

A.8. Development Plan

During 1991, CTC continued implementing the Six-Year Development Plan designed to eliminate existing unsatisfied demand for basic telephone service through the development of a digital network complying with the highest quality and reliability standards and the expansion of other telecommunications services.

Telefónica's management control of CTC has provided the Company with technical back-up and has strengthened its financial ability to carry out the expansion and improvement of Chile's telephone network, an undertaking which CTC had begun in 1988.

A.8.1. 1991 Results

During 1991, the Company installed 191,998 new lines. After allowing for lines withdrawn from service, replacement of lines and line transfers, the Company's installed capacity increased 14.1% to 1,162,539 lines.

Connections of lines increased to 190,615, the highest number ever. After deducting connections made to replace existing lines and which do not represent an effective increase in lines, total lines in service increased 22.8% to 996,738.

Lines in service are the proportion of total lines installed that are effectively connected to the domicile or place of business of subscribers.

Of the total lines currently in service; 75.5% are residential; 21.9% are commercial and 2,6% are used for other purposes, including public telephones.

As result of the 1991 performance of the network, national telephone density in Chile has increased to 8.0 lines per 100 inhabitants, automation to 99.8% and digitalization to 70.6%.