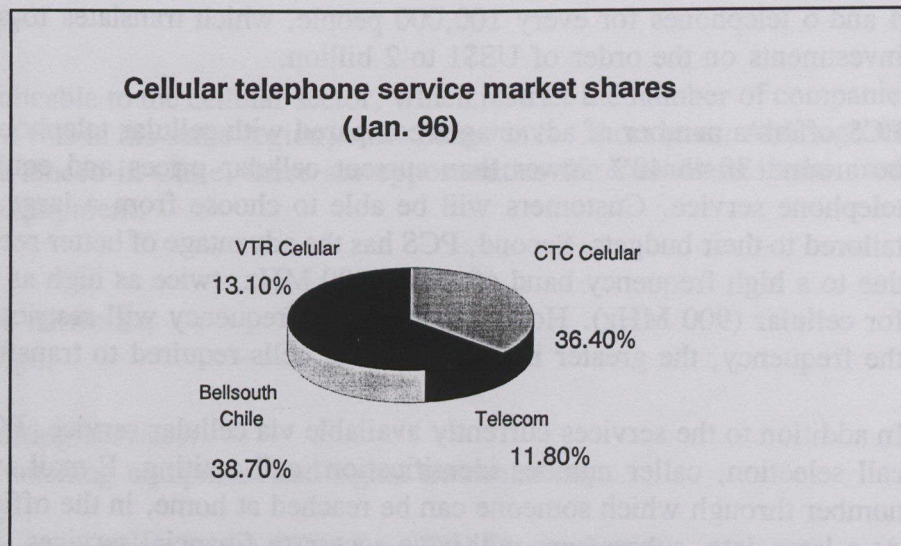


BellSouth Chile has services and discount plans based on its customers' needs. For example, the Plan Festivo service is targeted at young cellular users. Telecom and VTR Celular also offer a variety of services. Telecom has the Plan Optimo and Plan Economico services at a low fixed charge and the Plan Ejecutivo Plus plan for business people. VTR Celular has the Plan Minutos Libres and the Plan Emergencia.



2.3.2 PCS

In 1996, Subtel will award the franchises to operate the PCS (Personal Communications Services) system. Although eight companies have submitted tenders, only three franchises will be awarded. CTC and Entel are already well positioned and ready to provide this service. Entel was the first company to submit a tender, and this gives it an advantage over the others, while CTC is relying on its digitized cellular network to get the franchise. (According to the latest information, Entel may sell its share in Telecom to BellSouth Chile if it is awarded a franchise to operate PCS; thus, the BellSouth-Telecom association will allow BellSouth to become the only cellular company to cover the entire country.)

The technology required to operate PCS is practically the same as the technology CTC currently uses for its cellular network, but there will be a requirement for enhanced network development and equipment. An investment of US\$200 million is projected for this purpose. PCS operates through two types of technology: CDMA IS95 and TDMA IS54. Télex-Chile and BellSouth have opted for TDMA, which is supplied by the Swedish company Ericsson. TDMA is operational in Colombia, the United States, New Zealand, Hong Kong and Europe and serves about 12 million customers. Entel has opted for CDMA, which outperforms TDMA by a factor of 10. In July 1993, Entel set up EntelMovil, a strategic alliance with Qualcomm Inc. of San Diego, USA, to develop the personal telephone market.

There is no doubt that PCS will have an impact on the cellular sector. During the initial months after introduction of the system, a price war is anticipated similar to the one that occurred on introduction of the multicarrier system. At a later stage, the critical factors will be service quality and network coverage. Subtel estimates that until the year 2000, demand will be between