

Tariff Information

	1989	1990	1991	1992	1993
Local Telephone Services (1)					
- "Per call" charge system					
• Fixed monthly subscribers' fee	100	123	138	154	171
• Per call range	100	100	100	100	100
- "Flat fee" charge system	100	114	125	136	147
- Sale of rights to telephone lines	100	62	25	12	0
Domestic Long Distance Services	100	80	74	65	65
International Long Distance Services (2)	100	100	100	100	100

- (1) For a discussion of the components of CTC's local telephone services, see "Telephone and Related Services".
- (2) CTC does not provide international long distance services, but only interconnects such services to its local telephone services. See "Telephone and Related Services".

The economic model underlying such tariff structure is based in part on a development study submitted by CTC to the Undersecretary of Telecommunications.

The practical effect of the present tariff structure as it applies to CTC is to provide an incentive (i) to accelerate the installation of lines in service, and (ii) reduce its operating costs thereby outperforming the performance assumptions underlying the study on which the tariff structure is determined, and consequently increase its actual profitability. Additionally, by participating in currently non-tariff regulated sectors of the telecommunications industry, market forces determine in part the Company's overall profitability.

Concerning the tariff structure that will be applicable during the period 1994 through 1999, the Undersecretary of Telecommunications has publicly distributed preliminary proposals for changes to the terms of the existing tariff structure. As certain of such currently proposed changes will require an amendment of the Telecommunications Law and as the legislative process may well substantially alter any current or eventual proposals, management believes that it is premature to anticipate any such future tariff structure.