



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

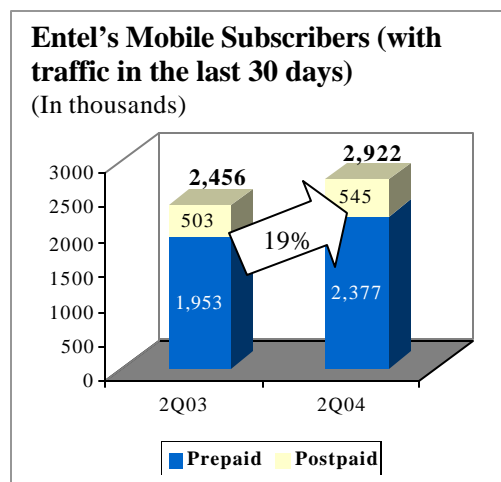
Net income for the quarter reached Ch\$ 12.4 billion, an increase of 17% compared to Ch\$ 10.6 billion reported in the second quarter of 2003.

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:

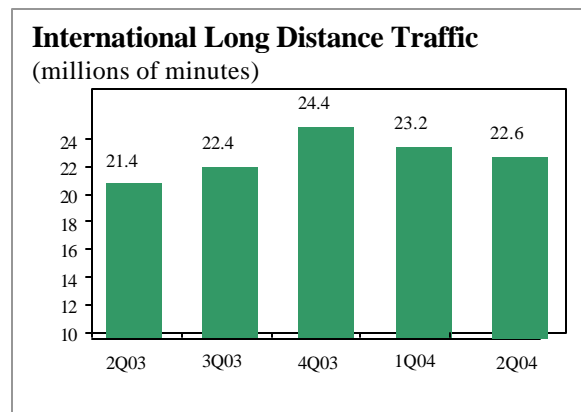
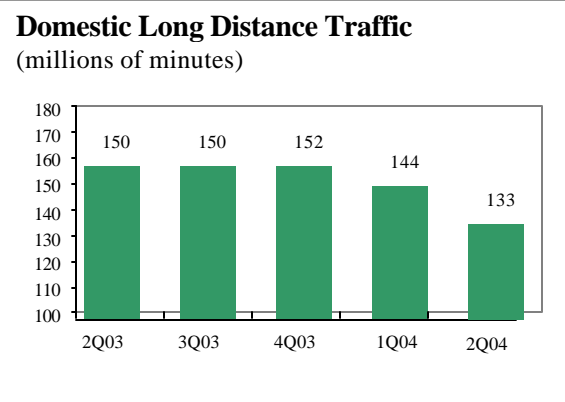
- **Long Distance**

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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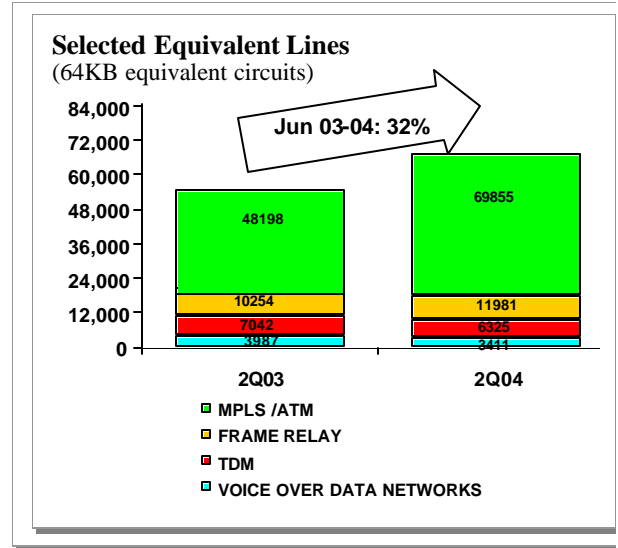
• **Data Services**

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.

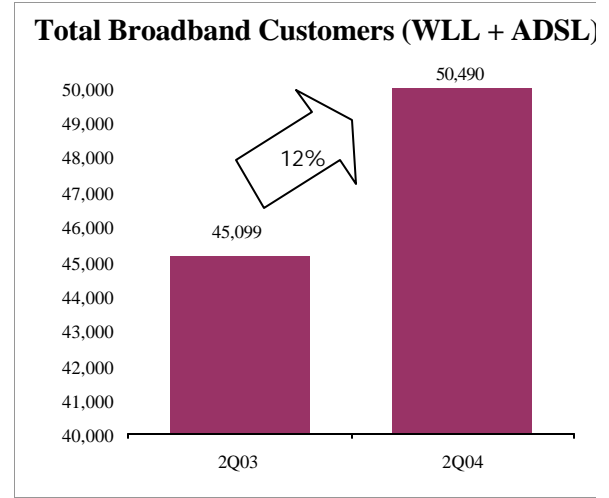
The Company continues offering bundled complementary services such as Call Center, Data Center, e-commerce and LAN/WAN networks. These integral solutions have allowed Entel to continue leading the market in data services.



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

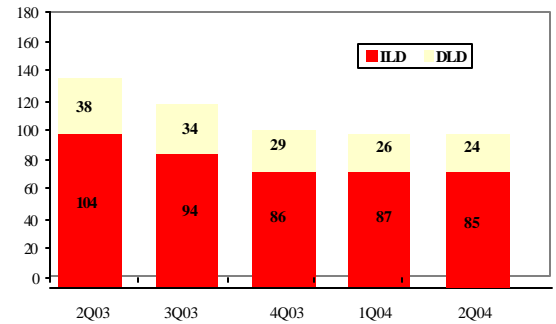
Revenues of Americatel Peru decreased 6%, to US\$ 8.2 million, from US\$ 8.8 million in the second quarter of 2003, mainly due to a decrease in long distance mainly affected by lower tariffs due to increased competition. Partially offsetting this decline was an increase in wholesale revenues together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

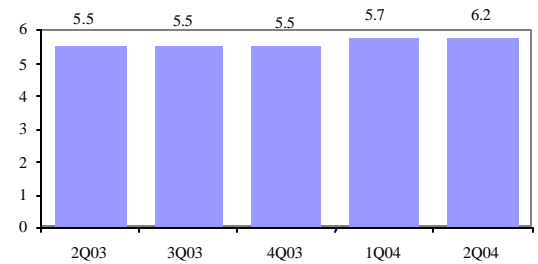
Americatel USA

Dial-Around (10-10-123) + Contract Traffic
(millions of minutes)



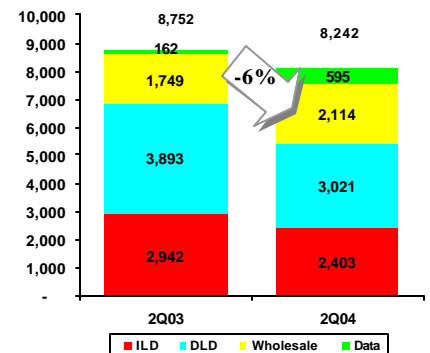
Americatel Central America

ILD Contract Customer Traffic
(El Salvador 158; Guatemala 143)
(millions of minutes)



Americatel Peru

Quarterly Revenues
(thousand US\$)



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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%	
EBITDA	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%