Of the 996,738 lines in service at December 31, 1991, 75.5% were residential, 21.9% were business, 1.7% were public telephone lines and 0.9% were principally lines for CTC's own internal use. The number of residential lines in service per 100 households increased from 21.4 at December 31, 1990, to 26.1 at December 31, 1991. Also on such date, CTC had a total of 284 telephone exchanges: 30 manual and 254 automatic, but as earlier noted, 99.8% of all CTC's lines then installed were connected to automatic exchanges.

Despite the growth in CTC's telephone system in recent years, the number of lines per 100 inhabitants in Chile was only approximately eight at December 31, 1991. In comparison, the United States, Hong Kong, Argentina, Venezuela, Mexico and Brazil had respectively 53, 41, 11, eight, six, and six lines per 100 inhabitants as of December 31, 1991, according to the Siemens Statistics 1991 - AT & T Statistics.

Within basic telephony, one of the main objectives of the Company is to develop the existing telephone and telecommunications network into a digital based system. Such a digital system would permit simultaneous voice, data, text and image transmission and more efficient utilization and maintenance of the network through automatically managed testing and traffic control. The continuing modernization is designed to permit the development of an integrated services digital network (ISDN)

A.6.   Local Services.

On December 31, 1991, revenues from the Company's local service represented 37.6% of total operating revenues. Charges to subscribers for connections and proceeds from sales of rights to telephone lines represented 8.7% and 2.7%, respectively, of total operating revenues in 1991. Under the current tariff structure, the ability of CTC to charge for the sale of rights to telephone lines is scheduled to be eliminated by the end of 1993. (See discussion of line installation service below). Such tariff structure, however, increases charges for local services through 1993 as set forth under the heading "-Tariff System".