

A.7. Long Distance Services

Long distance services are composed principally of domestic long distance service provided through CTC's own equipment and equipment accessed mainly through Entel. Such services also included international long distance service for which the Company receives a fee for interconnecting its local network to the international network provided by Entel. CTC effects its own calls and pays Entel for signal transmission services in connection with domestic long distance services not provided through CTC's own equipment.

Long distance services accounted for approximately 28.1% of CTC's operating revenues for 1991, of which 22.0% derived from domestic long distance and 6.1% from international long distance services.

CTC, pursuant to a concession, has a digital radio link incorporating advanced microwave technology between Santiago and Valparaíso with a capacity of 3,840 circuits. This link, currently operating at or near capacity, carries approximately 17% of the domestic long distance traffic of Chile. CTC's existing domestic long distance concessions (which also include radio links to the markets between Santiago and each of the smaller cities of Buín and Los Andes) should not be affected by the outcome of the current antitrust dispute with Entel, although CTC's business associated with these concessions may be affected.

In providing domestic long distance telephone services during 1991, CTC used 14,060 long distance circuits, 4,967 of which were owned by CTC and the balance principally accessed through Entel. At December 31, 1991, CTC's lines in service with direct dialling long distance capabilities (domestic and international) represented 99.7% of all lines of CTC. The percentage of domestic long distance calls placed through operators decreased from 20.4% in 1990 to 15.7% in 1991 principally due to direct dialling which is faster and less expensive than operator assisted calls.