

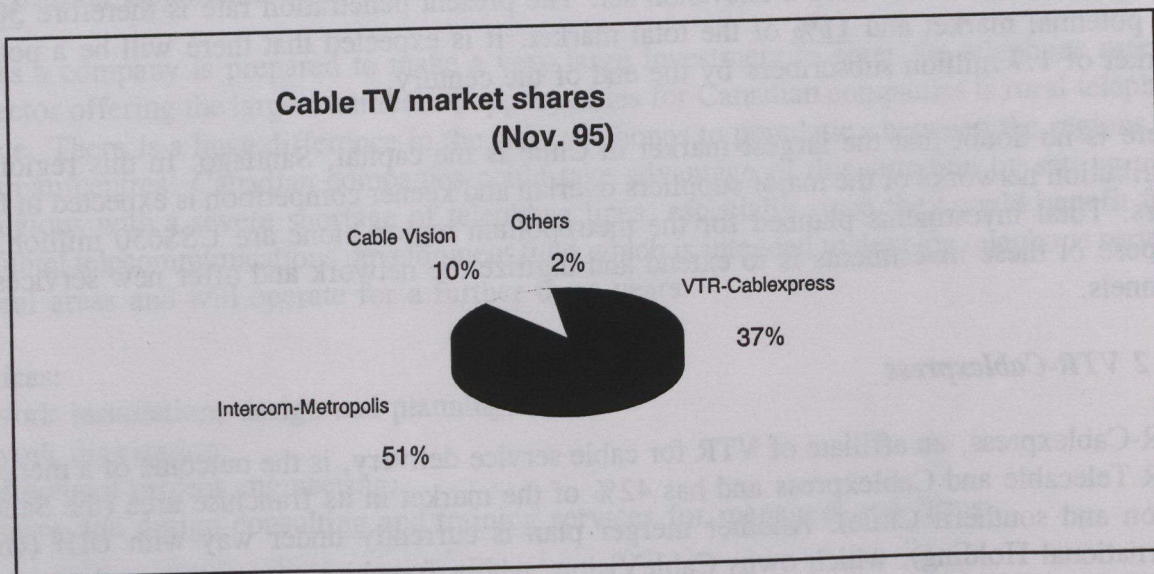
deliver telephone and cable service simultaneously, VTR can use the UIH network to expand its telephone service in northern Chile.

The company has also announced signature of a contract with Galaxy Latin America to deliver television by satellite (the Directv project). VTR will therefore set up a new company, VTR Galaxy Chile, with an investment of US\$500 million. With this investment, it is hoped to cover the needs of 5 million subscribers by the year 2000. Galaxy will transmit 114 television channels and 60 music channels split between two digital video signals with a 425-line picture resolution.

2.2.3 Intercom-Metropolis

CTC recently merged the operations of its Intercom affiliate, in which it had 80% control, with Metropolis of the Cordillera Comunicaciones Group. Under the terms of the agreement, the Cordillera Comunicaciones Group will control 60% of the new Intercom-Metropolis company. As a result of this business association, the latter company will control 51% of the market in the capital.

In its plans for 1996, the company is projecting an investment of about US\$605 million to connect 1 million households to cable by the year 2000. In addition, its plans to develop the television market include introduction of multimedia services in 1996. Services like pay-per-view movies, interactive games, distance learning and home shopping will be available on a single television set.



Service delivery at the national level will be facilitated by two basic factors: the first is the extensive optical fibre network owned by CTC, now covering the major Chilean cities (total national coverage is planned for March 1996 with a 4,000 km network); and the association with