

For Immediate Release

Fourth Quarter and Year-End 2005 Results

Santiago, Chile – January 27, 2005 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced results for the fourth quarter and twelve months ended December 31, 2005. All figures are expressed in Chilean Pesos and are reported according to Chilean generally accepted accounting principles (Chilean GAAP). The exchange rate at December 31, 2005 was Ch\$ 512.50/US\$ 1.

Highlights:

- Revenues for the quarter reached Ch\$ 197.6 billion, a growth of 11% compared to the same quarter of 2005.
- EBITDA for the quarter was Ch\$ 77.1 billion, an increase of 16% compared to 4Q04. Net income reached Ch\$ 18.2 billion, 11% lower compared to 4Q04. During full year 2005 EBITDA and net income grew 21% and 45%, respectively.
- Number of mobile subscribers grew 26%, reaching 4,110,085.

Consolidated Financial Highlights

in millions of Chilean pesos as of December 31, 2005
(except EPS figures)

	4Q05	4Q04	% Var.	3Q05	12M05	12M04	% Var.
Revenues	197,642	177,565	11%	187,076	766,362	717,414	7%
Operating Income (EBIT)	37,661	29,059	30%	33,259	129,353	91,432	41%
EBITDA	77,051	66,647	16%	72,304	284,063	233,868	21%
EBITDA Margin	39%	38%		39%	37%	33%	
Net Income	18,174	20,446	-11%	16,863	71,030	49,069	45%
EPS	76.8	86.4	-11%	71.3	300.3	207.5	45%

Comments from the Chief Financial Officer:

- Double-digit revenue growth during the quarter, compared to the same quarter of last year, was a result of a high expansion in the mobile service customer base, combined with a rise in the international subsidiaries.
- The strong growth of operating income and EBITDA comes from improved margins in mobile services resulting from increased traffic together with a better performance at the international subsidiaries.
- Lower net income during 4Q05 was a consequence of higher non-operating losses, which derived from non-cash charges related to asset impairments.
- Strong cash generation during the quarter reduced net debt. As of December 2005, net financial debt was Ch\$382.5 billion, 12%

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Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

lower compared to 3Q05, and 22% higher than reported in December 2004.

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

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 December 31, 2005)

	4Q05	4Q04	% Var.	3Q05	12M05	12M04	% Var.
Revenues	197,642	177,565	11%	187,076	766,361	717,414	7%
Mobile services	125,630	102,754	22%	114,381	458,798	372,863	23%
Domestic long distance	6,856	8,493	-19%	7,473	31,406	42,874	-27%
International long distance	5,179	4,693	10%	4,804	19,783	20,409	-3%
Internet	5,216	6,525	-20%	5,639	22,539	26,338	-14%
Data services	11,598	12,309	-6%	11,826	45,342	45,723	-1%
Other telecommunication companies	2,249	2,135	5%	2,242	9,280	9,169	1%
Traffic business	6,284	11,961	-47%	8,226	35,893	50,936	-30%
International subsidiaries	26,473	19,062	39%	23,212	107,292	112,286	-4%
Local telephony	7,491	7,529	0%	7,500	28,990	28,701	1%
Others	667	2,102	-68%	1,773	7,039	8,116	-13%

Consolidated revenues during 4Q05 were Ch\$ 197.6 billion, compared to the Ch\$ 177.6 billion reported during the same quarter of the previous year. This increased result was attributed to: a) a 22% growth in mobile services, due to higher revenues from both, services (19%) and equipment sales (39%). The rise in service revenues is explained by a 26% growth in the average mobile customer base. MOU¹ improved 1% while ARPU² declined 5%, b) a 39% increase in international subsidiaries, in connection to higher ILD revenues in Americatel USA, primarily explained by a growth in traffic, c) 10% growth in international long distance due to 24% higher average tariffs partially offset by 8% lower traffic, d) 5% in Other telecom companies explained by higher leased network services. Partially offsetting these increments were declines of: a) 47% in Traffic business revenues, primarily due to lower traffic and to a 8% strengthening of the Chilean peso vs. the U.S. dollar, b) 19% in domestic long distance revenues, primarily caused by a decline of 16% in average tariffs and a 6% in traffic, c) 20% reduction in internet, basically attributed to a 73% decrease in internet dial-up traffic due to client migration to broadband solutions, d) a 6% decrease in Data services resulting principally from declines in Frame Relay and the low speed data services (TDM and IBS), and also due to the absence of extraordinary revenues related to equipment sales during 4Q04 from IT services. These, was partially offset by higher revenues related to Data center, IT services, and MPLS (IP protocol multi-service platform).

For the twelve-month period of 2005, revenues grew 7% compared to the same period of 2004.

¹ Minutes of Usage

² Average Revenue Per User

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Consolidated Cost of Operations
(in millions of Chilean Pesos as of December 31, 2005)

	4Q05	4Q04	% Var.	3Q05	12M05	12M04	% Var.
Cost of Operations	106,177	96,498	10%	101,740	424,202	400,682	6%
Access charges	32,418	28,310	15%	32,359	131,045	113,032	16%
Payments to correspondents	14,370	14,847	-3%	14,122	59,557	67,381	-12%
Depreciation and amortization	25,433	24,595	3%	25,349	101,280	98,278	3%
Salaries and expenses	3,589	3,625	-1%	3,596	14,053	14,758	-5%
Outsourced services	4,849	2,826	72%	4,492	17,500	19,141	-9%
Others	25,517	22,294	14%	21,823	100,767	88,091	14%

Consolidated cost of operations reached Ch\$ 106.2 billion, 10% above the same quarter of 2004. This growth was attributed to: a) 15% rise in access charges, fundamentally in the mobile business as a result of higher outgoing traffic to third parties, partially offset by lower costs in the Chile wireline segment due to lower LD traffic. b) 14% increase in other costs primarily related to pre-paid handsets sales in the mobile business, in-line with a higher customer base, c) 72% growth in outsourcing services, basically at the Chile wireline segment, due to higher start-up costs and expenses to face the provision of new contracts in IT-integration and operational continuance services, d) 3% growth in depreciation and amortization primarily in the mobile business. Partially offsetting these increments was a 3% decline in payments to correspondents resulting from lower ILD traffic in the Chile wireline.

Cost of operations for the twelve-month period of 2005 increased 6%.

Consolidated Selling and Administrative Expenses
(in millions of Chilean Pesos as of December 31, 2005)

	4Q05	4Q04	% Var.	3Q05	12M05	12M04	% Var.
Selling and administrative expenses	53,804	52,008	3%	52,076	212,807	225,301	-6%
Salaries and expenses	14,685	13,186	11%	13,486	55,342	53,534	3%
Advertising costs	5,191	6,228	-17%	5,581	23,536	28,158	-16%
Amortization of prepaid equipment	7,474	5,013	49%	7,651	27,926	15,634	79%
Bad debt provisions	4,727	7,658	-38%	4,870	20,373	39,148	-48%
Outsourced services	1,025	1,665	-38%	1,129	4,293	6,574	-35%
Depreciation and amortization	6,108	6,228	-2%	6,085	24,178	25,398	-5%
Others	14,593	12,030	21%	13,274	57,159	56,855	1%

Consolidated selling and administrative expenses rose 3% compared to the fourth quarter of 2004 reaching Ch\$ 53.8 billion. This increase was mainly attributed to: a) 49% rise in the amortization of pre-paid equipment, resulting from the growth of the customer base in the mobile business, b) 11% higher salaries and expenses in the Chile wireline segment and mobile services, partially offset by a decline in the international subsidiaries. Other increments were due to general expenses, in connection with Americatel USA. Partially offsetting these increases were: a) 38% decline in bad debt provisions, basically in Americatel USA and Chile wireline segment, b) 17% decrease in advertising costs due to reductions at the Chile wireline segment, the mobile business and at Americatel USA geared with the prevailing industry trends, c) a 38% decrease in outsourcing primarily in Americatel USA, Americatel Peru and at the Chile wireline segment, explained by lower expenses such as professional consulting services and others.

Selling and administrative expenses for the twelve-month period of 2005 decreased 6%.

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Operating Income and EBITDA

As a result of the above, operating income grew 30% during the fourth quarter reaching Ch\$ 37.7 billion, compared to Ch\$ 29.1 billion reported during the same quarter of 2004. EBITDA rose 16% to Ch\$ 77.1 billion compared to Ch\$ 66.6 billion for the same period of 2004 as a consequence of higher margins in the mobile business and the improved profitability of the international subsidiaries. As a result of the aforementioned factors, the EBITDA margin for 4Q05 increased to 39% from 38% reported in 4Q04.

For the twelve-month period of 2005, operating income was up 41% and EBITDA grew 21%.

Non-Operating Results

In the fourth quarter of 2005, the Company's non-operating loss was Ch\$ 15.7 billion, greater than the loss of Ch\$ 4.1 accounted for in the fourth quarter of 2004, basically as a result of the higher losses related to a Ch\$ 7.4 billion non-cash charge related to assets impairments, fundamentally affecting the Chile wireline segment.

For the twelve-month period of 2005, Entel's non-operating loss was up 22%.

Net Income

In the last quarter of 2005, net income reached Ch\$ 18.2 billion, an 11% decline compared to the Ch\$ 20.5 billion reported in 2004, explained by non-operating losses above mentioned.

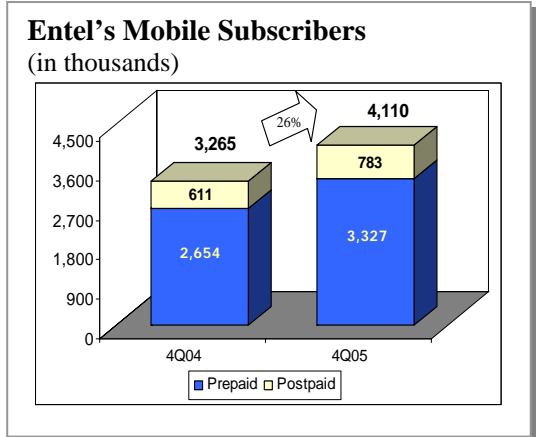
Net income for the twelve-month period of 2005 increased 45% reaching Ch\$ 71.0 billion.

INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSINESS SEGMENT

Mobile Business

Fourth quarter revenues were up 22%, reaching Ch\$ 126.3 billion, compared to Ch\$ 103.8 billion reported for the same period of 2004. Service revenues from fixed charges plus outgoing calls grew 21%, access charges rose 12%, and equipment sales revenues grew 39%. Also value-added services grew 46% and currently represents 6% of total revenues.

The number of average mobile customers grew 26% compared to the same period last year, reaching a total subscriber figure of 4,110,085 at December 2005, representing a 41% market share. The post-paid average customer base increased 28% during the period, and represents 19% of the total customer base.



ARPU decreased 5% during the fourth quarter of 2005 compared to the same quarter of 2004. This is explained by lower tariffs from access charges. MOU grew 1% in 4Q05 vs. 4Q04, primarily in the post-paid segment.

Churn rate rose to 1.62% compared to 1.56% in 4Q04. Increase was in the pre-paid segment, partially offset by a reduction in the post-paid resulting from the high-quality network, effective client segmentation/retention plans and permanent services' innovation. During the fourth quarter of 2005, the market experienced high activity in connection with year-end holidays and total net adds were 240 thousand compared to 209 thousand in 4Q04.

During 4Q05, Entel PCS continued its advertising campaign entitled "Network Trustworthy Signal". Also during December Entel PCS launched campaigns focused on fostering multimedia messaging (MMS) usage, with the slogan: "Say Everything With Pictures".

Entel PCS launched a Telemetry system management tool that allows businesses to use the internet to control its installations, tasks and teams. The service enables companies to capture critical on-line information variables, as determined by the client, via sensors connected to a GPRS/GSM device. Some of the variables include pressure, humidity, temperature and tension.

For the third consecutive year, Entel PCS was recognized as one of the top 10 companies for its service quality by *Capital Magazine* and *Pro-Calidad* (a strategic alliance between Adolfo Ibañez University, Adimark and Chile Calidad).

Operating income for the quarter reached Ch\$ 36.0 billion, 24% higher compared to the Ch\$ 28.9 billion reported in the same period of the previous year. This is explained by improved gross service margins due to the 28% growth in the traffic derived from higher average customer base. Partially offsetting this increase were higher SG&A expenses, primarily related to the level of activity, such as amortization costs of pre-paid handsets, sales commissions and bad debt provisions. EBITDA grew 23%, reaching Ch\$ 59.0 billion, compared to the Ch\$ 48.1 billion reported in the same quarter of previous year. The EBITDA margin was 47% in 4Q05, compared to the 46% reported in 4Q04, driven by the continued growth of a profitable customer base.

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Chile Wireline:

Entel S.A. (Parent Company)

ENTEL parent company revenues (comprised of long distance, Internet, data services and traffic business) reached Ch\$ 50.3 billion during the fourth quarter; down 14% compared to the Ch\$ 58.8 billion reported in the same quarter of 2004. This result was associated with: a) 49% reduction in the low margins traffic business services due to reduced traffic and tariffs, together with a 8% strengthening of the Chilean peso vs. the U.S. dollar, b) a 21% decline in domestic long distance revenues, primarily caused by 16% decreased average tariffs and a 6% decline in traffic. Main reductions were in collect calls and direct dialing services revenues, c) 8% decrease in Data services explained by a declining trend of traditional low speed service revenues as a consequence of technological changes and the absence of an extraordinary sale of IT equipment in 4Q04, partially offset by a 65% growth in Data center, IT and SVA and 13% in MPLS (IP protocol multi-service platform), d) 21% reduction in internet revenues, explained by lower dial-up traffic in-line with customer migration to broadband services. Partially offsetting these were: a) 11% growth in international long distance basically due to 24% higher average tariffs mainly in value-added services, b) 5% increase in revenues coming from other telecom companies, explained by higher leased network services.

Cost of operations and SG&A declined 12% to Ch\$ 50.1 billion compared to the Ch\$ 56.9 billion reported in 4Q04. The main reductions were payments to correspondents and access charges, both attributed to lower traffic. In addition, there were decreases in bad debt provisions, as well as the leased network capacity resulting from lower tariffs. Partially offsetting these declines were higher start-up costs and expenses related to fulfill the provision of new contracts in IT-integration and operational continuance services.

As a result of the aforementioned factors, operating income was Ch\$ 0.1 billion in 4Q05 compared to Ch\$ 1.9 billion in 4Q04. EBITDA declined 9% to Ch\$14.5 billion in 4Q05. EBITDA margin reached 29% from 27% in the 4Q04, reflecting the change in the revenue mix and the operating efficiencies developed.

Entel Phone (Local Telephony + WiLL)

Entelphone revenues (including WiLL) decreased 1% to Ch\$ 10.1 billion in 4Q05, from Ch\$ 10.3 billion in 4Q04, primarily caused by lower WiLL revenues. Partially offsetting this, were higher revenues from CPP mobile (fixed to mobile calls) and from bundled services (local lines and internet services).

Entelphone reported an operating loss of Ch\$ 0.8 billion during 4Q05, from a loss of Ch\$ 0.7 billion reported in the fourth quarter of the previous year, principally explained by higher commercial discounts on new contracts. EBITDA declined 5% to Ch\$2.6 billion from the Ch\$ 2.8 billion reported in 4Q04.

EBITDA margin was 26%, down from 27% reported in the previous year.

**Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results**

The following section briefly discusses the results of the main business segments, which comprise the Chile Wireline segment:

• **Data Services**

The Company is currently focused on strengthening its participation in the IT integration service market ,to become a prominent player this segment.

Migration to New Generation Network (NGN) such as MPLS and IP Protocol, from traditional low speed data solutions continue being the business trend, and Entel is a leading player in this market environment.

Entel signed several contracts during this quarter, among the following:

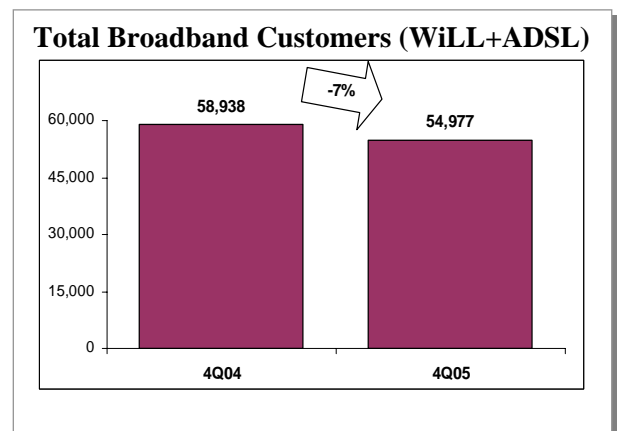
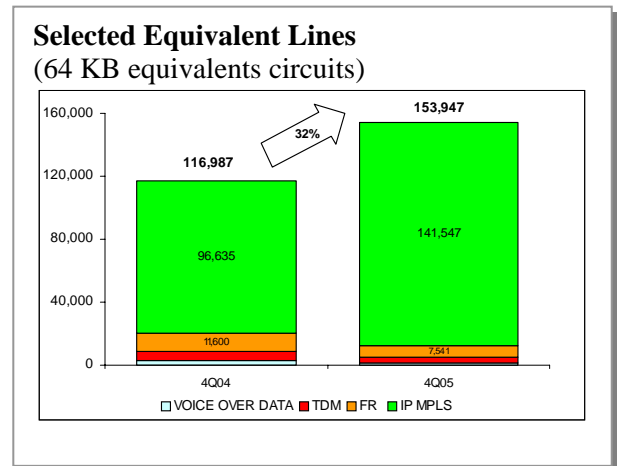
- The Mega Television Network renewed its satellite digital broadcast service contract with ENTEL, which allows the station to broadcast throughout Chile, with a top image quality.
- Entel is increasing its FO coverage by deploying a new mining backbone network (IP-MPLS) to provide services in northern region of Atacama. Thus, Entel partnered with the Chemical & Mining Co. of Chile Inc. (NYSE: SQM), to provide services such as full IP telephony, videoconferencing and wireless applications.
- Entel has signed a contract with Chile's Secretary of the Treasury that includes the implementation of a communications network platform to provide operational continuity that permits the government to manage state funds.
- Entel also signed an agreement with the Chilean National Lottery to develop and provide a nationwide communications network. Likewise, the National Lottery incorporated an operational continuity service for its many terminals.
- Entel, together with the Health Secretary Department has agreed to collaborate on a phone information service to assist the general public in treating certain illnesses.
- Entel has implemented an internet, intra-net, IP videoconference and telephony platform, which allows an on-line connection between the Chilean government and the U.N. Peace Mission Army stationed in Haiti.

• **Internet**

Focusing on large corporations and small and medium-sized companies, Entel selective grow using ADSL over Entelphone network, Will and unbundling of third party networks.

The number of Entel broadband customers (Will and ADSL) decreased 7% in the fourth quarter of 2005 compared to the same quarter of previous year, totalling 54,977 customers. This decrease was principally in the residential segment while Corporate and enterprise segments remain flat.

Internet dial-up connections reached 32.3 thousand as of December 2005, declining from 110.0 thousand connections in December 2004. Clients continue migrating from dial-up to



Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

broadband services. Non profitable dial up plans have being discontinued.

Entel became the first company in Chile to deploy a WiMax network, for wireless Internet connections. The announcement was jointly made with Intel (Nasdaq: INTC) to promote the usage of this technology. The starting platform is comprised of 22 base stations to be deployed in 14 main cities across the country.

During the quarter Entel expanded its Wi-fi service network in the main metro stations of Santiago, and is participating in the Rapa Nui Global project to install internet connections to the island’s population to promote education.

Entel Internet was ranked one of best quality service providers in Chile, according to Pro-Calidad (a strategic alliance between Adolfo Ibañez University, Adimark and Chile Calidad).

- **Local Telephony**

Focus in the provision of local telephony to business clients continue showing growth. Entel’s billed lines (excluding WILL lines) reached 106.1 thousand during the fourth quarter of 2005, up 7% compared to the same period of 2004. Main growth was in the business clients segment, with a 11% expansion in its customer base.

As result of the above, the number of corporate and business clients reached 85% of the total number of billed lines, compared to 82% in 4Q04.

Entel has recently expanded countrywide coverage of local telephony network. With this expansion the enterprise segment (small and medium-sized businesses) will have access to next generation network (NGN) technology services solutions.

- **Long Distance**

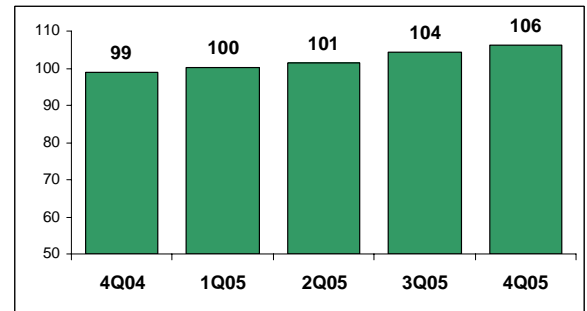
Domestic long distance (DLD) traffic decreased 6% and average tariffs declined 16% during the period. The substitution effect from the higher usage of mobile phones continues affecting the industry. Principal decreases in traffic were seen in direct dialing, while declines in average tariffs occurred in value-added services.

International long distance (ILD) traffic decreased 8% primarily in direct dialing services, partially offset by an increase in traffic from value-added services. Tariffs grew 24%, with regards to direct dialing and calling cards.

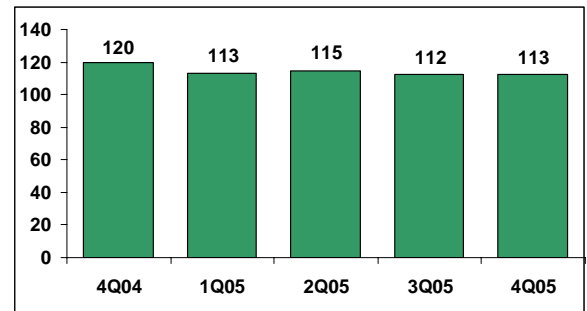
Entel’s LD market shares continue reflecting a strong leadership with an average of 36% in DLD and 40% in ILD.

In a mature industry environment, ENTEL continued to focus on increasing value-added services in fixed lines via advertising its 1-2-3 code usage.

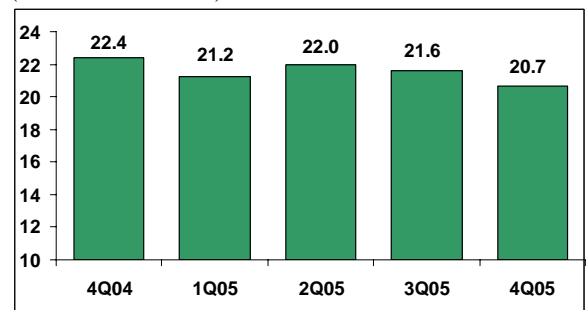
Lines in Service
(in thousands)



Domestic Long Distance Traffic
(million of minutes)



International Long Distance Traffic
(million of minutes)



**Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results**

International Subsidiaries:

Americatel

USA

Americatel USA revenues totalled US\$ 40.2 million, a 32% increase from US\$ 30.5 million reported in the fourth quarter of 2004. This was principally due to a 103% increase in wholesale revenues, explained by higher tariffs and traffic; a 42% growth in LD contract services revenues, in-line with a 79% expansion in the customer base (reaching 238 thousand subscribers as of December 2005). Partially offsetting these increases were 5% lower direct dialing revenues explained by lower LD traffics, which in part migrated to contract services; and a 90% decrease in pre-paid card revenues, service that was discontinued during 2005.

Cost of operations and SG&A expenses were US\$37 million, increasing 7% compared to the fourth quarter of previous year, due to higher payments to correspondents according to the aforementioned higher wholesale traffic, and higher customer service costs, due to higher contract customer base. Partially offsetting these increases were lower bad debt provisions, and lower advertisement expenses in-line with the prevailing industry trends. In addition, there were further declines in depreciation and amortization, professional expenses, salaries and expenses and others in-line with operational efficiencies.

Operating income reached US\$ 3.4 million, from a loss of US\$ 3.9 million in 4Q04. EBITDA reached US\$ 4.3 million compared to a loss of US\$ 2.1 million reported in 4Q04. This improvement is explained by higher margins in all services in connection to higher traffic and stable tariffs, coupled with the absence of an extraordinary receivable write-off accounted for in 4Q04. EBITDA margin reached 11% in the fourth quarter of 2005, a remarkable improvement from a negative 3% obtained during same period of last year.

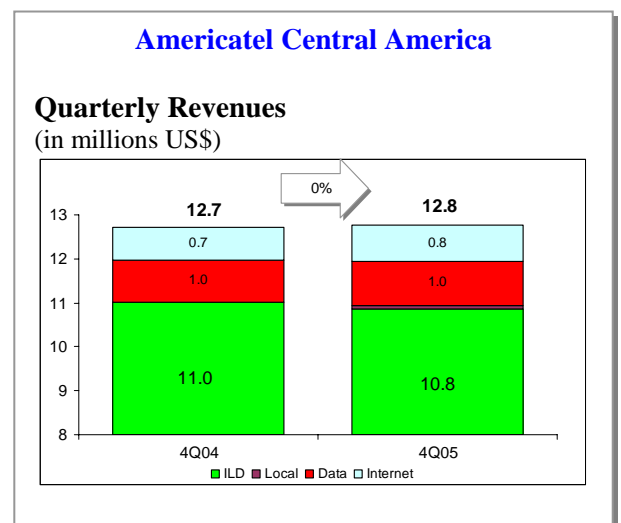
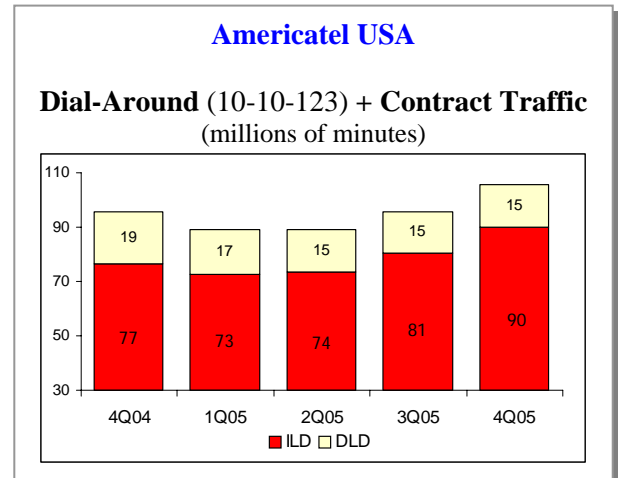
Americatel is currently focused on its core 10-10-123 code and contract ILD services, as well as wholesale traffic, combined with efficiency plans in order to increase margins and profitability.

Central America

Revenues remain flat totalling US\$ 12.8 million during the fourth quarter of 2005. Internet revenues increased as a result of 59% growth in the average broadband customer base. Additionally the new local telephony business in Honduras started to report revenues, and the Data service continued its expansion in the customer base.

On the other hand, ILD revenues declined, explained by lower contract service traffic from the enterprise segment.

Cost of operations and SG&A declined 2% during the fourth quarter of 2005 compared to 4Q04. The principal decreases occurred in payments to correspondents mainly due to lower ILD traffic; lower transportation costs due a reduction in tariffs, and in salaries and advertising costs.



Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

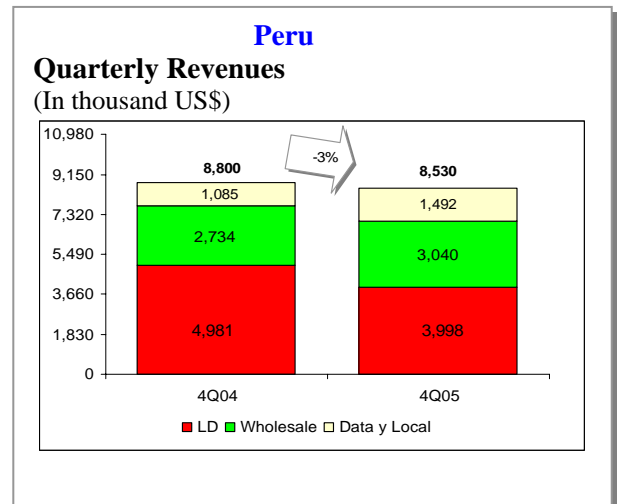
As a result of the above, operating income reached US\$ 1.0 million, a 43% improvement compared to the fourth quarter of last year. EBITDA reached US\$1.5 million, a 22% improvement compared to the fourth quarter of 2004. EBITDA margin was 12%, improving from 10% last year.

Peru

Revenues for Americatel Peru decreased 3%, to US\$ 8.5 million, from the US\$ 8.8 million reported in the fourth quarter of 2004. This decline was mainly due to a decrease in LD revenues explained by lower traffic. Partially offsetting these decreases were: Data / local telephony revenues, that grew 37%, basically explained to higher penetration of both services in the business clients segments. In addition, wholesale revenues rose 11% explained by higher tariffs.

Costs and SG&A decreased 7%, mainly attributed to lower access charges with regard to lower LD traffic, and lower leased network expenses, primarily in wholesale and Data/internet as a consequence of reduction in tariffs.

Operating income reached US\$ 0.5 million in the 4Q05 quarter, a 5% improvement compared to the same period of last year. EBITDA reached US\$ 0.9 million, 49% up compared to the fourth quarter of 2004, mostly due to higher gross margins together with lower SG&A. EBITDA margin reached 11%, compared to 7% reported in the same period of last year.



Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

BALANCE SHEET

Consolidated Balance Sheet (unaudited)
(in millions of Chilean Pesos as of December 31, 2005)

	Dec-05	Dec-04	Var %
Assets	1,135,449	1,205,644	-6%
Current assets	301,645	317,053	-5%
Property, plant & equipment, net	754,692	790,829	-5%
Other assets	79,112	97,762	-19%
Liabilities & shareholders' equity	1,135,449	1,205,644	-6%
Current liabilities	164,065	249,511	-34%
Long-term liabilities	473,643	308,276	54%
Minority interest	2,498	2,782	-10%
Shareholders' equity	495,243	645,075	-23%

Financial Indexes

	Dec-05	Dec-04
Current assets/Current liabilities	1.84	1.27
EBITDA/Financial expenses	13.01	10.58
Gross Financial debt/EBITDA*	1.53	1.62
Total liabilities/(equity + min. interest)	1.28	0.86

*EBITDA last 12 months

During 2005, gross debt grew 15%, from Ch\$ 378.1 billion to Ch\$ 433.8 billion, primarily explained by a US\$ 600 million syndicated loan that refinanced and increased a US\$ 300 million loan in 2Q05. Offsetting this increase were approximately US \$136.5 million in debt payments, as well as an 8% decrease in the exchange rate from December 2004 to December 2005, affecting U.S. dollar-denominated debt. Net debt (gross debt less cash and net receivables from hedging activities) as of December 2005 reached Ch\$ 382.5 billion, 22% higher than Ch\$ 314.3 reported in 4Q04. Liquidity and debt ratios reflect the Company's healthy financial position.

RECENT EVENTS

- Entel paid an interim dividend of Ch\$50 per share in December 2005. The dividend represents a higher payment compared to the interim dividend of Ch\$15 per share distributed in 4Q04.
- Mr. Konrad Burchardt resigned as Vice-president of Marketing and Sales in the Wireline segment.
- Entel was recognized as one of the top 10 most admired companies in Chile, according to the Financial Daily Newspaper and PricewaterhouseCoopers.
- The Chile Telecom under-secretary (Subtel) has recently granted two 50 MHz licensees to provide WiLL services. Telmex won a concession to operate fixed wireless service countrywide. Another license winner was VTR Banda Ancha -owned by Liberty media, with a regional concession.

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

- In January 2006 Booz-Allen Hamilton concluded a review of Entel's organizational structure within the Chile wireline segment.

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Company Description

Empresa Nacional de Telecomunicaciones S.A. is one of the largest Telecommunication Companies in Chile with Ch\$ 1,135,449 million in assets and Ch\$ 766,361 million in annual revenues reported in December 2005. The Company provides mobile, data, Internet service, local telephony and long distance. With its strong Americatel brand acting as an umbrella for its well known "10-10-123" dial-around code and pre-subscribed service, Entel has a presence in the United States Hispanic market. Entel also has operations in Central America and Peru. 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.

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Individual Consolidated Results by Business Segment (unaudited)
(In millions of Chilean Pesos as of December 31, 2005)

	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
Mobile Telephony						
Revenues	126,257	103,816	22%	461,096	376,537	22%
- Service	109,239	91,548	19%	402,908	336,810	20%
- Equipment	17,018	12,268	39%	58,188	39,727	46%
Cost of Operations	63,193	52,531	20%	234,177	192,433	22%
Selling and Administrative Expenses	27,096	22,374	21%	103,517	87,732	18%
Operating Income	35,969	28,910	24%	123,402	96,373	28%
Operating Margin	28%	28%		27%	26%	
EBITDA	58,971	48,035	23%	210,206	165,152	27%
EBITDA Margin	47%	46%		46%	44%	
	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
ENTEL Parent Company (LD, Internet and Data Services)						
Revenues	50,257	58,767	-14%	216,480	245,438	-12%
Cost of Operations	20,909	27,503	-24%	101,221	112,989	-10%
Selling and Administrative Expenses	15,002	15,627	-4%	56,487	59,499	-5%
Depreciation and Amortization	14,218	13,767	3%	55,265	57,493	-4%
Operating Income	128	1,870	-93%	3,507	15,457	-77%
Operating Margin	0%	3%		2%	6%	
EBITDA	14,501	15,926	-9%	59,481	74,255	-20%
EBITDA Margin	29%	27%		27%	30%	
	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
ENTEL Phone (local telephony + WLL)						
Revenues	10,142	10,277	-1%	39,546	39,946	-1%
Cost of Operations	8,394	8,167	3%	33,302	31,478	6%
Selling and Administrative Expenses	2,512	2,764	-9%	10,205	11,275	-9%
Operating Income	-765	-654	-17%	-3,961	-2,808	-41%
Operating Margin	-8%	-6%		-10%	-7%	
EBITDA	2,636	2,770	-5%	9,434	10,010	-6%
EBITDA Margin	26%	27%		24%	25%	

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Individual Consolidated Results by Business Segment (unaudited)
(In thousands of U.S. dollars and millions of Chilean Pesos as of December 31, 2005)

	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
Americatel USA	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	
Revenues	40,233	30,504	32%	141,247	138,791	2%	18,291	11,442	60%	72,389	80,147	-10%
Cost of Operations	27,787	19,586	42%	94,101	96,925	-3%	12,712	6,901	84%	48,227	55,971	-14%
Selling & Administrative Expenses	9,007	14,783	-39%	40,132	73,223	-45%	3,899	5,205	-25%	20,568	42,284	-51%
Operating Income	3,439	-3,864	189%	7,014	-31,357	122%	1,680	-664	353%	3,594	-18,107	120%
Operating Margin	9%	-13%		5%	-23%		9%	-6%		5%	-23%	
EBITDA	4,324	-2,110	305%	11,404	-24,708	146%	2,053	70	2838%	5,845	-14,268	141%
EBITDA Margin	11%	-7%		8%	-18%		11%	1%		8%	-18%	
	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
Americatel Central America	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	
Revenues	12,765	12,713	0%	52,143	51,203	2%	5,635	5,147	9%	26,723	29,568	-10%
Cost of Operations	10,347	10,653	-3%	42,568	42,733	0%	4,560	4,323	5%	21,816	24,677	-12%
Selling & Administrative Expenses	1,420	1,363	4%	5,653	5,426	4%	630	556	13%	2,897	3,133	-8%
Operating Income	997	696	43%	3,922	3,044	29%	444	268	65%	2,010	1,758	14%
Operating Margin	8%	5%		8%	6%		8%	5%		8%	6%	
EBITDA	1,511	1,222	24%	6,122	5,331	15%	668	471	42%	3,137	3,078	2%
EBITDA Margin	12%	10%		12%	10%		12%	9%		12%	10%	
	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>	<u>4Q05</u>	<u>4Q04</u>	<u>% Var.</u>	<u>12M05</u>	<u>12M04</u>	<u>% Var.</u>
Americatel Peru	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	0
Revenues	8,530	8,800	-3%	34,947	33,408	5%	3,763	3,679	2%	17,911	19,292	-7%
Cost of Operations	4,247	4,673	-9%	18,075	16,859	7%	1,858	2,004	-7%	9,264	9,736	-5%
Selling & Administrative Expenses	3,792	3,658	4%	13,489	14,130		1,720	1,515	14%	6,913	8,160	-15%
Operating Income	491	470	5%	3,383	2,418	40%	185	160	15%	1,734	1,397	24%
Operating Margin	6%	5%		10%	7%		5%	4%		10%	7%	
EBITDA	929	625	49%	4,460	3,201	39%	395	214	84%	2,286	1,848	24%
EBITDA Margin	11%	7%		13%	10%		10%	6%		13%	10%	

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

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Entel Group Consolidated Income Statement (unaudited)
(In thousands of Chilean Pesos as of December 31, 2005)

INCOME STATEMENT	Dec-05	Dec-04	Var%
Operating Income	129,352,844	91,431,953	41%
Net Revenue	766,361,974	717,414,329	
Operating Cost	(424,202,284)	(400,681,568)	
Gross Profit	342,159,690	316,732,761	
Selling & Administrative Expenses	(212,806,846)	(225,300,808)	
Non-Operating Income	(40,537,770)	(33,172,664)	-22%
Financial income	3,245,497	3,009,374	
Other income	5,230,365	3,669,857	
Amortization of goodwill	(3,562,704)	(3,618,200)	
Financial expenses	(21,840,703)	(22,098,799)	
Other expenses	(27,140,691)	(17,097,376)	
Price-level restatement	(4,388,147)	1,436,038	
Exchange gain	7,918,613	1,526,442	
Income before Tax	88,815,074	58,259,289	52%
Income Tax	(17,210,963)	(12,460,909)	
Consolidated Net Income before Minority Interest	71,604,111	45,798,380	
Minority Interest	(574,192)	3,055,023	
Net Income (loss)	71,029,919	48,853,403	
Amortization of negative Goodwill	0	216,060	
NET INCOME	71,029,919	49,069,463	45%

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Entel Group Consolidated Balance Sheet (unaudited)
(in thousands of Chilean Pesos as of December 31, 2005)

ASSETS	Dec-05	Dec-04	Var%
Total current assets	301,645,101	317,052,709	-5%
Cash	5,598,470	12,169,867	
Time deposits	71,503,634	73,048,497	
Marketable securities	-	947,765	
Trade accounts receivable, net	150,259,995	154,450,980	
Notes receivable, net	7,200,996	7,925,292	
Other accounts receivable, net	3,543,336	6,837,668	
Note and accounts receivable from related companies	-	1,875,969	
Inventories	14,498,755	13,611,906	
Recoverable taxes	18,460,659	14,698,537	
Prepaid expenses	8,493,264	7,609,333	
Deferred income taxes	7,604,408	8,494,948	
Other current assets	14,481,584	15,381,947	
Total Property, Plant and Equipment	754,691,668	790,828,751	-5%
Land	7,835,543	7,941,222	
Buildings and infrastructure	194,936,588	197,584,108	
Machinery and equipment	1,415,948,432	1,351,881,102	
Other fixed assets	204,241,255	199,170,824	
Accumulated depreciation	(1,068,270,150)	(965,748,505)	
Total other assets	79,112,510	97,762,063	-19%
Investments in other companies	229,248	8,423,621	
Goodwill	48,562,763	52,444,513	
Long-term accounts receivable	6,860,044	8,024,249	
Intangibles	15,303,674	16,524,678	
Amortization of intangibles	(6,099,789)	(5,258,380)	
Others	14,256,570	17,603,382	
TOTAL ASSETS	1,135,449,279	1,205,643,523	-6%

Entel S.A.
Fourth Quarter and Twelve-Month 2005 Results

Entel Group Consolidated Balance Sheet (unaudited)
(in thousands of Chilean Pesos as of December 31, 2005)

LIABILITIES AND SHAREHOLDERS EQUITY	Dec-05	Dec-04	Var%
Total current liabilities	164,064,816	249,511,183	-34%
Short-term bank loans	-	4,335,412	
Current portion of long-term liabilities with banks and financial institutions	671,891	46,910,355	
Current portion of bonds payable	2,594,705	4,347,737	
Current portion of notes payable and other long-term liabilities	1,901,501	32,458,323	
Dividends payable	291,305	92,587	
Accounts payable	120,571,600	117,995,138	
Other accounts payables	5,897,517	18,630,423	
Notes and accounts payable to related companies	-	1,481,901	
Provisions	8,221,196	5,451,356	
Withholdings	12,984,129	9,244,669	
Income Tax	6,096,617	4,676,881	
Unearned income	4,379,860	3,647,868	
Other current liabilities	454,495	238,533	
Total long-term liabilities	473,642,629	308,275,635	54%
Due to banks and other financial institutions	307,500,000	138,591,936	
Bonds payable	106,334,886	139,371,120	
Notes payable	16,345,845	17,952,708	
Other accounts payables	19,129,162	-	
Long-term accrued expenses	5,522,270	5,077,806	
Long-term deferred income taxes	7,154,837	6,952,366	
Other long-term liabilities	11,655,629	329,699	
Minority interest	2,498,993	2,781,672	-10%
Total Shareholders	495,242,841	645,075,033	-23%
Paid-in capital	437,691,031	437,691,031	
Other Reserves	(7,314,131)	(4,096,393)	
Retained Earnings:	64,865,941	211,480,395	
Accumulated earnings	5,662,207	166,097,537	
Net Income (loss) for the period	71,029,919	49,069,463	
Provisional Dividend	(11,826,185)	(3,686,605)	
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,135,449,279	1,205,643,523	-6%