBB services, raising awareness of the Entel Zone reward program that is available to all customers and bringing the brand and its promise of "living better connected" to the market as a whole.

As part of its sponsorship strategy, Entel reinforced its support for large-scale entertainment events for different market segments throughout the year. These included parties and festivals (Sensation, Creamflieds and Mysteryland), a total of 14 concerts (partnerships with T4F) and Chile's hottest musical shows of the year (Madonna and Lady Gaga). The company's customers were able to enjoy these events thanks to exclusive

NATIONAL TOP OF MIND



NATIONAL BRAND PREFERENCE



Source: Monthly brand tracking 2012 - Kronos

Entel Zone discounts, as well as cinema, football and family entertainment tickets and fast food promotions. More than 5 million customers took advantage of these benefits during the year, redeeming points as part of the Entel Zone program.

The company has run the Entel MTB Challenge, Chile's largest organized mountain bike race, for four years and the 2012 event saw the participation of more than 3,000 people.

One of the most important activities throughout the year was the E-Day tours in the cities of Coquimbo, Valparaíso, Rancagua and Temuco. The tours, which ran for four weeks, saw the company hold fairs in the central plazas of the cities, with stands to showcase and sell products, as well as children's games, children's theater, concerts and artistic events. As part of the program, more than 30,000 people attended shows held in the different cities.

The traditional New Year party run by Entel in downtown Santiago attracted more than 450,000 people who enjoyed the largest firework display in Chile's Metropolitan Region.

Entel Summit

The fifth version of the Entel Summit reaffirmed its position as the country's most important technology and business seminar. The keynote speaker of the event, organized by the company in cooperation with its strategic partners was Apple's co-founder, Steve Wozniak, who gave a fascinating account of the beginnings of the company he founded with Steve Jobs and set out his vision of the future of technology to an audience of over 2,000 people.

Awareness and Preference

Entel maintained its leadership in terms of Top of Mind (the first mobile brand to come to mind) and preference according to the freely-volunteered answers of respondents.

Corporate Reputation

Entel once again ranked amongst the companies with the best corporate reputation in Chile, climbing two places in the 2012 Merco Ranking to seventh out of 100 companies.

The study is conducted by means of surveys completed by senior managers at companies with a turnover of more than USD $30 million. Financial analysts, consumer associations, not-for-profit organizations, unions, and media organizations also take part in the evaluation process.

Online media

In 2012, the company sought to improve customer loyalty and the position of its brand in online media by developing non-invasive formulas to provide users with relevant content. The policy was based on tutorials on number portability, e-billing and coverage of large-scale events throughout the year.

The company's presence on social networks continued to grow and the *Princesa a Caballo* campaign (a ten-second scene from an Entel advert) turned into an unprecedented phenomenon that became the "best viral marketing activity of the year". The integrated Entel Sensation campaign based on the virtual tamagotchi pets also received an award on account of its creativity.

Distinctions and Award-Winning Campaigns

MKT Prize Best
Advertiser 2012

IAB Prize
Awards
Best viral of 2012
Princesa a Caballo

XIII Prize AMAUTA *
Bronze for integrated online marketing campaigns
Entel Sensation and Yo Elegí Entel

XIII ACHAP Marketing Festival
Silver for Social Media
Image Campaign
Entel
Digitaria

Bronze in Digital Category
Integrated Entel Sensation Campaign / Digitaria

Bronze in AdverGame
Sensation – Entel / Digitaria

* AMAUTA prizes are awarded every year by ALMADI, the federation of direct and interactive marketing associations in Argentina, Brazil, Colombia, Chile, Mexico, Peru and Venezuela.

Chapter } **two**

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infrasturucturE_

[ENTEL'S GROWTH AND contribution to the country's development are based on the deployment and operation of the best telecommunications and IT infrastructure.

Highlights 2012

* Award of block B of the of the 2,600 MHz band.
* Completion of the Telecommunications Development Fund (FDT) *Todo Chile Comunicado* project.
* Changes to Entel's fixed and mobile networks to allow number portability.
* Expansion of carriers and deployments of nodes on the 1,900 and 900 MHz bands to improve quality and meet the high growth in data traffic on mobile networks (45% of capacity between December 2011 and 2012).
* Launch of wireless fixed telephone, Internet and satellite TV services as part of a bundled product for residential customers.
* ICREA Level 4 certification of Longovilo data center.
* Tier III Constructed Facility certification from the Uptime Institute for the Ciudad de los Valles data center.
* Construction of the second building of the Ciudad de los Valles data center.

Investment

Entel is continuously investing in its infrastructure to provide its customers with a distinctive service experience. The deployment of our own first-class networks, platforms and data centers are key to achieving this goal.

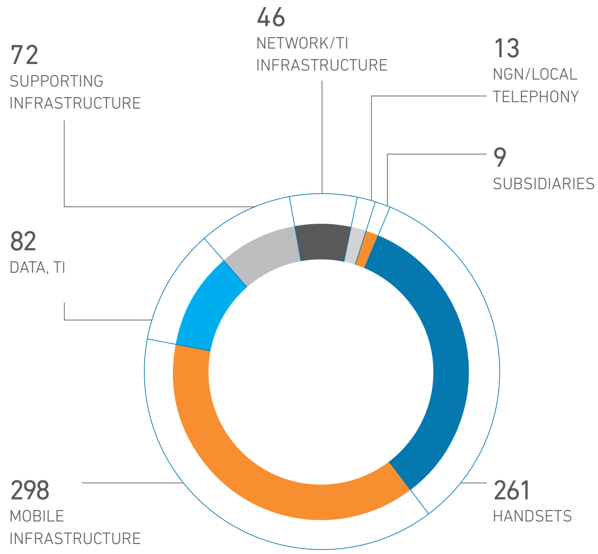
These investments also form part of our commitment to make a responsible contribution to the transformation of our customers' lives and businesses.

In 2012, the company invested USD $511 million in network infrastructure, systems, data centers, real estate and customer projects (not including handsets or investments made by the subsidiaries Americatel Perú and Entel Call Center).

Network infrastructure investments for the mobile business totaled USD $298 million, which includes network expansion to provide new coverage, improvements to the quality of indoor coverage and increased capacity to meet the growing demand for data from mobile broadband and mobile Internet services.

In terms of IT infrastructure, Entel invested USD $33 million in the construction of the second building of the Ciudad de los Valles data center (CDLV) with 2,000 m^2 of floor space and improvements to all our other data centers. These included the

ENTEL GROUP INVESTMENT 2012
USD Million



changes required to obtain Tier III certification for CDLV and ICREA Level 4 for Longovilo, as well as the expansion of platforms for on-demand services.

In 2012, we invested USD $38 million in our new corporate facilities at the Parque Titanium complex and USD $109 million in projects for clients in the Corporate and SME segments.

A new accounting procedure meant that from October 1, 2012, postpaid handsets were no longer classified as fixed assets and depreciated over 12 months but as sales costs that are immediately allocated against income. To this date, the value of capital expenditure on these handsets was USD $261 million.

4G Network Spectrum Award

Entel was awarded the central block of the 2,600 MHz spectrum in August 2012, making it possible to use LTE (Long Term Evolution) or 4G technology.

As part of the commitments acquired as part of the auction, the company will make the investments required for the deployment of this network throughout the national territory within one year of the publication of the decree for the award.

This new technology will allow the company to comfortably meet the growing demand for data traffic projected over the coming years and offer new services and faster data transfer rates, both of which are fundamental to the expansion of the mobile business.

Rural MBB Coverage

After 22 months, the Telecommunications Development Fund project *Todo Chile Comunicado* was completed on schedule in 2012. This public-private initiative made it possible to provide mobile broadband coverage to 1,474 rural and isolated communities in 289 districts, benefiting more than 3 million people. Thanks to this project, which required a total investment of USD $110 million (65% of which was provided by Entel), more than 90% of inhabitants in rural areas of Chile now have access to connectivity services. Furthermore, as a result of obtaining a concession for the 2,600 MHz frequency band, Entel will provide mobile broadband coverage to a further 181 communities in a project that will run over two years.

entel netwOrks_

transport networks_

Fiber Optic Backbone

The fiber optic backbone network stretches for over 3,450 km, from Arica to Puerto Montt, incorporating SDH and DWDM transmission technologies and reaching transport speeds of up to 400 Gbps. This transportation network, primarily used for the IP/MPLS network, transports almost 50 Gbps originating from access networks and mobile and fixed service aggregation networks.

Supercore topology is used to split the access layers of the trunk networks (North and South). These data networks interconnect three core points of presence (CNT, CDLV and URA Las Condes), which function logically as part of a single, highly-scalable point of presence.

Microwaves

The microwave network is currently used as a branching network, largely for connecting rural areas to the fiber optic trunk network.

It runs from Arica to Punta Arenas and is primarily used for regional transmission and as an access network for mobile telephone and wireless data services. Entel also has a terrestrial microwave network that runs between Punta Arenas and the Argentinean border (R/E Posesión), which, combined with the leasing of third party networks, makes it possible to connect Chile's Magellan Region to the rest of the country.

Satellite

Entel's satellite network has 17 terrestrial stations distributed throughout Chile and covers isolated areas. The network uses the capacity of the Intelsat and Telesat satellite systems to provide data and telephone services and transport for television and digital audio signals.

Entel also operates a VSAT platform for private LAN/IP networks and Internet traffic using DVB technology.

access networks_

xDSL Nodes

The xDSL access network has coverage in 176 districts throughout the country, making it possible to provide voice, data and Internet services through a wide range of products.

IP/MPLS Network

In terms of both core and access, the MPLS network has evolved to use gigabit Ethernet connections throughout the national territory, making it possible to provide dedicated, high-availability voice and data services.

The Metropolitan Region has a high-redundancy Metro Ethernet network comprising primary optic rings of up to 10 Gbps and secondary high-speed Ethernet rings to provide access for mobile and private services.

GPON Network

In 2012, Entel continued the GPON Phase 2 project. By the end of the year, the project was 97% complete following the deployment of 261 km of fiber optic cables and the creation of 8,700 gateways distributed across 7 districts throughout the country. The cumulative deployment of resources for Entel's GPON network as of December 2012 was 810 km of fiber optic cable and 13,030 connections available for commercial use.

2G Mobile Network

The 2G mobile network continues to play an important role in the services Entel provides to its users. Our 2G network uses GSM/GPRS/EDGE technology at all its points of presence and is designed and configured to support voice and data services that meet the highest international quality standards, allowing average connection speeds of up to 100 kbps.

In 2012, the company added around 519 new 2G points of presence. This investment provided coverage to previously isolated rural areas and improved the signal in urban areas.

3G Mobile Network

Entel has the most advanced 3G network in the country. It supports voice and data traffic and is equipped with HSPA+ Dual Carrier / HSUPA at all its points of presence. This technology allows for theoretical peak data transmission speeds of 42 Mbps downstream and 5.7 Mbps upstream.

The 3G network serves as a platform for the mobile broadband service, the voice telephone service for customers with 3G phones and data services for smartphone customers.

In 2012, more than 1,300 new 3G nodes were created on the 1,900 MHz and 900 Mhz bands. The capacity of the network is continuously expanding to satisfy the continuously increasing demand for data traffic.

Data Centers

Entel has six data centers interconnected by IP/MPLS/DWDM fiber optic networks, named according to their location: Amunátegui, Pedro de Valdivia, Ñuñoa, Longovilo, Vicuña Mackenna and Ciudad de los Valles.

The data centers have a combined surface area of over 7,000 m^2 that has already been fitted out and a master plan for growth of up to 11,675 m^2. From these data centers, Entel provides outsourcing services for IT operations, ranging from housing to more complicated services involving the operation and running of platforms to support the business applications of our customers.

Certified Expansions

At the end of 2012, Entel was in the final phase of constructing an extension to the Amunátegui data center (expansion from 777 m^2 to 1,057 m^2) and the second of four phases of its Ciudad de los Valles center (adding 2,000 m^2 of floor space out of a planned total of 8,000 m^2).

In October 2012, the Tier III certification obtained in 2011 for the design of the first two phases of Ciudad de los Valles, was complemented by the Tier III Constructed Facility certification, also awarded by the Uptime Institute, which certifies the infrastructure is able to provide first-class services over concurrently maintainable and redundant installations, guaranteeing secure and sustainable operations. It is Chile's only data center and the second in Latin America to have this rigorous certification.

Tier III data centers have an availability of 99.982%.

Entel also obtained ICREA Level 4 certification for its Longovilo data center, which certifies the installations are concurrently maintainable and redundant, guaranteeing secure, first-class operations.

ICREA Level 4 data centers guarantee availability of 99.985%, the highest level for data centers in Chile.

custOmer experiEnce_

[OUR VISION

is to be a company that can offer customers a distinctive, world-class experience, ensuring people and companies live better connected. This is the vision that lies at the heart of our strategy.

Highlights 2012

* Entel led the National Consumer Satisfaction Ranking for the tenth year running.
* Entel's net satisfaction rating among postpaid mobile customers in the Consumer Segment was more than the 37 percentage points above the company with the next-best evaluation.
* Entel maintained its leadership in customer satisfaction in all segments.

Focus

To achieve its vision of offering a world-class service, Entel systematically and continuously manages three key dimensions of the customer experience: their relationship with the brand, their use of products and direct interaction with the company through various service channels (telephone channels such as the contact center and IVR, Entel stores, Entel Express, the Internet, department stores, agents, account managers, project managers, service directors, etc.).

To achieve the best service quality, Entel is continuously investing in its network and technology, both of which are key to the experience of connectivity, as well as information technology. It also applies best practices in direct relationships with its customers, both in terms of project management and sales and post-sales service. An important tool in this area is continuous benchmarking at an international level, which Entel mainly undertakes with its strategic partner, Vodafone, the world leader in mobile communications.

Activities

In 2012, the company made significant progress in service levels for in-person channels through measures such as the management of key operational quality variables, such as waiting times, accessibility and the resolution of issues, as well as undertaking training and certification programs for customer-facing staff and optimizing service models.

Throughout the last year, the Customer Service Department for the Consumer Segment continued the project to redesign the customer experience based on studies of customer behavior and service expectations. In 2013, the company will use this project to implement new improvements in service processes for the various channels. The company also strengthened its relationship with its commercial partners in Chile and Peru, developing indicators to allow them to monitor service quality progress ensuring the strategic alignment of incentives.

A Decade of Leadership

Entel came first in the mobile category of the National Consumer Satisfaction Ranking for the tenth year running. The ranking, run by ProCalidad in partnership with ***Capital*** magazine, is a quantitative study involving an annual sample of more than 30,000 surveys across 24 sectors. Participation is non-voluntary and as such, the ranking is an independent indicator that represents the real opinion of Chilean consumers.

Entel opened 11 new Express stores in 2012 to make a total of 86 stores in this franchise format, which is designed to allow customers to quickly carry out the most common operations (e.g. sales, change and repair of handsets). This channel is complemented by our 55 stores that deal with more complex requirements such as optimizing plans, post-sales service and contract changes.

In the Enterprise Segment, the management of customer service was focused on implementing the redesigned service models for the main customer interaction channels. Improvements were made to technology, and specialized platforms and specialized service points were implemented in stores for enterprise customers to provide in-person service.

In the Corporate Segment, the company strengthened its strategy by creating the Circle of Excellence, designed to promote new strategic initiatives that cut across the segment, and the creation of a new department focused on customer expectations and satisfaction. As part of these changes, the Customer Service Department was renamed the Customer Service and Experience Department.

To complement these changes and reinforce its position as the preferred technological partner of its customers, in the second half of the year, a project was undertaken in commercial areas to improve customer relationships and reinforce our understanding of their needs.

Online Experience

The online channel is fundamental for customers in all segments. One of the highlights of 2012 was the new *Mí Entel* web portal for the Consumer Segment, where customers can fulfill requirements online and request new products and services.

In terms of social networks, in October 2012, the Twitter account @entel_ayuda was launched to provide a 24/7 personalized service to complement our Facebook service, the most widely-used social network in Chile.

All this means customer service is driven by the online channel, providing a differentiated experience in line with current trends.

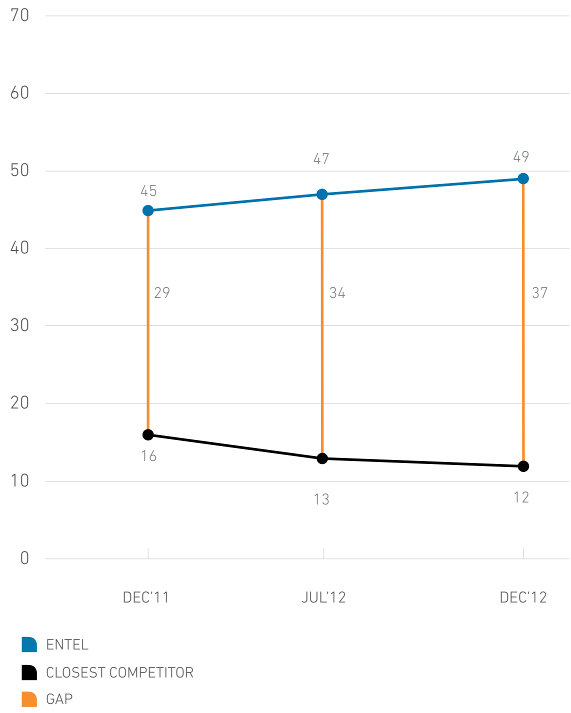
Gap in Satisfaction

According to monthly customer satisfaction surveys commissioned by the company from Adimark GFK, the gap in the customer satisfaction index for postpaid mobile customers in the Consumer Segment between Entel and its closest competitor widened over the last year, increasing from 29 percentage points in December 2011 to 37 points in December 2012.

Entel also continued to lead the way in terms of net customer satisfaction in the Enterprise Segment, with a rating of over 50% for mobile services and 45% for fixed services.

Finally, in the Corporate Segment, the gap between Entel and the next-best evaluated company for customer service widened to 18 percentage points.

NET SATISFACTION IN CUSTOMER SERVICE
Consumer Segment Postpaid Voice Customers



Source: Internal Competitive Customer Satisfaction Tracking Study for Postpaid Customers – Adimark GFK.

innovAtion_

[FOR ENTEL INNOVATION
is the way to lead the Chilean and global market by creating a people-centric transformational value proposition at the point where technology and business meet.

Highlights 2012

* Launch of successful IT solutions for SMEs (Office 365 and Prontoforms).
* Participation and support in the awards process for the AVONNI prizes.
* Third place in the ranking of the most innovative companies in Chile.

Sources of Innovation

Entel generates innovation based on the main global trends in telecommunications to visualize the commercial challenges that lie on the horizon, focusing on initiatives that allow the company to remain at the forefront of the industry, differentiate itself and consolidate its position as a leader in each of the markets in which it operates. The coordination of all available resources and the promotion of an innovative spirit throughout the organization is essential in its process.

Drivers of Innovation

Technology

To introduce innovation-based qualitative technological leaps that allow the company to achieve and maintain leadership of the market.

Processes

To create simple, straightforward and efficient processes for all our daily tasks and responsibilities.

Business

To create innovative, differential and market-leading business models, products, services and sales channels.

Organizational Culture

To develop the talent, human capital and DNA required to consolidate the company's innovative culture.

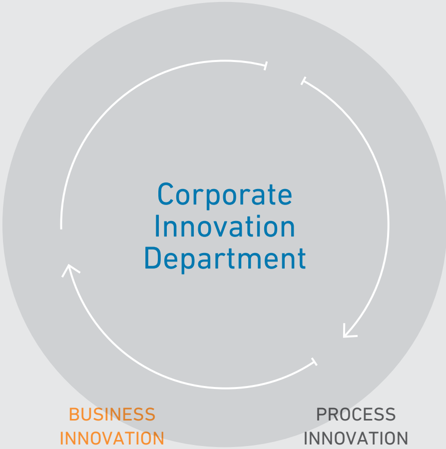
Ecosystem

Entel's model of innovation is based on an Innovation Committee responsible for aligning the company in terms of innovation, the leading areas of Technology, Markets, Human Resources and Innovation and the active participation of all parts of the company.

Strategic Innovation Committee Made up of Entel's senior management, the committee defines high-impact, and disruptive initiatives with high transformational potential and monitors innovation globally.

Corporate Innovation Department Managed by the Head of Innovation, the department is responsible for managing disruptive, company-wide projects with s transformational capacity that allow Entel to remain one step ahead of the market in the long and medium term. It also provides strategic support to areas of the company in developing their activities and innovative capacities.

Entel Innovation System Involving all those who work for the company, this is the environment in which requirements are detected and innovation projects are created to transform the value proposition for the market.



TECHNOLOGICAL INNOVATION

Technology and Operations

BUSINESS INNOVATION

Individual segments

PROCESS INNOVATION

Individual areas

INNOVATIVE CULTURE

Human Resources and Corporate Innovation Department

Innovation Highlights 2012

PRODUCTS

Office 365 and Prontoforms applications, cloud products that complement the portfolio of telecommunications and IT services for SMEs. Robust solutions in partnership with major suppliers.

CHANNELS

Store experience – Customer Journey. Logistic improvements in the agents channel.

PROCESSES

Launch of e-Makers internal publication, a newsletter with news and information on trends and innovation.

Innovation Model

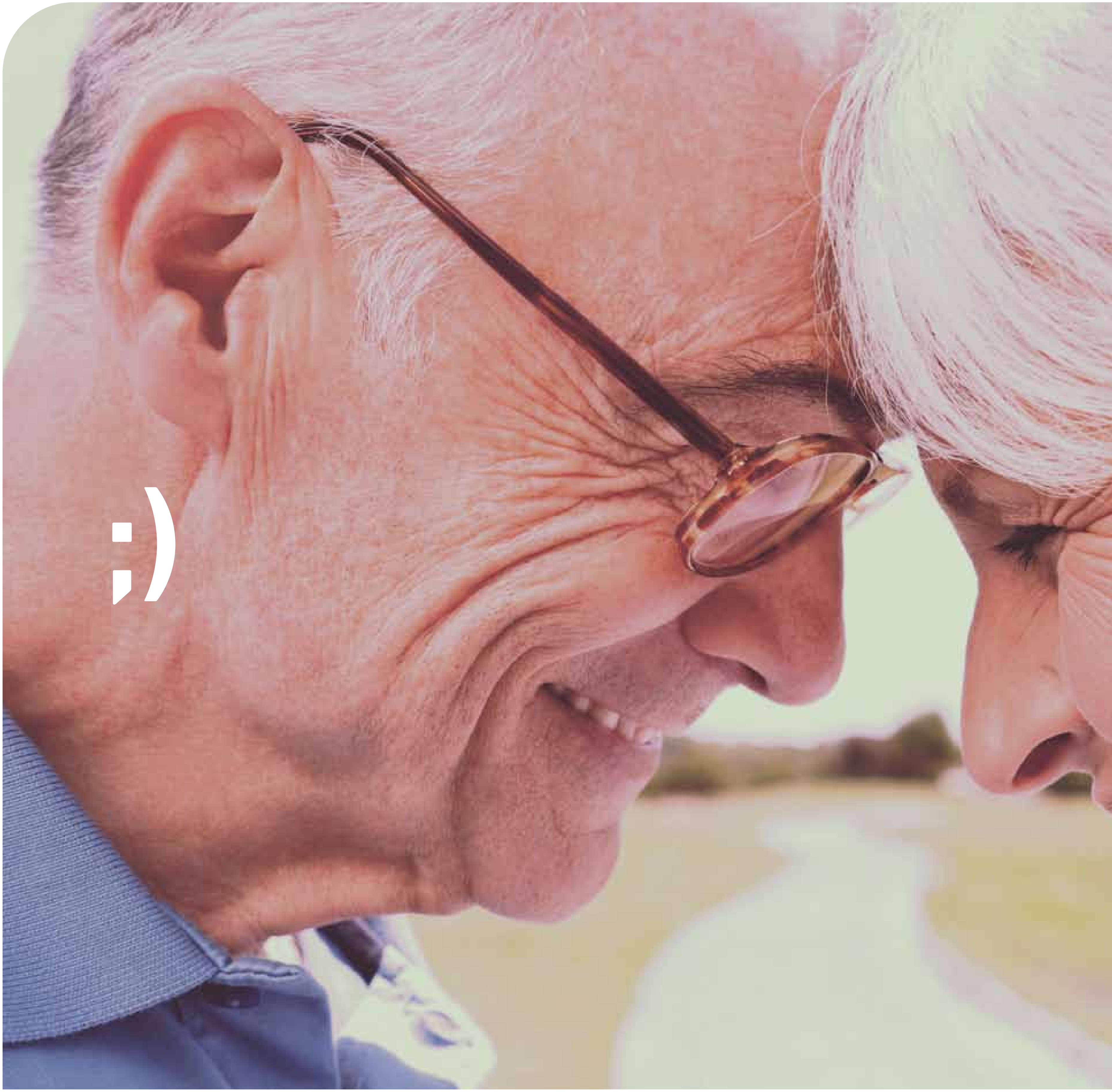
Entel has developed an integrated innovation model to ensure the coordination and smooth operation of all its innovation agents. It has a dual focus that combines complementary elements (Base Innovation and Frontier Innovation) with specific goals and functions.

Base Innovation aims to ensure the sustainable and adaptive development of the company, creating an incremental, innovative value proposition across the organization. As such, it is extremely closely related to the goal of supporting the strategy of each area of the company. It focuses on projects with forecastable scopes and revenues led by specific areas in order to innovate and generate short-term results.

Frontier Innovation is geared towards dealing with new challenges faced by the company at an early stage by means of disruptive and differential innovation processes. It is linked to defining future strategy and focused on high impact, transformational, multi-business or multi-disciplinary (internal and external) projects. The Strategic Innovation Committee is responsible for defining Frontier Innovation initiatives, which have an impact in the medium to long term. This type of innovation is responsible for incubating large changes.

Third Most Innovative Company

Entel was ranked third in the 2012 Corporate Innovation Ranking prepared by the ESE Business School at Universidad de Los Andes. The study, the third version of which includes 28 large companies operating in Chile, seeks to measure the consistency of seven groups of variables in organizations that determine the ability of companies to systematically implement innovation. The variables studied are related to an ecosystem (strategy, leadership, organizational structure and people), innovation in its own right (specific innovation processes and the management of key resources) and the measurement of added value.



Chapter } **three**

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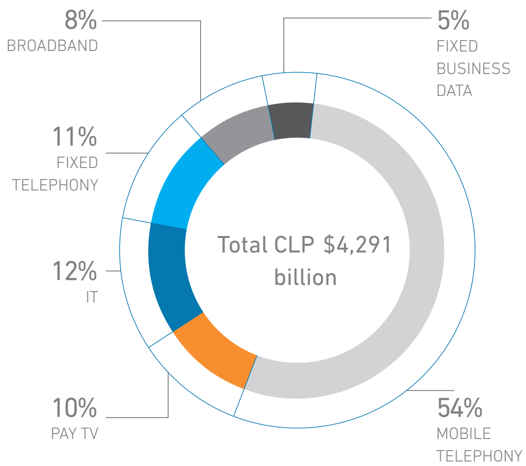
[GROWTH IN the industry continued to be led by mobile services, although associated IT services appeared as new factors driving development.

CHILE TELECOMMUNICATIONS INDUSTRY REVENUE
(Distribution by business area, December 2011)



Source: Entel estimates based on reported revenue, IDC reports, Gartner and Informa.

Size

According to figures available for 2011, sales in the telecommunications industry in Chile totaled CLP $4,291 billion. Mobile telephony represented around 54% of this figure, followed by IT services (outsourcing), with 12%, and fixed local telephony with 11%.

Growth

The use of mobile Internet and the increasing penetration of smartphones has been one of the major factors driving the growth of the mobile industry, which had 23,188,370 users as of September 2012, 132.6% of Chile's population. The total number of 3G connections with mobile Internet capability in the industry was 4,342,397 as of September 2012 (smartphones or MBB with direct USB connections to notebooks or PCs), with year-on-year growth of 70% and a market penetration of 24%, double the level for fixed broadband connections.

Pay TV has also shaped the development of the industry, with total sales of USD $920 million in 2012, growth of 12.2% over the previous year.

According to IDC estimates total sales for the IT services industry were USD $1,235 million in 2012, an increase of 12.2% with respect to 2011. An annual average growth rate of over 15% has been forecast for the IT industry for the period 2012–2015.

{*}

Services associated with data (mobile Internet, fixed broadband and TV) are driving the growth of the telecommunications industry.

Competition

In Chile, a highly competitive market has led to the adoption of the most advanced technology and the expansion of the market with standards of technical quality, penetration, and coverage for mobile communications similar to those in developed countries.

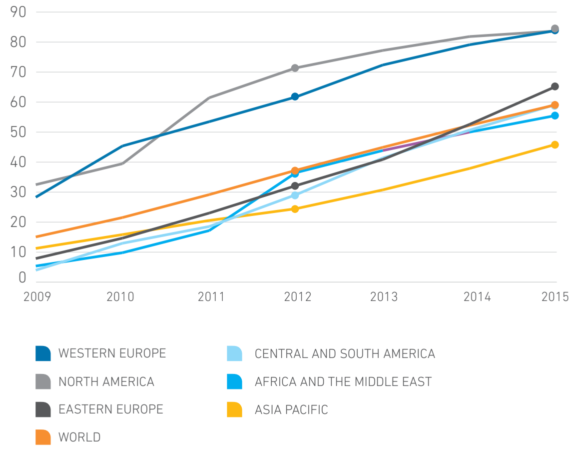
At the end of 2012, there were five mobile companies operating mobile networks in the country: Movistar (subsidiary of Telefónica, Spain), Claro (subsidiary of América Móvil, Mexico), Entel, Nextel (subsidiary of NII Holding) and VTR (subsidiary of Liberty Global). The last two operators entered the market during the course of the year, complementing their own networks with national roaming services. In addition to these companies, three of the 26 companies that had received Mobile Virtual Network Operator (MVNO) licenses from the Department of Telecommunications by the end of the year (GTD Móvil, Virgin Mobile, Gtel) entered the market as MVNOs, using the networks of other operators to provide services. Falabella Móvil has announced its entry for 2013 after signing a MVNO agreement with Entel.

In terms of local telephony, there are 18 operators in various regions throughout the country, including VTR, Movistar (Telefónica Chile) and GTD.

In terms of television, there are 2 million connections in Chile, with a market penetration of almost 42 out of every 100 homes. The main competitors in this market are VTR, Movistar (Telefónica Chile), Claro and Direct TV.

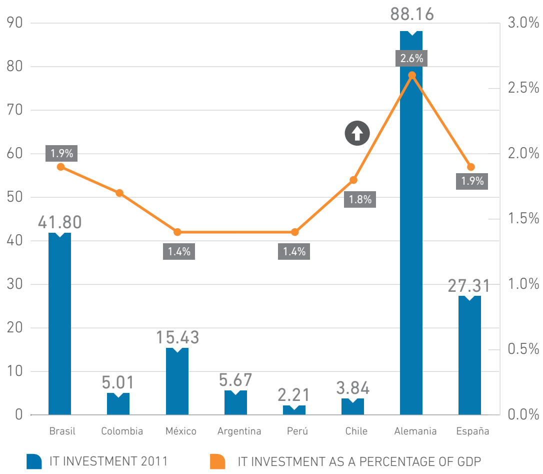
In terms of fixed broadband, there are 2.1 million connections and the main suppliers are Movistar (Telefónica Chile), VTR, Claro and GTD.

SMARTPHONE PENETRATION BY REGION
Percentage of Total Mobile Customers



Source: Entel internal estimates based on forecasts by Informa, Gartner and OVUM.

INVESTMENT IN IT SERVICES IN LATIN AMERICA 2011
USD$ million



Source: IDC.

All markets have experienced an explosive increase in data traffic.

Chile has made significant progress in its proportion of investment in IT services as a percentage of GDP.

Global Trends

High Penetration of Smartphones

The penetration of smartphones is over 70% in developed countries and is below 25% in many emerging countries. The figure for South America is slightly higher and the level is expected to rise to around 60% over the next three years.

The consultancy firm IDC predicts that in 2016, global smartphone sales will reach 1,380 million units for the year alone, representing 64% of global mobile sales.

Strong Growth in IT Services

It is estimated that Latin America will experience the world's highest growth in IT services, with a year-on-year rate of 14%, well over the global average of 5%. This trend is based on the adoption of technologies associated with social networks, mobility, the cloud and security, as well as the high level of penetration of data warehousing and business intelligence tools, viewed as precursors to the adoption of Big Data and Smart Context technologies.

Digital Tsunami

It is calculated that global traffic levels will quadruple between 2011 and 2016. This explosive increase in data (mainly from broadband and television) is largely rooted in Over the Top technologies, such as Netflix and WhatsApp, which use telecommunications networks to provide voice, messaging, video and entertainment services. However, it is also driven by the high growth of the penetration of smartphones and tablets throughout the world. The impacts of this phenomenon is not only confined to the mass-market but also the enterprise market, where the concept of Big Data has arisen (the analysis of large volumes of data in feasible times, opening up new possibilities in terms of productivity, differentiation and innovation).

Connecting Things

Today's market is dominated by data connectivity: customers require data connectivity across various devices (e.g. smartphones, tablets, computers and cameras). The next trend will be *connecting things*, the communication between devices based on existing technology, allowing them to interact with and complement each other.

Consumerization

People are brining their consumer habits and devices to the workplace (consumerization), a phenomenon that is creating a huge challenge for companies in terms of Mobile Device Management (MDM) and the protection of corporate data, as well as creating opportunities for a suite of tools to create a more personalized and productive working environment.

Innovations in *Cloud Computing Services*

Big Data Cloud

Analysis of high volumes of data from various sources of information in a reasonable timescale using the cloud to minimize infrastructure costs.

Business Context

Companies will start to integrate cloud-based IT services for business activities in a hybrid manner with their own tools.

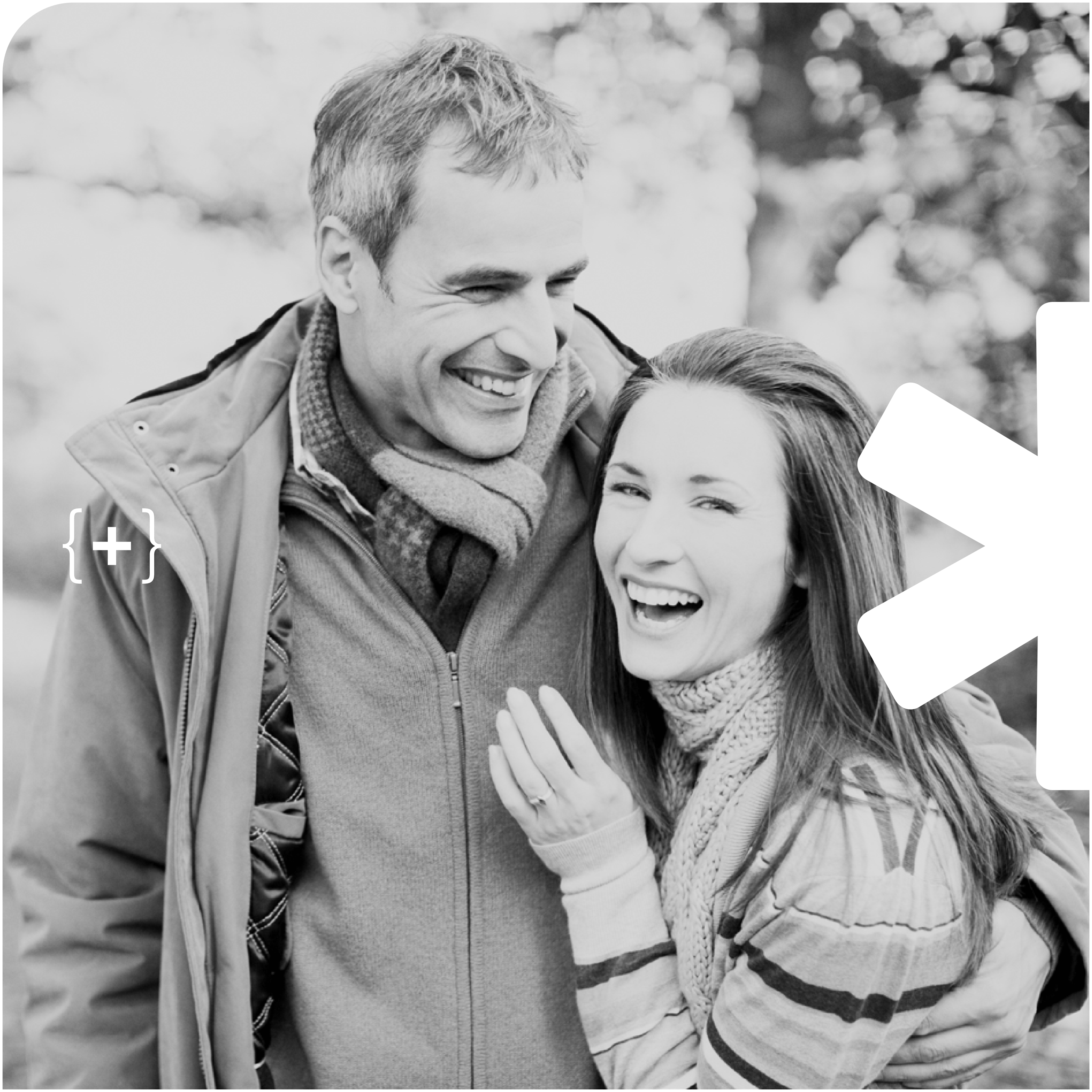
Mobile Cloud

Anything, anywhere, any time and on any device.

Driving the use of Cloud computing for consumerization.

Gamification Cloud

Taking advantage of the techniques of games and mechanics to solve problems in an innovative and proactive way, using human beings' psychological predisposition to participate in games that generate business results.



regulatory framew0rk_

Telecommunications services in Chile are governed by the General Telecommunications Act (Act No. 18,168), and its supporting regulations. The legislation establishes the general principle of free competition with concessions awarded based on pre-established, objective regulations, without limits on quantity, service type and geographic location.

Public and intermediate telecommunications services that require spectrum that for technical reasons only allow the participation of a limited number of companies are subject to a public tender process under the terms set out in the specific technical regulations.

The interconnection of public and intermediate telecommunications services is mandatory and service providers are free to set prices for the public, except where the Tribunal for the Defense of Free Competition intervenes when market conditions do not make it possible to guarantee a free pricing regime.

Entel has a number of licenses that enable it to provide telecommunications services. These include concessions for mobile and fixed services, intermediary telecommunications services (including its license for long-distance services) and a license for a limited satellite television service. The authority has assigned the company the respective usage rights for the frequencies (spectrum) for these concessions.

Authorities

The Department of Telecommunications is the authority responsible for establishing and enforcing technical regulations, promoting the development of the sector, and allocating concessions for the use of spectrum through public tender processes when there are limitations on the availability of frequencies. Responsibility for the respective tariff decrees falls jointly to the Ministry for the Economy, Public Works and Tourism, and the Ministry of Transport and Telecommunications. The Tribunal for the Defense of Free Competition is responsible for ensuring competitiveness in the sector, identifying monopoly situations that require prices to be set for legally mandated services, issuing rulings on company mergers in the sector, and preventing or sanctioning behavior that harms free competition.

4G Tender

In 2012, the Department of Telecommunications awarded the tender for the 2,600 MHz frequency band, which is used in various countries to provide 4G services. In this tender, Entel was awarded one of three frequency blocks, committing the company to carrying out the technical project presented within one year from the publication of the concession for these services.

The award of this frequency band is extremely important to the development of the company's services, making it possible to offer higher connection speeds using 4G technology.

The Department of Telecommunications announced its intention to tender the 700 MHz frequency band in 2013, which is necessary for indoor 4G services.

SUPPLEMENTARY LEGISLATION ENACTED IN RECENT YEARS

Act No. 20,453	Enshrining the principle of network neutrality for consumers and users
Act No. 20,471	Creating the body to implement number portability
Act No. 20,599	Regulating the installation of antennas and transmitters for telecommunications services

Regulatory Changes in 2012

The most significant changes introduced in 2012 were:

* The application of the network neutrality regulations for Internet service providers, requiring them to provide users with more information and implement technical indicators to allow the comparison of service levels between different providers.

* Implementation of fixed and mobile number portability in line with Act No. 20,471.

* Process for expanding fixed numbering (the addition of an extra digit in almost all primary areas).

* Beginning of the implementation of the law regulating the installation of antennas and transmitters for telecommunications services, particularly the transitional framework established by this legal provision.

Legislation in Progress

At the end of 2012, the following initiatives were in progress in the environment in which Entel operates:

* A bill to create the Telecommunications Supervisor, a new enforcement body designed to oversee compliance with regulations and apply penalties if required. The bill promotes the institutional separation of the body responsible for creating regulations and the body responsible for their application. The Department of Telecommunications will be responsible for the administrative interpretation of sector regulations in a general and abstract manner (the body is responsible for public policy objectives in the sector) and the new Telecommunications Supervisor will be responsible for ensuring they are correctly applied.

* The digital television bill, designed to allow the introduction of terrestrial digital television (and the transition to the switch-off of analogue TV). The bill gives the National Television Council duties and responsibilities, establishes a new licensing model for concessions and the procedure for awarding them, defines the types of television service operators (national, regional, local and community) and specifies the penalties applicable for failure to comply with the regulations.

TDFC Resolution

At the end of 2012, the Tribunal for the Defense of Free Competition (TDFC) ruled on the case filed in December 2010 to provide the general guidelines on the effects on free competition of the differentiation of prices for on-net/off-net price structures for public telephone services and bundled telecommunications services packages. In terms of the former, it established two adjustment periods: one in which on-net/off-net pricing structures can be maintained, and another, taking effect from the new mobile tariff decrees in January 2014, when this pricing structure will longer be permitted for the sale of new plans. It indicated that existing customers will be able to retain their plans at all times if they wish to do so. With respect to the supply of bundled services, the TDFC set restrictions on the bundled sale of fixed and mobile services and established limits on discounts provided on bundles of products on the same network.

Modifications Under Study

At the end of the year, the Department of Telecommunications was studying new regulations for the sector. These included the incorporation of Internet and pay television services under the Telecommunications Services Regulations, amendments to Complaints Regulations specifying strict timescales and regulating colocalization conflicts, new regulations governing relationships and obligations for Virtual Mobile Operators, and an amendment to the Basic Technical Numbering Plan, the main purpose of which is to regulate short numbers.

Impact of the Changes

Both the bills that are being processed and the regulatory initiatives of the Department of Telecommunications will result in a heavier regulatory burden for the industry, insofar as they will establish a new method of enforcement and a new regulatory framework that will require adjustments to be made to current processes to ensure compliance with these requirements.

Similarly, the instructions issued by the Tribunal for the Defense of Free Competition represent a new scenario for the industry, since they imply the modification of the pricing structure for telecommunications services that are offered to the public to comply with the instructions.

However, while the regulatory changes that are being introduced by the authorities will require Entel to adapt its processes, they also present new business opportunities. Entel's diversity and relative size shield it from the effects of potentially adverse or inadequate regulations, reducing the risks it faces in terms of its operations, cash flows, shareholder wealth creation and its contribution to the community.

mArket segmEnts_

Entel's core objective in all the markets* in which it operates is to provide customers with attractive, clear, competitive and transparent services.

Consumer

Customers

With 10,105,888 active customers as of December 2012, Entel serviced 39% of mobile users in Chile. Of its mobile customers, 88% corresponded to individuals serviced in the Consumer Segment.

Solutions

Mobile telephony
Postpaid
Prepaid

Mobile Services

Customer telephone access centers
Account management (e.g. reversed charges, balance alert)
Social networking
Value added content (e.g. CDF Premium Football, Video Gol)

Mobile Internet

Mobile broadband
Mobile Internet

Long Distance

International long-distance from mobiles
National and international long-distance from fixed lines
International mobile roaming

Residential

Satellite TV
Wireless fixed telephone services
Mobile broadband

[ ]...

* Revenue figures for markets refer to gross revenue for fixed, mobile and IT segments.

SME

Customers

Around 100,000 enterprises, from micro businesses to large companies are serviced by Entel's SME Segment.

Solutions

Mobile Communications

Mobile business solutions: Purchase order, MSeries field sales, mobile online sales management, mobile billing management, mobile sales force operation, BinarioSales, BinarioServices, BinarioWorkflow, BinarioLogistics, BinarioDataCapture.

Web mail, business SMS, Entel GPS, BlackBerry®, Superchip 3.5G, SIM IMEI LOCK.

Connectivity

Traditional telephony, long-distance IP telephony, Internet, data solutions, call center services.

On-Demand IT

Dedicated virtual servers, email service, net billing, housing, hosting, instant messaging and presence services, collaborative Internet services, web hosting, SAP and SAP Basis hosting, server monitoring, administration of operating systems, database administration, backup administration and monitoring, work station support, work station Cloud back up.

Corporate

Customers

Entel serves around 600 conglomerates with operations in Chile, responsible for approximately 80% of the country's GDP. These customers require specific, private and specialized solutions, both in terms of technology and services, since they play a major role in supporting the strategic processes of their operations.

Solutions

Cloud Computing Services

On-demand IT infrastructure (IaaS, PaaS)
On-demand telecommunications services: IP telephony, video conferencing

Information Technology

Engineering equipment and services
Application solutions
End-user solutions
Tier III data center network: Ciudad de los Valles data center certified by Uptime Institute
Outsourcing services: hosting, housing, integrated outsourcing

Telecommunications

Data networks
Audiovisual solutions
Corporate Internet
Private and collaborative telephony
Local telephone services
Long Distance

Mobile Services

Entel GPS
Mobile broadband
Corporate minutes plans
Mobile Internet
Unified communications
M2M data plans
Mobile business solution applications
Management of mobile handsets with MDM

Wholesale

Customers

The wholesale data network business segment covers Entel's long-distance operators, local and international fixed and mobile operators, Internet service providers (ISPs) and international network providers and carriers, including clients such as Claro, Movistar, VTR, Telsur, Chile.com, AT&T Corp, Telecom Italia, GTD, Nautilus and Global Crossing.

In terms of wholesale traffic, Entel provides services to International carriers and roaming mobile partners, including AT&T Corp, Verizon, IDT, Sprint, Telecom Italia, Deutsche Telekom, British Telecom, Cables & Wireless, Orange, Vodafone, Movistar and Claro.

The company also provides value added services to all these wholesale clients.

Solutions

Data Networks

National and international transport of voice, data and Internet services

International Traffic and Roaming

Traffic business: provides international long-distance voice termination for both our own customers and national and international third parties (other telecommunications companies).

Roaming wholesale business: the company deals with more than 360 international mobile operators to provide mutual access to Entel's domestic networks, allowing their customers to continue using voice, data and messaging services as if they were on their own network.

Value Added

Premium voice: entertainment services or voice content transmitted over traditional telephone networks.
Premium mobile: entertainment services based on mobile technology protocols accessed over a mobile handset.
Premium Internet: digital entertainment services based on IP protocols accessed through websites.

National Roaming and MVNO

Leasing of mobile network and infrastructure required to enter the Virtual Mobile Operator market and provide quality services for end customers.

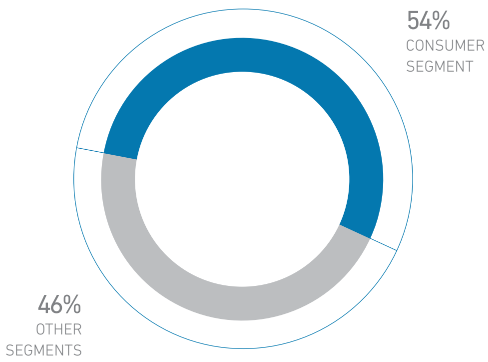
consuMer segMent_

Entel led the growth of Chile's mobile industry and came first in the National Consumer Satisfaction Ranking for mobile services for the tenth year in a row.

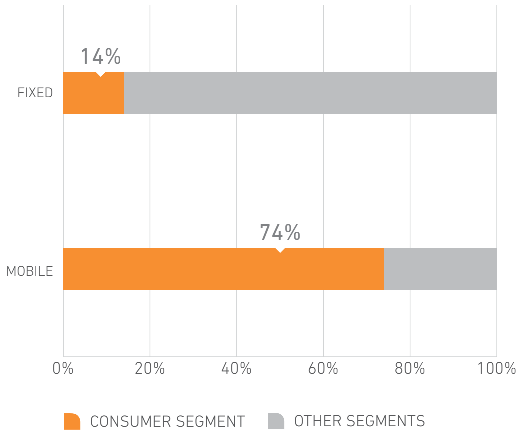
Highlights 2012

* Leadership of growth in Chile's mobile telephone industry.
* First place in the National Consumer Satisfaction Ranking for the tenth year running.
* Revenue up by 19%.
* Leadership of number portability among postpaid customers with a net increase of 62,603 customers.
* Increase of 105% in postpaid mobile Internet customers.
* Increase in the proportion of customers with data plans (43% of customer base).
* Entry into Pay TV and wireless fixed telephony markets.

CONSUMER SEGMENT SHARE
OF ENTEL GROSS REVENUE 2012



CONSUMER SEGMENT SHARE OF
TOTAL ENTEL SERVICES 2012



Context

The implementation of number portability had a significant impact on the environment in the Consumer Segment, which also exhibited a high level of dynamism thanks to the entry of new competitors and significant growth in data services.

Operations

In 2012, Entel's management focused on providing its customers with the best connectivity experience, backed by high-service quality and a robust network. The company's growth strategy in the Consumer Segment focused on data services, specifically mobile Internet and mobile broadband (MBB).

Results

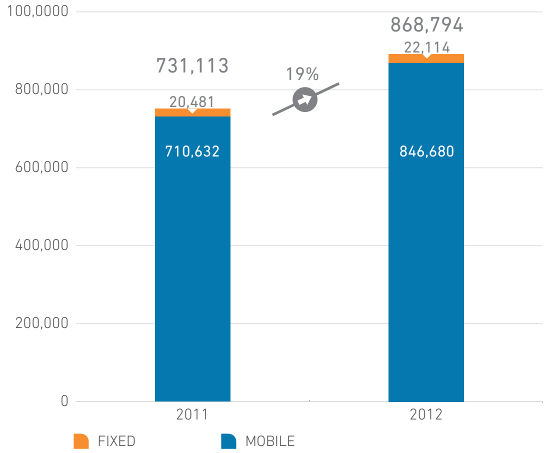
Entel led growth in the mobile industry, capturing 42% of the net growth in customer numbers. Its total share of the Consumer Segment was approximately 38%, placing it 1.5 percentage points clear of the next-best company in the market. Similarly, it consolidated its position among postpaid customers, increasing its market share by 1.6 percentage points (39% at the end of 2012) after capturing 59% of new customers in this category. It increased its share of the mobile broadband market by 7.1%.

Overall, the Consumer Segment, which services 88% of the company's mobile customers (individuals), saw its revenue increase by 19% (mobile and fixed services) to CLP $868,794 million as of December 2012.

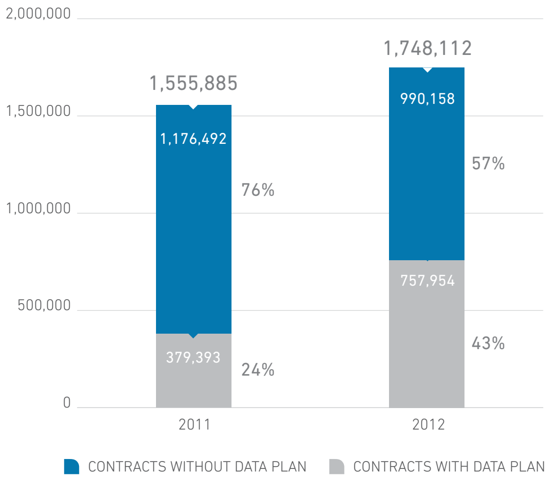
Around 43% of postpaid mobile customers have contracted mobile Internet, a significant increase from the level in 2011 (24%), driven by a 100% increase in the number of customers with this high-value service.

At the end of 2012, around 47% of postpaid mobile customers had smartphones. Smartphone penetration reached 68% of annual sales.

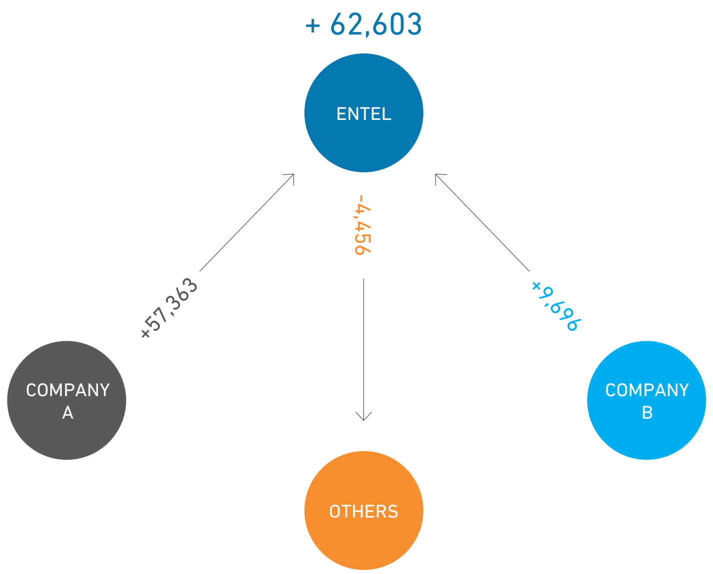
CONSUMER SEGMENT REVENUE GROWTH
In CLP$ million



DATA PLAN GROWTH
Postpaid customers in December



Consumer Segment: Net Increase in Postpaid Customers



Number Portability

The number portability system began operation for mobile services throughout the country on January 16, 2012. According to Entel's internal figures, the effect on the mobile industry has been minimal, affecting just 3% of the total customer base.

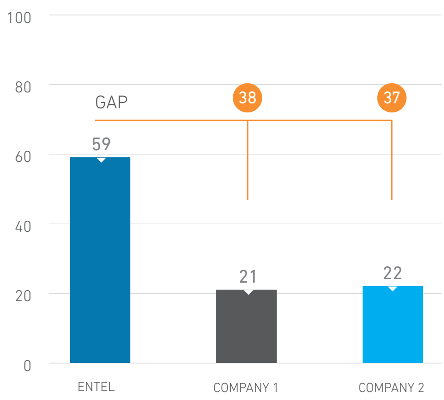
As of December 31, the company had experienced a net loss of 52,000 customers, with the loss of 127,000 prepaid customers offset by an increase of 75,000 postpaid customers, 62,603 of which were from the Consumer Segment, meaning the company led the way in portability for this segment.

Customer Satisfaction

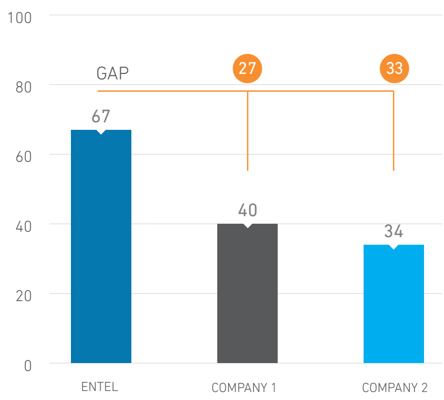
Entel uses various studies to periodically measure customer satisfaction levels, one of which measures the opinions of mobile consumers throughout the country.

Consumer Segment Tracking Results 2012

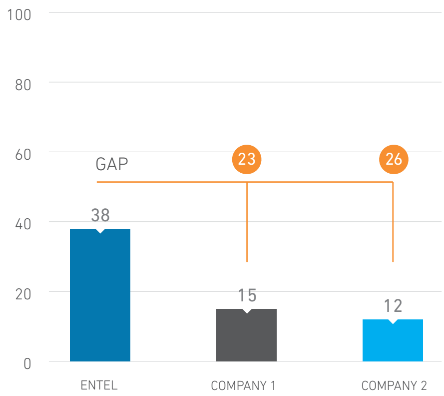
POSTPAID VOICE MARKET *



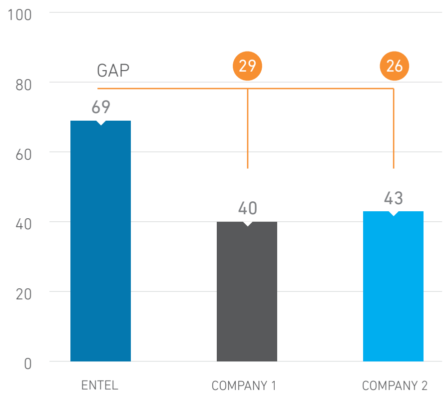
PREPAID VOICE MARKET *



MBB MARKET *



RESIDENTIAL MARKET **



* GFK Adimark consumer satisfaction tracking 2012.

** GFK Adimark residential satisfaction tracking 2012.

394,623
Facebook fans
(December 2012).

150,476
followers on the various Entel Twitter accounts (December 2012).

Entel Visa Card

The Entel Visa card was launched in November 2011 with the goal of reinforcing the company's product line and providing customers with additional benefits in all markets.

As of December 2012, the product, the result of a strategic partnership with Banco de Chile, which issues and manages the cards, had a total customer portfolio of 131,658 active cards.

Residential Market

In August 2012, Entel launched a new business line, incorporating wireless fixed telephone and satellite television services into its service platform for the residential market, with a particular focus on areas with low coverage for fixed services. The initiative aims to improve the quality of life of our customers in their homes, providing them with connectivity, content and interactivity, backed by the highest quality experience on the market.

Thanks to Entel's technology and its mobile network, customers in the residential market access digital devices that function in the same way as conventional fixed telephones.

Customers can also contract mobile broadband in conjunction with or separate from fixed telephone services (both with controlled accounts) and pay television.

Entel's services in the satellite television market are differentiated by the fact that all plans have high definition (HD) channels.

At the end of 2012, the Entel Hogar service already had a customer base of 30,000.

Online Area

People use web platforms, social networks, applications and devices connected to the Internet in their homes and increasingly also in the workplace, presenting an opportunity to increase their productivity at work. This trend is clear to Entel, which is leading the use of online media in the telecommunications industry, focusing on three key environments: online marketing (increasing loyalty and improving position), e-commerce (online sales) and e-care (self-service).

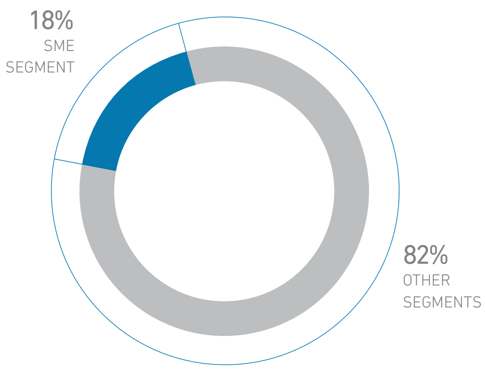
SME segMent_

In addition to consolidating its leadership in the large business segment, Entel improved its convergent fixed-mobile-IT services for small and medium enterprises.

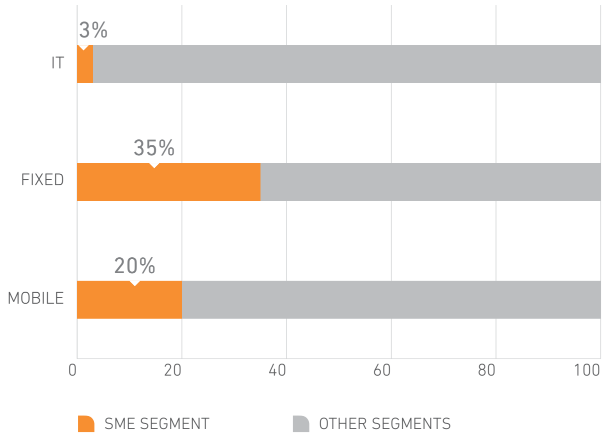
Highlights 2012

* Increase in total revenue of 10%.
* Improvement in the range of IT products for companies of all sizes.
* Significant growth in mobile data penetration (up from 31% in December 2011 to 39% in December 2012).
* Market share of voice market increased to 51%.
* Progress in the deployment of the GPON fiber optic network in regions.
* Market leader in the large business segment.

SME SEGMENT SHARE
OF ENTEL GROSS REVENUE 2012



ENTERPRISE SEGMENT SHARE OF
TOTAL ENTEL SERVICES 2012



Context

In 2012, the market showed signs of a significant shift in the requirements of people and companies. The main factors driving this change were technological advances, a desire to optimize resources and more connected and demanding people.

The main requirement detected for companies is the need to be in constant contact with their customers to prevent them losing out on any business opportunities. This allows them to be more productive and more efficient.

In response to this, over the course of the year, Entel Enterprise developed a comprehensive range of solutions that includes fixed and mobile telephone services, high-speed Internet, data center services, mail platforms, cloud computing solutions, mobile applications, fleet monitoring services, and IP connectivity solutions.

Mobile Voice Leadership

Measured in terms of the number of lines, the Enterprise mobile voice market grew by 9.3% in 2012 to 1,344,773 units. Entel captured 57% of this growth, maintaining its leadership of the industry, with a market share of over 50%.

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Market Share of the SME Segment

Voice	Dec-11	Dec-12
Entel	52%	54%

MBB (dongles)	Dec-11	Dec-12
Entel	61%	62%

Source: IDC, Entel internal data.

Operations

Entel's mission in this segment is to help companies be better connected, increase their productivity and competitiveness, and thus contribute to the country's development.

One of the highlights in 2012 was the provision and promotion of mobility solutions to improve the efficiency of employees when they are out of the office. As part of this goal, Entel launched Prontoforms, an application providing mobility and speed, regardless of time or place, to all business processes for gathering data. The application provides the technology to allow any worker specified by the company to complete forms on-site and in real-time for sales, inspections, audits, surveys and reports, using mobile devices.

The company also promoted the use of cloud computing services among small businesses. These solutions provide SMEs with access to strategic technologies without the requirement for large investments in licenses or technology. In this context, it provided cloud-based access to Office 365, a solution that includes Microsoft's best communication, collaboration and productivity tools to ensure businesses are up and running all the time. The suite includes the powerful Exchange email client, chat, video conferencing, an intranet for sharing documents, a web page with storage and the traditional Office suite, with Word, Excel and PowerPoint.

Significant investments in access networks were also made in 2012 to be able to provide organizations with the most advanced communication services. This was achieved by the deployment of an urban fiber-optic network based on GPON (Gigabit Passive Optical Network) technology.

Entel has had this network since 2010, providing businesses with first-class connectivity and access to a wide range of new data and video services.

In 2012, the company completed the deployment of this network in the cities of Antofagasta, Rancagua, Concepción and Puerto Montt. Considered alongside the seven districts of Santiago where the network has already been deployed (Conchalí, Las Condes, Lo Barnechea, Ñuñoa, Providencia, Santiago and Vitacura), this means it is now able to serve more than 40,000 companies.

Customers

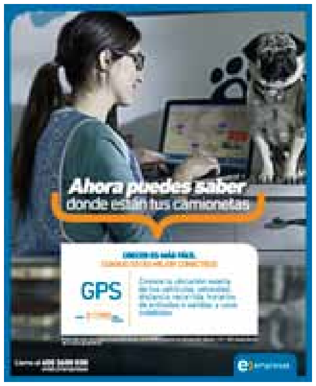
The Enterprise Segment provides a wide range of solutions to satisfy the communications requirements of freelance professionals, small and medium businesses, and large companies.

In 2012 the company undertook projects for Automotriz Portillo, VML CheckPoint, the Municipality of Quilpué and Kayser, involving the implementation of MPLS networks, Internet access and telephone services.

Major IT projects were also completed for the Chilean Mutual Insurance company, with the housing of three racks at the Ciudad de los Valles data center, which is used as a contingency site. Nippon and Deloitte contracted SAP Hosting solutions, the Universidad Autónoma and Randstand contracted housing services and dedicated virtual servers and Excon contracted seven dedicated virtual servers for ERP with administration, monitoring and backup.

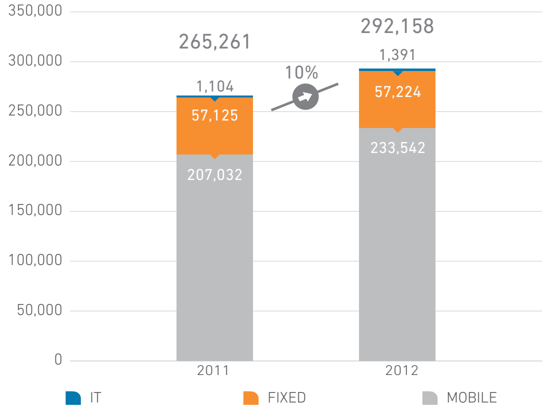
One of the main achievements in the SME segment during the year were the marketing activities undertaken in the micro enterprise segment. This involved a large-scale campaign that

WORKING FROM HOME



TRADE

ENTERPRISE SEGMENT REVENUE GROWTH
In CLP$ million



aimed to create a memorable and close image, positioning Entel Enterprise as the main supplier of integrated communications services and reinforcing its accessibility in the home business and freelancers market.

Results

In 2012, the Enterprise Segment achieved 10% growth in total revenue from its business lines, mainly driven by mobile services.

Entel managed to maintain leadership of mobile voice and mobile broadband services in the Enterprise Segment. Furthermore, it positioned itself as a leader in the first year of number portability for both mobile and fixed lines, achieving a strong net result when compared to its competitors.

The growth observed was particularly driven by the strong increase in the penetration of mobile data services over voice lines (around 40%), with a 40% increase in revenue, and the launch of new world-class IT services (Office 365 and Prontoforms).

Number Portability

With a net increase of 17,665 mobile customers and 2,566 fixed customers, Entel led the number portability process in the Enterprise Segment based on the balance since the implementation of the requirements in January 2012 to December.

Customer Satisfaction

As of November 2012, the net satisfaction of Entel's customers for mobile network services was 47%, allowing the company to maintain its leadership in this segment, seven percentage points above the industry average. The gap between the company and its closest competitor is seven percentage points and is largest in the SME segment, where it is 11 percentage points.

In terms of fixed services, the company's net satisfaction index was 39%, which does not represent a significant difference compared to its competitors, with a level of 41%.

For both services, the large business market showed improved satisfaction evaluations, also reflected in the figure for the industry as a whole.

cOrporate segMent_

High levels of customer satisfaction allowed Entel to consolidate its leadership in the Corporate Segment, achieving high rates of contract renewal and capturing new projects.

Highlights 2012

* Leadership of market share for telecommunications, both fixed and mobile.

* Consolidation of our position as a major player in the IT industry (29% share of the corporate outsourcing industry and the largest provider of data center infrastructure).

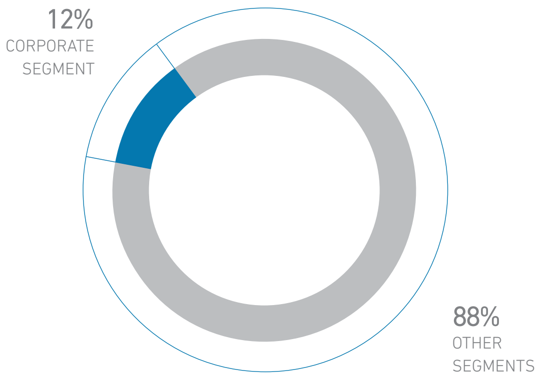
* First place in terms of market share for application and web hosting and storage services, according to figures prepared by the marketing consultant IDC.

* Provision of innovative solutions for large companies (cloud computing, on-demand RISC platform, mobile SAP solutions platform and document management with authentication and biometric signatures).

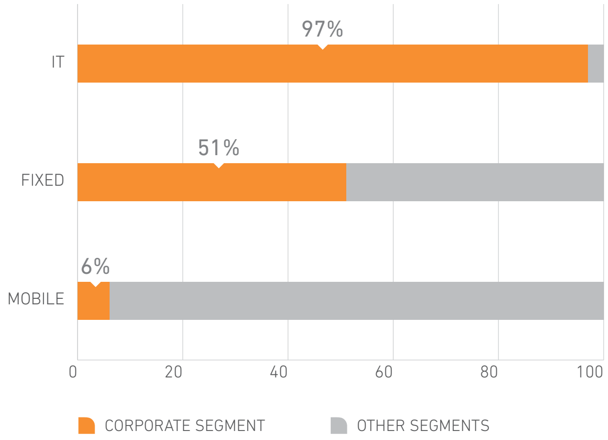
* Award of the Uptime Institute's Constructed Facility Tier III certification for the Ciudad de los Valles data center.

* Sustained growth in revenue for all services.

CORPORATE SEGMENT SHARE OF
ENTEL GROSS REVENUE 2012



CORPORATE SEGMENT SHARE OF
TOTAL ENTEL SERVICES 2012



Context

In 2012, corporations operating in Chile increased their use of high-speed, high-capacity data networks. Another trend was the increased use of mobile business applications, which meant a requirement to work on aspects of technology convergence between mobile, fixed and data center networks. The more intensive use of cloud solutions, particularly on-demand IT infrastructure, was a another notable trend during the year.

The implementation of the Number Portability Act created a highly-competitive market in which Entel was able to capture new corporate customers. This was made possible thanks to its leadership in customer satisfaction, with the gap between Entel and the next-best evaluated company increasing from 11 to 22 percentage points.

Operations

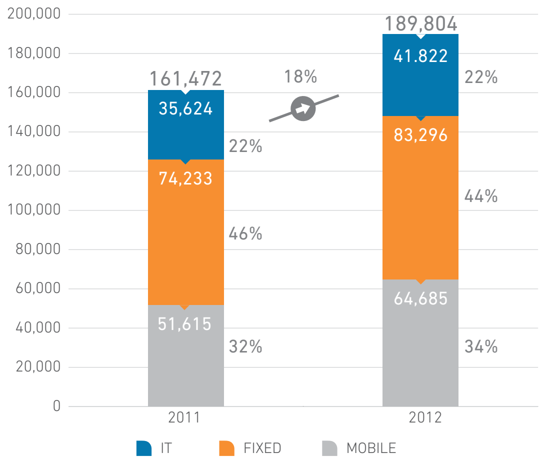
Entel's goal in the Corporate Segment is to support the country's large companies in the transformation of their businesses through the use of innovative telecommunications and IT services. In each and every project, Entel seeks to provide exceptional service, with technical solutions developed by highly-trained staff with an understanding of their customers' businesses, all backed by first-class infrastructure.

The Corporate Segment is made up of companies corresponding to 2,061 tax IDs. Generally speaking, these are the country's largest companies, together with their subsidiaries and affiliates, and smaller companies, which, due to the complexity of their operations, require specific products, services and customer service.

In 2012, the company placed a special emphasis on developing high-value products and services. It expanded its range of cloud computing (on-demand) services, incorporating Infrastructure as a Service (IaaS), Software as a Service (SaaS) and Platform as a Service (PaaS), cloud video and on-demand telephone services. In this context, the company signed an important agreement with SAP to provide corporate customers with access to business applications from their mobile devices, making Entel the first company in Latin America to offer these solutions. As part of the agreement, Entel provided its users with a website allowing them to search for and autonomously install mobile applications or use the platform to develop and integrate others.

Entel also focused its attention on improving the capacities and administration services of its fixed networks (MPLS) and data center interconnection, the management of high-complexity IT services, for which it contracted international consultancy services to help optimize its data center operations, and on managing IT services using the ITIL methodology.

CORPORATE SEGMENT REVENUE GROWTH
In CLP$ million



To develop a closer relationship with customers in the Corporate Segment and ensure they are kept informed and up to date, Entel organized a series of events, including the Entel Summit 2012, which saw the participation of Apple's co-founder, Steve Wozniak as keynote speaker, technology seminars such as Entel Tech Day and Data Center Forum, in addition to industry conferences and trade fairs, all of which saw a strong uptake amongst customers.

Results

In 2012, the Corporate Segment experienced an 18% increase in revenue, with its three business lines, Fixed Services, Mobile Services and IT Services contributing 44%, 34% and 22% of this figure, respectively.

Entel maintained its market leadership in fixed and mobile telecommunications and consolidated its position as a major player in Corporate IT Outsourcing. Its market share for mobile telephone and mobile broadband services was over 50%. In the fixed business, its share was around 55%, and for IT outsourcing, this rose to 29%, excluding Application Management services.

The company achieved a high level of contract renewal with large companies and institutions, such as Banco de Chile, DIBAM (the Office of Libraries Archives and Museums) and Sodimac, in addition to renewing the Police network for two years. Similarly, new project sales rose by 115%, including the ID card and passport project for the Civil Registry, communications solutions for Komatsu, telemetry solutions for Turbus, IP telephony solutions for CCU and a cloud computing project for Scotiabank with coverage throughout Latin America.

Customer Satisfaction

In the Corporate mobile services segment, Entel maintained a high level of customer satisfaction (61%).

In terms of telecommunications and IT services, one of the processes that has had the greatest impact on customer satisfaction has been service provision, for which the customer satisfaction level increased by 20 percentage points with respect to 2011.

IT services and fixed data services provided by Entel are evaluated using Service Level Agreements (SLAs). Every SLA we signed with customers sets out parameters for significant aspects that are determined by the nature of the service (e.g. the criticality of the equipment or service provided, the geographic location, resolution time).

Income from Entel's operational continuity services for 2012 was 32% higher than the 2011 level. Service levels (number of calls taken by the help desk) reached the target of 95%, service response (total calls answered within 15 seconds) reached 95%, and help desk resolution (total calls solved in the first help desk instance) was 80%.

Infrastructure

The distinctive service Entel provides in this market is based on knowledge and a culture of excellence, backed by our own world-class infrastructure for fixed and mobile networks and data centers.

Entel's six data centers have all the technical and management capabilities the company needs to provide first-class IT services and on-demand solutions, such as software as a service, dedicated virtual servers, on-demand hosting, on-demand storage and on-demand network, access and security services. Examples of these services include on-demand IP telephone services and private cloud video conferencing.

At the end of 2012, the Ciudad de los Valles data center was in the second phase of the final stage of construction. This new building, whose design has been awarded the Uptime Institute's Tier III certification, adds 2,000 m^2 to the existing 2,000 m^2 of floor space and 4 MW of generating capacity.

The Uptime Institute Tier III certificate certifies that the design meets the highest standards of infrastructure, security and availability, guaranteeing that any component of the data center can be replaced or repaired without service interruptions. The company also has certifications under the ISO 27,000 standard for information security management.

At the end of the year, the rooms for the first 2,000 m^2 of this data center (building 1) obtained a second certification (Uptime Institute Tier III Constructed Facility) with Entel being the first company in Chile and the second in Latin America to obtain this certification. The certification ensures the infrastructure is able to provide first-class service without interruptions in the event of faults.

At the end of the year, the expansion of the Amunátegui data center was also in its final stages.

The security and transparency of the services it offers led to Entel being recognized as a Cloud Services Supplier by the prestigious consultancy firm SAP AG. This certification is an extension of the advanced level SAP Hosting Partner certification Entel has held since 2010, which SAP AG recently renewed to 2014.

Cisco Regional Distinction

At the beginning of 2012, Entel was recognized as 2011 Cisco Service Provider Partner of the Year for the Southern Cone. The Southern Cone region includes Argentina, Uruguay, Paraguay, Colombia and Chile. Entel is one of the company's biggest partners in the region, particularly for the delivery of solutions based on Cisco technology in Chile. Together, the companies have developed a market strategy that translates into operational excellence for all their customers.

wholeSale segMent_

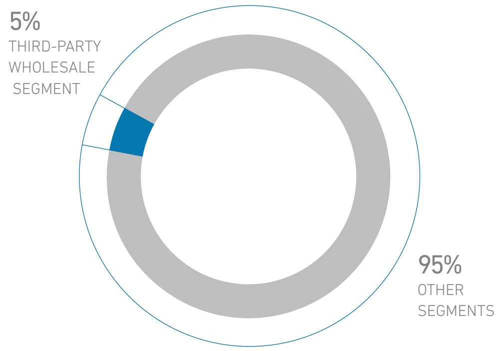
Entel strengthened its position as a competitive and reliable provider of wholesale services for national and international telecommunications companies, expanding the range of services it offers to new clients in the areas of MVNO*, Core IP, roaming and traffic business.

Highlights 2012

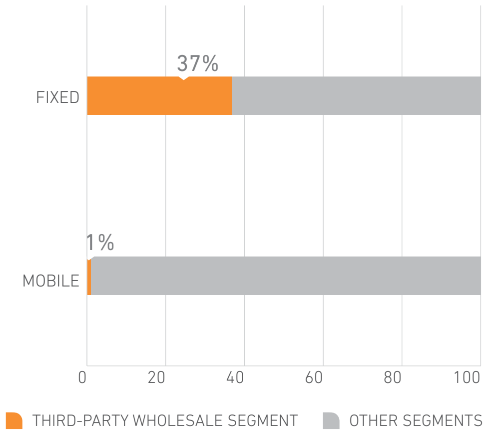
* Increase in net revenue of 21% from 2011.
* Agreement with MVNO Falabella Móvil to use Entel's network infrastructure.
* Sustained increase in the volume of traffic, consistently in excess of 75 million minutes per month.
* Contract for a new Santiago–Coyhaique network, that will connect to our fiber optic ring running between Santiago–Osorno–Bariloche–Buenos Aires–Mendoza–Santiago (Chile–Argentina ring).
* Consolidation of the management of mobile infrastructure leasing to third parties, achieving growth of 60% and positive effects for the company.
* Increased transportation capacity over the IPX network for international roaming services.

* MVNO: Virtual Mobile Operator.

THIRD PARTY WHOLESALE SEGMENT SHARE OF ENTEL GROSS REVENUE 2012



THIRD PARTY WHOLESALE SEGMENT SHARE OF TOTAL ENTEL SERVICES 2012



Context

A mature and competitive market has required telecommunications operators to redouble their efforts to maximize their own infrastructure and consider outsourcing services as a viable way of satisfying their needs for growth.

The creation of regulations for the construction and use of mobile telephone antennas has led to changes in the expansion strategies of mobile operators in Chile and has created new business areas in the Wholesale Segment.

The pressure of the large telecommunications groups and their strategy of integration and seeking to identify internal synergies led to a contraction in the national and international market in terms of the sale of wholesale services.

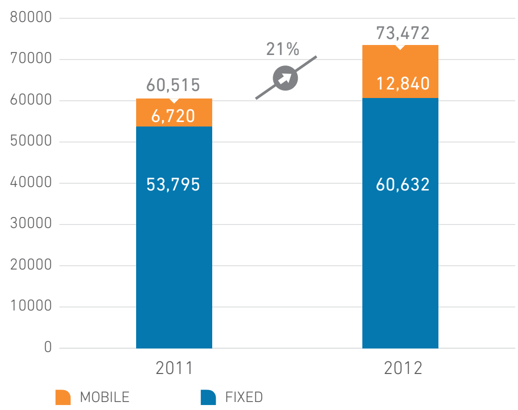
The tender for LTE mobile services in 2012 is a landmark that will create new challenges for this segment.

Operations

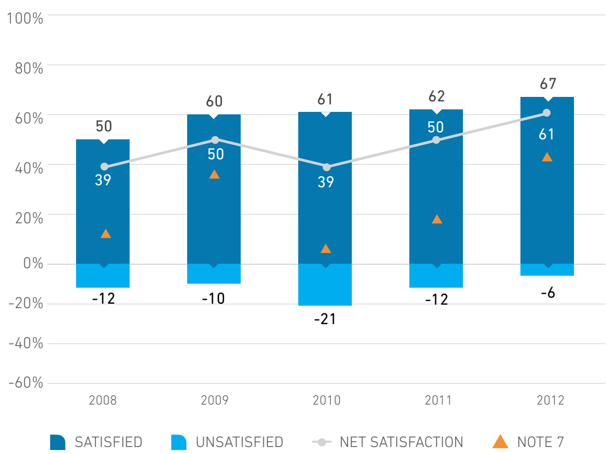
In the Wholesale Segment, Entel aims to be the best network and services supplier for national and international operators. It aims to provide broad national coverage and maintain its position at the cutting edge of new technology. It seeks to respond to customers in a timely manner, providing excellent presales, delivery and commercial/technical post-sales service, aiming to build closer customer relationships, be reliable and maintain a continuous and open communication channel.

To consolidate its leadership of this market, in 2012 the company invested in transport networks for national, international and roaming services, including signing a contract for a new Santiago–Coyahaique network through the expansion of the Chile–Argentina ring. Similarly, it upgraded international switching centers, replacing them with a latest-generation International Softswitch, resulting in the more efficient use of international resources and leaving the company in a strong position for future expansion in terms of the number of customers and services.

THIRD PARTY WHOLESALE REVENUE GROWTH
In CLP$ million



SATISFACTION WITH THE SERVICE PROVIDED BY ENTEL



Source: PRAXIS

Results

Entel's Wholesale Segment has achieved growth of 21% in net revenue from third parties, consistent with its aim to ensure the profitability of its networks. The greatest sales increases were recorded in infrastructure leasing to other mobile and fixed operators.

The traffic business also expanded, largely as a result of an increase in the volume of international wholesale minutes processed by its network.

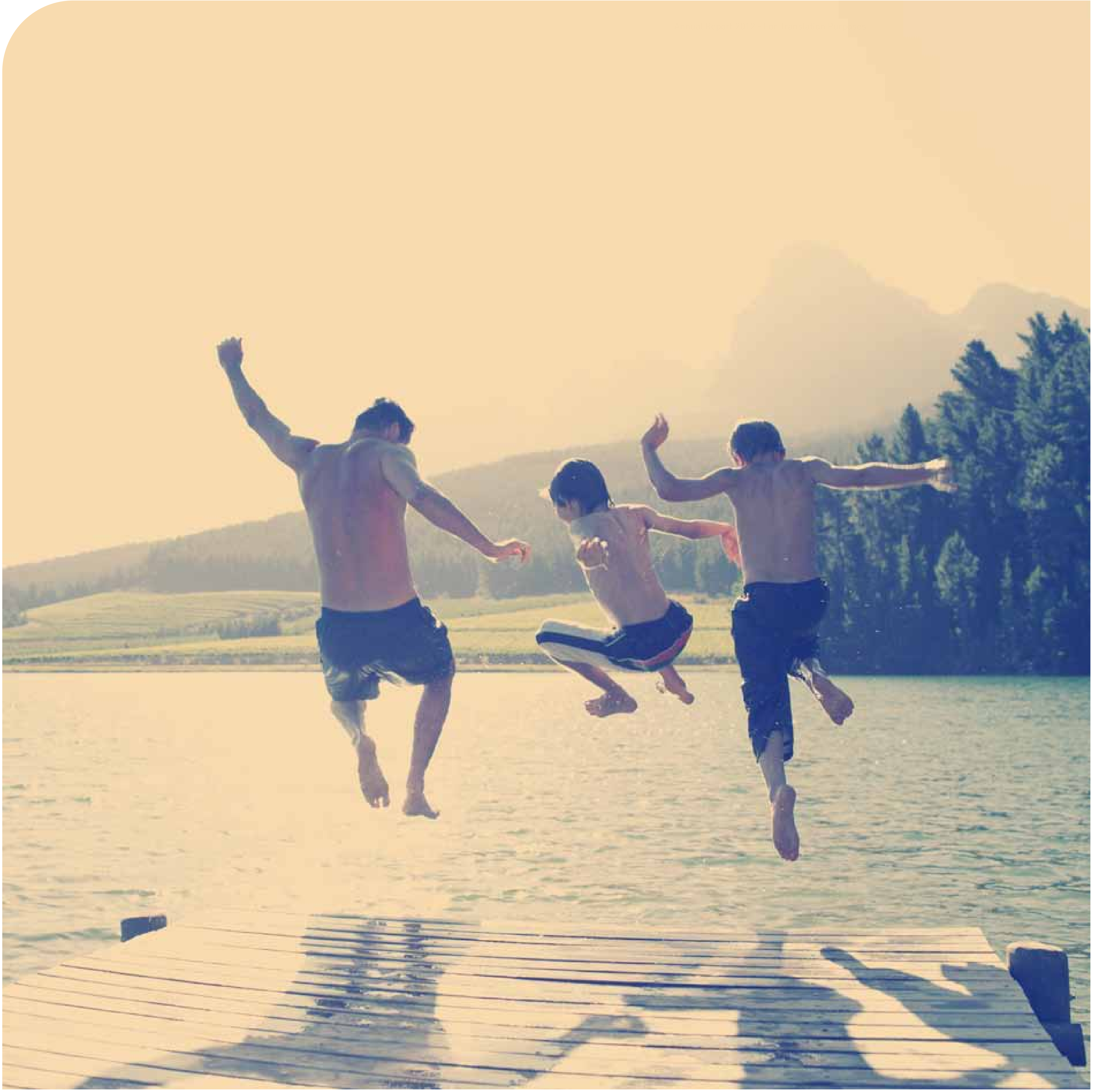
Its position as a reliable business partner allowed Entel to sign an agreement with the retailer Falabella to provide network infrastructure services for its Virtual Mobile Operator, due to enter the market in 2013.

Customer Satisfaction

In terms of Wholesale sales, the company maintained its market position as a reliable and efficient supplier, according to an evaluation carried out among its own customers.

In terms of international roaming, a satisfaction survey for international customers visiting our country once again identified Entel as the network that provided the best user experience in Chile (Survey carried out at Santiago international airport among passengers leaving the national territory).

Total gross revenue for the Wholesale Segment (including services to related companies) was CLP $202,378 million, an increase of 12% with respect to 2011.



Chapter } **four**

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susTainability_

[IN 2012 ENTEL

completed Chile's largest digital connectivity project.

Approach

Sustainability is an integral part of Entel's vision and mission, and has been present throughout the company's history.

Entel's Corporate Social Responsibility policy is based on voluntary actions that ensure its ability to meet, understand and satisfy the expectations and legitimate interests of its various stakeholders, thus contributing to technological, social, economic and environmental development, supporting the connectivity and well-being of society, and the democratization of telecommunications in Chile.

In 2012, the company completed the implementation of the *Todo Chile Comunicado* project, a public-private initiative that made it possible for 90% of inhabitants in rural areas to have Internet access via mobile broadband (MBB).

The scope and challenges of the project implied an investment of USD $110 million, of which Entel contributed 65%, and the dedication of more than 600 engineers and technicians that made it possible for 1,474 communities in 289 districts to have access to telecommunications services.

Activities

As part of its role in society, the company undertook specific initiatives to contribute to the community, including the first version of the *Chile Cree* project, which seeks to promote social entrepreneurship, the Connected Schools program, which provides digital training to disadvantaged and isolated schools throughout the country, the corporate volunteering program and the promotion of CSR via a prize awarded to mass media organizations and journalists who stand out in this area.

Chile Cree

In partnership with Ericsson and the Humanity Challenge Foundation, Entel organized the *Chile Cree* events, which aim to provide a space for reflection, debate and the development of social innovation projects that contribute to the sustainable development of the country. The initiative sought to promote integration, tolerance, teamwork and leadership, developing the professional skills of young people and promoting social entrepreneurship and the creation of projects to improve quality of life in rural communities.

The events, which were held in the regions of Antofagasta, Coquimbo, Valparaíso, Bío Bío, La Araucanía, Los Ríos and Los Lagos, saw the participation of more than 800 young people, who developed more than 70 innovative projects, ten of which made it to a final event in Valparaíso, where the best three ideas were awarded prizes.

Digital Training

To promote the use and integration of digital technologies in education, the company supported the training of 8 headmasters, 39 teachers and 63 pupils from seven rural schools, located in the districts of Valle de Chaca (Arica), Nirivilo (San Javier), Huape (Corral), Bahía Murta and Islas Huicha (Aysén) and Barranco Amarillo (Punta Arenas).

CSR Journalism Prize

With support from the Università Cattolica del Sacro Cuore in Milan, Entel ran the fourth version of the CSR Journalism Prize to promote the dissemination of Corporate Social Responsibility among society.

The initiative received more than 50 entries from various media organizations throughout the country and was won by Diario Pulso, TVN and Radio Cooperativa, in their respective categories.

Corporate Volunteering

Around 1,000 Entel employees throughout the country participated in activities that allowed them to get involved with the development of socially vulnerable people. The activities consisted of Children's Day and Christmas celebrations that involving 7,914 people.

ProPyme Certification

In October 2012, Entel became the first company in the telecommunications sector to obtain the ProPyme certification, awarded by the Ministry of the Economy, Public Works and Tourism to companies who comply with the voluntary commitment to pay SME suppliers within a maximum of 30 days.

The Group companies to obtain this certification, benefiting more than 3,500 suppliers in the SME segment, are: Empresa Nacional de Telecomunicaciones S.A, Entel PCS Telecomunicaciones S.A, Entel Telefonía Local S.A and Entel Call Center S.A.

Chapter } **five**

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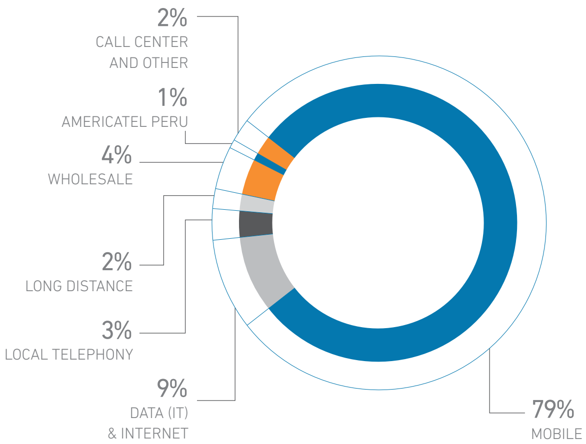
consolidAted resultS_

[ENTEL'S CONSOLIDATED revenue for 2012 was CLP $1,440,978 million, a 16% increase over the previous year. This significant improvement was largely driven by mobile, data (including IT) and network infrastructure leasing services. In the mobile area, the company strengthened its leadership in a highly competitive market, breaking the 10 million customer barrier for the first time.

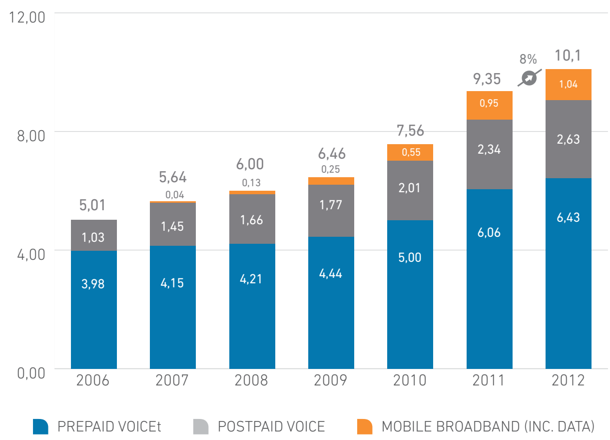
(CLP $ million)	2012	2011	Change %
Consolidated revenue	1,440,978	1,240,914	16%
EBITDA	536,525	515,200	4%
Operating profit	221,580	238,227	-7%
Annual profit	167,294	180,767	-7%
Profit per share (CLP)	707.30	764.26	-7%
Dividend yield (%)	5.6%	6.1%	
Return on equity (%)	21.08	24.19	

DISTRIBUTION (%) OF CONSOLIDATED REVENUE BY SERVICE

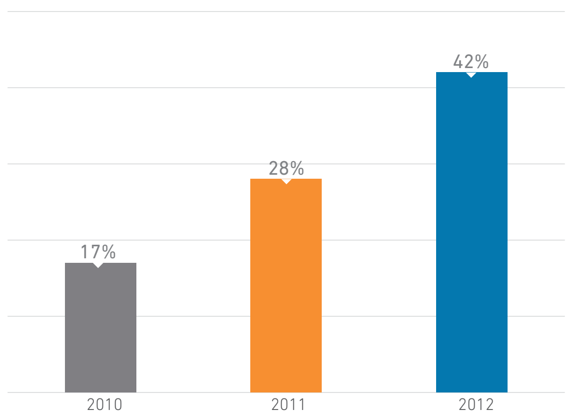


(CLP $ million)	2012	2011	Change %
Mobile services	1,142,690	966,709	18%
Data (including IT services)	105,922	93,703	13%
Local telephony (including NGN-IP)	41,469	41,705	-1%
Long distance	32,804	30,688	7%
Internet	17,217	16,585	4%
Services to other operators	21,855	20,246	8%
Traffic business	36,667	31,696	16%
Americatel Perú	20,111	19,147	5%
Call Center and other services	11,380	10,319	10%
Other revenue	10,863	10,116	7%
Total operating income	1,440,978	1,240,914	16%

GROWTH OF MOBILE CUSTOMER BASE BY SERVICE



DATA PENETRATION AMONG POSTPAID CUSTOMER BASE (%)



Mobile Services

Entel's customer base for mobile services grew 8% in 2012, totaling 10,105,888, equivalent to a market share of 39% of active customers, allowing it to maintain its leadership of the industry. The highest growth of 11% was recorded in the contract or postpaid segment (voice and MBB), which represented 31% of Entel's total customer base at the end of the year. The prepaid customer segment (voice and MBB) grew 7% during the year.

This growth meant that in December 2012, Entel's market share of the postpaid voice market (including IM plans) was 43%, with the figure rising to 52% for the postpaid MBB market, increases of 1.63 and 3.69 percentage points, respectively. The figures for the prepaid market were 36% (voice) and 57% (MBB).

The entry of new competitors into the mobile industry and the implementation of number portability increased the level of competition and imposed significant commercial challenges in all market segments. Together with the changes in the industry caused by the growing penetration and use of smartphones, Internet and mobile broadband, this made the year one of intense commercial activity, which has had an impact on operating costs.

Mobile Broadband

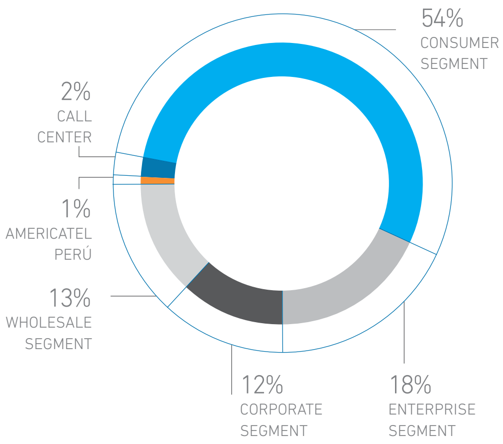
Entel had a total of 1,043,189 MBB contract and prepaid users (including data cards for business applications), a 10% increase over 2011 levels.

Mobile Internet

Given the forecasted growth in this technology, one of the most important advances made in 2012 was a large increase in the number of customers taking out mobile Internet plans. At the end of the year, 42% of our customer base had mobile Internet plans, up from 28% in 2011.

Entel's strategic decision to promote the penetration of smartphones was embodied in a series of promotions and offers specifically targeting the postpaid segment, which played a fundamental role in this achievement.

DISTRIBUTION OF GROSS REVENUE BY SEGMENT



10,105,888
mobile customers
at the end of 2012

Entel Hogar

At the end of 2012, four months after its launch, Entel Hogar had already attracted more than 30,000 residential users. In August, the company began offering wireless fixed telephone, Internet and Satellite television services to customers in Santiago, before going on to expand its presence to other cities throughout the country.

Fixed Data and IT Services

These services, which are largely associated with the Enterprise and Corporate segments grew as a result of the increase in the mobile customer base, the penetration of data services and increased sales and renewals of IT and data center services. There was also significant revenue growth in infrastructure leasing and wholesale services for other telecommunications companies, call center services and other segments, in addition to the growth experienced by the international subsidiary Americatel Perú.

New Accounting Procedure

From October 1, 2012, the consolidated financial statements have been prepared using a new accounting procedure for the provision of handsets to postpaid mobile customers at the subsidiary Entel PCS S.A. From this date, the subsidiary began to record the costs of the full value of mobile handsets provided to postpaid customers when the contracts for the provision of the handsets are signed.

The costs of handsets were previously classified as fixed assets, in line with the contract conditions in force prior to the change, and depreciated over 12 months. As such, the historic base of handsets provided to postpaid customers prior to September 30, 2012, will remain classified under fixed assets and will continue to be depreciated over the corresponding period impacting until September 30, 2013.

Similarly, and also in line with the new procedure described above, since October 1, 2012, the full value of upfront fees has been recorded as revenue at the point the handsets are provided.

In light of the above, the permanent and transitional effects of these changes, which took effect during the fourth quarter,

#

on consolidated income as of December 31, 2012, result in a decrease in income of CLP $13,695 million, with respect to the previous accounting procedure. While this new accounting procedure does not result in foreseeable permanent effects in its own right, which will depend to a greater or lesser extent on postpaid handset sales for each period, for the reasons mentioned above, there will be a negative, transitional and decreasing impact on the company's EBITDA, operating income and consolidated income until the third quarter of 2013 although this will not impact the company's cash flows or its financial value.

Results

Consolidated EBITDA for 2012 was CLP $536,525 million, an increase of 4%. This was largely due to the new accounting procedure mentioned above. The change, which was based on the new contract structure arising from industry-wide mediation by the National Consumer Service, resulted in a loss of CLP $20,909, which had an impact on EBITDA. There was also increased pressure on operating costs associated with the increased activity recorded during the year and new initiatives undertaken by the company. Adjusting EBITDA (to annul the effects of the new accounting procedure for postpaid handsets) gives a figure of CLP $557,434 million, an annual increase of 8%.

Operating Income

The increase in the depreciation of postpaid handsets associated with growth in the customer base and the penetration of high-value handsets, together with the new accounting procedure for postpaid handsets, had a negative effect on operating income, with operating profits down 7% from the previous year to CLP $221,580 million. Adjusting operating profits (to annul the effects of the new accounting procedure for postpaid handsets) gives a figure of CLP $238,699 million, a slight increase over 2011 levels.

Annual profit

The company recorded profits of CLP $167,294 million at the end of 2012, down 7% with respect to profits of CLP $180,767 million for the previous year. This was largely due to the new accounting procedure for postpaid handsets, which took effect from the third quarter and had a net impact of CLP $13,695 million. The figure was also affected by increases in financing and other related costs caused by an increase in the volume of derivative instruments held during the year, all of which was partially offset by lower costs due to lower inflation and a lower effective tax rate for the period.

ENTEL'S MOBILE BUSINESS

contributed 79% (CLP $1,142,690 million) of its consolidated revenue for 2012, led by mobile voice and data services, representing annual growth of 18%.

MOBILE BUSINESS EBITDA

totaled CLP $412,301, a 4% increase over the previous year.

THE WIRELINE BUSINESS

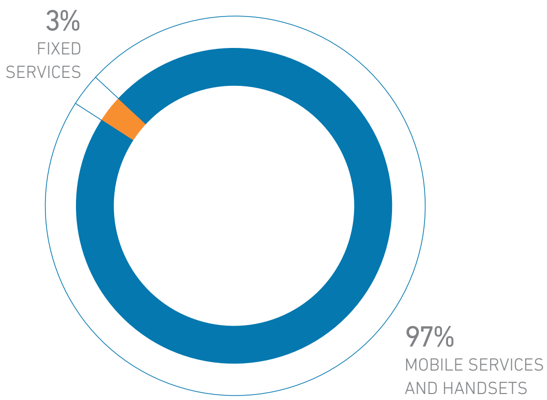
contributed 18% (CLP $225,394 million) of consolidated revenue for 2012, principally driven by data services (including IT), the traffic business, infrastructure rentals to other operators and long-distance international services to the Corporate and SME Segment. This figure represents annual revenue growth of 9%.

EBITDA FROM THE WIRELINE BUSINESS

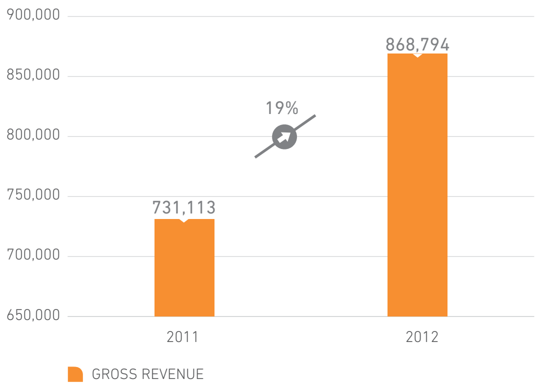
totaled CLP $117,223, a 3% increase over the previous year.

reSults by market segMent_

CONSUMER SEGMENT REVENUE DISTRIBUTION (%)



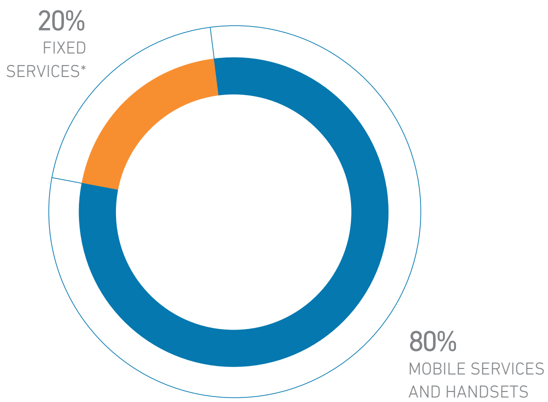
CONSUMER SEGMENT REVENUE
In CLP$ million



Consumer Segment

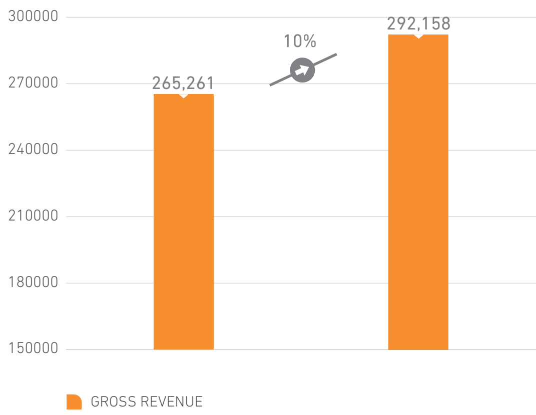
Total revenue for the Consumer Segment was CLP $868,794 million, up 19%. The increase was mainly driven by mobile services and the expansion of the mobile customer base (+7%), particularly high-value customers, and the fast adoption of mobile data services. Furthermore, revenue for handsets increased as a result of the increase in the customer base and the new accounting procedure for postpaid handsets that took effect from October 1, 2012. Revenue from fixed services also grew as a result of long-distance services and the launch of the Entel Hogar residential services, which include wireless fixed telephone, mobile broadband and satellite television services.

ENTERPRISE SEGMENT REVENUE DISTRIBUTION (%)



* Fixed services includes IT services.

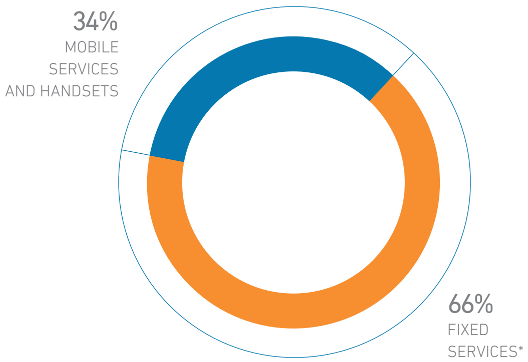
ENTERPRISE SEGMENT REVENUE
In CLP$ million



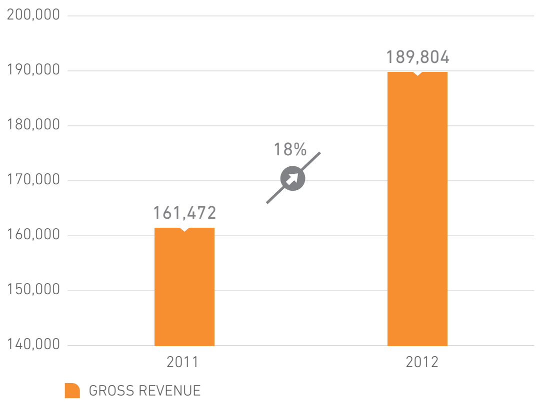
Enterprise Segment

Revenue from the Enterprise Segment grew by 10% to CLP $292,158 million. The increase in revenue is largely from mobile services, especially high growth in the mobile customer base (+13%) and the strong penetration of data services (mobile Internet and MBB) for the segment. The increased data revenue was a product of a flexible range of mobile plans and solutions to help businesses improve their productivity. There was also growth in revenue from handsets, directly related to the new accounting procedure for postpaid handsets. Revenue for fixed services increased slightly as a result of refinements to portfolios between segments made during the year.

CORPORATE SEGMENT REVENUE DISTRIBUTION (%)



CORPORATE SEGMENT REVENUE
In CLP$ million

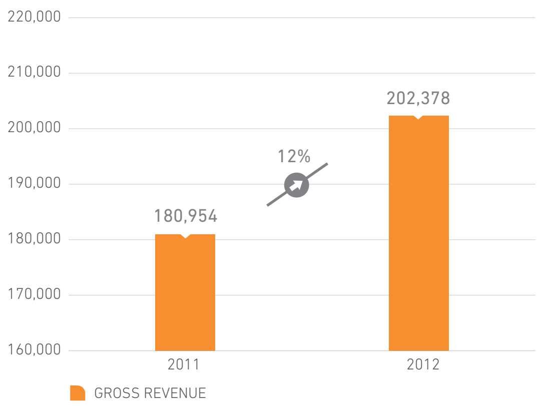


* Fixed services includes IT services.

Corporate Segment

Revenue from the Corporations was CLP $189,803 million, an increase of 18% over 2011. The highest revenue came from fixed services (+14%) and was driven by integrated data and IT services. There was a good level of capture in the traditional data segment over the course of the year, coupled with a high level of contract renewal. In addition, revenue from mobile services increased by 25%, thanks to strong growth in the customer base and the rapid adoption of mobile data services by the market. Revenue from handsets increased, largely as a result of the new accounting procedure that took effect in October 2012.

WHOLESALE SEGMENT REVENUE
In CLP$ million



Wholesale Segment

Revenue from Wholesale Segment experienced significant growth in 2012, rising to CLP $202,378 million, an increase of 12% with respect to the previous year.

In this segment, Entel provides infrastructure leasing services to third parties and related companies and plays an active role in the traffic business.

Over the last year, revenue from services provided to third parties represented 36% of gross revenue, increasing by 21%, driven largely by international and national roaming mobile services (the latter of which correspond to new contracts signed during the year). Infrastructure leasing services to other mobile operators also increased and revenue from the traffic business increased as a result of processing a larger volume of traffic.

subsidiAries_

americAtel Perú_

[FOCUSED ON

services for Enterprise and Corporate customers, Americatel is driving the development of IT outsourcing services in Peru.

Highlights 2012

* Increase in EBITDA of 91% from 2011.
* Sustained growth in the contribution made by the Enterprise Segment (58% of total revenue).
* Consolidation of growth in satellite services.
* Increase of 22% in the long-distance profit margin.

Strategy

Americatel Perú continued its expansion, with a focus on developing business markets, which represented 58% of its revenue for 2012 (an increase of 10 percentage points over the previous year).

In order to lay the foundations required to provide world-class IT services, last year saw the start of the 440 m^2 expansion of the subsidiary's data center and initiation of the process to obtain Tier III certification for its design, the creation of an IT Operations area and the acquisition of an on-demand platform to provide more flexible services at competitive prices from May 2013.

During this period, in addition to the services offered over the on-demand platform at Ciudad de los Valles in Chile, the subsidiary began to offer housing, dedicated hosting and basic administration services to customers in the Corporate Segment.

In 2012, it also reinforced its presence in the NGN market (integrated bundle of telephone, Internet and value-added services), with more than 8,000 points, in line with a target to fill the capacity of the WiMAX network with business customers in Lima. Sales for satellite services also continued to rise, reaching a market share of 10%.

Competitive Position

Americatel has a penetration of 65% of the corporate network and 45% of services provided with their own access network (telephony, Internet, data, NGN, satellite services and IT). In the SME segment, it has a market share of 11% of its target market, and in the Wholesale Segment it has a share of 14%. In the fixed-origin long-distance market, in which it competes with Telefónica, Telmex, Claro and other smaller operators, such as Convergia and IDT, the subsidiary held 21% and 30% shares of the long-distance national and international markets, respectively. In the mobile-origin long-distance market, in spite of not being a mobile operator, Americatel has a market share of 4%, competing with Movistar, América Móvil and Nextel.

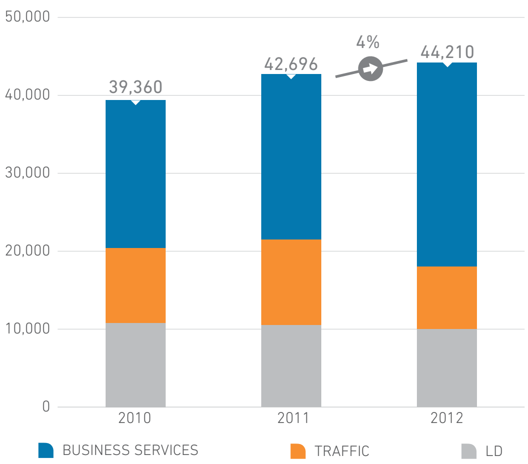
Infrastructure

Americatel has two switching centers, connected to international networks via Chile and the USA, and has direct connections to Peru's 24 administrative districts. It also has connections with the main local operators for long-distance and mobile services.

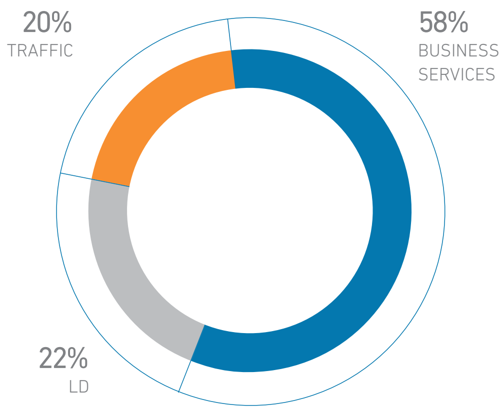
Americatel's metropolitan network in Lima comprises five main MPLS nodes, linked in an SDH fiber-optic ring (STM-16) running on a DWDM platform. Its access network comprises 52 WiMAX base stations that provide full coverage throughout Lima. This is complemented by 13 km of outside plant, distributed throughout the area of Lima with the highest commercial value.

The company has wireless fixed telephone concessions to provide telephone, data and broadband Internet services through exclusive usage rights to 50 MHz of spectrum on the 3.5 GHz frequency band and 31.5 MHz of spectrum on the 2.3 GHz band. It also has a local carrier concession for 400 MHz of spectrum on the 38–39 GHz band for its transport network and the provision of voice, data and broadband Internet services with coverage throughout Lima.

AMERICATEL PERÚ GROSS REVENUE
In USD thousand



DISTRIBUTION OF REVENUE BY SERVICE



Investment

In 2012, the company invested a total of USD $4.8 million. Of this sum, 38% was invested in customer equipment installed for NGN, local telephone and dedicated Internet services, 12% was invested in expanding customer access networks (outside plant and WiMAX) and USD $640,000 was invested in fitting out the Olguín data center.

Results

Americatel's revenue for 2012 was USD$ 44 million, a 4% increase over the previous year.

In the Enterprise Segment, revenue increased by 24% with respect to the previous year. The company grew by 8%, largely due to the SME Segment, which services 4,745 companies via its NGN service. Revenue totaled USD $13 million, an 11% increase with respect to the previous year.

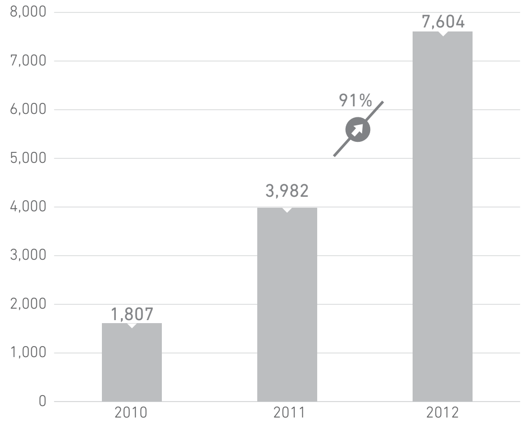
Revenue from satellite services now makes up 15% of revenue from the Enterprise Segment (USD $4 million).

In the Consumer Segment, revenue fell by 8% with respect to the previous year as a result of the natural migration to other categories such as mobile-origin, Internet and VoIP. In spite of the above, the profit margin for long-distance services increased by 22% with respect to the previous year, related to the optimization of marketing costs and telesales contracts at the Call Center.

In the Wholesale Segment, revenue fell by 22% as a result of less traffic caused by strong competition in terms of prices. However, the profit margin increased by 2% with respect to the previous year.

In terms of wholesale data, in 2012, profit margins increased by 28% as a result of a higher volume of links with major clients (including AT&T and British Telecom).

AMERICATEL PERÚ EBITDA
In USD thousand



91%
growth
in EBITDA (USD $7.6 million in 2012)

58%
contribution
of Enterprise Segment to total revenue.

Market	Description	Products and Services
Enterprise and Corporations	2,000 companies throughout the country with annual revenue over USD $15 million.	Long distance, fixed telephony, dedicated Internet, toll-free numbers, data links, NGN (bundling of services), satellite Internet and data services, IT outsourcing services (housing, dedicated hosting, IaaS, SaaS).
SMEs	Small and medium businesses in Lima whose monthly usage of telecommunications services is over USD $100 (approximately 70,000 points in Lima).	Long distance, NGN, dedicated Internet, ADSL and fixed telephony.
Consumer	Consumers (A, B and C segments) throughout the country.	Fixed- and mobile-origin long-distance services, contract products (fixed- and mobile-origin international long-distance plans, and fixed-origin national long-distance plans).
Wholesale	National and international operators.	Data links, Internet access and data center services (use of infrastructure and housing).

Entel call cEnter_

[AN INCREASED LEVEL of activity and the optimization of processes allowed Entel Call Center to grow in a profitable manner.

In 2012 Entel Call Center doubled the number of active positions at the Curauma services center to 126. As a result of the success of this project, the purchase of land for the future construction of a new site with approximately 600 positions at this location was approved.

Highlights 2012

* Launch of new business lines with multi-channel and back office services.
* EBITDA up by 29%.
* Expansion of sales campaign services, including delivery.
* Renewal of COPC® certification covering four different services.
* ISO 9001:2008 certification of Servicios de Call Center del Perú.
* Consolidation and expansion of operations at the Curauma site.

23%
annual growth in
active positions

2,703 active positions
in Chile
1,078 active positions
in Peru

Strategy

The mission of Entel Call Center is to provide end users with fast and accurate solutions to achieve high levels of satisfaction. It aims to be the leading call center in terms of innovation, productivity and service quality, both for its own customers and end users.

Entel Call Center operates internationally, with four centers in Chile and one in Peru, all built and equipped to the highest international standards for contact centers in terms of safety, comfort, lighting, and climate, all of which are required to guarantee a comfortable working environment for 4,800 staff in both countries.

Solid and robust technology also contributes to guaranteeing uptime levels at its centers exceed the required standards.

Human Capital

At the end of 2012, Entel Call Center had 3,425 staff in Chile, 1,654 of which are directly employed, and the remainder of which are subcontracted. It also had 1,417 staff in Peru, all of which are directly employed.

Of this total workforce, there are 801 technical help desk service agents (704 in Chile and 97 in Lima, Peru), representing growth of 10% with respect to 2011.

In 2012, the company created Entel Servicios de Contact Center to provide permanent employment opportunities and greater benefits to 747 people in Chile. This has resulted in a 26% increase in its directly employed workforce with respect to the previous year and has made it possible to reduce voluntary turnover to less than 1% per month.

Renewal of COPC® Certification

One of the most important events in 2012 occurred in March, with the renewal of the COPC® certification for Entel Call Center, making it the only center in Chile to have its certification renewed. The certified center provides the following services: customer service for Entel companies, billing for the Consumer Segment, premium telebilling and the Entel BlackBerry® technical support center, the latter of which remains Latin America's only certified technical help desk.

Renewal of ISO 9001:2008 Certification

In April 2012, our subsidiary in Lima, Servicios de Call Center del Perú, obtained certification under the ISO 9001:2008 quality management standard for three years.

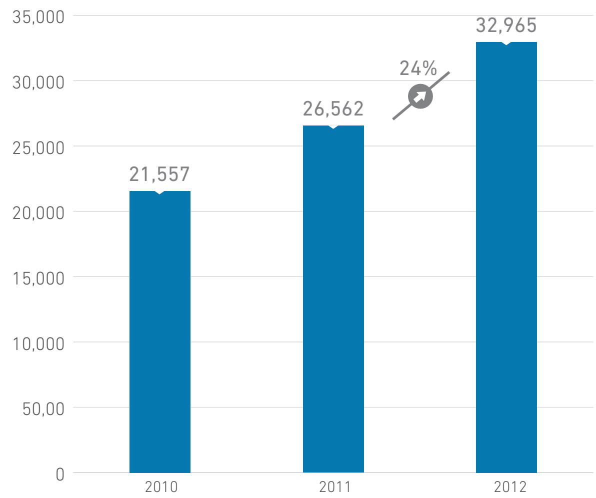
New Services

In 2012, Entel Call Center added two new products to its portfolio: multi-channel and back-office services. The former allows companies to bring customer contact across different channels and online platforms together in a single point of service, the latter helps companies improve the efficiency of their internal customer service processes.

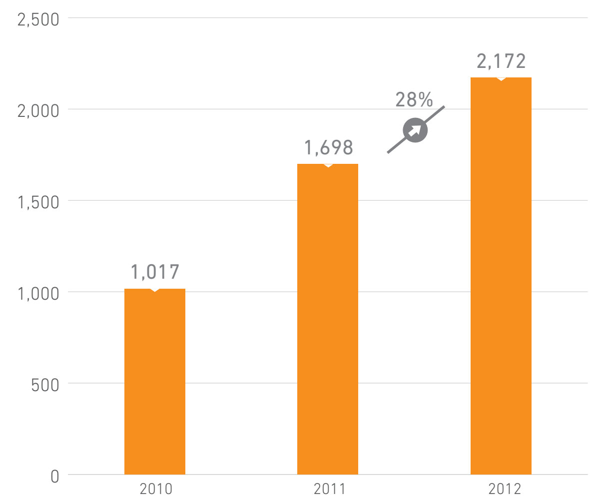
Within its traditional range of services, during the last year, the company added the additional delivery service to sales campaigns it carries out in areas such as financial services. This allows it to directly close the sales cycle and ensure satisfaction levels among end users.

Market	Description
Multi-Channel Services	Implementation of multimedia services, social networks, chat, single platforms and platforms that complement existing remote services as part of a single service independent of the point of contact, with customer and service information integrated into existing channels.
Service Desk	Technical support help desks for Entel Group companies and external clients. A service focused on resolving issues on first contact to increase the availability of services, reduce costs associated with repeat instances and effectively support services delivered on-site.
Back Office Services	Implementation of services to support customer service as part of a closed cycle, adding value in the resolution of administrative, control and monitoring tasks for each business.
Sales Campaigns	Consultative sales services, telemarketing and billing based on customer requirements, incorporating delivery services to support sales all the way through to the delivery of the product to the end user.
Customer Service	Inbound service models based on market best practices, implemented using technologies such as IVR, CRM and service flows to meet business requirements, ensuring a quality service and the satisfaction of end users.
Technology Services	Implementation of on-demand technology platforms, including world-class technology tailored to meet customer requirements and incorporating control platforms, business intelligence and CRM and services.

CONSOLIDATED REVENUE FOR ENTEL CALL CENTER
In CLP$ million



ENTEL CALL CENTER
CONSOLIDATED OPERATING INCOME
In CLP$ million

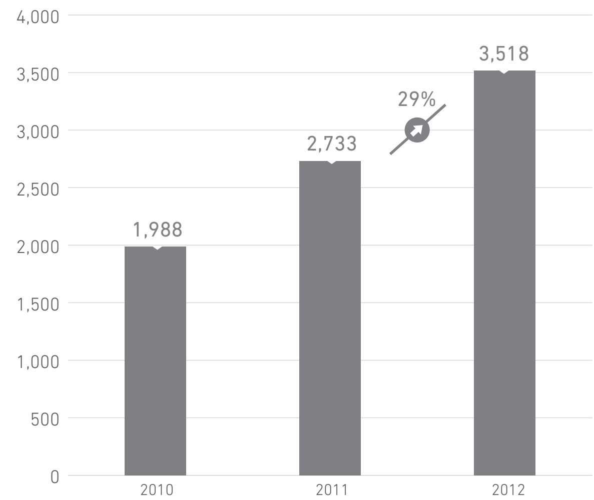


Results

In 2012, revenue from Entel Call Center totaled CLP $32,965 million, an increase of 24% over the 2011 figure. This increase in activity, both in Chile and Peru, resulted in operating income of CLP $2,172 million, representing an increase of 28% over the previous year.

Consolidated EBITDA totaled CLP $3,518 million, growing by 29% with respect to the previous year.

ENTEL CALL CENTER CONSOLIDATED EBITDA
In CLP$ million



Chapter } **seven**

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finAncial

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articLes of incorporAtion__

Entel Chile S.A. was incorporated as a public limited company by public deed, notarized before the notary Jaime García Palazuelos in Santiago on August 31, 1964. The company and its articles of incorporation were approved by Supreme Decree No. 5,487, issued by the Ministry of the Treasury on December 30, 1964.

The relevant extract is recorded on page 381, no. 191, and the aforementioned decree on page 384, no. 192, of the Santiago Trade Register, dated January 18, 1965, published in the official state gazette on January 20, 1965. The company was declared legally established by Supreme Decree No. 1,088 issued by the Ministry of the Treasury on April 4, 1966. The company statutes have subsequently undergone a range of modifications to ensure compliance with Decree Law No. 3,500 (1980) on the number and nationality of directors, the existence of alternative directors, increases in capital and expansions to the areas in which the company operates.

compAny ownErship_

As of December 31, 2012, the capital stock of Empresa Nacional de Telecomunicaciones S.A. was distributed in 236,523,695 single-series shares, fully subscribed and paid in by its 2,114 shareholders.

The twelve largest shareholders of Entel S.A., together with the number of shares held and the percentage of their share, are listed in the table below.

Name or Company Name	Shares as of 12/31/2012	(%) Share
INVERSIONES ALTEL LTDA	129,530,284	54.76%
BANCO DE CHILE ON BEHALF OF NON-RESIDENT THIRD PARTIES	32,692,486	13.82%
BANCO ITAU ON BEHALF OF INVESTORS	26,179,759	11.07%
BANCO SANTANDER ON BEHALF OF FOREIGN INVESTORS	11,353,601	4.80%
AFP PROVIDA S.A.	4,511,194	1.91%
AFP HABITAT S.A.	3,236,162	1.37%
BANCHILE CORREDORES DE BOLSA S.A.	2,936,096	1.24%
AFP CUPRUM S.A.	2,596,739	1.10%
AFP CAPITAL S.A.	2,210,122	0.93%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	1,569,421	0.66%
BANCO SANTANDER-HSBC BANK PLC LONDON CLIENT ACCOUNT	1,223,189	0.52%
SANTANDER CORREDORES DE BOLSA S.A.	1,161,779	0.49%
Others	17,322,863	7.33%
Total	236,523,695	100.00%

Controllers

In compliance with General Regulation No. 30, it is reported that the sole controlling company remains Inversiones Altel Ltda., Tax ID 76.242.520-3, with 129,530,284 shares representing a 54.7642% share of Entel. Inversiones Altel Ltda. is owned by Almendral Telecomunicaciones S.A. (Tax ID 99.586.130-5, with a 99.99%, share and Almendral S.A., Tax ID: 94.270.000-8, with a 0.01% share. The individuals and legal entities that directly and indirectly form part of the controlling group are listed below.

INFORMATION CONTAINED IN THE SHAREHOLDER REGISTER AS OF DECEMBER 31, 2012.

Tax ID	Shareholder	Shares	(%) Share
96.969.110-8	Forestal Cañada S.A.	561,429,758	4.15%
96.895.660-4	Inversiones El Raulí S.A.	703,849,544	5.20%
96.878.530-3	Inversiones Nilo S.A. (*)	926,012,160	6.84%
96.656.410-5	BICE Vida Compañia de Seguros	16,424,086	0.12%
94.645.000-6	Inmobiliaria Ñagué S.A.	358,008,491	2.64%
90.412.000-6	Minera Valparaíso S.A.	281,889,680	2.08%
81.358.600-2	Cominco S.A.	154,795,552	1.14%
81.280.300-K	Viecal S.A.	95,058,166	0.70%
79.770.520-9	Forestal y Pesquera Copahue S.A.	454,057,900	3.35%
79.621.850-9	Forestal Cominco S.A.	78,666,592	0.58%
77.320.330-K	Inversiones Coillanca Ltda.	50,500,000	0.37%
96.791.310-3	Inmobiliaria Teatinos S.A.	215,905,538	1.59%
96.800.810-2	Inmobiliaria Canigue S.A.	287,874,051	2.13%
96.878.540-0	Inversiones Orinoco S.A.	143,937,025	1.06%
4.333.299-6	Patricia Matte Larraín	4,842,182	0.05%
4.436.502-2	Eliodoro Matte Larraín (*)	3,696,822	0.03%
6.598.728-7	Bernardo Matte Larraín (*)	3,696,695	0.03%
	Grupo Matte (17)	4,340,644,242	32.07%
77.677.870-2	Inversiones Los Andes Dos Ltda.	312,672,052	2.31%
77.302.620-3	Inversiones Teval S.A.	1,290,595,292	9.53%
	Grupo Fernández León (2)	1,603,267,344	11.84%
96.950.580-0	Inversiones Huildad S.A.	1,129,980,943	8.35%
96.502.590-1	Inversiones Metropolitana Ltda.	49,000,000	0.36%
89.979.600-4	Inversiones Paso Nevado Ltda.	262,000,000	1.94%
	Grupo Hurtado Vicuña (3)	1,440,980,943	10.64%

(*)

INFORMATION CONTAINED IN THE SHAREHOLDER REGISTER AS OF DECEMBER 31, 2012.

Tax ID	Shareholder	Shares	(%) Share
99.012.000-5	Cía. de Seguros de Vida Consorcio	405,540,420	3.00%
79.619.200-3	Consorcio Financiero S.A. (*)	894,655,313	6.61%
	Grupo Consorcio (2)	1,300,195,733	9.60%
96.927.570-8	Los Peumos S.A.	264,803,356	1.96%
79.937.930-9	Inmobiliaria Santoña Ltda.	105,842,165	0.78%
85.127.400-6	Inmobiliaria Escorial Ltda.	347,973,232	2.57%
79.942.850-4	Inversiones El Manzano Ltda.	79,280,486	0.59%
79.933.390-2	Andacollo de Inversiones Ltda.	38,996,296	0.29%
96.928.240-2	Santo Domingo de Inversiones S.A.	3,079,761	0.02%
79.937.090-8	Andromeda Inversiones Ltda.	102,372,197	0.76%
78.136.230-1	Santa Rosario de Inversiones Ltda.	63,260,509	0.47%
77.740.800-3	Inversiones La Estancia Ltda.	30,805,638	0.23%
77.174.230-0	Inversiones Los Ciervos Ltda.	5,936,539	0.04%
4.431.346-4	Valdés Covarrubias María Teresa	2,471,777	0.02%
96.962.800-7	Inmobiliaria Estoril II S.A.	93,631	0.001%
79.934.710-5	Comercial Marchigue S.A. (*)	42,090,874	0.31%
76.072.917-5	Inversiones El Manzano II S.A.	3,079,761	0.02%
76.072.983-3	Andaluza de Inversiones II S.A.	3,079,761	0.02%
76.072.985-K	Inversiones La Estancia II S.A.	3,079,761	0.02%
76.073.008-4	La Esperanza S.A.	3,079,761	0.02%
96.932.040-1	Los Boldos	3,124,495	0.02%
79.966.130-6	Inmobiliaria e Inversiones Santa Sofía Ltda.	3,079,761	0.02%
79.757.850-9	Asturiana de Inversiones Ltda.	3,079,761	0.02%
77.863.390-6	Cerro Colorado de Inversiones Ltda.	3,079,761	0.02%
	Grupo Izquierdo Menéndez (21)	1,111,689,283	8.21%
96.949.800-6	Inversiones Green Ltda.	371,005,336	2.74%
96.949.780-8	Las Bardenas Chile S.A.	371,005,336	2.74%
	Grupo Gianoli (2)	742,010,672	5.48%
	Grupo Controlador (47)	10,538,788,217	77.85%
	Minor shareholders (1,822)	3,000,833,815	22.15%
	Total (1,869)	13,539,622,032	100.00%

(*) With shares held by stockbrokers.
Does not include shares classified as financial investments.

On January 24, 2005, the board of directors of Almendral S.A. registered the signing of a joint action shareholders agreement by certain shareholders to take control of Almendral S.A., each becoming a member of the controlling group.

The individual members of the controlling group are as follows:

Grupo Matte

Patricia Matte Larraín (Tax ID 4.333.299-6), Eliodoro Matte Larraín (Tax ID 4.436.502-2), and Bernardo Matte Larraín (Tax ID 6.598.728-7), who, directly and indirectly, and in equal proportions, control the companies through which Grupo Matte acts as a controlling member of Almendral S.A.

Grupo Fernández León

a) Inversiones Los Andes Dos Ltda., whose ultimate controllers are Eduardo Fernández León (Tax ID 3.931.817-2), Valeria Mac Auliffe Granello (Tax ID 4.222.315-8), Eduardo Fernández Mac Auliffe (Tax ID 7.010.379-6), and Tomás Fernández Mac Auliffe (Tax ID 7.010.380-K), with a 4.356%, 3.061%, 46.232%, and 46.257% direct and indirect share of capital stock.

b) Inversiones Teval S.A., whose ultimate controllers are:

- Grupo Fernández León, comprising Eduardo Fernández León (Tax ID 3.931.817-2), Valeria Mac Auliffe Granello (Tax ID 4.222.315-8), Eduardo Fernández Mac Auliffe (Tax ID 7.010.379-6), and Tomás Fernández Mac Auliffe (Tax ID 7.010.380-K) with a 4.510%, 3.614%, 20.781%, and 20.868% indirect share of capital stock; Grupo Garcés Silva, comprising José Antonio Garcés Silva (Tax ID 3.984.154-1), María Teresa Silva Silva (Tax ID 3.717.514-5), María Paz Garcés Silva (Tax ID 7.032.689-2), María Teresa Garcés Silva (Tax ID 7.032.690-6), José Antonio Garcés Silva (Tax ID 8.745.864-4), Matías Alberto Garcés Silva (Tax ID 10.825.983-3), and Andrés Sergio Garcés Silva (Tax ID 10.828.517-6), with a 1.71%, 0.32%, 9.594%, 9.594%, 9.594%, 9.594%, and 9.594% of indirect share of capital stock.

Grupo Hurtado Vicuña

José Ignacio Hurtado Vicuña (Tax ID 4.556.173-9), María Mercedes Hurtado Vicuña (Tax ID 4.332.503-5), María Victoria Hurtado Vicuña (Tax ID 4.332.502-7), Juan José Hurtado Vicuña (Tax ID 5.715.251-6), José Nicolás Hurtado Vicuña (Tax ID 4.773.781-8), and Pedro José Hurtado Vicuña (Tax ID 6.375.828-0), who, directly and indirectly, and in equal proportions, control the companies through which Grupo Hurtado acts as a controlling member of Almendral S.A.

Grupo Consorcio

a) Consorcio Financiero S.A., whose ultimate controllers are:

P&S S.A., with a 45,8% share of capital stock. P&S S.A. is controlled, in equal parts, directly and indirectly, with a joint share of 82% of capital stock, by José Ignacio Hurtado Vicuña (Tax ID 4.556.173-9), María Mercedes Hurtado Vicuña (Tax ID 4.332.503-5), María Victoria Hurtado Vicuña (Tax ID 4.332.502-7), Juan José Hurtado Vicuña (Tax ID 5.715.251-6), José Nicolás Hurtado Vicuña (Tax ID 4.773.781-8), and Pedro José Hurtado Vicuña, Tax ID 6.375.828-0).

- Banvida S.A., with a share of 45.8% of capital stock. controlled by Inversiones Teval S.A., with an 80.3% share of capital stock.

b) Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A., whose controlling group is the same as Consorcio Financiero S.A., through which it holds 99.83% of capital stock of the former.

Grupo Izquierdo

a) Los Peumos S.A., whose ultimate controllers are Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), and Bárbara Larraín Riesco (Tax ID 6.448.657-8), with a 97.04% and 2.96% direct and indirect share of capital stock.

b) Inmobiliaria Santoña Ltda., whose ultimate controllers are Vicente Izquierdo Menéndez (Tax ID 5.741.891-5) and María Virginia Taboada Bittner (Tax ID 6.834.545-6), with a 93.02% and 6.98% direct share of capital stock.

c) Inmobiliaria Escorial Ltda., whose ultimate controllers are Fernando Izquierdo Menéndez (Tax ID 3.567.488-8) and Ida Ester Etchebarne Jaime (Tax ID 5.418.932-K), with a 59.7640% and 39.2460% share of capital stock.

d) Inversiones El Manzano Ltda., whose ultimate controllers are Diego Izquierdo Menéndez (Tax ID 3.932.428-8), with

95.48% of capital stock, María Isabel Reyes (Tax ID 5.748.650-3), with 3.58% of capital stock, Diego José Izquierdo Reyes (Tax ID 17.402.993-8), with 0.23% of capital stock, Pablo José Izquierdo Reyes (Tax ID 17.402.994-6), with 0.23% of capital stock, María Isabel Izquierdo Reyes (Tax ID 18.018.196-2), with 0.23% of capital stock, María Alejandra Izquierdo Reyes (Tax ID 18.636.111-3), with 0.23% of capital stock.

e) Andacollo de Inversiones Ltda., whose ultimate controllers are Gonzalo Izquierdo Menéndez (Tax ID 3.567.484-5) and Luz María Irarrázaval Videla (Tax ID 5.310.548-3), with a 99.99% and 0.01% direct share of capital stock.

f) Santo Domingo de Inversiones S.A., whose ultimate controllers are Rosario Izquierdo Menéndez (Tax ID 5.548.438-4) and Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), with a 99.79% and 0.21% direct share of capital stock.

g) Andrómeda Inversiones Ltda., whose ultimate controllers are Roberto Izquierdo Menéndez (Tax ID 3.932.425-3), with 86.9720%, María Teresa Valdés Covarrubias (Tax ID 4.431.346-4), with 0.3920%, Roberto Izquierdo Valdés (Tax ID 9.099.538-3), with 2.1060%, Francisco Rodrigo Izquierdo Valdés (Tax ID 9.099.540-5), with 2.1060%, Luis Eduardo Izquierdo Valdés (Tax ID 9.099.537-5), with 2.1060%, José Manuel Izquierdo Valdés (Tax ID 9.968.191-8), with 2.1060%, María Teresa Izquierdo Valdés (Tax ID 9.099.215-5), with 2.1060%, María Josefina Izquierdo Valdés (Tax ID 9.099.218-K), with 2.1060% of capital stock.

h) Santa Rosario de Inversiones Ltda., whose ultimate controllers are Rosario Izquierdo Menéndez, Tax ID 5.548.438-4) and Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), with a 99.79% and 0.21% direct share of capital stock.

i) Inversiones La Estancia Ltda., whose ultimate controller is María del Carmen Izquierdo Menéndez (Tax ID 5.548.409-0), with 99.99% of capital stock.

j) Inversiones Los Ciervos Ltda., whose ultimate controller is Diego Izquierdo Menéndez (Tax ID 3.932.428-8), with 99%, and Doña María Isabel Reyes (Tax ID 5.748.650-3), with 1% of capital stock.

k) Inmobiliaria Estoril II S.A., controlled 100% by Inmobiliaria Estoril I S.A. and ultimate controllers are the Izquierdo Menéndez family who hold the capital stock in equal proportions: Matías Izquierdo Menéndez (Tax ID 3.674.298-7), Vicente Izquierdo Menéndez (Tax ID 5.741.891-5), Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), Roberto Izquierdo Menéndez (Tax ID 3.932.425-3), Gonzalo Izquierdo Menéndez (Tax ID 3.567.484-5), Fernando Izquierdo Menéndez (Tax ID 3.567.488-8), Diego Izquierdo Menéndez (Tax ID 3.932.428-8), Rosario Izquierdo Menéndez (Tax ID 5.548.438-4), Gracia Izquierdo Menéndez (Tax ID 5.742.317-K), Alejandra Izquierdo Menéndez (Tax ID 5.020.827-3) Carmen Izquierdo Menéndez (Tax ID 5,548,409-0).

l) Comercial Marchigue S.A., whose ultimate controllers are Fernando Izquierdo Menéndez (Tax ID 3.567.488-8) and Ida Ester Etchebarne Jaime (Tax ID 5.418.932-K), with a 76.1172% and 8.1950% share of capital stock.

m) Los Boldos S.A., whose ultimate controllers are Rosario Izquierdo Menéndez (Tax ID 5.548.438-4) and Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), with a 99.77% and 0.23% direct and indirect share of capital stock.

n) San Bonifacio S.A., whose ultimate controllers are Roberto Izquierdo Menéndez (Tax ID 3.932.425-3), with 86.9720%, María Teresa Valdés Covarrubias (Tax ID 4.431.346-4), with 0.3920%, Roberto Izquierdo Valdés (Tax ID 9.099.538-3), with 2.1060%, Francisco Rodrigo Izquierdo Valdés (Tax ID 9.099.540-5), with 2.1060%, Luis Eduardo Izquierdo Valdés (Tax ID 9.099.537-5), with 2.1060%, José Manuel Izquierdo Valdés (Tax ID 9.968.191-8), with 2.1060%, María Teresa Izquierdo Valdés (Tax ID 9.099.215-5), with 2.1060%, María Josefina Izquierdo Valdés (Tax ID 9.099.218-K), with 2.1060% of capital stock.

o) Inversiones El Manzano II Ltda., whose ultimate controllers are Diego Izquierdo Menéndez, Tax ID 3.932.428-8) and María Isabel Reyes (Tax ID 5.748.650-3), with a 99% and 1% share of capital stock.

p) Andaluza de Inversiones II S.A., whose ultimate controller is María Alejandra Izquierdo Menéndez (Tax ID 5.020.827-3), with 99.99% of capital stock.

q) Inversiones La Estancia II S.A., whose ultimate controller is María del Carmen Izquierdo Menéndez (Tax ID 5.548.409-0), with 99.99% of capital stock.

r) La Esperanza S.A., whose ultimate controller is Gracia Inés Izquierdo Menéndez (Tax ID 5.742.317-K), with 99.99% of capital stock.

s) Inmobiliaria e Inversiones Santa Sofia Ltda., whose ultimate controller is Matías Izquierdo Menéndez (Tax ID 3.674.298-4), with 99.91% of capital stock.

t) Asturiana de Inversiones Ltda., whose ultimate controllers are Santiago Izquierdo Menéndez (Tax ID 5.742.959-3), and Bárbara Larraín Riesco (Tax ID 6.448.657-8), with a 97.04% and 2.96% direct and indirect share of capital stock.

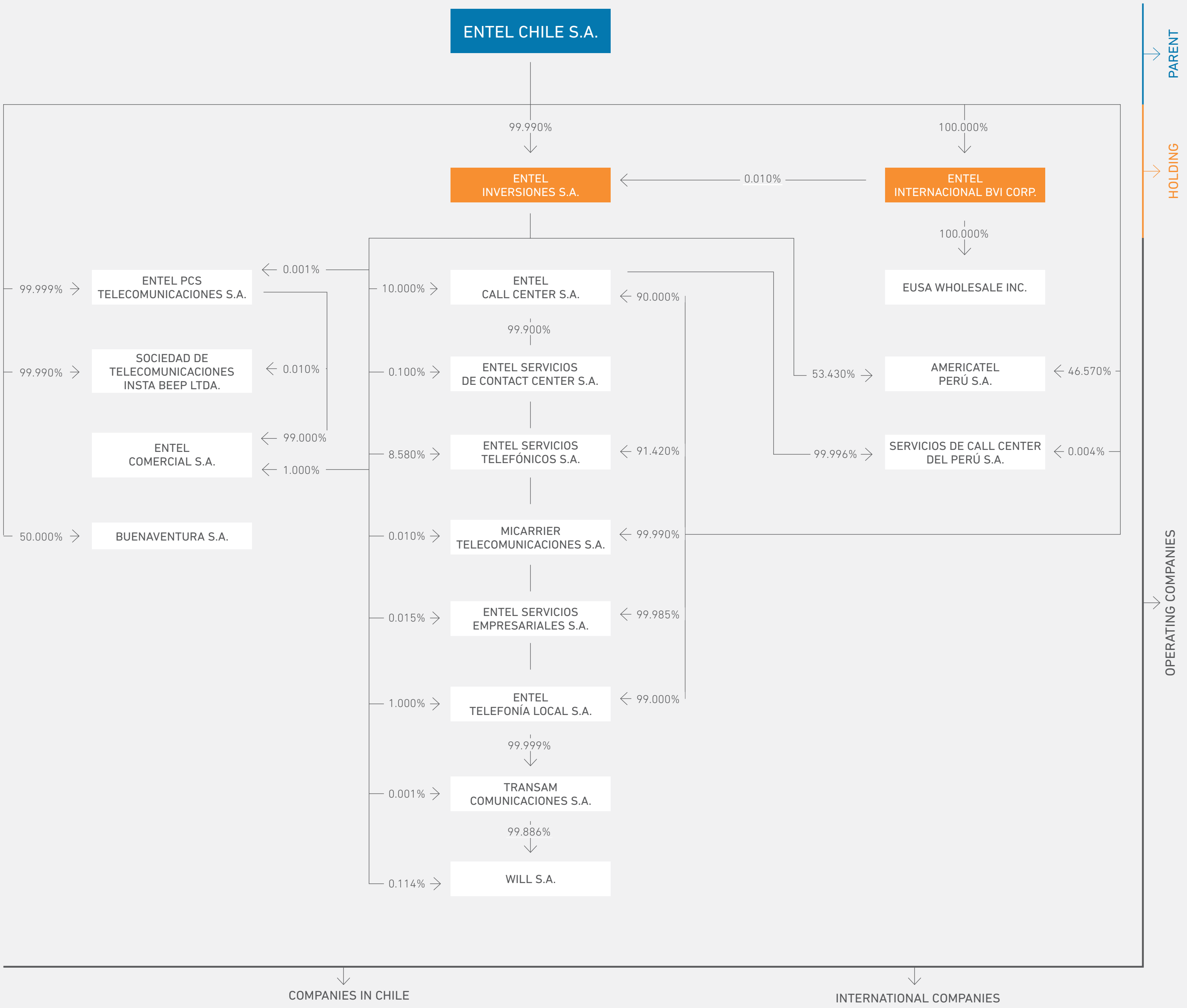
u) Cerro Colorado de Inversiones Ltda., whose ultimate controllers are Gonzalo Izquierdo Menéndez (Tax ID 3.567.484-5) and Luz María Irarrázaval Videla (Tax ID 5.310.548-3), with a 99.50% and 0.50% direct share of capital stock.

Grupo Gianoli

a) Inversiones Green Ltda., whose ultimate indirect controller is Elina Patricia Gianoli Gainza (Tax ID 2.942.054-8), with 100% of capital stock.

b) Las Bardenas Chile S.A., whose indirect ultimate controller is Sergio Pedro Gianoli Gainza (Tax ID Rep. of Uruguay 1.088.599-5) with 100% of company stock.

cOmpany strUcture_



diVidend poliCy__

The dividend policy, approved by the Board of Directors and communicated at the Ordinary General Meeting of Shareholders on April 26, 2012 is reprinted below.

Dividend policy

In accordance with the regulations set out by the Chilean Securities and Insurance Supervisor, the board of directors must approve the company's dividend policy for future years.

For 2012 and subsequent years the board intends to maintain a stable dividend policy and proposes the distribution of up to 80% of the profits earned during each year as a dividend and, where applicable, the capitalization of part of these profits accrued at the end of each period. It is proposed that the final dividend is paid on May 31 each year. An interim dividend, the value of which is based on the company's performance during the first three quarters of the year, is to be paid in the final quarter of 2012.

In determining the percentage of profit and the dates on which proposed final dividends will be paid, the company seeks to ensure financial stability while adhering to the established distribution policy. In particular, specific attention has been paid to safeguards for debt, liquidity, and budget financing, and any possible covenants that may arise from public supply contracts and credit agreements entered into by the company.

The board's intended dividend payments are always dependent on the results and investment requirements set out in the forecasts made regularly by the company.

The policies for determining the liquid distributable profit and the handling of adjustments for the initial application of IFRS for the 2012 financial year are maintained as follows:

a. As the policy for determining the liquid distributable profit for the financial year, it was agreed to consider the net effect, taking into account positive and negative variations caused by changes in the fair value of assets and liabilities.

In the event the net effect is positive (a profit), this will be deducted from the financial profit to calculate the liquid distributable profit.

Where the effect is negative (a loss), this will not be added to the distributable liquid profit.

It is expressly stated that the policy applies to adjustments for the purpose of derivative contracts, since at the date of writing, the company has no recorded assets or liabilities subject to adjustment to market values as per IFRS.

b. As the policy for handling of adjustments for the first-time adoption of IFRS, losses incurred for the first-time adoption of IFRS will be managed in an equity account. As such, it has been decided not to absorb them by decreasing paid-in capital.

However, a decision may be taken to absorb this balance by allocating it against profits in future years.

It is also expressly stated that the policy was communicated to the Chilean Securities and Insurance Supervisor in a timely manner and that it was covered at the meeting in line with the provisions of Circular No. 1945 of the Securities and Insurance Supervisor.

The policy will regulate future financial years in the manner described above.

Dividend Payment Procedure

At the written request of any shareholder, dividends will be deposited in the shareholder's current or savings account on the date established for payment. To exercise this right, the shareholder must communicate the name of the bank, the branch or office and the account number of a current or savings account in their name. The information will be entered into the payment system 24 hours from receipt of the corresponding communication by the company. This payment method will prevail until such time as the company is instructed otherwise in writing.

Shareholders may also request the dividend is paid via a check made out in their name that will be dispatched by recorded post. Any such request must be communicated at least 24 hours before the register is closed.

The company will provide shareholders with forms, available upon request, to allow them to choose one of the established payment methods.

For shareholders that have not selected one of the aforementioned payment methods, dividends will be paid at a bank in Chile's Metropolitan Region, to be determined by the company, or at the address indicated in the notification referred to below. Dividends that have not been collected within 60 days of the payment date, will be available at the offices of the company responsible for the shareholder register.

Shareholders wishing to withdraw their dividends from a commercial bank or at the company's designated offices, must do so in person or via a legally authorized representative with the appropriate powers, as stipulated in public law or a private instrument legalized by a public notary. In the case of the latter, either the original document or a duly certified photocopy should be left with the company.

The payment of dividends will be publicly communicated in a timely manner in the national newspaper established at the general shareholders meeting.

invEstment pOlicy__

The company aims to maximize its return on equity through the study, construction, and operation of telecommunications and IT systems and the provision of all related services both in Chile and abroad. To do so, it makes investments to meet the demands of its customers and users so as to ensure an appropriate level of technical and financial efficiency. Investment levels are designed to allow the company to maintain its facilities and carry out its activities to ensure they are in line with the needs of the country's telecommunications sector. Consequently, the company seeks to ensure its investments have a stable rate of return over time and that this is at least equal to the capital cost of their financing structure.

For 2012, in line with the investment and financing budgets for Empresa Nacional de Telecomunicaciones S.A., an annual investment in fixed assets that does not exceed the debt ratio permitted in the financing policy was authorized and was used to finance various company projects both in Chile and abroad.

In line with the rules approved at the Ordinary General Meeting of Shareholders, the board must provide details of specific investments to be made by the company in companies, works, and studies. The values of these investments will depend largely on the programs to be undertaken during the calendar year.

The company will be authorized to make contributions to subsidiaries and associates within the scope of this policy.

In order to maximize yields from cash surpluses, the company will invest in financial assets and market securities in line with the criteria for portfolio selection and diversification. These criteria will take into consideration factors such as liquidity, security, and profitability.

finaNcing pOlicy__

The company's financing policy primarily involves the following resources, both in Chile and abroad:

* Own resources
* Resources derived from increases to capital stock by issuing and placing shares
* Supplier credit
* Loans from banks and financial institutions
* Deferred customs duties
* Issuing public and private bonds
* Leasing and leaseback operations.

The policy, which has been circulated among shareholders, sets a maximum level of debt based on the greater of: (Current Liabilities – Cash) / (Equity + Non-Controlling Shares) = 1.5 or (Current Liabilities – Cash / EBITDA over the last 12 months) = 3.0.

The aforementioned criterion is justified on the grounds that it provides increased flexibility in terms of financial management and allows the development of new telecommunications projects both in Chile and abroad.

It should be noted that the management of the company cannot agree to specific dividend restrictions with creditors or make guarantees of any kind to third parties or other companies or enterprises that are not affiliates or associates.

Additionally, all assets held by the company for operating national public service contracts held by Entel and essential for the provision of their services are classified as essential to the company's operations. However, these assets, may be changed or replaced, if they become technically or financially obsolete; they may also be transferred in the event they are no longer required for the provision of the service in question.

distributAble profits__

The consolidated comprehensive income statements for the 2012 financial year show a profit of CLP $167,294,116,165.

To determine the liquid distributable profit used for calculating the minimum compulsory and supplementary dividend, the company has established a policy of deducting from income profits originating from the adjustment of assets and liabilities until they are realized.

In line with this policy, during the 2010 financial year, CLP $885,992,024 was deducted for unrealized profits, part of which materialized in 2011 (CLP $434,369,663) and which was restored to the distributable profits for that year. In 2012, the remainder of the outstanding balance (CLP $451,622,361) was allocated accordingly in order to determine the distributable profits for this year. Consequently, the liquid distributable profit for the 2012 financial year is CLP $167,745,738,526.

An interim dividend of CLP $150 per share, equivalent to a total of CLP $35.478.554.250 was allocated against these profits, payable on December 12, 2012. The dividend was agreed at the meeting of the company's board of directors held on November 5, 2012 and represents 21.15% of the liquid distributable profits for the year.

Profits are not subject to any other deductions for the purposes of distribution.

dividend per shAre_

Year	Nominal Dividend (CLP)
2002	43.38
2003	65.00
2004	90.00
2005	895.00
2006	290.00
2007	338.00
2008	443.00
2009	443.00
2010	450.00
2011	595.00
2012	555.00

sumMary of transactiOns_

Summary of the share transactions of Empresa Nacional de Telecomunicaciones S.A. over the last three years.

	Santiago Stock Exchange			Chilean Electronic Stock Exchange			Valparaíso Stock Exchange		
	Quantity Traded	Value Traded (CLP)	Average Price (CLP)	Quantity Traded	Value Traded (CLP)	Average Price (CLP)	Quantity Traded	Value Traded (CLP)	Average Price (CLP)
Q1 2010	22,608,351	167,919,256,265	7,500	2,177,001	16,343,504,979	7,507	44,473	331,190,839	7,447
Q2 2010	15,357,515	110,810,176,951	7,211	1,935,426	14,227,081,279	7,351	31,763	229,475,540	7,225
Q3 2010	16,870,066	131,896,627,021	7,819	2,138,772	16,649,199,323	7,784	90,600	718,469,812	7,930
Q4 2010	14,362,661	115,509,854,377	8,051	906,176	7,262,801,043	8,015	44,706	366,111,817	8,189
Q1 2011	15,957,457	126,648,587,797	7,937	1,028,126	8,149,829,990	7,927	26,166	205,368,620	7,849
Q2 2011	26,293,805	232,657,810,841	8,848	2,501,652	22,374,195,749	8,944	38,985	337,663,018	8,661
Q3 2011	23,082,175	221,781,884,732	9,608	1,992,263	18,966,299,783	9,520	15,672	146,602,858	9,354
Q4 2011	19,554,883	190,830,226,753	9,759	2,413,875	23,484,695,759	9,729	4,202	41,229,141	9,812
Q1 2012	30,083,534	284,508,198,543	9,457	2,651,155	24,850,937,610	9,374	4,680	44,523,846	9,514
Q2 2012	15,299,709	144,484,659,288	9,444	1,397,581	13,187,185,309	9,436	11,535	110,450,390	9,575
Q3 2012	12,285,955	116,697,441,625	9,498	441,723	4,201,744,447	9,512	7,196	69,718,926	9,689
Q4 2012	13,166,422	130,101,687,139	9,881	821,940	8,119,113,250	9,878	17,622	175,608,669	9,965
Totals	224,922,533	1,973,846,411,332	8,776	20,405,690	177,816,588,521	8,714	337,600	2,776,413,476	8,224

share transactiOns_

In compliance with the directives set out in General Regulation No. 269 of the Chilean Securities and Insurance Supervisor, it is expressly stated that in 2012, in line with our records, the following share transactions were carried out by shareholders with relationships with the company.

Name or Company Name	Type of Relationship	Transaction Date	Transaction Type	Buy/Sell	Method	No. Shares	Unit Price	Value Traded
Inversiones Azul Ltda.	Shared director	05/31/2012	Financial investment	Sell	Stock market	12,850	9,000.00	115,650,000
Inversiones Varco S.A.	Shared director	05/31/2012	Financial investment	Sell	Stock market	19,253	9,000.00	173,277,000

[ ]...

financial activitieS_

In September, the company signed an international bank loan for USD $400 million, largely destined for the refinancing of the second installment of an International syndicated loan for USD $200 million due in June 2013. At the close of the year, the outstanding balance of the loan was USD $200 million. The funds were also used to finance the expiry of financial derivative contracts (cross currency swap) for USD $67 million and in the normal operation of the business, allowing the company to maintain a debt structure with a long-term amortization profile. The transaction involved four banks: the Bank of Tokyo, HSBC, Mizuho and Scotiabank. The loan, structured in terms of up to 5 years at a variable LIBO rate allowed the company to deal with expiries for 2013, which is important given the variability of local and international debt markets. Currency fluctuations have been compensated for by purchasing dollar hedge derivatives, making it possible to eliminate exchange-rate variations between the dollar and the local currency. The conditions and final effective rate of the loan were better than the alternatives available at that date.

On the local market, in June the company replaced the use of bank overdrafts of CLP $70 billion with a single medium-term loan with Banco Santander Chile, which was paid off early when the funds from the international bank loan were received in September.

In addition to the use of the aforementioned funds, the company was involved in telecommunications projects that required it to pledge a significant value in the way of financial guarantees, the closing balance of which, denominated in the national currency index, was approximately UF 4,327,064. In October, the payments established in the conditions of the tender for 4G spectrum were made. The purchase of the new company offices continues to be financed according to the Technical Site Inspections established for 2012.

Similarly, notwithstanding two series of bearer bonds registered with the Chilean Securities and Insurance Supervisor, the issuing of these series was postponed given the stricter financial conditions required by the bank loan signed by the company.

In terms of exchange rate hedge operations using forward contracts, the portfolio increased to an average value of USD $650 million from September. This value was higher than the previous year due to the partial expiry of long-term hedge contracts and the increase of debt by USD $200 million. Obligations for foreign currency payments are protected against exchange-rate variations by taking out future currency contracts for their payment.

However, the company is continuously improving the management of its short-term cash inflows and outflows. In 2012, a formal tender process was held to award services for the handling and optimization of processes, controls, updates to best practices, available banking technology and ensure the timely payment of the company's commitments. In terms of collection, the company maintained its strategy of ensuring customers have the widest possible range of payment methods. To the above should be added the streamlining of processes for all Group companies and the optimization of financial conditions.

In terms of cash outflow investments, the company gave priority to maintaining invested capital through a rigorous policy that requires diversification by value, institution and terms. The financial instruments used are largely issued by banking institutions with first-grade credit ratings or agreements based on papers issued by the Chilean Central Bank. The majority of investments are made in the local currency.

(*)

risk factoRs_

Technological Change

Changes in telecommunications technology make it necessary to continuously review investment plans to ensure they meet our goal of responding to changing connectivity requirements in the markets in which we operate. Changes in technology can be caused by modifications to demand patterns and the development of new forms of communication, associated both with their applications and the speeds involved. Investments in new technology may become obsolete before the date estimated when they are made, meaning they may fail to meet original estimates of expected profitability.

This makes the risk of technological change an inherent part of the industry in which Entel operates. The company's position at the cutting edge of technological development means it is essential to actively manage technological risk in order to maintain this position and remain competitive.

Accordingly, Entel has an active and continuous policy of adopting cutting-edge technology as a strategic part of its growth and development, although always subject to a continuous review of its profitability. This has allowed Entel to position itself at the cutting edge of technology, adapting to the use of new technologies, making the transition from offering a single product to being an integrated connectivity provider and constantly offering new ways of doing business. The appearance and development of new technologies has enabled Entel to grow, integrate, and diversify, reducing its exposure to individual business areas and segments.

Regulatory Risk

Regulation plays an important role in the telecommunications industry. Stable regulations and criteria make it possible to correctly evaluate projects and reduce the risk inherent in investment, however it is important that regulatory changes are closely monitored.

The main regulatory instrument in the telecommunications sector is the General Telecommunications Act. However, over the last two years the following legislation has resulted in changes to the regulatory framework: Act No. 20,453, enshrining the principle of network neutrality for consumers and Internet users; Act No. 20,476, establishing that each administrative region corresponds to a primary zone for local public telephone services; Act No. 20,478, on the recovery and continuity of the public telecommunications system under critical conditions and in emergencies; Act No. 20,471, creating a body to implement number portability; and Act No. 20,599, regulating the installation of antennas for broadcasting and transmitting telecommunications services. It should be noted that the last of these acts has had the greatest impact in terms of investment since it establishes obligations to ensure the suitability of supporting infrastructure for existing antennas (transitional) and increased regulations that will make the installation of new infrastructure more complicated.

With respect to the introduction of network neutrality in the regulatory framework for the telecommunications industry during 2012, concession holders providing Internet access have continued with the implementation of these regulations, which require more information to be made available to users on suppliers' pricing and the provision of more detailed information on the service conditions of different suppliers through the implementation of technical indicators for companies.

In the national long-distance area, the new national segmentation of fixed customers took effect in 2012, dividing the country into 13 primary zones. The same legislation that reduced the number of primary zones from 24 to 13 stipulates that the national long-distance category will be eliminated 37 months from the law taking effect (i.e. in 2014). However, before this occurs, in 2013 the Tribunal for the Defense of Free Competition will rule as to whether there is sufficient competition to establish a single primary zone (national) for local telephone service customers, and hence discontinue the national long-distance category for communication between users.

In addition to these changes, 2012 also saw the completion of the implementation of number portability for mobile and fixed users, allowing them to keep their number when switching between companies that offer the same type of service (fixed or mobile). Portability has still to be implemented for certain special cases in 2013, such as rural telephone services, supplementary services, Voice over Internet Protocol telephone services (VoIP) and Mobile Party Pays services.

In June 2012, following various years of discussion, Act No. 20,599 was published in the Official Gazette, regulating the installation of antennas for broadcasting and transmitting telecommunications services. The initiative imposes a greater administrative burden when it comes to managing the installation of new infrastructure and increases the technical (and investment) burden as a result of the requirement to account for factors such as harmonization with the surrounding environment, community compensation and infrastructure with the capacity to support new concession holders. With respect to the existing infrastructure, the act establishes retroactive actions for saturated (more than two towers) and sensitive zones, requiring companies to modify infrastructure installed in these areas through measures such as decommissioning, adaptation via harmonization and community compensation, where applicable.

In terms of radio electric spectrum for telecommunications services, at the end of 2011, the Ministry of Transport and Telecommunications held a new tender for spectrum on the 2,600 MHz band, which is used in the majority of countries for the development of LTE technology (Long Term Evolution or 4G). The tender was launched in May 2012 and the authorities received bids from three companies in the industry (Entel, Movistar and Claro) for the three frequency blocks to be allocated. The bids were subsequently evaluated as being technically equal, resulting in a draw, which was resolved by means of a sealed-envelope tender for each frequency block. Entel participated in the tender via its subsidiary Will S.A. and was allocated Block B of the spectrum. The company is currently awaiting the decree to award the concession, with the project due to be completed one year from its publication.

Another event with the potential to impact competition in the telecommunications industry was the ruling by the Tribunal for the Defense of Free Competition at the end of 2012 on the process initiated in December 2010 to issue general instructions on the effects of free competition caused by the differentiation of prices for on-net/off-net tariffs for mobile services and bundled telecommunications services packages. In terms of the former, two adjustment periods were established: the first allows the model of network tariffs to be maintained subject to certain restrictions, whereas from the start of the second the use of this pricing model will no longer be permitted after a new tariff decree. With respect to the supply of bundled services, the tribunal set restrictions for the bundled sale of fixed and mobile services and limited the discounts that can be offered on bundles of products on the same network.

Finally, in January 2013 and at the latest during the first weeks of January 2014, the mobile telephone concession holder Entel PCS Telecomunicaciones must begin the process for establishing the pricing of access charges and other facilities provided to telecommunications concession holders for the five-year period from January 2014 to January 2019. Although the tariff process for the local concession holder Entel Phone should have been completed in January 2011, having originally been planned to run for five years from this date, as of the end of 2012, the decree was still being processed. However when it has been finalized and published, it will be applied retrospectively from January 2011.

In this context, the sector's regulatory framework continues to evolve and adapt in the parliamentary debates on new bills, the free competition bodies and the sector regulator itself through the Department of Telecommunications.

The bills with the greatest impact currently being debated in parliament include the bill to create a Telecommunications Supervisor, a new regulatory body that is well positioned to responded correctly to current and future innovations. The bill proposes the institutional separation of the body responsible for creating regulations and the body responsible for their application, restricting the power of the administrative interpretation of the supervisor to enforcement and sanctioning. Similarly, it seeks to clearly establish Department for Telecommunications, which is responsible for public policy objectives in the sector, as the body responsible for the administrative interpretation of the new sector regulations in a general and abstract way.

The other bill, which is still being processed, aims to facilitate the introduction of digital terrestrial television (and the transition to the switch-off of analogue television), allocating competencies and powers to the National Television Council, primarily in the realm of its functions and attributions, as well as establishing a new model for concessions and the procedure for awarding them, defining the types of operators for television services (national, regional, local and community) and the penalties that can be applied for failure to comply with the regulations.

All these regulatory changes being introduced by the authorities create new business opportunities. Entel's diversity and relative size cushion it from the effects of adverse or inadequate regulation, reducing the risk in terms of its operations, cash flows, wealth creation for shareholders and contribution to the community. However, within a regulated industry such as that in which Entel operates, changes in regulations or in the policies made by legal and regulatory authorities cannot be ruled out and have the potential to have a negative impact on the company's income or restrict its possibilities for growth.

Exchange Rate

Entel's financing is largely denominated in foreign currencies due to a syndicated loan and another two credit agreements signed with banks in December 2011 (Tokio-Mistubishi and Scotiabank) and September 2012 (Tokio-Mistubishi, Scotiabank, HSBC and Mizuho). Furthermore, a proportion of Entel's suppliers permanently generate obligations for foreign currency payments. Both represent liabilities whose value changes on a daily basis due to exchange rate fluctuations. As a result of this, Entel takes out short- and long-term contracts in foreign currency assets (hedge derivatives) to protect against these variations and thus eliminate risk from exchange rate fluctuations.

Interest Rate

Generally speaking, there is a positive correlation between the company's business activities, the economic cycle and interest rates, which creates a natural coverage of cash flows and financial expenditure, although this cycle may lose its synchronization under certain circumstances. In light of the above, Group policy for hedging against interest rate risks seeks to ensure a level of coverage of its financial expenditure that allows the business to perform well over time and ensure greater predictability and control of financial expenditure.

As of December 31, 2012, the Group held foreign credit totaling USD $800 million on which interest is accrued and paid based on the variable LIBO rate. In order to comply with the aforementioned objectives, interest rate insurance may be taken out by signing contracts to fix rates (e.g. cross currency swaps and forwards) that reduce potential variability arising from interest on debts with variable interest rates (e.g. Libor, TAB).

Credit Risk

Credit risk derived from the balances of accounts held with banks, financial instruments, negotiable stocks, and derivatives is managed by the finance manager in line with the policies for maintaining the invested capital. These policies ensure the diversification of risk by means of pre-established limits for the duration of the placement, percentage by institution and the risk classification of instruments in which cash surpluses are invested. The investment instruments approved for use are those issued by the Chilean Central Bank or banking subsidiaries with high risk ratings. Investments may be denominated in the national currency or major foreign currencies.

Risk management for accounts receivable is designed to minimize exposure insofar as possible given market conditions. Risk management processes are differentiated according to the profiles of debtors and in line with segmented portfolio controls, broken down into groups such as consumers, SMEs, corporations, telecommunications companies, correspondents, distributors, large retailers and other channels for the distribution of goods and services.

In terms of providing the liquidity required to meet financial obligations in a timely manner, Entel plans in advance for future obligations, searching for an option on the market that can provide funds in a timely manner. During 2012, the amortization installment due in June 2013 was paid in advance, thus avoiding the potential risks of the debt market.

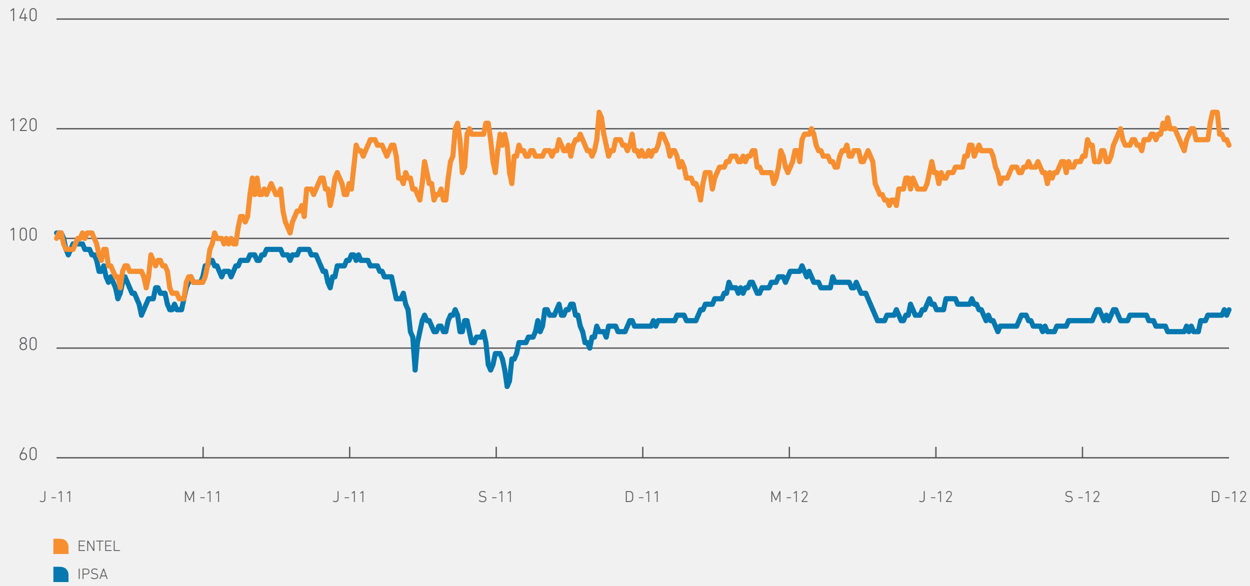
Liquidity Risk

Entel maintains a liquidity policy that is consistent with the suitable management of assets and liabilities. Customer billing is monitored on a daily basis to detect any major deviations that may exist with respect to the expected revenue flow. The company actively manages accounts payable to suppliers of consumables and services, allowing it to comply with all its commitments in a timely manner while optimizing its cash outflows on a daily basis.

Forecasts of internal flows are made on a periodic basis, together with analyses of the balance sheet and expectations of the capital market, to ensure that, in the event of additional occasional requirements, Entel has prompt access to credit in line with requirements and the availability of cash.

compArative shAre price performance_

RELATIVE PERFORMANCE OF ENTEL SHARE PRICE VS IPSA (%) OVER THE LAST 24 MONTHS



sharEholder comMents_

During the last financial year, the company did not receive requests with comments or proposals related to the course of its business to be included in this report.

material evEnts_

In compliance with the current legal and regulatory framework, in 2012, Group companies informed the Chilean Securities and Insurance Supervisor of the following material events and relevant information.

I. Parent Company

Shareholders Meeting

Letter No. 6, dated April 2, 2012, communicated that at the board meeting held on the same date agreement was reached to:

* Schedule a General Meeting of Ordinary Shareholders for April 26, 2012 and send out the notification and supporting papers in a timely manner to shareholders and other bodies as required by legal regulations.

* Propose at the General Meeting of Ordinary Shareholders the payment of a final dividend of CLP $555 per share from the profits for the financial year, from which the sum of CLP $150 per share should be deducted for the interim dividend paid in December 2011, leaving a dividend of CLP $405 payable on a date to be determined at the meeting.

II. Parent Company

Approval of 2011 report, dividend distribution, and other matters

Letter No. 8, dated April 26, 2012, communicated that at the General Meeting of Ordinary Shareholders held on the same date, the following was agreed:

On April 25, 2012, Richard Büchi Buc ceased to exercise the role of Executive Vice-Chairman of Empresa Nacional de Telecomunicaciones S.A.

a. Approval of the Annual Report, Balance Sheet, and Income Statement for 2011.

b. Payment of a final dividend of CLP $555 per share, equivalent to 72.44% of net profits for the year. The sum of CLP $150 was paid in December 2011 as an interim dividend, leaving a dividend of CLP $405 per share, payable on May 22, 2012.

c. The investment and financing policy was approved and the dividend policy was communicated, being essentially the same as those applied in the previous year, notwithstanding expressly having communicated the information contained in Circular No. 1,945.

d. The company's Board of Directors was approved as follows:

1. Juan Hurtado Vicuña
2. Luis Felipe Gazitúa Achondo
3. Andrés Echeverría Salas
4. Juan Bilbao Hormaeche
5. Juan José Mac-Auliffe Granello
6. Juan Claro González
7. Richard Büchi Buc
8. Alejandro Pérez Rodríguez
9. Raúl Alcaíno Lihn

It is expressly stated that with the votes of the controlling group, directors 1–7 above were appointed and Alejandro Pérez Rodríguez was appointed as independent director by the Pension Fund Administration.

e. The remuneration of the directors and the remuneration of the Directors Committee, to be approved at the General Meeting of Ordinary Shareholders, were retained and the annual budget for the Committee was set at legal minimum. The appointment of KPMG as external auditors was approved, taking into account the information contained in Circular No. 718 of the Chilean Securities and Insurance Supervisor, dated February 10, 2012, the appointed and reserve accounts inspectors were retained, Fitch Ratings and International Credit Rating (ICR) were designated as the risk ratings agencies, *El Mercurio de Santiago* was retained as the official newspaper for the publication of company notices, and related operations were communicated.

The constitution of the board and the appointment of the members of the Directors Committee will be undertaken shortly and will be communicated to the Supervisor and other appropriate bodies in a timely manner.

III. Parent Company
Management Changes

Letter No. 9, dated May 8, 2012, communicated that at the board meeting held the previous day, agreement was reached to:

* Form the board of directors of Empresa Nacional de Telecomunicaciones S.A., appointing Juan Hurtado Vicuña as Chairman and Luis Felipe Gazitúa Achondo as Vice-Chairman.

* The Directors Committee was formed in line with Article 50 of the Public Limited Companies Act. Its members are Alejandro Pérez Rodríguez, Luis Felipe Gazitúa Achondo and Richard Büchi Buc.

IV. Parent Company
Distribution of Profits

Letter No. 13, dated November 6, 2012, communicated that at the board meeting held the previous day, agreement was reached to pay a provisional dividend of CLP $150 per share, payable on December 12, 2012, and allocated against profits up to the third quarter of the year.

This makes the total payment for the provisional dividend Th.CLP $35,478,554, which represents 24.67% of profits as of the third quarter of 2012.

V. Parent Company
Other

By Letter No. 3, dated January 28, 2013, the board meeting of Empresa Nacional de Telecomunicaciones S.A. held on the same date, approved the annual consolidated financial statements for the company for the year ended December 31, 2012.

These financial statements have been prepared using the new accounting procedures for providing postpaid customers with mobile handsets used by the subsidiary Entel PCS S.A.

This new procedure is in line with the contracts for the telephone services and leasing of mobile handsets governing the commercial relationships between the subsidiary Entel PCS and its customers, the conditions of which were modified as a result of a collective mediation process for application contracts brought against various mobile phone operators by the National Consumer Service.

In line with the above, from October 1, 2012, and in line with the above changes, the subsidiary began to record the total value of postpaid mobile handsets against costs upon signing the contracts for the lease of equipment.

Prior to this date, the cost of the handsets was classified under fixed assets, as permitted by the contractual conditions in force prior to the aforementioned changes, and depreciated over 12 months, meaning that the historical base of postpaid handsets up to September 30, 2012, will remain unchanged and continue to be depreciated over the corresponding period, with a decreasing impact until September 30, 2013.

Furthermore, and also in line with the aforementioned changes, upfront fees for postpaid handsets have been fully recorded under revenue at the moment they are provided since October 1, 2012.

As a result of the above, the permanent and transitional effects of these changes, applied during the fourth quarter to the consolidated income as of December 31, 2012, with respect to the previous accounting procedure, result in a greater net allocation against profit to the value of Th.CLP $13,695,473.

Even though this new accounting procedure does not result in predictable permanent effects in its own right, which will to a greater or lesser extent depend on the numbers of contract handsets for each period, for the aforementioned reasons it will have a negative, transitional and decreasing impact on consolidated profits until the third quarter of 2013, but will not impact the company's cash flows or its financial value.

insurAnce commitmEnts_

Entel has insurance contracts for all its companies to cover possible events that might affect its assets, equity and cash flow by causing losses or reductions in value. In addition to contracting insurance, there is a continuous risk-mitigation policy implemented through investments in infrastructure and procedures that support this mitigation.

The contracts for the various insurance policies are based on a previously defined policy that places particular emphasis on events whose occurrence could have a strong impact on the economic and financial position of the Group and its relationships with third parties, the latter as a result of damages caused accidentally as a result of the activities of the various businesses.

In addition to this, the strategy for contracting insurance policies attempts to cover, insofar as possible, risks that might give rise to significant losses while excluding certain minor risks with minimal financial impact in order to balance low premium costs with high risk coverage. This is embodied in a continuous attempt to ensure the best conditions in terms of coverage and premium costs in the insurance market. Over the last year, the limits of certain types of coverage have increased in line with an environment that has become more demanding in terms of coverage and the values claimed.

The main policies, covered in the Entel insurance program are:

a. All physical risks to assets and losses arising from stoppages. This insures against all risks to all the assets owned by Group companies and the loss of net income resulting from potential stoppages caused by accidents.

b. Civil liability. This covers group companies against potential pecuniary demands for damage caused to third parties or their assets while carrying out business activities at their facilities, in public areas or on third-party premises.

c. Directors and officers liability (D&O). This protects directors and executives of Group companies from claims that may be made against them by third parties aiming to compensate for losses to their equity as a result of their decisions.

d. International transport. Protects against any damage to equipment and material imported by land, sea and air.

e. Credit. Protects against net losses or deteriorations in Entel's net equity as a result of third parties failing to comply with obligations in funds originating from credit sales.

f. Miscellaneous. Insurance for vehicles, mobile equipment, travel, personal accidents, health and life insurance for company staff, shipping, etc.

g. Insurance program for contractors (OCIP). Provides civil liability and personal accident coverage for contractors and subcontractors of Group companies to protect the equity of contractors and their workers. During the last year, and as a result of fixed-mobile integration, the number of insured contractors and the values insured has significantly increased with respect to 2011.

wOrld class suppliErs_

Entel's main suppliers are: Ericsson Chile S.A, Huawei Chile SA, RaylexDiginet S.A, Cisco Systems S.A, Sice Agencia Chile S.A, Samsung Electronics Chile Ltda, Nokia Inc. and Apple Inc.

Entel's purchasing policy is stated in its Code of Ethics. The policy is based on ensuring relationships with suppliers are governed by the principles of transparency, integrity, honesty and a mutual convenience. The choice of a supplier is based on merit and ability, in line with the quality and cost of a product or service. Similarly, all potential suppliers have identical access to information to allow them to prepare their bids. All qualified companies that wish to initiate commercial relations with Entel are provided with equal opportunities. Tenders are analyzed and awarded based on objective procedures.

The activities of workers must avoid any situation that may give rise to a conflict of interest or represent incorrect behavior.

declaration of responsibilitY_

Report Signatories
Sworn Declaration of Truth

In compliance with General Regulation No. 30, November 10, 1989, and General Regulation No. 283, November 5, 2010, both issued by the Chilean Securities and Insurance Supervisor, this Report is signed by the absolute majority of the members of the Board of Directors and the CEO of Empresa Nacional de Telecomunicaciones S.A., who declare under oath to be responsible for the truth of the information provided in this Annual Report for 2012.

Juan José Hurtado Vicuña
Chairman
Tax ID 5.715.251-6

Luis Felipe Gazitúa Achondo
Vice-Chairman
Tax ID 6.069.087-1

Juan Bilbao Hormaeche
Director
Tax ID 6.348.511-K

Juan Claro González
Director
Tax ID 5.663.828-8

Raúl Alcaíno Lihn
Director
Tax ID 6.067.858-8

Andrés Echeverría Salas
Director
Tax ID 9.669.081-9

Juan José Mac-Auliffe Granello
Director
Tax ID 5.543.624-K

Alejandro Pérez Rodríguez
Director
Tax ID 5.169.389-2

Richard Büchi Buc
Director
Tax ID 6.149.585-1

Antonio Büchi Buc
CEO
Tax ID 9.989.661-2

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IndepEndent auditOrs’ rEport

Independent Auditors’ Report

Dear shareholders and directors of Empresa Nacional de Telecommunicaciones S.A

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Empresa Nacional de Telecomunicaciones S.A. (the Company) which comprise the consolidated statement of financial position as at 31 December 2012 and 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Consequently, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2012 and 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Alejandro Espinosa G.
Santiago, 28 de enero de 2013

KPMG Ltda.

Consolidated financiAl statemEnts_

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 2012 and 2011

Assets	Number of Note	12/31/2012 Th.CLP	12/31/2011 Th.CLP
CURRENT ASSETS			
Cash and cash equivalents	5	53.876.890	23.064.067
Other current financial assets	6	1.277.781	5.407.220
Other current non-financial assets	7	15.893.854	16.754.397
Trade debtors and other accounts receivable	8	276.768.958	251.229.640
Accounts receivable from related entities	9	379.554	722.752
Inventory	10	66.357.874	63.091.800
Current tax assets	14	8.282.841	5.465.298
Total Current Assets		**422.837.752**	**365.735.174**
NONCURRENT ASSETS			
Other noncurrent financial assets	6	5.977.280	5.800.553
Other noncurrent non-financial assets	7	3.590.693	4.718.678
Noncurrent rights receivable	8	3.724.616	5.324.234
Intangible assets	11	30.371.241	31.118.433
Goodwill	12	45.895.283	45.895.283
Property, plant and equipment	13	1.117.450.216	1.056.555.054
Deferred tax assets	14	65.408.124	42.866.597
Total Noncurrent Assets		**1.272.417.453**	**1.192.278.832**
Total Assets		**1.695.255.205**	**1.558.014.006**

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
December 31, 2012 and 2011

Liabilities And Equity	Number of Note	12/31/2011 Th.CLP	12/31/2011 Th.CLP
CURRENT LIABILITIES			
Other current financial liabilities	15	28.047.529	18.584.041
Trade and other accounts payable	16	373.510.494	326.224.772
Other provisions	17	1.635.708	578.262
Current tax liabilities	14	5.718.341	7.951.010
Other current non-financial liabilities	18	30.410.648	40.923.365
Total Current Liabilities		**439.322.720**	**394.261.450**
NONCURRENT LIABILITIES			
Other noncurrent financial liabilities	15	407.736.898	353.504.014
Other long-term provisions	17	5.869.233	5.123.356
Deferred tax liabilities	14	9.093.058	11.708.289
Noncurrent provisions for employee benefits	19	8.007.302	7.718.074
Other noncurrent non-financial liabilities	18	11.219.473	12.621.732
Total Noncurrent Liabilities		**441.925.964**	**390.675.465**
EQUITY	20		
Issued capital		522.667.566	522.667.566
Cumulative earnings (loss)		351.037.106	310.971.878
Other reserves		(59.698.151)	(60.562.353)
Equity attributable to owners of controller		814.006.521	773.077.091
Non-controlling stock		-	-
Total Equity		**814.006.521**	**773.077.091**
Total Liabilities And Equity		**1.695.255.205**	**1.558.014.006**

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
For the years ended December 31, 2012 and 2011

Income Statement	Number of Note	Acumulado 01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Revenue from ordinary activities	22	1.430.115.702	1.230.798.252
Other revenue	22	10.985.282	11.572.942
Cost of staff benefits	19	(141.753.518)	(125.278.220)
Cost of depreciation and amortization		**(310.069.999)**	**(269.798.674)**
Impairment losses (reversals), net		(50.830.636)	(38.803.907)
Other expenditure	22	(716.744.150)	(568.806.105)
Other earnings (loss)		(122.644)	(1.456.948)
Earnings (Loss) from Operational Activities		**221.580.037**	**238.227.340**
Financial revenue	22	2.823.225	3.059.293
Financial expenditure	22	(13.700.677)	(10.315.663)
Foreign currency translation	24	(8.795.595)	(6.349.377)
Income from currency indexes	24	(3.270.641)	(5.295.078)
Earnings (Loss) before Tax		**198.636.349**	**219.326.515**
Revenue (Expenditure) for Income Tax	14	(31.342.233)	(38.559.856)
Earnings (Loss) from Continued Operations		**167.294.116**	**180.766.659**
Earnings (Loss) from Discontinued Operations		-	-
Earnings (Loss)		**167.294.116**	**180.766.659**
Earnings (Loss) Attributable to Controlling Owners		167.294.116	180.766.659
Non-Controlling Stock		-	-
Earnings (Loss)		167.294.116	180.766.659
Earnings per Share			
Earnings per Basic Share			
Earnings (Losses) per Basic Share for Continued Operations		707,30	764,26
Earnings (Losses) per Basic Sharefor Continued Operations		-	-
Earnings (Loss) per Basic Share		707,30	764,26

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31, 2012 and 2011

Statement of Comprehensive Income	Number of Note	Acumulado 01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Earnings (Loss)		167.294.116	180.766.659
Components of Other Comprehensive Income, Before Tax			
Foreign Currency Translation			
Earnings (Losses) for Foreign Currency Translation		(244.855)	1.618.714
Cash Flow Hedging			
Earnings (Losses) for Cash Flow Hedging		1.386.321	1.002.475
Other Components of Other Comprehensive Income, Before Tax		**1.141.466**	**2.621.189**
Income Tax Related to Components of Other Comprehensive Income			
Income Tax Related to Cash Flow Hedging of Other Comprehensive Income		(277.264)	(175.433)
Other Comprehensive Income		**864.202**	**2.445.756**
Comprehensive Income		**168.158.318**	**183.212.415**
Comprehensive Income Attributable to			
Controlling Owners		168.158.318	183.212.415
Non-Controlling Stock		-	-
Comprehensive Income		**168.158.318**	**183.212.415**

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
STATEMENT OF CHANGES IN NET EQUITY
December 31, 2012 and 2011

	Issued Capital	Other Reserves: Reserves for Foreign Currency Translation	Other Reserves: Reserves for Cash Flow Hedging	Other Reserves: Other Reserves	Earnings (Cumulative Losses))	Equity Attributable to Owners of Controller	Non-Controlling Stock	Total Equity
	Th.CLP	Th.CLP	Th.CLP	Th.CLP	Th.CLP	Th.CLP	Th.CLP	Th.CLP
Initial Balance for Current Period 01/01/2012	**522.667.566**	**1.036.968**	**(834.440)**	**(60.764.881)**	**310.971.878**	**773.077.091**	**-**	**773.077.091**
COMPREHENSIVE INCOME								
Earnings (loss)	-	-	-	-	167.294.116	167.294.116	-	167.294.116
Other comprehensive income	-	(244.855)	1.109.057	-	-	864.202	-	864.202
Comprehensive income	-	-	-	-	-	168.158.318	-	168.158.318
Dividends	-	-	-	-	(127.228.888)	(127.228.888)	-	(127.228.888)
Increase (reduction) for transfers and other changes	-	-	-	-	-	-	-	-
Total Changes in Equity	**-**	**(244.855)**	**1.109.057**	**-**	**40.065.228**	**40.929.430**	**-**	**40.929.430**
Final Balance for Current Period 31/12/2012	**522.667.566**	**792.113**	**274.617**	**(60.764.881)**	**351.037.106**	**814.006.521**	**-**	**814.006.521**
Initial Balance for Previous Period 01/01/2011	**522.667.566**	**(581.746)**	**(1.661.482)**	**(60.764.881)**	**261.715.066**	**721.374.523**	**-**	**721.374.523**
COMPREHENSIVE INCOME								
Earnings (loss)	-	-	-	-	180.766.659	180.766.659	-	180.766.659
Other comprehensive income	-	1.618.714	827.042	-	-	2.445.756	-	2.445.756
Comprehensive income	-	-	-	-	-	183.212.415	-	183.212.415
Dividends	-	-	-	-	(131.509.847)	(131.509.847)	-	(131.509.847)
Increase (reduction) for transfers and other changes	-	-	-	-	-	-	-	-
Total Changes in Equity	**-**	**1.618.714**	**827.042**	**-**	**49.256.812**	**51.702.568**	**-**	**51.702.568**
Final Balance for Previous Period 31/12/2011	**522.667.566**	**1.036.968**	**(834.440)**	**(60.764.881)**	**310.971.878**	**773.077.091**	**-**	**773.077.091**

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
For the years ended December 31, 2012 and 2011

Direct Cash Flow Statement	Number of Note	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011° Th.CLP
Amounts Charged to Customers		1.619.841.670	1.418.482.609
Other Payments for Operating Activities		(846.236.109)	(694.217.932)
Payments to Suppliers		(138.671.189)	(131.338.793)
Payments to and on Behalf of Employees		(55.027.695)	(53.373.227)
Other Payments for Operating Activities		1.799.510	1.263.873
Amounts Received for Received Interest Classified as Operating		(62.176.473)	(30.701.356)
Tax on Profits Reimbursed (Paid)		**519.529.714**	**510.115.174**
Cash flows used to obtain control of subsidiaries		-	(3.565.222)
Amounts Received from the Sale of Property, Plant and Equipment		13.657	1.819.380
Purchases of Property, Plant and Equipment		(400.827.441)	(407.532.346)
Purchases of Intangible Assets		(4.688.495)	(3.820.678)
Dividends Received		1.259	1.217
Interest Received		2.823.225	3.059.293
Government Subsidies		1.580.042	5.193.680
Net Cash Flows from (Used in) Investment Activities		**(401.097.753)**	**(404.844.676)**
Amounts Proceeding from Long-Term Loans		259.675.999	102.536.000
Amounts Proceeding from Short-Term Loans		201.127.148	448.197
Loan Payments		(368.782.234)	(106.277.554)
Payments of Liabilities for Financial Leases		(1.545.467)	(1.403.422)
Dividends Paid		(129.679.618)	(140.527.007)
Interest Paid		(11.802.378)	(9.211.469)
Other Cash Entries (Outgoings)		(35.541.270)	(4.210.322)
Net Cash Flows from (Used in) Financing Activities		**(86.547.820)**	**(158.645.577)**
Net Increase (Decrease) in Cash and Cash Equivalents		31.884.141	(53.375.079)
Effects of Foreign Currency Variations on Cash and Cash Equivalents		(1.071.318)	1.166.931
Cash and Cash Equivalents at Start of Period		**23.064.067**	**75.272.215**
Cash and Cash Equivalents at End of Period		**53.876.890**	**23.064.067**

The attached notes, numbered 1–35, form an integral part of these Consolidated Financial Statements

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EMPRESA NACIONAL DE TELECOMUNICACIONES S.A. & SUBSIDIARIES

1.COMPANY INFORMATION

a) The Entel Group

Empresa Nacional de Telecomunicaciones S.A. (Tax ID 92.580.000-7), is constituted and domiciled in the Republic of Chile. The address of its head office is Avenida Andrés Bello 2687, piso 14, Las Condes, Santiago, Chile.

It is the parent company of the Entel Group included in these consolidated financial statements.

It is an indefinitely constituted public limited company, subject to regulation by the Chilean Securities and Insurance Supervisor (Reg. No. 162). Its shares are listed in the Register of Securities and traded on the national stock market.

The controlling shareholder of Entel–Chile S.A. is Inversiones Altel Ltda. (Tax ID 76.242.520-3), which owns 54.76% of stock in circulation. Almendral S.A. (Tax ID 94.270.000-8) directly and indirectly controls 99.99% of Altel Ltda.

Almendral S.A. is controlled by a group of shareholders who signed a joint interest agreement on January 25, 2005. The agreement was signed by the Matte, Fernández León, Hurtado Vicuña, Consorcio, Izquierdo and Gianoli groups.

The subsidiaries included in the consolidated financial statements are domiciled both in Chile and abroad, with details provided in Note 3 a).

Subsidiaries based in Chile are represented by private limited companies not subject to regulation by the Chilean Securities and Insurance Supervisor; as such, their shares are not traded or registered in the Register of Securities.

However, in line with legal requirements for public telecommunications concession holders, the subsidiaries Entel PCS Telecomunicaciones S.A., Micarrier Telecomunicaciones S.A., and Transam Telecomunicaciones S.A. are registered in the Chilean Securities and Insurance Supervisor Special Register (Nos 33, 247, and 232, respectively). Companies registered in this special register are subject to the same regulations as public limited companies in terms of market information and disclosure, except for a requirement to provide interim financial statements on a quarterly basis.

The Group's workforce totaled 8,307 as of December 31, 2012 and averaged 7,771 in 2012.

b) Business Activities

The activities undertaken by the Group companies involve mobile telecommunication services, including voice, value added services, data, broadband and mobile Internet. The companies also provide wireline services for integrated solutions for data network services, local telephony services, Internet access, long-distance public telephone services, IT services (data center, business process outsourcing and business continuity), infrastructure, network leasing and wholesale traffic. The Group also provides call center services to enterprises and to related companies.

These activities are primarily undertaken in Chile. Activities outside Chile are carried out by two companies operating in Peru that provide wireline and call center services.

2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Declaration of Compliance

The consolidated financial statements for the year ended December 31, 2012, have been prepared in line with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

On the date on which these consolidated financial statements were prepared, the IASB had issued the following directives, each with mandatory adoption starting from the annual periods specified in each case:

Standards and Amendments	Application required by:
NEW IFRS	
IFRS 9 – Financial Instruments	Annual periods starting February 1, 2015
IFRS 10 – Consolidated Financial Statements	Annual periods starting January 1, 2013
IFRS 11 – Joint Arrangements	Annual periods starting January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	Annual periods starting January 1, 2013
IFRS 13 – Fair Value Measurement	Annual periods starting January 1, 2013
AMENDMENTS TO IFRS	
IAS 1 – Presentation of Financial Statements	
Presentation of Other Components of Comprehensive Income	Annual periods starting Sunday, July 01, 2012
IAS 19 – Employee Benefits	
Elimination of Corridor Approach for Defined Benefits	Annual periods starting January 1, 2013
IAS 32 – Financial Instruments Presentation	
Offsetting Financial Assets and Financial Liabilities	Annual periods starting Wednesday, January 01, 2014

At the time of writing, no decision has been made to bring forward the adoption of any of these regulatory changes. Furthermore, it is estimated they will not have a significant impact on the Group's consolidated financial statements for the initial period in which their application becomes compulsory.

The consolidated financial statements for Entel Chile S.A. for the year ended December 31, 2012, were approved and authorized for publication at the board meeting held on January 28, 2013.

b) Measurement Bases

The consolidated financial statements have been prepared based on historical cost, except for the following essential items:

* Derivative financial instruments measured at fair value;
* Interest accruing loans measured using amortized cost;
* Staff obligations for specific post-employment benefits measured at present value and taking actuarial variables into account.

c) Working and Reporting Currency

Figures in these financial statements and accompanying notes are expressed in thousands of Chilean Pesos (Th.CLP), the Group's working currency.

d) Use of Estimates and Accounting Judgments

Estimates determined based on the best information available at the close of each financial year have been used in the preparation of the consolidated financial statements. These estimates affect the valuation of certain assets, liabilities, income, and cash flows and hence may be significantly affected by new events that change the assumptions made and other sources of uncertainty assumed on the date.

The main estimates are:

* Actuarial assumptions used when calculating employee separation obligations;
* The valuation of assets and goodwill originating from the acquisition of companies that with the potential to affect the calculation of losses due to impairment in their value;
* The useful life of property, plant and equipment, and intangible assets;
* Assumptions made when determining the fair value of financial instruments;
* Assumptions on the generation of future taxable revenue where tax is deductible from assets as deferred tax;
* In establishing the cost of decommissioning installations.

e) Changes to Accounting Policies

Accounting principles have been consistently applied during the years covered by these consolidated financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

a) Consolidation Basis

The financial statements of subsidiaries are included in the consolidated financial statements from the date of controlling starts until the date it is relinquished.

Control exists when Entel S.A., has a direct or indirect majority of voting rights or has the power to determine (also through agreements) the financial and operating policies of a company to generate profit from its activities.

In the preparation of these consolidated financial statements, the assets, liabilities, revenues, and costs for the consolidated companies are consolidated line by line. All direct and indirect subsidiaries of Entel S.A. are 100% controlled and as such there are no non-controlling shares in the consolidated financial statements for the Entel Group.

For the purposes of consolidation, significant transactions and balances between consolidated companies have been removed in addition to any balances owed.

The book value of the investment in each subsidiary is offset against its equity after adjustment, where applicable, to its fair value on the date control was acquired. Goodwill is recorded on this date under intangible assets, as described further on, while any earnings from the purchase of a business or negative goodwill are recorded on the income statement.

The assets and liabilities of consolidated foreign subsidiaries expressed in currencies other than Chilean Pesos are converted using the exchange rate on the date of the statement; revenue and expenditure are converted at the average exchange rate for the period covered by the financial statements. Exchange rate variations resulting from this method are classified under equity until investment disposal.

The exemption allowed under IFRS 1 (First-Time Adoption) for annulling exchange rate differences accumulated at the date of transition to IFRS was not adopted.

The subsidiary companies included in the consolidated financial statements are domiciled in Chile and abroad.

Tax ID	Company Name	Country of Origin	Working Currency	Percentage of Stock			
					12/31/2012		12/31/2011
				Direct	Indirect	Total	Total
96806980-2	ENTEL PCS TELECOMUNICACIONES S.A.	CHILE	CLP	99,999	0,001	100,000	100,000
76479460-5	ENTEL COMERCIAL S.A.	CHILE	CLP	-	100,000	100,000	100,000
96561790-6	ENTEL INVERSIONES S.A.	CHILE	CLP	99,990	0,010	100,000	100,000
96554040-7	ENTEL SERVICIOS TELEFONICOS S.A.	CHILE	CLP	91,420	8,580	100,000	100,000
96563570-K	ENTEL CALL CENTER S.A.	CHILE	CLP	90,000	10,000	100,000	100,000
96697410-9	ENTEL TELEFONIA LOCAL S.A.	CHILE	CLP	99,000	1,000	100,000	100,000
96548490-6	MICARRIER TELECOMUNICACIONES S.A.	CHILE	CLP	99,990	0,010	100,000	100,000
96553830-5	ENTEL CONTACT CENTER S.A. (Ex Satel S.A.)	CHILE	CLP	-	100,000	100,000	100,000
96672640-7	ENTEL SERVICIOS EMPRESARIALES S.A.	CHILE	CLP	99,985	0,015	100,000	100,000
79637040-8	SOC.DE TELECOMUNICACIONES INSTABEEP LTDA	CHILE	CLP	99,990	0,010	100,000	100,000
96652650-5	TRANSAM COMUNICACIÓN S.A.	CHILE	CLP	-	100,000	100,000	100,000
96833480-8	WILL S.A.	CHILE	CLP	-	100,000	100,000	100,000
0-E	AMERICATEL PERU S.A.	PERU	PEN	46,570	53,430	100,000	100,000
0-E	SERVICIOS DE CALL CENTER DEL PERÚ S.A.	PERU	PEN	0,004	99,996	100,000	100,000
0-E	EUSA WHOLESALE INC.	USA	CLP	-	100,000	100,000	100,000
0-E	ENTEL INTERNACIONAL B.V.I. CORP.	BRITISH VIRGIN ISLANDS	CLP	100,000	-	100,000	100,000

CLP= Chilean Peso

PEN= Peruvian Sol

b) Transactions and Balances in Foreign Currencies

Transactions made by Entel S.A. and its subsidiaries in a currency other than the working currency are processed as foreign currency transactions and recorded using the exchange rate on the date the transaction took place.

The balances of monetary assets and liabilities denominated in foreign currencies are presented using the values of the exchange rates at the end of each financial year. The variation calculated between the original value and the value at the close of the period is recorded in the income statement under Foreign Currency Translation.

Assets and liabilities expressed at fair value (essentially those arising from financial derivative contracts) are exempt from the above. The differences between the exchange rate at the end of the period and the fair value of these contracts are also allocated in the income statement under Foreign Currency Translation, except for cash flow hedge contracts where differences are allocated against equity.

Assets and liabilities in foreign currencies or expressed in currency indexes have been converted using the following rates:

b) Transactions and Balances in Foreign Currencies, Continued

Tipos de Cambio		Cambio de Cierre	
		12/31/2012 $	12/31/2011 $
US Dollar	USD	479,96	519,20
Euro	EUR	634,45	672,97
National currency index	UF	22.840,75	22.294,03
Peruvian Sol	PEN	188,15	193,27

c) Financial Instruments

Financial Assets

For valuation purposes, the group classifies its financial assets as financial assets at fair value with changes in income, accounts receivable and loans. The classification depends on the purpose for which the financial assets are obtained.

The assets are withdrawn upon expiry or upon expiry of contractual rights to their cash flows.

> Financial Assets at Fair Value with Changes in Income

Financial assets at fair value with changes in income are financial assets held for trading. The Group companies use this category for derivative instruments that do not comply with the requirements for the application of hedge accounting. Contracts classified as assets at the end of the period are recorded on the balance sheet under Other Financial Assets, whereas liabilities are recorded under Other Financial Liabilities.

> Accounts Receivable and Loans

This category corresponds to financial assets with fixed and determinable payments that do not have a price on the active market. These assets are initially recorded at fair value plus directly attributable transaction costs. After being recorded in this way, they are valued at their amortized cost using the effective interest rate method, subtracting losses due to impairment.

Trade accounts receivable are registered using invoice values, making the corresponding adjustment where there is evidence that payment from the client is at risk (impairment).

Short-term trade accounts are recorded at their current value without discounting to present value. The company has established that the amortized cost calculation does not differ from the invoice value since there are no significant costs associated with the transaction.

> Cash and Cash Equivalents

Covers highly liquid and extremely short-term holdings or investments where risks of a change in value are not deemed significant. In addition to cash balances and those held in current accounts it also includes the following: short-term deposits in the financial system; placements for fixed income mutual funds paid in installments; and transactions with buyback and resale options with an original expiry of three months or less. These assets are recorded at their nominal value or amortized cost, depending on their nature, and changes in their values are recorded under income. Their valuation includes interest and accrued adjustments at the end of the year.

Financial Liabilities

In the first instance, the Group records issued debt securities on the date they originate. All other financial liabilities (including liabilities at fair value with changes in income) are initially recorded on the date they are contracted, this being the date on which the Group is bound by the instrument's contractual provisions.

The Group classifies non-derivative financial liabilities under Other Financial Liabilities. These assets are initially recorded at fair value plus any directly attributable transaction costs. After being recorded for the first time, financial liabilities are valued at their amortized cost using the effective interest method.

Other financial liabilities include loans and obligations, the use of overdraft facilities, trade accounts payable and others.

Financial liabilities covered by derivative instruments designated for managing exposure to changes in variable cash flows (cash flow hedges), are measured at their amortized cost in line with IAS 39.

Derivative Financial Instruments

The Entel Group uses derivative financial instruments to cover its exposure to foreign currencies and interest rates.

In the event that implicit derivative contracts are present in certain contracts, they are separated from the principal contract and accounted for separately. This procedure is applied if the economic characteristics and risks of the principal contract and the implied derivative are not strictly related, if an independent instrument with the same conditions as the implicit derivative would meet the definition of a derivative, and if the combined instrument is not measured at its fair value with changes in profits.

In line with IAS 39, financial derivative instruments only qualify for hedge accounting when:

* The hedge relationship is formally designated and documented at the start of the hedge;
* The hedge is expected to be highly effective;
* Its effectiveness can be reliably measured;
* The hedge is highly effective over all the periods corresponding to the financial statements in which it is recorded.

All derivatives are measured at fair value in line with IAS 39.
When a derivative financial instrument qualifies for hedge accounting, the following accounting procedures apply:

* Cash Flow Hedge – When a derivative financial instrument is classified as a hedge against exposure to changes in the cash flows of an asset, liability or a highly probable planned transaction, the effective proportion of any profit or loss from the derivative financial instrument is directly recorded under the equity reserve (Cash Flow Hedge Reserve). The cumulative income is removed from equity and recorded under income when the hedged transaction affects the income. The earnings or losses associated with the ineffective part of the hedge are immediately recorded under income. Where hedge operations are no longer probable, the cumulative earnings or losses from the equity reserve are immediately recorded under income.

For hedges that follow risk management strategies without necessarily satisfying the requirements and tests for effectiveness required by the accounting regulations for the application of hedge accounting, variations in the values of the instruments are recorded against income.

d) Inventory

Goods for sale are valued using the lowest of the weighted average cost and the net sale value, considering the purpose for which the inventories are kept.

Mobile handsets for customers are included in this classification. In this case, and subsidies for transferring equipment to the customer are recorded under the income statement in the period as sales costs at that moment.

The main inventories are mobile handsets and accessories. At the close of each accounting period, the existence of obsolete stock is evaluated in order to make the corresponding write offs. The lifespan of the different handsets in the inventories is determined by the functionality and prices of new models on the market.

e) Impairment

Non-Derivative Financial Assets

Financial assets not measured at fair value with changes in income are evaluated on each reporting date to determine if there is objective evidence of impairment. A financial asset is regarded as affected if there is proof that a loss-causing event has occurred since the asset was first recorded and the event has a negative effect on the estimated future cash flows of the asset and can be reliably estimated.

Differentiated percentages determined by factors such as the age of the debt and potential costs for handling its collection are applied for different groups of customers to calculate impairment for accounts receivable. Similarly, a distinction is made between current debts, and renegotiated and documented debts.

The factors mentioned above are used to determine estimates for billed services.

The discounted values of accounts receivable and loans are not considered when calculating their impairment since they are due in the short term and as such the difference between their current value and the discounted value is not significant.

Non-Financial Assets

The book value of the Group's non-financial assets that are not classified as inventories or deferred tax assets is revised for each date on which the financial statements are prepared to determine if there are any signs of impairment. Where evidence of impairment exists, the recoverable value of the asset is then estimated. For goodwill and intangible assets with an indefinite useful life or still unavailable for use, the recoverable value is calculated at the end of each year. The loss due to impairment is recorded when the book value of an asset exceeds the estimated recoverable value.

The recoverable value of an asset is the greater of its use value and its fair value minus sales costs. Use value is calculated by subtracting estimates of future cash flows from the current value using a net discounting rate that reflects current market changes for the time value of money and the specific risks of the asset. In order to verify impairment, assets that cannot be individually tested are grouped as part of a smaller group of assets that generate cash inflows as a result of their continued operation and are independent of payments for other assets. The test, as a limit to determine use value, is applied to the business segment in order to calculate impairment of goodwill.

Losses from impairment are recorded against the income for the period. Reversals are not applied if they correspond to goodwill. In terms of other assets, losses from impairment recorded in previous financial years are evaluated for each date of reporting when there are signs the loss has decreased or no longer exists. A loss from impairment is reversed when there has been a change in the estimates used to determine the recoverable value.

A loss from impairment is reverted only insofar as the accounting value of the asset does not exceed the book value that has been determined, net of depreciation or amortization, without considering the loss of the recorded value.

f) Property, Plant and Equipment

The purchase value is recorded, less cumulative depreciation and the cumulative value of losses from impairment in value.

The purchase value is based on the price of the purchase of goods and services, including unrecoverable duties and customs obligations. Similarly, installation and commissioning costs are also included until reaching operational conditions, together with estimates of the costs for dismantling and withdrawal.

The historical equipment base provided to customers without ownership transfer up to September 30, 2012, is mainly made up of mobile handsets. These assets remain recorded as noncurrent assets under the item Plant and Equipment, and are subject to depreciation and possible write-offs due to impairment in their value.

In line with Note 22, from October 1, 2012, mobile handsets provided to customers and sold as part of postpaid contracts are directly recorded against income as sales costs, and are included under the item Other Costs.

Net interest for loans directly related to financing construction work accrued during the period of execution until the date on which the construction is available for use are capitalized. This does not apply to projects with a development period of less than six months.

g) Depreciation of Property, Plant and Equipment

Depreciation is applied linearly in line with the useful life of each type of asset determined by technical studies. These studies take into account both an annual study based on technological and commercial developments that make change advisable and the final residual value of the assets when decommissioned.

Procedures are also applied to evaluate any signs of depreciation in the value of assets. When the value of assets exceeds their market value or capacity to generate net revenue, adjustments are made for depreciation and recorded against income for the period.

The tables of depreciation rates are broken down in line with the properties of various assets, as well as whether they can be individually handled. The most relevant rates are detailed in Note 13 on Property, Plant and Equipment.

In the specific case of the historic base of handsets provided to customers with postpaid mobile service contracts without transfer of ownership prior to October 1, these are depreciated at the average estimated rate for customer relationships, which does not exceed 12 months.

h) Financial Leasing

Leasing contracts in which the risks and returns of a property or asset are substantially transferred to Group companies are recorded as leased assets.

Under these circumstances consideration is given to factors such as the transfer of the asset at the end of the contract, the value of the final purchase option, the proportion of the economic life of the asset covered by the term of the contract, and the level of equivalence between the present value of the minimum contract payments and the fair value of the asset. The valuation is determined by the present value of the agreed installments and the value to be paid to exercise the purchase option. These assets are depreciated in line with the general regulations for property, plant and equipment.

Assets are only legally acquired upon exercising the purchase option and thus cannot be freely disposed of in the meantime.

Assets leased under contracts with the aforementioned conditions are regarded as sold for accounting purposes, with the consequent reduction in inventory. Income from these transactions is determined based on the present value of the receivable installments with respect to the purchase or construction value of the assets sold.

i) Intangible Assets

This category includes usage rights for fiber optic cable capacity (IRUs), the costs of obtaining licenses and operating concessions, in addition to easements and other usage rights in favor of Group companies.

IRUs are linearly amortized and recorded under costs during the period of the respective agreements.

Licenses and concessions are amortized according to the lesser of the estimated period of operation and the contract period, which can range from four to ten years, with easements for the period in which the contract remains in force being granted for a maximum of 20 years.

Costs of purchase software are capitalized and amortized over four years.

j) Goodwill

For the complete or partial acquisition of company rights, the purchase method is applied, establishing the fair value of the assets and liabilities identified for the purchased company, recording any extra value paid for the purchase as goodwill. This value is subject to testing for impairment at the close of each financial year to record possible losses.

k) Income Tax and Deferred Taxes

The cost of income tax is determined based on the financial statements.

Temporary tax differences between the financial and tax bases are recorded as noncurrent assets or liabilities as applicable. Regardless of the estimated recovery period, the values are recorded at current value without discounting to present value.

Deferred tax assets and liabilities are recorded in line with the tax rates in force during the periods they are expected to be realized or settled.

l) Employee Benefits

> Defined Benefits Plan (Post-Employment Benefits)

This relates to compensation for years of service payable to employees with a permanent contract with Entel Chile S.A. and who are members of the Mutual Corporation with eight years of continuous service with membership in the Mutual.

These obligations are recorded at present value, discounting long-term interest rates and using actuarial forecasts of staff turnover, life expectancy, and salary projections for prospective beneficiaries.

To determine the net liability value to be recorded, the fair value of the cumulative salaries of employees is calculated according to the payments that must be made to certain funds under current agreements.

Changes in the obligation caused by accruals associated with increases in the number of attributable periods, changes in the workforce, and earnings or losses due to actuarial effects are recorded under remuneration costs, whereas changes due to the accrual of implied interest are recorded under financial income.

> Severance Benefits

Severance pay, in contrast to post-employment benefits, is recorded as a cost when the Group has a clear commitment, without the possibility to withdraw the offer, to a formal and detailed plan upon termination of employment before the normal date of retirement or to pay compensation for termination as part of an offer to encourage voluntary resignations. Where benefits are due more than 12 months after the date of reporting, they are adjusted to their present value..

> Short-Term Benefits

The values of obligations for short-term employee benefits are not discounted and are recorded as costs when the corresponding services are provided. A liability is recorded for the value expected to be paid in short-term cash bonuses or profit share plans when the Group has a current legal or implied obligation to pay out the sum as a result of previous services provided by the employee and the obligation can be reliably estimated.

The cost of annual leave is accounted for in the financial year in which the right is accrued, independent of the year in which it is exercised.

m) Revenue

Revenue is recognised upon concretion of the right to receive a retribution. As such, the date of the delivery or receipt of goods or services is considered, regardless of when the corresponding cash flow will be received (in advance, simultaneously, or within a given term).

With respect to revenue, the following specific policies are applied:

> Bundled packages or services The components of bundled supplies as part of commercial packages are identified, determining the properties of each.

Based on this information, revenue for the bundle is distributed over the individual components, applying the corresponding individual procedures for revenue registration.

Bundled sales that cannot be broken down (i.e. when linked in such a way that the commercial effect cannot be understood without reference to the complete set of transactions) are accounted for as a single transaction.

The most significant bundled packages correspond to new mobile subscribers of postpaid mobile telephone contracts. The supply includes a handset device, a prepaid credit against expected services. For accounting purposes, only flows for which there is certainty are considered, detailing the average value of the amount that can be allocated against mobile services as services are used by the customer.

In the event that only one or some of the elements can be confidently assigned a value, the residual value is attributed to the remaining elements.

The value assigned to a given component is limited to the price of the transaction for its sale not subject to the delivery of other items.

The values received and charged against future services are recorded as advanced customer liabilities and are transferred to profits as the services are used. The main flows for this item correspond to values allocated against services included in prepaid mobile services, in addition to the sale of prepaid charges.

Customer connection fee for postpaid clients for handsets provided under lease are accounted as revenue at the same time of the equipment provision.

> Equipment Sale according to standard procedures, revenue is recorded when equipment is delivered to the customer.

If the sale includes a complementary activity (e.g. installation, configuration, set-up) it is recorded upon satisfactory receipt by the customer.

Revenue received for equipment that is personally delivered and that, technically or contractually, may only be used for services provided by the company, is deferred and recorded in the period of the contract.

For equipment provided without transfer of ownership (e.g. free loan, loan, lease), no sales revenue is recorded. Equipment that meets this condition remains as assets inventory in use and is subject to the corresponding depreciation.

> Revenue for connection charges Revenue from connection charges is deferred and recorded as revenue during the lesser betweeen the period for which the contract is valid and the expected customer retention period.

The customer retention period is estimated based on historical experience, churn, or an understanding of market behavior.

Connections where the direct cost of carrying out work is greater than or equal to the charge made to the customer are exempt from the previous procedure. In such cases, revenues received for connection charges are recorded when the customer is connected to maintain symmetry between revenue and costs.

Connection costs take into account the following: installation work and orders management placed with third parties, commissions made to distributors and the cost of SIM cards.

Connections that represent independent transaction not subject to the compulsory provision of other assets and services are excluded from the standard procedure.

> Customer Loyalty Programs The award of future benefits for service usage levels or current and past purchases. Revenue received is distributed based on the fair value of the services already provided and those to be provided in the future, with revenue assigned to the latter being handled as projected revenue for future sales. Furthermore, provisions are made for the marginal costs associated with the goods and services to be provided fully or partly free of charge.

Isolated campaigns for the introduction of new products or the relaunch of existing ones are excluded when their duration is less than three months and they do not represent more than 1% of total sales in the last 12 months.

Such programs include: voice service credit, product discounts, benefits for meeting targets, and the accumulation of redeemable points for goods or services provided both by the company and third parties.

In cases where expiry or cancellation clauses come into effect, the respective unused balances are transferred to revenue.

These procedures are only applied when it is possible to make reliable estimates of benefits obtained by customers.

> Sales Discounts Revenue is recorded net of any discounts provided to customers

> Third Party Sales Where the company acts as a representative, agent, or dealer for the sale of goods and services produced by other agents, the net revenue from the activities is recorded. In other words the company only records the margin that represents the commission or share received for these services under revenue.

To be classed as a representative, consideration is given to whether the product is explicitly sold under the supplier's name, whether the risks and responsibilities associated with the product are assumed and the determination of the price.

> Prepaid of Mobile Services Revenue received from prepaid mobile customers is recorded under income in the month in which the users make use of the services for which the payment is destined or in which the charge expires, whichever occurs earlier.

> Services Spanning Multiple Accounting Periods The provision of services for activities spanning more than one accounting period is recorded using the percentage method at the end of the period. This value is determined in line with the percentage of consumables supplied with respect to the budget.

n) Financing Costs

The initial costs for commissioning, consultancy, and taxes for contracting credit are processed using the amortized cost method. Using this method, these costs form part of the effective interest rate and amortization is consequently determined based on this rate.

o) Provisions

Liabilities are recognized for all legal obligations to third parties, derivative transactions or future events with a high probability of generating payment flows.

These provisions are recorded insofar as their values can be determined in line with the risks identified and based upon best estimates. Their value is discounted where the effect of the time value of money is deemed to be significant.

p) Dividends

Dividends to be paid to third parties are reported as a change in net equity for the period the obligation for their distribution arises, either because they are declared at the shareholders meeting or because they correspond to a legal obligation for minimum dividend payments.

q) Segment Financial Information

An operating segment is a component of the Group that conducts business activities for which it may receive ordinary revenue and incur costs, including revenue and costs for transactions with any other realted companies. All income from operating segments is periodically reviewed by Group executive management to determine the resources to be assigned to the segment and evaluate its performance.

Income recorded for segments includes elements directly attributable to the segment and those which can be reasonably assigned to it.

Capital expenditure for a segment is the total expenditure incurred during each period for the acquisition of property, plant and equipment, and intangible assets.

r) State Subsidies

State subsidies for financing investments are recorded at the lowest cost of the purchase or construction of the associated assets

s) Revenue and Termination Costs.

Values accrued for or against Group companies are recorded based on the agreements and measurements for traffic exchanged with other operators, both nationally and internationally.

4. FINANCIAL ASSETS AND LIABILITIES

a) Calculation of Fair Values

Certain accounting criteria and disclosures require the fair value of assets and liabilities, both financial and non-financial, to be calculated. Fair values are calculated for measurement and disclosure using the following methods.

Derivative Financial Instruments.

The fair value of derivative contracts not quoted on an active market is calculated based on the difference between the cash flows of rights and obligations arising from the contracts and adjusted according to the current market interest rates on the date of measurement.

Risk-free and zero-coupon rates are used to discount both local and dollar currencies.

For currency forward contracts, this corresponds to the difference between the value of the foreign currency to be purchased according to the contract, discounted at the dollar rate for the remaining period and expressed in pesos according to the exchange rate at the close of the accounting period, less the debt in pesos agreed in the contract discounted at the current peso rate for the remaining period of the contract.

For contracts to hedge against exchange and interest rates (CCS), the value is determined by the difference in flows, including notional capital, discounted from each component of the contract.

Non-Derivative Financial Instruments.

The fair value used for the purposes of disclosures is calculated based on the present value of future capital and cash flows from interest, discounted at the market interest rate at the close of the accounting period.

For financial leasing, both as leasing party and lease holder, the interest rate is determined by reference to current market rates for leasing agreements of a similar nature.

The fair value of current trading assets and liabilities is deemed to be the same as their current value as they are short-term flows.

Non-Derivative Financial Liabilities

The fair value calculated for the purposes of disclosure is based on the present value of future capital and cash flows from interest, discounted at the market interest rate on the date of reporting. For financial leasing, the market interest rate is calculated by referring to similar leasing agreements.

b) Fair Value Hierarchies

In line with the methods and techniques used to calculate fair values, the following hierarchy of values is used.

> **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

> **Level 2:** Inputs that differ to the quoted prices included in Level 1 and are observable for assets or liabilities, either directly (as a price) or indirectly (derived from a price).

> **Level 3:** Inputs for assets or liabilities not based on observable market information (non-observable inputs).

The following table shows the total values of assets and liabilities for financial instruments, measured and reported at fair value.

Fair Values Hierarchy	12/31/2012 Level 2 Th.CLP	12/31/2011 Level 2 Th.CLP
ASSETS		
Non-hedge derivatives	910.277	4.509.615
LIABILITIES		
Non-hedge derivatives	23.124.193	15.799.808
Hedge derivatives	**20.669.703**	**33.994.498**

c) Categories of Financial Assets and Liabilities

The following table shows the different categories of financial assets and liabilities, comparing the values recorded in the accounts at the close of each accounting period to their respective fair values..

Categories of Financial Assets and Liabilities 12/31/2011 in Th.CLP	Note	At fair value With change in results - negotiable	Hedge derivatives	Loans and accounts receivable	Liabilities at cost amortized	Currency or currency index	Total at value Accounting	Total at value Fair
ASSETS								
Cash and Cash Equivalents	5	-	-	53.876.890	-	CLP/USD/PEN	53.876.890	53.876.890
Other Financial Assets	6							
Debtors for Financial Leasing		-	-	4.373.129	-	UF	4.373.129	4.889.324
Derivatives		910.277	-	-	-	USD	910.277	910.277
Other		-	-	1.971.655	-	CLP	1.971.655	1.971.655
Trade Debtors and Others	8	-	-	276.768.958	-	CLP/USD/PEN	276.768.958	276.768.958
Accounts Receivable with Related Entities	9	-	-	379.554	-	CLP	379.554	379.554
Total assets		910.277		337.370.186			338.280.463	338.796.658
LIABILITIES								
Other Financial Liabilities	15							
Interest Accruing Loans		-	-	-	383.549.242		383.549.242	385.207.897
Creditors for Financial Leasing		-	-	-	8.441.289		8.441.289	8.956.196
Derivatives		23.124.193	20.669.703	-	-		43.793.896	43.793.896
Trade Accounts Payable and Other	16	-	-	-	373.510.494		373.510.494	373.510.494
Total Liabilities		23.124.193	20.669.703		765.501.025		809.294.921	811.468.483

Categories of Financial Assets and Liabilities 12/31/2011 in Th.CLP	Note	A valor razonable With change in results - negotiable	Hedge derivatives	Loans and accounts receivable	Liabilities at cost amortized	Currency or currency index	Total at value Accounting	Total at value Fair
Cash and Cash Equivalents	5	-	-	23.064.067	-	CLP/USD/PEN	23.064.067	23.064.067
Other Financial Assets	6							
Debtors for Financial Leasing		-	-	4.824.425	-	UF	4.824.425	4.714.429
Derivatives		4.509.615	-	-	-	USD	4.509.615	4.509.615
Other		-	-	1.873.733	-	CLP	1.873.733	1.873.733
Trade Debtors and Others	8	-	-	251.229.640	-	CLP/USD/PEN	251.229.640	251.229.640
Accounts Receivable with Related Entities	9	-	-	722.752	-	CLP	722.752	722.752
Total Assets		4.509.615		281.714.617			286.224.232	286.114.236
LIABILITIES								
Other Financial Liabilities	15							
Interest Accruing Loans		-	-	-	312.409.700		312.409.700	312.172.486
Creditors for Financial Leasing		-	-	-	9.884.049		9.884.049	10.831.165
Derivatives		15.799.808	33.994.498	-	-		49.794.306	49.794.306
Trade Accounts Payable And Other	16	-	-	-	326.224.772		326.224.772	326.224.772
Total Liabilities		15.799.808	33.994.498		648.518.521		698.312.827	699.022.729

5. CASH AND CASH EQUIVALENTS

The item cash and cash equivalents is composed of the following:

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Residual Cash	89.668	72.757
Bank Account Balances	7.646.529	6.423.113
Short-Term Deposits	45.171.564	8.419.033
Central Bank Instruments	968.382	7.752.676
Other Cash and Cash Equivalents	747	396.488
Total	53.876.890	23.064.067
TOTAL BY CURRENCY		
CLP	52.740.731	21.245.742
USD	412.516	1.023.299
PEN	719.051	785.715
EUR	4.592	9.311
Total	53.876.890	23.064.067

Short-term deposits originally valid for less than three months are recorded at their amortized cost. The breakdown for each period is as follows.

Institution	Currency	Date placement	Date expiry	Days	Value Th.CLP	Days accrued	Interest accrued Th.CLP	Total 12/31/2012 Th.CLP
HSBC	CLP	21/12/12	04/01/13	14	6.058.000	10	9.289	6.067.289
Banco BBVA	CLP	24/12/12	02/01/13	9	6.765.251	7	6.788	6.772.039
Banco Santander	CLP	28/12/12	07/01/13	10	9.820.298	3	4.419	9.824.717
Banco Santander	CLP	27/12/12	27/01/13	31	55.532	4	32	55.564
Deutsche Bank	CLP	26/12/12	04/01/13	9	7.400.000	5	5.180	7.405.180
Banco Internacional	CLP	27/12/12	04/01/13	8	6.806.000	4	3.902	6.809.902
Banco Security	CLP	27/12/12	04/01/13	8	25.000	4	14	25.014
Banco Security	CLP	26/12/12	04/01/13	9	3.277.000	5	2.185	3.279.185
Banco BCI	CLP	28/12/12	07/01/13	10	4.930.702	3	1.972	4.932.674
Totals					45.137.783		33.781	45.171.564

Institution	Currency	Date placement	Date expiry	Days	Value Th.CLP	Days accrued	Interest accrued Th.CLP	Total 31/12/2011 Th.CLP
Banco BBVA	CLP	27/12/11	09/01/12	13	2,000,000	4	1,307	2.001.307
Banco Corpbanca	CLP	27/12/11	03/01/12	7	2,000,000	4	1,200	2.001.200
Banco HSBC	CLP	30/12/11	06/01/12	7	2,334,000	1	366	2.334.366
Banco Santander	CLP	30/12/11	06/01/12	7	1,438,000	1	220	1.438.220
Banco Santander	CLP	03/12/11	02/01/12	30	52,759	28	212	52.971
Banco de Credito del Perú (BCP)	Soles	27/12/11	03/01/12	7	75,375	4	33	75.408
Interbank	Soles	27/12/11	03/01/12	7	38,655	4	16	38.671
Banco de Credito del Perú (BCP)	Soles	29/12/11	03/01/12	5	38,654	2	8	38.662
Banco de Credito del Perú (BCP)	Soles	29/12/11	05/01/12	7	342,088	2	75	342.163
Banco de Credito del Perú (BCP)	Soles	30/12/11	09/01/12	10	96,055	1	10	96.065
Totales					8,415,586		3,447	8.419.033

Central Bank instruments are financial investments with rights receivable for commitments to the sale of financial instruments included on the balance sheet and recorded at their amortized cost. The breakdown is as follows:

ON 12/31/2012									
Code	Fechas Inicio	Término	Counterpart	Currency Origin	Subscribed value Th.CLP	Rate Period	Final value Th.CLP	Identification of Instrument	Value Accounting Th.CLP
CRV	12/28/2012	01/02/2013	Scotia C. de Bolsa	CLP	718,000	0,41%	718,491	PACT	718,295
CRV	12/28/2012	01/02/2013	Banco Estado	CLP	250,000	0,35%	250,146	PACT	250,087
Totales					968,000		968,637		968,382

ON 12/31/2011									
Code	Fechas Inicio	Término	Counterpart	Currency Origin	Subscribed value Th,CLP	Rate Period	Final value Th,CLP	Identification of Instrument	Value Accounting Th,CLP
CRV	12/28/2011	01/03/2012	Scotia C, de Bolsa	CLP	1,800,000	0,45%	1,801,548	PACT	1,800,774
CRV	12/28/2011	01/03/2012	Scotiabank	CLP	1,700,000	0,42%	1,701,428	PACT	1,700,714
CRV	12/28/2011	01/03/2012	Banco de Chile	CLP	1,624,000	0,41%	1,625,332	PACT	1,624,666
CRV	12/28/2011	01/03/2012	Banco de Chile	CLP	1,194,000	0,34%	1,194,816	PACT	1,194,326
CRV	12/30/2011	01/04/2011	Banco de Chile	CLP	1,432,000	0,34%	1,432,979	PACT	1,432,196
Totales					7,750,000		7,756,103		7,752,676

In line with working capital policy management, the maturity date of all deposits in financial markets does not exceed 90 days and instruments have been contracted from reputable banks and financial institutions with a high rating, primarily based in Chile.

6. OTHER FINANCIAL ASSETS

The breakdown of this item is as follows.

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
CURRENT		
Non-Hedge Derivatives	358.164	4.509.615
Debtors for Financial Leasing	919.617	897.605
Current Subtotal	1.277.781	5.407.220
NONCURRENT		
Non-Hedge Derivatives	552.113	-
Debtors for Financial Leasing	3.453.512	3.926.820
Term Deposits	1.971.655	1.873.733
Noncurrent Subtotal	5.977.280	5.800.553
Total Other Financial Assets	7.255.061	11.207.773

The derivatives category records all contracts with positive balances for the Group companies. Those with negative values are recorded under Other Financial Liabilities (Note 15).

Debtors for Financial Leasing records balances related to the current contract with Telmex S.A. and corresponds to capital installments to be received in more than one year's time for the long-term lease of telecommunications infrastructure.

The contract comprises 19 equal annual payments of UF 40,262.12, the last of which is due on January 10, 2017, and a final installment (the purchase option) of UF 30,196.59, due on January 10, 2018.

This value is shown net of non-accrued interest determined on the basis of the interest rate included in the contract, equivalent to an annual rate of 8.7%.

The expiry profile of this contract is as follows.

Minimum leasing payments	12/31/2012			12/31/2011		
	Gross	Interest	Present value	Gross	Interest	Present value
Less than one year	1.220.072	(300.455)	919.617	1.240.990	(343.385)	897.605
Between one and five years	4.368.180	(914.668)	3.453.512	3.957.639	(685.289)	3.272.350
More than five years	-	-	-	860.205	(205.735)	654.470
Total	5.588.252	(1.215.123)	4.373.129	6.058.834	(1.234.409)	4.824.425

7. OTHER NON-FINANCIAL ASSETS

This item mainly corresponds to prepaid expenses, detailed in the table below.

OTHER NON-FINANCIAL ASSETS	Current		Non-Current	
	12/31/2012 Th.CLP	12/31/2011 Th.CLP	12/31/2012 Th.CLP	12/31/2011 Th.CLP
PREPAID EXPENSES				
Leasing (land, property)	11.038.439	9.910.532	1.762.615	1.844.952
Maintenance, support	3.357.643	1.063.907	886.539	66.182
Marketing	136.347	1.045.807	-	1.836.256
Insurance	918.128	1.921.027	918.128	-
Capacity leases	39.430	484.867	-	926.686
Other services	319.118	2.176.588	-	-
Deferred costs for customer installations	84.749	151.669	13.935	35.337
Other	-	-	9.476	9.265
Total	15.893.854	16.754.397	3.590.693	4.718.678

8. TRADE DEBTORS AND OTHER ACCOUNTS RECEIVABLE

The breakdown of these balances is as follows.

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Trade debtors and other accounts receivable, net		
Trade debtors, net, current	268.546.280	246.720.094
Accounts receivable for personnel, net, current	1.585.009	1.156.766
Other accounts receivable, net, current	6.637.669	3.352.780
Accounts receivable for staff, net, noncurrent	1.874.845	3.987.177
Other accounts receivable, net, noncurrent	1.849.771	1.337.057
Total	280.493.574	256.553.874
Trade debtors and other accounts receivable, gross		
Deudores Comerciales, Bruto, Corriente	360.064.548	319.406.050
Cuentas por Cobrar al Personal, Bruto, Corriente	1.585.009	1.156.766
Otras Cuentas por Cobrar, Bruto, Corriente	6.702.317	3.417.428
Cuentas por Cobrar al Personal, Bruto, No Corriente	1.874.845	3.987.177
Otras Cuentas por Cobrar, Bruto, No Corriente	1.849.771	1.337.057
Total	372.076.490	329.304.478

These balances include values with an expire date over greater than one year (noncurrent), with net values of Th. CLP $3,724,616 and Th. CLP $5,324,234 for each period, recorded under Rights Receivable for Noncurrent Assets.

There are no securitized items within the portfolio of trade debtors.

Trade debtors are listed net of provisions for impairment (unrecoverable debts) of Th. CLP $91,518,268 and Th. CLP $72,685,956 at the close of each periods. The breakdown of the gross values of Th. CLP $360,064,548 and Th. CLP $319,406,050 is as follows.

12/31/2012 Portfolio structure	Non-renegotiated portfolio No. of customers	Gross balances Th.CLP	Renegotiated portfolio No. of customers	Gross balances Th.CLP	Total portfolio gross Th.CLP
Up to date	994.412	215.975.037	11.296	8.631.395	224.606.432
1–30 days	389.962	32.504.958	2.124	365.474	32.870.432
31–60 days	185.851	12.630.217	690	115.542	12.745.759
61–90 days	165.574	6.887.977	558	140.985	7.028.962
91–120 days	124.274	5.889.507	546	86.272	5.975.779
121–150 days	131.849	4.938.851	645	94.157	5.033.008
151–180 days	161.863	4.864.049	694	107.198	4.971.247
181–210 days	169.889	6.849.595	941	125.564	6.975.159
211–250 days	161.689	5.200.948	681	116.059	5.317.007
250+ days	1.089.870	50.049.859	10.790	4.490.904	54.540.763
Total	3.575.233	345.790.998	28.965	14.273.550	360.064.548

12/31/2011 Portfolio structure	Non-renegotiated portfolio No. of customers	Gross balances Th.CLP	Renegotiated portfolio No. of customers	Gross balances Th.CLP	Total portfolio gross Th.CLP
Up to date	856.878	208.600.388	9.357	4.221.370	212.821.758
1–30 days	371.961	24.391.305	895	109.749	24.501.054
31–60 days	177.729	8.417.271	885	165.311	8.582.582
61–90 days	165.874	6.353.676	745	195.301	6.548.977
91–120 days	147.654	4.650.188	673	120.669	4.770.857
121–150 days	121.853	3.845.051	710	143.341	3.988.392
151–180 days	116.654	4.705.974	654	119.004	4.824.978
181–210 days	152.728	2.900.165	946	92.014	2.992.179
211–250 days	127.621	9.324.141	863	172.339	9.496.480
250+ days	1.098.275	37.021.433	8.021	3.857.360	40.878.793
Total	3.337.227	310.209.592	23.749	9.196.458	319.406.050

The portfolio structure for trade debtors includes the following values for rejected documents or non-securitized legal collection for each period.

	12/31/2012		12/31/2011	
	No. customers	Gross balances Th.CLP	No. customers	Gross balances Th.CLP
Documents receivable (protested)	8.642	5.685.647	6.950	3.722.754
Documents receivable (legal collection)	442	1.065.550	337	1.036.480
Total	9.084	6.751.197	7.287	4.759.234

Variation in provision for impairment.

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Initial balance	72.685.956	65.870.619
Increase for impairment recorded under income	45.955.470	31.630.145
Withdrawal of impaired financial assets	(26.980.999)	(25.078.979)
Increase (decrease) in foreign currency translation	(142.159)	264.171
Total	91.518.268	72.685.956

The value of services provided but not invoiced is included under Trade Debtors and is Th. CLP $82,726,519 and Th. CLP $73,677,483 for the periods.

The due date for accounts receivable is determined by the due date of individual invoices.

Debt write offs follow the procedures detailed below for each customer segment:

* Consumers – Overdue balances are progressively allocated against expenses in line with their age until reaching 100% of the outstanding balance after a period of 120 days for the expiry of mobile services and 300 days for wireline services.
* Small Medium Enterprise (SME) – For this segment, 100% of the debt is recorded after 120 days for mobile services and 180 days for wireline services
* Corporate – For the corporate segment, 100% of the debt is recorded after 360 days for mobile and wireline services.
* Wholesale – For the wholesale segment, 100% of the debt is recorded after 120 days for mobile and wireline services, subject to the evaluation of debtor solvency.

Guarantees – Real guarantees are requested or credit insurance is contracted for customers or segments with a high risk of having to write off debt. At present, for intermediaries for electronic payments of mobile service usage rights (indirect channel), these risks are mitigated by the requirement for guarantee letters and credit insurance contracts with accredited insurance companies.

Compliance Incentive (Improving Credit) – In the SME segment, the motivation of customers to meet payment terms is influenced by whether they will appear on public or private registers for overdue payment practices (DICOM, Transunion – formerly Databusiness, and SIISA). Additionally, there are differentiated service cut-offs for all segments (Consumers and SME), telephone and in-person collection activities being undertaken prior to prohibiting contract renewal.

Information on Debtors and Other Accounts Receivable by Segment

The main items from the perspective of collection management, considering the combinations of business segment and product, are for mobile services for the consumers segment.

The following tables, in addition to detailing the breakdown for mobile services for the consumer segment, include information for all other segments by service area.

12/31/2012

Stages of arrears	People Segment										Total Debt Gross	Total Impairment	Total Debt Net
	Mobile Services				Wireline Services				Other services				
	Without renegotiation		Renegotiated		Without renegotiation		Renegotiated		Without renegotiation				
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment			
Up to date	77.584.926	-	3.374.903	-	2.850.552	-	23.646	-	-	-	83.834.027	-	83.834.027
1–30 days	4.730.138	2.061.326	107.791	30.990	535.404	91.018	168	28	-	-	5.373.501	2.183.362	3.190.139
31–60 days	4.626.533	3.765.888	50.948	39.154	365.735	106.063	4.950	1.436	-	-	5.048.166	3.912.541	1.135.625
61–90 days	3.148.002	2.895.133	56.243	48.858	271.685	95.090	9.518	3.331	-	-	3.485.448	3.042.412	443.036
91–120 days	2.406.810	2.365.341	44.502	41.311	254.845	127.423	1.434	717	-	-	2.707.591	2.534.792	172.799
121–150 days	2.615.769	2.615.769	45.434	38.619	205.975	113.286	2.824	1.553	-	-	2.870.002	2.769.227	100.775
151–180 days	2.739.449	2.739.449	53.280	45.288	207.865	124.719	8.425	5.055	-	-	3.009.019	2.914.511	94.508
181–210 days	2.384.921	2.384.921	36.095	30.681	140.575	112.460	3.908	3.126	-	-	2.565.499	2.531.188	34.311
211–250 days	2.853.641	2.853.641	57.811	49.139	218.344	174.675	1.484	1.187	-	-	3.131.280	3.078.642	52.638
250+ days	22.323.069	22.323.068	2.115.106	1.975.390	3.037.180	3.020.101	180.354	179.930	-	-	27.655.709	27.498.489	157.220
Total	125.413.258	44.004.536	5.942.113	2.299.430	8.088.160	3.964.835	236.711	196.363	-	-	139.680.242	50.465.164	89.215.078

12/31/2012

Stages of arrears	All other segments										Total Debt Gross	Total Impairment	Total Debt Net
	Mobile Services				Wireline Services				Other services				
	Without renegotiation		Renegotiated		Without renegotiation		Renegotiated		Without renegotiation				
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment			
Up to date	90.876.251	-	4.249.387	-	42.343.723	-	943.927	-	2.359.117	-	140.772.405	-	140.772.405
1–30 days	18.317.675	2.259.655	218.846	13.432	8.804.471	277.571	30.323	1.318	125.616	-	27.496.931	2.551.976	24.944.955
31–60 days	3.975.273	561.506	43.715	9.115	3.419.348	472.731	15.929	2.650	243.328	-	7.697.593	1.046.002	6.651.591
61–90 days	2.116.248	729.147	53.969	20.616	1.256.172	318.223	21.255	4.865	95.870	-	3.543.514	1.072.851	2.470.663
91–120 days	1.992.330	1.072.713	31.722	17.362	1.181.976	374.426	8.614	2.699	53.546	38.695	3.268.188	1.505.895	1.762.293
121–150 days	1.406.730	1.329.524	37.189	33.470	698.459	287.158	8.710	3.718	11.918	11.918	2.163.006	1.665.788	497.218
151–180 days	1.074.363	1.022.688	38.286	34.458	805.462	399.709	7.207	3.808	36.910	36.910	1.962.228	1.497.573	464.655
181–210 days	2.265.073	2.199.192	28.160	25.344	1.964.304	1.704.640	57.401	5.128	94.722	94.722	4.409.660	4.029.026	380.634
211–250 days	1.470.121	1.431.152	42.622	38.360	609.973	312.823	14.142	8.687	48.869	48.869	2.185.727	1.839.891	345.836
250+ days	9.901.329	9.701.331	1.289.887	1.170.412	14.741.364	14.038.054	905.558	887.389	46.916	46.916	26.885.054	25.844.102	1.040.952
Total	133.395.393	20.306.908	6.033.783	1.362.569	75.825.252	18.185.335	2.013.066	920.262	3.116.812	278.030	220.384.306	41.053.104	179.331.202

12/31/2011

Stages of arrears	People Segment										Total Debt Gross	Total Impairment	Total Debt Net
	Mobile Services				Wireline Services				Other services				
	Without renegotiation		Renegotiated		Without renegotiation		Renegotiated		Without renegotiation				
	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment	Gross balances	Impairment			
Up to date	69.856.462	-	1.590.859	-	2.999.907	-	2.739	-	-	-	74.449.967	-	74.449.967
1–30 days	4.980.778	2.504.883	41.581	19.793	454.450	76.377	63	11	-	-	5.476.872	2.601.064	2.875.808
31–60 days	2.654.297	1.784.149	57.380	37.504	287.707	79.634	7.237	2.000	-	-	3.006.621	1.903.287	1.103.334
61–90 days	2.385.682	2.234.717	47.964	44.642	201.738	68.134	1.813	612	-	-	2.637.197	2.348.105	289.092
91–120 days	2.141.150	2.124.069	52.865	52.336	140.351	70.712	2.321	1.170	-	-	2.336.687	2.248.287	88.400
121–150 days	1.740.461	1.740.461	49.269	49.269	155.747	77.467	4.744	2.533	-	-	1.950.221	1.869.730	80.491
151–180 days	1.634.793	1.634.793	47.135	47.135	157.703	92.224	3.067	1.854	-	-	1.842.698	1.776.006	66.692
181–210 days	1.727.276	1.727.276	43.922	43.922	169.135	127.357	5.463	4.125	-	-	1.945.796	1.902.680	43.116
211–250 days	2.071.895	2.071.895	83.228	83.228	207.313	156.570	9.031	6.818	-	-	2.371.467	2.318.511	52.956
250+ days	17.332.651	17.332.650	1.827.397	1.827.396	2.698.004	2.650.673	136.886	134.399	-	-	21.994.938	21.945.118	49.820
Total	106.525.445	33.154.893	3.841.600	2.205.225	7.472.055	3.399.148	173.364	153.522	-	-	118.012.464	38.912.788	79.099.676

12/31/2011

Tramos de Morosidad	Todos los Otros Segmentos										Total Deuda Bruta	Total Deterioro	Total Deuda Neta
	Servicios Moviles				Servicios Fijos				Otros Servicios				
	No Repactada		Repactada		No Repactada		Repactada		No Repactada				
	Saldos Brutos	Deterioro	Saldos Brutos	Deterioro	Saldos Brutos	Deterioro	Saldos Brutos	Deterioro	Saldos Brutos	Deterioro			
Up to date	96.235.017	-	2.064.009	-	37.116.242	-	563.763	-	2.392.760	-	138.371.791	-	138.371.791
1–30 days	8.387.890	1.771.787	63.799	4.078	9.921.453	946.790	4.306	402	646.734	-	19.024.182	2.723.057	16.301.125
31–60 days	2.008.052	287.081	76.970	7.312	3.307.801	693.303	23.724	5.125	159.414	-	5.575.961	992.821	4.583.140
61–90 days	1.626.449	343.752	49.796	6.179	2.106.864	571.909	95.728	27.105	32.943	-	3.911.780	948.945	2.962.835
91–120 days	738.946	455.688	35.598	15.866	1.553.581	742.799	29.885	12.909	76.160	61.671	2.434.170	1.288.933	1.145.237
121–150 days	1.063.414	913.640	58.052	58.052	875.796	409.002	31.276	13.928	9.633	7.800	2.038.171	1.402.422	635.749
151–180 days	1.923.367	1.835.694	33.039	33.039	953.383	399.155	35.763	13.239	36.728	25.252	2.982.280	2.306.379	675.901
181–210 days	514.367	514.367	25.602	25.602	465.338	254.187	17.027	9.393	24.049	21.271	1.046.383	824.820	221.563
211–250 days	406.676	406.676	61.325	61.325	6.635.497	6.307.637	18.755	9.367	2.760	-	7.125.013	6.785.005	340.008
250+ days	7.684.271	7.578.803	880.706	880.706	9.203.993	7.293.514	1.012.371	656.220	102.514	91.543	18.883.855	16.500.786	2.383.069
Total	120.588.449	14.107.488	3.348.896	1.092.159	72.139.948	17.618.296	1.832.598	747.688	3.483.695	207.537	201.393.586	33.773.168	167.620.418

The above figures include services that have been provided and not invoiced: Th. CLP $50,470,479 and Th. CLP $44,869,587 for the consumer segment and Th. CLP $32,256,040 and Th. CLP $28,807,896 for the all other segments for the respective periods.

9. ACCOUNTS RECEIVABLE WITH RELATED ENTITIES

The transactions and balances with retail (individuals) and legal entities related to the aforementioned controlling companies, together with benefits received by directors and key members of the Entel Group are detailed below.

As mentioned in Note 1 a) to these financial statements, the controlling shareholder of Entel Chile S.A. is Inversiones Altel Ltda. (Tax ID 76.242.520-3), which owns 54.76% of stock in circulation. Almendral S.A. (Tax ID 94.270.000-8) directly and indirectly controls 99.99% of Altel Ltda.

Almendral S.A. is controlled by a group of shareholders who signed a joint interest agreement on January 25, 2005. The agreement was signed by the Matte, Fernández León, Hurtado Vicuña, Consorcio, Izquierdo and Gianoli groups.

a) Accounts receivable:

Tax ID	COMPANY	Country of origin	Nature of relationship	Currency	Current	
					12/31/2012 Th.CLP	12/31/2011 Th.CLP
78.549.280-3	Envases Roble Alto S.A.	Chile	Shared director	CLP	-	21.561
79.818.600-0	CMPC Papeles S.A.	Chile	Shared director	CLP	-	-
79.943.600-0	Propa S.A.	Chile	Shared director	CLP	-	3.175
84.552.500-5	Portuaria CMPC S.A.	Chile	Shared director	CLP	-	4.597
86.359.300-K	Sociedad Recuperadora de Papel S.A.	Chile	Shared director	CLP	-	9.175
86457100-K	Sociedad Estacionamientos Américo Vespucio Ltda	Chile	Shared director	CLP	-	51
88.566.900-K	Empresa Distribuidora de Papeles y Cartones S.A.	Chile	Shared director	CLP	-	2.911
89.201.400-0	Envases Impresos S.A.	Chile	Shared director	CLP	-	3.965
89.696.400-3	Empresa de Residuos Resiter S.A.	Chile	Shared director	CLP	-	9.257
90940000-7	Inmobiliaria e Inversiones Varco S.A.	Chile	Shared director	CLP	-	59
91.440.000-7	Forestal Mininco S.A.	Chile	Shared director	CLP	78.282	100.811
91.656.000-1	Industrias Forestales S.A.	Chile	Shared director	CLP	-	10.669
92.177.000-6	Le Grand Chic S.A.	Chile	Shared director	CLP	-	1.340
93.658.000-9	Chilena de Moldeados S.A.	Chile	Shared director	CLP	-	1.159
95.304.000-K	CMPC Maderas S.A.	Chile	Shared director	CLP	81.511	63.578
96.529.310-8	CMPC Tissue S.A.	Chile	Shared director	CLP	30.725	40.467
96.532.330-9	CMPC Celulosa S.A.	Chile	Shared director	CLP	94.548	71.294
96.656.410-5	BICE Vida Compañía de Seguros S.A.	Chile	Shared director	CLP	-	7.867
96.757.710-3	CMPC Productos de Papel S.A.	Chile	Shared director	CLP	-	107
96.768.750-2	Servicios Compartidos CMPC S.A.	Chile	Shared director	CLP	94.488	259.033
96.778.980-1	Soc. Administradora Plaza Central S.A.	Chile	Shared director	CLP	-	2.880
96.853.150-6	Papeles Cordillera S.A.	Chile	Shared director	CLP	-	10.047
96.889.540-0	Dorin Ltda.	Chile	Shared director	CLP	-	599
97.080.000-K	Banco BICE	Chile	Shared director	CLP	-	46.268
96.731.890-6	Cartulinas CMPC S.A.	Chile	Shared director	CLP	-	50.911
99.513410-1	SMB Factoring S.A.	Chile	Shared director	CLP	-	19
99.544240-K	Inmobiliaria Suecia S.A.	Chile	Shared director	CLP	-	10
99.563840-1	Las Garzas S.A.	Chile	Shared director	CLP	-	942
Total					379.554	722.752

As of 2012, transactions and balances for related companies are only reported if the value of transactions proportionally exceeds Th. CLP $150,000 over the year.

b) Transactions:

Companies for which transactions have been made with Chile as country of origin.

Tax ID	Company	Nature of relationship	Description of transaction	12/31/2012		12/31/2011	
				Value Th.CLP	Effect on income (charge/credit)	Value Th.CLP	Effect on income (charge/credit)
91.440.000-7	Forestal Mininco S.A.	Shared director	Services provided	237.660	237.660	229.372	229.372
95.304.000-K	CMPC Maderas S.A.	Shared director	Services provided	220.416	220.416	213.342	213.342
96.529.310-8	CMPC Tissue S.A.	Shared director	Services provided	235.565	235.565	222.790	222.790
96.532.330-9	CMPC Celulosa S.A.	Shared director	Services provided	294.802	294.802	294.478	294.478
96.768.750-2	Servicios Compartidos CMPC S.A.	Shared director	Services provided	1.077.943	1.077.943	1.098.524	1.098.524

Telecommunications services provided to related companies correspond to standard services covered by the Entel Group's business activities (mobile and wireline telephony services, Internet, data services and call center).

c) Remuneration and Benefits Received by Directors and Group Executives:

The parent company is managed by a board of directors with nine members whose remunerations for 2012 and 2011 were Th. CLP $401,142 and Th. CLP $400,759 respectively.

For the same periods, remuneration of top-level staff was Th. CLP $4,665,752 and Th. CLP $7,297,889. These values include annual bonus payments of Th. CLP $1,197,200 and Th. CLP $4,098,366 for each of the periods..

There were 23 executives in each period.

10. INVENTORY

Inventory is primarily composed of mobile telephone handsets and accessories. These are valued according to the accounting criteria described in Note 3 d) and the breakdown is as follows:

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Handsets and accessories for mobile services	65.025.959	62.166.064
Merchandise	384.242	308.000
Work in progress	472.577	583.440
Other Inventory	475.096	34.296
Total	66.357.874	63.091.800

At the close of each period there were no duties on any of the items that compose up inventories.

For mobile handsets, according to the contract changes described in Note 22, which took effect from October 1 2012, the cost of equipment is directly recorded under income when contracts are signed.

During the periods covered by these financial statements, allocations of Th. CLP $159,183,667 and Th. CLP $101,624,554 were recorded under income for sales costs and to supplies and equipments.

During these periods, there have been no allocations against inventories for adjustments to sale value.

During 2012 and 2011, Th. CLP $7,139,316 and Th. CLP $2,455,276 were recorded under income for impairment in the inventories value due to technological and market obsolescence. The values at the end of each period for this item were Th. CLP $6,450,645 and Th. CLP $1,776,231 respectively.

No reversals of impairment recorded in previous years have been made during the period covered by the financial statements.

11. INTANGIBLE ASSETS

This item corresponds to assets represented by licenses, easements, and other items, detailed in the following tables:

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Total intangible assets, Net	**30.371.241**	**31.118.433**
Intangible Assets with a Finite Life, Net	30.371.241	31.118.433
Identifiable Intangible Assets, Net	30.371.241	31.118.433
Patents Trademarks And Other Rights, Net	8.948.392	13.141.890
Other identifiable intangible assets, net	21.422.849	17.976.543
Total Intangible Assets, Gross	**64.762.909**	**60.546.713**
Identifiable Intangible Assets, Gross	64.762.909	60.546.713
Patents Trademarks and Other Rights, Gross	39.024.480	39.148.124
Other Identifiable Intangible Assets, Gross	25.738.429	21.398.589
Total Cumulative Amortization and Impairment, Intangible Assets	**(34.391.668)**	**(29.428.280)**
Cumulative Amortization and Impairment, Identifiable Intangible Assets	(34.391.668)	(29.428.280)
Cumulative Amortization and Impairment, Patents Trademarks and Other Rights	(30.076.088)	(26.006.234)
Cumulative Amortization and Impairment, other Identifiable Intangible Assets	(4.315.580)	(3.422.046)

As of December 31, 2012, the net value of the main components of intangible assets is as follows.

	Net value	Provider	"Term (months)	Residual term (months)
PATENTS, TRADEMARKS AND OTHER RIGHTS:				
Customer relations	5.730.899	CIENTEC and TRANSAM merger	180	144
Easements	2.466.676	Real estate owners	240	157
Fiber optic cable usage rights	598.085	Global crossing	84-168	35–47
Brands	100.219	CIENTEC and TRANSAM merger	48	12
Other	52.513			
Total	8.948.392			
OTHER IDENTIFIABLE INTANGIBLE ASSETS:				
900 MHz band concession	12.764.441	Chilean State	480	453
2,600 MHz band concession (4G tender)	4.254.113	Chilean State	360	358
Wireless license (3.5 MHz)	4.158.337	Peruvian State	240	240
Other	245.958			
Total	21.422.849			

Cumulative losses for impairment included in the above table mainly affect assets for usage rights for fiber optic cable capacities. Cumulative losses for this concept were Th. CLP $2,857,281 as of December 31, 2012. These losses originated in previous years and were mainly adjustments to the recoverable value of these assets caused by a decrease in market demand.

No fully-amortized intangible assets are kept in use.

There are no intangible assets with a restriction on ownership and for which full or partial guarantees have been made.

As of December 31, 2012 there are no commitments for intangible assets purchases.

Changes in the values of intangible assets for 2012 and 2011 are as follows.

Changes 2012	Patents trademarks and other rights, net, Th.CLP	Other identifiable intangible assets, net, Th.CLP	Total identifiable intangible assets, net, Th.CLP
Initial Balance	13.141.890	17.976.543	31.118.433
Additions	-	4.352.628	4.352.628
Amortization	(3.373.823)	(893.534)	(4.267.357)
Loss For Impairment Recorded on Income Statement	(696.031)	-	(696.031)
Increase (Decrease) in Foreign Currency Translation	-	(136.431)	(136.431)
Other Increases (Decreases)	(123.644)	123.643	(1)
Final balance	8.948.392	21.422.849	30.371.241

Changes 2011	Patents trademarks and other rights, net, Th.CLP	Other identifiable intangible assets, net, Th.CLP	Total identifiable intangible assets, net, Th.CLP
Initial Balance	9.837.016	22.828.082	32.665.098
Additions	137.674	1.919.527	2.057.201
Amortization	(3.261.376)	(1.010.948)	(4.272.324)
Increase (Decrease) in Foreign Currency Translation	-	647.140	647.140
Other Increases (Decreases)	6.428.576	(6.407.258)	21.318
Final Balance	13.141.890	17.976.543	31.118.433

Intangible assets are amortized in accordance with the following time scales.

INTANGIBLES		
Assets	Min Life or Rate (years)	Max Life or Rate (years)
Patents Trademarks and Other Rights	4	20
Software	4	4
Other Identifiable Intangible Assets	10	10
Usage Rights for Fiber Optic Cables	15	15

12. GOODWILL

Changes to balances for goodwill are as follows:

Company	Segment	Initial balance 01/01/2011 Th.CLP	Additions	Final balance 12/31/2012 Th.CLP
Entel PCS Telecomunicaciones S.A.	Personas	43.384.200	-	43.384.200
Cientec Computación S.A.	Corporaciones	2.402.281	-	2.402.281
Will S.A.	Personas	156	-	156
Transam Comunicación S.A.	Personas	108.646	-	108.646
Saldo Final, Neto		**45.895.283**	**-**	**45.895.283**

Company	Segment	Initial balance 01/01/2010 Th.CLP	Additions	Final balance 12/31/2011 Th.CLP
Entel PCS Telecomunicaciones S.A.	People	43.384.200	-	43.384.200
Cientec Computación S.A.	Corporations	2.402.281	-	2.402.281
Will S.A.	People	156	-	156
Transam Comunicación S.A.	People	34.837	73.809	108.646
Final Balance, Net		**45.821.474**	**73.809**	**45.895.283**

Goodwill balances are subject to impairment testing at the close of each accounting period, although no such signs have been observed since the date on which they were acquired.

The main balances for goodwill are reflected in the following business mergers:

a) The goodwill from the investment in the subsidiary Entel PCS Telecomunicaciones S.A., originates from the takeover of all the assets and liabilities of the subsidiary Entel Telefonía Personal S.A. when the company was merged with the parent company at the end of 2010.

The assets of the merged company include 94.64% of the equity of Entel PCS Telecomunicaciones S.A. There is also an asset related to goodwill originating from the purchase of the 25% stake held by the unrelated foreign company Propel Inc. (USA) in December 2002.

At the date it was merged with the Entel Group, Entel Telefonía Personal S.A. had almost exclusive control of two subsidiaries that owned concessions on the 1,900 MHz band for digital mobile telephony activities in the country.

The qualitative factors that constitute the goodwill that is recorded include the high potential for growth and profitability expected from the mobile business, the increased flexibility for making investment and operational decisions, particularly considering the exclusion of a foreign minority shareholder linked to the telecommunications equipment manufacturing industry, and the market position of the subsidiary at the time.

The periodic application of the test for the impairment of goodwill considers the current and projected contribution of revenue and profit from the mobile business, how up to date its technology platforms are, together with their capacity, the level of customer satisfaction and market recognition, and the current technical and marketing management.

b) The goodwill originating from the investment in the subsidiary Cientec Computación S.A. has its origins in the purchase of 100% of the shares for this company from their previous shareholders in December 2008. The previous owners were Inversiones Balilia Limitada and Millenium Fondo de Inversiones Privado, both legal entities with no direct or indirect relations to the buyer.

The purpose for the acquisition of this company was to expand the Entel Group's capacity to provide operational continuity services as part of its IT business. Cientec was a company with a strong reputation in providing operational continuity services to SME and corporations, including hosting/housing services, business critical applications, IT center administration, and sale and training platforms.

The qualitative factors that represent the goodwill that is recorded pertain to Cientec's reputation with its customer portfolio, the transfer of its management and greater efficiency due to the increased critical customers mass.

The periodic application of the test for impairment in goodwill considers maintaining and growing market share, the maintenance of service standards and profitability, and the potential for growth of the respective business area.

13. PROPERTY, PLANT AND EQUIPMENT

The breakdown of the gross values, depreciation and net values of the items included under this category at each close period are as follows.

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
total Property, Plant and Equipment, Net	**1.117.450.216**	**1.056.555.054**
Current Construction, Net	271.913.063	184.179.818
Land, Net	9.433.203	9.110.466
Property, Net	90.749.948	95.373.297
Plant and Equipment, Net	719.405.042	735.495.111
It Equipment, Net	11.737.914	15.862.972
Fixed Installations and Accessories, Net	6.519.632	6.241.078
Motor Vehicles, Net	200.837	281.591
Improvements to Leased Assets, Net	1.974.240	3.629.586
Other Property, Plant and Equipment, Net	5.516.337	6.381.135
total Property, Plant and Equipment, Gross	**3.092.313.110**	**2.723.582.450**
Current Construction, Gross	271.913.063	184.179.818
Land, Gross	9.433.203	9.110.466
Property, Gross	212.482.821	209.991.460
Plant and Equipment, Gross	2.337.605.891	2.072.673.714
It Equipment, Gross	86.905.164	78.358.535
Fixed Installations and Accessories, Gross	138.108.939	133.543.606
Motor Vehicles, Gross	802.109	837.744
Improvements to Leased Assets, Gross	16.181.942	16.181.942
Other Property, Plant and Equipment, Gross	18.879.978	18.705.165
total Cumulative Depreciation and Impairment, Property, Plant and Equipment	**(1.974.862.894)**	**(1.667.027.396)**
Cumulative Depreciation and Impairment, Property	(121.732.873)	(114.618.163)
Cumulative Depreciation and Impairment, Plant and Equipment	(1.618.200.849)	(1.337.178.603)
Cumulative Depreciation and Impairment, It Equipment	(75.167.250)	(62.495.563)
Cumulative Depreciation and Impairment, Fixed Installations and Accessories	(131.589.307)	(127.302.528)
Cumulative Depreciation and Impairment, Motor Vehicles	(601.272)	(556.153)
Cumulative Depreciation and Impairment, Improvements to Leased Assets	(14.207.702)	(12.552.356)
Cumulative Depreciation and Impairment, Other	(13.363.641)	(12.324.030)

Transactions in 2012 for property, plant and equipment items are as follows:

		Current Construction	Land	Property, net	Plant and equipment, net	IT equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Improvements to leased assets, net	Other property, plant and equipment, net	Property, plant and equipment, net
Initial balance		**184.179.818**	**9.110.466**	**95.373.297**	**735.495.111**	**15.862.972**	**6.241.078**	**281.591**	**3.629.586**	**6.381.135**	**1.056.555.054**
Transactions	Additions	143.364.170	300.000	231.944	236.718.352	2.694.465	393.660	57.515	-	733.945	384.494.051
	Removals		-	(6.493)	(13.322.725)	-	(59.485)	(37.827)	-	(3.566)	(13.430.096)
	Depreciation Costs		-	(5.458.923)	(287.576.771)	(8.366.881)	(1.599.052)	(100.264)	(1.655.345)	(1.045.406)	(305.802.642)
	Loss for impairment recorded on income statement		-	-	(4.131.178)	-	(47.957)	-	-		(4.179.135)
	Increase (decrease) in foreign currency translation		(11.762)	(15.977)	(166.750)	(14.563)	(26.765)	(178)	-	(51.653)	(279.951)
	Other increases (decreases)		34.499	626.100	52.389.003	1.561.921	1.618.153	-	(1)	(498.118)	92.935
	Transactions, total		322.737	(4.623.349)	(16.090.069)	(4.125.058)	278.554	(80.754)	(1.655.346)	(864.798)	-
Final balance		271.913.063	9.433.203	90.749.948	719.405.042	11.737.914	6.519.632	200.837	1.974.240	5.516.337	1.117.450.216

Transactions in 2011 for property, plant and equipment items are as follows:

		Current Construction	Land	Property, net	Plant and equipment, net	IT equipment, net	Fixed installations and accessories, net	Motor vehicles, net	Improvements to leased assets, net	Other property, plant and equipment, net	Property, plant and equipment, net
Initial balance		**89.515.774**	**9.222.010**	**101.723.566**	**736.360.830**	**22.618.177**	**7.872.004**	**375.868**	**5.222.790**	**5.546.124**	**978.457.143**
Transactions	Additions	126.818.750	-	308.641	231.668.740	2.923.206	378.404	19.985	6.744	1.687.725	363.812.195
	Acquisitions through business mergers			-		-	-	-	-		0
	Removals		-	-	(13.900.090)	(85)	-	(95.291)	-	(4.572)	(14.000.038)
	Depreciation Costs		-	(5.449.281)	(244.803.492)	(9.866.679)	(1.776.949)	(126.356)	(2.293.898)	(1.209.695)	(265.526.350)
	Loss for impairment recorded on income statement		-	-	(6.416.111)	(624)	-	-	-	-	(6.416.735)
	Increase (decrease) in foreign currency translation		60.831	80.012	730.922	40.603	102.951	730	-	(453.761)	562.288
	Other increases (decreases)		(172.375)	(1.289.641)	31.854.312	148.374	(335.332)	106.655	693.950	815.314	(333.449)
	Transactions, total		(111.544)	(6.350.269)	(865.719)	(6.755.205)	(1.630.926)	(94.277)	(1.593.204)	835.011	-
Final balance		184.179.818	9.110.466	95.373.297	735.495.111	15.862.972	6.241.078	281.591	3.629.586	6.381.135	1.056.555.054

During 2012 and 2011, no interest has arisen from work in progress and associated materials, in line with the policy described in Note 3 f).

The net balances for property, plant and equipment acquired under financial leasing are provided below.

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Property under Financial Leasing, Net	14.481.208	14.903.504
It Equipment under Financial Leasing, Net	-	31.846
Total Property, Plant and Equipment under Financial Leasing, Net	**14.481.208**	**14.935.350**

Leased real estate comprises real estate lease contracts for the main offices of the Group.

The terms of lease agreements for leased assets are as follows.

	Start date	End date
Pacífico Building (Floors 9–14)	May 95	April 2015
Stores	February 1998	February 2018
Costanera Building (Floor 15)	September 1998	August 2018
Costanera Building (Floors 12–14)	December 1998	November 2018

Group companies have procedures designed to detect any impairment in the value of property, plant and equipment assets.

Policies for determining impairment in the value of property, plant and equipment are based on a continuous analysis of impairment indicators. When these are positive, the recovery values of the impacted assets are estimated.

For the purposes of this analysis, asset control systems with varying degrees of component detail and integration with service technology platforms are used.

The values recorded under losses for this concept during 2012 and 2011 are originated from the decommissioning of equipment due to changes in technology and reductions in its recoverable value due to prices reduction of certain services, customer equipment with an extremely low likelihood of being reused or transferred, and equipment for which the remaining useful life exceeds the estimated economic use period.

Impairment in the value of property, plant and equipment that has affected income is as follows.

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Losses from Impairment, Property, Plant and Equipment	4.179.135	6.416.735
Total Losses from Impairment	4.179.135	6.416.735

The components affected by impairment are detailed below.

Asset description	Cumulative 01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Customer Installations	2.503.970	973.000
Assets in Warehouses	1.300.000	5.019.000
Equipment	75.165	104.601
Network Components	300.000	320.134
Total	4.179.135	6.416.735

Las depreciaciones promedio aplicadas, son las siguientes:

Assets	Min Life or Rate (years)	Max Life or Rate (years)
Property	20	50
Plant and Equipment		
External Plant	10	20
Mobile Handsets	1	1
Subscriber Equipment	3	7
It Equipment	3	4
Fixed Installations and Accessories	3	10
Motor Vehicles	3	7
Improvements to Leased Assets	5	5
Other Property, Plant and Equipment	5	10

In terms of assets that have reached the end of their useful accounting life, the recoverable or potential reimbursement values from transfers have not been calculated due to the difficulty of predicting their supplementary period of economic efficiency, primarily because technological risk has risen with their usefull life.

There are no assets with restrictions on ownership, except standard restrictions for assets under financial leasing; nor have full or partial guarantees been made on any of these.

Commitments to purchase property, plant and equipment as of December 31, 2012 and 2011, including purchase orders with suppliers and contracts for civil engineering works, totaled Th.CLP $3,881,424 and Th.CLP $20,792,266 respectively.

This item does not include any elements of significant value that are out of service.

The gross value of inactive materials, which, having being fully depreciated are still to some extent in use, is Th.CLP $595,007,914. In general, these are assets with a high level of technological obsolescence, whose decommissioning or replacement becomes economically feasible upon termination of the services for which they are being used, increases in fault rates, the withdrawal of technological support from the manufacturer, or other circumstances. These assets are not evaluated at their use value in light of the uncertainty in the remaining periods of use.

At the end of 2009, the Telecommunications Development Fund, administered by the Ministry of Transport and Telecommunications, awarded the Digital Infrastructure Project for Competitiveness and Innovation to Entel, which will see mobile Internet delivered to 1,400 areas throughout the length of Chile.

In the context of this project, at the close of the 2012 financial year, work had been carried out to the value of Th.CLP $72,458,226. In line with the terms agreed with the government, subsidies of Th.CLP $24,647,675 had been received, Th.CLP $23,648,020 of which has been allocated as the lowest value of the work carried out and Th.CLP $758,816 of which has been retained for advance payments for work to be executed or currently being received.

Plant and Equipment includes equipment provided to postpaid customers for Th.CLP $44,786,992 and Th.CLP $57,180,514, as of December 31, 2012 and 2011, respectively. The base of handsets as of December 31, 2012 will continue to be depreciated in line with the remaining useful lives, as indicated in Note 22 d).

14. INCOME TAX AND DEFERRED TAX

a) General Information

Income tax provisions made by each Group company for income up to December 31, 2012 and 2011, are offset against the monthly provisional tax payments that must be made by these companies.

The cumulative payments of these companies with credit balances are Th.CLP $2,998,748 and Th.CLP $596,566 as of December of each year. These values are listed under current assets and categorized as Tax Assets.

Negative balances totaled Th.CLP $5,718,341 and Th.CLP $7,951,010 at the close of each period and these are listed under current liabilities as Tax Liabilities.

As of December 31, 2012, the Taxable Profits Ledger established by income tax legislation to record tax credits in favor of shareholders, conferred at the moment when dividends are distributed and charged against cumulative profits, is as follows for each of the Group companies.

Companies	Profits (with credit) 20%	Profits (with credit) 17%	Profits (without credit)	Value of credit
Entel PCS Telecomunicaciones S.A.	342.407.994	43.328.925	43.357.195	94.476.635
Empresa Nacional de Telecomuncaciones S.A.	76.859.430	114.003.954	10.666.761	42.565.350
Entel Inversiones S.A.	933.262	32.594.722	312.137	6.909.336
Entel Comercial S.A.	11.287.047	1.250.808	2.375.470	3.077.950
Transam S.A.	450.614	563.708	580.586	410.554
Entel Call Center S.A.	1.318.967	1.249.235	150.190	585.609
Entel Servicios Telefónicos S.A.	319.258	1.836.398	341.788	455.942
Entel Telefonía Local S.A.	2.662.883	-	484.961	665.721
Total Th.CLP	436.239.455	194.827.750	58.269.088	149.147.097

b) Deferred tax

The composition of deferred tax assets and liabilities established under the policy described in Note 3 k), according to the items from which they have originated, is as follows.

Item	12/31/2012		12/31/2011	
	Asset Th.CLP	Liability Th.CLP	Asset Th.CLP	Liability
Depreciation Property, Plant and Equipment	13.797.981	585.265	2.750.929	3.281.395
Intangible Amortizations	676.418	3.098.921	752.329	3.647.395
Accumulations (or Accruals)	7.498.713	-	5.569.654	-
Provisions	2.275.515	7.784	766.421	-
Impairment Property, Plant and Equipment	9.146.022	342.338	8.101.744	-
Impairment Accounts Receivable (Unrecoverable)	18.317.861	9.977	12.938.968	-
Adjustment of Derivative Contracts to Market Value	-	97.047	182.748	865.869
Assets/Liabilities at Amortized Cost	-	1.084.969	-	425.978
Deferred Revenue	6.473.641	-	6.861.072	-
Assets Acquired Under Financial Leasing	1.601.213	2.896.242	1.610.623	2.539.010
Assets Sold under Financial Leasing	427.373	874.626	417.293	841.956
Tax Losses	975.634	-	989.424	-
Other	4.217.753	95.889	1.925.392	106.686
Totals	65.408.124	9.093.058	42.866.597	11.708.289

c) Unrecorded Deferred Tax Assets

For some subsidiaries, deferred tax assets principally associated with rights to apply tax losses to future profits have not been recorded. The unrecorded assets, which do not have expiry dates are Th.CLP $4,758,309 and Th.CLP $4,809,577 for the respective periods.

d) Expense (Revenue) for Income Tax by Current and Deferred Parts

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
CURRENT INCOME TAX EXPENDITURE		
Expenditure For (Income From) Current Tax	56.924.599	51.859.909
Other Current Tax Expenditure (Revenue)	(179.951)	(473.861)
Current Tax Expenditure, Net, Total	**56.744.648**	**51.386.048**
Deferred Income Tax Expenditure		
Deferred Expenditure (Revenue) for Tax Related to the Creation and Reversal of Temporary Differences	(20.331.471)	(11.682.825)
Expenditure (Revenue) for Taxes Related to Changes in the Tax Structure or New Taxes	(5.070.944)	-
Other Expenditure (Revenue) for Deferred Taxes	-	(1.143.367)
Deferred Tax Expenditure (Revenue), Net, Total	**(25.402.415)**	**(12.826.192)**
Total Expenditure (Revenue) for Income Tax	31.342.233	38.559.856

e) Reconciliation of Legal and Effective Tax Rates (Values)

For each period, the reconciliation of expenditure based on the legal and effective rates is as follows.

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Cost of Tax Using Legal Rate	**39.912.588**	**43.892.380**
Tax Effect of Rates in Other Jurisdictions	(108.538)	(26.225)
TAX EFFECT OF PERMANENT DIFFERENCES		
Adjustments/Fluctuation of Tax Investments	648.992	2.144.983
Own Capital Currency Correction	(4.707.107)	(7.159.204)
Tax Effects From Subsidiary Merger	-	(1.143.367)
Tax Contribution Calculated with Applicable Rate	(5.241.755)	1.674.936
Other Increases (Decreases) in Expenditure for Legal Taxes	838.053	(823.647)
Adjustments to Cost of Tax Using Legal Rate, Total	**(8.570.355)**	**(5.332.524)**
Cost Of Tax Using Effective Rate	31.342.233	38.559.856

f) Reconciliation of Legal and Effective Tax Rates (Percentage)

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Legal Tax Rate	**20,00%**	**20,00%**
Tax Effect of Rates in Other Jurisdictions	-0,05%	-0,01%
EFFECT ON TAX RATE OF		
Adjustments/Fluctuation of Tax Investments	0,33%	0,98%
Own Capital Currency Correction	-2,37%	-3,27%
Tax Effects from Subsidiary Merger	-	-0,52%
Tax Contribution Calculated with Applicable Rate	-2,64%	0,76%
Other Increases (Decreases) in Expenditure for Legal Taxes	0,52%	-0,36%
Adjustments to the Legal Tax Rate, Total	**-4,21%**	**-2,42%**
Effective Tax Rate	15,79%	17,58%

The tax rate used for the 2012 reconciliation is the corporate tax rate of 20%, which must be paid by entities on their taxable profits under current tax regulations.

On September 27, 2012, Act 20,630 was published in the Official Gazette of the Republic of Chile, which aims to provide more resources to finance educational reform. Article 1 of this act sets the rate for corporate tax at 20%, with the changes taking effect from the 2012 financial year.

15. OTHER FINANCIAL LIABILITIES

The breakdown of this category for each period is given in the following table.

OTROS PASIVOS FINANCIEROS	12/31/2012 Th.CLP	12/31/2011 Th.CLP
CURRENT		
Interest Accruing Loans	3.130.589	987.193
Creditors for Financial Leasing	1.785.360	1.644.813
Non-Hedge Derivatives	23.059.425	15.799.808
Hedge Derivatives	72.155	152.227
Current Subtotal	**28.047.529**	**18.584.041**
NONCURRENT		
Interest Accruing Loans	380.418.653	311.422.507
Creditors for Financial Leasing	6.655.929	8.239.236
Non-Hedge Derivatives	64.768	-
Hedge Derivatives	20.597.548	33.842.271
Noncurrent Subtotal	**407.736.898**	**353.504.014**
Total Other Financial Liabilities	435.784.427	372.088.055

a) Interest Accruing Loans – As of December 31, 2012, outstanding bank loans were as follows.

* Syndicated loan managed by Citibank N.A. taken out in August 2007 for USD $600 million over seven years, with amortizations of USD $200 million due in June 2012, 2013 and 2014. The current balance is USD $200 million at an interest rate of Libor USD 90 days + 0.325%.
* Joint loan provided by the Bank of Tokyo-Mitsubishi UFJ, Ltd and Scotiabank & Trust (Cayman) Ltd taken out in December 2011 for USD $200 million for three years, with the full amount payable at the end of the period. The current balance is USD $200 million at an interest rate of Libor USD 90 days + 0.95%.
* Joint loan provided by the Bank of Tokyo-Mitsubishi UFJ, Ltd., HSBC Bank USA, Mizuho Corporate Bank, Ltd and Scotiabank & Trust (Cayman) Ltd provided in September 2012 for USD $400 million for five years and with amortizations of USD $100 million in September 2015, USD $150 million in September 2016, and USD $150 million in September 2017. The current balance is USD $400 million at an interest rate of Libor USD 90 days + 1.30%.

b) Hedge Derivatives (Cash flow) – This item corresponds to the market value of derivative contracts classified as exchange and interest rate hedges and Cross Currency Swaps (CCS) for the syndicated loan managed by Citibank N.A. The CCS contracts include the substitution of obligations for USD $86.6 million at a rate of Libor 90 days + 0.325% for obligations in the national currency index of UF 2,246,000 and Th.CLP $11,300,000, with both rates fluctuating between 2.95% and 5.58%.

c) Derivatives at Fair Value with Change in Income – This item includes foreign exchange futures contracts (FR), with a purchase obligation of USD $650 million and EUR €3 million for Th.CLP $327,521,655.
The item also includes CCS contracts due in June 2013 for the substitution of obligations of USD $86.6 million for obligations in the national currency index of UF 2,246,000 and Th.CLP $11,300,000, with both rates fluctuating between 2.95% and 5.58%.

To calculate the market value of derivative instruments, flows are discounted in line with variables quoted on active markets (interest rates). This means the market values determined are classified under the second level of the IFRS 7 hierarchy.

The schedule of expiry dates for the total balance of Other Financial Liabilities and Trade and Other Accounts Payable is provided in the following table for the close of each accounting period. The information is presented comparing accounting values (fair value or amortized cost, where applicable), with nominal values (projected flows at nominal value).

EXPIRY OF FINANCIAL LIABILITIES 31/12/2012

Creditor	Type of Liability	NOMINAL VALUES Total debt Th.CLP	Term in days 0–90 days	91 days – 1 year	Term in years 1–3	3–5	5+	ACCOUNTING VALUES Total debt Th.CLP	Term in days 0–90 days	91 days – 1 year	Term in years 1–3	3–5	5+
Banco de Crédito e Inversiones	Loans	2.653.478	2.653.478	-	-	-	-	2.653.478	2.653.478	-	-	-	-
Citibank N.A. (sindicado)	Loans	96.894.197	203.503	468.057	96.222.637	-	-	95.748.128	23.631	-	95.724.497	-	-
The Bank of Tokyo-Mitsubishi UFJ, Ltd (deal)	Loans	100.269.328	459.482	1.056.809	62.083.385	36.669.652	-	94.506.694	53.494	-	59.302.836	35.150.364	-
Scotiabank & Trust (Cayman) Ltd (deal)	Loans	100.269.318	459.480	1.056.806	62.083.382	36.669.650	-	94.506.694	53.494	-	59.302.836	35.150.364	-
Mizuho Corporate Bank, Ltd.	Loans	51.072.955	257.739	592.799	13.552.765	36.669.652	-	46.986.142	30.013	-	11.805.764	35.150.365	-
HSBC Bank USA, National Association	Loans	51.072.955	257.739	592.799	13.552.765	36.669.652	-	46.986.142	30.013	-	11.805.764	35.150.365	
Claro Infraestructura S.A. (Telmex S.A.)	Loans	2.902.414	483.736	-	967.471	967.471	483.736	2.161.964	-	286.466	653.733	778.477	443.288
Deutsche Bank (Chile)	Hedge derivatives	20.403.690	326.950	10.200.025	9.876.715	-	-	18.798.280	50.896	9.355.685	9.391.699	-	-
Banco Santander - Chile	Hedge derivatives	10.243.020	164.758	5.116.934	4.961.328	-	-	9.446.280	25.648	4.700.341	4.720.291	-	-
Banco de Chile	Hedge derivatives	1.690.851	106.778	847.205	736.868	-	-	1.300.904	16.618	644.498	639.788	-	-
Scotiabank Chile	Hedge derivatives	10.475.904	171.462	5.233.190	5.071.252	-	-	9.673.054	26.691	4.808.000	4.838.363	-	-
Scotiabank Chile	Hedge derivatives	2.737.065	157.132	1.371.151	1.208.782	-	-	2.086.922	24.457	1.055.058	1.007.407	-	-
Banco de Crédito e Inversiones	Non-hedge derivatives	1.812.995	114.250	1.116.605	582.140	-	-	464.553	76.142	369.543	18.868	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Non-hedge derivatives	3.604.510	123.200	1.508.400	1.972.910	-	-	743.066	107.599	621.165	14.302	-	-
Corpbanca	Non-hedge derivatives	2.253.965	52.700	165.195	2.036.070	-	-	211.765	43.771	136.396	31.598	-	-
Banco de Chile	Non-hedge derivatives	315.980	183.100	132.880	-	-	-	159.102	118.753	40.349	-	-	-
Banco Santander - Chile	Non-hedge derivatives	1.651.650	-	1.211.870	439.780	-	-	70.603	-	70.603	-	-	-
Banco del Estado de Chile	Non-hedge derivatives	1.019.835	-	351.125	668.710	-	-	133.563	-	133.563	-	-	-
HSBC Bank (Chile)	Non-hedge derivatives	979.855	250.000	729.855	-	-	-	358.470	223.932	134.538	-	-	-
Scotiabank Chile	Non-hedge derivatives	735.950	-	735.950	-	-	-	113.469	-	113.469	-	-	-
Nbank of America N.A.	Non-hedge derivatives	420.080	97.160	322.920	-	-	-	77.681	77.681	-	-	-	-
JP Morgan Chase Bank, N.A.	Non-hedge derivatives	544.625	-	422.490	122.135	-	-	74.518	-	74.518	-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Non-hedge derivatives	40.080	40.080	-	-	-	-	22.273	22.273	-	-	-	-
Corpbanca	Non-hedge derivatives	31.910	31.910	-	-	-	-	22.431	22.431	-	-	-	-
Banco de Chile	Non-hedge derivatives	9.480	9.480	-	-	-	-	6.184	6.184	-	-	-	-
Banco Santander - Chile	Non-hedge derivatives	11.925	11.925	-	-	-	-	6.161	6.161	-	-	-	-
Banco del Estado de Chile	Non-hedge derivatives	6.650	6.650	-	-	-	-	3.826	3.826	-	-	-	-
HSBC Bank (Chile)	Non-hedge derivatives	21.270	21.270	-	-	-	-	15.955	15.955	-	-	-	-
Scotiabank Chile	Non-hedge derivatives	6.490	6.490	-	-	-	-	4.836	4.836	-	-	-	-
Consorcio Nacional de Seguros S.A.	Financial Leasing	7.739.670	476.839	1.430.517	3.149.548	1.835.990	846.776	6.388.513	351.196	1.095.061	2.569.462	1.560.610	812.184
Chilena Consolidada Seguros de Vida S.A.	Financial Leasing	1.267.868	55.935	167.806	447.483	447.483	149.161	1.013.431	35.595	111.213	331.797	390.110	144.716
Banco Bice	Financial Leasing	878.876	42.526	127.579	340.210	340.210	28.351	717.563	28.324	88.449	263.514	309.208	28.068
Bice Vida Cía. de Seguros de Vida S.A.	Financial Leasing	369.685	24.110	72.330	192.879	80.366	-	321.782	18.370	57.152	168.509	77.751	-
Cuentas por pagar Comerciales y Otras	Commercial credit	373.510.494	373.510.494	-	-	-	-	373.510.494	373.510.494	-	-	-	-
TOTALS		847.919.018	380.760.356	35.031.297	280.269.215	150.350.126	1.508.024	809.294.921	377.661.956	23.896.067	262.591.028	143.717.614	1.428.256

EXPIRY OF FINANCIAL LIABILITIES 31/12/2011

		NOMINAL VALUES						ACCOUNTING VALUES					
Creditor	Type of Liability	Total debt Th.CLP	Term in days		Term in years			Total debt Th.CLP	Term in days		Term in years		
			0–90 days	91 days – 1 year	1–3	3–5	5+		0–90 days	91 days – 1 year	1–3	3–5	5+
Banco de Crédito e Inversiones	Loans	448.197	448.197	-	-	-	-	448.197	448.197		-	-	-
Citibank N.A. (sindicado)	Loans	211.306.353	506.934	1.360.268	209.439.151	-	-	206.949.289	75.803		206.873.486		
The Bank of Tokyo-Mitsubishi UFJ, Ltd (deal)	Loans	53.293.443	136.209	340.067	52.817.167	-	-	51.164.797	51.974		51.112.823		
Scotiabank & Trust (Cayman) Ltd (deal)	Loans	53.293.443	136.209	340.067	52.817.167	-	-	51.164.797	51.974		51.112.823		
Banco de Crédito e Inversiones	Loans	341.752	29.292	87.878	224.582	-	-	316.176	25.250	77.766	213.160		
Claro Infraestructura S.A. (Telmex S.A.)	Loans	3.305.099	472.157	-	944.314	944.314	944.314	2.366.444	256.229		584.731	696.308	829.176
Deutsche Bank (Chile)	Hedge derivatives	17.622.114	344.410	885.165	16.392.539	-	-	15.836.513	52.928		15.783.585		
Banco Santander - Chile	Hedge derivatives	8.863.497	173.675	446.361	8.243.461	-	-	7.969.026	26.686		7.942.340		
Banco de Chile	Hedge derivatives	1.506.385	120.646	307.908	1.077.831	-	-	801.597	18.175		783.422		
Scotiabank Chile	Hedge derivatives	8.910.091	181.357	433.424	8.295.310	-	-	8.215.454	27.850		8.187.604		
Scotiabank Chile	Hedge derivatives	2.341.189	176.306	449.520	1.715.363	-	-	1.171.908	26.588		1.145.320		
Deutsche Bank (Chile)	Non-hedge derivatives	7.947.800	172.205	7.775.595	-	-	-	7.639.044	26.464	7.612.580	-	-	-
Banco Santander - Chile	Non-hedge derivatives	3.996.417	86.837	3.909.580	-	-	-	3.823.393	13.343	3.810.050	-	-	-
Scotiabank Chile	Non-hedge derivatives	4.104.206	90.678	4.013.528	-	-	-	3.920.424	13.925	3.906.499	-	-	-
Banco Bice	Non-hedge derivatives	49.000	-	49.000	-	-	-	0			-	-	-
Banco de Crédito e Inversiones	Non-hedge derivatives	1.059.480	184.000	875.480	-	-	-	168.039	168.039		-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Non-hedge derivatives	244.250	76.050	168.200	-	-	-	56.847	56.847		-	-	-
Corpbanca	Non-hedge derivatives	140.725	63.225	77.500	-	-	-	50.366	50.366		-	-	-
Banco de Chile	Non-hedge derivatives	162.780	98.280	64.500	-	-	-	97.118	97.118		-	-	-
Banco Santander - Chile	Non-hedge derivatives	1.800	1.800	-	-	-	-	0			-	-	-
Banco del Estado de Chile	Non-hedge derivatives	352.950	-	352.950	-	-	-	0			-	-	-
HSBC Bank (Chile)	Non-hedge derivatives	190.700	-	190.700	-	-	-	0			-	-	-
JP Morgan Chase Bank, N.A.	Non-hedge derivatives	89.400	7.500	81.900	-	-	-	7.580	3.997	3.583	-	-	-
Banco de Crédito e Inversiones	Non-hedge derivatives	1.140	1.140	-	-	-	-	54	54		-	-	-
Banco Bilbao Vizcaya Argentaria, Chile	Non-hedge derivatives	4.600	4.600	-	-	-	-	1.676	1.676		-	-	-
Corpbanca	Non-hedge derivatives	500	500	-	-	-	-	0			-	-	-
Deutsche Bank (Chile)	Non-hedge derivatives	30.000	30.000	-	-	-	-	20.719	20.719		-	-	-
Banco del Estado de Chile	Non-hedge derivatives	6.780	6.780	-	-	-	-	0			-	-	-
HSBC Bank (Chile)	Non-hedge derivatives	21.150	21.150	-	-	-	-	11.314	11.314		-	-	-
Scotiabank Chile	Non-hedge derivatives	11.240	11.240	-	-	-	-	3.234	3.234		-	-	-
Consorcio Nacional de Seguros S.A.	Financial Leasing	9.447.934	497.248	1.396.275	3.723.401	2.108.482	1.722.528	7.574.475	349.220	989.662	2.936.271	1.713.240	1.586.082
Chilena Consolidada Seguros de Vida S.A.	Financial Leasing	1.455.908	54.597	163.790	436.772	436.772	363.977	1.121.327	32.042	100.110	298.671	351.163	339.341
Banco Bice	Financial Leasing	1.023.873	41.508	124.525	332.067	332.067	193.706	805.608	25.522	79.698	237.442	278.616	184.330
Bice Vida Cía. de Seguros de Vida S.A.	Financial Leasing	454.968	23.533	70.598	188.263	172.574	-	382.639	16.677	51.882	152.972	161.108	-
Cuentas por pagar Comerciales y Otras	Commercial credit	326.224.772	326.224.772	-	-	-	-	326.224.772	326.224.772		-	-	-
TOTALS		718.253.936	330.423.035	23.964.779	356.647.388	3.994.209	3.224.525	698.312.827	328.176.983	16.631.830	347.364.650	3.200.435	2.938.929

For evaluation purposes, the profiles of the expiry dates for nominal flows of Other Financial Assets detailed in the table above has taken into account capital and interest payment flows (without discounting values) for financial debts and the compensation value of financial derivatives with negative balances in line with the exchange rates at the close of the period.

The breakdown of Other Financial Liabilities included in the above tables is provided below, detailing each of the debtor Group companies, alongside the respective creditor, country of origin and the financial conditions for these liabilities.

On 12/31/2012									
Debtor Tax ID	Debtor Entity	Debtor Country	Creditor Tax ID	Creditor	Creditor Country	Currency	Type of Amortization	Effective Rate	Nominal Rate
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	CLP	Monthly	8,64%	Current
92.580.000-7	Entel S.A.	Chile	0-E	Citibank N.A. (sindicado)	Estados Unidos	USD	Deferred annual	5,02%	Libor USD90 d + 0,325%
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Tokyo-Mitsubishi UFJ, Ltd (deal)	Estados Unidos	USD	Deferred annual	2,24% ; 2,83%	Libor USD90 d + 0,95% ; 1,3%
92.580.000-7	Entel S.A.	Chile	0-E	Scotiabank & Trust (Cayman) Ltd (deal)	Islas Caimán	USD	Deferred annual	2,24% ; 2,83%	Libor USD90 d + 0,95% ; 1,3%
92.580.000-7	Entel S.A.	Chile	0-E	Mizuho Corporate Bank, Ltd.	Estados Unidos	USD	Deferred annual	2,83%	Libor USD 90D + 1,3%
92.580.000-7	Entel S.A.	Chile	0-E	HSBC Bank USA, National Association	Estados Unidos	USD	Deferred annual	2,83%	Libor USD 90D + 1,3%
92.580.000-7	Entel S.A.	Chile	88.381.200-K	Claro Infraestructura S.A. (Telmex S.A.)	Chile	UF	Annual	9,12%	8,70%
92.580.000-7	Entel S.A.	Chile	96.929.050-2	Deutsche Bank (Chile)	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	CLP	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	CLP		-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.023.000-9	Corpbanca	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97..030.000-7	Banco del Estado de Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.951.000-4	HSBC Bank (Chile)	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	0-E	Nbank of America N.A.	Estados Unidos	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.023.000-9	Corpbanca	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97..030.000-7	Banco del Estado de Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.951.000-4	HSBC Bank (Chile)	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	99.012.000-5	Consorcio Nacional de Seguros S.A.	Chile	UF	Monthly	8,03%	8,03%
92.580.000-7	Entel S.A.	Chile	99.185.000-7	Chilena Consolidada Seguros de Vida S.A.	Chile	UF	Monthly	8,43%	8,43%
92.580.000-7	Entel S.A.	Chile	97.080.000-k	Banco Bice	Chile	UF	Monthly	8,32%	8,32%
92.580.000-7	Entel S.A.	Chile	96.656.410-5	Bice Vida Cía. de Seguros de Vida S.A.	Chile	UF	Monthly	7,52%	7,52%

On 12/31/2011									
Debtor Tax ID	Debtor Entity	Debtor Country	Creditor Tax ID	Creditor	Creditor Country	Currency	Type of Amortization	Effective Rate	Nominal Rate
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	CLP	Monthly	6,37%	Current + 1.2%
92.580.000-7	Entel S.A.	Chile	0-E	Citibank N.A. (sindicado)	Estados Unidos	USD	Deferred annual	5,02%	Libor USD90 d + 0,275%
92.580.000-7	Entel S.A.	Chile	0-E	The Bank of Tokyo-Mitsubishi UFJ, Ltd (deal)	Estados Unidos	USD	Deferred annual	2,24%	Libor USD90 d + 0,95%
92.580.000-7	Entel S.A.	Chile	0-E	Scotiabank & Trust (Cayman) Ltd (deal)	Islas Caimán	USD	Deferred annual	2,24%	Libor USD90 d + 0,95%
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	UF	Monthly	5,41%	5,41%
92.580.000-7	Entel S.A.	Chile	88.381.200-K	Claro Infraestructura S.A. (Telmex S.A.)	Chile	UF	Annual	9,12%	8,70%
92.580.000-7	Entel S.A.	Chile	96.929.050-2	Deutsche Bank (Chile)	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-K	Banco Santander - Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	CLP	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	96.929.050-2	Deutsche Bank (Chile)	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-K	Banco Santander - Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	UF	Deferred annual	-	-
92.580.000-7	Entel S.A.	Chile	97.080.000-K	Banco Bice	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.023.000-9	Corpbanca	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.004.000-5	Banco de Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.036.000-k	Banco Santander - Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.951.000-4	HSBC Bank (Chile)	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	97.043.000-8	JP Morgan Chase Bank, N.A.	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.006.000-6	Banco de Crédito e Inversiones	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria, Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.023.000-9	Corpbanca	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	96.929.050-2	Deutsche Bank (Chile)	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.030.000-7	Banco del Estado de Chile	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.951.000-4	HSBC Bank (Chile)	Chile	CLP	-	-	-
96.806.980-2	Entel PCS S.A.	Chile	97.018.000-1	Scotiabank Chile	Chile	CLP	-	-	-
92.580.000-7	Entel S.A.	Chile	99.012.000-5	Consorcio Nacional de Seguros S.A.	Chile	UF	Monthly	8,03%	8,03%
92.580.000-7	Entel S.A.	Chile	99.185.000-7	Chilena Consolidada Seguros de Vida S.A.	Chile	UF	Monthly	8,43%	8,43%
92.580.000-7	Entel S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	Monthly	8,32%	8,32%
92.580.000-7	Entel S.A.	Chile	96.656.410-5	Bice Vida Cía. de Seguros de Vida S.A.	Chile	UF	Monthly	7,52%	7,52%

Liquidity risks are controlled by financial planning that takes into account debt policies and potential third party financing sources of finance. The low level of debt held by Group companies and access to national and international finance through bank loans and issuing debt securities makes it possible to reduce long-term liquidity risks, with the exception of systematic alterations in the financial markets.

The previously included tables of expiry dates include a range of obligations for financial leasing contracts with the following expiry profiles.

Minimum leasing payments	12/31/2012			12/31/2011		
	Gross	Interest	Present value	Gross	Interest	Present value
Less than one year	2.397.643	(612.283)	1.785.360	2.372.074	(727.261)	1.644.813
Between one and five years	6.834.171	(1.163.210)	5.670.961	7.730.398	(1.600.915)	6.129.483
More than five years	1.024.289	(39.321)	984.968	2.280.211	(170.458)	2.109.753
Total	10.256.103	(1.814.814)	8.441.289	12.382.683	(2.498.634)	9.884.049

The parent company still holds two contracts to issue dematerialized bearer bonds up to a maximum value of UF 5 million each (equivalent to Th.CLP $114,203,750), with terms of 10 and 30 years, respectively. There are also Supplementary Deeds that establish specific conditions for their issue in line with the provisions of the respective contracts.

The bond issue contracts are a strong alternative source of finance that can be used when financial and market variables are favorable to issuing these Bonds.

16. COMMERCIAL CREDITORS AND OTHER ACCOUNTS PAYABLE

Covers the items included in the table below:

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
TRADE ACCOUNTS PAYABLE		
Foreign Correspondents	2.482.533	2.759.304
Telecommunications Suppliers	36.975.228	36.753.378
Foreign Suppliers	14.825.194	28.478.857
National Suppliers	262.214.339	205.252.293
OTHER ACCOUNTS PAYABLE		
Workforce Obligations	17.965.905	16.067.996
Dividends Payable	16.925.116	19.375.846
Others (Vat Debit, Retained Taxes)	22.122.179	17.537.098
Total	373.510.494	326.224.772

17. OTHER PROVISIONS

The breakdown of noncurrent provisions is as follows:

	12/31/2012 Th.CLP	12/31/2011 Th.CLP
PROVISIONS, CURRENT		
Tax Claims	196.700	287.566
Decommissioning, Restoration And Renovation Costs	239.008	239.008
Other Provisions	1.200.000	51.688
Total current provisions	**1.635.708**	**578.262**
PROVISIONS, NONCURRENT		
Decommissioning, Restoration and Renovation Costs	5.869.233	5.123.356
Total Noncurrent Provisions	**5.869.233**	**5.123.356**

Changes in these provisions during the periods covered by these financial statements are as follows

	Decommissioning and restoration costs Th.CLP	Other provisions Th.CLP	Total Th.CLP
Total Provisions, Initial Balance (01/01/2012)	**5.362.364**	**339.254**	**5.701.618**
Increase (Decrease) in Existing Provisions	-	1.200.000	1.200.000
Increase for Time Value of Money Adjustment	663.103	-	663.103
Increase (Decrease) in Foreign Currency Translation	(2.447)	-	(2.447)
Other Increases (Decreases)	85.221	(142.554)	(57.333)
Changes in Provisions, Total	745.877	1.057.446	1.803.323
Provisión Total, Saldo Final (31/12/2012)	**6.108.241**	**1.396.700**	**7.504.941**

	Decommissioning and restoration costs Th.CLP	Other provisions Th.CLP	Total Th.CLP
Total Provisions, Initial Balance (01/01/2011)	**4.240.624**	**450.262**	**4.690.886**
Increase (Decrease) in Existing Provisions	413.626	4.370	417.996
Increase for Time Value of Money Adjustment	569.001	-	569.001
Increase (Decrease) in Foreign Currency Translation	12.654	6.483	19.137
Other Increases (Decreases)	126.459	(121.861)	4.598
Changes in Provisions, Total	1.121.740	(111.008)	1.010.732
Provisión Total, Saldo Final (31/12/2012)	**5.362.364**	**339.254**	**5.701.618**

The calculation of provisions for restoration and renovation costs takes into account the estimated value of construction, demolition, or any other required activities. The costs are discounted in line with the estimated terms of the contracts held with the owners of the properties or sites on which installations are located, in line with forecasts for completion and renewal. The values are discounted using the rates for the cost of capital for each company.

18. OTHER NON-FINANCIAL LIABILITIES

This item mainly corresponds to deferred revenue, detailed for each period in the table below.

	Current		Noncurrent	
	12/31/2012 Th.CLP	12/31/2011 Th.CLP	12/31/2012 Th.CLP	12/31/2011 Th.CLP
DEFERRED REVENUE				
Prepaid cards	16.246.334	16.220.583	-	-
Connection charges	11.029.657	18.712.930		717.068
Customer loyalty programs	-	-	7.276.311	6.526.611
Leasing of underwater cables	167.756	176.650	1.372.265	937.885
Other	2.830.865	2.864.599	-	-
Advances of Applicable State Subsidies	136.036	2.948.603	622.780	972.337
Other Deferred Liabilities	-	-	1.948.117	3.467.831
Total	30.410.648	40.923.365	11.219.473	12.621.732

19. STAFF BENEFITS AND EXPENSES

a) Workforce Costs

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Salaries	101.276.502	87.409.174
Short-Term Benefits for Employees	15.296.388	12.444.218
Costs Of Post-Employment Benefit Obligations	(225.667)	643.884
Severance Benefits	5.422.378	7.401.724
Other Staff Costs	19.983.917	17.379.220
Total	141.753.518	125.278.220

b) Compensation for Years of Service (Post-Employment and Severance Benefits)

The parent company is responsible for the main arrangements for compensation for years of service for employee and executive segments.

The right to receive this benefit and the calculation of its value are regulated by the respective agreements, taking into account factors such as years of service, permanency, and remuneration.

The benefit is provided to staff through the Entel Chile Mutual Corporation, jointly financed by employees, through a monthly contribution of 2.66% of their base salary, and the company, which must pay the additional funds required on an annual basis in order to be able to pay severances to a maximum of 3% of the workforce.

Liabilities recorded as of December 31, 2012 and 2011, designated for post-employment benefits were Th.CLP $7,934,618 and Th.CLP $7,651,126 respectively, representing the current value of severance pay accrued on those dates after deducting the values available from the Mutual Corporation.

In addition to the parent company's agreements, the subsidiary Entel Call Center S.A. has arrangements in place to cover severance payments in the event of layoffs, which are designated as Severance Benefits. The provisions made by the subsidiary for each period total Th.CLP $72,684 and Th.CLP $66,948 respectively.

The change in the balances of post-employment obligations for the parent company is as follows:

Transactions	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Present value of obligation, initial balance	7.651.126	8.182.456
Cost of current service	1.219.552	643.884
Cost for obligation Interest	509.159	485.950
Contributions paid to plan	(1.445.219)	(1.661.164)
Present value of obligation, final balance	**7.934.618**	**7.651.126**
	12/31/2012	12/31/2011
Discount rate	6,60%	6,90%
Salary increment rate	1,00%	1,00%
Rotation rate	6,29%	6,29%
Death table	RV-2004	RV-2004

20. EQUITY

Changes in equity throughout 2012 and 2011 are detailed in the Statement of Changes in Shareholder Equity.

> Capital.

The company maintains a series of fully paid-in shares without nominal value in circulation, the number of which corresponds to the capital authorized by the company.

Class	No. subscribed shares	No. paid-in shares	No. shares with voting rights	Subscribed capital	Paid-in capital
SINGLE	236.523.695	236.523.695	236.523.695	522.667.566	522.667.566

Between January 1, 2011 and December 31, 2012, no changes were recorded for issuing, surrenders, reductions, or any other circumstances.

The portfolio does not contain shares in own companies.

There are no reserves or commitments to issue shares to cover option and sale contracts.

> Cumulative Earnings (Losses).

In the nine months of 2012 and 2011, the reserves fell by Th.CLP $50,188,235 and Th.CLP $54,229,998, respectively. The values correspond to the provisional dividends paid out for these periods, plus the provision for the distribution of the legal minimum dividend.

The remaining provisions required to meet the legal minimum dividend are CLP $62.19 and CLP $79.28 per share for the respective years.

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> Dividend Policy

In line with Act 18,046, and except when another agreement has been reached at the shareholders meeting by unanimity of issued shares, at least 30% of all profits made by public limited companies during the financial year must be paid as a dividend.

The company's current dividend distribution policy establishes dividends in excess of the legal minimums. However these limits stipulate maximums and as such any dividends in excess of the legal minimum are discretionary and as such the company does not make dividend provisions above the legal minimum.

The policy communicated at the most recent ordinary shareholders meeting held on April 26, 2012, proposed payments of up to 80% of profits for each financial year, conditional on the company's annual results, investment requirements, and the covenants established in long-term bank loan agreements to which the company is committed for debt, liquidity and financing.

The Chilean Securities and Insurance Supervisor requires the parent company to set out a policy for handling income originating from the adjustment of financial assets and liabilities to fair value. As such, the company has established a policy whereby the unrealized profits that would have been generated from the income to be distributed are deducted from income.

No adjustments are required for profits from 2012 and 2011.

Except for the conditions mentioned in the previous paragraphs, the company is not subject to additional restrictions for dividend payments..

> Dividend Payments:

The following dividend payments were made in 2012 and 2011.

At the ordinary shareholders meeting, held on April 26, 2012, a final dividend payment of CLP $405 per share (equivalent to Th.CLP $95,792,096) was agreed, payable on May 22, 2012.

At the ordinary shareholders meeting, held on April 26, 2011, a final dividend payment of CLP $445 per share (equivalent to Th.CLP $105,253,044) was agreed, payable on May 24, 2011.

At the board meeting held on November 5, 2012, an interim dividend payment of CLP $150 per share (equivalent to Th.CLP $35,478,554) was agreed, payable on December 12, 2012.

At the board meeting held on Monday, November 07, 2011, an interim dividend payment of CLP $150 per share (equivalent to Th.CLP $35,478,554) was agreed, payable on December 12, 2011.

> Other Reserves:

Other reserves in the Statement of Changes in Equity are as follows.

Reserves for Foreign Currency Translation – This value reflects the cumulative results of exchange rate fluctuations for converting the financial statements of subsidiaries based abroad from their working currency into the Group reporting currency (Chilean Pesos).

Cash Flow Hedge Reserve – This is the difference between the spot and fair values of cash flow hedge contracts (CCS) classified as effective, net of deferred tax. The values are transferred to income upon maturity of the contract.

Other Reserves (Various) – Charges and credits to equity for the adjustments made for the first-time application of the International Financial Reporting Standards (IFRS), effective from January 1, 2008.

The main balances for controlled adjustments in this reserve are for deferred tax liabilities and prepaid charges revenue from customers not recorded on this date for Th.CLP $10,866,212 and Th.CLP $8,215,281, respectively.

Additionally, in accordance with Act 18,046, Article 10, , and Circular 456 of the Chilean Securities and Insurance Supervisor, the revaluation of paid-in capital for 2008 must be listed under this item.

21. EARNINGS PER SHARE

Earnings per share for the two periods are as follows:

	Cumulative	
	01/01/2012 31/12/2012 Th.CLP	01/01/2011 31/12/2011 Th.CLP
Earnings (losses) attributable to holders of stock instruments in controlling shareholder equity	167.294.116	180.766.659
Income available to ordinary shareholders, basic	167.294.116	180.766.659
Weighted average of no. of shares, basic	**236.523.695**	**236.523.695**
Basic earnings (losses) per share	707,30	764,26

The calculation of basic earnings per share for 2012 and 2011 is based on the profits attributable to shareholders and the number of shares of the single series. The company has not issued convertible debt or other equity instruments and as such there are no factors that might dilute earnings per share.

22. INCOME AND EXPENDITURE

a) Ordinary Revenue

The Group's revenue is principally derived from services. Sales of goods are not significant and are viewed as accessory to services. The breakdown by type of service is as follows.:

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Mobile telephony	1.142.690.274	966.708.594
Private services (including IT services)	105.922.294	93.703.402
Local telephony (Includes NGN–IP)	41.468.771	41.704.913
Long distance	32.805.181	30.688.433
Internet	17.217.334	16.584.880
Services to other operators	21.854.697	20.246.487
Traffic Business	36.667.018	31.695.892
Americatel Perú	20.111.476	19.146.992
Call center and other services	11.378.657	10.318.659
Total Ingresos Ordinarios	1.430.115.702	1.230.798.252

The item for revenue from mobile services, includes activation charges, for Th.CLP $17,515,449 resulting from changes associated to contracts conditions as detailed in Note 22 d) starting on October 1, 2012.

b) Other Revenue

The breakdown of this item for each year is as follows:

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Revenue from commercial interest	1.799.510	1.263.873
Revenue from leasing	6.682.194	2.895.881
Refund for loss or theft of equipment	1.519.300	-
Net revenue from insurance settlement	-	6.920.792
Other revenue	984.278	492.396
Total other revenue	**10.985.282**	**11.572.942**

The item Net Revenue for Insurance Settlement records to the net effect of charges and credits to income for the earthquake suffered by the central zone of Chile at the start of 2010.

c) Ordinary Expenditure

The breakdown of Other Expenses for each year is as follows:

	Cumulative	
	01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Access charges and shares to correspondents	(210.154.435)	(182.665.119)
Outsourcing and materials	(32.908.284)	(26.321.220)
Marketing, commissions and sales costs	(253.155.432)	(180.048.248)
Leasing and maintenance	(104.707.368)	(90.090.676)
Other	(115.818.631)	(89.680.842)
Total other expenditure	**(716.744.150)**	**(568.806.105)**

The item Marketing, Commissions and Sales Costs includes the cost of mobile handsets provided to postpaid customers from October 1, 2012, with a value of Th.CLP $38,424,004, as detailed in Note 22 d).

Similarly, under the item Cost of Depreciation and Amortization on the Income Statement, the accounting procedure described in Note 22 d) resulted in a lower depreciation for Th.CLP $3,789,214.

d) Based on the implementation of new mobile services and handsets leasing undertaken collective mediation process of SERNAC (the consumer rights regulatory body) in September 2012. Among the major changes to contractual terms corresponding to handsets and equipment leases, were recognizing clients right to terminate equipment leases in advance and the elimination of exit clauses that could potentially limit customers permanence in the company and avoid switching to to another company.

In line with the above, the costs of mobile handsets provided under leasing term for postpaid services from October 1, 2012, onward were directly charged as cost. The terms and conditions of contracts in force prior to the aforementioned changes account for these handsets as fixed assets, and hence the historical base of handsets sold prior to October 1, 2012, will be retained and depreciated in line with Note 3 g). The activation charges for postpaid clients for handset provided under lease terms are recorded under revenue at the same time equipment cost is charged under sales expenses.

The effect on income before tax due to the application of this new accounting procedure, which took effect on October 1, 2012, for the mobile business as of December 31, 2012, is a loss of Th.CLP $17,119,341 impacting the income statement in the fourth quarter of 2012, originating from items a) and c) above..

e) Financial Revenue and Expenditure

The breakdown of financial revenue and expenditure for each year is as follows:

Net financial income	Acumulado	
	01/01/2012 31/12/2012 Th.CLP	01/01/2011 31/12/2011 Th.CLP
Interest on Term Deposits (Loans and Accounts Receivable)	2.473.385	2.673.162
Interests on Financial Leases Provided	349.840	386.131
Total Financial Revenue	**2.823.225**	**3.059.293**
Expenditure on Interest, Loans (Liabilities At Amortized Cost)	(4.994.598)	(2.050.654)
Amortization of Expenditure for the Credit Contracts	(1.739.391)	(806.643)
Rate Hedges (Ccs)	(3.093.545)	(4.907.068)
Non-Hedge Rate Derivatives	(1.113.196)	(53.732)
Expenditure on Interest, Financial Leasing	(736.740)	(837.835)
Expenditure on Interest, Post-Employment Benefit Plans	(509.159)	(485.950)
Expenditure on Interest, Other	(1.322.267)	(905.708)
Other Financial Costs	(191.781)	(268.073)
Total Financial Costs	**(13.700.677)**	**(10.315.663)**
Total Financial Income, Net	(10.877.452)	(7.256.370)

The net financial income includes the following interest with respect to assets and liabilities not measured at fair value with change in income :

Total Revenue for Interest from Financial Assets	**2.823.225**	**3.059.293**
Total Expenditure for Interest from Financial Liabilities	**(9.493.936)**	**(5.354.863)**

23. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The information on the balances of assets and liabilities in foreign currencies is provided below.

Type of asset	Currency	31/12/2012 Th.CLP	Values not discounted according to expiries			
			1–90 days	91 days – 1 year	1–3 years	3–5 years
Cash and Cash Equivalents	USD	412.516	412.516	-	-	-
	PEN	719.051	719.051	-	-	-
	EUR	4.592	4.592	-	-	-
Other Current Financial Assets	USD	264.078.472	59.055.560	205.022.912	-	-
	EUR	1.903.350	1.903.350	-	-	-
Other Current Non-Financial Assets	USD	79.334	79.334	-	-	-
	PEN	39.669	39.669	-	-	-
Commercial Debtors and other Accounts Receivable, Current	USD	9.078.392	9.078.392	-	-	-
	PEN	1.509.451	1.509.451	-	-	-
	EUR	2.327.618	2.327.618	-	-	-
Current Tax Assets	PEN	1.141.889	-	1.141.889	-	-
Other Noncurrent Financial Assets	USD	131.349.052	-	-	131.349.052	-
Noncurrent Rights Receivable	PEN	782.052	-	-	782.052	-
Intangible Assets	PEN	4.362.842	-	-	-	-
Property, Plant and Equipment	PEN	9.681.724	-	-	-	-
	USD	836.086				
Deferred Tax Assets	PEN	879.478	-	-	-	-
Total Assets In Foreign Currency		**429.185.568**				
	USD	405.833.852				
	PEN	19.116.156				
	EUR	4.235.560				

Type of liability	Currency	31/12/2012 Th.CLP	Values not discounted according to expiries				
			1–90 days	91 days – 1 year	1–3 years	3–5 years	5+ years
Other Financial Liabilities, Current	USD	279.331	279.331	-	-	-	-
Trade And Other Accounts Payable	USD	28.841.888	28.841.888	-	-	-	-
	EUR	3.728.936	3.728.936	-	-	-	-
	PEN	888.920	888.920	-	-	-	-
Other Financial Liabilities, Noncurrent	USD	378.543.155	-	-	378.543.155	-	-
Provisions, Noncurrent	PEN	89.913	-	-	-	-	-
Deferred Tax Liabilities	PEN	438.227	-	-	-	-	-
Total Liabilities In Foreign Currency		**412.810.370**					
	USD	407.664.374					
	PEN	1.417.060					
	EUR	3.728.936					

Type of asset	Currency	31/12/2011 Th.CLP	Values not discounted according to expiries			
			1–90 days	91 days – 1 year	1–3 years	3–5 years
Cash and Cash Equivalents	USD	1.023.299	1.023.299	-	-	-
	PEN	785.715	785.715	-	-	-
	EUR	9.311	9.311	-	-	-
Other Current Financial Assets	USD	250.068.924	64.108.792	185.960.132	-	-
Other Current Non-Financial Assets	USD	128.446	128.446	-	-	-
	PEN	14.143	14.143	-	-	-
Commercial Debtors and other Accounts Receivable, Current	USD	6.865.546	6.865.546	-	-	-
	PEN	1.670.175	1.670.175	-	-	-
	EUR	4.139.857	4.139.857	-	-	-
Current Tax Assets	PEN	1.066.064	-	1.066.064	-	-
Other Noncurrent Financial Assets	USD	89.664.668	-	-	89.664.668	-
Noncurrent Rights Receivable	PEN	476.023	-	-	476.023	-
Intangible Assets	PEN	4.845.860	-	-	-	-
Property, Plant and Equipment	PEN	10.192.789	-	-	-	-
Deferred Tax Assets	PEN	1.267.102	-	-	-	-
Total Assets in Foreign Currency		**372.217.922**				
	USD	347.750.883				
	PEN	20.317.871				
	EUR	4.149.168				

Type of liability	Currency	31/12/20121 Th.CLP	Values not discounted according to expiries				
			1–90 days	91 days – 1 year	1–3 years	3–5 years	5+ years
Other financial liabilities, current	USD	730.964	179.752	551.212	-	-	-
Trade and other accounts payable	USD	40.008.963	40.008.963	-	-	-	-
	EUR	6.566.918	6.566.918	-	-	-	-
	PEN	767.997	767.997	-	-	-	-
Other financial liabilities, noncurrent	USD	309.312.292	-	-	309.312.292	-	-
Provisions, noncurrent	USD	92.360	-	-	-	-	-
Deferred tax liabilities	PEN	419.487	-	-	-	-	-
Total liabilities in foreign currency		**357.898.981**					
	USD	350.144.579					
	PEN	1.187.484					
	EUR	6.566.918					

At the end of each accounting period, Group companies held derivative contracts for exchange rate protection (foreign currency forwards) and the substitution of obligations in dollars at variable interest rates for obligations in the national currency index (Unidades de Fomento, UF) at a fixed interest rate (Cross Currency Swap - CCS). Only the foreign currency element of these contracts is included in the previous tables.

24. FOREIGN CURRENCY TRANSLATION AND INCOME FROM CURRENCY INDEXES

The origins of effects on income from currency translation and the application of currency indexes throughout the indicated periods are as follows.

Foreign currency translation	Cumulative 01/01/2012 12/31/2012 Th.CLP	01/01/2011 12/31/2011 Th.CLP
Other Assets	(994.622)	1.142.442
Trade Creditors and other Accounts Payable	1.334.648	(2.243.298)
Interest Accruing Loans	23.076.000	(31.876.000)
Derivative Instruments, Effect Rates At Close (Fw)	(15.021.635)	21.230.796
Derivative Instruments, Effect Rates At Close (Ccs)	(7.992.266)	12.285.600
Derivative Instruments, Effect Rates At Close (Call)	-	117.350
Derivative Instruments, Effect Fair Value (Fw)	(9.964.315)	(7.520.400)
Derivative Instruments, Effect Fair Value (Ccs)	959.043	(31.056)
Derivative Instruments, Effect Fair Value (Call)	-	(174.050)
Other Liabilities	(192.448)	719.239
Total Foreign Currency Translation	**(8.795.595)**	**(6.349.377)**
INCOME FROM CURRENCY INDEXES		
Other Assets	97.301	367.061
Derivative Instruments, Effect Rates At Close (Ccs)	(3.206.467)	(5.648.688)
Other Liabilities	(161.475)	(13.451)
Results for Currency Indexes	**(3.270.641)**	**(5.295.078)**

25. OPERATIONAL LEASES

The main operational leasing agreements as lease holder refer to contracts for telecommunication signal transmission capacities, vehicle fleets, the provision of cables infrastructure to third-parties, leases, and usage rights for urban and rural real estate for the installation of technical switchs.

Minimum future payments	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Up to one year	83.318.473	56.230.306
Between one and five years	85.755.121	167.868.731
Total	169.073.594	224.099.037
Leasing installations recorded under income	**60.534.842**	**51.549.703**

Operational leases as leasing party pertain to contracts for networks leasing to other telecommunications operators and data center services (housing, hosting, virtual servers, etc.).

Minimum future payments	12/31/2012 Th.CLP	12/31/2011 Th.CLP
Up to one year	339.788	176.650
Between one and five years	1.333.526	706.600
More than five years	38.759	231.284
Total	1.712.073	1.114.534
Leasing installations recorded under income	**151.800**	**108.792**

As of December 31, 2012, there are no contingent installments to be recorded as paid

26. FINANCIAL INFORMATION BY SEGMENTS

The Entel Group has management information systems that can provide financial information broken down at low levels for a better resources allocation and key performance evaluation.

In line with the company's organizational structure and based on the respective levels of revenue and income, the following segments are used for the purposes of providing financial information by segment: Consumers, SMEs, Corporations and All Other Segments.

The factors used to identify each segment are related to operational functions that are separated for each market segment in terms of product development, as well as innovation, prices, marketing, sales and customer service. The demands they place on the availability of common technological infrastructure and shared services is also taken into account.

Each of the segments generates revenue and expenditure, for which individual information exists and is periodically examined for decision making at different levels for resources allocation and evaluating results.

The information for each of these segments for the years ended December 31, 2012 and 2011, is as follows:

General information on income, assets and liabilities 12/31/2012 in Th.CLP	Segment description				Unallocated	Withdrawals	Total Group
	People	SMEs	Corporations	Other activities			
Revenue from Ordinary Activities	868.988.525	292.101.344	189.803.565	256.083.921	-	(176.861.653)	1.430.115.702
Other Items of Significant Revenue (Expenditure)	(589.033.508)	(196.085.220)	(128.693.415)	(156.560.148)	-	176.781.791	(893.590.500)
Earning (Loss) for Segment (Ebitda)	**279.955.017**	**96.016.124**	**61.110.150**	**99.523.773**		**(79.862)**	**536.525.202**
Depreciation and Amortization	(183.829.644)	(67.964.461)	(40.552.493)	(17.824.669)	-	101.268	(310.069.999)
Losses for Impairment of Ppe and Intangible Assets	(278.858)	(1.368.057)	(2.100.275)	(1.127.976)	-	-	(4.875.166)
Earning (Loss) Operations for Segment (Ebit)	**95.846.515**	**26.683.606**	**18.457.382**	**80.571.128**		**21.406**	**221.580.037**
Revenue from Interest					2.823.225	-	2.823.225
Expenditure for Interest					(13.700.677)	-	(13.700.677)
Foreign Currency Translation and Income from Currency Indexes					(12.044.830)	(21.406)	(12.066.236)
Expenditure (Revenue) for Income Tax					(31.342.233)	-	(31.342.233)
Earning (Loss), Total							**167.294.116**
Assets					1.695.255.205		1.695.255.205
Increases to Noncurrent Assets	134.890.913	45.883.908	70.886.750	8.360.203	128.824.905		388.846.679
Liabilities					881.248.684		881.248.684
Equity							814.006.521
Equity and Liabilities							1.695.255.205
Losses for Impairment of Values Recorded in Income for Period	35.577.254	8.601.448	4.646.208	2.005.726	-		50.830.636
Cash Flow for Operating Activities					519.529.714		519.529.714
Cash Flow for Investment Activities					(401.097.753)		(401.097.753)
Cash Flow for Financing Activities					(86.547.820)		(86.547.820)

General information on income, assets and liabilities 12/31/2012 in Th.CLP	Segment description				Unallocated	Withdrawals	Total Group
	People	SMEs	Corporations	Other activities			
Revenue from Ordinary Activities	731.113.069	265.260.245	161.471.933	227.631.101	-	(154.678.096)	1.230.798.252
Other Items of Significant Revenue (Expenditure)	(475.692.965)	(150.216.941)	(104.985.260)	(139.310.279)	-	154.606.969	(715.598.476)
Earning (Loss) for Segment (Ebitda)	**255.420.104**	**115.043.304**	**56.486.673**	**88.320.822**		**(71.127)**	**515.199.776**
Depreciation and Amortization	(151.951.731)	(60.519.025)	(35.393.509)	(22.041.984)	-	107.575	(269.798.674)
Losses for Impairment of Ppe and Intangible Assets	(563.243)	(1.891.734)	(2.503.895)	(2.214.890)	-		(7.173.762)
Earning (Loss) Operations for Segment (Ebit)	**102.905.130**	**52.632.545**	**18.589.269**	**64.063.948**		**36.448**	**238.227.340**
Revenue from Interest					3.059.293		3.059.293
Expenditure for Interest					(10.315.663)		(10.315.663)
Foreign Currency Translation and Income from Currency Indexes					(11.608.007)	(36.448)	(11.644.455)
Expenditure (Revenue) for Income Tax					(38.559.856)		(38.559.856)
Earning (Loss), Total							**180.766.659**
Assets					1.558.014.006		1.558.014.006
Increases to Noncurrent Assets	206.972.317	70.210.337	49.282.608	28.464.639	10.939.495		365.869.396
Liabilities					784.936.915		784.936.915
Equity							773.077.091
Equity and Liabilities							1.558.014.006
Losses for Impairment of Values Recorded in Income for Period	24.330.134	6.351.584	4.809.732	3.312.457	-		38.803.907
Cash Flow for Operating Activities					510.115.174		510.115.174
Cash Flow for Investment Activities					(404.844.676)		(404.844.676)
Cash Flow for Financing Activities					(158.645.577)		(158.645.577)

The financial years 2012 and 2011 have not been affected by the discontinuation of any kind of operations.

The Consumers segment is made up of natural persons who are the end users of the services and equipment that is traded.

Generally speaking, the SME segment corresponds to legal entities for which the goods and services sold are required in their productive processes or for sale.

The Corporations segment is similar to the SME segment but comprises large public or private companies, government bodies, banks and other large-scale organizations.

The Other Businesses segment essentially pertains to network infrastructure services provided to other national and international telecommunications operators. The segment also includes the operations of subsidiaries providing call center services for the corporate market both in Chile and abroad, including the company's operations in Peru, which include the provision of enterprise services, as well as long distance and wholesale traffic services.

The international operations of our Peruvian subsidiary generated revenue of Th.CLP $23,614,846 and Th.CLP $22,179,440 for 2012 and 2011, equivalent to 1.7% and 1.8% of the Group's ordinary revenue for each of the respective years.

Although sales from the range of services and associated goods are common to the various segments, it is possible to identify the following percentages for 2012 revenue:

	People	SMEs	Corporations	Other activities	Total
Mobile business	73	20	5	2	100%
Wireline business	8	22	47	23	100%

Transactions between segments are calculated at market prices, which normally correspond to the prices of sales to third parties.

Given the nature of the business and its financing, financial costs are not distributed.

Income by business segment is calculated at different levels, although income at the level of EBITDA is given the greatest weighting since its components largely include directly related allocations.

The allocation of assets and liabilities to each of the business segments arising as a result of the restructuring of the Group companies at the beginning of 2011 is still being defined and implemented. The information available is partial and subject to modifications, and as such its incorporation has been postponed for future financial statements.

In the allocation of revenue and expenditure to each business segment, the correlations between these flows and assets and liabilities have been taken into account, without asymmetric allocations.

The Entel Group provides mobile telecommunication services, including voice, value added services, mobile Internet and broadband. Also provides wireline services based on integrated solutions for data voice and IT for enterprises. In addition to infrastructure network rental and traffic business. The Group also provides call center services to third parties and to related companies.

These activities are primarily undertaken in Chile. Activities outside Chile are undertaken by two companies operating in Peru that provide wireline and call center services.

At Group level, there are no customers on which significant percentages of revenue are concentrated. Sales to prepaid mobile intermediaries are not included in the analysis.

27. CAPITAL MANAGEMENT

Capital requirements for financing investment are met using the Group's own resources, originating from issuing shares and retaining profits, as well as resources originating from a long-term debt with third parties.

In line with the established policies, the debt ratio may reach a maximum of the greater of the level at which Debt/Equity is equal to 1.5 or Debt/Ebitda is equal to 3.0;

This financing policy was ratified at the most recent Ordinary Shareholders Meeting held on April 26, 2012.

According to the financial statements as of December 31, 2012, the resources managed as capital financing are represented by accumulated equity of Th.CLP $814,006,521 and short- and long-term financial liabilities of Th.CLP $435,784,427.

The aforementioned financial liabilities include debit balances of Th.CLP $43,793,896 for the valuation of exchange and interest rate derivatives instruments. The positive balances for these valuations have not been calculated.

The total debt (financial and non-financial) on the same date was Th.CLP $881,248,684, maintaining a comfortable margin with respect to the debt limits.

In the event that extraordinary investment requirements that would exceed the established limits arise, any investment must be first approved by the shareholders and the appropriate financing structures proposed (the issuing of capital or debt securities, bank debts, credits to suppliers or any other form of capital financing).

The various bank credit contracts for the issuing of underwritten debt securities impose restrictions on the company for the management and limits of financial indicators. The latter include the requirement for the Financing Debt / Ebitda ratio to remain below 4.0 and Financial Expenses / Ebitda to remain below 3.0. More information on the procedures for calculating and declaring compliance with these restrictions is provided in Note 29 e).

In the event of failure to comply with any of the restrictions and limits imposed by credit contracts, creditors may demand repayment of all outstanding debts, without the possibility of appeal, legal action or challenge by the debtor.

28. RISK MANAGEMENT

> Technological Change.

Changes in telecommunications technology make it necessary to continuously review investment plans to ensure they meet our goal of responding to changes in connectivity requirements adopted by our markets. Changes in technology can be caused by modifications to demand patterns and the development of new forms of communication, either associated with their applications and the speeds used. The obsolescence of investments in new technology may occur prior to the date estimated when the investment was made, and hence initial estimates of expected profitability may not be met.

This makes the risk of technological change an inherent part of the industry in which Entel operates. Furthermore, the company's position at the cutting-edge of technological development makes it essential to actively manage technological risk in order for it to maintain its position and remain competitive.

Accordingly, the company has an active and continuous policy of adopting cutting-edge technologies as a strategic part of its growth and development while continuously reviewing their profitability. This has allowed Entel to position itself at the forefront of technology, adapting to the use of new technologies and making the transition from offering a single product to being an integrated connectivity provider, continuously offering new ways of doing business. The appearance and development of new technologies has enabled Entel to grow, integrate, and diversify, reducing its exposure to individual business areas and segments.

> Regulatory Risks.

Regulation plays an important role in the telecommunications industry. Stable regulations and criteria allow projects to be correctly evaluated and the risk inherent in investments to be reduced, however this means it is important to closely monitor regulatory changes.

The main regulatory instrument in the telecommunications sector is the General Telecommunications Act, and over the last two years the following legislation has resulted in changes to the regulatory framework: Act 20,453, enshrining the principle of network neutrality for consumers and Internet users; Act 20,476, establishing that each administrative region corresponds to a primary zone for local public telephone services; Act 20,478, on the recovery and continuity of the public telecommunications system under critical conditions and in emergencies; Act 20,471, creating a body to implement number portability; and Act 20,599, regulating the installation of antennas for broadcasting and transmitting telecommunications services. It should be noted that the last of these acts has had the greatest impact in terms of investment since it establishes obligations to ensure the suitability of supporting infrastructure for existing antennas (transitional) and increased regulations that will make the installation of new infrastructure more complex.

With respect to the introduction of network neutrality in the regulatory framework for telecommunications during 2012, concession holders who provide Internet access have continued to implement these regulations, which require more information to be made available to users on suppliers' pricing and the provision of more detailed information on the service conditions of different suppliers as a result of the implementation of technical indicators for companies.

In the domestic long-distance business, the new national segmentation for wireline customers took effect in 2012, dividing the country into 13 primary zones. This change has not had significant effects on user behavior, however the same legislation that reduces the number of primary zones from 24 to 13 stipulates that the long-distance national category will be withdrawn 37 months from the law taking effect (in 2014). In this context, in 2013, the Tribunal for the Defense of Free Competition will determine if there is sufficient competition to establish a single primary zone (national) for local telephone service customers, and hence discontinue the national long-distance category for communication between users.

In addition to these changes, 2012 also saw the completion of the implementation of number portability for mobile and wireline users, allowing them to retain their number when switching between companies that offer the same type of service (fixed or mobile). Portability has still to be implemented for certain special cases in 2013, such as rural telephone services, supplementary services, voice over Internet telephone services (VoIP) and Mobile Party Pays services.

In June 2012, and following various years of discussion, Act 20,599 was published in the Official Gazette, regulating the installation of antennas for broadcasting and transmitting telecommunications services. This initiative imposes a greater administrative burden when it comes to managing the installation of new infrastructure and increases the technical (and investment) requirements through the requirement to account for factors such as blending in with the surrounding environment, community compensation and infrastructure with the capacity to support new concession holders. With respect to the existing infrastructure, the Act stipulates retroactive actions for saturated (more than two towers) and sensitive zones, requiring companies to modify infrastructure installed in these areas through measures such as decommissioning, adaptation via harmonization and community compensation, where applicable.

In terms of radio electric spectrum for telecommunications services, at the end of 2011, the Ministry of Transport and Telecommunications held a new tender for spectrum on the 2,600 MHz band, which is used in the majority of countries for the development of LTE technology (Long Term Evolution or 4G). The tender was launched in 2012 and the authorities received bids from three companies in the industry (Entel, Movistar and Claro) for the three blocks of frequency to be awarded. The bids were subsequently evaluated as being technically equal. The draw was resolved by means of a sealed envelope tender for each frequency block in which Entel, which took part in the tender via the subsidiary Will S.A., was allocated Block B of this radio electric spectrum. At present, the company is awaiting the Decree that awards the concession. The project is due to be completed and one year from the publication of this Decree.

Another event with the potential to impact competition in the telecommunications industry is the ruling by the Tribunal for the Defense of Free Competition at the end of 2012 on the process begun in December 2010 regarding the general instructions on the effects of free competition for the differentiation of prices for on-net/off-net tariffs for public telephone services and bundled telecommunications services packages. In terms of the former, two adjustment periods were established: the first allows the model of network tariffs to be maintained subject to certain restrictions; the second period will no longer permit the use of this pricing model after a new tariff decree. With respect to the supply of bundled services, the Tribunal set restrictions on the bundled sale of fixed and mobile services and established limits on discounts offered on bundles of products on the same network.

Finally, in January 2013 and at the latest during the first weeks of January 2013, the mobile telephone concession holder Entel PCS Telecomunicaciones must begin the process to establish the pricing for access charge services and other facilities provided to telecommunications concession holders for the five-year period from January 2014 to January 2019. Although the tariff process for the local concession holder Entel Phone should have been completed in January 2011, having originally been planned to run for five years from this date, as of the end of 2012, the decree was still being processed. However when it has been finalized and published, it will be applied retrospectively from January 2011.

In this context, the sector's regulatory framework continues to evolve. Examples include parliamentary debate on new projects, the free competition bodies and the sector regulator itself through the Department of Telecommunications. The projects with the greatest impact that are currently being debated in parliament include the law to create a Telecommunications Supervisor, a new regulatory body that is well placed to responded appropriately to current and future innovations, proposing the institutional separation of the body responsible for creating regulations and the body responsible for their application. It proposes restricting the power of administrative interpretation of the Supervisor to enforcement and sanctioning, and seeks to clearly establish that the body responsible for the administrative interpretation of the new sector regulations in a general and abstract way is the body responsible for the public policy objectives in the sector.

The other legislation, which is still being processed, aims to facilitate the introduction of digital terrestrial television (and the transition for the switch off of analogue television), allocating the competencies and powers to the National Television Council, primarily in the realm of its functions and attributions, as well as establishing a new model for concessions and the procedure for awarding them, defining the types of operators for television services (national, regional, local and community) and the penalties that can be applied for failure to comply with the regulations.

All the regulatory changes being introduced by the authority provide new business opportunities. Furthermore, the diversity and relative size of Entel protect it from the effects of adverse or inadequate regulation, reducing the risk created for its operations, cash flows, wealth creation for shareholders, and contribution to the community. However, within a regulated industry such as the one in which Entel operates, changes in regulations or in the policies made by legal and regulatory authorities cannot be ruled out and have the potential to have impact on company results or restrict its possibility for growth.

> Exchange Rate Risks.

Entel's financing is largely held in foreign currency and comprises USD $800 million of long-term bank loans, detailed in Note 15 of these financial statements. Furthermore, part of Entel's suppliers, also detailed in Note 15, generate permanent obligations for foreign currency payments. Both represent liabilities whose value changes on a daily basis as a result of exchange rate fluctuations. For this reason, Entel contracts short- and long-term foreign currency assets (derivatives instruments) to protect against these variations and eliminate the risk of exchange rate fluctuations.

In terms of supplier indebtedness, the conditions required by IFRS for the application of hedge accounting are not met and as such hedges are only financial in nature for balance positions.

> Interest Rates.

The Group policy for hedging against interest rate risks seeks to ensure a level of coverage of its financial expenditure to allow the appropriate performance of the business over time and ensure greater predictability and control of financial expenses.

Generally speaking, there is a positive correlation between the company's business activities, the economic cycle and the level of interest rates. This generates a natural hedging of business cash flows and financial expenses, although in certain situations gaps may occur.

In order to comply with the aforementioned objectives, interest rate insurance may be taken out by signing contracts to fix rates (Cross Currency Swap, FRA, etc.), which reduce potential variability arising from interest on debts with variable interest rates (e.g. Libor, Tab).

The factors taken into consideration when making decisions include the revision of discounts implied in the curves of future rates (swap curves), market surveys, surveys of economic expectations provided by public bodies and estimates regarding the economy and its impact on the main variables.

> Credit Risk

Credit risk derived from balances of accounts held with banks, financial instruments, negotiable stocks, and derivatives is managed by the Finance and Control Support Division in line with the policies for maintaining invested capital. These policies diversify risk by means of pre-established limits for the duration of placements, percentage by institution and the risk of instruments in which cash surpluses are invested. The investment instruments approved for use are those issued by the Chilean Central Bank or banking subsidiaries with high risk ratings. Investments may be denominated in the national currency or major foreign currencies.

Risk exposure associated with the recovery of accounts receivable originating from commercial operations is derived from the terms of payment that must be offered to direct customers, intermediaries, and other national and international operators with whom reciprocal connection agreements are held.

Risk management for accounts receivable is designed to minimize exposure, insofar as possible given market conditions. Risk management processes are differentiated according to the profiles of debtors and in line with segmented portfolio controls, including: consumers, SMEs, corporations, telecommunications companies, wholesales, distributors, large retailers and other channels for the distribution of goods and services.

There are prospective and predictive models for each segment for devising policies depending on the origin of the debt. These range from the prepaid services used for the customer/product combinations with the highest risk, all the way to the establishment of credit limits, with and without collateral guarantees, credit insurance, and other alternatives, evaluated on a case-by-case basis.

> Liquidity Risk

In terms of providing the liquidity required to meet financial obligations in a timely manner, Entel plans ahead for future obligations, searching for an option on the market that can provide funds in a timely manner. During 2012 and 2011, the amortization installments due in June 2012 and 2013 were paid in advance, thus avoiding the potential risks of the debt market.

Greater detail of the expiry dates of financial liabilities is provided in Note 15.

29. CONTINGENCIES, LITIGATION AND FINANCIAL RESTRICTIONS

Contingencies for direct commitments of the Group companies as of December 31, 2012 and 2011, are as follows:

a. Contingencies for direct commitments for international purchase orders of Th.CLP $20,055,141 and Th.CLP $50,356,114 for each period. The totality of these purchase orders are recorded in foreign currencies and have been converted according to the current exchange rates at the end of each period

b. Contingency for bank guarantee receipts provided to guarantee faithful compliance with contracts, the award of 900 MHz frequencies, and the replacement of public usage assets for the construction and maintenance of networks. The values of outstanding invoices for each period were Th.CLP $98,752,661 and Th.CLP $17,584,416, respectively.

c. As of December 31, 2012, significant lawsuits and legal action that could represent a loss contingency for the company are as follows:

Bordachar v. Entel S.A.

Court: Civil Court 6, Santiago de Chile.
Case No.: 9088-2005.
Notification: September 6, 2005.
Matter: Ordinary large claims trial. Compensation for damages.
Plaintiff: Gerard Phillippe Bordachar Sotomayor.
Request: Payment of compensation for moral damages to the plaintiff and his daughters, as represented by the plaintiff, for a total of CLP $225 million.
Cause of action: Publication of information regarding an investigation by television channel Canal 13 into Universidad Católica on the Entel website.
Current procedural stage: Sentence dated June 3, 2010, rejecting claim with costs. Plaintiff filed appeal. Pending review of case. Case No. 5293-2010. On September 27, 2012, the Court of Appeals upheld the original sentence, granting the appeal insofar as the plaintiff is no longer required to pay costs. Enforcement ordered October 31, 2012.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Asistencia Electrónica v. Entel S.A.

Court: Civil Court 8, Santiago de Chile.
Case No.: 26542-2009.
Notification: November 4, 2009.
Matter: Claim for compensation of damages.
Plaintiff: Sociedad Asistencia Electrónica S.A., represented by Ismael Jara Gallardo.
Request: Damages of CLP $100 million.
Cause of action: Publishing arrears in trade registers.
Current procedural stage: Entel objects, claiming lack of jurisdiction in the first instance and also contesting. Notice served of lack of jurisdiction on January 22, 2010. Resolution still pending. File No: 278-2009.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Plug & Play Net S.A. v. ENTEL S.A.

Court: Civil Court 26, Santiago de Chile.
Case No.: 32273-2011.
Notification: June 6, 2012.
Matter: Ordinary lawsuit. Claim for compensation of damages.
Plaintiff: Plug & Play Net S.A.
Request: Damages of CLP $4.0 billion.
Cause of action: non compliance with contract.
Current procedural stage: Discussion stage. Objection of lack of jurisdiction opposed by arbitration clause. On September 24, 2012, the objection of lack of jurisdiction was accepted and the counterpart did not file an appeal. Pending closure.

Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Promotora Promout v. Entel y Entelphone S.A.

Court: Civil Court 18, Santiago de Chile.
Case No.: 1250-2006.
Notification: March 17, 2006.
Defendants: Entel S.A. and Entelphone.
Request: Compensation of UF 46,000 for consequential and moral damages.
Cause of action: Alleged damages due to non-compliance with telemarketing contract.
Current procedural stage: On May 11, 2009, the case entered the evidentiary stage. Pending notification.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Agrícola El Carrizal v. Entel

Court: Civil Court 25, Santiago de Chile.
Case No.: 36055-2009.
Notification: January 22, 2010.
Matter: Termination of easement contract with compensation for damages. Supporting claim for extracontractual liability.
Plaintiff: Agrícola El Carrizal S.A.
Defendant: Empresa Nacional de Telecommunicaciones S.A.
Request: Termination of easement contract and Entel to pay CLP $1,374,188,309 for consequential and moral damages and loss of earnings.
Cause of action: Alleged damages caused by fire on premises of claimant’s property.
Current procedural stage: Case filed by insurance (Luís Sandoval Olivares). Discussion stage complete. Ordinary discovery stage closed. Pending citation to hear sentence.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 23740-2006.
Notification: January 8, 2007.
Matter: Ordinary Treasury Lawsuit for payment of CLP $996,711,294 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Request: Reimbursement of a sum paid by the Ministry of Public Works to move telecommunications cables.
Cause of action: Payment made in error by the Treasury in January, 2002.
Current procedural stage: Ruling made upholding claim against Entel on August 31, 2009. Ruling confirmed by the Court of Appeal. (Case No. 7445-2009). On October 29, 2010, Entel filed for a supreme court appeal in form and substance, which was granted on November 9. Pending review of resource in Supreme Court (Case No. 286-2011). Non-applicability requirement presented May 30, 2011, Case No. 1993-2011. Non-applicability requirement rejected on July 24, 2012.
Probable outcome: It is believed the Supreme Court should accept the motion, notwithstanding the consideration of exercising other actions.

Ceballos v. Entel S.A.

Court: Civil Court 27, Santiago de Chile.
Case No.: 9893-2007.
Notification: July 13, 2007.
Matter: Ordinary case for termination of contract and compensation for damages.
Plaintiff: Doris Yanet Ceballos Pilcol.
Request: Contractual responsibility and compensation for damages of approx CLP $150 million.
Cause of action: Non-fulfillment of contract.
Current procedural stage: Discussion stage completed. Pending notification of parties to produce evidence. Case closed by court as of August 6, 2010. File No. 106-2011 Case reopened on August 9, 2012. Pending notification under Art. 52 of the civil procedure code.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 19384-2008.
Notification: October 23, 2008.
Matter: Ordinary Treasury Lawsuit for payment of CLP $242,844,230 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Request: Reimbursement of a sum paid by the Ministry of Public Works to move telecommunications cables.
Cause of action: Erroneous payment made by Autopista Central.
Current procedural stage: Unfavorable ruling issued December 20, 2011. Appeal lodged on March 27, 2012. Case No. ICA 4271-2012. Pending examination of motion.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 23840-2008.
Notification: January 5, 2009.
Matter: Ordinary Treasury lawsuit for payment of CLP $112,675,303 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Cause of action: Erroneous payment made by Autopista Central.
Current procedural stage: Unfavorable ruling issued November 28, 2011. Appeal lodged March 27, 2012. Case No. ICA 4216-2012. Pending review of motion.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 29989-2008.
Notification: January 21, 2009.
Matter: Ordinary Treasury Lawsuit for payment of CLP $193,689,026 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Request: Reimbursement of a sum paid by the Ministry of Public Works to move telecommunications cables.
Cause of action: Erroneous payment made by Autopista Central.
Current procedural stage: Unfavorable ruling issued April 20, 2011. Appeal lodged June 8, 2012. Case No. ICA 4627-2012. Pending review of motion.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 25651-2009.
Notification: November 3, 2009.
Matter: Ordinary Treasury Lawsuit for payment of CLP $109,316,067 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Request: Reimbursement of a sum paid by the Ministry of Public Works to move telecommunications cables.
Cause of action: Erroneous payment made by Autopista Central.
Current procedural stage: Unfavorable ruling issued December 23, 2011. Appeal lodged May 3, 2012. Case No. ICA 4214-2012. Pending examination of motion.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Treasury v. Entel S.A.

Court: Civil Court 16, Santiago de Chile.
Case No.: 7756-2010.
Notification: August 11, 2010.
Matter: Ordinary Treasury Lawsuit for payment of CLP $133,676,138 plus adjustments for inflation and interest.
Plaintiff: State Defense Council.
Request: Reimbursement of a sum paid by the Ministry of Public Works to move telecommunications cables.
Cause of action: Erroneous payment made by the company Autopista Vespucio Sur.
Current procedural stage: Unfavorable ruling issued December 26, 2011. Appeal lodged April 23, 2012. Case No. ICA 3552-2012. Pending review of motion.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Martínez Basoalto Florencia v. Ilustre Municipalidad de Estación Central y Entel S.A.

Court: Civil Court 27, Santiago de Chile.
Case No.: 24789-2008.
Notification: June 27, 2009.
Matter: Ordinary case for compensation of damages.
Plaintiff: Florencia Martínez Basoalto.
Request: Extracontractual responsibility and compensation for damages of approx. CLP $290 million.
Cause of action: Joint responsibility of Entel for an accident on the public highway.
Current procedural stage: Lawsuit presented by insurance (Marcelo Nasser Olea). Ruling issued November 14, 2012. Pending notification.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

IBM de Chile S.A.C v. Cientec Integración S.A.

Court: Civil Court 28, Santiago de Chile.
Case No.: 4190-2010.
Notification: August 5, 2010.
Matter: Notification of payment of invoice.
Plaintiff: IBM DE CHILE S.A.C.
Request: Preparation for enforcement. Notification of payment of invoices for CLP $145,297,453 ordered.
Cause of action: Alleged unpaid invoices.
Current procedural stage: Pending plaintiff to confirm who unlawfully held the post of CEO at the defendant company Cientec Intergración. Case shelved on December 1, 2011. File No. 642-2011.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Ferrand y Compañía v. Entel Telefonía Local

Court: Civil Court 23.
Case No.: 36415-2009.
Notification: May 17, 2010.
Matter: Ordinary lawsuit. Claim for compensation of damages.
Plaintiff: Ferrand y Compañía Limitada.
Request: Damages of CLP $250 million.
Current procedural stage: Favorable ruling issued January 27, 2012. Plaintiff has lodged an appeal, accepted on August 3, 2012, Case No. 6451-2012. Pending review of case.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Manzano v. Empresa Nacional de Telecomunicaciones S.A.

Court: Civil Court 1, Puerto Montt.
Case No.: 6286-2010.
Notification: December 27, 2010
Matter: Compensation for damages.
Plaintiff: Federico Isaías Manzano Vera.
Request: Compensation of damages for CLP $100,808,000.
Cause of action: Legal non-compliance having falsely attributed a crime to the defendant.
Current procedural stage: Court accepts objection of gross incompetence. Plaintiff lodged appeal. Case No. 384-2011. On July 25, 2011, court annulled appeal ruling declaring it rejects the objection. Enforcement ordered August 2. Closed since June 22, 2012. File No. 130-2012
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

Motta v. Ericsson Chile S.A.

Court: Civil Court 8, Santiago de Chile.
Case No.: 35257-2011.
Notification: May 10, 2012.
Matter: Compensation for damages.
Plaintiff: Carlos Motta Pouchucq.
Request: Compensation of CLP $500 million.
Cause of action: Death from accident in the workplace.
Current procedural stage: Pending discussion stage.
Probable outcome: It is considered likely the case will be rejected on poor legal grounds.

d. Tax Adjustments

> The Parent Company has been notified by the tax authorities of the following adjustments:

1) Adjustments 4 and 5, April 25, 2007. These settlements request the repayment of Th.CLP $2,641,281 plus adjustments for inflation, interest and fines, derived from allocations and adjustments made by the company in calculating its profits for the 2004 and 2005 tax years and judged as improper by the service. The final stage in this process corresponds to the filing of a claim against the tax court, dated July 7, 2007 which is currently pending resolution

2) Adjustments 33–36, September 1, 2009. These adjustments request the payment of Th.CLP $4,657,018 of tax, plus adjustments for inflation, interest and fines, derived from allocations and adjustments made by the company in calculating its profits for the 2007 and 2008 tax years and judged as improper by the service.

The service issued resolution 59-2010, dated January 7, 2011, which only partially accepted the request for the review of the tax audit presented on November 13, 2009. An appeal was made against this resolution in the tax courts arguing it should be fully accepted given the arguments put forward.

>The subsidiary Call Center S.A. was notified on April 30, 2008 by the tax authorities by Summons 26, dated April 29, 2008. This summons contests the tax losses declared by the company for the 2005 tax year for a total of Th.CLP $11,599,818. If the claim is successful, it will not be possible to present these losses against future earnings.

The service issued resolution 59-02, dated August 31, 2009, which only partially accepts the request for the review of the tax audit presented on September 9, 2009. An appeal was made against this resolution in the tax courts arguing it should be fully accepted given the arguments put forward.

> For the subsidiary Entel Contac Center S.A. (Ex-Satel S.A.), refunds of provisional tax payments have been accrued for Th.CLP $103,109 and Th.CLP $81,510 for the 2003 and 2004 tax years, respectively. Currently waiting for the court to enter evidentiary stage.

e. There are management restrictions and limits on financial indicators (covenants) imposed by the syndicated loan contract led by Citibank, N.A., credit contracts with Scotiabank & Trust (Cayman) Ltd and the Bank of Tokyo-Mitsubishi UFJ, Ltd, and the contracts for issuing dematerialized debt bonds. The most significant of these stipulate that:

>No merger or consolidation with another company is allowed unless the company continues to exist and none of the limits established by the debt covenants are broken.

> The company or its subsidiaries may not sell assets without considering:

i) The asset's fair value
ii) Sales or leasing operations for assets must not exceed 35% of assets in each year, except for obsolete or superfluous inventory, operations involving cash or cash equivalents, customer agreements, and other operations arising in the normal course of business.
iii) Any sale of shares in the subsidiary Entel Telefonia Personal S.A. must guarantee retention of at least 50% of the shares and the possibility of having a majority on the board of directors.

> Assets must not be pledged, with the exception of pledges existing as of August 13, 2007, which do not exceed USD $60 million, for securitization operations, leasing or credit letters, deferred taxes, duties on new acquisitions, or projects in excess of certain amounts specified for each case.

> The consolidated debt ratio must not exceed 4:1. In calculating the ratio, only financial debt is taken into account (i.e. debts arising from goods and services in the line of business are excluded) and is compared with the total operating revenue for each period, plus depreciation, amortization, and other expenses that do not represent cash flows (EBITDA).

> The consolidated interest hedge ratio must not be less than 3:1. For this purpose, the ratio of EBITDA and net financial expenditure is considered, both being calculated for the twelve months prior to the end of each quarter..

In the event of non-compliance with any of these requirements, creditors may demand payment of all amounts owed, without the right to appeals, lawsuits, or challenges by the debtor. As of December 31, 2012, the company satisfies all these requirements.

Based on audited or unaudited financial statements, where applicable, the company calculates and monitors compliance with the covenants included in credit contracts on a quarterly basis. These calculations are carried out in line with the definitions of the various values provided in the agreements.

As of December 31, 2012, the results of the monitoring for the quantitative covenants are as follows:

Consolidated debt indicator (Debt/EBITDA). The ratio is 0.83:1 compared to the maximum permitted level of 4:1.

Indicator for coverage of consolidated interest (EBITDA / Financial Expenditure) The ratio is 59.97: 1, compared to the minimum permitted level of 3:1.

f. Contingency for possible expenditure resulting from amendments to the Urban Development Act, which establish regulations for antennas (the Antennas Act), as discussed under regulatory risks in Note 28.

30. THIRD PARTY GUARANTEES

The Group companies have not received any guarantees from third parties for assets, loan operations, or to guarantee any other type of obligation.

31. ENVIRONMENT

The company has not made any disbursements for environmental regulations.

32. RESEARCH AND DEVELOPMENT

The Group companies have not undertaken any activities of this nature during the periods covered by these financial statements.

However the parent company maintains a valid contract with the principal public agency responsible for the promotion of innovation (Corfo's Innova Chile Committee) in order to promote business innovation, innovative entrepreneurship, technology diffusion and transfer, and public innovation. The expenses incurred to this date in the context of this initiative do not yet qualify as research and development expenditure as such.

In the context of this contract a modern Innovation Center was launched, focusing on the creation of high-tech projects with the joint participation of customers and technology partners.

33. SANCTIONS

The Group companies and their directors and managers have not been subject to sanctions of any nature by the Chilean Securities and Insurance Supervisor or any other regulatory authorities.

34. SUMMARIZED FINANCIAL INFORMATION FOR SUBSIDIARIES

The financial information for the subsidiaries included in the consolidation process for these consolidated financial statements is provided below.

Transactions and balances in favor of or against the parent company are also detailed.

The above information has been prepared under International Financial Reporting Standards.

a) Summarized Financial Statements:

Company Name	Assets		Assets		Equity		Earnings (loss)	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Entel PCS Telecomunicaciones S.A.	951.993.978	995.757.703	575.554.049	638.331.690	376.439.929	357.426.013	127.149.525	139.981.504
Entel Comercial S.A.	13.858.270	99.614.761	5.165.741	97.675.636	8.692.529	1.939.125	9.647.718	1.804.473
Entel Inversiones S.A.	32.586.832	31.150.150	113.329	172.916	32.473.503	30.977.234	1.646.856	1.121.108
Entel Servicios Telefónicos S.A.	870.217	1.510.265	309.832	1.300.430	560.385	209.835	350.550	88.485
Entel Call Center S.A.	25.364.224	19.477.651	19.172.294	15.161.309	6.191.930	4.316.342	1.883.934	1.104.549
Entel Telefonía Local S.A.	21.558.644	24.632.536	12.797.441	17.868.520	8.761.203	6.764.016	1.997.186	1.556.747
Micarrier Telecomunicaciones S.A.	2.200.051	2.183.392	176.149	163.912	2.023.902	2.019.480	4.421	35.245
Entel Contact Center S.A.	6.239.228	4.375.968	1.426.056	38.939	4.813.172	4.337.029	476.143	835.247
Entel Servicios Empresariales S.A.	908.926	563.840	385.311	193.981	523.615	369.859	153.756	186.367
Soc.de Telecomunicaciones Instabeep Ltda.	3.672	3.574	727.709	708.006	(724.037)	(704.432)	(19.605)	(27.577)
Transam Comunicaciones S.A.	6.005.405	7.608.496	8.659.047	9.107.675	(2.653.642)	(1.499.179)	(1.154.464)	59.979
Will S.A.	49.011.472	1.550.841	48.964.370	819.043	47.102	731.798	(684.696)	346.895
Americatel Perú S.A.	19.780.109	51.895.861	7.590.136	9.544.119	12.189.973	42.351.742	1.095.839	(43.577)
Servicios del Call Center del Perú S.A.	3.799.110	3.502.249	2.984.982	2.974.500	814.128	527.749	294.724	290.068 €
Entel Internacional B.V.I Corp.	216.812	252.481	32.293	36.383	184.519	216.098	(31.565)	18.273

b) Positive and Negative Balances with the Parent Company.

ACCOUNTS RECEIVABLE WITH SUBSIDIARIES

Tax ID	Company	Country of origin	Currency	Current		Non Current	
				12/31/2012 Th.CLP	12/31/2011 Th.CLP	12/31/2012 Th.CLP	12/31/2011 Th.CLP
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Chile	CLP	13.966.215	13.876.328	259.225.800	343.587.189
76.479.460-5	Entel Comercial S.A.	Chile	CLP	-	2.302	-	-
96.554.040-7	Entel Servicios Telefónicos S.A.	Chile	CLP	-	-	19.616	1.051.814
96.563.570-K	Entel Call Center S.A.	Chile	CLP	-	-	11.608.492	9.883.582
96.697.410-9	Entel Telefonía Local S.A.	Chile	CLP	2.958.957	2.923.439	158.743	6.273.507
96.553.830-5	Entel Contact Center S.A.	Chile	CLP	-	-	727.709	-
79.637.040-8	Instabeep Ltda.	Chile	CLP	-	-	7.490.071	708.006
96.652.650-5	Transam Comunicación S.A.	Chile	CLP	-	-	4.410.414	6.775.317
96.833.480-8	Will S.A.	Chile	CLP	-	-	203.240	323.169
0-E	Americatel Perú S.A.	Perú	USD	277.433	24.844	2.431.355	4.035.894
0-E	Servicios de Call Center del Perú S.A.	Perú	USD	-	-	1.240.776	1.298.543
Total				17.202.605	16.826.913	287.516.216	373.937.021

ACCOUNTS PAYABLE WITH SUBSIDIARIES

Tax ID	Company	Country of origin	Currency	Current		Non Current	
				12/31/2012 Th.CLP	12/31/2011 Th.CLP	12/31/2012 Th.CLP	12/31/2011 Th.CLP
76.479.460-5	Entel Comercial S.A.	Chile	CLP	194	-	-	86.695.860
96.561.790-6	Entel Inversiones S.A.	Chile	CLP	-	-	25.096.234	24.429.739
96.554.040-7	Entel Servicios Telefónicos S.A.	Chile	CLP	115.376	425.434	-	-
96.563.570-K	Entel Call Center S.A.	Chile	CLP	1.396.049	1.095.089	-	-
96.548.490-6	Micarrier Telecomunicaciones S.A.	Chile	CLP	-	380.864	1.967.959	1.597.547
96.553.830-5	Entel Contact Center S.A.	Chile	CLP	121.663	41.589	-	2.992.565
96.672.640-7	Entel Servicios Empresariales S.A.	Chile	CLP	443.008	-	409.103	540.177
0-E	Servicios de Call Center del Perú S.A.	Perú	USD	44.647	-	-	-
0-E	Entel B.V.I Corp.	British Virgin Islands	USD	-	-	189.592	206.542
Total				2.120.937	1.942.976	27.662.888	116.462.430

c) Transactions between the Parent Company and Subsidiaries.

Tax ID	Company	Description of transaction	12/31/2012 Value Th.CLP	12/31/2012 Effect on income (charge/credit)	12/31/2011 Value Th.CLP	12/31/2011 Effect on income (charge/credit)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Services provided	93.716.355	93.716.355	78.141.608	78.141.608
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Services received	8.589.021	(8.589.021)	7.202.300	(7.202.300)
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Loans provided	205.942.807	-	157.178.533	-
96.806.980-2	Entel PCS Telecomunicaciones S.A.	Loans received	290.273.674	-	47.276.997	-
76.479.460-5	Entel Comercial S.A.	Services provided	46.195	46.195	45.191	45.191
76.479.460-5	Entel Comercial S.A.	Services received	-	-	6.107	(6.107)
76.479.460-5	Entel Comercial S.A.	Loans received	195.702.931	-	88.494.346	-
76.479.460-5	Entel Comercial S.A.	Loans provided	276.398.795	-	106.024	-
96.561.790-6	Entel Inversiones S.A.	Loans received	698	-	16.057	-
96.554.040-7	Entel Servicios Telefónicos S.A.	Services provided	108.095	108.095	76.686	76.686
96.554.040-7	Entel Servicios Telefónicos S.A.	Services received	1.250.001	(1.250.001)	2.413.616	(2.413.616)
96.554.040-7	Entel Servicios Telefónicos S.A.	Loans received	722.140	-	76.686	-
96.563.570-K	Entel Call Center S.A.	Services provided	316.867	316.867	358.043	358.043
96.563.570-K	Entel Call Center S.A.	Services received	6.233.182	(6.233.182)	5.579.965	(5.579.965)
96.563.570-K	Entel Call Center S.A.	Loans provided	-	-	2.413.616	-
96.563.570-K	Entel Call Center S.A.	Loans received	2.236.073	-	-	-
96.697.410-9	Entel Telefonía Local S.A.	Services provided	22.227.179	22.227.179	22.303.153	22.303.153
96.697.410-9	Entel Telefonía Local S.A.	Services received	3.542.468	(3.542.468)	3.926.432	(3.926.432)
96.697.410-9	Entel Telefonía Local S.A.	Loans provided	-	-	-	-
96.697.410-9	Entel Telefonía Local S.A.	Loans received	10.366.479	-	6.263.091	-
96.548.490-6	Micarrier Telecomunicaciones S.A.	Services provided	29.076	29.076	25.930	25.930
96.548.490-6	Micarrier Telecomunicaciones S.A.	Services received	1.904	(1.904)	31.316	(31.316)
96.548.490-6	Micarrier Telecomunicaciones S.A.	Loans received	-	-	-	-
96.548.490-6	Micarrier Telecomunicaciones S.A.	Loans provided	490.133	-	51.896	-
96.553.830-5	Entel Contact Center S.A.	Services provided	25.540	25.540	99.391	99.391
96.553.830-5	Entel Contact Center S.A.	Services received	582.657	(582.657)	523.457	(523.457)
96.553.830-5	Entel Contact Center S.A.	Loans received	-	-	720.703	-
96.553.830-5	Entel Contact Center S.A.	Loans provided	4.279.974	-	-	-
96.672.640-7	Entel Servicios Empresariales S.A.	Services received	3.996.749	(3.996.749)	2.271.303	(2.271.303)
96.672.640-7	Entel Servicios Empresariales S.A.	Loans received	545.781	-	-	-
96.672.640-7	Entel Servicios Empresariales S.A.	Loans provided	-	-	393.765	-
96.652.650-5	Transam Comunicación S.A.	Services provided	12.781	12.781	-	-
96.652.650-5	Transam Comunicación S.A.	Loans provided	1.009.515	-	413.554	-
96.652.650-5	Transam Comunicación S.A.	Loans received	-	-	-	-
96.833.480-8	Will S.A.	Services provided	4.064	4.064	4.082	4.082
96.833.480-8	Will S.A.	Services received	1.437	(1.437)	10.314	(10.314)
96.833.480-8	Will S.A.	Loans received	4.361.193	-	532.808	-
96.833.480-8	Will S.A.	Loans provided	-	-	-	-
0-E	Americatel Perú S.A.	Payment for loans	94.900	-	-	-
0-E	Americatel Perú S.A.	Services provided	735.188	735.188	625.254	625.254
0-E	Americatel Perú S.A.	Services received	590.742	(590.742)	803.487	(803.487)
0-E	Servicios de Call Center del Perú S.A.	Payment for loans	-	-	-	-
0-E	Servicios de Call Center del Perú S.A.	Services provided	104.042	104.042	103.569	103.569
0-E	Servicios de Call Center del Perú S.A.	Services received	441.060	(441.060)	557.257	(557.257)

35. SUBSEQUENT EVENTS.

Between January 1, 2013 and the date on which these financial statements are published, no subsequent events have occurred that could significantly affect the values contained herein.

RatiO anAlysis of cOnsolidAted financiAl statEmentS_

For the year ended december 31, 2012

FINANCING STRUCTURE, REVENUE GROWTH, COSTS, AND PROFITABILITY

Financial Ratios

The changes in the most relevant financial ratios during the last twelve months are detailed below.

For the purposes of analysis, it should be noted that the information has not been adjusted to reflect purchasing power parity since as the IFRS standards adopted by the company from 2008 do not require the monetary correction of figures from this date.

The consumer price index for the periods ended December 31 of this year have undergone the following variations: 1.5% in the last twelve months, and 15.1% since the monetary correction process was suspended.

	12/31/2012	12/31/2011
LIQUIDITY RATIOS		
Current Liquidity (Current Assets / Current Liabilities)	0,96	0,93
Quick Ratio (Cash and Cash Equivalents / Current Liabilities)	0,12	0,06
DEBT RATIOS		
Debt Ratio (%) (Total Debt / Equity)	108,26	101,53
Proportion of Short-Term Debt (%) (Current Liabilities / Total Debt)	49,85	50,23
Proportion of Long-Term Debt (%) (Noncurrent Liabilities / Total Debt)	50,15	49,77
Hedging of Financial Expenditure (Income before Taxes and Interest / Financial Expenditure)	15,5	22,26
EFFICIENCY AND PROFITABILITY RATIOS		
Profit Margin (Profit over Revenue)	11,70	14,69
Return on Equity (%) (Annualized) (Profit from Period over Average Equity)	21,08	24,19
Return on Assets (%) (Annualized) (Net Profit from Period over Average Assets)	10,28	11,86
PROFITABILITY AND VALUE PER SHARE		
Profit per Share (Annualized) (CLP$)	707,30	764,26
Dividend Yield (%) (Dividends for Last Twelve Months / Share Price at Close)	5,61	6,12
Book Value (Equity / Number of Shares) (CLP$)	3.441,54	3.268,50
Market Value (According to Share Price) (CLP$)	9.899,30	9.719,30

EBITDA

(Income before taxes, interest, adjustments and exchange rate fluctuations, depreciations, amortizations, and extraordinary items).

For the purposes of this analysis, it should be noted that at the close of the financial year ended December 31, 2012, various changes occurred in the terms and conditions of contracts in the mobile business. These changes introduced the requirement to adopt a new procedure for recording equipment provided as part of postpaid services from October 1, 2012, as explained in Note 22 to the Financial Statements. It should be noted that this new accounting procedure has had no effect on the company's cash flow or value.

In line with the above, the effect of this new accounting procedure on pre-tax profits as of December 31, 2012, was a greater net allocation against profits for the fourth quarter of the year of Th. CLP $17,119,341 (Th. CLP $13,695,473 after tax).

The following tables show the accounts of the income statement affected by the application of the new accounting procedure:

INCOME STATEMENT BREAKDOWN	Cumulative 01/01/12 31/12/12 Th. CLP$	Effects of new accounting procedure Th. CLP$
Revenue from Ordinary Activities	1.430.115.702	17.515.449
Depreciation and Amortization Costs	(310.069.999)	3.789.214
Other Costs	(716.744.150)	(38.424.004)
Earnings (Losses) from Operational Activities	**221.580.037**	**(17.119.341)**
Earnings (Losses) before Tax	198.636.349	
Revenue (Expenditure) before Income Tax	(31.342.233)	3.423.868
Earnings (Losses)	**167.294.116**	**(13.695.473)**

EBITDA rose from CLP $515,200 million to CLP $536,525 million from 2011 to 2012, an increase of 4.1%. EBITDA was affected by the new accounting procedure described in Note 22 to the Financial Statements. The EBITDA result without applying the new accounting procedure, would have been CLP $557,434 million, an increase of 8.2%.

CHANGES IN FINANCIAL INDICATORS

For the periods in question, the financial indicators for the Entel Group remained indicative of a high level of solvency, notwithstanding the minor impact on some indicators due to the contraction of margins and profits during the last twelve months, as discussed below.

Efficiency and profitability indicators (profit margin and return on equity and assets) have largely been affected by increases in depreciations, costs for capturing and retaining customers, provisions for write offs, workforce costs, and sales commission derived from growth in activity, as well as greater investment in infrastructure and mobile handsets for customers. They were also affected by the new accounting procedure for postpaid mobile handsets explained in Note 22.

In spite of marketing activities by new operators and regulatory changes, the company has maintained a strong rate of growth in its activities, especially for mobile services (both voice and data), and fixed line data and IT services for SME segments.

The debt ratio increased from 102% to 108%, maintaining a high level of solvency. This variation was the result of the combined effects of a CLP $96 billion increase in liabilities (equivalent to 12.2%) and a CLP $41 billion increase in equity (equivalent to 5.3%).

The increase in liabilities was largely derived from a CLP $64 billion increase in financial liabilities assigned for ordinary activities and operations expansion, as well as CLP $47 billion of supplier credits deriving from the higher volume of operations. On the other hand, equity increased as a result of the accumulation of higher profits.

Exchange rate fluctuations had no significant effects as they have been neutralized by the Group's exchange rate protection policies based on using derivative instruments to hedge exposure.

Liquidity indicators increased, providing almost 100% coverage of current assets over current liabilities, due to a higher percentage growth in current assets than current liabilities, largely derived from a CLP $31 billion increase in cash and cash equivalents and a CLP $25 billion increase in commercial debtors.

EBITDA, as previously mentioned, increased by 4.1% between the financial years in question.

The financial expenditure hedge ratio remained indicative of a high level of solvency. The coverage of this expenditure by pre-tax profits remains above 15 times, in spite of a slight decrease as a result of an increase in financial expenditure and also arising from the new accounting procedure for postpaid mobile handsets described in Note 22 d) of the Financial Statements.

The performance of this indicator becomes even more significant if the net financial cost is taken into account (i.e. compensating revenue and financial expenditure), since when measured in this way, it was 19 times at the close of December 2012.

Similarly, if the level of coverage is calculated for cash flows based on profits before depreciation it increases to 48 times.

The following are taken into account when calculating the ratios for the coverage of financial expenditure: interest from bank loans, differences in rates from the application of interest rate hedge contracts, and interest arising from financial leasing contracts. Interest is calculated based on effective rates, using the amortized cost method (IAS 39).

The Group's total assets have seen an annual increase of 9%, equivalent to CLP $137 billion.

The largest change was in Property, Plant and Equipment, which received net investment of CLP $61 billion for the year, the value by which investments exceeded depreciations for the period. Gross investment totaled CLP $384 billion, including handsets for postpaid customers up to September 30, 2012. There was also an increase arising from higher investment in fixed-term deposits (CLP $36 billion) to maximize the return on cash surpluses.

Investments in Property, Plant and Equipment were mainly focused on the services with greatest development, specifically mobile services, which received 64% of investment. The remainder corresponds to investment in platforms and infrastructure, mostly for wireline networks.

In terms of investment in mobile services, 52% of investment corresponded to terminals for postpaid customers up to September 30, 2012 (see Note 22 to the Financial Statements), and the remainder to network infrastructure.

Investments made during the last twelve months include CLP $15 billion in real estate for advanced payments for Group's new headquarters in one of the tower blocks at the Parque Titanium development. As of December 31, 2012, this project had received a total investment of CLP $35,607 million.

Current inventories are mainly composed of mobile handsets for the users of these services. Their level, activity and turnover are determined based on the growth projections for the portfolio, as well as requirements for the renewal of equipment, technology developments, and campaigns to retain customers.

MARKET ANALYSIS

The Entel Group operates in a highly competitive market for the various services it provides.

A number of changes have happened over the last year in terms of the large number of competitors active in the telecommunications market. In terms of mobile services, the initiation of operations by VTR and Nextel, the two new operators assigned spectrum for 3G telephony by the authorities last year, as well as the progressive incorporation of Mobile Virtual Network Operators (MVNOs) has resulted in increased competition.

The Entel Group signed a domestic "roaming" agreement with Nextel at the end of last year, which will provide the operator with access to its mobile networks in regions where it has no coverage on its own network. Furthermore, at the end of 2012, the Company signed an agreement with Falabella to provide the virtual mobile operator with network infrastructure services.

It is hard to predict the effects of increased competition, given the requirement for new operators to ensure the profitability of any resources deployed (both their own and subcontracted). Their networks are required to compete with current operators in terms of scale and coverage and they will need to undertake significant marketing activities to capture and retain customers.

At an industry level, there has been a tendency to provide users with increasingly sophisticated and more costly handsets. Providing this level of equipment has made it possible to expand the range of services offered, particularly in the area of mobile data.

One year after taking effect, number portability for mobile phones has had a limited impact on the industry and the company. The uptake of number portability was approximately 3% of the total industry. The net impact on the company, as of December 31, 2012, was a net loss of 52,000 subscribers, 0.5% of the subscriber base. However, it is important to note that the number of customers with highest average revenue (postpaid customers) increased by 75,000, whereas the number of prepaid customers fell by 127,000.

The company has continued to make progress with its strategy of expanding the use of mobile data and has made significant investments to increase the penetration of smart phones. At present, approximately 42% of postpaid customers now have a data or multimedia plan.

The company has continued to consolidate its leadership in the enterprise market, in mobile services, integrated voice, data and Internet services, and IT outsourcing.

The strong position of the Entel Group constitutes a specific strength in the transition towards the market changes it must face. In terms of mobile services, which represent almost 80% of revenue for the current year, the Entel brand has maintained a strong position, with high levels of customer preference. To date, these factors have been decisive in determining policies related to market share and the composition of the customer portfolio (the balance of postpaid and prepaid customers).

It should be noted that in mobile services, Entel has been ranked first for ten consecutive years in the Mobile Services Customer Satisfaction index, awarded by the organization Procalidad and Revista Capital in August.

Entel has also been recognized as Cisco Service Partner of the Year for the Southern Cone of Latin America as a result of the leadership that has secured its position as the leading supplier and systems integrator in Chile.

The company has improved its leadership in the National Innovation Ranking for the third consecutive year, with the ranking paying tribute to its organizational structure and the dynamic of value creation for customers. The study was undertaken by the ESE Business School at the Los Andes University.

The marketing strategies used have been successful in providing differentiated service to postpaid customers with higher minutes of use (MOU) and average revenue per unit (ARPU) than prepaid customers.

The company continuously monitors the market share of the major participants in the telecommunications industry for both mobile and wireline services. At the close of 2012, the Group's share of mobile services stood at around 40%, meaning it has remained relatively stable with respect to the previous year.

The Group continued to see improvements in its position in the SME & Corporate segment and the provision of integrated voice, data and Internet solutions, together with IT services.

In domestic and international long-distance services, the most notable effect of the reduction in the number of primary zones from 24 to 13, which took effect in October of the previous year, has been a fall in the volume of domestic traffic. These services represented 2.3% of the Group's revenue for 2012.

During the second half of 2012, in order to take advantage of new technology and convergence, the Company launched the Entel Hogar project, which provides fixed wireless telephone, Internet and satellite television solutions to certain segments of the residential market.

At present, in terms of international operations, the Group currently only has a presence in Peru, whose markets, resource requirements, and management activities are aligned with its current strategic goals. In Peru, Entel's business activities are focused on integrated wireline services for business customers in Lima, as well as domestic and international Call Center services.

Later, commenting on the evolution of net sales reference is made to major changes in volume and prices.

ANALYSIS OF MARKET RISK

The market risks faced by Group companies are discussed in Note 27 to the Financial Statements.

The note comments on the technological, regulatory, exchange rate, credit, interest, and liquidity risks, in addition to the control and mitigation policies employed.

The permanent analysis of technology and market trends continues to benefit from a partnership with the UK-based Vodafone Group, a world leader in mobile telecommunications. Through this partnership, the Entel Group's mobile telephone subsidiaries can share best practices in customer services, access new voice and data products with international access, expand the coverage and quality of their roaming services, and maintain leadership in the development of value added services for Advanced Digital Mobile Telephony, also known as 3G.

As has been previously noted, Entel's market recognition is shown by the award of first place in the Mobile Services Customer Satisfaction ranking, run by the Procalidad organization and Revista Capital, for ten years running and its status as Cisco Service Provider Partner of the Year for the Southern Cone of Latin America in recognition of the leadership that has secured its position as the leading supplier and integrator of systems in Chile.

In terms of regulatory ruling for the services the Group provides at a domestic level, a range of reforms that will affect competition, accelerate Internet penetration, and control the deployment of antennas in urban areas have been enacted or are in the advanced stages of the legislative and administrative process.

As mentioned in the notes to the financial statements, these reforms include the establishment of mechanisms to provide better information to allow users to compare the Internet services, the elimination of the national long-distance category, telephone number uniformity, number portability for mobile and fixed services, the incorporation of infrastructure suppliers, and incentives for increased broadband access. Similarly, the industry regulator has provided telecommunications companies with instructions, establishing requirements for the supply of services differentiated by destination network (Net/Off-Net traffic) and instructions that restrict and regulate the supply of telecommunications service bundles (within the same network or different networks).

On July 30, 2012, the subsidiary Will S.A. participated in a bidding process run by the Department of Telecommunications for the allocation of public fixed and mobile data transmission services on the 2,600 MHz band, and was awarded block B of three 40 MHz blocks, all of which were assigned.

This spectrum is used in the majority of countries for the development of LTE (Long Term Evolution or 4G) technology.

The value of the concession is CLP $4.3 billion. There are investment commitments totaling USD $106 million over a period of 12 to 24 months, starting from the date of the decree for the award, which is currently being processed by the authorities.

Faced with the aforementioned regulatory changes, the diversity and scale of the Entel Group allows it to mitigate against the consequences of potentially adverse regulations as well as create new business opportunities. However, in the context of a regulated industry, it is impossible to rule out changes that may impact profits or limit future possibilities for growth.

.CHANGES IN SALES REVENUE

In the Comprehensive Income Statement, the Group's revenue is represented by Revenue from Ordinary Activities, Other Revenue, and Other Earnings (Losses). Revenue increased by 16% between 2012 and 2011, as per the following breakdown:

	2012 Th.CLP	2011 Th.CLP	Variación Th.CLP
Mobile Telephony	1.142.690	966.709	18
Data Services (Including it Services)	105.922	93.703	13
Local Telephony (Including Ngn-Ip)	41.469	41.705	-1
Long Distance	32.805	30.688	7
Internet	17.217	16.585	4
Services to other Operators	21.855	20.246	8
Traffic Business	36.667	31.696	16
Americatel Perú	20.111	19.147	5
Entel Call Center	11.377	10.317	10
Other Revenue (1)	10.865	10.117	7
Total Operational Revenue	1.440.978	1.240.914	16

(1) Non-ordinary revenue, arising from the transfer of fixed assets, commercial interest and others.

revenue growth, driven by the expansion of the customer base.

For mobile services, the Group maintained its strong position based on its sustained commercial drive and service quality that have contributed to securing the preference of its customers. The increase in sales was in line with growth in the customer base, both in terms of voice services and innovative value added services (VAS) and Mobile Broadband (MBB). Furthermore, mobile revenue also increased as a result of the new accounting procedure for postpaid mobile handsets described in Note 22 to the Financial Statements. As of December 31, 2012, the customer portfolio had 10,105,888 users, an increase of 8% with respect to the same date for the previous year. It should be noted that postpaid customers make up 31% of the total base. Furthermore, the number of customers with mobile broadband (MBB) and wireless business data rose to 1,043,189.

Revenue from data services for integrated voice, Internet and data networks supplied to the enterprise segment, together with IT services, have exhibited strong growth driven by new customer contracts.

Revenue from services to other operators has grown by 8% over the period as a result of both fixed and mobile infrastructure leasing for various operators on both the local and international operators.

The traffic business saw an increase of 16% in its services related to increased volumes of traffic processed in the wholesale business.

Call Center services expanded as a result of increased activity, both in Chile and Peru.

The revenue of Americatel Perú increased by 5%, though largely due to the strengthening of the Peruvian currency (the Peruvian Sol) with respect to the Chilean peso.

Revenue from long distance services has increased, essentially due to international long-distance services, partially compensated by the national long-distance service affected by the reduction in the number of primary zones from the 24 to 13 in October of the previous year.

COSTS, EXPENSES, AND PROFITABILITY

The following information represents the most significant costs and expenses for 2012 and 2011:

COSTS, EXPENSES, AND PROFITABILITY	2012 Th.CLP	2011 Th.CLP	Variación %
Operating Costs	(1.219.398)	(1.002.687)	22
Operational Earnings (EBIT)	221.580	238.227	-7
Net Financing Costs, Adjustments and Others	(22.944)	(18.901)	21
Net Profit	167.294	180.767	-7

The growth in operating costs is a consequence of the expansion of the customer base and the volume of operations, together with adjustments to changes in market supply arising in the course of the annual activities. Furthermore, costs also increased as a result of the new accounting procedure for postpaid mobile handsets described in Note 22 to the Financial Statements.

Specifically, there were increases in advertising, salaries, rentals sites, depreciations, baddebt provisions, commissions and sales expenses and equipment driven by higher commercial activity

The increased costs of handsets are a result of both growth in the customer base and the value of the new handsets sold, which include new technology to support expansions to the range of services, particularly with respect to data. This translates into an increase in sales costs for handsets sold to prepaid customers and charges for depreciation for handsets provided under free loan to postpaid customers up to September 30, 2012. Costs also increased due to the new accounting procedure applicable to postpaid mobile handsets, whereby the costs of equipment are allocated directly against profit for contracts signed from October 1, 2012 onwards.

Advertising costs mainly increased as a result of new marketing campaigns for promotions in consumer segments, whereas sales commissions increased for all segments driven by the expansion of the customer base.

The remainder of the increases in costs is related to the higher activity and the growth in infrastructure. There were increases in access charges and payments correspondants services due to the increase in traffic activity in mobile services and traffic operations, expenses for staff payments, particularly as a result of the larger workforce, sales incentives and bonuses for meeting targets, and leasing and provisions for write-offs, among others.

PRE-TAX PROFIT

The increase in pre-tax profits is a result of the previously discussed trends in revenue and costs.

On September 27, 2012, Act No. 20,630 was published in the Official Gazette of the Republic of Chile, which aims to obtain greater resources to finance educational reform. Article 1 of the act sets the rate of income tax at 20%.

II. COMMENTS ON CASH FLOW STATEMENT

Cash generation sources have exhibited the following trends during 2012 and 2011 for each of the activities examined.

Operating activities saw slight growth in net cash flow revenue, rising by CLP $9 billion, from CLP $510 billion to CLP $519 billion.

The growth in operations was largely driven by Amounts Charged to Customers, which increased by CLP $201 billion, equivalent to 14%, aligned with the increase in sales, which was largely compensated for by payments to suppliers, which increased by CLP $152 billion.

Investment activities saw a slight decrease of CLP $3 billion in net outward flows from CLP $404 billion to CLP $401 billion for the periods in question. The largest component of investment outflows is Property, Plant, and Equipment, and is mainly composed of investments in infrastructure and handsets for mobile services.

Finally, in terms of financing, there was a CLP $72 billion reduction in net outflows, which were affected by a CLP $358 billion increase in loans, which were mainly used for the pre-payment of other loans to a value of CLP $262 billion as a variation between both periods.

As a result of these changes, the final available balance at the end of each of the periods for Cash and Cash Equivalents increased from CLP $23 billion to CLP $54 billion, remaining at a level that satisfactorily meets the Group's cash flow forecast.

III. FULFILLMENT OF COMMITMENTS

The Group companies are up to date in the fulfillment of all commitments to third parties.

ConsolidAted matErial evEnts 2012_

In compliance with the current legal and regulatory framework, during 2012, Group companies informed the Chilean Securities and Insurance Supervisor of the following material events or relevant information:

I. Parent Company – Shareholders Meeting

Letter 6, dated April 2, 2012, communicated that at the board meeting held on the same date agreement was reached to:

* Schedule an Ordinary Shareholders Meeting for April 26, 2012 and send out the notification and supporting papers in a timely manner to shareholders and other bodies as required by legal regulations.
* Propose at the Ordinary Shareholders Meeting the payment of a final dividend of CLP $555 per share from the profits for the financial year, from which the sum of CLP $150 per share should be deducted for the interim dividend paid in December 2011, leaving a dividend of CLP $405 payable on a date to be determined at the Ordinary Shareholders Meeting.

II. Parent Company – Approval of 2011 Annual Report, Dividend Distribution, and Other Matters.

Letter 8, dated April 26, 2012, communicated that at the Ordinary Shareholders Meeting held on the same date, the following was agreed.

On April 25, 2012, Richard Buchi Buc ceased to exercise the role of Executive Vice-Chairman of Empresa Nacional de Telecomunicaciones S.A.

a. Approval of the Annual Report, Balance Sheet, and Income Statement for 2011

b. Payment of a final dividend of CLP $555 per share, equivalent to 72.44% of net profits for the year. The sum of CLP $150 was paid in December 2011 as an interim dividend, leaving a dividend of CLP $405 per share, payable on May 22, 2012.

c. The investment and financing policy was approved and the dividend policy was communicated, these being essentially the same as those applied in the previous year, notwithstanding expressly having communicated the information contained in Circular 1945.

d. The Board of Directors for the company was approved as follows:

1. Juan Hurtado Vicuña
2. Luis Felipe Gazitúa Achondo
3. Andrés Echeverria Salas
4. Juan Bilbao Hormaeche
5. Juan José Mac-Auliffe Granello
6. Juan Claro González
7. Richard Buchi Buc
8. Alejandro Pérez Rodríguez
9. Raúl Alcaino Lyhn

It is expressly stated that with the votes of the controlling group, directors 1–7 above were appointed and Alejandro Pérez Rodríguez was appointed as independent director by the Pension Fund Administration.

e. The remuneration of the directors and the remuneration of the Directors Committee, to be approved at the Ordinary Shareholders Meeting, were retained and the annual budget for the Committee was set at legal minimum. The appointment of KPMG as external auditors was approved, taking into account the information contained in Circular 718 of the Chilean Securities and Insurance Supervisor, dated February 10, 2012, the appointed and reserve accounts inspectors were retained, Fitch Ratings and International Credit Rating (ICR) were designated as the risk ratings agencies, El Mercurio de Santiago was retained as the official newspaper for the publication of company notices, and related operations were communicated. The constitution of the board and the appointment of the members of the Directors Committee is to be undertaken shortly and will be communicated to the Supervisor and other appropriate bodies in a timely manner

III. Parent Company – Management Changes

Letter 9, dated May 8, 2012, communicated that at the board meeting held the previous day, agreement was reached to:

* Se constituyó la mesa del directorio de la Empresa Nacional de Telecomunicaciones S.A., eligiéndose como Presidente a don Juan Hurtado Vicuña y como Vicepresidente a don Luis Felipe Gazitúa Achondo.
* Se constituyó el Comité de Directorio en la forma prevista en el artículo 50 de la ley de Sociedades Anónimas, quedando integrado por los Directores Alejandro Pérez Rodríguez, Luis Felipe Gazitúa Achondo y Richard Büchi Buc.

IV. Parent Company – Distribution of Dividend

Letter 13, dated November 6, 2012, communicated that at the board meeting held the previous day, agreement was reached to pay a provisional dividend of CLP $150 per share, payable on December 12, 2012, and allocated against the profits up to the third quarter of the year.

This makes the total payment for the provisional dividend Th. CLP $35,478,554, which represents 24.67% of the profit as of the third quarter of 2012.

V. Parent Company – Other

By Letter 3, dated January 28, 2013, the board meeting of Empresa Nacional de Telecomunicaciones S.A. held on the same date, approved the annual consolidated financial statements for the Company for the year ended December 31, 2012.

These financial statements have been prepared using the new accounting procedures for providing postpaid customers with mobile handsets used by the subsidiary Entel PCS S.A.

This new procedure is in line with the contracts for the telephone services and leasing of mobile handsets governing the commercial relationships between the Entel PCS subsidiary and its customers, the conditions of which were modified as a result of a collective mediation process for application contracts brought against various mobile phone operators by the National Consumer Service.

In line with the above, from October 1, 2012, and in line of the above changes, the subsidiary began to record the total value of postpaid mobile handsets against costs upon signing the contracts for the lease of equipment.

Prior to this date, the cost of the handsets was classified under fixed assets, as permitted by the contractual conditions in force prior to the aforementioned changes, and depreciated over 12 months, meaning that the historical base of postpaid handsets up to September 30, 2012, will remain unchanged and continue to be depreciated over the corresponding period, thus having a decreasing impact until extinguished on September 30, 2013.

Furthermore, and also in line with the aforementioned changes, the charges for activating handsets for postpaid customers have been fully recorded under revenue at the moment they are provided since October 1, 2012.

Considering the above, the permanent and transitional effects of these changes, applied during the fourth quarter to the consolidated income as of December 31, 2012, with respect to the previous accounting procedure, result in a negative net allocation against profit reaching the value of Th. CLP $13,695,473.

Even though this new accounting procedure does not result in predictable permanent effects in its own right, which will to a greater or lesser extent derive from subscription handsets for each period, for the aforementioned reasons it will have a negative, transitional and decreasing impact on consolidated profits until the third quarter of 2013, but will not impact the company's cash flows or its financial value.

VI. Entel PCS Telecomunicaciones S.A. –Other

By Letter 4, dated January 28, 2013, the board meeting of Entel PCS Telecomunicaciones S.A., held on the same date, approved the consolidated financial statements for the company for the year ended December 31, 2012.

These financial statements have been prepared using the new accounting procedures for providing postpaid mobile handsets for Entel PCS Telecomunicaciones S.A.

This new procedure is in line with the contracts for the telephone services and leasing of mobile handsets governing the commercial relationships between Entel PCS Telecomunicaciones S.A. and its customers, the conditions of which were modified as a result of a collective mediation process for application contracts brought against various mobile phone operators by the National Consumer Service.

In line with the above, from October 1, 2012, and in line of the above changes, Entel PCS Telecomunicaciones S.A. began to record the total value of postpaid mobile handsets against costs upon signing the contracts for the lease of equipment.

Prior to this date, the cost of handsets was classified under fixed assets, as permitted by the contractual conditions in force prior to the aforementioned changes, and depreciated over 12 months, meaning that the historical base of postpaid handsets up to September 30, 2012, will remain unchanged and continue to be depreciated over the corresponding period, thus having a decreasing impact until extinguished on September 30, 2013.

Furthermore, and also in line with the aforementioned changes, the charges for activating handsets for postpaid customers made by Entel PCS Telecomunicaciones S.A. have been fully recorded under revenue at the moment they are provided since October 1, 2012.

In consideration of the above, the permanent and transitional effects of these changes, applied during the fourth quarter to the consolidated income as of December 31, 2012, with respect to the previous accounting procedure, result in a net loss allocation against profit reaching the value of Th. CLP $13,695,473.

Even though this new accounting procedure does not result in predictable permanent effects in its own right, which will to a greater or lesser extent derive from postpaid handsets activity for each period, for the aforementioned reasons it will have a negative, transitional and decreasing impact on consolidated profits until the third quarter of 2013, but will not impact the company's cash flows or its financial value.

Certificate of Accounts Inspectors

Dear shareholder

Empresa Nacional de Telecomunicaciones S.A.

We have reviewed the Individual and Consolidated Financial Statements of Empresa Nacional de Telecomunicaciones S.A. for the twelve month period ended December 31, 2012. There are no remarks to be made following our review. Our examination and review as Accounts Inspectors included verification of the account balance in the General Ledger and summary sheet of the Consolidated Financial Statements with the corresponding accounts on the Balance Sheet and the Income Statement on this date.

MANUEL ONETO FAURE

Accounts Inspector

GUSTAVO MATURANA RAMIREZ

Accounts Inspector

Santiago, January 30, 2013

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CONSOLIDATED BALANCE SHEET OF SUBSIDIARIES
At December 31, 2012 and 2011
(Th.CLP$)

	Entel PCS Telecomunicaciones S.A. y Filial		Entel Telefonía Local S.A. y Filiales		Entel Servicios Telefónicos S.A.		Entel Servicios de Contact Center S.A (ex - Satel Telecomunicaciones S.A.) (1)	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	03/31/2012	12/31/2011
ASSETS								
Current Assets	295.090.361	264.915.449	13.411.897	13.611.659	820.971	1.491.526	924.984	972.219
Non Current Assets	660.677.907	652.149.359	22.869.182	20.385.410	49.246	18.739	3.696.627	3.403.749
TOTAL ASSETS	955.768.268	917.064.808	36.281.079	33.997.069	870.217	1.510.265	4.621.611	4.375.968
PASIVO								
Current Liabilities	304.904.924	284.786.089	13.509.979	11.753.751	290.217	248.616	32.662	38.939
Non Current Liabilities	274.336.490	274.833.315	14.009.671	15.478.291	19.615	1.051.814	-	-
TOATAL LIABILITIES	579.241.414	559.619.404	27.519.650	27.232.042	309.832	1.300.430	32.662	38.939
STOCKHOLDER EQUITY								
Paid-in Capital	128.398.586	128.398.586	29.603.142	29.603.142	1.413.277	1.413.277	3.560.075	3.560.075
Other Reserves	(10.526.899)	(10.526.899)	(2.419.357)	(2.419.357)	(115.502)	(115.502)	(290.952)	(290.952)
Accrued Income (Accumulated Losses)	258.568.242	239.554.326	(18.422.582)	(20.419.768)	(737.390)	(1.087.940)	1.319.826	1.067.906
Non Controlling Stock	86.925	19.391	226	1.010	-	-	-	-
Conversion Reserves	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND STOCKHOLDER EQUITY	955.768.268	917.064.808	36.281.079	33.997.069	870.217	1.510.265	4.621.611	4.375.968

SUMMARIZED INCOME STATEMENTS FOR SUBSIDIARIES
For the years ending December 31, 2012 and 2011
(Th.CLP$)

	Entel PCS Telecomunicaciones S.A.		Entel Telefonía Local S.A. y Fililaes		Entel Servicios Telefónicos S.A.		Entel Servicios de Contact Center S.A (ex - Satel Telecomunicaciones S.A.) (1)	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	03/31/2012	12/31/2011
Operating Revenues	1.153.372.953	974.752.094	49.969.307	48.933.015	1.589.587	2.357.847	270.580	1.111.595
Other Revenues	22.873.858	14.903.178	80.554	(125.444)	10.297	(22.103)	47.140	24.697
Salaries and Expenses	(50.911.365)	(45.862.733)	(1.999.204)	(2.546.085)	(673.076)	(1.181.855)	-	-
Depreciation and Amortization	(241.460.086)	(202.689.865)	(3.373.253)	(3.965.635)	-	-	(20.384)	(100.273)
Other Operating Expenses	(731.079.303)	(567.507.673)	(42.601.940)	(40.385.382)	(522.770)	(1.055.086)	(36.870)	(24.675)
Income (Loss) Before Tax	152.796.057	173.595.001	2.075.464	1.910.469	404.038	98.803	260.466	1.011.344
Income Tax	(25.550.055)	(33.595.452)	(79.062)	(353.325)	(53.488)	(10.318)	(8.546)	(176.097)
INCOME (LOSS)	127.246.002	139.999.549	1.996.402	1.557.144	350.550	88.485	251.920	835.247
Income (loss) attributable to stockholders of controlling stockholder equity	127.149.525	139.981.504	1.997.186	1.556.747	350.550	88.485	251.920	835.247
Incomes attributable to non controlling stock	96.477	18.045	(784)	397	-	-	-	-
INCOME (LOSS)	127.246.002	139.999.549	1.996.402	1.557.144	350.550	88.485	251.920	835.247
EARNINGS PER SHARE								
Common Shares	1.585,76	1.745,79	115,00	89,64	108.194,41	27.310,18	251.920,00	835.247,00

NOTAS: (1) On April 9, 2012, the ownership structure of the company Entel Servicios de Contact Center S.A., formerly Satel Telecomunicaciones S.A., changed. Its parent company, Entel S.A., sold 99.99% of its share to Entel Call Center S.A. in Share Sale and Purchase Contract No. 2779-2012. (2) From April 2012, the financial statements for Entel Servicios de Contact Center S.A. have been consolidated under the company Entel Call Center S.A.

Micarrier Telecomunicaciones S.A.		Entel Servicios Empresariales S.A.		Entel Inversiones S.A. y filial		Entel Call Center S.A. y filial (2)		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
35.245	392.119	455.997	3.132	4.982.224	5.451.393	10.341.295	9.061.829	23.232	42.100	3.672	3.574
2.164.806	1.791.273	452.929	560.708	40.656.231	40.057.356	14.139.203	12.361.538	193.580	210.381	-	-
2.200.051	2.183.392	908.926	563.840	45.638.455	45.508.749	24.480.498	21.423.367	216.812	252.481	3.672	3.574
176.150	163.912	385.311	193.981	4.012.749	4.686.666	5.361.773	5.954.494	32.293	36.383	727.709	708.006
-	-	-	-	3.475.333	4.547.742	12.921.952	11.249.073	-	-	-	-
176.150	163.912	385.311	193.981	7.488.082	9.234.408	18.283.725	17.203.567	32.293	36.383	727.709	708.006
4.141.580	4.141.580	737.071	737.071	2.870.847	2.870.848	13.867.175	13.867.175	25.211.353	25.211.353	2.969.432	2.969.432
(338.476)	(338.476)	125.983	125.983	(95.030)	55.556	(1.135.676)	(1.128.189)	4.934	4.949	(242.681)	(242.681)
(1.779.203)	(1.783.624)	(339.439)	(493.195)	29.697.686	28.050.829	(6.538.710)	(8.422.644)	(25.031.768)	(25.000.204)	(3.450.788)	(3.431.183)
-	-	-	-	5.676.870	5.297.108	4.843	20	-	-	-	-
-	-	-	-	-	-	(859)	(96.562)	-	-	-	-
2.200.051	2.183.392	908.926	563.840	45.638.455	45.508.749	24.480.498	21.423.367	216.812	252.481	3.672	3.574

Micarrier Telecomunicaciones S.A.		Red de Transacciones Electrónicas S.A.		Entel Inversiones S.A. y filial		Entel Call Center S.A. y filial		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
105.304	134.273	3.996.749	2.273.021	20.820.275	20.109.586	33.010.419	26.508.639	-	-	-	-
67.726	78.503	-	-	828.315	591.593	126.137	53.489	-	-	-	-
-	-	(3.790.944)	(2.074.856)	(4.134.256)	(3.427.839)	(16.090.878)	(11.050.662)	-	-	-	-
-	-	-	-	(2.348.297)	(2.045.975)	(1.297.737)	(1.034.673)	-	-	-	-
(168.609)	(199.565)	(57.502)	(23.434)	(12.637.868)	(14.065.637)	(13.954.995)	(13.217.463)	(31.565)	18.273	(19.605)	(27.577)
4.421	13.211	148.303	174.731	2.528.169	1.161.728	1.792.946	1.259.330	(31.565)	18.273	(19.605)	(27.577)
0	22.033	5.453	11.636	(370.981)	(61.039)	91.223	(154.774)	-	-	-	-
4.421	35.244	153.756	186.367	2.157.188	1.100.689	1.884.169	1.104.556	(31.565)	18.273	(19.605)	(27.577)
4.421	35.244	153.756	186.367	1.646.856	1.121.108	1.883.934	1.104.563	(31.565)	18.273	(19.605)	(27.577)
-	-	-	-	510.332	(20.419)	235	(7)	-	-	-	-
4.421	35.244	153.756	186.367	2.157.188	1.100.689	1.884.169	1.104.556	(31.565)	18.273	(19.605)	(27.577)
442,10	3.524,40	4.467,18	5.414,66	148.499,19	101.091,79	198,29	116,26	0,52	0,30		

SUMMARIZED CASH FLOW STATEMENTS FOR SUBSIDIARIES
At December 31, 2012 and 2011
(Th.CLP$)

	Entel PCS Telecomunicaciones S.A.		Entel Telefonía Local S.A.		Entel Servicios Telefónicos S.A.		Entel Servicios de Contact Center S.A (ex - Satel Telecomunicaciones S.A.) [1]		Micarrier Telecomunicaciones S.A.	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash flows provided by operating activities	299.243.548	501.634.262	6.580.475	8.826.001	748.753	549.764	151.312	968+.344	(36.090)	(58.812)
Cash flows provided by other operational activities	(58.396.540)	(45.682.600)	(922.358)	(447.725)	12.379	9.168	3.658	20.740	-	-
Net cash flows provided by operating activities	240.847.008	455.951.662	5.658.117	8.378.276	761.132	558.932	154.970	989.084	(36.090)	(58.812)
Net cash flows used in investment activities	(120.638.489)	(258.538.353)	(5.035.984)	(5.707.995)	-	-	(80)	(323)	37.949	57.697
Net cash flows used in financing activities	(119.690.442)	(199.903.282)	(947.604)	(2.647.239)	(725.025)	(546.904)	(154.971)	(988.125)	-	-
Net increase (decrease) in cash and cash equivalents	518.077	(2.489.973)	(325.471)	23.042	36.107	12.028	(81)	636	1.859	(1.115)
Effect of exchange rate variations on cash and cash equivalents	-	(7.557)	-	-	-	-	(61)	80	-	-
Effects of changes in the scope of consolidation on cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents, cash flow statement, initial balance	1.299.018	3.796.548	588.201	565.159	12.523	495	1.050	334	2.132	3.247
Cash and cash equivalents, cash flow statement, final balance	1.817.095	1.299.018	262.730	588.201	48.630	12.523	908	1.050	3.991	2.132

STATEMENT OF CHANGE IN NET STOCKHOLDER EQUITY FOR SUBSIDIARIES
At December 31, 2012 and 2011
(Th.CLP$)

	Entel PCS Telecomunicaciones S.A.	Entel Telefonía Local S.A.	Entel Servicios Telefónicos S.A.	Entel Servicios de Contact Center S.A (ex - Satel Telecomunicaciones S.A.) (1)	Micarrier Telecomunicaciones S.A.
Initial balance for current period 01/01/2012	357.445.404	6.765.027	209.835	4.337.029	2.019.480
Income from consolidated revenue and costs	127.246.002	1.996.402	350.550	251.920	4.421
Payment of dividends	(111.985.203)	-	-	-	-
Increase (decrease) for distribution to shareholders	-	-	-	-	-
Other increases (decreases) in stockholder equity	3.820.651	-	-	-	-
Final balance for current period 12/31/2012	376.526.854	8.761.429	560.385	4.588.949	2.023.901
Initial balance for previous period 01/01/2011	321.525.227	5.207.270	121.350	3.501.782	1.984.236
Income from consolidated revenue and costs	139.999.549	1.557.144	88.485	835.247	35.244
Payment of dividends	(99.325.305)	-	-	-	-
Increase (decrease) for distribution to shareholders	(12.379.484)	-	-	-	-
Other increases (decreases) in stockholder equity	7.625.417	613	-	-	-
Final balance at 12/31/2011	357.445.404	6.765.027	209.835	4.337.029	2.019.480

NOTAS: [1] On April 9, 2012, the ownership structure of the company Entel Servicios de Contact Center S.A., formerly Satel Telecomunicaciones S.A., changed. Its parent company, Entel S.A., sold 99.99% of its share to Entel Call Center S.A. in Share Sale and Purchase Contract No. 2779-2012. (2) From April 2012, the financial statements for Entel Servicios de Contact Center S.A. have been consolidated under the company Entel Call Center S.A.

	Entel Servicios Empresariales S.A.		Entel Inversiones S.A. y filial		Entel Call Center S.A. y filial		Entel Internacional BVI Corp. y filial		Empresa de Radiocomunicaciones Insta Beep Ltda.	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
	(4.761.891)	(3.161.651)	3.220.851	4.300.160	(629.771)	1.837.292	(15.783)	(3.773)	(2.322)	(1.087)
	(545.781)	(2.317.772)	-	-	-	-	(447)	(493)	-	
	(5.307.672)	(5.479.423)	3.220.851	4.300.160	(629.771)	1.837.292	(16.230)	(4.266)	(2.322)	(1.087)
	-	-	(3.261.157)	(4.436.341)	(6.730.175)	(1.820.825)	-	-	-	-
	5.307.694	5.479.423	-	(39.863)	7.559.368	26.510	-	-	2.322	1.087
	22	-	(40.306)	(176.044)	199.422	42.977	(16.230)	(4.266)	-	-
	-	-	(23)	-	145	-	(2.638)	4.256	-	-
	-	-	-	-	-	-	-	-	-	-
	8	8	851.530	1.027.574	225.764	182.787	42.100	42.110	-	-
	30	8	811.201	851.530	425.331	225.764	23.232	42.100	-	-

	Entel Servicios Empresariales S.A.	Entel Inversiones S.A. y filial	Entel Call Center S.A. y filial	Entel Internacional BVI Corp. y filial	Empresa de Radiocomunicaciones Insta Beep Ltda.
	369.859	36.274.341	4.219.800	216.098	(704.432)
	153.756	2.157.188	1.884.169	(31.565)	(19.605)
	-	-	-	-	-
	-	-	-	-	-
	-	(281.156)	92.804	(14)	-
	523.615	38.150.373	6.196.773	184.519	(724.037)
	183.491	33.607.277	3.153.650	197.741	(676.855)
	186.367	1.100.689	1.104.556	18.273	(27.577)
	-	-	-	-	-
	-	-	-	-	-
	1	1.566.375	(38.406)	84	-
	369.859	36.274.341	4.219.800	216.098	(704.432)

SUBSIDIARIES OF ENTEL S.A.

Company Name	Entel PCS Telecomunicaciones S.A. and Subsidiaries	Entel Telefonía Local S.A. o Entel Phone S.A. and Subsidiaries
Legal Status	Private limited company, registered in the Special Register of Reporting Entities (No. 33.).	Private Corporation.
Constituting Documents	Entel PCS Telecomunicaciones S.A. was incorporated as a limited company by public deed on October 3, 1996, in accordance with the laws of the Republic of Chile.	EntelPhone S.A. was incorporated as a limited company by public deed on April 29, 1994, in accordance with the laws of the Republic of Chile. On December 20, 1994, by Supreme Decree 450, the Ministry of Transport and Telecommunications awarded a public telephone services concession to the company to install, operate, and run a local telephone system.
Business Purpose	The purpose of the company is: the study, construction and operation of a system to provide all types of transmission, switching, communication, metering, billing and charging services for mobile telecommunications; to import and export, market, distribute, sell, lease, and provide in any other manner, all types of equipment required for the provision of mobile communications and complementary/supplementary services; and in general, to undertake all types of activities, agree, sign and execute all types of contracts required for the provision of any type of mobile communications services.	The company meets the telephone communications, multimedia and infrastructure needs of high-use consumers, and provides marketing and dealership of equipment and devices and undertakes all telecommunications related business activities.
Subscribed and Paid-in Capital on December 31, 2012	The company's subscribed and paid-in capital is Th.CLP $128,398,586.	The company's subscribed and paid-in capital is Th.CLP $29,603,142.
Direct and Indirect Stock Entel S.A.	Entel Chile S.A.: 99.999% Entel Inversiones S.A.: 0.001%	Entel Chile S.A.: 99.0% Entel Inversiones S.A.: 1.0%
Percentage of Investment of Entel S.A. Assets	26.86%	0.63%
Income for 2012 Financial Year	Th.CLP $127,246,002	Th.CLP $1,996,402
Board of Directors	Richard Büchi B., Chairman Juan Hurtado V., Vice-Chairman Luis Felipe Gazitúa A., Director Alfredo Parot D., Director Felipe Ureta P., Director	Richard Büchi B., Chairman Antonio Büchi B., Director Alfredo Parot D., Director José Luis Poch P., Director Felipe Ureta P., Director
CEO	Antonio Büchi B.	Mario Nuñez P.
Positions Held at Entel S.A.	Alfredo Parot D., Vice-Chairman of Technology and Operations Felipe Ureta P., Finance and Management Control Executive Antonio Büchi B., CEO	Alfredo Parot D., Vice-Chairman Technology and Operations José Luis Poch P., Vice-Chairman Consumers Market Felipe Ureta P., Finance and Management Control Executive Mario Nuñez P., Vice-Chairman Enterprise Market
Commercial Relationship with Entel Chile S.A.	Entel Telefonía Personal provides Entel Chile S.A. network infrastructure to broaden the coverage of its fixed telecommunications services. Entel Chile S.A. provides Entel Telefonía Personal with telecommunications services to support its mobile communications operations.	EntelPhone S.A. provides Chile Entel S.A. with the services required to complement its integrated communications and operational continuity services. Entel Chile S.A. provides EntelPhone S.A. with the operation and maintenance of network platforms to support its business activities.
Agreements and Contracts	Entel PCS S.A. contracted national signal transport services in dedicated and switched mode from Entel S.A. for Th.CLP $82,123,190. It also leased and-subleased physical space in buildings, stores, and radio stations owned by Entel PCS S.A. or third parties to Entel Chile S.A. Finally, it contracted marketing consultancy services, telephone technical services, and Data Center services for Th.CLP $11,639,360. Entel Chile S.A. contracted leased infrastructure, telecommunications services, and the payment of access charges from Entel PCS S.A. for Th.CLP $8,925,467.	Entel Chile S.A. leases telecommunications infrastructure and installation services, provides the operation and maintenance of networks, the lease or sublease of physical space in buildings and commercial branches, IT data processing services, network administration and administration services to EntelPhone S.A. for Th.CLP $22,207,179. EntelPhone S.A. provides Entel Chile S.A. with telecommunications services and access charges for Th.CLP $3,542,468.

SUBSIDIARIES OF ENTEL S.A.

Razón Social	Entel Servicios Telefónicos o Entelfónica S.A.	Micarrier Telecomunicaciones S.A. or Micarrier S.A.
Legal Status	Private limited company.	Private Corporation.
Constituting Documents	Entelfónica S.A. was originally incorporated as a private limited company by public deed on March 13, 1989, in accordance with the laws of the Republic of Chile under the name Global Telecomunicaciones S.A. On June 24, 1993, the company statutes were modified to establish the current name and nature of the company.	Micarrier was incorporated as a limited company by public deed on December 30, 1988, in accordance with the laws of the Republic of Chile. The company initially traded under the name Entel Servicios de Datos S.A. until March 26, 1996 when it was agreed to amend the articles of incorporation to establish the current name of the company.
Business Purpose	The company provides telecommunications services, marketing, distribution and dealership of equipment, and any other telecommunications related business activities.	The company installs, operates, runs and provides public and private telecommunications services at national and international level, both directly and through third parties.
Subscribed and Paid-in Capital on December 31, 2012	The company's subscribed and paid-in capital is Th.CLP $1,413,277.	The company's subscribed and paid-in capital is Th.CLP $4,141,581
Direct and Indirect Stock of Entel S.A.	Entel Chile S.A.: 91.420% Entel Inversiones S.A.: 8.580%	Entel Chile S.A.: 99.990% Entel Inversiones S.A.: 0.010%
Percentage of Investment in Entel Chile S.A. Assets	0.04%	0.14%
Income for 2012 Financial Year	Th.CLP $350,550	Th.CLP $4,421
Board of Directors	José Luis Poch P., Chairman Juan Baraqui A., Director Felipe Ureta P., Director	Richard Büchi B., Chairman Antonio Büchi B., Director Alfredo Parot D., Director José Luis Poch P., Director Felipe Ureta P., Director
CEO	Pablo Pfingsthorn O.	Pablo Pfingsthorn O.
Positions Held at Entel Chile S.A.	José Luis Poch P., Vice-Chairman Consumers Market Juan Baraqui A., Administration Executive Felipe Ureta P., Finance and Management Control Executive Pablo Pfingsthorn O., Financial Planning, and Management Control Executive	Antonio Büchi B., CEO Alfredo Parot D., Vice-Chairman of Technology and Operations José Luis Poch P., Vice-Chairman Consumers Market Felipe Ureta P., Finance and Management Control Executive Pablo Pfingsthorn O., Financial Planning and Management Control Executive
Commercial Relationship with Entel Chile S.A.	Entelfónica S.A. provides administration services for the service centers used by Entel Chile S.A. customers. Entel Chile S.A. provides Entelfónica S.A. with the operation and maintenance of the public telephone network.	Micarrier S.A. provides long distance national and international services to Entel Chile S.A. In return Entel Chile S.A. provides Micarrier S.A. with the administration, operation and maintenance of its networks.
Agreements and Contracts	Entelfónica S.A. contracted national and international signal transport services from Chile Entel S.A. It also received administration and computing services, and leased and subleased physical space in buildings and commercial branches for Th.CLP $108,095. Entelfónica S.A. provided advertising and services to Entel Chile S.A. for Th.CLP $1,250,001	Micarrier S.A. contracted operation and maintenance services for telephone exchanges and switching equipment, administration and computer services and leases offices from Entel for the value of Th.CLP $29,076. Entel Chile S.A. contracted the leasing of telecommunications from Micarrier S.A. for Th.CLP $1,904.

Sociedades Filiales de Entel S.A.

Razón Social	ENTEL Servicios Empresariales S.A.	ENTEL Inversiones S.A. y filiales
Legal Status	Private Corporation.	Private Corporation.
Constituting Documents	Entel Servicios Empresariales S.A. was incorporated as a limited company by public deed on June 9, 1993, in accordance with the laws of the Republic of Chile.	Entel Inversiones S.A. was incorporated as a limited company by public deed on August 8, 1989, in accordance with the laws of the Republic of Chile.
Business Purpose	The company provides: software analysis, design, development, operation and maintenance, consultancy services and technical support; third-party administration services for infrastructure, systems and business processes; e-commerce, business and accounting transactions using all electronic media; representation of national and international suppliers for software, hardware, and other tools and equipment related to IT, telephone support, and the continuity of technology platforms.	The company makes investments considered strategically appropriate to corporate goals, regardless of whether these are related to the telecommunications industry.
Subscribed and Paid-in Capital on December 31, 2012	The company's subscribed and paid-in capital is Th.CLP $737,071.	The company's subscribed and paid-in capital is Th.CLP $2,870,848.
Direct and Indirect Stock of Entel Chile S.A.	Entel Chile S.A.: 99.9855% Entel Inversiones S.A.: 0.0145%	Entel Chile S.A.: 99.990% Entel International Bvi Corp.: 0.010%
Percentage of Investment in Entel Chile S.A. Assets	0.04%	2,72%
Income for 2012 Financial Year	Th.CLP $153,756	Th.CLP $2,157,188.
Board of Directors	Felipe Ureta P., Chairman Julian San Martín A., Director Victor Hugo Muñoz A., Director	Richard Büchi B., Chairman Antonio Büchi B., Director Alfredo Parot D., Director
Chief Executive Officer	Pablo Pfingsthorn O.	Felipe Ureta P.
Positions Held at Entel S.A.	Felipe Ureta P., Finance and Control Executive Julian San Martín A., Vice-Chairman Corporations Market Victor Hugo Muñoz A., IT Services Executive Pablo Pfingsthorn O., Financial Planning and Management Control Executive	Antonio Büchi B., CEO Alfredo Parot D., Vice-Chairman of Technology and Operations Felipe Ureta P., Finance and Management Control Executive
Commercial Relationship with Entel Chile S.A.	Entel Servicios Empresariales S.A. provides technology platform continuity services to Entel Chile S.A. to support the operations of its customers.	None.
Agreements and Contracts	Entel Servicios Empresariales S.A. provides services in the field of technology platform continuity to Entel S.A. to support the operations of its customers for Th.CLP $3,996,749.	Entel Chile S.A. provided Entel Invesiones S.A. and Subsidiaries international data transportation and traffic termination services for Th.CLP $735,188. Entel Inversiones S.A. and subsidiaries provide Entel Chile S.A. with international traffic termination services for Th.CLP $590,742.

Sociedades Filiales de Entel S.A.

Razón Social	ENTEL Call Center S.A. y filiales	ENTEL International B.V.I. Corp. y filial.
Naturaleza Jurídica	Private Corporation.	Foreign subsidiary
Documentos Constitutivos	Entel Call Center S.A. (formerly Entel Internacional S.A.) was incorporated as limited company by public deed on September 12, 1989, in accordance with the laws of the Republic of Chile. Its initial purpose was to provide consultancy services for the development of telecommunications and IT projects. Its business purpose was amended on March 29, 2000.	The company was incorporated as a limited company on February 12, 1993, in Tortola, British Virgin Islands.
Objeto Social	The company develops, installs, operates and runs both its own and third-party telecommunications platforms in Chile and abroad, and in general, undertakes any activity or provides services through telecommunications equipment or installations served by operators or automated operations.	
Capital Suscrito y Pagado al 31 de diciembre de 2012	The company's subscribed and paid-in capital is Th.CLP $13,867,175.	The company's subscribed and paid-in capital is Th.CLP $25,211,353.
Participación Directa e Indirecta de Entel Chile S.A.	Entel Chile S.A. 90,000% Entel Inversiones S.A. 10,000%	Entel Chile S.A. 100%
Porcentaje de la Inversión en el Activo de Entel Chile S.A.	0,44%	0,01%
Resultados del Ejercicio 2012	Th.CLP $1,884,169	Th.CLP $(31,565)
Directorio	Antonio Büchi B., Chairman Richard Büchi B., Director Alfredo Parot D., Director José Luis Poch., Director Felipe Ureta P., Director Álvaro García L.	Richard Büchi B., Chairman Felipe Ureta P., Director Antonio Büchi B., Director
Gerente General	Álvaro García L.	Felipe Ureta P.
Desempeñan Cargos en Entel Chile S.A.	Antonio Büchi B., CEO José Luis Poch P., Vice-Chairman of Consumers Market Felipe Ureta P. , Finance and Management Control Executive	Antonio Büchi B., Finance and Management Control Executive Felipe Ureta P., CEO
Relación comercial con Entel Chile S.A.	Entel Call Center S.A. currently provides the required infrastructure for service via remote channels for customers of subsidiaries of the Entel Group. Entel Chile S.A. provides the company with telecommunications services to support its call center business.	None.
Actos y Contratos	Entel Chile S.A. provided Entel Call Center S.A. telecommunications, administration and IT services, and the leasing of office space for Th.CLP $438,068. Entel Call Center S.A. provided Entel with inbound and outbound call services for the value of Th.CLP $7,112,555.	There were no agreements or contracts with significant effects on operations and income.

Sociedades Filiales de Entel S.A.

Razón Social	Sociedad de Telecomunicaciones Instabeep Ltda.
Naturaleza Jurídica	Limited company.
Documentos Constitutivos	The company was incorporated as a limited liability company by public deed on November 4, 1985, in accordance with the laws of the Republic of Chile.
Objeto Social	The company undertakes business activities related to electrical and electronics engineering, especially those relative to the establishment, operation and running of communications services and any other related activity agreed by the partners.
Capital Suscrito y Pagado al 31 de diciembre de 2012	The company's subscribed and paid-in capital is Th.CLP $2,969,432
Participación Directa e Indirecta de Entel S.A.	Entel Chile S.A. 99,990% Entel PCS Telecomunicaciones S.A. 0,010%
Porcentaje de la Inversión en el Activo de Entel S.A.	0,00%
Resultados del Ejercicio 2012	Th.CLP $(19,605)
Directorio	None.
Gerente General	José Luis Poch P.
Desempeñan Cargos en Entel S.A.	José Luis Poch P., Vice-Chairman Consumers Market
Relación comercial con Entel S.A.	None.
Actos y Contratos	There were no agreements or contracts with significant effects on operations and income.

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