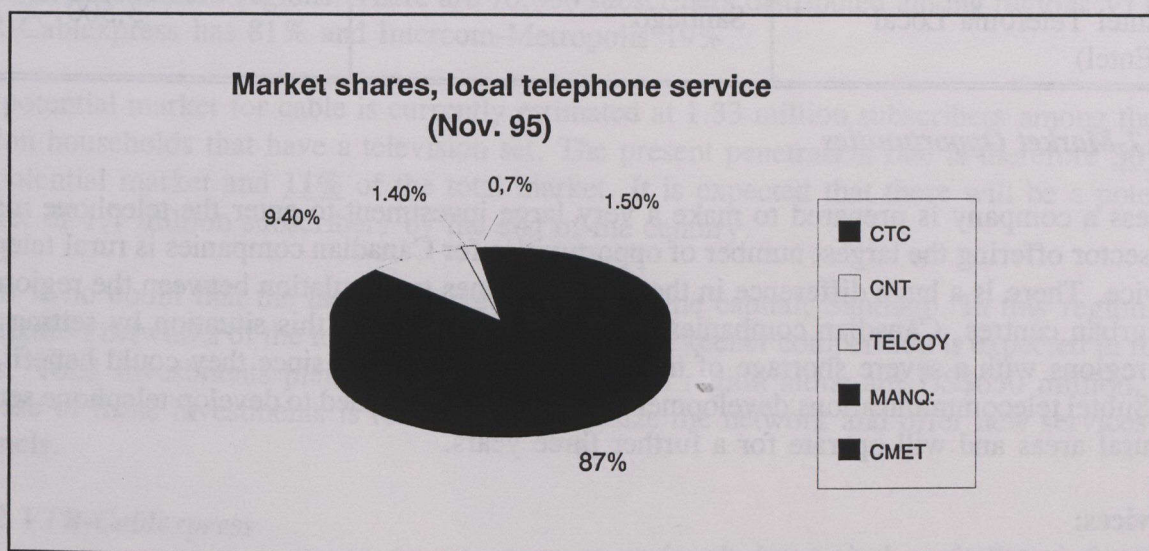


lines in operation during 1996-97 and reach 500,000 in the year 2000. The company will invest US\$75 million in 1996 and US\$350 million in the year 2000.

### 2.1.6 CNT Telefonica Del Sur and Telcoy

Last, CNT Telefonica Del Sur and Telcoy, affiliates of VTR Comunicaciones SA, operate basic telephone service in southern Chile. CNT operates in regions X and XI and Telcoy in region XII. CNT is currently extending its coverage. The area of expansion corresponds with regions VIII and IX, which include the cities of Temuco, Concepcion, Chillan and others.

The company will invest US\$300 million by the year 2000 to install 370,000 additional telephone lines. It is planning to reach 3 million locations in its operating area and hopes to have a national market share of between 20% and 25%. The planned expansion area is considered attractive since CTC's telephone coverage is not yet adequate. Furthermore, coverage is not yet complete in its current operating area. The region has a population of 1.03 million and a ratio of phones to population of 7.2 lines per 100, whereas the average in urban areas is 11 and the national average is 14.32 lines per 100 people.



At the end of 1995, the company had 75,000 lines in operation and was planning 20,000 additional lines for 1996. The goal is to install 110,000 lines in regions X and XI by 1998 with a total investment of US\$40 million.

CNT recently applied for a franchise to operate local telephone service in the metropolitan region and region V. The franchise area in Santiago will cover 24 districts with a planned capacity of 145,000 lines. In region V the coverage includes Viña Del Mar and Valparaiso with a capacity of 35,000 lines.