



For Immediate Release

Second Quarter and First Half 2004 Results

Santiago, Chile – July 30, 2004 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced its results for the second quarter ended June 30, 2004. All figures are expressed in Chilean Pesos and are reported according to Chilean generally accepted accounting principles (Chilean GAAP). The exchange rate at June 30, 2004 was Ch\$636.3 / US\$ 1.

Highlights:

- Revenues for the quarter reached Ch\$ 175.5 billion, a decrease of 5% compared to the same quarter of previous year. First half revenue decreased 10% compared to 2003.
- Operating income for the quarter reached Ch\$ 21.8 billion, a 3% decrease compared to 2Q03. Net income reached Ch\$ 12.4 billion, an increase of 17%. During the first half of 2003, operating income decreased 13% and net income declined 12%.
- Number of mobile subscribers increased 19% reaching 2,921,546.

Consolidated Financial Highlights

(in millions of Chilean pesos as of June 30, 2004, except EPS figures)

| | 2Q04 | 2Q03 | % Var. | 1Q04 | 1H04 | 1H03 | % Var. |
|-------------------------|---------|---------|--------|---------|---------|---------|--------|
| Revenues | 175,460 | 184,010 | -5% | 172,345 | 347,805 | 387,533 | -10% |
| Operating Income (EBIT) | 21,771 | 22,456 | -3% | 25,676 | 47,447 | 54,692 | -13% |
| EBITDA | 54,768 | 56,424 | -3% | 58,481 | 113,248 | 123,384 | -8% |
| Net Income | 12,436 | 10,611 | 17% | 14,397 | 26,833 | 30,323 | -12% |
| EPS | 52,6 | 44,9 | 17% | 61,7 | 113,4 | 128,2 | -12% |

Comments from the Chief Financial Officer:

- **Revenue** reduction during the quarter was mainly a consequence of lower long distance sales in the U.S. international subsidiary together with a lower exchange rate affecting all revenues linked to the U.S. dollar (9% Chilean peso strengthening vs. the U.S. dollar).
- **Operating income** and EBITDA declined 3% during the quarter as a result of extraordinary receivable write-offs of Ch\$ 2.3 billion in Americatel USA. Excluding this impact, operating income would have increased 7% and EBITDA 1%.
- **Net income** increased 17% during the quarter, primarily as a result of lower non-operating losses resulting from a decrease in net financial expenses and to lower price level adjustment charges.
- During the quarter, the Company repaid debt in the amount of US\$ 50 million. Net financial debt at June 2004 was Ch\$ 356.1 billion, representing a 24% reduction compared to June 2003.

Note: Please see accompanying presentation at www.entel.cl, under the section titled “Investors” for additional information.

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This document contains certain "forward-looking statements" which are based on management's expectations as well as on a number of assumptions concerning future events resulting from currently available information. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are out of Entel's control, which could cause actual results to materially differ from such statements.

Consolidated Revenues
(in millions of Chilean Pesos as of June 30, 2004)

| | 2Q04 | 2Q03 | % Var. | 1Q04 | 1H04 | 1H03 | % Var. |
|-----------------------------------|---------|---------|--------|---------|---------|---------|--------|
| Net Revenues | 175,460 | 184,010 | -5% | 172,345 | 347,805 | 387,533 | -10% |
| Mobile services | 83,942 | 82,904 | 1% | 83,526 | 167,469 | 168,846 | -1% |
| Domestic long distance | 10,805 | 10,855 | 0% | 12,076 | 22,880 | 23,811 | -4% |
| International long distance | 4,991 | 5,327 | -6% | 5,381 | 10,372 | 11,488 | -10% |
| Internet | 7,741 | 9,209 | -16% | 6,157 | 13,899 | 16,168 | -14% |
| Data services | 10,400 | 9,160 | 14% | 9,589 | 19,989 | 17,796 | 12% |
| Other telecommunication companies | 2,033 | 3,082 | -34% | 2,643 | 4,676 | 6,537 | -28% |
| Traffic business | 15,687 | 11,791 | 33% | 11,513 | 27,200 | 31,803 | -14% |
| International subsidiaries | 31,805 | 43,317 | -27% | 32,103 | 63,907 | 93,045 | -31% |
| Local telephony | 6,882 | 6,679 | 3% | 6,638 | 13,521 | 13,717 | -1% |
| Others | 1,174 | 1,685 | -30% | 2,717 | 3,892 | 4,322 | -10% |

Consolidated revenues during 2Q04 decreased 5% to Ch\$ 175.5 billion, compared to Ch\$ 184.0 in the same quarter of the previous year. This decrease was mainly attributable to a) a 27% reduction from international subsidiaries, explained by lower long distance traffic mainly in USA, together with a 9% decrease in the U.S. dollar exchange rate, from June 2003 to June 2004, affecting revenues and reflected during the quarter, b) a 16% decrease in Internet due to lower dial-up revenues, which was partially offset by the impact of 12% increase in the broadband customer base (ADSL and WLL), c) a 34% decrease in other telecommunications companies due to lower sales of bandwidth capacity to other operators, d) a 6% decrease in international long distance due to an 11% decrease in average tariffs partially offset by a 6% increase in traffic. Decline in tariffs results from lower costs, which have been passed through to the customers.

The factors that partially offset these declines were a) 33% increase in the traffic business due to higher wholesale revenues, b) a 14% increase in Data Services, mainly due to higher revenues from high speed data services and contracts related to IT and operational support services to clients, c) a 1% growth in mobile services, despite a 26% reduction of interconnection fees after the industry tariff-setting process, effective February 2004. The increase in revenues, was mainly a consequence of higher equipment sales coupled with higher revenues from outgoing traffic and value added services, primarily in line with the 17% increase in the average customer base.

For the first half of 2004, net revenues decreased 10%.

Consolidated Cost of Operations
(in millions of Chilean Pesos as of June 30, 2004)

| | 2Q04 | 2Q03 | % Var. | 1Q04 | 1H04 | 1H03 | % Var. |
|-------------------------------|--------|---------|--------|--------|---------|---------|--------|
| Cost of Operations | 96,464 | 106,614 | -10% | 94,739 | 191,203 | 221,803 | -14% |
| Access charges | 27,400 | 29,609 | -7% | 26,708 | 54,108 | 60,383 | -10% |
| Payments to correspondents | 19,661 | 21,839 | -10% | 16,946 | 36,606 | 50,047 | -27% |
| Depreciation and amortization | 23,301 | 23,560 | -1% | 23,727 | 47,029 | 48,154 | -2% |
| Salaries and expenses | 3,376 | 4,564 | -26% | 3,617 | 6,993 | 8,916 | -22% |
| Outsourced services | 3,193 | 5,913 | -46% | 4,109 | 7,302 | 12,859 | -43% |
| Others | 19,532 | 21,129 | -8% | 19,633 | 39,165 | 41,443 | -5% |

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Consolidated cost of operations reached Ch\$ 96.5 billion in the second quarter 2004, 10% lower than the same quarter of 2003. This decrease was mainly due to a) 46% decrease in outsourced services, primarily in Americatel USA due to lower long distance activity, and lower call center services in the Parent Company, b) a 10% reduction in payments to correspondents, in line with lower traffic in international long distance services in Americatel USA partially offset by higher costs in the Parent Company resulting from increased revenues in traffic business, c) a 7% decrease in access charges, due to the recent impact of the new regulatory tariff decree in the mobile business and to lower DLD and dial-up internet traffic in the Parent Company, d) a 26% decrease in salaries and expenses in line with head count reductions in the Parent Company effective in December 2003, and to a lesser extend in Americatel USA.

Cost of operations for the first half of 2003 decreased 14% .

Consolidated Selling and Administrative Expenses
(in millions of Chilean Pesos as of June 30, 2004)

| | 2Q04 | 2Q03 | % Var. | 1Q04 | 1H04 | 1H03 | % Var. |
|--|--------|--------|--------|--------|---------|---------|--------|
| Selling and administrative expenses | 57,225 | 54,940 | 4% | 51,930 | 109,155 | 111,039 | -2% |
| Salaries and expenses | 15,951 | 14,026 | 14% | 13,886 | 29,837 | 27,226 | 10% |
| Advertising costs | 7,224 | 10,437 | -31% | 6,977 | 14,200 | 21,565 | -34% |
| Amortization of prepaid equipment | 3,059 | 3,655 | -16% | 2,966 | 6,025 | 7,545 | -20% |
| Bad debt provisions | 8,806 | 6,802 | 29% | 6,683 | 15,489 | 13,962 | 11% |
| Outsourced services | 5,052 | 5,939 | -15% | 7,107 | 12,159 | 10,737 | 13% |
| Depreciation and amortization | 6,099 | 6,056 | 1% | 5,774 | 11,873 | 12,099 | -2% |
| Others | 11,033 | 8,025 | 37% | 8,538 | 19,571 | 17,906 | 9% |

Consolidated selling and administrative expenses increased 4% compared to the second quarter of last year, reaching Ch\$ 57.2 billion due to a) a 29% increase in bad debt provisions mainly coming from an extraordinary receivable write-offs of Ch\$ 2.3 billion in Americatel USA, b) a 14% increase in salaries and expenses mainly in the mobile business and Americatel Peru which was necessary to match the increased operations, and c) 37% increase in other general expenses, primarily in long distance and related services (sales, marketing and distribution), and higher general expenses in the mobile business.

These results were partially offset by a) 31% decrease in advertisement costs due to reductions in Americatel USA, the Parent Company and in WLL Internet, b) a 16% decrease in amortization of pre-paid handsets resulting from lower subsidies in the mobile business.

Selling and Administrative expenses for the first half of 2003 decreased 2%.

Operating Income and EBITDA

As a result of all the above, operating income declined 3% in the second quarter of 2004 to Ch\$ 21.8 billion, compared to Ch\$ 22.5 billion reported in the same period of 2003, mainly as a result of the extraordinary bad debt provision of Ch\$ 2.3 billion in Americatel USA. Excluding this charge, operating income would have been 7% higher. EBITDA decreased 3% to Ch\$ 54.8 billion during this quarter compared to Ch\$ 56.4 billion for the same quarter of 2003. Excluding the above-mentioned extraordinary charge, EBITDA would have increased 1%. EBITDA margin remained stable at 31% for both 2Q03 and 2Q04 periods.

For the first half of 2004, operating income decreased 13% and EBITDA decreased 8%.

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Non-Operating Results

During the second quarter of 2004, the Company's non-operating loss was Ch\$ 7.9 billion, 29% lower than the second quarter of 2003. This was mainly due to lower net financial expenses associated with lower debt and lower price-level adjustment losses.

For the six period months, Entel's non-operating loss decreased 29%.

Net Income

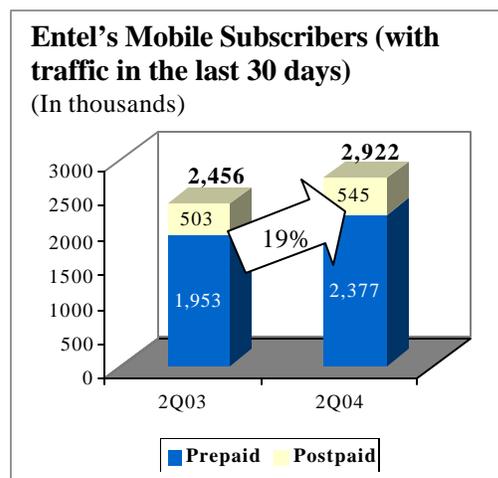
Net income for the quarter reached Ch\$ 12.4 billion, an increase of 17% compared to Ch\$ 10.6 billion reported in the second quarter of 2003.

Net income for the first half of 2003 decreased 12% reaching Ch\$26.8 billion.

INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSINESS SEGMENT

Mobile Telephony

Second quarter revenues remained almost flat reaching Ch\$ 84.4 billion, compared to Ch\$ 84.6 billion for the second quarter of 2003. This result was despite a 26% decline in the access charges tariffs established in the recent mobile industry tariffs setting process. Revenues from sales of equipment increased 39%, and service revenues for outgoing calls and value added services grew 12% and 100%, respectively. Almost completely offsetting these growths were revenues from access charges decreased 29%, mainly as a result of the decline in tariffs. The number of average mobile phone customers increased 17% compared to the second quarter of 2003, reaching a total subscriber number of 2,921,543 in June 2004, with a 41% market share. Pre-paid customers represent 81% of the total base.



ARPU¹ decreased 18% during the second quarter of 2004 compared with the same period of last year. This reduction occurred mainly in the pre-paid segment (lower revenues from the incoming traffic primarily from lower access charges), while in the contract segment ARPU was almost unchanged.

MOU² remained almost constant compared to 2Q03, as a result of an increase in the contract segment (both incoming and outgoing minutes), offset by a decrease in the pre-paid segment. Churn rate reduction from 1.3% to 1.2%, was a consequence of a lower churn rate in the contract customers.

During the 2Q04 there was a more aggressive competitive environment compared to prior months, with a decrease in handsets pricing. Within this environment, Entel PCS sells handset packs at premium prices compared to its competitors and continues leading market sales.

The Company launched the International Multimedia Roaming Service during the period. This service allows customers, when travelling outside the country, to have access to multimedia messages, VAS, including domestic TV signal reception. Currently, Entel provides GPRS services nationwide.

During the second quarter 2004, Entel PCS promoted both, ring-tones downloads using the Modern Communication Law Spots and as well as roaming services like International MMS, Internet access, mobile e-mail and mobile TV (Video streaming).

Operating income for the quarter was Ch\$ 21.4 billion, up 2% compared to Ch\$ 21.0 billion for the same period of the previous year, despite the 26% decreased in access charges which affected a relevant portion of revenues. The 2% improvement results are mainly due to an increase in margins from equipment sales due to lower acquisition costs. Partially offsetting this increase in margins, are higher expenses of 7% in SG&A, basically due to sales commissions, advertising costs as well as salaries and expenses. EBITDA remained stable reaching Ch\$ 36.6 billion compared to Ch\$ 36.7 billion for the same quarter of 2003. EBITDA margins remained at 43%. Currently, the Company has reached high standards of operational efficiencies regarding client acquisition costs and customers per employee, among others.

ENTEL Parent Company

ENTEL Parent Company revenues (comprised of long distance business, Internet, data services and traffic business) reached Ch\$ 62.1 billion during the second quarter, down 2% versus Ch\$ 63.6 billion for the same quarter of 2004, mainly driven by, a) a 19% decrease in Internet primarily from lower dial-up traffic due to

¹ Average Revenue Per User

² Minutes of Usage

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client migration to broadband services, partially offset by an increase in broadband and data center services, b) a 34% decrease from other telecom companies due to lower sales of bandwidth capacity, c) a 6% decrease in international long distance, due to lower tariffs partially offset by higher traffic, d) a 2% decrease in domestic long distance due to lower traffic which was almost completely offset by higher tariffs. Partially offsetting these declines were, a) 15% increase in traffic business revenues and, b) 5% increase in data services mainly in the high-speed data and IT services business contracts.

Cost of operations³ decreased 12% to Ch\$26.7 billion, mainly due to, a) a 20% reduction in access charges resulting from lower DLD and lower Internet dial-up traffic, b) 39% lower costs associated with leased network capacity, c) 40% lower salaries and expenses due to the Company's headcount reduction as of December 2003. Partially offsetting these declines was a 9% increase in payment to correspondants in line with higher traffic businesses during the quarter. SG&A expenses increased a 5% compared to the second quarter 2003.

As a result of the abovementioned factors, operating income increased 41% reaching Ch\$ 4.8 billion in 2Q04, compared to Ch\$ 3.4 billion in 2Q03. EBITDA increased 7% and EBITDA margin increased from 28% in the second quarter of 2003, to 31% for the same period of 2004.

The following section briefly discusses the results of the main business segments, which comprise the ENTEL Parent Company:

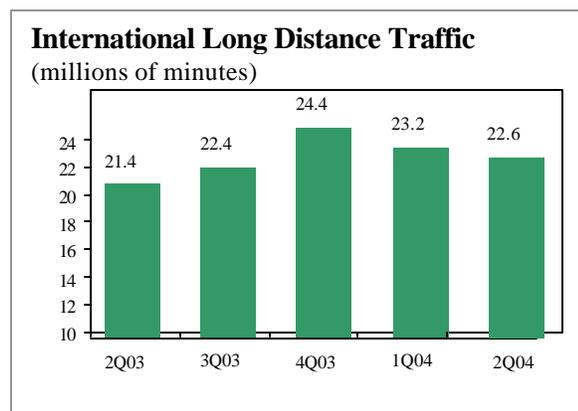
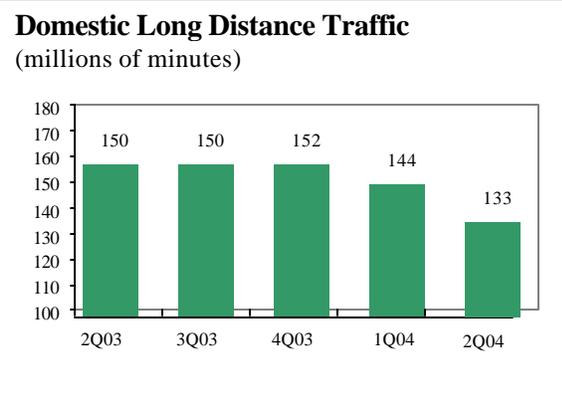
- **Long Distance**

Domestic long distance (DLD) traffic decreased 11% while average tariffs were up 9%. The substitution effect from higher usage of mobile phones continues affecting traffic. Main decreases were in direct dialing and pre-paid ticket traffic.

International long distance (ILD) traffic increased 6% mainly in direct dialing traffic.

Entel's DLD market share continues to be one of the highest in the industry, remaining an average of approximately 35% in 2Q04. In ILD, Entel remains the leader with a market share of approximately 40%.

During the quarter, Entel continuously promoted different value-added services and its "1-2-3 Code" in order to maintain its leadership in the market.



³ This figure does not include depreciation and amortization.

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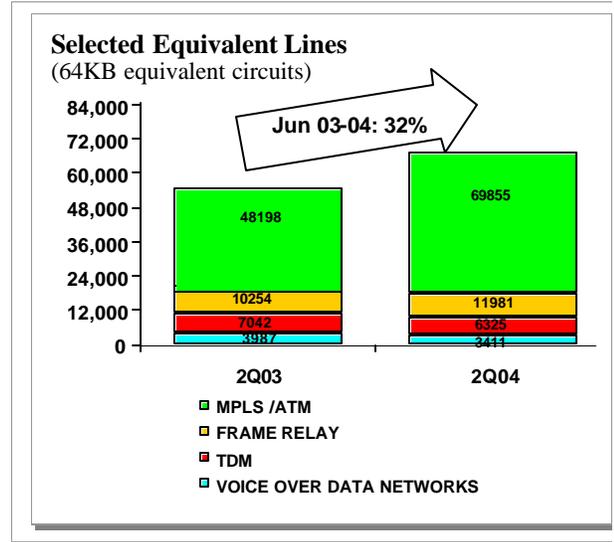
• **Data Services**

Higher revenues from data services during 2Q04 were explained by IT services supporting operational performance of clients, and higher speed services such as ATM and MPLS networks.

Entel has strengthened its clients loyalty with a strategy of bundling value-added services and IT solutions, such as system integration and processing administration.

As a business integrator, Entel has recently closed an important integral long-term contract with Chile's main government health insurance agency, evidence of Entel's strength and position in this market.

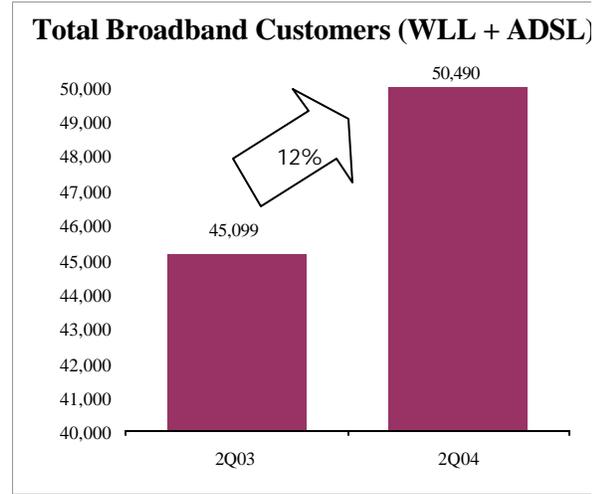
The Company continues offering bundled complementary services such as Call Center, Data Center, e-commerce and LAN/WAN networks. These integral solutions have allowed Entel to continue leading the market in data services.



Internet

Entel broadband service (WLL and ADSL) continues growing. The number of Entel's WLL and ADSL customers has increased 12% in the second quarter of 2004 compared with the same quarter of previous year, reaching 50,490 customers. This growth resulted from a trend of heavy users moving towards broadband services.

The Company offers several plans with different speeds in order to customize solutions for clients. During the second quarter of 2004 Entel launched various plans aimed at maintaining client loyalty such as the "Full Business On line Plan" to help companies expand their businesses to the Internet environment, including several value-added services. Also was launched the "Super ADSL Bundling Plan", offering Internet broadband together with free telephone minutes.



Total internet dial-up connections reached 141.4 thousand in June 2004, representing a 16% decreased compared to the same period of last year. This was mainly due to a migration from dial-up to broadband services.

Dial-up plans this quarter included the launching of "Free Days Plan", which consists of free minutes to clients that remain continuously connected for a certain period of time, as well as giving free minutes to users who have discontinued their Internet use. The Company also launched the "Noctambulo Plan" ("Night Owl Plan") consisted in special lower tariffs available to customers that connect at night.

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Entel Phone

▪ **Local Telephony (Entel Phone, excluding WLL)**

During the second quarter of 2004, Local telephony revenues grew 5% to Ch\$ 8.1 billion from Ch\$ 7.7 billion, mainly due to a 13% increase in fixed charges, and a 30% increase in revenues from correspondents. On the other hand, revenues from per-minute charges declined.

Traffic increased 8% during the 2Q04 compared to the 2Q03 showing a positive trend during the year. Excluding WLL lines, the number of "lines in service" reached 98 thousand during the second quarter 2004, remaining stable compared to the same period of last year.

The number of corporate and business clients represents 81% of the total number of billed lines.

• **Local Telephony + WLL**

Revenues from Entelphone, (including WLL), increased 7% to Ch\$ 9.5 billion during the second quarter of 2004, from Ch\$ 8.9 billion in 2Q03. This increase was mainly due to 19% higher revenues from WLL services, and to the increase from fixed charges previously mentioned.

Operating losses during 2Q04 declined 63%. Improved results were derived from improved margins and lower SG&A resulting from lower bad debt provisions as well as salaries and expenses. Operating losses reached Ch\$ 0.5 billion in the second quarter 2004 compared to a loss of Ch\$ 1.3 billion in the same quarter of previous year.

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Americatel (International Subsidiaries)

USA

Revenues from Americatel USA reached US\$ 36.2 million, down 31% from US\$ 52.7 million in the second quarter of 2003. This was due to lower revenues in ILD dial-around + contract services and prepaid card business, explained by both, lower traffic and tariffs, as well as lower traffic in the wholesale business.

Cost of operations decreased 23% to US\$ 27.9 million compared with the second quarter of 2003 following the lower traffic trend. SG&A expenses decreased 11% due to lower advertising costs, salaries and expenses in line with headcount decreases and other reductions in the overall structure. Partially offsetting these lower expenses was an increase in bad debt provisions due to an extraordinary write-off of US\$ 3.6 million. Operating income decreased from a loss of US\$ 0.3 million in 2Q03 to a loss of 6.5 million in 2Q04. EBITDA decreased from US\$ 1.2 million to a loss US\$ 4.8 million.

Central America

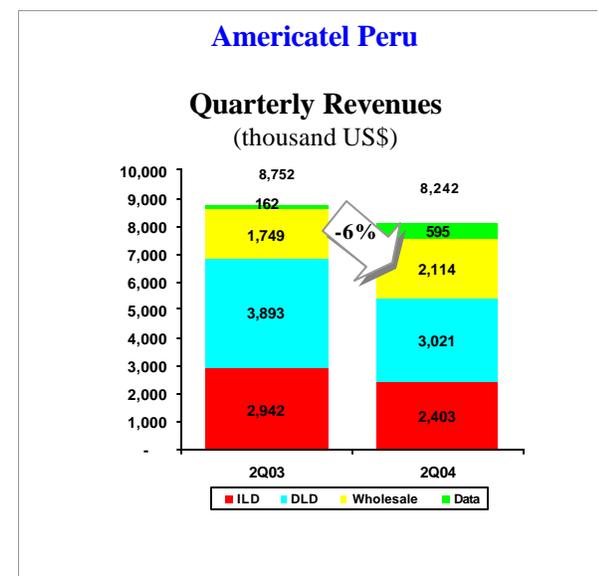
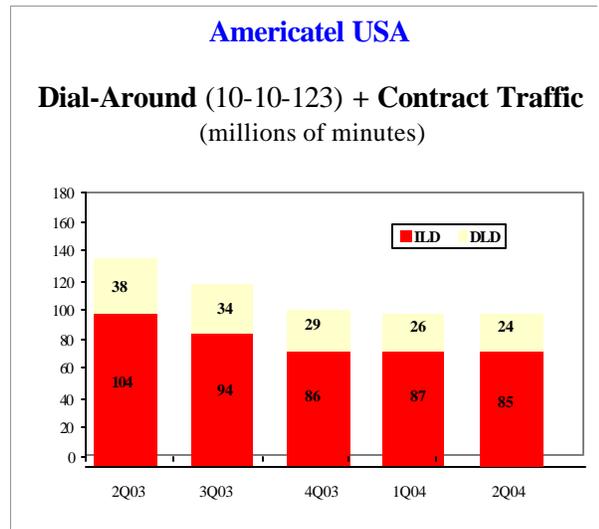
Revenues decreased 3% to US\$ 13.7 million during the second quarter of 2004, from US\$ 14.1 million, mainly explained by lower tariffs in the wholesale activity, partially offset by higher revenues in private networks. Cost of operations increased 2% due to higher cost of access charges paid to the local incumbents (higher tariffs) and to higher network leased capacity. SG&A expenses decreased 6%, mainly due to legal consulting services, lower salaries and expenses and advertisement costs. As a result, operating income and EBITDA decreased 57% and 37%, respectively, compared to the second quarter of 2003.

Peru

Revenues of Americatel Peru decreased 6%, to US\$ 8.2 million, from US\$ 8.8 million in the second quarter of 2003, mainly due to a decrease in long distance mainly affected by lower tariffs due to increased competition. Partially offsetting this decline was an increase in wholesale revenues together with data and local telephony services.

Cost and expenses decreased 3% as a result of a lower advertisement costs together with lower bad debt provisions. Partially offsetting were higher salaries and higher access charges due to higher wholesale traffic.

Americatel Peru's operating income reached US\$ 0.7 million this quarter, down 26% compared to US\$ 1.0 of same period last year. EBITDA reached US\$ 0.9 million in 2Q04.



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BALANCE SHEET

Consolidated Balance Sheet
(in millions of Chilean Pesos as of June 30, 2004)

| | June -04 | June -03 | Var % |
|---|-----------|-----------|-------|
| Assets | 1,196,197 | 1,274,716 | -6% |
| Current assets | 350,556 | 354,739 | -1% |
| Property, plant & equipment, net | 752,695 | 805,998 | -7% |
| Other assets | 92,946 | 113,978 | -18% |
| Liabilities & Shareholders' Equity | 1,196,197 | 1,274,716 | -6% |
| Current liabilities | 229,374 | 187,286 | 22% |
| Long-term liabilities | 361,651 | 509,084 | -29% |
| Minority interest | 5,945 | 7,256 | -18% |
| Shareholders' equity | 599,227 | 571,090 | 5% |

Financial Indexes

| | June -04 | June -03 |
|--|----------|----------|
| Current assets/Current liabilities | 1.53 | 1.89 |
| EBITDA/Financial expenses | 10.34 | 9.04 |
| Financial debt/EBITDA | 1.87 | 2.17 |
| Total liabilities/(equity + min. interest) | 0,98 | 1,2 |

Gross debt decreased 17% from Ch\$ 529 billion to Ch\$ 438 billion, mainly due to the 9% exchange rate decrease from June 2003 to June 2004 affecting the U.S. dollar-denominated debt, as well as the debt payment of approximately US\$ 110 million during the period. Net debt (gross debt less cash and net receivables from hedging activities) reached Ch\$ 356 billion, 24% lower than in 2003, due to the important net cash generated. Liquidity and interest coverage are at high levels and improving. Debt ratios continue improving as a consequence of a reduction in interest bearing debt.

RECENT EVENTS

- Entel was ranked as the second most admired company in Chile as per a survey performed in June 2004 by a leading market research company.
- The tariff decree process for the local incumbent.
- Debt payment of a trade facility of US\$ 50 million in June 2004.
- S&P Rating improvement from BBB to BBB+.
- Bankruptcy process for collection agency in USA: US\$15.5 million payment to Americatel.

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Company Description

Empresa Nacional de Telecomunicaciones S.A. is the second-largest Telecommunications Company in Chile with Ch\$ 1,231,936* million in assets and Ch\$ 729,252* million in annual revenues reported in 2003. The Company provides mobile and long distance, local telephony, data and Internet services. With its strong Americatel brand acting as an umbrella for its well known "10-10-123" dial-around code, and pre-subscribed and prepaid ticket service, Entel has a presence in the United States Hispanic market. Entel also has operations in Central America, Peru and Venezuela. Entel is listed on the Chilean Stock Exchange (*Bolsa de Comercio de Santiago*) under the ticker symbol ENTEL and its headquarters are based in Santiago, Chile.

* In Chilean pesos as of December 31, 2003.

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Individual Consolidated Results by Business Segment (Unaudited)
(in millions of Chilean Pesos as of June 30, 2004)

| | <u>2Q04</u> | <u>2Q03</u> | <u>Var%</u> | <u>1H04</u> | <u>1H03</u> | <u>Var%</u> |
|--|---------------|---------------|-------------|----------------|----------------|-------------|
| Mobile Telephony | | | | | | |
| Revenues | 84,402 | 84,579 | 0% | 168,984 | 171,838 | -2% |
| - Service | 74,511 | 77,481 | -4% | 151,408 | 158,067 | -4% |
| - Equipment | 9,891 | 7,099 | 39% | 17,576 | 13,772 | 22% |
| Cost of Operations | 42,686 | 44,527 | -4% | 86,866 | 88,837 | -2% |
| Selling and Administrative Expenses | 20,311 | 19,033 | 7% | 40,577 | 39,036 | 4% |
| Operating Income | 21,404 | 21,019 | 1.8% | 41,541 | 43,965 | -6% |
| Operating Margin | 25% | 25% | | 49% | 51% | |
| EBITDA | 36,621 | 36,728 | 0% | 71,381 | 76,120 | -7% |
| EBITDA Margin | 43% | 43% | | 42% | 44% | |
| | | | | | | |
| ENTEL Parent Company (LD, Internet and Data Services) | | | | | | |
| Revenues | 62,100 | 63,610 | -2% | 122,385 | 137,855 | -11% |
| Cost of Operations | 26,742 | 30,217 | -12% | 70,122 | 86,443 | -19% |
| Selling and Administrative Expenses | 16,751 | 15,930 | 5% | 40,447 | 38,349 | 5% |
| Depreciation and Amortization | 13,801 | 14,055 | -2% | 27,607 | 28,202 | -2% |
| Operating Income | 4,807 | 3,408 | 41% | 11,817 | 13,063 | -10% |
| Operating Margin | 8% | 5% | | 19% | 18% | |
| EVITAD | 19,044 | 17,792 | 7% | 40,102 | 41,736 | -4% |
| EBITDA Margin | 31% | 28% | | 66% | 60% | |
| | | | | | | |
| ENTEL Phone (local telephony + WLL) | | | | | | |
| Revenues | 9,508 | 8,922 | 7% | 18,895 | 18,106 | 4% |
| Cost of Operations | 7,254 | 7,066 | 3% | 14,690 | 14,472 | 2% |
| Selling and Administrative Expenses | 2,725 | 3,142 | -13% | 5,298 | 5,882 | -10% |
| Operating Income | -471 | -1,286 | 63% | -1,093 | -2,247 | 51% |
| Operating Margin | -5% | -14% | | -6% | -12% | |
| EBITDA | 2,560 | 1,723 | 49% | 4,862 | 3,623 | 34% |
| EBITDA Margin | 27% | 19% | | 26% | 20% | |

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Individual Consolidated Results by Business Segment (Unaudited)
(in thousands of U.S. dollars and millions of Chilean Pesos as of June 30, 2004)

| | 2Q04 | 2Q03 | Var% | 1H04 | 1H03 | Var% | 2Q04 | 2Q03 | Var% | 1H04 | 1H03 | Var% |
|-----------------------------------|--------|--------|--------|--------|---------|-------|---------|---------|--------|---------|---------|------|
| | (US\$) | (US\$) | | (US\$) | (US\$) | | (Ch\$)* | (Ch\$)* | | (Ch\$)* | (Ch\$)* | |
| Americatel USA | | | | | | | | | | | | |
| Revenues | 36,154 | 52,652 | -31% | 75,543 | 106,976 | -29% | 23,473 | 34,980 | -33% | 48,068 | 75,238 | -36% |
| Cost of Operations | 27,869 | 36,305 | -23% | 57,744 | 72,069 | -20% | 18,088 | 24,184 | -25% | 36,743 | 50,687 | -27% |
| Selling & Administrative Expenses | 14,744 | 16,655 | -11% | 25,542 | 33,713 | -24% | 9,510 | 11,069 | -14% | 16,252 | 23,711 | -31% |
| Operating Income | -6,459 | -308 | -2000% | -7,743 | 1,194 | -745% | -4,125 | -273 | -1411% | -4,927 | 840 | 690% |
| Operating Margin | -18% | -1% | | -10% | 1% | | -18% | -1% | | -10% | 1% | |
| EBITDA | -4,828 | 1,186 | -507% | -4,466 | 4,349 | -202% | -3,068 | 715 | NA | -2,842 | 3,059 | 193% |
| EBITDA Margin | -13% | 2% | | -6% | 4% | | -13% | 2% | | -6% | 4% | |
| Americatel Central America | | | | | | | | | | | | |
| Revenues | 13,716 | 14,112 | -3% | 26,055 | 27,624 | -6% | 8,874 | 9,415 | -6% | 16,579 | 19,428 | -14% |
| Cost of Operations | 11,785 | 11,520 | 2% | 21,960 | 22,580 | -3% | 7,620 | 7,685 | -1% | 13,973 | 15,881 | -11% |
| Selling & Administrative Expenses | 1,498 | 1,588 | -6% | 2,880 | 3,042 | -5% | 969 | 1,062 | -9% | 1,833 | 2,140 | -14% |
| Operating Income | 433 | 1004 | -57% | 1,215 | 2,001 | -39% | 285 | 669 | -57% | 773 | 1,407 | -45% |
| Operating Margin | 3% | 7% | | 5% | 7% | | 3% | 7% | | 5% | 7% | |
| EBITDA | 1,105 | 1,745 | -37% | 2,558 | 3,480 | -27% | 720 | 1,162 | -38% | 1,628 | 2,448 | -33% |
| EBITDA Margin | 8% | 12% | | 10% | 13% | | 8% | 12% | | 10% | 13% | |
| Americatel Peru | | | | | | | | | | | | |
| Revenues | 8,242 | 8,752 | -6% | 16,295 | 17,688 | -8% | 5,340 | 5,818 | -8% | 10,369 | 12,440 | -16% |
| Cost of Operations | 4,105 | 3,834 | 7% | 7,726 | 7,855 | -2% | 2,655 | 2,544 | 4% | 4,916 | 5,525 | -10% |
| Selling & Administrative Expenses | 3,367 | 3,872 | -13% | 7,066 | 7,509 | -6% | 2,186 | 2,586 | -15% | 4,496 | 5,281 | -14% |
| Operating Income | 770 | 1,046 | -26% | 1,504 | 2,324 | -35% | 499 | 688 | -27% | 957 | 1,635 | -41% |
| Operating Margin | 9% | 12% | | 9% | 13% | | 9% | 12% | | -9% | 13% | |
| EBITDA | 958 | 1,136 | -16% | 1,985 | 2,500 | -21% | 622 | 748 | -17% | 1,263 | 1,758 | -28% |
| EBITDA Margin | 12% | 13% | | 12% | 14% | | 14% | 19% | | 12% | 14% | |

- Any distortion in the figures is due to monetary exchange fluctuations.

Entel S.A.
Second Quarter and First Half 2004 Results

Entel Group Consolidated Balance Sheet
(in thousands of Chilean Pesos as of June 30, 2004)

| BALANCE | June 30, 2004 | June 30, 2003 | Var % |
|--|----------------------|----------------------|---------------|
| ASSETS | | | |
| CURRENT | | | |
| Cash | 10.003.619 | 14.690.560 | |
| Time deposits | 65.868.446 | 7.884.402 | |
| Marketable securities | 40.703 | 35.681 | |
| Trade accounts receivable, net | 168.351.089 | 195.506.746 | |
| Notes receivable, net | 7.996.140 | 9.448.567 | |
| Other accounts receivable, net | 13.579.996 | 9.429.945 | |
| Notes and accounts receivable from related companies | 1.180.946 | 467.700 | |
| Inventories, net | 19.114.436 | 9.139.985 | |
| Recoverable taxes | 13.603.172 | 12.787.258 | |
| Prepaid expenses | 11.392.355 | 13.420.020 | |
| Deferred income taxes | 18.013.511 | 15.108.879 | |
| Other current assets | 21.411.286 | 66.819.597 | |
| Total Current Assets | 350.555.699 | 354.739.340 | -1,2% |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Land | 7.662.657 | 7.768.917 | |
| Buildings and infrastructure | 213.578.564 | 204.163.639 | |
| Machinery and equipment | 1.202.967.214 | 1.153.068.578 | |
| Other fixed assets | 189.137.585 | 189.619.152 | |
| Accumulated depreciation | (860.651.201) | (748.622.498) | |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 752.694.819 | 805.997.788 | -6,6% |
| OTHER ASSETS | | | |
| Investments in related companies | - | - | |
| Investments in other companies | 10.245.471 | 11.698.932 | |
| Goodwill | 51.947.214 | 55.818.314 | |
| Negative goodwill | (991.574) | - | |
| Long-term accounts receivable | 9.359.820 | 14.029.656 | |
| Notes and accounts receivable from related companies | - | - | |
| Intangibles | 16.712.133 | 16.718.015 | |
| Amortization of intangibles | (4.343.729) | (2.476.364) | |
| Others | 10.016.992 | 18.189.880 | |
| Total Other Assets | 92.946.327 | 113.978.433 | -18,5% |
| TOTAL ASSETS | 1.196.196.845 | 1.274.715.561 | -6,2% |

Entel S.A.
Second Quarter and First Half 2004 Results

Entel Group Consolidated Balance Sheet
(in thousands of Chilean Pesos as of June 30, 2004)

| | June 30, 2004 | June 30, 2003 | Var % |
|--|----------------------|----------------------|---------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Banks and financial institutions | 6.411.176 | 7.078.111 | |
| Current portion of long-term liabilities with banks and financial institutions | 26.194.786 | 1.002.871 | |
| Current portion of bonds payable | 3.623.456 | 7.062.352 | |
| Current portion of notes payable and other long-term assets | 66.971.274 | 37.743.401 | |
| Dividends payable | 71.677 | 99.251 | |
| Accounts payable | 105.387.361 | 111.960.922 | |
| Notes payable | - | 503 | |
| Other accounts payable | 4.467.835 | 8.268.492 | |
| Notes and accounts payable due to related companies | 2.304.513 | 743.749 | |
| Accrued expenses | 4.336.022 | 5.664.631 | |
| Withholdings | 4.691.576 | 3.868.811 | |
| Income taxes | 4.678.865 | 3.383.598 | |
| Other current liabilities | 235.394 | 409.540 | |
| Total Current Liabilities | 229.373.935 | 187.286.232 | 22,5% |
| LONG-TERM | | | |
| Due to banks and financial institutions | 190.890.000 | 239.127.005 | |
| Bonds payable | 133.192.747 | 155.030.459 | |
| Notes payable | 17.474.133 | 90.285.630 | |
| Other accounts payable | - | 1.394.034 | |
| Accrued expenses | 4.874.444 | 5.697.821 | |
| Long-term deferred income taxes | 13.736.569 | 10.552.525 | |
| Other long-term liabilities | 1.482.892 | 6.996.487 | |
| Total Long-Term Liabilities | 361.650.785 | 509.083.961 | -29,0% |
| Minority interest | 5.944.734 | 7.255.841 | |
| Shareholders' Equity | | | |
| Paid-in Capital | 412.177.259 | 410.544.874 | |
| Reserve for capital revaluation | 3.297.418 | 4.515.993 | |
| Other reserves | (711.180) | 7.411.659 | |
| Retained Earnings: | | | |
| Accumulated earnings | 157.630.690 | 118.293.735 | |
| Net income (loss) for the quarter | 26.833.204 | 30.323.266 | |
| Accumulated deficit for development stage subsidiary | - | - | |
| Total retained earnings | 184.463.894 | 148.617.001 | |
| Total Shareholders' Equity | 599.227.391 | 571.089.527 | 4,9% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1.196.196.845 | 1.274.715.561 | -6,2% |

Entel Group Consolidated Income Statement
(in thousands of Chilean Pesos as of June 30, 2004)

| | June 30, 2004 | June 30, 2003 | Var % |
|---|---------------------|---------------------|---------------|
| INCOME STATEMENT | | | |
| NET REVENUE | 347,805,449 | 387,533,346 | -10.3% |
| Cost of operations | (191,203,277) | (221,802,521) | |
| Gross profit | 156,602,172 | 165,730,825 | |
| Selling and administrative expenses | (109,154,946) | (111,038,950) | |
| OPERATING INCOME | 47,447,226 | 54,691,875 | -13.2% |
| NON-OPERATING RESULTS | | | |
| Interest income | 1,650,792 | 1,068,964 | |
| Other income | 1,730,440 | 569,502 | |
| Equity in losses of related companies | - | (195,001) | |
| Amortization of goodwill | (1,720,763) | (2,057,219) | |
| Interest expenses | (10,950,568) | (13,633,154) | |
| Other non-operating expenses | (5,945,669) | (5,221,462) | |
| Price-level restatement | (1,497,320) | (7,694,586) | |
| Exchange difference | 1,315,481 | 6,642,819 | |
| NON-OPERATING INCOME | (15,417,607) | (20,520,137) | 24.9% |
| Income before income tax and minority interest and amortization of goodwill | 32,029,619 | 34,171,738 | |
| Income taxes | (5,843,165) | (3,716,712) | |
| Interest before minority interest | 26,186,454 | 30,455,026 | |
| Minority interest | 533,695 | (131,760) | |
| Amortization of negative goodwill | 113,055 | 0 | |
| NET INCOME | 26,833,204 | 30,323,266 | -11.5% |