



## Third Quarter and First Nine Month 2005 Results

Santiago, Chile – October 28, 2005 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced its results for the third quarter and first nine months ended September 30, 2005. All figures are expressed in Chilean Pesos and are reported according to Chilean generally accepted accounting principles (Chilean GAAP). The exchange rate at September 30, 2005 was Ch\$ 529.20/US\$ 1.

### Highlights:

- Revenues for the quarter reached Ch\$ 185.2 billion, an increase of 8% compared to the same quarter of 2004.
- EBITDA for the quarter reached Ch\$ 71.6 billion, an increase of 51% compared to 3Q04. Net income reached Ch\$ 16.7 billion, an increase of 43 times compared to 3Q04.
- Number of mobile subscribers grew 27%, reaching 3,870,225.

### Consolidated Financial Highlights

in millions of Chilean pesos as of September 30, 2005  
(except EPS figures)

	3Q05	3Q04	% Var.	2Q05	9M05	9M04	% Var.
Revenues	185,167	171,915	8%	190,012	561,976	533,633	5%
Operating Income (EBIT)	32,912	12,310	167%	28,718	90,604	61,655	47%
EBITDA	71,556	47,517	51%	67,238	204,558	165,295	24%
EBITDA Margin	39%	28%		35%	36%	31%	
Net Income	16,692	387	4210%	15,893	52,229	28,294	85%
EPS	70.6	1.6	4210%	67.2	220.8	119.6	85%

### Comments from the Chief Financial Officer:

- Revenue growth during in 3Q05 was due to higher sales in the mobile business and in data services in the Chile Wireline.
- Operating income and EBITDA during the quarter increased substantially, as a result of higher margins in the mobile services and in the international subsidiaries, together with the absence of receivables' write-offs of Ch\$10.7 billion accrued in Americatel USA during 3Q04.
- Net income for the quarter increased more than 43 times, driven by higher operating profits and a reduction in non-operating losses, the latter resulting from lower non-cash charges related to technological asset impairments in the Chile Wireline segment.
- As of September 30, 2005, net financial debt reached Ch\$430.3 billion, 26% higher than 3Q04, and 7% lower than the amount reported in 2Q05.

*Note: Please see accompanying presentation at [www.entel.cl](http://www.entel.cl), under the section titled “Investors” for additional information.*

### IR Contacts

#### *In Santiago, Chile*

Ivan Contreras Nogueira  
Investor Relations Officer  
Tomás Vial Valdés  
Investor Relations

Entel S.A.

Tel: (562) 360-3641/3218  
[incontreras@entel.cl](mailto:incontreras@entel.cl)  
[tvial@entel.cl](mailto:tvial@entel.cl)

#### *In New York*

Maria Barona  
Peter Majeski  
i-advize Corporate  
Communications  
Tel: (212) 406-3691

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

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 September 30, 2005)

	3Q05	3Q04	% Var.	2Q05	9M05	9M04	% Var.
<b>Revenues</b>	<b>185,167</b>	<b>171,915</b>	<b>8%</b>	<b>190,012</b>	<b>561,976</b>	<b>533,634</b>	<b>5%</b>
Mobile services	113,203	92,942	22%	110,308	329,217	266,998	23%
Domestic long distance	7,398	10,136	-27%	8,096	24,258	33,984	-29%
International long distance	4,755	4,748	0%	4,897	14,431	15,535	-7%
Internet	5,582	6,642	-16%	5,696	17,117	19,564	-13%
Data services	11,704	10,727	9%	11,271	33,344	33,047	1%
Other telecommunication companies	2,219	2,089	6%	2,087	6,948	6,953	0%
Traffic business	8,146	10,238	-20%	9,756	29,258	38,526	-24%
International subsidiaries	22,984	25,685	-11%	28,379	79,861	92,149	-13%
Local telephony	7,422	6,869	8%	7,183	21,244	20,931	1%
Others	1,755	1,838	-5%	2,341	6,297	5,947	6%

**Consolidated revenues** during 3Q05 reached Ch\$ 185.2 billion, compared to the Ch\$ 171.9 billion reported during the same quarter of the previous year. This increase was attributed to: a) a 22% growth in mobile services, mainly due to a 21% increase in service revenues and a 29% higher equipment sales revenues during the period. The increase in service revenues is explained by a 26% expansion in the average mobile customer base with an improvement of 1% in MOU<sup>1</sup> and a 4% decline in ARPU<sup>2</sup>, b) a 9% increase in data services revenues, mainly due to growth in IT integration of services provisions, MPLS (IP protocol multi-service platform) and data center revenues, c) an 8% increase in local telephony revenues mainly derived from a higher average customer base of 9%, and d) a 6% revenue increase from other telecommunications companies due to higher leased network services to other operators.

The main factors that partially offset these increases were: a) a 27% decline in domestic long distance revenues, primarily explained by 11% lower traffic and a 18% reduction in average tariffs, b) an 11% reduction in international subsidiaries revenues, solely caused by a 13% decrease in the US\$/Ch\$ exchange rate from September 2004 to September 2005, almost completely offset by the improved activity in all the subsidiaries, c) a 20% decline in the low margin traffic business services, primarily due to lower wholesale traffic and the above mentioned strengthening of the Chilean peso vs. the U.S. dollar, d) a 16% decline in Internet revenues, mainly caused by a 64% decrease in Internet dial-up traffic due to client migration to broadband solutions.

During the first nine-months of 2005, revenues increased 5% compared to the first nine months of 2004.

<sup>1</sup> Minutes of Usage

<sup>2</sup> Average Revenue Per User

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

**Consolidated Cost of Operations**  
(in millions of Chilean Pesos as of September 30, 2005)

	3Q05	3Q04	% Var.	2Q05	9M05	9M04	% Var.
<b>Cost of Operations</b>	<b>100,710</b>	<b>97,666</b>	<b>3%</b>	<b>108,987</b>	<b>314,254</b>	<b>300,681</b>	<b>5%</b>
Access charges	32,029	28,048	14%	33,689	97,458	83,746	16%
Payments to correspondents	13,980	13,543	3%	14,630	44,651	51,930	-14%
Depreciation and amortization	25,089	23,924	5%	25,031	74,947	72,834	3%
Salaries and expenses	3,559	3,849	-8%	3,421	10,339	11,005	-6%
Outsourced services	4,445	5,838	-24%	4,412	12,500	16,127	-22%
Others	21,608	22,464	-4%	27,803	74,358	65,039	14%

**Consolidated cost of operations** reached Ch\$ 100.7 billion in the third quarter 2005, up 3% compared to the same quarter of 2004. This increase was attributed to: a) a 14% increase in access charges, mainly in the mobile business as a result of a 24% higher outgoing traffic to third parties, b) 5% higher depreciation and amortization costs, primarily caused by the network expansion in the mobile business, c) a 3% increase in payments to correspondents in-line with higher wholesale traffic at Americatel USA and Americatel Central America, partially offset by lower costs in the Chile Wireline business, attributable to a decrease in wholesale traffic. Partially offsetting these increases were: a) 24% lower outsourcing costs, mainly at Americatel USA, due to operational efficiencies, b) a 4% decrease in other general costs, mainly in the mobile business, Chile Wireline and Americatel USA and c) an 8% decrease in salaries and expenses, mainly at Americatel USA, Central America and Americatel Peru.

Cost of operations for the first nine-months of 2005 increased 5%.

**Consolidated Selling and Administrative Expenses**  
(in millions of Chilean Pesos as of September 30, 2005)

	3Q05	3Q04	% Var.	2Q05	9M05	9M04	% Var.
<b>Selling and administrative expenses</b>	<b>51,546</b>	<b>61,939</b>	<b>-17%</b>	<b>52,307</b>	<b>157,118</b>	<b>171,297</b>	<b>-8%</b>
Salaries and expenses	13,348	13,130	2%	13,155	40,174	39,884	1%
Advertising costs	5,526	7,036	-21%	6,131	18,128	21,678	-16%
Amortization of prepaid equipment	7,571	4,232	79%	6,941	20,210	10,498	93%
Bad debt provisions	4,821	15,019	-68%	4,463	15,460	31,128	-50%
Outsourced services	1,117	944	18%	1,046	3,230	4,852	-33%
Depreciation and amortization	6,023	6,602	-9%	5,896	17,855	18,950	-6%
Others	13,140	14,976	-12%	14,675	42,062	44,308	-5%

**Consolidated selling and administrative expenses** decreased 17% compared to the third quarter of 2004 reaching Ch\$ 51.5 billion due to: a) 68% decrease in bad debt provisions explained by the absence of extraordinary receivables' write-offs of Ch\$10.7 billion at Americatel USA accounted for in 3Q04, b) a 12% reduction in other general expenses, mainly attributable to efficiencies in the Chile Wireline business, c) a 21% decrease in advertising costs driven by Americatel USA and the Chile Wireline business, in-line with prevailing industry trends. Partially offsetting these declines were: a) a 79% increase in the amortization of pre-paid equipment, resulting from the 27% growth of the customer base in the mobile business.

Selling and administrative expenses for the first nine-months of 2005 decreased 8%.

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

**Operating Income and EBITDA**

As a result of the above, operating income increased 167% during the third quarter 2005 to Ch\$ 32.9 billion, compared to Ch\$ 12.3 billion reported during the same period of 2004. EBITDA increased 51% to Ch\$ 71.6 billion during the quarter compared to Ch\$ 47.5 billion for the same quarter of 2004, due to higher margins in mobile services and international subsidiaries, together with the absence of receivables' write-offs of Ch\$10.7 billion accounted for at Americatel USA during 3Q04. As a consequence of the aforementioned factors, the EBITDA margin for 3Q05 increased to 39% from 28% reported in 3Q04.

For the first nine-months of 2005, operating income increased 47% and EBITDA increased 24%.

**Non-Operating Results**

In the third quarter of 2005, the Company's non-operating loss was Ch\$ 11.7 billion, 8% lower than the figure reported in the third quarter of 2004, mainly as a result of the lower losses related to non cash charges in connection with assets impairments in the Chile Wireline.

For the first nine-months of 2005, Entel's non-operating loss decreased 15%.

**Net Income**

Net income for the quarter reached Ch\$ 16.7 billion, an increase of 43 times compared to the Ch\$ 0.4 billion reported in the third quarter of 2004, explained by higher operating profits and lower non-operating losses.

Net income for the first nine-months of 2005 increased 85% reaching Ch\$52.2 billion.

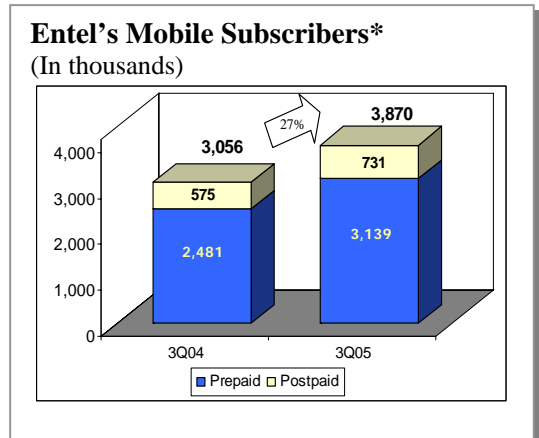
**INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSINESS SEGMENT**

**Mobile Business**

Third quarter revenues increased 21%, reaching Ch\$ 113.9 billion, compared to Ch\$ 93.8 billion in the third quarter of 2004. Service revenues grew 21% (of which value-added services were up 43%) and sales of equipment revenues increased 29%.

The number of average mobile customers expanded 26% compared to the third quarter of 2004, reaching a total subscriber figure of 3,870,225 as of September 2005, representing a 41% market share. The post-paid average customer base grew 27% during the period. Pre-paid customers represent 81% of the total customer base.

ARPU<sup>3</sup> decreased 4% during the third quarter of 2005 compared to the same period of last year. This reduction occurred mainly due to lower revenues from access charges in the pre-paid segment.



MOU grew 1% compared to 3Q04 with increases in both the post-paid and pre-paid segments. Churn rate grew to 1.6% compared to 1.4% in 3Q04, driven by the pre-paid segment. The churn rate increased mainly as a consequence of heavy industry promotions in the pre-paid segment during 2Q05, which boosted gross sales and increased client turnover during the 3Q05. Churn rate in the post-paid segment declined as a consequence of high quality network standards, strong customer service efforts, as well as permanent services, innovations and effective client segmentation.

3Q05 was characterized by a less competitive environment compared to 2Q05 in terms of promotions in the pre-paid segment. During third quarter of 2005, total net adds were 141 thousand compared to 134 thousands in 3Q04.

During 3Q05 Entel PCS launched an advertising campaign focused under the concept of "network trustworthy signal".

Entel PCS launched the "Más Futbol" (More Soccer) service, allowing users to watch their favorite soccer team score goals. Entel PCS also launched the "Ch\$5,000 Refill Free" promotion when customers buy a new pre-paid pack. In addition, pre-paid customers receive 30% to 50% in free additional minutes when using one of several participating department-store credit cards to refill their pre-paid cards.

During the quarter, Entel PCS introduced RIM's Blackberry to mobile professionals in Chile, becoming the first company in Chile to offer this wireless communications solution. Blackberry provides always-on, push-based, mobile access to e-mail and other communications of information to both individual and corporate customers.

Operating income for the quarter was Ch\$ 31.3 billion, an increase of 33% compared to the Ch\$ 23.5 billion reported in the same period of the previous year. The 33% increase is explained by higher gross service margins mainly due to the 26% growth in the average customer base. Partially offsetting this increase in gross margins were 19% higher SG&A expenses, primarily in the amortization of pre-paid equipment, sales expenses, advertising and salaries. EBITDA increased 29%, reaching Ch\$ 53.6 billion compared to the Ch\$ 41.5 billion reported in the same quarter of 2004. The EBITDA margin was 47% in 3Q05, compared to the 44% reported in 3Q04, as a consequence of higher gross margins derived from the growth of a profitable customer base.

<sup>3</sup> Average Revenue Per User

**Entel S.A.**  
**Third Quarter and First Nine Months 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\$ 52.1 billion during the third quarter; down 9% compared to the Ch\$ 57.2 billion reported in the same quarter of 2004. The decrease was attributable to: a) a 25% reduction in traffic business mainly due to lower traffic and tariffs, along with a 13% strengthening of the Chilean Peso vs. the U.S. dollar, b) a 27% decline in domestic long distance revenues, mainly due to 11% lower traffic and an 18% reduction in average tariffs. Main declines in traffic were in direct dialling and collect calls services, while average tariffs reductions occurred primarily in value-added services, c) a 16% decline in Internet revenues, caused by lower dial-up traffic in-line with customer migration to broadband services. Broadband revenues grew 11% due to a 5% growth in the customer base. Partially offsetting these decreases were: a) a 10% increase in data service revenues, resulting mainly from a 103% increase in revenues related to IT integration services in the corporate segment. Furthermore, MPLS (IP protocol multi-service platform) and data center sales grew 168% and 24%, respectively. Traditional data services (low speed) revenues continue to decline as a consequence of technological changes.

Cost of operations and SG&A decreased 9% to Ch\$ 51.3 billion compared to the Ch\$ 56.1 billion reported in 3Q04. The main reductions were: 22% in payments to correspondents due to lower wholesale traffic and a 19% decrease in access charges due to a reduction in domestic long distance traffic. Costs also declined in depreciation and amortization, material and merchandise costs, advertising and bad debt provisions, all in-line with operational efficiencies in the mature business areas. Partially offsetting these declines were increases in IT-integration and operational continuance services due to higher start-up costs and expenses to fulfill the provision of new contracts.

As a result of the aforementioned factors, operating income reached Ch\$ 0.9 billion in 3Q05 compared to Ch\$ 1.1 billion in 3Q04. EBITDA declined 9% reaching Ch\$14.5 billion in 3Q05. EBITDA margin, however, remained flat at 28%.

**Entel Phone (Local Telephony + WiLL)**

Entelphone revenues (including WiLL) grew 3% to Ch\$ 10.0 billion during the third quarter of 2005, from Ch\$ 9.7 billion in 3Q04, mainly due to higher CPP mobile revenues and from complementary services, all in line with a 9% increase in the average customer base. Partially offsetting these increases was a decrease in WiLL services revenue due to a 7% decline in billed access.

Entelphone reported an operating loss of Ch\$ 1 billion during 3Q05, the same loss reported in the third quarter of the previous year. EBITDA increased 6% to Ch\$2.2 billion from the Ch\$ 2.1 reported in 3Q04, explained by lower WiLL expenses. EBITDA margin remained flat at 22%.

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

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

- Data Services**

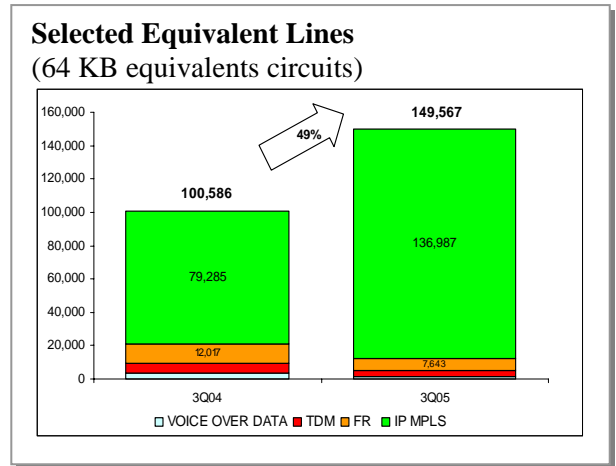
Selected equivalent lines continue to grow in MPLS / IP Protocol as the result of migration to new generation technologies (NGN).

During the quarter Entel signed contracts with Evercrisp, CMPC Pulp and Paper, the Chilean Association of Security (ACHS), among others, to migrate their networks to Entel's NGN technology.

Entel and Transbank, the main Chilean credit card management company, signed a contract by which Transbank will be able to centralize the maintenance of the terminal networks in Chile.

Furthermore, Entel offers bundling of complementary services such as Call Center, Data Center, Market Place and Lan/Wan network, to increase overall efficiency for its clients.

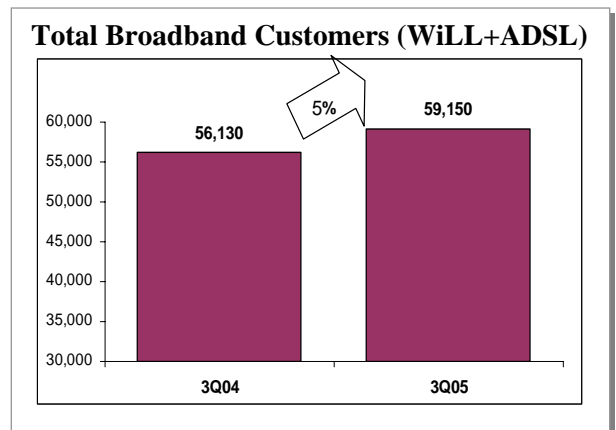
During 3Q05, Entel increased its activity and revenues in IT-related services and IP MPLS network, along with data centers. On the other hand, mature technologies continue declining due to migration to new solutions at lower costs.



- Internet**

The number of Entel broadband customers (WiLL and ADSL) grew 5% in the third quarter of 2005 compared to the same quarter of previous year, reaching 59,150 customers. The Company is growing selectively using a combination of ADSL over Entelphone network, WiLL and unbundling of third party networks, primarily focused on small and medium-sized companies.

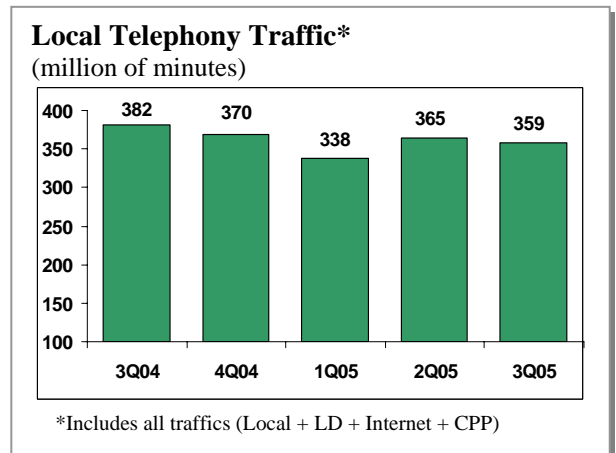
Internet dial-up connections reached 41.5 thousand as of September 2005, declining from 127 thousand connections in September 2004. This was a result of industry changes, where clients are migrating from dial-up to broadband services.



- Local Telephony**

Entel billed lines in service (excluding WiLL lines) reached 104.1 thousand during the third quarter of 2005, a 9% increase compared to the same period of last year, mainly due to a higher customer base in the corporate segment.

As result of the above, the number of corporate and business clients reached 84% of the total number of billed lines, compared to 81% in 3Q04.



**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

- **Long Distance**

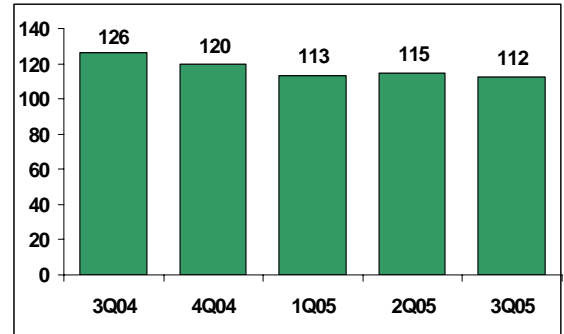
Domestic long distance (DLD) traffic decreased 11%, while average tariffs declined 18% during the period. The substitution effect from the higher usage of mobile phones continues affecting the market. The main decreases in traffic were seen in direct dialing and collect calls. Average tariffs declined mainly in value-added services.

International long distance (ILD) traffic decreased 5% mainly in direct dialing services, partially offset by a 10% increase in tariffs primarily in value-added services.

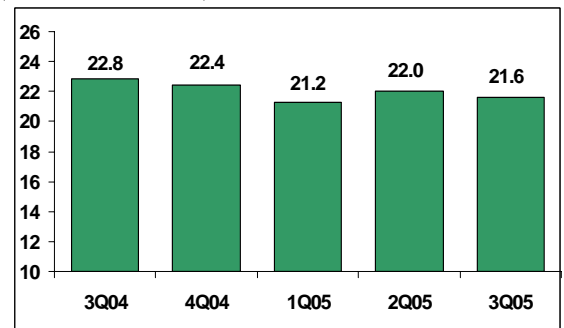
Entel's DLD market share continues to be one of the highest in the industry, remaining at an average of 35% in 3Q05. In ILD, Entel remains the leader with a 41% market share.

During the quarter, ENTEL continued promoting different value-added services, loyalty programs, spot marketing promotions and its 1-2-3 code usage in order to leverage its market leadership position.

**Domestic Long Distance Traffic**  
(million of minutes)



**International Long Distance Traffic**  
(million of minutes)



**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

**International Subsidiaries:**

***Americatel***

**USA**

Americatel USA revenues reached US\$ 36.0 million, a 10% increase from the US\$ 32.8 million reported in the third quarter of 2004. This was mainly attributed to higher revenues from pre-subscribed and ILD wholesale services. In the pre-subscribed services, this increase was a result of a 63% higher average customer base, reaching 207 thousand subscribers in the first nine months of 2005. Partially offsetting these increases were lower revenues from direct dialing services, part of which migrated to pre-subscribed services. Pre-paid card services were discontinued according to the Company's decision to focus efforts in more profitable businesses (10-10-123 dial-around code and pre-subscribed service).

Cost of operations and SG&A expenses were US\$33.6 million, a decrease of 36% compared to the third quarter of 2004, mainly caused by lower bad debt provisions due to the absence of the extraordinary receivable write-off of US\$ 17 million accounted for in 3Q04. In addition, further declines were in call center, salaries and expenses and professional services, in-line with operational efficiencies. Partially offsetting these decrease were higher access charges resulting from higher wholesale traffic.

Operating income reached US\$ 2.4 million, improving from a loss of US\$ 19.8 million in 3Q04. EBITDA reached US\$ 3.4 million from a loss of US\$ 18.1 million reported in 3Q04. This is explained by the absence of the extraordinary receivable write-off accounted for in 3Q04, and increased direct margins coupled with operational efficiencies. EBITDA margin reached 9% in the third quarter of 2005, an increase from the negative 55% obtained during same period of last year.

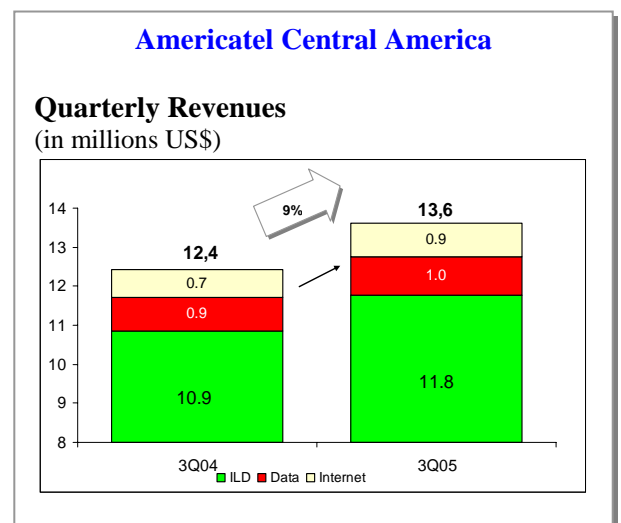
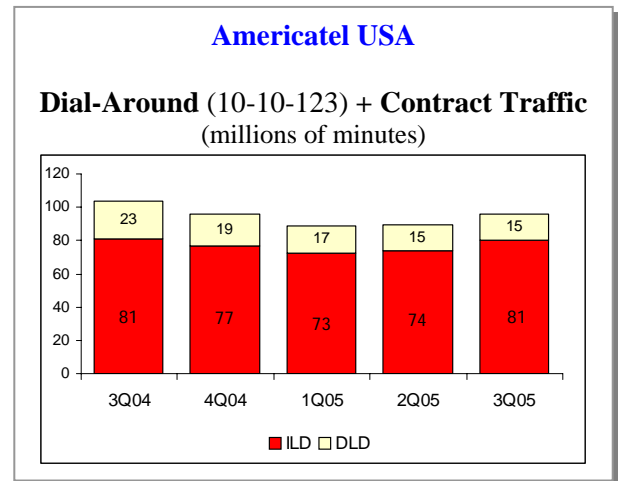
Americatel is currently focused on its core 10-10-123 code and contract ILD services, combined with efficiency plans in order to increase margins and profitability.

**Central America**

Revenues grew 9% to US\$ 13.6 million during the third quarter of 2005, from the US\$ 12.4 million reported in 3Q04. This was mainly attributed to an 8% increase in ILD revenues, explained by a 31% increase in wholesale traffic. In addition, Internet revenues grew 21% mainly due to a 58% increase in the average broadband customer base, as well as a 13% increase in data services, mainly attributable to new contracts related to MPLS/IP Protocol new generation network revenues.

Cost of operations and SG&A increased 11% during the third quarter 2005. The main increases occurred in access charges and payments to correspondents due to higher wholesale traffic and higher consultancy expenses.

As a result of the above, operating income remained flat at US\$ 1.1 million compared to the third quarter of last year. EBITDA reached US\$1.6 million, a 1% increase with regard to the third quarter of



**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

2004. This growth was a result of higher direct margins in the ILD business. EBITDA margin remained steady at 12%.

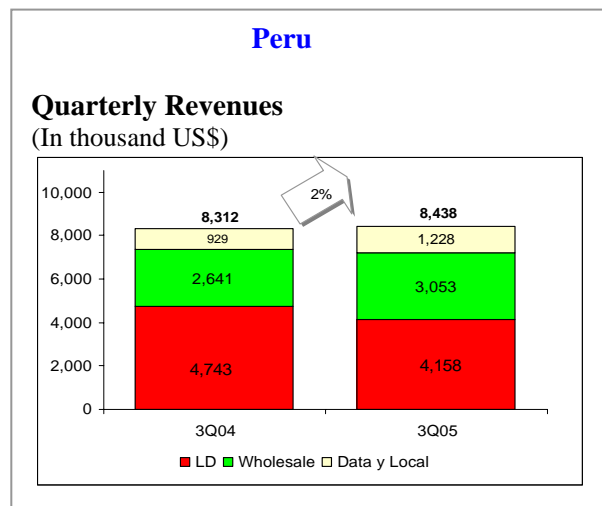
**Peru**

Revenues for Americatel Peru increased 2%, to US\$ 8.4 million, from the US\$ 8.3 million reported in the third quarter of 2004. This growth was mainly due to a 16% increase in wholesale revenues, explained by higher traffic together with a slightly increase in tariffs. Data / local telephony revenues increased 32% attributed to higher penetration in the enterprise segment. Partially offsetting these increases was a 12% decline in LD revenues (international and domestic) mainly due to lower direct dialing traffic, partially counterbalanced by higher contract services traffic. However, tariffs grew in both ILD and DLD services.

During the quarter, Americatel Peru launched WILL services to provide broadband internet to business clients.

Costs and SG&A decreased 1%, mainly due to lower leased network, call center activities, advertisement and professional services. Partially offsetting these decreases were higher access charges in-line with higher ILD wholesale traffic.

Americatel Peru's operating income reached US\$ 0.7 million in the 3Q05 quarter, compared to the US\$ 0.5 million reported for the same period of last year. This represented an increase of 49%. EBITDA reached US\$ 1.0 million, a 69% increase compared to the third quarter of 2004. EBITDA margin reached 12%, compared to 7% reported in the same period of last year.



**BALANCE SHEET**

**Consolidated Balance Sheet (unaudited)**  
(in millions of Chilean Pesos as of September 30, 2005)

	Sep-05	Sep-04	Var %
<b>Assets</b>	<b>1,134,367</b>	<b>1,224,184</b>	<b>-7%</b>
Current assets	288,110	359,330	-20%
Property, plant & equipment, net	761,590	770,634	-1%
Other assets	84,667	94,220	-10%
<b>Liabilities &amp; shareholders' equity</b>	<b>1,134,367</b>	<b>1,224,184</b>	<b>-7%</b>
Current liabilities	171,551	281,256	-39%
Long-term liabilities	476,326	317,362	50%
Minority interest	2,523	3,476	-27%
Shareholders' equity	483,967	622,090	-22%

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

**Financial Indexes**

	Sep-05	Sep-04
Current assets/Current liabilities	1.68	1.28
EBITDA/Financial expenses	12.85	9.90
Gross Financial debt/EBITDA*	1.64	1.92
Total liabilities/(equity + min. interest)	1.33	0.96

\*EBITDA last 12 months

From September 2004 to September 2005, gross debt increased 1%, from Ch\$ 440.9 billion to Ch\$ 443.6 billion, mainly due to a US\$ 600 million syndicated loan that refinanced and increased a US\$ 300 million loan in 2Q05. Offsetting this increase were approximately US \$203.4 million of debt payments, as well as a 13% decrease in the exchange rate from September 2004 to September 2005, affecting U.S. dollar-denominated debt. Net debt (gross debt less cash and net receivables from hedging activities) reached Ch\$ 430.3 billion, 26% higher than Ch\$ 341.4 reported in 3Q04. Liquidity and debt ratios continue to reflect the Company's healthy financial position.

**RECENT EVENTS**

- The Board of Directors accepted the resignation of Mr. Alvaro Correa Rodriguez. In his replacement, the Board designated Mr. Juan Claro Gonzalez.
- Entel has concluded collective labor negotiations for the next two years with three labor unions representing 850 of Chile Wireline unionized employees.
- Entel's controlling shareholder, Almendral, issued a UF 5,800,000 (approx. Ch\$102.7 billion) bond, at an interest rate of UF + 3.85% annual, which will be used to pay debt related to its 54.76% purchase of Entel earlier this year from Telecom Italia.
- Local bond prepayment of approximately Ch\$ 33 billion in July 2005.
- Humphreys Chile (Moody's) ratified Entel's classification in AA-

\* \* \* \*

**Company Description**

Empresa Nacional de Telecomunicaciones S.A. is one of the largest Telecommunication Companies in Chile with Ch\$ 1,154,993,942 in assets and Ch\$ 692,484,874 in annual revenues reported in December 2004. 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 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.**  
**Third Quarter and First Nine Months 2005 Results**

**Individual Consolidated Results by Business Segment (unaudited)**  
(In millions of Chilean Pesos as of September 30, 2005)

	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>
<b>Mobile Telephony</b>						
<b>Revenues</b>	<b>113,917</b>	<b>93,837</b>	<b>21%</b>	<b>330,869</b>	<b>269,581</b>	<b>23%</b>
- Service	101,554	84,238	21%	290,187	242,437	20%
- Equipment	12,363	9,599	29%	40,682	27,143	50%
<b>Cost of Operations</b>	<b>56,026</b>	<b>47,949</b>	<b>17%</b>	<b>168,957</b>	<b>138,290</b>	<b>22%</b>
Selling and Administrative Expenses	26,566	22,405	19%	75,516	64,605	17%
<b>Operating Income</b>	<b>31,324</b>	<b>23,483</b>	<b>33%</b>	<b>86,396</b>	<b>66,686</b>	<b>30%</b>
Operating Margin	27%	25%		26%	25%	
<b>EBITDA</b>	<b>53,552</b>	<b>41,532</b>	<b>29%</b>	<b>149,443</b>	<b>115,769</b>	<b>29%</b>
EBITDA Margin	47%	44%		45%	43%	
	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>
<b>ENTEL Parent Company (LD, Internet and Data Services)</b>						
<b>Revenues</b>	<b>52,134</b>	<b>57,241</b>	<b>-9%</b>	<b>164,252</b>	<b>184,521</b>	<b>-11%</b>
<b>Cost of Operations</b>	<b>24,164</b>	<b>26,788</b>	<b>-10%</b>	<b>79,360</b>	<b>84,501</b>	<b>-6%</b>
Selling and Administrative Expenses	13,309	14,801	-10%	40,993	43,367	-5%
Depreciation and Amortization	13,781	14,511	-5%	40,560	43,223	-6%
<b>Operating Income</b>	<b>880</b>	<b>1,141</b>	<b>-23%</b>	<b>3,339</b>	<b>13,430</b>	<b>-75%</b>
Operating Margin	2%	2%		2%	7%	
<b>EBITDA</b>	<b>14,447</b>	<b>15,950</b>	<b>-9%</b>	<b>44,446</b>	<b>57,656</b>	<b>-23%</b>
EBITDA Margin	28%	28%		27%	31%	
	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>
<b>ENTEL Phone (local telephony + WLL)</b>						
<b>Revenues</b>	<b>10,013</b>	<b>9,677</b>	<b>3%</b>	<b>29,055</b>	<b>29,328</b>	<b>-1%</b>
<b>Cost of Operations</b>	<b>8,286</b>	<b>7,766</b>	<b>7%</b>	<b>24,612</b>	<b>23,043</b>	<b>7%</b>
Selling and Administrative Expenses	2,717	2,903	-6%	7,601	8,413	-10%
<b>Operating Income</b>	<b>-990</b>	<b>-992</b>	<b>0%</b>	<b>-3,158</b>	<b>-2,129</b>	<b>-48%</b>
Operating Margin	-10%	-10%		-11%	-7%	
<b>EBITDA</b>	<b>2,239</b>	<b>2,117</b>	<b>6%</b>	<b>7,024</b>	<b>7,152</b>	<b>-2%</b>
EBITDA Margin	22%	22%		24%	24%	

**Entel S.A.**  
**Third Quarter and First Nine Months 2005 Results**

**Individual Consolidated Results by Business Segment (unaudited)**  
(In thousands of U.S. dollars and millions of Chilean Pesos as of September 30, 2005)

	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>
<b>Americatel USA</b>	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	
Revenues	36,019	32,753	10%	101,013	108,296	-7%	15,336	17,929	-14%	53,456	67,920	-21%
Cost of Operations	24,161	27,104	-11%	66,314	84,848	-22%	10,369	15,002	-31%	35,093	53,214	-34%
Selling & Administrative Expenses	9,413	25,399	-63%	31,125	50,941	-39%	3,737	15,046	-75%	16,471	31,949	-48%
<b>Operating Income</b>	<b>2,446</b>	<b>-19,750</b>	<b>112%</b>	<b>3,575</b>	<b>-27,493</b>	<b>113%</b>	<b>1,230</b>	<b>-12,119</b>	<b>110%</b>	<b>1,892</b>	<b>-17,243</b>	<b>111%</b>
Operating Margin	7%	-60%		4%	-25%		8%	-68%		4%	-25%	
<b>EBITDA</b>	<b>3,402</b>	<b>-18,132</b>	<b>119%</b>	<b>7,080</b>	<b>-22,598</b>	<b>131%</b>	<b>1,590</b>	<b>-11,217</b>	<b>114%</b>	<b>3,747</b>	<b>-14,173</b>	<b>126%</b>
EBITDA Margin	9%	-55%		7%	-21%		10%	-63%		7%	-21%	
	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>
<b>Americatel Central America</b>	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	
Revenues	13,609	12,435	9%	39,378	38,490	2%	5,721	6,882	-17%	20,839	24,132	-14%
Cost of Operations	11,041	10,120	9%	32,220	32,079	0%	4,626	5,574	-17%	17,051	20,113	-15%
Selling & Administrative Expenses	1,494	1,183	26%	4,232	4,063	4%	633	641	-1%	2,240	2,547	-12%
<b>Operating Income</b>	<b>1,073</b>	<b>1,133</b>	<b>-5%</b>	<b>2,925</b>	<b>2,348</b>	<b>25%</b>	<b>462</b>	<b>668</b>	<b>-31%</b>	<b>1,548</b>	<b>1,472</b>	<b>5%</b>
Operating Margin	8%	9%		7%	6%		8%	10%		7%	6%	
<b>EBITDA</b>	<b>1,572</b>	<b>1,551</b>	<b>1%</b>	<b>4,611</b>	<b>4,109</b>	<b>12%</b>	<b>657</b>	<b>883</b>	<b>-26%</b>	<b>2,440</b>	<b>2,576</b>	<b>-5%</b>
EBITDA Margin	12%	12%		12%	11%		11%	13%		12%	11%	
	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>9M05</u>	<u>9M04</u>	<u>% Var.</u>	<u>3Q05</u>	<u>3Q04</u>	<u>% Var.</u>	<u>12M04</u>	<u>12M03</u>	<u>% Var.</u>
<b>Americatel Peru</b>	(US\$)	(US\$)		(US\$)	(US\$)		(Ch\$)	(Ch\$)		(Ch\$)	(Ch\$)	0
Revenues	8,438	8,312	2%	26,417	24,608	7%	3,432	4,640	-26%	13,980	15,428	-9%
Cost of Operations	4,491	4,461	1%	13,828	12,187	13%	1,840	2,526	-27%	7,318	7,641	-4%
Selling & Administrative Expenses	3,285	3,407	-4%	9,697	10,472		1,370	1,888	-27%	5,132	6,566	-22%
<b>Operating Income</b>	<b>662</b>	<b>445</b>	<b>49%</b>	<b>2,892</b>	<b>1,948</b>	<b>48%</b>	<b>222</b>	<b>226</b>	<b>-2%</b>	<b>1,530</b>	<b>1,222</b>	<b>25%</b>
Operating Margin	8%	5%		11%	8%		6%	5%		11%	8%	
<b>EBITDA</b>	<b>997</b>	<b>590</b>	<b>69%</b>	<b>3,531</b>	<b>2,575</b>	<b>37%</b>	<b>382</b>	<b>301</b>	<b>27%</b>	<b>1,869</b>	<b>1,615</b>	<b>16%</b>
EBITDA Margin	12%	7%		13%	10%		11%	6%		13%	10%	

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

Entel S.A.  
Third Quarter and First Nine Months 2005 Results

**Entel Group Consolidated Income Statement (unaudited)**  
(In thousands of Chilean Pesos as of September 30, 2005)

<b>INCOME STATEMENT</b>	<b>Sept-05</b>	<b>Sept-04</b>	<b>Var%</b>
<b>Operating Income</b>	<b>90,604,147</b>	<b>61,654,681</b>	<b>47%</b>
Net Revenue	561,976,156	533,632,526	
Operating Cost	(314,254,112)	(300,680,882)	
Gross Profit	247,722,044	232,951,644	
Selling & Administrative Expenses	(157,117,897)	(171,296,963)	
<b>Non-Operating Income</b>	<b>(24,571,641)</b>	<b>(28,740,799)</b>	<b>15%</b>
Financial income	2,242,200	2,310,201	
Other income	4,907,818	1,928,778	
Equity in losses of related companies	-	-	
Amortization of goodwill	(2,646,586)	(2,675,656)	
Financial expenses	(15,919,455)	(16,691,082)	
Other expenses	(15,923,529)	(15,297,068)	
Price-level restatement	(369,578)	(1,595,609)	
Exchange gain	3,137,489	3,279,637	
<b>Income before Tax</b>	<b>66,032,506</b>	<b>32,913,882</b>	<b>101%</b>
Income Tax	(13,481,601)	(7,684,071)	
Consolidated Net Income before Minority Interest	52,550,905	25,229,811	
Minority Interest	(321,957)	2,892,893	
Net Income (loss)	52,228,948	28,122,704	
Amortization of negative Goodwill	0	171,141	
<b>NET INCOME</b>	<b>52,228,948</b>	<b>28,293,845</b>	<b>85%</b>

Entel S.A.  
Third Quarter and First Nine Months 2005 Results

**Entel Group Consolidated Balance Sheet (unaudited)**  
(in thousands of Chilean Pesos as of September 30, 2005)

<b>ASSETS</b>	<b>Sept-05</b>	<b>Sept-04</b>	<b>Var%</b>
<b>Total current assets</b>	<b>288,110,160</b>	<b>359,330,598</b>	<b>-20%</b>
Cash	9,170,977	6,608,682	
Time deposits	53,938,420	105,807,141	
Marketable securities	1,908,000	351,396	
Trade accounts receivable, net	148,150,654	159,966,075	
Notes receivable, net	7,208,392	7,210,585	
Other accounts receivable, net	7,584,636	10,832,722	
Note and accounts receivable from related companies	-	12,829	
Inventories	12,547,690	16,728,064	
Recoverable taxes	13,000,641	19,330,273	
Prepaid expenses	8,918,274	9,746,087	
Deferred income taxes	8,621,673	10,000,127	
Other current assets	17,060,803	12,736,617	
<b>Total Property, Plant and Equipment</b>	<b>761,590,168</b>	<b>770,633,622</b>	<b>-1%</b>
Land	7,782,305	7,950,339	
Buildings and infrastructure	206,366,456	223,638,905	
Machinery and equipment	1,366,972,217	1,268,791,730	
Other fixed assets	209,011,108	198,140,011	
Accumulated depreciation	(1,028,541,918)	(927,887,363)	
<b>Total other assets</b>	<b>84,666,318</b>	<b>94,220,235</b>	<b>-10%</b>
Investments in related companies	-	-	
Investments in other companies	238,389	10,975,608	
Goodwill	48,984,971	53,011,525	
Negative Goodwill	-	(920,956)	
Long-term accounts receivable	7,174,523	8,059,673	
Intangibles	15,408,246	17,075,279	
Amortization of intangibles	(5,645,620)	(4,763,323)	
Others	18,505,809	10,782,429	
<b>TOTAL ASSETS</b>	<b>1,134,366,646</b>	<b>1,224,184,455</b>	<b>-7%</b>

Entel S.A.  
Third Quarter and First Nine Months 2005 Results

Entel Group Consolidated Balance Sheet (unaudited)  
(in thousands of Chilean Pesos as of September 30, 2005)

LIABILITIES AND SHAREHOLDERS EQUITY	Sept-05	Sept-04	Var%
<b>Total current liabilities</b>	<b>171,550,812</b>	<b>281,256,357</b>	<b>-39%</b>
Short-term bank loans	2,488,286	6,279,479	
Current portion of long-term liabilities with banks and financial institutions	568,232	63,974,732	
Current portion of bonds payable	4,068,572	4,775,265	
Current portion of notes payable and other long-term liabilities	2,336,009	66,923,829	
Dividends payable	308,829	97,133	
Accounts payable	124,253,892	108,709,587	
Other accounts payables	13,688,787	7,341,229	
Notes and accounts payable to related companies	-	993,027	
Provisions	5,828,740	5,060,517	
Withholdings	10,103,492	9,932,155	
Income Tax	4,118,415	4,024,484	
Unearned income	3,457,569	2,945,662	
Other current liabilities	329,989	199,258	
<b>Total long-term liabilities</b>	<b>476,325,985</b>	<b>317,362,050</b>	<b>50%</b>
Due to banks and other financial institutions	317,520,000	150,520,080	
Bonds payable	105,325,641	138,035,725	
Notes payable	16,119,889	18,428,210	
Other accounts payables	16,881,881	-	
Long-term accrued expenses	5,103,665	5,196,434	
Long-term deferred income taxes	8,141,292	4,279,638	
Other long-term liabilities	7,233,617	901,963	
<b>Minority interest</b>	<b>2,523,233</b>	<b>3,475,578</b>	<b>-27%</b>
<b>Total Shareholders</b>	<b>483,966,616</b>	<b>622,090,470</b>	<b>-22%</b>
Paid-in capital	432,621,252	432,608,886	
Other Reserves	(6,694,424)	(2,981,089)	
Retained Earnings:	58,039,788	192,462,673	
Accumulated earnings	5,810,840	164,168,828	
Net Income (loss) for the period	52,228,948	28,293,845	
Provisional Dividend	-	-	
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,134,366,646</b>	<b>1,224,184,455</b>	<b>-7%</b>