

would be able to sell such investments or sell them at a price that would approximately equal to their costs.

If the Supreme Court ultimately rules in favor of CTC, the Company could immediately proceed with its expansion into the domestic long distance market. While ENTEL would also presumably be awarded concessions to enter CTC's local service markets, managements observe that there are significant capital expenditures which would be required to be made by ENTEL and that the CTC Company has achieved extensive presence in such markets.

It is unlikely that the Supreme Court's ultimate decision on this matter will be promptly reached. A continued delay in such decision will continue to adversely affect the CTC Company's earnings due to the resulting unproductivity of assets acquired by the Company in anticipation of expanding its presence in the long distance business.

On the other hand, there have been several public statements by the Minister of Transport and Telecommunications announcing that it will propose to the Chilean Congress amendments to the Telecommunications Law of 1982 which would permit, among other things, the reciprocal participation by local and long distance telephone companies in their respective markets, through independent subsidiaries.

Enactment by Congress of such legislation requires prior approval by the Committee on Telecommunications of each of the houses of Congress followed by simple majority votes of members present at quorum of each of the Chamber of Deputies and the Senate.

Note: The legislation has been approved by the President of Chile in October, 1992 and is now under review in Congress.