

Santiago, 24 de octubre 2008



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Operador: MEVALENZ

División Control Financiero Valores



SUPERINTENDENCIA  
VALORES Y SEGUROS

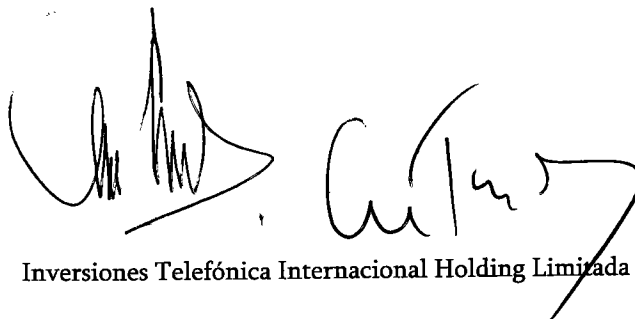
Señor  
Guillermo Larraín Ríos  
Superintendencia de Valores y Seguros  
Av. Libertador Bernardo O'Higgins 1449  
Presente

Ref.: Remite documentos relativos a la Oferta Pública de Adquisición de Acciones de Compañía de Telecomunicaciones de Chile S.A. por Inversiones Telefónica Internacional Holding Limitada.

De nuestra consideración:

Adjunto a la presente tenemos el agrado de acompañar modificación número 8 al "*Schedule T.O.*" (prospecto oferta americana) relativo a la Oferta Pública de Adquisición de Acciones de Compañía de Telecomunicaciones de Chile S.A. por Inversiones Telefónica Internacional Holding Limitada (al respecto le hacemos presente que traducción al español de las mismas les serán enviadas tan pronto estén disponibles).

Sin otro particular, les saluda atentamente,



Inversiones Telefónica Internacional Holding Limitada

cc. Bolsa de Comercio de Santiago  
Bolsa Electrónica de Chile  
Bolsa de Valores de Valparaíso

Av. Vitacura 2736, piso 2 Santiago-Chile

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE TO

Tender Offer Statement  
Under Section 14(d)(1) or 13(e)(3) of the Securities Exchange Act of 1934  
(AMENDMENT NO. 8)

COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.  
(Name of Subject Company)

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA  
TELEFÓNICA, S.A.  
(Names of Filing Persons)

American Depositary Shares  
(Each Representing 4 Shares of Series A Common Stock, no par value)  
(Title of Class of Securities)

204449300  
(CUSIP Number of Class of Securities)

Shares of Series A Common Stock, no par value, and Shares of Series B Common Stock, no par value  
(Title of Class of Securities)

n/a  
(CUSIP Number of Class of Securities)

Marcía García-Legaz Ponce  
Head of Investor Relations  
Distrito C, Ronda de la Comunicación, s/n  
28050 Madrid, Spain  
Tel. 011 34 91 482 870  
(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications on Behalf of Filing Persons)

Copy to:  
Stephen G. Rooney, Esq.  
Dewey & LeBoeuf LLP  
1301 Avenue of the Americas  
New York, New York 10019-6092  
(212) 259-8000

CALCULATION OF FILING FEE

Transaction Valuation(1)	Amount of Filing Fee(2)(3)
\$374,129,535.01	\$14,703.29

- (1) Estimated solely for the purpose of determining the filing fee. The transaction valuation is calculated by adding (A) the product of (x) 180,702,226 (which is the sum of the number of Compañía de Telecomunicaciones de Chile S.A. Series A Shares represented by American Depositary Shares, each representing 4 Series A Shares, and an estimate of the maximum number of Series A Shares held by U.S. Holders) times (y) the purchase price of Ch\$ 1,100 per Series A Share, net in cash, converted to U.S. dollars using an exchange rate of Ch\$ 532.42 to U.S.\$1.00, the Observed Exchange Rate (as defined in the Offer to Purchase) as of September 16, 2008 and (B) the product of (x) 425,857 (which is the estimate of the maximum number of Compañía de Telecomunicaciones de Chile S.A. Series B Shares held by U.S. Holders) times (y) the purchase price of Ch\$ 990 per Series B Share, net in cash, converted to U.S. dollars using an exchange rate of Ch\$ 532.42 to U.S.\$ 1.00, the Observed Exchange Rate as of September 16, 2008.
- (2) The amount of the filing fee, calculated in accordance with Rule 0-11(d) of the Securities Exchange Act of 1934, as amended, equals 0.00003930 of the transaction valuation.

☒ Check the box if any part of the fee is offset as provided by Rule 0-11 (a) (2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$13,366.63  
Filing Party: Inversiones Telefónica Internacional Holding Limitada Telefónica, S.A.  
Date Filed: Schedule TO/13E-3 filed on September 17, 2008

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer. Check the appropriate boxes below to designate any transactions to which the statement relates:

- ☒ third-party tender offer subject to Rule 14d-1.
- ☐ issuer tender offer subject to Rule 3e-4.
- ☒ going-private transaction subject to Rule 13e-3.
- ☐ amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ☐

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EX-99.A.19: REVISED ADS LETTER OF TRANSMITTAL

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EX-99.A.21: REVISED ADS NOTICE OF GUARANTEED DELIVERY

EX-99.A.22: REVISED FORM OF LETTER TO BROKERS

EX-99.A.23: REVISED FORM OF LETTER TO BROKERS

EX-99.A.24: REVISED FORM OF LETTER TO BE USED BY BROKERS

EX-99.A.25: REVISED FORM OF LETTER TO BE USED BY BROKERS

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EX-99.A.28: SUPPLEMENT TO THE NOTICE OF BEGINNING

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This Amendment No. 8 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule TO and Schedule 13E-3 Transaction Statement originally filed with the Securities and Exchange Commission (the "SEC") on September 17, 2008, as amended by Amendment No. 1 filed on September 17, 2008, Amendment No. 2 filed on September 19, 2008, Amendment No. 3 filed on September 22, 2008, Amendment No. 4 filed on September 24, 2008, Amendment No. 5 filed on October 1, 2008, Amendment No. 6 filed on October 6, 2008 and Amendment No. 7 filed on October 14, 2008 (as amended, the "Schedule TO"), relating to the Offer by Telefónica, S.A., a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain ("Telefónica"), and Inversiones Telefónica Internacional Holding Limitada, a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and indirectly owned by Telefónica ("Purchaser" and, together with Telefónica, the "Bidders"), to purchase any and all of the outstanding shares of Series A common stock, no par value (the "Series A Shares") at an increased price of Ch\$ 1,100 per Series A Share, and Series B common stock, no par value (the "Series B Shares" and, together with the Series A Shares, the "Shares") at an increased price of Ch\$ 990 per Series B Share, of Compañía de Telecomunicaciones de Chile S.A., a publicly traded stock corporation organized and existing under the laws of the Republic of Chile (the "Company"), other than Shares currently owned by Telefónica Internacional Chile S.A., a corporation organized and existing under the laws of the Republic of Chile and indirectly wholly owned by Telefónica ("TICSA"), and any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing four Series A Shares at an increased price of Ch\$ 4,400 per ADS, on the terms and subject to the conditions set forth in the Offer to Purchase, dated September 17, 2008 (the "Offer to Purchase"), the Supplement to the Offer to Purchase, dated October 21, 2008 (the "Supplement"), and in the related revised ADS Letter of Transmittal, the Form of Acceptance and the ADS Notice of Guaranteed Delivery (which, as they may be amended and supplemented from time to time, together constitute the "U.S. Offer"), copies of which are filed as Exhibits (a)(15), (a)(16), (a)(17) and (a)(18), respectively, to the Schedule TO. Through a concurrent offer in Chile, Purchaser is offering to purchase any and all of the outstanding Shares, other than Shares currently owned by TICSA, including Shares held by U.S. persons (the "Chilean Offer" and, together with the U.S. Offer, the "Offers").

The information set forth in the Offer to Purchase, including all schedules and annexes thereto, is hereby expressly incorporated by reference into this Schedule TO, in response to all items of this Schedule TO including, without limitation, all of the information required by Schedule 13E-3 that is not included in or covered by the items in Schedule TO.

Except as otherwise indicated in this Amendment, the information set forth in the Schedule TO remains unchanged. Capitalized terms used but not defined herein have the meanings ascribed to them in the Schedule TO.

### Items 1 through 11.

The information set forth in the Supplement is hereby incorporated by reference in answer to Items 1 through 11 of this Schedule TO.

### Item 12. Exhibits.

Exhibit No.	Description
Exhibit (a)(18)	Supplement to the Offer to Purchase, dated October 21, 2008.
Exhibit (a)(19)	Revised ADS Letter of Transmittal.
Exhibit (a)(20)	Revised Form of Acceptance.
Exhibit (a)(21)	Revised ADS Notice of Guaranteed Delivery.
Exhibit (a)(22)	Revised form of letter to brokers, dealers, commercial banks, trust companies and other nominees re: Shares.
Exhibit (a)(23)	Revised form of letter to brokers, dealers, commercial banks, trust companies and other nominees re: ADSs.
Exhibit (a)(24)	Revised form of letter to be used by brokers, dealers, commercial banks, trust companies and other nominees to their clients re: Shares.
Exhibit (a)(25)	Revised form of letter to be used by brokers, dealers, commercial banks, trust companies and other nominees to their clients re: ADSs.
Exhibit (a)(26)	English translation of the First Supplement to the Chilean Prospectus, filed with the <i>Superintendencia de Valores y Seguros</i> on October 1, 2008.
Exhibit (a)(27)	English translation of the Second Supplement to the Chilean Prospectus, filed with the <i>Superintendencia de Valores y Seguros</i> on October 13, 2008.
Exhibit (a)(28)	English translation of the Supplement to the Notice of Beginning dated September 16, 2008 and the Notice dated October 2, 2008, filed with the <i>Superintendencia de Valores y Seguros</i> on October 13, 2008.
Exhibit (a)(29)	English translation of a letter to select Chilean Shareholders of the Company, dated October 15, 2008.
Exhibit (c)(1)	English translation of discussion materials dated September 3, 2008 prepared by Santander Investment Chile Limitada for the management of Telefónica.

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**Item 13. Information Required by Schedule 13E-3.**

The information set forth in the Supplement is hereby incorporated by reference in answer to Items 2, 4 through 8 and Items 10, 12 and 13 of this Schedule TO.

***Item 9. Reports, Opinions, Appraisals and Negotiations.***

Item 9 is hereby amended and restated in its entirety as follows:

(a), (b) and (c) The information in the section of the Supplement entitled "Special Factors—Background of the Offers" is incorporated herein by reference.

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**SIGNATURES**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment No. 8 to the Schedule TO is true, complete and correct.

Dated: October 21, 2008

TELEFÓNICA S.A.

By: /s/ Jorge Abadía Pozuelo  
Name: Jorge Abadía Pozuelo  
Title: Authorized Signatory

By: /s/ Ernesto López Mozo  
Name: Ernesto López Mozo  
Title: Authorized Signatory

INVERSIONES TELEFÓNICA INTERNACIONAL  
HOLDING LIMITADA

By: /s/ Jorge Abadía Pozuelo  
Name: Jorge Abadía Pozuelo  
Title: Authorized Signatory

By: /s/ Ernesto López Mozo  
Name: Ernesto López Mozo  
Title: Authorized Signatory

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**SUPPLEMENT TO THE  
OFFER TO PURCHASE FOR CASH  
INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**  
a limited liability company indirectly wholly owned by  
**TELEFÓNICA, S.A.**

**Has Increased the Price of Its Offer to Purchase  
Any and All of the Outstanding Shares of Series A and Series B Common Stock  
from Holders Resident in the United States and  
Any and All of the Outstanding American Depositary Shares  
of  
COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.  
to  
1,100 Chilean Pesos Net Per Series A Share of Common Stock  
990 Chilean Pesos Net Per Series B Share of Common Stock  
4,400 Chilean Pesos Net Per American Depositary Share  
(each representing 4 Shares of Series A Common Stock)**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY  
TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

The following information amends and supplements the Offer to Purchase dated September 17, 2008, as amended and restated on September 19, 2008 (the "Offer to Purchase") of Inversiones Telefónica Internacional Holding Limitada, a Chilean limited liability company (*sociedad de responsabilidad limitada*) ("Purchaser") and an indirect wholly owned subsidiary of Telefónica, S.A., a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain ("Telefónica") and, together with Purchaser, the "Bidders"), relating to its offer to purchase (1) any and all of the outstanding shares of Series A common stock, no par value (the "Series A Shares"), and Series B common stock, no par value (the "Series B Shares" and, together with the Series A Shares, the "Shares"), of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), other than Shares currently owned by Telefónica Internacional Chile S.A. (the parent company of the Purchaser and an indirect wholly owned subsidiary of Telefónica, hereinafter "TICSA"), from all holders of Shares resident in the United States ("U.S. Holders") and (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing 4 Series A Shares (the "U.S. Offer"). The purchase price will be, in each case, a price in Chilean pesos payable in United States dollars based on the Observed Exchange Rate, as defined below, published in the Official Gazette in Chile on the expiration date of the U.S. Offer. Through a concurrent offer in Chile, Purchaser is offering to purchase any and all of the outstanding Shares, other than Shares currently owned by TICSA, including Shares held by U.S. Holders (the "Chilean Offer" and, together with the U.S. Offer, the "Offers").

The Offers are conditioned upon, among other things, (1) there being validly tendered and not withdrawn prior to the expiration date of the Offers a number of Shares (including Shares represented by ADSs) that, together with the Shares already owned by TICSA, would represent at least 75% of the total number of the outstanding Shares (including Shares represented by ADSs) and (2) the shareholders of the Company (the "Shareholders") approving bylaw amendments that would, among other things, eliminate the restriction currently contained in the Company's bylaws that limits to 45% the percentage of Shares that may be owned or voted by one Shareholder, directly or through related persons (the "Bylaw Amendments"), by the affirmative vote of holders of at least 75% of the Shares with voting rights, including Shares represented by ADSs, at a special meeting of the Shareholders requested by certain shareholders of the Company holding more than 10% of the Company's Shares, namely AFP Capital S.A., AFP Cuprum S.A., and AFP Provida S.A., for such purpose (the "Second Shareholder Meeting").

Upon consummation of the Offers, Purchaser and its affiliates intend, if permitted by applicable laws and rules of U.S. authorities and the stock exchanges, and depending on the level of acceptance of the Offers, to cause the Company to (1) delist the ADSs from the New York Stock Exchange, (2) suspend the Company's obligation to file reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), until termination of registration thereunder, (3) terminate the registration of the Shares and ADSs under the Exchange Act and (4) terminate the Company's ADS facility.

This transaction has not been approved or disapproved by the U.S. Securities and Exchange Commission (the "Commission"), or any state securities commission, the *Superintendencia de Valores y Seguros* (the "SVS") or the securities regulatory authorities of any other jurisdiction, nor has the Commission, or any state securities commission, the SVS or the securities regulatory authorities of any other jurisdiction passed upon the fairness or merits of such transaction nor upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful.

The date of this Supplement to the Offer to Purchase is October 21, 2008.

## IMPORTANT

**Tenders by Holders of Shares:** Any U.S. Holder of Shares desiring to tender all or any portion of the Shares owned by such holder in the U.S. Offer should either: (1) complete and sign the original or revised Form of Acceptance (or a copy thereof, provided the signature is original) in accordance with the instructions in the original or revised Form of Acceptance and mail or deliver, together with the *título(s)* (certificate(s) of title) and a certificate from the share department of the Company or the *Depósito Central de Valores* ("DCV"), as the case may be, evidencing rights to such tendered Shares free and clear of liens, pledges and encumbrances and all other required documents to Santander Investment S.A. Corredores de Bolsa as depositary agent of Inversiones Telefónica Internacional Holding Limitada for the Shares in the U.S. Offer (the "Share Depositary"), at the address appearing on the back cover page of the Offer to Purchase and this Supplement, or tender such Shares pursuant to the procedures for book-entry transfer set forth in "The U.S. Offer — Section 3 — Procedures for Accepting the U.S. Offer — Holders of Shares" of the Offer to Purchase, or (2) cause such holder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such holder. Any holder of Shares whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such holder desires to tender such Shares.

**Tenders by Holders of ADSs:** Any holder of ADSs desiring to tender all or any portion of the ADSs owned by such holder should either: (1) complete and sign the original or revised ADS Letter of Transmittal (or a copy thereof, provided the signature is original) in accordance with the instructions in the original or revised ADS Letter of Transmittal and mail or deliver it together with the American Depositary Receipts ("ADRs") evidencing such tendered ADSs and all other required documents to Citibank, N.A., as depositary agent of Inversiones Telefónica Internacional Holding Limitada for the ADSs in the U.S. Offer (the "U.S. Depositary"), at the address appearing on the back cover page of the Offer to Purchase and this Supplement, or tender such ADSs pursuant to the procedures for book-entry transfer set forth in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" of the Offer to Purchase, or (2) cause such holder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such holder; or (3) comply with the guaranteed delivery procedures set forth in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" of the Offer to Purchase. Any holder of ADSs whose ADSs are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such holder desires to tender such ADSs.

Any holder of ADSs who desires to tender ADSs and whose ADRs evidencing such ADSs are not immediately available, or who cannot comply with the procedures for book-entry transfer described in the Offer to Purchase on a timely basis, may tender such ADSs by following the procedures for guaranteed delivery set forth in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" of the Offer to Purchase.

**Tenders by Holders of Shares and/or ADSs Before the Increase in the U.S. Offer Price:** Stockholders who have already tendered Shares and/or ADSs pursuant to the U.S. Offer and who have not withdrawn such Shares and/or ADSs need not take any further action to receive the increased U.S. Offer Price of 1,100 Chilean pesos per Series A Share, 990 Chilean pesos per Series B Share and 4,400 Chilean pesos per ADS, if Shares and ADSs are accepted and paid for by the Purchaser pursuant to the U.S. Offer, except as may be required by the guaranteed delivery procedure if such procedure was utilized.

**Settlement of U.S. Offer Price:** The purchase price for each of the Series A Shares and the Series B Shares and the purchase price for ADSs accepted for payment pursuant to the U.S. Offer will, in each case, be paid in United States dollars, with the dollar amount thereof being determined by the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile and published in the Official Gazette of Chile, pursuant to No. 6 of Chapter I of the International Exchange Rules Compendium of the Central Bank of Chile (the "Observed Exchange Rate") on the expiration date of the U.S. Offer. All tendering holders will bear exchange rate risks and costs if they wish to convert the currency received into another currency.

Copies of the Offer to Purchase, this Supplement, and the related revised Form of Acceptance, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery or any other tender offer materials must not be mailed to or otherwise distributed or sent in, into or from any country where such distribution or offering would require any additional measures to be taken or would be in conflict with any law or regulation of such country or any political subdivision thereof. Persons into whose possession this document comes are required to inform themselves about and to observe any such laws or regulations. Neither the Offer to Purchase nor this Supplement may be used for, or in connection with, any

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offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful.

Questions and requests for assistance may be directed to D.F. King & Co., Inc. (the "Information Agent") at the telephone number set forth on the back cover of the Offer to Purchase and this Supplement. Additional copies of the Offer to Purchase, this Supplement, the related revised Form of Acceptance, the revised ADS Letter of Transmittal, the revised ADS Notice of Guaranteed Delivery and other tender offer documents may be obtained free of charge from the Information Agent or from brokers, dealers, commercial banks, trust companies or other nominees.

All references to "U.S. dollars," "\$" and "U.S.\$" are to the currency which is currently legal tender in the United States and all references to "Chilean pesos," "pesos," and "Ch\$" are to the currency which is currently legal tender in the Republic of Chile.

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## SUMMARY TERM SHEET

Inversiones Telefónica Internacional Holding Limitada ("Purchaser") is amending its offer to purchase (1) any and all of the outstanding Series A and Series B Shares, other than Series A and Series B Shares currently owned by Telefónica Internacional Chile S.A. (the parent company of Inversiones Telefónica Internacional Holding Limitada and an indirect wholly owned subsidiary of Telefónica, hereinafter "TICSA"), from all holders of Shares resident in the United States from 1,000 Chilean pesos per Series A Share and 900 Chilean pesos per Series B Share to 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share, respectively, and (2) any and all of the outstanding American Depositary Shares of the Company, each representing 4 Series A Shares, from 4,000 Chilean pesos per American Depositary Share to 4,400 Chilean pesos per American Depositary Share, in each case payable in United States dollars based upon the Observed Exchange Rate published in the Official Gazette in Chile on the expiration date of the U.S. Offer, net to the seller in cash and without any interest, and upon the terms and subject to the conditions set forth in the Offer to Purchase, this supplement to the Offer to Purchase (this "Supplement") and the related revised Form of Acceptance, revised ADS Letter of Transmittal and revised ADS Notice of Guaranteed Delivery. In addition, the expiration date of the U.S. Offer has been extended to 11:00 p.m., New York City time, on October 30, 2008. The Observed Exchange Rate is the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile, pursuant to No. 6 of Chapter I of the International Exchange Rules Compendium of the Central Bank of Chile. We refer to a holder of Shares resident in the United States as a "U.S. Holder," to the American Depositary Shares of the Company as "ADSs" and to the offer made in the Offer to Purchase and the related original and revised Form of Acceptance, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery as the "U.S. Offer." The following are answers to some of the questions you, as a U.S. Holder of Shares and/or a holder of ADSs, may have about these amendments.

**We urge you to read carefully the Offer to Purchase, the remainder of this Supplement and the related revised Form of Acceptance, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery because the information in this summary term sheet does not contain all of the information you should consider before tendering your Shares and/or ADSs. Additional important information is contained in the remainder of this Supplement to the Offer to Purchase and in the related revised Form of Acceptance, revised ADS Letter of Transmittal and revised ADS Notice of Guaranteed Delivery.**

### How have you amended the U.S. Offer?

The U.S. Offer has been amended to increase the offer prices from 1,000 Chilean pesos per Series A Share and 900 Chilean pesos per Series B Share to 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share, respectively, and from 4,000 Chilean pesos per ADS to 4,400 Chilean pesos per ADS. These Share prices represent a premium for the holders of Shares of 10% for Series A Shares and 10% for Series B Shares to the original offering prices and a premium of 31.8% for Series A Shares and 18.8% for Series B Shares to the average closing price of your Shares, as calculated according to the applicable Chilean regulations, prior to the announcement of the Offers. The increased ADS price represents a premium for holders of ADSs of 10% for ADSs to the original offering prices calculated in Chilean pesos.

In addition, the expiration date of the U.S. Offer has been extended to 11:00 p.m., New York City time, on October 30, 2008 from the original expiration date of 11:00 p.m., New York City time, on October 16, 2008. See "The U.S. Offer — Section 1 — Terms of the U.S. Offer" in this Supplement.

One of the conditions to the U.S. Offer has been amended to provide that Purchaser may terminate or amend the U.S. Offer and may postpone the acceptance of any payment for the Shares and ADSs if at any time on or after the date of this Supplement and prior to the Expiration Date, there has been measured during the duration of the Offers any decline in the *Indice de Precios Selectivos* ("IPSA") greater than 37.5%. Initially, this condition required that there has not been a decline of greater than 25%. See the section of this Supplement entitled "The U.S. Offer — Section 12 — Certain Conditions of the U.S. Offer."

### If I already tendered my Shares and/or ADSs in the Offers, do I have to do anything now?

No, you do not have to take any action regarding any Shares and/or ADSs you have validly tendered and not withdrawn. If the U.S. Offer is completed, these Shares and/or ADSs will be accepted for payment and you will receive

the increased U.S. Offer Price of 1,100 Chilean pesos per Series A Share, 990 Chilean pesos per Series B Share and 4,400 Chilean pesos per ADS without the need for further action on your part.

**When will the Second Shareholder Meeting be held?**

A second special meeting of the Shareholders of the Company (the "Second Shareholder Meeting") is expected to be held on October 28, 2008. In order to vote Series A Shares and Series B Shares in favor of the Bylaw Amendments, holders of Series A Shares and Series B Shares must either (a) appear in person at the Second Shareholder Meeting and vote their Shares, or (b) complete and deliver the power of attorney included with the Company's notice of the Second Shareholder Meeting, in accordance with the instructions set forth therein. Holders of ADSs who desire to vote on the Bylaw Amendments and who have questions as to voting procedures should contact Citibank, N.A., as depositary of the ADSs in the U.S. Offer (the "U.S. Depositary"). See the "Introduction" and "Consent to Bylaw Amendments" to this Supplement.

**Has the expiration date of the U.S. Offer been changed?**

Yes. The expiration date of the U.S. Offer has been extended to 11:00 p.m., New York City time, on October 30, 2008. See "The U.S. Offer — Section 1 — Terms of the U.S. Offer" in this Supplement.

**How long do I have to decide whether to tender in the U.S. Offer?**

You will have until 11:00 p.m., New York City time ("NYT"), on October 30, 2008, to decide whether to tender your Series A Shares, Series B Shares and/or ADSs in the U.S. Offer, unless the U.S. Offer is extended. The Chilean Offer will expire at 12:00 a.m., Chilean time, October 30, 2008, which corresponds to 11:00 p.m. NYT due to daylight savings time in Chile. Further, if you own ADSs and cannot deliver everything that is required in order to make a valid tender by that time, you may be able to use a guaranteed delivery procedure, which is described later in this Offer to Purchase. There is no guaranteed delivery procedure for the tendering of Series A Shares or Series B Shares into the U.S. Offer. See "The U.S. Offer — Section 1 — Terms of the U.S. Offer," "The U.S. Offer — Section 3 — Procedures for Accepting the U.S. Offer — Holders of Shares" and "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in this Offer to Purchase.

**Do you have the financial resources to make payment?**

The amount of funds needed in connection with the Offers to purchase all of the Series A Shares, Series B Shares and ADSs that TICSa does not already own and to pay related fees and expenses will be approximately Ch\$575,610 million or US\$942 million, based on the Observed Exchange Rate on October 10, 2008. Neither the U.S. Offer nor the Chilean Offer is conditioned upon any financing arrangements. Telefónica, directly or through its subsidiaries, currently intends to provide Purchaser with the necessary funds through a combination of intercompany loans and/or capital contributions. Telefónica intends to obtain such funds from available working capital. See "The U.S. Offer — Section 10 — Source and Amount of Funds" in this Supplement.

**When and how will I be paid for my tendered Shares and/or ADSs?**

The first paragraph in this subsection of the Summary Term Sheet of the Offer to Purchase is hereby amended and restated as follows:

"Subject to the terms and conditions of the U.S. Offer, we will pay for all Series A Shares, Series B Shares and ADSs validly tendered and not properly withdrawn promptly after the later of the expiration date of the U.S. Offer and upon the satisfaction or waiver by us of all conditions to the Offers set forth in "The Offers — Section 12 — Certain Conditions of the Offers" in this Offer to Purchase and Supplement, and in any case pursuant to applicable Chilean law or practice."

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**Do I have statutory appraisal rights?**

The answer in this subsection of the Summary Term Sheet of the Offer to Purchase is hereby amended and restated as follows:

"Chilean corporations law does not provide for appraisal rights in connection with tender offers. However, pursuant to Chilean corporations law, if Purchaser gains possession of two-thirds or more of the Shares, Purchaser will be obligated to extend a second tender offer for any outstanding Shares not already owned by Purchaser. The price to be offered in any such subsequent mandatory tender offer may not be inferior to the price equal to the average trading price of the Shares over the two months preceding such subsequent tender offer (the "Minimum Price"). The Minimum Price will likely be lower than the offer price in the Offers. If required by Chilean law, Purchaser intends to launch such a subsequent tender offer in Chile and in the United States."

**Who can I talk to if I have questions about the U.S. Offer?**

You can call D.F. King & Co., Inc., our Information Agent for the U.S. Offer, toll free at (800) 859-8511. See the back cover of the Offer to Purchase and this Supplement.

To: U.S. Holders of Series A and Series  
B Shares of Common Stock and Holders  
of American Depositary Shares of  
Compañía de Telecomunicaciones de  
Chile S.A.

## INTRODUCTION

The following information amends and supplements the Offer to Purchase, dated September 17, 2008 (as amended and restated on September 19, 2008, the "Offer to Purchase") of Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A., a publicly held stock corporation organized under the laws of the Kingdom of Spain with its corporate seat located in Madrid ("Telefónica" and, together with Purchaser, the "Bidders"). The Purchaser hereby offers to purchase (1) any and all of the outstanding shares of Series A common stock, no par value (the "Series A Shares"), and Series B shares of common stock, no par value (the "Series B Shares" and, together with the Series A Shares, the "Shares"), of Compañía del Telecomunicaciones de Chile S.A., a publicly traded stock corporation organized and existing under the laws of the Republic of Chile (the "Company"), other than Shares currently owned by Telefónica Internacional Chile S.A., a corporation organized and existing under the laws of the Republic of Chile, the parent company of Purchaser and wholly owned by Telefónica ("TICSA"), from all holders of Shares resident in the United States (the "U.S. Holders") for 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share and (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing four Series A Shares, for 4,400 Chilean pesos per ADS, in each case payable in United States dollars based upon the Observed Exchange Rate published in the Official Gazette in Chile on the Expiration Date, net to the seller in cash and without interest thereon and subject to any required withholding of taxes (the "U.S. Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase and the Supplement and in the related Form of Acceptance, ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery (which, as the same may be amended and supplemented from time to time, constitute the "U.S. Offer").

Concurrent with the U.S. Offer, Purchaser is offering to purchase from all holders of Shares (including Shares held by U.S. Holders) any and all of the outstanding Shares, other than Shares currently owned by TICSA, for 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share, net to the seller in cash and without interest and subject to any required withholding of taxes (the "Chilean Offer" and, together with the U.S. Offer, the "Offers"). The Chilean Offer will be made on substantially the same terms as the U.S. Offer, but will be governed by Chilean law. Except as otherwise required by applicable law and regulations, the Telefónica Group intends to consummate the U.S. Offer concurrently with the Chilean Offer.

Except as otherwise expressly set forth in this Supplement and in the related revised ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery, the terms and conditions previously set forth in the Offer to Purchase and the related original ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery remain applicable to the U.S. Offer. This Supplement should be read carefully in conjunction with the Offer to Purchase. Capitalized terms used herein and not otherwise expressly defined shall have the meaning set forth in the Offer to Purchase. As used herein, the term "Original U.S. Offer" shall mean Telefónica's and Purchaser's original offer to pay 1,000 Chilean pesos per Series A Share, 900 Chilean pesos per Series B Share and 4,000 Chilean pesos per ADS pursuant to the Offer to Purchase and the related original ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery.

Procedures for tendering Shares and ADSs are set forth in Sections 3 and 4 of the Offer to Purchase, as supplemented by Section 3 and 4 of this Supplement. Tendering stockholders may continue to use the original ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery previously circulated with the Offer to Purchase, or they may use the revised ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery circulated with this Supplement. Although the ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery previously circulated with the Offer to Purchase refer only to the Offer to Purchase, stockholders using such documents to tender their Shares will nevertheless be deemed to be tendering pursuant to the U.S. Offer and

will receive the increased U.S. Offer Price per Share or per ADS described in this Supplement, if Shares and ADSs are accepted for payment and paid for by Purchaser pursuant to the Offer.

Stockholders who have already tendered Shares and/or ADSs pursuant to the Original U.S. Offer using the previously distributed ADS Letter of Transmittal, Form of Acceptance or ADS Notice of Guaranteed Delivery and who have not withdrawn such Shares and/or ADSs need not take any further action in order to receive the increased U.S. Offer Price of 1,100 Chilean pesos per Series A Share, 990 Chilean pesos per Series B Share and 4,400 Chilean pesos per ADS if Shares and ADSs are accepted for payment and paid for by the Purchaser pursuant to the U.S. Offer, except as may be required by the ADS Guaranteed Delivery procedure if such procedure was utilized. The U.S. Offer will expire at 11:00 p.m., New York City time, on October 30, 2008, unless otherwise extended.

The Offer to Purchase, this Supplement and the related revised ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery contain important information and should be read carefully in their entirety before any decision is made with respect to the U.S. Offer.

#### CONSENT TO BYLAW AMENDMENTS

The section of the Offer to Purchase entitled "Consent to Bylaw Amendments" is hereby amended and supplemented by adding the following paragraph after the fifth paragraph of such section:

"On October 11, 2008, certain shareholders of the Company holding more than 10% of the Company's Shares, namely AFP Capital S.A., AFP Cuprum S.A., and AFP Provida S.A., requested the Second Shareholder Meeting to vote on the Bylaw Amendments.

At the Second Shareholder Meeting, the Shareholders will consider amending the Bylaws to eliminate Articles 1<sup>o</sup> bis; 5<sup>o</sup> bis; 17 bis; 24 bis; 28, 32 bis; 33 bis; 40 bis; 45 bis; 47 bis and 51 bis and any other article making reference to Decree Law 3,500 (the "Bylaw Amendments")."

#### SPECIAL FACTORS

##### Background to the Offers

##### *Recent Discussions and Related Events*

The subsection entitled "Recent Discussions and Related Events" of the section of the Offer to Purchase entitled "Special Factors — Background to the Offers" is hereby amended and restated in its entirety as follows:

"In recent years, Telefónica has continually sought to enhance its strategic position on a global scale. To that end, Telefónica has considered various means through which to increase its ownership stake in each of its Latin American affiliates — including, but not limited to, the Company — and across each of its lines of business.

In that regard, Telefónica launched exchange offers in 2000 to increase its ownership stake in several of its then-existing Latin American subsidiaries based in Argentina, Brazil and Peru. Because of, inter alia, the regulatory regime and market conditions in Chile at that time, the Company determined not to commence any such exchange offers with respect to its Chilean subsidiaries. Nevertheless, since the time of its series of exchange offers effected in 2000, Telefónica has, from time to time, revisited generally the possibility of increasing its ownership stake in the Company.

In February 2008, Telefónica renewed its focus on the Company and began to consider its options for increasing its position in the subsidiary's stock. In the following months, Telefónica was approached by a number of investment banks proposing a variety of transactions, some of which involved the Company. Telefónica did not pursue any discussions with any of the investment banks regarding any of the proposals relating to the Company. Throughout February and March 2008, Telefónica began evaluating internally a potential increase in its ownership stake in the Company and informally consulted with legal counsel regarding (i) the implications of a potential dual tender offer in the U.S. and in Chile to acquire additional Shares of the Company, and (ii) the U.S. and Chilean legal and regulatory rules governing such prospective transactions.

On March 12, 2008, the management of Telefónica met to discuss the potential transaction. However, on March 13, 2008, Telefónica decided to abandon its preliminary analyses in connection with the potential tender offer.

In June 2008, Telefónica formally retained Guerrero, Olivos Novoa y Errazuriz as its Chilean legal advisor and Dewey & LeBoeuf LLP as its U.S. legal advisor in connection with the potential tender offer. During this time, Telefónica held several discussions with its legal advisors regarding the proposed transaction and consulted with PricewaterhouseCoopers Chile, its tax advisor, for advice regarding the potential tax consequences related to the proposed transaction.

Also during the month of June, Telefónica continued to evaluate internally the potential timing and structure of the proposed tender offer.

On July 1, 2008, the finance officers of Telefónica met to discuss the progress and current status of the various internal analyses. Thereafter and throughout the month of July, Telefónica continued to finalize the structure of the proposed offer and complete its internal analyses.

On July 24, 2008, Telefónica met with its Chilean legal advisor in Madrid, Spain, to further analyze the implications of Chilean law in connection with the proposed tender offer, and to discuss timing issues. On July 29, 2008, Telefónica met with its U.S. and Chilean legal advisors in New York, to discuss, among other things, the timing and structure of the proposed offer and related filings, as well as legal and regulatory issues arising in connection with the transaction, both in the U.S. and in Chile.

During the month of August, Telefónica and its legal advisors prepared drafts of the necessary documents required in connection with the proposed transaction.

On September 1, 2008, Telefónica retained Santander Investment Chile Limitada to act as its financial advisor (the "Financial Advisor"), and mainly to assist Telefónica in connection with the definitive selection and implementation of the best alternative to pursue its objective of increasing its ownership in the Company. Telefónica retained the Financial Advisor based on the Financial Advisor's expertise, reputation and familiarity with Latin American transactions and familiarity with Chilean equity markets and investors, as the Financial Advisor is the largest commercial bank in Chile.

Telefónica did not request, and was not provided with, an appraisal of the assets and liabilities of the Company or an opinion with regards to the fairness, from a financial point of view, of the consideration to be paid in the U.S. Offer.

In early September, the Financial Advisor provided the management of Telefónica with certain discussion materials analyzing the proposed tender offer. Such materials are summarized below under the caption "Discussion Materials Prepared by the Financial Advisor." Telefónica's management continued to consider methods of achieving Telefónica's strategic goals and conclusively decided to structure the potential transaction as a dual cash tender offer, in both the United States and in Chile, for 100% of the outstanding Shares of the Company, other than Shares currently owned by the Telefónica Group. The reasons for structuring the acquisition as a cash tender offer included:

- A cash tender offer provides simplicity for the selling shareholders and the target company;
- The cost-effectiveness for the Bidders, in terms of relatively fast and simple execution of a tender offer; and
- The fairness, from a financial point of view, of the prices offered, after consideration of the different factors set forth below under the caption "Fairness of the Offers."

Accordingly, Telefónica focused on a cash tender offer structure from the outset. Other structures that could have permitted Telefónica to increase its ownership interest in the Company were deemed impractical due to legal and cost considerations.

On September 5, 2008, the Executive Committee of the Board of Directors of Telefónica (the "Executive Committee"), having consulted with management, authorized the U.S. Offer and the Chilean Offer, subject to satisfaction of the applicable legal and regulatory conditions. The decision to launch the transaction at that time was based upon management's business judgment that the additional investment in the Company was attractive relative to Telefónica's other global investment opportunities, the availability of cash to make the Offers and the belief that pension fund investors would be receptive to a tender offer.

On September 11, 2008, Telefónica publicly announced its intention to effect a tender offer for all of the outstanding Shares of the Company through a press release, filed on Schedule TO-C with the Commission in the United States and with the Chilean Market Regulator (*Superintendencia de Valores y Seguros*, the “SVS”) in Chile.

On September 17, 2008, Telefónica launched the Offers by publishing a summary advertisement for the U.S. Offer in *The Wall Street Journal* and by filing with the SEC and the SVS the documentation required in connection with the Offers.

On October 7, 2008, the Company held the Extraordinary Meeting of the Shareholders to vote on the Bylaw Amendments. The Shareholders failed to adopt the Bylaw Amendments.

Between October 8 and October 11, 2008, Purchaser, together with its Financial Advisor, discussed with certain shareholders, namely AFP Capital S.A., AFP Cuprum S.A., Plan Vital S.A., Habitat S.A. and AFP Provida S.A., the possibility of an increase in the offer prices. On October 11, 2008, following discussions with such pension funds, Purchasers decided to increase the offer prices and extend the offer until October 30, 2008, and AFP Capital S.A., AFP Cuprum S.A. and AFP Provida S.A. (collectively, the “Pension Funds”) requested that the Board of Directors of the Company call a new special meeting of Shareholders. There is no written or oral agreement or understanding between the Bidders and the Pension Funds, Plan Vital S.A. or Habitat S.A. as to (i) how the Pension Funds will vote on the Bylaw Amendments at the Second Shareholders Meeting and (ii) whether the Pension Funds will tender their Shares.

On October 13, 2008, Bidders announced an increase in the offer prices from 1,000 Chilean pesos per Series A Share and 900 Chilean pesos per Series B Share to 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share, respectively, and from 4,000 Chilean pesos per ADS to 4,400 Chilean pesos per ADS. Telefónica also announced that, in connection with the increase in the offer prices, the offering period would be extended to 11:00 p.m., New York City time, on October 30, 2008.”

**Discussion Materials Prepared by the Financial Advisor**

The following is a summary of certain discussion materials prepared by the Financial Advisor and provided to Telefónica’s management. The Board was not provided with such discussion materials and did not rely upon these materials for purposes of deciding upon the structure, price or reasons for pursuing the Offers. The discussion materials summarized below include information presented in tabular format. In order to fully understand the summary of discussion materials, the tables must be read in context with each summary. Considering the data set forth below without taking into account the full narrative description of the discussion materials could create a misleading or incomplete interpretation of such materials.

**Historical Performance of Shares.** The Financial Advisor reviewed trading prices for the Shares prior to the announcement by the Bidders of the Offers for the Shares and ADSs not owned by Telefónica and its affiliates as of September 2008. This share price performance review indicated that for the six-month period ended September 2, 2008 (the last trading day before the date the discussion materials were prepared), the average price for the Series A Shares on the Santiago Stock Exchange on the days that the Shares traded was 832 Chilean pesos per Series A Share.

	Price per Share (Ch\$)
September 2, 2008 closing price	747
30 day average	727
90 day average	758
180 day average	832
3 year average	1073

**Selected Comparable Public Company Analysis.** The Financial Advisor compared certain financial information, ratios and public market multiples for the Company to the corresponding data for the following six publicly traded telecommunications groups in Latin America based on publicly available information:

Company	Country	Market Cap (US\$ Bn)	EV/EBITDA		P/E	
			2008F	2009F	2008F	2009F
Telmex Mexico	Mexico	23.3	5.5x	5.5x	10.2x	9.8x
Telesq PN	Brasil	14.1	4.0x	3.9x	9.6x	8.9x
<b>Media Tier I</b>			<b>4.7x</b>	<b>4.7x</b>	<b>9.9x</b>	<b>9.4x</b>
Axtel	Mexico	1.4	4.8x	4.3x	24.2x	23.5x
Telmex Internacional	Mexico	13.1	7.0x	6.5x	18.3x	16.7x
Brasil Telecom	Brasil	7.3	3.9x	3.7x	13.4x	11.0x
Telemar	Brasil	8.9	3.5x	3.4x	7.3x	6.6x
<b>Media Tier II</b>			<b>4.8x</b>	<b>4.4x</b>	<b>15.8x</b>	<b>14.5x</b>
<b>Media Wireline LatAm</b>			<b>4.8x</b>	<b>4.5x</b>	<b>13.8x</b>	<b>12.8x</b>
<b>CTC</b>	<b>Chile</b>	<b>1.4</b>	<b>3.9x</b>	<b>3.9x</b>	<b>52.0x</b>	<b>28.6x</b>

The Financial Advisor chose the selected companies because they are publicly traded companies that the Financial Advisor, for purposes of its discussion materials, considered reasonably similar to the Company because these companies operate in the telecommunications industry in Latin America. These public companies may significantly differ from the Company in terms of, among other things, size of the companies, geographic coverage of operations and the particular segments of the telecommunications industry in which the companies focus. The Financial Advisor excluded telecommunication groups that were not comparable and non-telecommunication groups. The Financial Advisor utilized figures publicly available as of September 2, 2008 and the most recent equity research reports for estimates for 2008 and 2009 for the comparable public companies.

The Financial Advisor reviewed, among other information, the comparable companies' multiples of enterprise value, referred to as EV, which consists of the market value on a fully-diluted basis of a particular company's equity plus total debt outstanding and minority interests of the particular company, minus cash, cash equivalents and marketable securities. The Financial Advisor reviewed the Enterprise Value ("EV") as a multiple of estimated earnings before interest, taxes, depreciation and amortization ("EBITDA") of the comparable companies for the fiscal years 2008 and 2009.

The Company comparable companies analysis resulted in the following multiples, as of September 2008:

<u>Multiple Analysis</u>	<u>Multiples</u>
EV/EBITDA- 2008F	4.8x
EV/EBITDA- 2009F	4.5x

**Premiums Paid Analysis.** The Financial Advisor reviewed certain purchase price per share premiums paid in seventeen tender offers in Chile since April 1998. Some of those tender offers may have involved a change of control, and, therefore, control premium. The Financial Advisor calculated the implied premium offered by the Bidders for the



Company's Shares, utilizing the average closing Share prices for the last 30 and 90 day periods prior to the announcement of the Offers. The results of the analysis are set forth in the following table:

Target	Acquirer	30 Day Premium	90 Day Premium
Compañía Chilena de Tabacos	Inversiones Preci	30%	30%
Empresas Pizarreño	Etex Latinoamérica	15%	25%
Chilectra	Enersis S.A.	16%	13%
Emelsa	PP&L	6%	5%
Emelat	PP&L	18%	14%
Eliqsa	PP&L	14%	17%
Emelari	PP&L	29%	26%
Elecda	PP&L	21%	17%
Endesa Chile	Enersis S.C	60%	71%
Enersis	Endesa España	25%	34%
Santángrop	Santander	33%	53%
Esval-A*	OTTP	11%	16%
Paris*	Cencosud	28%	34%
Chilesat Corp S.A.*	Redes Óptica S.A.	-48%	-56%
Laboratorio Chile S.A.*	Ivax Corp.	14%	25%
Gener S.A.*	Aes Corp.	1%	3%
Gener S.A.*	Aes Corp.	37%	33%

\* not a going-private transaction by a controlling shareholder

The average premium paid in going-private transactions from controlling shareholders in Chile over the last 30 trading days is 24% and for the last 90 trading days is 28%.

**Discounted Cash Flow Analysis.** The Financial Advisor performed a discounted cash flow analysis, based on information reported by Morgan Stanley, UBS and Deutsche Bank in their research analysis on CTC.

In conducting its discounted cash flow analysis, the Financial Advisor used the financial projections performed by those analysts. The Financial Advisor used the unlevered after-tax cash flows generated over the period covered by the financial projections provided by the analysts, adjusted by the Financial Advisor based on its industry experience and judgment. The Financial Advisor calculated a residual or terminal value for the Company based upon growth perpetuity of 1% calculated on unlevered after-tax free cash flow of the Company. The unlevered after-cash flows and terminal values were discounted using a discount rate of 9.6% based on the Company's weighted average cost of capital.

The results of the discounted cash flow analysis are presented in the table below:

Discounted Cash Flow	Price per Share (Ch\$)	Implied Premium for the Company at Ch\$747 per Share
Discounted cash flow	1,042	39%

In addition to the foregoing, the discussion materials presented to management included an overview of the current Shareholders, other than Telefónica and its affiliates, and a suggested timeframe for the transaction, as well as certain strategic considerations such as marketing and advertising.

While certain sections of the discussion materials prepared by the Financial Advisor address a possible integration of the Company's business with Movistar, a subsidiary of Telefónica, these sections were not requested by Telefónica and (i) were not taken into account in the preparation of the terms of the Tender Offer, (ii) were not provided to the Board of Directors of Telefónica or to the Executive Committee and (iii) may be misleading to Shareholders as they could be misinterpreted as a statement of the future plans of the Telefónica Group. The decision to launch the Offers was made by the Executive Committee of Telefónica on September 5, 2008.

The Telefónica Group, except as disclosed in the Offer to Purchase, does not have any present plans or proposals that would result in (a) any extraordinary corporate transaction, such as a merger, reorganization, liquidation, or purchase, sale or transfer of a material amount of assets of the Company or any of its subsidiaries, (b) any change in the current Board of Directors or management of the Company (including any plans or proposals to change the number or term of directors, to fill any existing vacancy on the Board of Directors or to change any material term of the employment contract of any executive officer), except any change in the Board of Directors resulting from Telefónica increasing its stake in the Company after the Offers or (c) any other material changes to the Company's current dividend rate or policy on indebtedness, capitalization or corporate structure or business.

#### **Fairness of the Offers**

The discussion set forth in the section "Special Factors — Fairness of the Offers" of the Offer to Purchase is hereby amended and supplemented as follows:

"The Telefónica Group believes that the Offers are fair to holders of Shares and ADSs other than TICSА. In making this determination, the Telefónica Group considered the following factors:

- **Premium to Market Price.** The premium represented by the difference between the increased U.S. Offer Price and recent trading prices of the Shares and ADSs gives holders of Shares and ADSs the opportunity to sell all or a portion of their Shares and ADSs at:
  - a premium of approximately 22% over the closing price of Ch\$900 per Series A Share and a premium of approximately 13% over the closing price of Ch\$880 per Series B Share on the Santiago Stock Exchange on October 10, 2008 (the last trading day on the Santiago Stock Exchange prior to the announcement of the increase in the U.S. Offer Price), a premium of approximately 32% and 19% for Series A and Series B Shares, respectively, calculated according to the applicable Chilean regulations (the volume-weighted average of the daily VWAP (volume weighted average price) of the three Chilean exchanges (Santiago, Valparaíso and Electronica), for the period between the 30th and 90th day before the Expiration Date). The average prices, calculated according to this methodology, are Ch\$834.4 per Series A Share, and Ch\$833.4 per Series B Share; and
  - a premium of approximately 29%, based on the Observed Exchange Rate published on October 10, 2008, over the closing price per ADS of U.S.\$5.60 on the New York Stock Exchange (the "NYSE") on October 10, 2008 (the last trading day on the NYSE prior to the announcement of the increase in the U.S. Offer Price).
- **Premium to Net Book Value.** The increased U.S. Offer Price represents a premium of approximately 18% over the net book value per Series A Share of Ch\$933.65.
- **Uncertainties of the Company's Prospects and Future Operating Results.** The Company's prospects and future operating results are subject to risks, uncertainties and other factors including, but not limited to:
  - **Chilean Economic Conditions.** Nearly all of the Company's customers are Chilean companies or individuals, and substantially all of the Company's operations are located in Chile. For these reasons, the results of the Company's operations and its financial condition are sensitive to, and dependent upon, the level of economic activity in Chile. Historically, growth in the Chilean telecommunications industry has been tied to the state of Chile's economy, particularly levels of consumer spending and demand. An economic slowdown may negatively affect the Company's business through a decrease in demand and higher customer nonpayment levels.
  - **Changes in Interest Rates.** Chile has experienced changes in interest rates in the past, which could adversely affect the Company's financial condition and results of operations.
  - **Changes in Inflation Rates.** Chile has experienced high levels of inflation in the past. High levels of inflation in Chile could adversely affect the Chilean economy and the Company's financial condition and results of operations.
  - **Increased Competition and Changes in Marketing Methods Utilized by Competitors.** The Company faces intense competition in every aspect of its business, ranging from existing operators and consolidation to new entrants.

- **Changes in Technology.** The telecommunications industry as a whole has traditionally been, and is likely to continue to be, subject to rapid and significant changes in technology and the related introduction of new products and services. There can be no assurance as to the effect of such technological changes on the Company or that the Company will not be required to expend substantial financial resources on the development or implementation of new competitive technologies.
- **The Behavior of Other Market Participants.** The Company faces intense competition in every aspect of its business, ranging from existing market participants to new entrants.
- **Changes in Regulation.** Tariff regulation may have a significant impact on Company revenues and its ability to compete in the marketplace, as the Company is required to charge the same tariff to all clients in a designated tariff area. New regulations or changes in other existing regulatory model may also adversely affect the Company's businesses.
- **Changes in Currency Valuation.** Volatility of the value of the Chilean peso against the U.S. dollar could adversely affect the Company's financial condition and results of operations. Currency devaluations and fluctuations in exchange rates, in particular the Chilean peso and other currencies in which the Company's assets, liabilities and operating results are denominated, including U.S. dollars, may adversely affect the Company's business.

The Bidders considered all of the above risks and uncertainties applicable to telecommunications companies conducting business in Chile, without attributing greater weight to one above the others. Based on the foregoing considerations, the Bidders believe that, although they will receive all or substantially all of the benefits of any actual improvements in the earnings of the Company in the future if the Offers are completed, the Bidders will also bear all or substantially all of the risk of the Company going forward, including the risk that improvements in the Company's earnings will not materialize as a result of new conditions or developments affecting the Company and the continued severe volatility of general market and economic conditions. In particular, there has been significant uncertainty in financial markets generally and a substantial decline in the equity markets, both in the United States and in Chile. Accordingly, by extending the Offers at this time, the Bidders believe that they are offering Shareholders a fair price considering the premiums being offered and the uncertainty for Shareholders as to whether maintaining or increasing a current investment in the Company would prove in the future to be their optimal investment strategy.

- **Current Market Prices.** The prices initially offered for the Series A Shares and for the Series B Shares represented premiums of 25% and 29%, respectively, over the closing prices on the Santiago Stock Exchange on September 11, 2008 (the last trading day on the Santiago Stock Exchange prior to the announcement of the Offers). Also, the increased U.S. Offer Price offered for the Series A Shares (Ch\$1,100) and for the Series B Shares (Ch\$990) represent premiums of approximately 22% and 13% for Series A Shares and Series B Shares, respectively, over the closing prices of the last trading day prior to the announcement on October 13, 2008 of the increase in the U.S. Offer Price.
- **Historical Market Prices.** A premium of approximately 32% for the Series A Shares and 19% for the Series B Shares was applied to the share price, calculated according to the applicable Chilean regulation: the volume-weighted average of the daily VWAP (volume weighted average price) of the three Chilean exchanges (Santiago, Valparaiso and Electronica), for the period between the 30th and 90th day before the Expiration Date. The Shares and ADSs frequently traded at prices above the U.S. Offer Price in 2007 and 2006. However, over the last 24-month period the Series A Shares, Series B Shares and ADSs have declined 16.1%, 17.16% and 15.5%, respectively, and, in the last 12 months, 27.4%, 30% and 28%.
- **Going Concern Value.** A wide range of analyst reports were considered to reflect the market expectations for future cash flows.

In evaluating the fairness of the offer prices to be offered pursuant to the Offers, the Telefónica Group did not take into account the following factors, for the reasons explained below:

- **Financial Advisor Materials.** Financial Advisor discussion materials were not considered by Telefónica with regard to the fairness of the Offers because the Financial Advisor's role in the transaction is mainly to assist in

maximizing acceptance of the Offers by investors and not to evaluate or give an opinion regarding the fairness of the Offers.

- **Net Book Value.** The net book value of the Company was not considered because the Telefónica Group does not deem this to be reflective of the real market value of the Company. The book value of the assets does not reflect the expected future cash flows.
- **Liquidation Value.** The liquidation value of the Company was not considered because the Company will continue to operate as a going-concern and its future prospects are positive, and therefore the liquidation price is not a relevant figure.
- **Prior Purchase Prices.** Purchase prices paid in prior acquisitions of Shares of the Company were not deemed relevant, as no Shares have been acquired by the Telefónica Group since 2004.

The Telefónica Group is not aware of any firm offers by unaffiliated persons with respect to the Company in the past two years.

The following paragraphs amend and replace the last paragraph in the section of the Offer to Purchase entitled “Special Factors — Fairness of the Offers.”

“If the Offers are successful, then upon completion Bidders would own a minimum of 75% and a maximum of 100% of the issued and outstanding shares of the Company. Accordingly, former holders of Shares and ADSs that have been tendered and purchased pursuant to the Offers would not have the opportunity to participate in the future earnings, profits and growth of the Company and will not have the right to vote on the Company’s corporate matters. However, former Shareholders will not face the risk of losses generated by the Company’s operations or a decline in the value of the Company after the completion of the Offers. Further, unaffiliated Shareholders who do not tender their Shares and/or ADSs may encounter a reduced public market for their Shares and/or ADSs for the following reasons: (i) upon completion of the Offers, the number of Shares available and publicly traded will likely be reduced, which could adversely affect the liquidity and market value of the remaining Shares and (ii) if permitted by applicable laws and rules of U.S. authorities and the stock exchanges, and depending on the level of acceptance of the Offers, the Telefónica Group intends to cause the Company to (a) delist the ADSs from the New York Stock Exchange, (b) suspend the Company’s obligation to file reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), until termination of registration thereunder, (c) terminate the registration of the Shares and ADSs under the Exchange Act and (d) terminate the Company’s ADS facility, which may result in the ADSs ceasing to trade even in the over-the-counter market and quotations therefor may not be obtainable. See “The U.S. Offer — Section 6 — Certain Tax Considerations” for a discussion of the tax consequences of the U.S. Offer.

Pursuant to Chilean law, each individual member of the Board of Directors of the Company must express in writing his reasoned opinion as to whether the Offers could be in the interest of the Shareholders. Chilean law does not require each individual member to recommend that shareholders accept or reject the Offers. Furthermore, Chilean law only contemplates the delivery of a reasoned opinion by each member of the Board of Directors of the Company and does not contemplate a recommendation of the Board of Directors of the Company, acting as such, that the Shareholders accept or reject the Offers. Therefore, the Board of Directors of the Company, acting as such, has not expressed an opinion and remains neutral with respect to the Offers. However, each member of the Board of Directors of the Company and two of the Company’s alternate directors who are not obligated by Chilean law to provide a recommendation, Carlos Díaz Vergara and Benjamín Holmes Bierwirth, each acting in his individual capacity, has expressed in writing his reasoned opinion that the Offers might be of interest to the Shareholders.

As set forth in the Schedule 14D-9 filed by the Company on September 30, 2008, each of the Company, the Board of Directors of the Company and the two alternate directors of the Company understand that no director of the Company intends to tender, sell or hold ADSs or Shares and that certain executive officers of the Company intend to tender to the Purchaser all ADSs or Shares held by such executive officers pursuant to the Offers.

As of this date, to the Bidders’ knowledge, a majority of directors who are not employees of the Company has not retained an unaffiliated representative to act solely on behalf of unaffiliated security holders for purposes of negotiating the terms of the transaction and/or preparing a report concerning the fairness of the Offer.”

## **Purpose and Structure of the Offers; Reasons of the Telefónica Group for the Offers**

The fourth paragraph of this subsection is hereby amended and restated as follows:

“Chilean law requires any person, after acquiring two-thirds or more of the voting power, to commence a subsequent tender offer for all remaining shares of the Company within 30 days following the acquisition of such control. If required by Chilean law, Purchaser intends to launch such a subsequent tender offer in Chile and in the United States. As of the date of this Supplement, the Bidders have not made any decision as to whether any such subsequent tender offer would include ADS holders. Bidders may not include ADS holders to allow for the termination of the ADR program, which is one of the Bidders’ objectives upon consummation of the tender offer. Should Bidders terminate the ADR program, ADR holders wishing to participate in any subsequent tender offer would have the ability to do so by obtaining the Series A Shares underlying the ADSs and tendering such shares directly.

Furthermore, the U.S. rules applicable to any such subsequent offer may be different than the U.S. rules governing the U.S. Offer, as a subsequent offer may qualify for Tier I exemption pursuant to Rule 14d-1(d)(c) under the Exchange Act, which provides relief from certain requirements of the Exchange Act if certain conditions are satisfied in a tender offer for the securities of a foreign private issuer.”

## **Certain Effects of the Offers**

### ***Participation in Future Growth.***

This subsection entitled “Participation in Future Growth” of the section of the Supplement entitled “Special Factors — Certain Effects of the Offers” is hereby amended and supplemented by including the following as the second paragraph of such subsection:

“Although Telefónica’s current economic interests in the net book value and net earnings of the Company is 44.9%, for accounting purposes, in accordance with International Financial Reporting Standards (“IFRS”) Telefónica consolidates the Company by the full integration method. Therefore, there will not be any significant effect on Telefónica’s books from a reporting perspective. However, to the extent that the Telefónica Group’s interest in the Company could increase up to 100%, there will be a corresponding increase in the Telefónica Group’s economic interest in the net book value of the Company from U.S. \$490.7 up to U.S. \$1,093.1 million (calculated in accordance with IFRS and with the exchange rate on September 30, 2008).”

## **Appraisal Rights**

The first paragraph of this subsection is amended and restated as follows:

“Chilean corporations law does not provide for appraisal rights in connection with tender offers. However, pursuant to Chilean corporations law, if Purchaser gains possession of two-thirds or more of the Shares, Purchaser will be obligated to extend a second tender offer for any outstanding Shares not already owned by Purchaser. The price to be offered in any such subsequent mandatory tender offer may not be inferior to the price equal to the average trading price of the Shares over the two months preceding such subsequent tender offer (the “Minimum Price”). The Minimum Price will likely be lower than the offer price in the Offers. If required by Chilean law, Purchaser intends to launch such a subsequent tender offer in Chile and in the United States.”

The third paragraph under this subsection is amended to include the following as the last sentence of the paragraph:

“The Bidders have no plans currently to take any of the actions listed above which would provide for appraisal rights to any objecting shareholders.”

## **Risks of Tendering Shares in the Chilean Offer Instead of the U.S. Offer**

U.S. holders of Shares may elect to tender their Shares into the Chilean Offer instead of the U.S. Offer. ADSs may only be tendered into the U.S. Offer. Although the terms and conditions of the U.S. Offer and the Chilean Offer are substantially similar, because of differences in law and market practice between the United States and Chile, the rights of tendering holders pursuant to the U.S. Offer and the Chilean Offer are not identical.

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While Bidders intend to have the Offers expire at the same time, due to differing regulations under Chilean and U.S. regulatory schemes, the Offer periods may expire at different times under certain circumstances. Chilean laws governing the withdrawal rights and appraisal rights of tendering holders also are different from U.S. laws governing such rights. U.S. Holders intending to tender their Shares into the Chilean Offer should refer to Annex C to the Offer to Purchase for the procedure for tendering into the Chilean Offer, which differs from the procedures for tendering Shares into the U.S. Offer, and should refer to the Chilean Prospecto for information regarding the appraisal and withdrawal rights in the Chilean Offer.

An English translation of the Chilean Prospecto is attached as Exhibit (a)(10) to the Offer to Purchase, but such translation, as is the case with respect to any and all translated documents filed pursuant to the U.S. Offer, is for informational purposes only and U.S. Holders who wish to tender their Shares into the Chilean Offer should consult the original Spanish documents filed with the SVS in Chile. Further, press releases and announcements may be made in Chile but not made in the U.S. and may not be translated into English and filed with the Commission. Furthermore, the Chilean Offer is not subject to U.S. tender offer rules and the benefits thereof that would not be available to U.S. Holders tendering Shares into the Chilean Offer.

Bidders are offering to pay to U.S. Holders who tender into the U.S. Offer the U.S. dollar equivalent of Ch\$1,100 per Series A Share, Ch\$990 per Series B Share and Ch\$4,400 per ADS. Shares tendered pursuant to the U.S. Offer and accepted for payment will be converted into U.S. dollars using the Official Exchange Rate published on the Expiration Date. However, U.S. Holders who tender into the Chilean Offer will be paid the above referenced purchase price in Chilean pesos and not U.S. dollars. Furthermore, it is possible that, due to requirements of applicable law or market practice, holders of Shares tendering in the Chilean Offer will be paid either before or after holders tendering Series A Shares, Series B Shares and/or ADSs in the U.S. Offer, although the price paid per share will be the same. In addition, it is recommended that U.S. Holders wishing to tender in the Chilean Offer consult their tax advisor as there may be different tax consequences in the Chilean Offer not contemplated in this Offer to Purchase.

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## THE U.S. OFFER

### 1. Terms of the U.S. Offer

The discussion set forth in the section “The U.S. Offer — Section 1 — Terms of the U.S. Offer” of the Offer to Purchase is hereby amended and supplemented as follows:

The U.S. Offer Price offered pursuant to the U.S. Offer has been increased to 1,100 Chilean pesos per Series A Share, 990 Chilean pesos per Series B Share and 4,400 Chilean pesos per ADS. All stockholders whose Shares and/or ADSs are validly tendered and not withdrawn and accepted for payment pursuant to the U.S. Offer (including Shares and ADSs tendered prior to the date of this Supplement) will receive the increased U.S. Offer Price. The expiration date has been extended until 11:00 p.m., New York City time, on October 30, 2008, unless the Purchaser extends the period during which the U.S. Offer is open.

This Supplement and the related revised ADS Letter of Transmittal, Form of Acceptance and ADS Notice of Guaranteed Delivery and all other relevant materials will be mailed by the Purchaser to record holders of the Shares and ADSs and will be furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the Company’s stockholder lists, or, if applicable, who are listed as participants in a clearing agency’s security position listing for subsequent transmittal to beneficial owners of Shares.

### 2. Acceptance for Payment

The first sentence of the section of the Offer to Purchase entitled “The U.S. Offer — Section 2 — Acceptance for Payment” is hereby amended and restated as follows:

“Upon the terms and subject to the conditions of the U.S. Offer, Purchaser will accept for payment and pay for the Shares and ADSs validly tendered prior to the Expiration Date and not properly withdrawn, and promptly after the later of (1) the Expiration Date and (2) the satisfaction or waiver of the conditions set forth in “The U.S. Offer — Section 12 — Certain Conditions of the U.S. Offer” and in any case pursuant to applicable Chilean law or practice.”

### 3. Procedure for Accepting the U.S. Offer — Holders of Shares

Procedures for accepting the U.S. Offer in respect of all or any portion of a stockholder’s Shares and/or ADSs are set forth in the section “The U.S. Offer — Section 3 — Procedures for Accepting the U.S. Offer — Holders of Shares” of the Offer to Purchase. Stockholders tendering Shares may either use the original Form of Acceptance that was distributed with the Offer to Purchase or the revised Form of Acceptance distributed with this Supplement and, in either case, will receive 1,100 Chilean pesos per Series A Share and 990 Chilean pesos per Series B Share, upon the terms and subject the conditions of the U.S. Offer.

The discussion set forth in the section entitled “The U.S. Offer — Section 3 — Procedure for Accepting the U.S. Offer — Holder of Shares” of the Offer to Purchase is amended and supplemented as follows:

U.S. Holders of Shares may tender their Shares into the Chilean Offer pursuant to the directions in Annex C to the Offer to Purchase. However, there are important aspects to consider if a U.S. Holder tenders into the Chilean Offer rather than the U.S. Offer. See “Special Factors — Risks of Tendering into the Chilean Offer.”

### 4. Procedures for Accepting the U.S. Offer — Holders of ADSs

Procedures for accepting the U.S. Offer in respect of all or any portion of your ADSs are set forth in the section “The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs” of the Offer to Purchase. Stockholders tendering ADSs may either use the original ADS Letter of Transmittal or ADS Notice of Guaranteed Delivery that were distributed with the Offer to Purchase or the revised Letter of Transmittal or ADS Notice of Guaranteed Delivery distributed with this Supplement and, in either case, will receive 4,400 Chilean pesos per ADS, upon the terms and subject to the conditions of the U.S. Offer.

### 5. Withdrawal Rights

The withdrawal rights pursuant to the U.S. Offer are set forth in the section “The U.S. Offer — Section 5 — Withdrawal Rights” of the Offer to Purchase.

## 6. Certain Tax Considerations

The tax considerations of the U.S. Offer are set forth in the section “The U.S. Offer — Section 6 — Certain Tax Considerations” of the Offer to Purchase.

## 7. Price Range of Shares and ADSs; Dividends

The discussion set forth in the section “The U.S. Offer — Section 7 — Price Range of Shares and ADSs; Dividends” of the Offer to Purchase is amended and supplemented as follows:

**Price Range of Shares.** The following table sets forth, for the periods indicated, the quarterly high and low closing prices of the Shares in Chilean pesos as reported by the Santiago Stock Exchange; The following information reflects nominal Chilean peso amounts as of the trade dates and has not been restated in constant Chilean pesos.

	Ch\$ per Share			
	High		Low	
	Series A	Series B	Series A	Series B
<b>Fiscal Year Ending December 31, 2008</b>				
First Quarter	969	900	751	785
Second Quarter	994	880	745	660
Third Quarter	992	884	705	630

On September 11, 2008, the last full trading day on the Santiago Stock Exchange prior to the public announcement of the original Offers, the reported closing sales price of the Shares on the Santiago Stock Exchange was Ch\$801 per Series A Share and Ch\$700 per Series B Share. On September 16, 2008, the last full trading day on the Santiago Stock Exchange prior to the date of the Offer to Purchase, the reported closing sales price of the Shares on the Santiago Stock Exchange was approximately Ch\$982.86 per Series A Share and Ch\$884 per Series B Share. On October 10, 2008, the last full trading day on the Santiago Stock Exchange prior to the announcement of the increase in the U.S. Offer Price, the reported closing sales price of the Shares on the Santiago Stock Exchange was approximately Ch\$900 per Series A Share and Ch\$880 per Series B Share. **Holders are urged to obtain current market quotations for the Series A Shares and Series B Shares.**

**Price Range of ADSs.** The following table sets forth, for the periods indicated, the quarterly high and low closing prices of the ADSs in U.S. dollars as reported by the NYSE.

	US\$ per ADS	
	High	Low
<b>Fiscal Year Ending December 31, 2008</b>		
First Quarter	8.62	6.61
Second Quarter	9.20	5.68
Third Quarter	7.44	5.32

On September 11, 2008, the last full trading day on the NYSE prior to the public announcement of the original Offers, the reported closing sales price of the ADSs on the NYSE was U.S.\$5.98 per ADS (or Ch\$3,177, based on the Observed Exchange Rate on September 11, 2008) per ADS. On September 16, 2008, the last full trading day on the NYSE prior to the date of the Offer to Purchase, the reported closing sales price of the ADSs on the NYSE was U.S.\$7.17 (or Ch\$3,817) per ADS. On October 10, 2008, the last full trading day on the NYSE prior to the date of the announcement of the increase in the U.S. Offer Price, the reported closing sales price of the ADSs on the NYSE was U.S.\$5.60 (or Ch\$3,421, based on the Observed Exchange Rate on October 10, 2008) per ADS. **Holders are urged to obtain current market quotations for the ADS.**

## 8. Certain Information Concerning the Company

The discussion set forth in the section “The U.S. Offer — Section 8 — Certain Information Concerning the Company” of the Offer to Purchase is hereby amended and supplemented as follows:

**Financial Information.** For a summary of significant differences between Chilean GAAP and U.S. GAAP, including the impact of such differences on the Company’s net income and shareholders’ equity, see Section I of Note 37



to the Audited Consolidated Financial Statements included in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2007 and included herein as Annex D.

**Exchange Rates.** The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. The following table sets forth the annual high, low, average and year-end Observed Exchange Rate for United States dollars for each year starting in 2008 as reported by the Central Bank of Chile.

**Observed Exchange Rates of Ch\$ per US\$1.00**

<u>Year</u>	<u>Low(1)</u>	<u>High(1)</u>	<u>Average(2)</u>	<u>Year-end</u>
2008 (through September 30, 2008)	431.22	552.47	483.37	552.47

Source: Bloomberg L.P.

- (1) Exchange rates are the actual high and low, on a day-by-day basis, for each period.  
(2) The average of monthly average rates during the period.

The Observed Exchange Rate applicable on October 10, 2008 was Ch\$610.86 = U.S.\$1.00.

**9. Certain Information Concerning the Telefónica Group**

General information regarding the Telefónica Group is set forth in the section "The U.S. Offer — Section 9 — Certain Information Concerning the Telefónica Group" of the Offer to Purchase.

**10. Source and Amount of Funds**

The discussion set forth in the section "The U.S. Offer — Section 10 — Source and Amount of Funds" of the Offer to Purchase is hereby amended and supplemented as follows:

The U.S. Offer is not conditioned upon any financing arrangements. The amount of funds required to purchase in the Offers all of the outstanding Shares and ADSs not already owned by TICSa and to pay related fees and expenses is expected to be approximately Ch\$575,610 million or U.S.\$942 million, based on the Observed Exchange Rate on October 10, 2008.

The funds to be used by Purchaser to purchase tendered securities and pay expenses in connection with the Offers will be provided by TICSa, a 99.999999% indirect subsidiary of Telefónica and the Chilean parent company of Purchaser. These funds will come from one or more of the following sources: (i) the cash available in TICSa, (ii) the purchase by Telefónica of an intercompany receivable from TICSa and (iii) an intercompany loan granted by Telefónica Internacional, S.A. ("TISA"), a wholly owned subsidiary of Telefónica, to TICSa.

As of the date hereof, no new loan agreements with any third party have been entered into in connection with the Offers.

**11. Effect of the Offers on the Market for the Shares and ADSs; Exchange Act Registration**

A discussion of the effect of the Offers on the market for the Shares and the ADSs and their Exchange Act registration is set forth in the section "The U.S. Offer — Section 11 — Effect of the Offers on the Market for the Shares and ADSs; Exchange Act Registration" of the Offer to Purchase.

**12. Certain Conditions of the U.S. Offer**

The discussion of the certain conditions of the U.S. Offer is set forth in the section "The U.S. Offer — Section 12 — Certain Conditions of the U.S. Offer" of the Offer to Purchase is hereby amended and supplemented as follows:

The condition under subsection (d)(2) of this Section is hereby amended and restated by changing the maximum decline allowed from 25% to 37.5% as follows:

"any decline in the *Indice de Precios Selectivos* ("IPSA") greater than 37.5% measured during the duration of the Offers;"

This Section is further amended by adding the following sentence to the end of the last paragraph under this Section:

"The transaction is not conditioned upon approval of at least a majority of unaffiliated security holders of the Company."

### 13. Certain Legal Matters; Regulatory Approvals

A discussion of certain legal matters and regulatory approvals is set forth in the section "The U.S. Offer — Section 13 — Certain Legal Matters; Regulatory Approvals" of the Offer to Purchase.

### 14. Fees and Expenses

A discussion of the fees and expenses set forth in the third and fourth paragraphs in the section of the Offer to Purchase entitled "The U.S. Offer — Section 14 — Fees and Expenses" is hereby amended and supplemented as follows:

Purchaser has agreed to pay Santander Investment S.A. Corredores de Bolsa reasonable and customary compensation for its services as financial advisor, a portion of which is contingent upon the consummation of the Offers. In addition, Purchaser has agreed to indemnify the Financial Advisor and its affiliates against certain liabilities, and to reimburse Financial Advisor up to a certain amount for its reasonable out-of-pocket expenses in connection with the Offers. The Financial Advisor and its affiliates have performed and perform from time to time, in the ordinary course of business, various investment and/or commercial banking services for the Telefónica and its affiliates, including investment banking, debt capital markets, credit and financing transactions, derivatives and risk management, transaction banking and corporate trust services. During the last two years, the Financial Advisor or its affiliates acted as arranger or underwriter in 7 financing transactions exceeding U.S.\$200 million for Telefónica or one of its affiliates, for which it received customary fees.

In the ordinary course of business, the Financial Advisor and its affiliates may actively trade Shares or ADSs of the Company and equity or debt securities of Telefónica and its affiliates for their own accounts and for the accounts of their customers and accordingly may hold a long or short position in such securities.

It is estimated that the expenses incurred by Purchaser in connection with the U.S. Offer will be approximately as set forth below:

Advertising	US \$ 250,000
Depository Fees	\$ 125,000
Legal Fees and Related Expenses	\$ 600,000
Financial Advisor, Filing Fees and Related Expenses	\$2,000,000
Printing, Mailing and Distribution Expenses	\$ 200,000
Miscellaneous	\$ 50,000
Total	US \$3,225,000

### 15. Forward-Looking Statements

A discussion of forward-looking statements is set forth in the section "The U.S. Offer — Section 15 — Forward-Looking Statements" of the Offer to Purchase.

### 16. Miscellaneous

The discussion set forth in the section "The U.S. Offer — Section 16 — Miscellaneous" of the Offer to Purchase is hereby amended and supplemented as follows:

Telefónica and Purchaser have filed with the Commission amendments to the Tender Offer Statement on Schedule TO furnishing additional information with respect to the Original U.S. Offer, and may file further amendments thereto with respect to the U.S. Offer. The Schedule TO and any and all amendments thereto, including exhibits, may be examined and copies may be obtained from the principal office of the Commission in the same manner as described in Section 8 of the Offer to Purchase with respect to information concerning the Company.

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Except as modified by this Supplement and any amendments to the Schedule TO, the terms and conditions set forth in the Offer to Purchase remain applicable in all respects to the U.S. Offer, and this Supplement should be read in conjunction with the Offer to Purchase and the revised Form of Acceptance and the revised ADS Letter of Transmittal.

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA

October 21, 2008

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## Annex D

### **Note 37. Description of Differences Between Chilean and United States Generally Accepted Accounting Principles from Compañía de Telecomunicaciones de Chile S.A.'s annual report on Form 20-F for the fiscal year ended December 31, 2007, filed on May 7, 2008.**

The Company prepared its consolidated balance sheets as of December 31, 2006 and 2007, respectively, and its consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007, included in its 20-F filing for the year ended December 31, 2007, in conformity with accounting principles generally accepted in Chile ("Chilean GAAP") with a reconciliation to net income for each of the three years in the period ended December 31, 2007, and a reconciliation to shareholders' equity as of December 31, 2006 and 2007, respectively, derived from applying accounting principles generally accepted in the United States of America ("US GAAP"). This presentation is in accordance with Item 18 of Form 20-F.

#### **I. Differences in measuring methods**

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Chile, which differ in certain respects from US GAAP.

Under Chilean GAAP, financial statements are restated to reflect the full effects of the gain (loss) in the purchasing power of the Chilean peso on the financial position and results of operations of reporting entities. The method is based on a model that enables calculation of net inflation gains or losses caused by monetary assets and liabilities exposed to changes in the purchasing power. The model prescribes that the historical cost of such accounts be restated for general price-level changes between the date of origin of each item and the year-end. As allowed pursuant to the rules and regulations for Form 20-F, the reconciliation included herein of consolidated net income, other comprehensive income and shareholders' equity does not include adjustments to eliminate the effect of inflation accounting under Chilean GAAP.

Under Chilean GAAP, in accordance with Technical Bulletin 64 (BT 64), the financial statements of foreign subsidiaries that operate in countries exposed to significant risks ("unstable countries"), and that are not considered to be an extension of the parent Company's operations, must be remeasured into US dollars. The Company has an equity method investment in the Brazilian TBS Celular Participación S.A., the Company remeasured this foreign equity-investee into US dollars under this requirement as follows:

- Monetary assets and liabilities are translated at year-end rates of exchange between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholders equity are translated at historical rates of exchange between the US dollar and the local currency.
- Income and expense accounts are translated at average rates of exchange between the US dollar and local currency.
- The effects of any exchange rate fluctuations are included in the results of operations for the period.

Under BT 64, the investment in a foreign subsidiary is price-level restated, the effects of which are reflected in income, while the effects of the foreign exchange gain or loss between the Chilean Peso and the US dollar are reflected in equity in the account "Cumulative Translation Adjustment"; as the foreign investment itself is measured in US dollars.

In the opinion of the Company and under the exemption allowed for Technical Bulletin 64 by the AICPA International Task Force, the Chilean GAAP procedures described above are part of the comprehensive basis of preparation of price-level adjusted financial statements required by Chilean GAAP. Inclusion of inflation and translation effects in the financial statements is permitted for Form 20-F and considered appropriate under the inflationary conditions that have historically affected the Chilean economy and, accordingly, are not eliminated in the reconciliation to US GAAP.

#### **a) Technical revaluation of Property, Plant and Equipment**

As mentioned in Note 2(k) to the Chilean GAAP financial statements, in accordance with standards issued by the SVS in 1986, the property, plant and equipment of the Company subject to such regulation are allowed to be revalued

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pursuant to a technical appraisal. The difference between the book value prior to revaluation and the revalued amount is included in equity as a surplus on account of such technical appraisal, and is subject to Chilean inflation adjustment and depreciation. Under US GAAP, such revaluations are not permitted. The effects of the reversal of this revaluation net of the accumulated depreciation, as well as of the related depreciation expense for the years are shown under paragraph (o) below.

***b) Investments in Debt and Equity Securities***

Under Chilean GAAP, investments in securities are accounted for at the lower of cost or market value. Under US GAAP, securities are classified as trading, held-to-maturity or available-for-sale. Those securities classified as trading are carried at their fair value, with realized and unrealized gains and losses recognized currently in earnings. Available-for-sale securities are also carried at fair value, with unrealized gains and losses recorded in shareholders' equity. Securities classified as held-to-maturity are carried at amortized cost. The effects of the reversal of the unrealized losses that were considered to be temporary and the recording of the unrealized gains on available-for-sale securities which are recorded in equity in US GAAP for each year are included in paragraph (o) below.

***c) Deferred Income Taxes***

***(i) Complementary Accounts***

Starting January 1, 2000, the Company recorded income taxes in accordance with Technical Bulletin No. 60 of the Chilean Association of Accountants and its related amendments. Recognizing, using the liability method, the deferred tax effects of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. As a transitional provision, a contra asset or liability had been recorded for the effects of the deferred tax assets and liabilities not recorded prior to January 1, 2000. Such complementary asset or liability is being amortized to income over the estimated average reversal periods corresponding to the underlying temporary differences to which the deferred tax asset or liability relates. The effects of the differences, primarily related to the amortization of the complementary account are included under paragraph (o) below.

***(ii) Deferred tax effects of US GAAP adjustments***

Under US GAAP, companies must account for deferred taxes in accordance with Statements of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes", which requires an asset and liability approach for financial accounting and reporting of income taxes, under the following basic principles: (a) a deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carryforwards; (b) the measurement of deferred tax liabilities and assets is based on the provisions of the enacted tax law and the effects of future changes in tax laws or rates are not anticipated; and (c) the measurement of deferred tax assets is reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion of the deferred tax assets will not be realized.

Temporary differences are defined as any difference between the financial reporting basis and the tax basis of an asset and liability that at some future date will reverse, thereby resulting in taxable income or expense. Temporary differences ordinarily become taxable or deductible when the related asset is recovered or the related liability is settled. A deferred tax liability or asset represents the amount of taxes payable or refundable in future years under currently enacted tax rates as a result of temporary differences at the end of the current year.

Certain US GAAP adjustments generate temporary differences and related tax effects which are included in paragraph (o) below.

***(iii) Adoption of FASB Interpretation No. 48***

During 2007, the Company adopted FASB Interpretation No. 48: "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109: "Accounting for Income Taxes" ("FAS 109"). The Interpretation prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken within an income tax return. For each tax

position, the enterprise must determine whether it is more likely than not that the position will be sustained upon examination by taxing authorities, based on the technical merits of the position, including resolution of any related appeals or litigation. A tax position that meets the more likely than not recognition threshold is then measured to determine the amount of benefit to be recognized within the financial statements. No benefits may be recognized for tax positions that do not meet the more likely than not threshold. For tax positions that meet the more likely than not threshold, the benefit to be recognized is the largest amount that is greater than 50% likely of being realized upon ultimate settlement.

Under Chilean GAAP, the Company recorded a provision for uncertainties in tax positions of Ch\$5,487 million. As a result of implementing FIN 48, no material adjustment in the provision for uncertainties in tax positions was recognized. The Company and its subsidiary recognize interest and penalties related to unrecognized tax benefits in financial expense and other operating expense, respectively.

The Company potentially is subject to income tax audits in Chile until the applicable statute of limitations expires. Tax audits by their nature are often complex and can require several years to complete. With few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before 2004.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	<u>ThCh\$</u>
Balance as of January 1, 2007	6,046,382
Additions for tax positions of prior periods	941,002
Settlements	(1,500,100)
Balance at December 31, 2007	5,487,284

**d) Capitalization of finance costs**

**(i) Capitalization of interest**

Under Chilean GAAP, all interest on debt directly associated with construction projects is capitalized, including interest, price-level restatement and, with respect to foreign currency borrowings, foreign currency translation gains and losses. Until the end of 2002, all debt of the Company was considered directly associated with construction projects. The capitalization of interest costs associated with projects under construction is optional when incurred on debt that is not directly related to such projects. In 2003 under Chilean GAAP, the Company has discontinued capitalizing interest on its construction in progress due to the lack of incurrence of new debt which could be associated with such construction and the short-term nature of the items currently being included in the construction in progress category. Under US GAAP, capitalization of interest is required for the interest which could be avoided should expenditures for the associated assets have not been made. Since 2003 the Company continues to capitalize interest under US GAAP only.

The effects of the differences, including those related to the depreciation, described above are included under paragraph (o) below.

**(ii) Foreign currency exchange differences**

Under US GAAP, the Company reverses those amounts previously capitalized related to foreign currency exchange gains and losses on foreign currency borrowings related to construction for purposes of reconciling to US GAAP.

The effects of the differences, including those related to the depreciation, described above are included under paragraph (o) below.

**e) Staff Severance Indemnities**

**(i) Prior Service Cost**

Under Chilean GAAP, prior service cost resulting from the adoption of new severance indemnity plans created in year 1987 were charged to income upon adoption.

Under US GAAP, the prior service cost, under Statement of Financial Accounting Standards 87 is deferred and is amortized into income over the expected working life of the employee. With the adoption of Statement of Financial

Accounting Standards No. 158 (SFAS 158), "Employer's Accounting for Defined Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106 and 132(R)" as described in part II of Note 37 under paragraph (l), the Company recorded the unamortized amount as a component of the ending balance of accumulated other comprehensive income, net of tax.

The effects of the deferral and the corresponding amortization for the years shown, as well as the adoption of SFAS 158, are included under paragraph (o) below.

(ii) *Staff Severance Indemnities under Chilean GAAP*

Under the Company's employment contracts and collective bargaining agreements, it has committed to provide a lump sum payment to each employee at the end of their employment, whether due to death, termination, resignation or retirement. Until November 30, 2004 the Company determined those obligations using the present value method, based on the current salaries and estimated average service life of each employee at year-end, and applying a discount rate of 7%.

Starting December 2004 the Company changed its estimation for staff severance indemnities by incorporating certain additional variables through an actuarial valuation. Variables such as workforce rotation, average salary increases, workforce mortality and average service life as underlying assumptions. Costs for past services of employees, resulting from these changes in assumptions, are deferred and amortized over the employees' estimated average remaining service periods.

During 2006, the Company changed the discount rate from 7% to 6% as describe in Note 3 (i) to the financial statements. The cost for past services of employees, resulting from this additional change in assumption, is deferred and amortized over the employees' estimated average remaining service periods.

(iii) *Staff Severance Indemnities under US GAAP*

Under US GAAP, staff severance indemnities have always been recorded in accordance with SFAS No. 87, "Employer's Accounting for Pensions" using the projected benefit obligation method. The assumptions used correspond to the valuation under Chilean GAAP, with the difference that until December 31, 2005, a discount factor of 5.5% was applied. As of December 31, 2006, under US GAAP a discount factor of 6% is applied, equal to the treatment under Chilean GAAP. The Company has elected to recognize its actuarial gains and losses immediately under US GAAP. The effects of the elimination of the transitional assets and the differences in the discount rate for the year ended December 31, 2005, and of the elimination of the transitional assets for the year ended December 31, 2006, are included under paragraph (o) below.

f) *Derivatives*

As described in Note 30 to the financial statements, the Company uses derivative instruments to manage exposures to foreign currency and interest rate risk. The Company's objectives for holding derivatives are to minimize these risks using the most effective methods to eliminate or reduce the impact of these exposures. The effects of the adjustments for financial derivatives are mainly related to cross currency interest rate swap contracts for the three years in the period ended December 31, 2007. The embedded derivatives are quantified as a separate adjustment in the reconciliation. Both adjustments are included in paragraph (o) below.

(i) *Forward exchange contracts:*

The Company has forward exchange contracts between the US dollar and Chilean peso and US dollar and the UF, which correspond to expected transactions or to existing assets and liabilities. Under Chilean GAAP, forward exchange contracts related to expected transactions are recorded at fair value with mark to market adjustments recorded as unrealized gains on the balance sheet with no income statement effect and any unrealized loss in the income statements. Forward exchange contracts related to existing assets and liabilities are recorded at fair value with mark to market adjustments recorded as unrealized gains and losses on the balance sheet with no income statement effect. Under US GAAP, these forward exchange contracts are valued at fair value with changes in fair value recognized in income, whether they represent unrealized gains or unrealized losses.





(ii) *Cross currency interest rate swaps:*

The Company entered into cross-currency interest rate swaps as hedges of its debt denominated in US dollars. These swaps hedge both, currency risk and interest rate risk. Under Chilean GAAP, the unrealized gain and loss associated with these contracts was deferred. Under US GAAP, these contracts do not qualify for hedge accounting because they do not meet hedge accounting requirements under SFAS No. 133, therefore mark to market adjustments are also charged to income.

(iii) *Embedded derivatives:*

Current Chilean accounting rules do not consider the existence of derivative instruments embedded in other contracts and therefore they are not analyzed and accounted for in the Company's Chilean GAAP financial statements. For US GAAP purposes, certain implicit or explicit terms included in host contracts that affect some or all of the cash flow or the value of other exchanges required by the contract in a manner similar to a derivative instrument are required to be bifurcated from the host contract and accounted for at fair value.

**g) Goodwill**

Under Chilean GAAP up through December 31, 2003, the Company recorded goodwill or negative goodwill for the difference between the purchase price and the carrying value of assets acquired and liabilities assumed. As of January 1, 2004 Technical Bulletin No. 72 ("BT 72") of the Chilean Institute of Accountants became effective. The bulletin requires the assets acquired and liabilities assumed to be recorded at fair value and the excess of the purchase price of the investment over the fair value of assets acquired and liabilities assumed to be recorded as goodwill. Under BT 72 goodwill resulting from business combinations is amortized on a straight-line basis over a maximum period of 20 years. Under US GAAP, assets acquired and liabilities assumed are recorded at their fair values. Any excess of the cost of an investment over the fair values of assets acquired and liabilities assumed is recorded as goodwill. In the opinion of the Company, the book value of any assets acquired or liabilities assumed has not materially differed from their fair values in any transaction recorded under purchase accounting in previous periods.

In accordance with SFAS No. 142, "Goodwill and other Intangible Assets" (SFAS No. 142) the Company no longer amortizes goodwill, instead goodwill is tested for impairment on an annual basis and whenever indicators of impairment arise. The goodwill impairment test, which is based on fair value, is performed on a reporting unit level annually. The Company has performed the annual impairment tests of goodwill required by the standards, which did not result in any impairment adjustment during the periods presented other than the impairment in the following paragraph. The adjustment presented in paragraph (o) below reverses the effects of the amortization of goodwill recorded under Chilean GAAP. During the year 2006, as explained in Note 13 Footnote 1, the Company recorded an impairment loss related to the goodwill of its subsidiary Tecnónáutica S.A. Under US GAAP, due to the higher unamortized book value, the Company recorded a higher charge to income, which is also reflected in the adjustment presented in paragraph (o) below.

**h) Minimum dividend**

As required by Law No. 18.046, the Company must distribute a minimum cash dividend equivalent to 30% of net income. Considering the cash situation, levels of projected investment and the solid financial indicators for 2005 and following years, on April 14, 2005, the Ordinary Shareholders' Meeting modified the dividend distribution policy reported at the Ordinary Shareholders' Meeting of April 2004, and agreed to distribute 100% of net income under Chilean GAAP generated during the respective year. Since the payment of these dividends is a legal requirement in Chile, an accrual for US GAAP purposes should be made to recognize the corresponding decrease in shareholders' equity at each balance sheet date. Under Chilean GAAP, the Company records these dividends when they have received the approval of the shareholders during a shareholders' meeting usually held in April of the following year. The effects as of December 31, 2006 and 2007 on consolidated shareholders' equity are shown in the reconciliation in paragraph (o) below.

**i) Revenue Arrangements with Multiple Deliverables**

Under Chilean GAAP, revenue is generally recognized as services are performed or products are delivered based on the specified contractual price. Under US GAAP, the Company adopted EITF 00-21 "Revenue Arrangements with Multiple Deliverables" on January 1, 2004. Certain of the contracts of the Company contain "multiple elements" as

defined in the literature. These contracts primarily comprise those of the subsidiary Telefónica Empresas S.A., which is in the business of providing voice and internet data service to corporate customers. Contracts in this business may include equipment sales, equipment rentals, set-up/installation fees, and/or service and maintenance fees. As there is objective and reliable evidence of fair value of all delivered and undelivered items in an arrangement, the total consideration is allocated to the separate units of accounting based on their relative fair values ("relative fair value method"), which approximate the contractually stated prices. The services specified in the arrangement are performed continuously over the term of the contract (and any subsequent renewals). The Company therefore defers and recognizes the set-up fees over the life of the estimated customer relationship in accordance with US GAAP.

Starting in 2005, the Company's accounting under Chilean GAAP for revenue arrangements with multiple deliverable complies with the provisions of EITF 00-21. The previous periods' adjustments to income are included in paragraph (o) below.

**j) Cost adjustment for certain property, plant and equipment**

The Company, as part of its real estate construction-in-progress projects, enters into subcontracting agreements. As part of those agreements, certain cost adjustments may be charged back to the subcontractor. Under Chilean GAAP, back charges are recognized in non-operating income in the period they are collected. Under US GAAP, back charges to subcontractors are included in the determination of acquisition costs and should be applied to reduce contract costs to the extent collectible.

The effect of the adjustment arising from accounting under US GAAP for back charges and the reduction in depreciation related to the reduction of the fixed asset bases is presented in paragraph (o) below.

**k) Connection Fees and Installation Cost:**

Under Chilean GAAP, until December 31, 2006 connection fees are recognized as revenues with its origination, and installation costs for fixed line services are capitalized in fixed assets. Starting 2007, connection fees are deferred over the average estimated customer relationship of 33 months.

Under US GAAP, until December 31, 2005, connection fees were recognized with its origination equal to the treatment under Chilean GAAP, and installation costs were expensed as incurred. Starting in 2006, these connection fees are deferred and taken to the income statement during the average estimated customer relationship period of 33 to 48 months, whereas installation costs are capitalized in fixed assets equal to Chilean GAAP.

As of December 31, 2005, the cumulative effect of the non-deferral of connection fees and installation costs was deemed immaterial, and no change was made to the Company's prior period presentation. In accordance with Staff Accounting Bulletin 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements", the cumulative effect was corrected in 2006.

As a consequence, the reconciliation included in paragraph (o) below includes as of December 31, 2005, the reversal of the capitalization of installation costs and their associated depreciation, and as of December 31, 2006 and 2007, the deferral of connection fees received until December 31, 2006. For connection fees and installation cost incurred in 2007, there is no difference in the treatment under Chilean GAAP and US GAAP.

**l) Write-off of deferred financing costs**

The Company redeemed a UF 3,992,424 series K bond on February 15, 2005. For Chilean GAAP purposes, the majority of the associated deferred financing costs and discount were written off during the year ended December 31, 2004 in the amount of ThCh\$3,676,859. The amount written off was calculated assuming a remaining amortization period ending on the redemption date of February 15, 2005. This write off of the deferred financing costs and discount during 2004 is not permitted under US GAAP, as the related debt issuance costs and discount must be charged to expense in the period in which the early extinguishment takes place under Accounting Principles Board Opinion No. 26 "Early Extinguishment of Debt". Accordingly, this generated a difference of ThCh\$3,676,859 in net income and shareholders' equity between Chilean GAAP and US GAAP, as shown in the reconciliations in paragraph (o) below.

**m) Restructuring costs**

Compañía de Telecomunicaciones de Chile S.A. made an offer to some employees to voluntarily terminate their working contracts with the Company. Related to this planned reduction of personnel, the Company made a provision of ThCh\$2,223,814 as of December 31, 2005.

Under US GAAP, in accordance with SFAS 88, the recognition of a liability and a loss requires the acceptance of the offer by employees for a reliable estimation of the obligation. There was no acceptance of the offer by employees prior to January 1, 2006, therefore no provision was recognized.

**n) Amortization of Bond Discount**

Under Chilean GAAP, the Company is deferring and amortizing the difference between par and placement value of bonds on a straight-line basis over the respective term of the instrument. According to US GAAP, the Company should apply the effective interest rate method to determine the amortization of the bond discount. The impact of not applying the effective interest rate method was deemed not significant, thus the Company did not record an adjustment related to this concept.

**o) Effects of conforming to US GAAP**

The adjustments to reported net income required to conform to accounting principles generally accepted in the United States are as follows:

	For the Years Ending December 31.			
	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$ (Note 2)
<b>Net income in accordance with Chilean GAAP</b>	<b>27,614,871</b>	<b>25,081,171</b>	<b>10,856,131</b>	<b>21,848</b>
Technical revaluation of property, plant and equipment(a)	(51,560)	118,545	(184,284)	(371)
Deferred income taxes(c)				
Complementary accounts	14,923,938	14,837,908	14,134,785	28,447
Deferred tax effects of US GAAP adjustments	(1,283,159)	(630,277)	(1,931,140)	(3,886)
Capitalization of finance costs(d)				
Capitalization of interest	3,659,881	3,901,805	9,372,172	18,862
Capitalization of foreign currency exchange differences	433,830	433,830	433,830	873
Staff severance indemnities(e)				
Prior service cost	(836,336)	(426,381)	(311,058)	(626)
Staff severance indemnities	1,786,071	4,419,937	1,442,586	2,903
Derivatives(f)				
Financial derivatives	3,719,674	(4,021,233)	(444,604)	(895)
Embedded derivatives	(9,279)	—	—	—
Goodwill(g)	1,736,460	709,643	1,569,490	3,158
Revenue arrangements with multiple deliverables(i)	223,684	366,671	—	—
Cost adjustment for certain property, plant and equipment(j)				
Elimination of back charges	(34,973)	(135,178)	(184,344)	(371)
Depreciation of fixed assets	86,240	91,838	99,880	201
Installation cost(k)	(474,150)	1,181,488	1,135,471	2,285
Write-off of deferred financing costs(l)	(3,676,859)	—	—	—
Restructuring costs(m)	2,223,814	(2,223,814)	—	—
<b>Net income in accordance with US GAAP</b>	<b>50,042,147</b>	<b>43,705,953</b>	<b>35,988,915</b>	<b>72,428</b>

	For the Years Ending December 31.			
	2005 ThCh\$	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$ (Note 2)
Other comprehensive income, net of tax:				
Investments in debt and equity securities(b)	(774,114)	10,316	(12,806)	(26)
Prior service cost(e)		(258,179)	258,179	520
Cumulative translation adjustment on foreign investment	(514,321)	(569,380)	(762,270)	(1,534)
<b>Comprehensive income in accordance with US GAAP</b>	<b>48,753,712</b>	<b>42,888,710</b>	<b>35,472,018</b>	<b>71,388</b>

The adjustments required to conform shareholders' equity amounts to US GAAP are as follows:

	As of December 31,		
	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$ (Note 2)
<b>Shareholders' equity in accordance with Chilean GAAP</b>	<b>967,417,180</b>	<b>906,533,598</b>	<b>1,824,414</b>
Technical revaluation of property, plant and equipment(a)			
Positive adjustment to Fixed Assets	(17,909,068)	(17,661,302)	(35,543)
Accumulated Depreciation	17,762,213	17,608,867	35,438
Negative adjustment to Fixed Assets	10,711,196	10,508,665	21,149
Accumulated Depreciation	(6,788,264)	(6,864,437)	(13,815)
Investment in debt and equity securities(b)	15,823	394	1
Deferred income taxes(c)			
Complementary accounts	(109,810,763)	(95,675,978)	(192,549)
Deferred tax effects of US GAAP adjustments	(893,159)	(2,874,557)	(5,785)
Capitalization of finance costs(d)			
Capitalization of interest			
Gross effect on Fixed Assets	20,973,313	28,343,830	57,041
Accumulated Depreciation	(4,871,989)	(2,870,334)	(5,776)
Capitalization of foreign currency exchange differences			
Gross effect on Fixed Assets	(6,033,809)	(6,033,809)	(12,143)
Accumulated Depreciation	3,014,200	3,448,030	6,940
Staff severance indemnities(e)			
Staff severance indemnities under US GAAP	(8,998,178)	(7,555,592)	(15,206)
Derivatives(f)			
Financial derivatives	—	(444,604)	(895)
Goodwill(g)	7,798,310	9,367,800	18,853
Minimum dividend(h)	(13,773,318)	(5,113,188)	(10,290)
Cost adjustment for certain property, plant and equipment(j)			
Gross effect on Fixed Assets	(999,068)	(1,183,538)	(2,382)
Accumulated Depreciation	179,565	279,571	562
Connection Fees and Installation cost(k)			
Connection Fees	(1,802,068)	(666,597)	(1,341)
<b>Shareholders' equity in accordance with US GAAP</b>	<b>855,992,116</b>	<b>829,146,819</b>	<b>1,668,673</b>

The following summarizes the changes in shareholders' equity under US GAAP during the years ended December 31, 2006 and 2007:

	As of December 31,		
	2006 ThCh\$	2007 ThCh\$	2007 ThUS\$ (Note 2)
Balance as of January 1	882,845,354	855,992,116	1,722,699
Minimum dividend(h)	(13,773,318)	(5,113,188)	(10,290)
Capital decrease	(43,175,352)	(48,815,012)	(98,241)
Other reserves decrease	(724,149)	724,149	1,458
Dividend declared and paid	(11,307,854)	(5,742,943)	(11,558)
Price-level restatement	(761,275)	(3,370,321)	(6,783)
<b>Other comprehensive income, net of tax:</b>			
Cumulative translation adjustment	(569,380)	(762,270)	(1,534)
Unrealized gain on marketable securities, net of taxes(b)	10,316	(12,806)	(26)
Prior Service Cost(e)	(258,179)	258,179	520
Net income in accordance with US GAAP for the year	43,705,953	35,988,915	72,428
<b>Balance at December 31</b>	<b>855,992,116</b>	<b>829,146,819</b>	<b>1,668,673</b>

**p) Comprehensive Income**

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" the Company reports a measure of all changes in shareholder's equity that result from transactions and other economic events of the period other than transactions with owners ("comprehensive income"). Comprehensive income is the total of net income (loss) and other non-owner equity transactions that result in changes in net equity. The components of other comprehensive income are reported net of the related tax effects.

The following represents accumulated other comprehensive income balances as of December 31, 2005, 2006 and 2007 (in thousands of constant Chilean pesos as of December 31, 2007):

	2005 Effect of US GAAP		
	Chilean GAAP Cumulative Translation Adjustment	Unrealized (losses) on Marketable Securities	Deferred Income Tax
Beginning balance	(1,406,008)	936,062	(159,130)
Credit (charge) for the year	(514,322)	(932,667)	158,553
Ending balance	(1,920,330)	3,395	(577)

	2006 Effect of US GAAP			
	Chilean GAAP Cumulative Translation Adjustment	Unrealized (losses) Gains on Marketable Securities	Prior Service Cost	Deferred Income Tax
Beginning balance	(1,920,330)	3,395	—	(577)
Credit (charge) for the year	(578,070)	12,428	(311,058)	50,767
Ending balance	(2,498,400)	15,823	(311,058)	50,190

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	2007 Effect of US GAAP				
	Chilean GAAP Cumulative Translation Adjustment	Unrealized Gains on Marketable Securities	Prior Service Cost	Deferred Income Tax	Accumulated Other Comprehensive Income (loss)
Beginning balance	(2,498,400)	15,823	(311,058)	50,190	(2,743,445)
Credit (charge) for the year	(762,270)	(15,429)	311,058	(50,258)	(516,899)
Ending balance	(3,260,670)	394	—	(68)	(3,260,344)

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Copies of the Form of Acceptance and the ADS Letter of Transmittal, properly completed and duly signed with original signatures will be accepted. Completed Forms of Acceptance, accompanied by *título(s)*, a duly signed *traspaso* indicating the number of Shares, but with the date left in blank and a power of attorney to complete the *traspaso* and all other documents of title and transfer, should be delivered to the Share Depositary at the addresses set forth below. The ADS Letter of Transmittal, ADRs for the ADSs and any other required documents should be sent by each holder of the ADSs or his or her broker, dealer, commercial bank, trust company or other nominee to the U.S. Depositary at the addresses set forth below.

*The Depositary for the ADSs in the U.S. Offer is:*

**Citibank, N.A.**

*By Mail:*  
Citibank, N.A.  
Corporate Actions  
P.O. Box 43035  
Providence, RI 02940-3035

*By Hand/Overnight Courier:*  
Citibank, N.A.  
Corporate Actions  
250 Royall Street  
Canton, MA 02021

*The Depositary for the Shares in the U.S. Offer is:*

**Santander Investment S.A. Corredores de Bolsa**

*By Mail:*  
Santander Investment S.A. Corredores de Bolsa  
c/o Citibank, N.A.  
Corporate Actions  
P.O. Box 43035  
Providence, RI 02940-3035

*By Hand/Overnight Courier:*  
Santander Investment S.A. Corredores de Bolsa  
c/o Citibank, N.A.  
Corporate Actions  
250 Royall Street  
Canton, MA 02021

Questions and requests for assistance may be directed to the Information Agent at the address and telephone numbers set forth below. Additional copies of this Offer to Purchase, the related Form of Acceptance, ADS Letter of Transmittal, ADS Notice of Guaranteed Delivery and other tender offer materials may be obtained from the Information Agent. A holder of Shares and/or ADSs may also contact a broker, dealer, commercial bank or trust company or other nominee for assistance concerning the U.S. Offer. Copies of the opinions to be delivered by each member of the Board of Directors of the Company as required by Chilean law will be sent to the SVS, the Chilean Exchanges, the Company and the manager of the Chilean Offer. The opinions also will be made available at the offices of the Company.

*The Information Agent for the U.S. Offer is:*

**D.F. King & Co., Inc.**

48 Wall Street, 22nd Floor  
New York, NY 10005

Bankers and Brokers Call: (212) 269-5550  
All Others Call Toll Free: (800) 859-8511

**REVISED ADS LETTER OF TRANSMITTAL**  
**To Tender American Depositary Shares (“ADSs”)**  
**(evidenced by American Depositary Receipts (“ADRs”))**  
**of**  
**Compañía de Telecomunicaciones de Chile S.A.**  
**Pursuant to the Offer to Purchase dated September 17, 2008**  
**and the Supplement thereto dated October 21, 2008**  
**by**  
**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**  
**a corporation owned by**  
**TELEFÓNICA, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

*The Depositary for the ADSs in the U.S. Offer is:*

**Citibank, N.A.**

*By Mail:*  
Citibank, N.A.  
Corporate Actions  
P.O. Box 43035  
Providence, RI 02940-3035

*By Hand/Overnight Courier:*  
Citibank, N.A.  
Corporate Actions  
250 Royall Street  
Canton, MA 02021

ADS HOLDERS WHO HAVE ALREADY TENDERED ADSs PURSUANT TO THE U.S. OFFER USING THE PREVIOUSLY DISTRIBUTED (BLUE) ADS LETTER OF TRANSMITTAL OR (GRAY) ADS NOTICE OF GUARANTEED DELIVERY NEED NOT TAKE ANY FURTHER ACTION IN ORDER TO RECEIVE THE INCREASED OFFER PRICE OF 4,400 CHILEAN PESOS PER ADS IF ADSs ARE ACCEPTED FOR PAYMENT AND PAID FOR BY PURCHASER PURSUANT TO THE U.S. OFFER, EXCEPT AS MAY BE REQUIRED BY THE GUARANTEED DELIVERY PROCEDURE, IF SUCH PROCEDURE WAS UTILIZED.

Description of ADSs being tendered			
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on ADR(s))		ADSs Tendered (Attach additional signed list if necessary)	
	ADR Serial Number(s)	Total Number of ADSs Evidenced by ADR(s)	Number of ADSs Tendered*
Total Number of ADSs Tendered			ADSs
* Unless otherwise indicated, it will be assumed that all ADSs delivered to the U.S. Depositary are being tendered. See Instruction 4. You must complete the Box headed "Sign Here" in accordance with the instructions set out therein and, if appropriate, the Boxes headed "Special Delivery Instructions" and "Special Issuance Instructions".			



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action to take, you should immediately consult your stockbroker, bank manager, lawyer, accountant or other professional or investment advisor.

If you have sold or transferred all your American Depositary Shares ("ADSs") in Compañía de Telecomunicaciones de Chile S.A. (the "Company"), please send this revised ADS Letter of Transmittal together with the accompanying documents as soon as possible to the purchaser or to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser.

This document should be read in conjunction with the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer to Purchase") and the Supplement thereto dated October 21, 2008 (the "Supplement"). The definitions used in the Offer to Purchase and the Supplement apply in this revised ADS Letter of Transmittal. All terms and conditions contained in the Offer to Purchase and the Supplement applicable to the U.S. Offer (as defined in the Offer to Purchase) for ADSs are deemed to be incorporated in and form part of this revised ADS Letter of Transmittal.

**DELIVERY OF THIS REVISED ADS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY TO THE U.S. DEPOSITARY (AS DEFINED BELOW). DELIVERY OF THIS REVISED ADS LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS AND INSTRUCTIONS TO THE BOOK-ENTRY TRANSFER FACILITY WILL NOT CONSTITUTE DELIVERY TO THE U.S. DEPOSITARY.**

The instructions accompanying this revised ADS Letter of Transmittal should be read carefully before this revised ADS Letter of Transmittal is completed. Questions and requests for assistance may be directed to the Information Agent, D.F. King & Co., Inc., at (800) 859-8511.

Shares of common stock, no par value (the "Shares") of the Company, except insofar as they are represented by ADSs, cannot be tendered by means of this revised ADS Letter of Transmittal. If you hold Shares which are not represented by ADSs and you are a resident in the United States ("U.S. Holder"), you can obtain a revised Form of Acceptance for tendering those Shares from the D.F. King & Co., Inc., the Information Agent, at (800) 859-8511. See Instruction 9 of this revised ADS Letter of Transmittal. Shares beneficially owned or held of record by persons who are non-U.S. Holders cannot be tendered pursuant to the U.S. Offer and can only be tendered pursuant to the concurrent Chilean Offer. Information on the Chilean Offer may be obtained from D.F. King & Co., Inc. at (212) 269-5550.

All ADS Letters of Transmittal, American Depositary Receipts ("ADRs") evidencing ADSs and other required documents delivered to Citibank, N.A. (the "U.S. Depositary") by holders of ADSs will be deemed (without any further action by the U.S. Depositary) to constitute acceptance by such holders of the U.S. Offer with respect to such ADSs (and the Shares represented thereby), subject to the terms and conditions set forth in the Offer to Purchase, any amendments thereto, the Supplement and this revised ADS Letter of Transmittal.

Holders of ADSs purchased in the U.S. Offer will receive the purchase price for such securities in cash by check or, in the case of ADSs held through a Book-Entry Transfer Facility, as defined in the Offer to Purchase, by means of delivery of funds to the account maintained at the Book-Entry Transfer Facility by the participant which has tendered the ADS.

This revised ADS Letter of Transmittal is to be used if ADRs evidencing ADSs are to be forwarded herewith. If delivery of ADSs is to be made by book-entry transfer to an account maintained by the U.S. Depositary at the Book-Entry Transfer Facility, then pursuant to the procedures for book-entry transfer set forth under "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs," the revised ADS Letter of Transmittal must be delivered by Agent's Message. Holders of ADSs whose ADRs are not immediately available, or who cannot comply with the procedures for book-entry transfer on or prior to the expiration of the U.S. Offer, may tender their ADSs by following the Guaranteed Delivery Procedures set forth under "The U.S. Offer — Section 4 — Procedure for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase. See Instruction 2 of this revised ADS Letter of Transmittal. **Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the U.S. Depositary.**

In the event of an inconsistency between the terms and procedures in this revised ADS Letter of Transmittal and the Offer to Purchase, the terms and procedures in the Offer to Purchase shall govern. Please contact the Information Agent to discuss any inconsistency.

☐ **CHECK HERE IF TENDERED ADSs ARE BEING DELIVERED PURSUANT TO AN ADS NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE U.S. DEPOSITARY AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Owner(s) \_\_\_\_\_

Window Ticket Number (if any) \_\_\_\_\_

Date of Execution of ADS Notice of Guaranteed Delivery \_\_\_\_\_

Name of Institution which Guaranteed Delivery \_\_\_\_\_

Account Number (if delivered by Book-Entry Transfer) \_\_\_\_\_

Transaction Code Number (if delivered by Book-Entry Transfer) \_\_\_\_\_

**NOTE: SIGNATURES MUST BE PROVIDED BELOW**

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, the ADSs (which expression shall in this revised ADS Letter of Transmittal, except where the context otherwise requires, be deemed to include, without limitation, the Shares represented thereby) of Compañía de Telecomunicaciones de Chile S.A. (the "Company"). The undersigned hereby instructs the U.S. Depositary to accept the U.S. Offer on behalf of the undersigned with respect to the above-described ADSs, subject to the terms and conditions set forth in the Offer to Purchase, any amendments thereto, the Supplement and this revised ADS Letter of Transmittal. The undersigned hereby acknowledges that delivery of this revised ADS Letter of Transmittal and of the ADSs and other required documents delivered to the U.S. Depositary in connection herewith will be deemed (without any further action by the U.S. Depositary) to constitute acceptances of the U.S. Offer by the undersigned with respect to such ADSs, subject to the rights of withdrawal set out in "The U.S. Offer — Section 5 — Withdrawal Rights" in the Offer to Purchase and the terms and conditions set forth in this revised ADS Letter of Transmittal.

The undersigned understands that acceptance of the U.S. Offer by the undersigned pursuant to the procedures described herein and in the instructions hereto will constitute a binding agreement between the undersigned and Purchaser containing the terms of the U.S. Offer.

The undersigned hereby delivers to the U.S. Depositary for tender to Purchaser the above-described ADSs, in accordance with the terms and conditions of the Offer to Purchase, any amendments thereto, the Supplement and this revised ADS Letter of Transmittal.

Upon the terms of the U.S. Offer (including, if the U.S. Offer is extended or amended, the terms and conditions of any such extensions or amendments), the undersigned hereby:

- (i) sells, assigns and transfers to Purchaser all right, title and interest in and to all the ADSs being tendered hereby (and any and all other securities or rights issued or issuable in respect of such ADSs);
- (ii) irrevocably constitutes and appoints the U.S. Depositary an attorney-in-fact and proxy of the undersigned with respect to such ADSs (and any such other securities or rights), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver ADRs for such ADSs (and any such other securities or rights issued or issuable in respect of such ADSs) or transfer the ownership of such ADSs (and any such other securities or rights issued or issuable in respect of such ADSs) on the account books maintained by the ADS Depositary or the Book-Entry Transfer Facility, together, in any such case, with all accompanying evidences of transfer and authenticity, to Purchaser and (b) receive all benefits and otherwise exercise all rights of beneficial ownership of such ADSs (and any such other securities or rights issued or issuable in respect of such ADSs), all in accordance with the terms of the U.S. Offer; and
- (iii) irrevocably grant authority to and request (1) the Company, its *Gerente General* (General Manager) or its agents to procure the registration of the transfer of the Shares pursuant to the U.S. Offer and the delivery of the new *título(s)* and/or other document(s) of title in respect thereof to Purchaser or as Purchaser may direct; and (2) Purchaser or its agents to record and act upon any instructions with regard to notices and payments which have been recorded in the records of the Company in respect of such holder's holding(s) of Shares.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the ADSs tendered hereby (and any and all other ADSs or other securities issued or issuable in respect thereof) and that when the same are purchased by Purchaser, Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, together with all rights now or hereafter attaching to them, including voting rights and rights to all dividends, other distributions and payments hereafter declared, made or paid, and the same will not be subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the U.S. Depositary or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the ADSs tendered hereby (and any and all other securities or rights issued or issuable in respect of such ADSs).

The undersigned agrees to ratify each and every act or thing which may be done or effected by any director of, or other person nominated by, Purchaser or their respective agents, as the case may be, in the exercise of any of his or her powers and/or authorities hereunder.

The undersigned undertakes, represents and warrants that if any provision of this revised ADS Letter of Transmittal shall be unenforceable or invalid or shall not operate so as to afford Purchaser or the U.S. Depositary or their respective agents the benefit of the authority expressed to be given in this revised ADS Letter of Transmittal, the undersigned shall, with all practicable speed, do all such acts and things and execute all such documents as may be required to enable Purchaser or the U.S. Depositary to secure the full benefits of this revised ADS Letter of Transmittal.

All authority herein conferred or agreed to be conferred and all undertakings, representations and warranties given pursuant to this revised ADS Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions," the undersigned hereby instructs Purchaser to:

- (i) issue the check for the purchase price for the ADSs accepted for purchase, and/or
- (ii) issue, or cause to be issued, any ADRs evidencing ADSs not tendered or accepted for purchase,

in the name(s) of the registered holder(s) appearing herein in the box entitled "Description of ADSs Being Tendered."

Similarly, unless otherwise indicated herein in the box entitled "Special Delivery Instructions," the undersigned hereby instructs Purchaser to:

- (i) mail, or cause to be mailed, the check for the purchase price for the ADSs accepted for purchase, and/or
- (ii) return, or cause to be returned, any ADRs evidencing ADSs not tendered or accepted for purchase (and accompanying documents, as appropriate),

to the address(es) of the registered holder(s) appearing herein in the box entitled "Description of ADSs Being Tendered."

In the event that either the "Special Delivery Instructions" or the "Special Issuance Instructions" are completed, the undersigned hereby instructs Purchaser, as applicable, to:

- (i) (x) issue the check for the purchase price for the ADSs accepted for purchase, and/or (y) issue, or cause to be issued, any ADRs evidencing ADSs not tendered or accepted for purchase in the name(s) of the person or persons so indicated; or
- (ii) (x) mail, or cause to be mailed, the check for the purchase price for the ADSs accepted for purchase, and/or (y) return, or cause to be returned, any ADRs evidencing any ADSs not tendered or accepted for purchase (and accompanying documents, as appropriate) to the address(es) of the person or persons so indicated.

In the case of a book-entry delivery of ADSs, the undersigned hereby instructs Purchaser to credit the undersigned's account maintained at the Book-Entry Transfer Facility with (i) the purchase price for the ADSs accepted for purchase, and (ii) any ADSs not accepted for purchase. The undersigned recognizes that Purchaser will not transfer any ADSs from the name of the registered holder thereof if Purchaser does not accept for purchase any of the ADSs so tendered.

The terms and conditions of the U.S. Offer contained in the Offer to Purchase, as from time to time amended and supplemented, and the Supplement thereto shall be deemed to be incorporated in, and form part of, this ADS Letter of Transmittal, which shall be read and construed accordingly. All capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Offer to Purchase.

This revised ADS Letter of Transmittal shall not be considered complete and valid, and delivery of the consideration pursuant to the U.S. Offer shall not be made, until the ADSs being tendered and all other required documentation have been received by the U.S. Depositary as provided in the Offer to Purchase and this revised ADS Letter of Transmittal.

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Unless you complete the "Special Delivery Instructions" box, the address of the holder inserted in the box entitled "Description of ADSs Being Tendered" is the address to which your consideration will be sent. Please also state a daytime telephone number where you may be contacted in the event of any query.

**SPECIAL ISSUANCE INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

☐ Check box **ONLY** if(i) the check for the purchase price with respect to ADSs accepted for payment (less the amount of any federal income and backup withholding tax required to be withheld) or (ii) any ADR evidencing ADSs not accepted for purchase is to be issued in the name of someone other than the undersigned

Issue: ☐ check and/or

☐ ADR(s) to:

Name: \_\_\_\_\_  
(Please Print: First, Middle and Last Name)

Address: \_\_\_\_\_  
\_\_\_\_\_  
(Zip Code)

\_\_\_\_\_  
(Tax Identification or Social Security Number)

**Also complete Form W-9 below**

**SPECIAL DELIVERY INSTRUCTIONS**

**(See Instructions 1, 5, 6 and 7)**

☐ Check box **ONLY** if (i) the check for the purchase price with respect to ADSs accepted for payment (less the amount of any federal income and backup withholding tax required to be withheld) or (ii) any ADR evidencing ADSs not accepted for purchase is to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail: ☐ check and/or

☐ ADR(s) to:

Name: \_\_\_\_\_

(Please Print: First, Middle and Last Name)

Address: \_\_\_\_\_

\_\_\_\_\_  
(Zip Code)

**IMPORTANT: HOLDER(S)  
SIGN HERE  
(ALSO COMPLETE SUBSTITUTE FORM W-9 BELOW)**

\_\_\_\_\_  
Signature(s) of Holder(s):

Dated: \_\_\_\_\_, 2008

(Must be signed by registered holder(s) exactly as name(s) appear(s) on ADR(s) evidencing the ADS(s) or by person(s) to whom ADR(s) surrendered have been assigned and transferred, as evidenced by endorsement, stock powers and other documents transmitted herewith.)

If signature is by any trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or others acting in a fiduciary or representative capacity, please set forth the following and see Instruction 5.

Name (s): \_\_\_\_\_  
(Please Type or Print)

Capacity (full title): \_\_\_\_\_

Address: \_\_\_\_\_  
(Including Zip Code)

Area Code and Telephone No.: \_\_\_\_\_

Employer Identification No. or: \_\_\_\_\_

Social Security No.: \_\_\_\_\_

**GUARANTEE OF SIGNATURE(S)  
(If required-See Instructions 1 and 5)**

Authorized Signature: \_\_\_\_\_

Name (s): \_\_\_\_\_  
(Please Type or Print)

Title: \_\_\_\_\_

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_  
(Including Zip Code)

Area Code and Telephone No.: \_\_\_\_\_

Dated: \_\_\_\_\_

## INSTRUCTIONS

### Forming Part of the Terms and Conditions of the U.S. Offer

1. *Guarantee of Signatures.* Except as otherwise provided below, all signatures on this revised ADS Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loan associations and brokerage houses) which is a participant in the Security Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange Inc. Medallion Signature Program (each an "Eligible Institution"). Signatures on this revised ADS Letter of Transmittal need not be guaranteed (a) if this ADS Letter of Transmittal is signed by the registered holder(s) of the ADSs tendered therewith and such holder(s) have not completed the box entitled "Special Issuance Instructions" on this revised ADS Letter of Transmittal or (b) if such ADSs are tendered for the account of an Eligible Institution. See Instruction 5.

2. *Delivery of ADS Letter of Transmittal and ADSs.* This revised ADS Letter of Transmittal is to be completed by ADS holders if ADRs are to be forwarded herewith. If delivery of ADSs are to be made by book-entry transfer to an account maintained by the U.S. Depositary at the Book-Entry Transfer Facility pursuant to the procedures for book-entry transfer set forth under "The U.S. Offer — Section 4 — Procedure for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase, an Agent's Message must be delivered. ADRs evidencing ADSs or confirmation of any book-entry transfer into the U.S. Depositary's account at the Book-Entry Transfer Facility of ADSs delivered electronically, as well as a properly completed and duly executed revised ADS Letter of Transmittal or, in the case of a book-entry transfer, an Agent's Message and any other documents required by this revised ADS Letter of Transmittal, must be delivered to the U.S. Depositary at one of its addresses set forth herein prior to the Expiration Date or the tendering ADS holder must comply with the Guaranteed Delivery Procedures set forth below and as provided under "The U.S. Offer — Section 4 — Procedure for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase. If ADRs are forwarded to the U.S. Depositary in multiple deliveries, a properly completed and duly executed revised ADS Letter of Transmittal must accompany each such delivery.

ADS holders whose ADRs are not immediately available, or who cannot deliver their ADRs and all other required documents to the U.S. Depositary prior to the Expiration Date or complete the procedures for book-entry transfer on a timely basis, as the case may be, may tender their ADSs by properly completing and duly executing the revised ADS Notice of Guaranteed Delivery pursuant to the Guaranteed Delivery Procedures set forth under "The U.S. Offer — Section 4 — Procedure for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase. Pursuant to the Guaranteed Delivery Procedures, (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed revised ADS Notice of Guaranteed Delivery substantially in the form provided by Purchaser must be received by the U.S. Depositary prior to the Expiration Date, and (c) the ADRs for such ADSs, together with a properly completed and duly executed revised ADS Letter of Transmittal (or copy thereof, provided the signature is original) with any required signature guarantees or, in the case of ADSs held in book-entry form, a timely confirmation of a book-entry transfer of such ADSs into the U.S. Depositary's account at the Book-Entry Transfer Facility together with an Agent's Message and any other in documents required, must be received by the U.S. Depositary within three New York Stock Exchange trading days after the date of execution of such revised ADS Notice of Guaranteed Delivery.

The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to and received by the U.S. Depositary and forming a part of a book-entry confirmation which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant tendering the ADSs which are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the revised ADS Letter of Transmittal and that Purchaser may enforce such agreement against the participant.

**THE METHOD OF DELIVERY OF ADSs AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING HOLDERS OF ADSs AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE U.S. DEPOSITARY (INCLUDING, IN THE CASE OF BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE A TIMELY DELIVERY. REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED FOR ADSs SENT BY MAIL.**



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No alternative, conditional or contingent tenders will be accepted, and no fractional ADSs will be purchased. By executing this revised ADS Letter of Transmittal (or copy thereof), all tendering ADSs holders waive any right to receive any notice of the acceptance of their ADSs for payment.

3. *Inadequate Space.* If the space provided herein is inadequate, the serial number of the ADRs, the total number of ADSs represented by such ADRs and the number of ADSs tendered should be listed on a separate schedule attached hereto.

4. *Partial Tenders.* If fewer than all the ADSs evidenced by ADRs delivered to the U.S. Depository are to be tendered, fill in the number of ADSs which are to be tendered in the box entitled "Number of ADSs Tendered." In such case, a new ADR for the untendered ADSs represented by the old ADR will be sent to the person(s) signing this revised ADS Letter of Transmittal, unless otherwise provided in the appropriate box entitled "Special Delivery Instructions" on this ADS Letter of Transmittal, as promptly practicable following the date the tendered ADSs are accepted for payment. All ADSs delivered to the U.S. Depository will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on ADS Letter of Transmittal, Stock Powers and Endorsements.* If this revised ADS Letter of Transmittal is signed by the registered holder(s) of the ADSs tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the certificates without any change whatsoever. DO NOT SIGN THE BACK OF THE ADRs.

If any of the ADSs tendered hereby are owned of record by two or more joint owners, all such owners must sign this revised ADS Letter of Transmittal.

If any of the ADSs tendered in the U.S. Offer are registered in different names on several ADRs, it will be necessary to complete, sign and submit as many separate ADS Letters of Transmittal as there are different registrations of ADRs.

If this revised ADS Letter of Transmittal or any ADRs or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to Purchaser of their authority to act must be submitted.

If this revised ADS Letter of Transmittal is signed by the registered holder(s) of the ADSs listed and transmitted hereby, no endorsements of ADRs or separate stock powers are required unless ADSs (evidenced by ADRs) and/or delivery of ADRs for ADSs not tendered or accepted for exchange are to be issued to a person other than the registered holder(s). Signatures on such ADRs or stock powers must be guaranteed by an Eligible Institution.

If this revised ADS Letter of Transmittal is signed by a person other than the registered holder(s) of the ADSs listed, the ADRs must be endorsed or accompanied by appropriate stock powers signed exactly as the name(s) of the registered holder(s) appear(s) on the ADRs evidencing such ADSs. Signatures on such ADRs or stock powers must be guaranteed by an Eligible Institution.

6. *Stock Transfer Taxes.* Except as otherwise provided in this Instruction 6, Purchaser will pay or cause to be paid any stock transfer taxes with respect to the transfer and sale of ADSs to it or its offer pursuant to the U.S. Offer. If, however, payment of the purchase price is to be made to, or if ADSs not tendered or accepted for payment are to be registered in the name of, any persons other than the registered holder(s) or if tendered ADSs are registered in the name of any person other than the person(s) signing this revised ADS Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s) or such person(s)) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

*Except as provided in this Instruction 6, it will not be necessary, for transfer tax stamps to be affixed to the ADSs listed in this revised ADS Letter of Transmittal.*

7. *Special Issuance and Delivery Instructions.* If a check for the purchase price for ADSs accepted for purchase and/or ADRs evidencing ADSs not accepted for purchase is or are to be issued in the name of a person

other than the signer of this revised ADS Letter of Transmittal or if such check for the purchase price is to be sent and/or such ADRs are to be returned to a person other than the signer of this revised ADS Letter of Transmittal or to an address other than that indicated in the box entitled "Description of ADSs Tendered," the appropriate "Special Delivery Instructions" box and/or the "Special Issuance Instruction" box on this revised ADS Letter of Transmittal should be completed.

8. *Requests for Assistance or Additional Copies.* Questions and requests for assistance or additional copies of the Offer to Purchase, this revised ADS Letter of Transmittal or revised ADS Notice of Guaranteed Delivery may be directed to the Information Agent at (800) 859-8511.

9. *Holders of Shares.* Beneficial holders or holders of record of Shares who are U.S. Holders must use the Form of Acceptance to the Share Depository in order to tender their Shares into the U.S. Offer and accept the U.S. Offer. Holders of Shares may not tender Shares pursuant to this revised ADS Letter of Transmittal except insofar as they are represented by ADSs. If any such holder of Shares which are not represented by ADSs needs to obtain a copy of a Form of Acceptance, such holder should contact the Information Agent at (800) 859-8511. Beneficial holders or holders of record of Shares who are non-U.S. Holders may not tender their Shares pursuant to the U.S. Offer. Holders of ADRs must use this revised ADS Letter of Transmittal to tender their ADSs.

10. *Lost, Destroyed or Stolen ADRs.* If any ADR(s) representing ADS(s) has been lost, destroyed or stolen, the holder should contact the U.S. Depository at (877) Citi-ADR (248-4237).

11. *U.S. Federal Income Tax Backup Withholding.* Under U.S. federal income tax law, the amount of any payments made by the U.S. Depository to holders of ADSs (other than corporate and certain other exempt holders) pursuant to the U.S. Offer may be subject to backup withholding tax currently at a rate of 28%. To avoid such backup withholding tax with respect to payments pursuant to the U.S. Offer, a non-exempt, tendering "U.S. Holder" (as defined in "The U.S. Offer — Section 6 — Certain Tax Considerations" in the Offer to Purchase) must provide the U.S. Depository with such holder's correct taxpayer identification number and certify under penalty of perjury that (1) the TIN provided is correct (or that such holder is awaiting a TIN) and (2) such holder is not subject to backup withholding tax by completing the Substitute Form W-9 included as part of the revised ADS Letter of Transmittal. If backup withholding applies with respect to a holder of ADSs or if a holder of ADSs fails to deliver a completed Substitute Form W-9 to the U.S. Depository or otherwise establish an exemption, the U.S. Depository is required to withhold 28% of any payments made to such holder.

The box in Part 3 of Substitute Form W-9 may be checked if the holder of ADSs security holder is required to submit a Substitute Form W-9 and has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is so checked and the U.S. Depository is not provided with a TIN by the time of payment, the U.S. Depository will withhold 28% on all such payments until a TIN is provided to the U.S. Depository.

Non-U.S. Holders (as defined for U.S. federal income tax purposes, see "The U.S. Offer — Section 6 — Certain Tax Consequences" of the Offer to Purchase) should complete and sign under penalties of perjury, attesting to that holder's exempt status, the appropriate Form W-8 is appropriate. Such forms can be obtained from the Information Agent.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained by filing a tax return with the IRS. The U.S. Depository cannot refund amounts withheld by reason of backup withholding.

**IMPORTANT: THIS REVISED ADS LETTER OF TRANSMITTAL OR A COPY HEREOF, TOGETHER WITH ADRs AND ALL OTHER REQUIRED DOCUMENTS OR THE ADS NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE U.S. DEPOSITORY PRIOR TO THE EXPIRATION DATE.**

TO BE COMPLETED BY ALL TENDERING HOLDERS

Substitute Form W-9 Request for Taxpayer Identification Number and Certification

Name as shown on account (if joint, list first and circle name of the person or entity whose number you enter below)

Name: \_\_\_\_\_

Please check the appropriate box: ☐ Individual/sole proprietor ☐ Corporation ☐ Exempt from Backup Withholding

☐ Partnership ☐ Other (specify): \_\_\_\_\_

Address: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

<b>PART I</b> <b>SUBSTITUTE</b>  <b>Form W-9</b>  <b>Department of the Treasury</b> <b>Internal Revenue Service</b>  <b>Payer's Request for</b> <b>Taxpayer Identification Number (TIN)</b>	<b>TAXPAYER IDENTIFICATION NO. FOR ALL ACCOUNTS</b> Enter your taxpayer identification number in the appropriate box. For most individuals this is your social security number. If you do not have a number, see the enclosed Guidelines. <b>Note:</b> If the account is in more than one name, see the chart in the enclosed Guidelines on which number to give the payer.	<b>Social Security Number</b> _____ <b>Employer Identification Number</b> _____
<b>PART II</b> <input type="checkbox"/> Awaiting TIN		
<b>PART III</b> <b>Certification</b> — Under penalties of perjury, I certify that: (1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien). <b>Certification Instructions</b> — You must cross out Item (2) above if you have been notified by the IRS that you are subject to backup withholding because of under reporting interest or dividends on your tax returns. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out Item (2). The certification requirement does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement account, and payments other than interest and dividends. Also see "Signing the Certification" under "Specific Instructions" in the enclosed Guidelines.		
<b>SIGNATURE</b> _____		<b>DATE</b> _____

**NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.**

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN THE SPACE FOR THE "TIN" IN PART I ON THE SUBSTITUTE FORM W-9.**

**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under the penalty of perjury that a taxpayer identification number has not been issued to me and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 28% of all reportable payments made to me thereafter will be withheld until I provide a number.

\_\_\_\_\_  
**Signature** **Date**

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9**

**Guidelines for Determining the Proper Identification Number to Give the Payer** — Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	GIVE THE NAME AND SOCIAL SECURITY NUMBER OF-
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. (a.) The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
(b.) So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship or disregarded entity owned by an individual	The owner(3)

For this type of account:	GIVE THE NAME AND EMPLOYMENT IDENTIFICATION NUMBER OF-
6. A disregarded entity not owned by an individual	The owner
7. A valid trust, estate or pension trust	The legal entity(4)
8. Corporate account or account of LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable or other tax-exempt organization	The organization
10. Partnership account held in the name of the business or account of multi-member LLC (other than an LLC described in item 10)	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or employer identification number (if you have one), but the IRS encourages you to use your Social Security Number.
- (4) List first and circle the name of the legal trust, estate or pension trust (do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.**

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**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9, Cont.**

**OBTAINING A NUMBER**

If you do not have a TIN or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number. Section references in these guidelines refer to sections under the Internal Revenue Code of 1986, as amended.

**PAYEES EXEMPT FROM BACKUP WITHHOLDING**

Even if the payee does not provide a TIN in the manner required, the payer is **not required** to backup withhold on any payments made to a payee that is:

1. An organization exempt from tax under section 501(a), any individual retirement account ("IRA") where the payor is also the trustee or custodian, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
2. The United States or any of its agencies or instrumentalities.
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities.
5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

1. A corporation.
2. A foreign central bank of issue.
3. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
4. A futures commission merchant registered with the Commodity Futures Trading Commission.
5. A real estate investment trust.
6. An entity registered at all times during the tax year under the Investment Company Act of 1940.
7. A common trust fund operated by a bank under section 584(a).
8. A financial institution.
9. A middleman known in the investment community as a nominee or custodian.
10. A trust exempt from tax under section 664 or described in section 4947.

**PAYMENTS EXEMPT FROM BACKUP WITHHOLDING**

**Dividends and patronage dividends** that generally are exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

**Interest payments** that generally are exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. However, if you pay \$600 or more of interest **in the course of your trade or business** to a payee, you must report the payment. Backup withholding applies to the reportable payment if the payee has not provided a TIN or has provided an incorrect TIN.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

**Other types of payments** that generally are exempt from backup withholding include:

- Wages.
- Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA where the payor is also the trustee or custodian, an owner-employee plan, or other deferred compensation plan.
- Distributions from qualified tuition programs or Coverdell ESAs.
- Certain surrenders of life insurance contracts.
- Gambling winnings if withholding is required under section 3402(q). However, if withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
- Real estate transactions reportable under section 6045(e).
- Cancelled debts reportable under section 6050P.
- Certain payment card transactions by a qualified payment card agent (as described in Revenue Procedure 2004-42 and Treasury Regulations section 31.3406(g)-1(f)) and if the requirements under Treasury Regulations section 31.3406(g)-1(f) are met.
- Distributions from a medical savings account and long-term care benefits.
- Fish purchases for cash reportable under section 6050R.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. **FILE THIS FORM WITH THE PAYER, FURNISH YOUR TIN, WRITE "EXEMPT" ON THE FACE OF THE FORM AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.**

Certain payments other than interest, dividends and patronage dividends not subject to information reporting are also not subject to backup withholding. For details, see the regulations under Internal Revenue Code sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

**Privacy Act Notice.** — Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report, among other things, interest, dividends, and certain other income paid to you. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

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#### **PENALTIES**

- (1) **Penalty for Failure to Furnish TIN.** — If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) **Civil Penalty for False Information With Respect to Withholding.** — If you make a false statement with no reasonable basis that results in no imposition of backup withholding, you are subject to a penalty of \$500.
- (3) **Civil and Criminal Penalties for False Information.** — Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.
- (4) **Misuse of Taxpayer Identification Numbers.** — If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

**FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action to take, you should immediately consult your stockbroker, bank manager, lawyer, accountant or other professional or investment advisor.

If you have sold all your shares of common stock in Compañía de Telecomunicaciones de Chile S.A. (the "Company"), please send this Form together with the accompanying documents as soon as possible to the purchaser or to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser.

This document should be read in conjunction with the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer To Purchase") and the Supplement thereto dated October 21, 2008 (the "Supplement"). The definitions used in the Offer to Purchase apply in this revised Form of Acceptance (the "Form"). All terms and conditions contained in the Offer to Purchase applicable to the U.S. Offer (as defined in the Offer to Purchase) for Shares are deemed to be incorporated in and form part of this Form.

## REVISED FORM OF ACCEPTANCE

to Tender Shares of Common Stock  
of

**Compañía de Telecomunicaciones de Chile S.A.**

Pursuant to the Offer to Purchase dated September 17, 2008  
and the Supplement thereto dated October 21, 2008

by

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING  
LIMITADA**

a limited liability company (*sociedad de responsabilidad limitada*) owned by

**TELEFÓNICA, S.A.**

THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY  
TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.

*The Depositary for the Shares in the U.S. Offer is:*

**Santander Investment S.A. Corredores de Bolsa**

*By Mail:*

Santander Investment S.A. Corredores de Bolsa  
c/o Citibank, N.A.  
Corporate Actions  
P.O. Box 43035  
Providence, RI 02940-3035

*By Hand/Overnight Courier:*

Santander Investment S.A. Corredores de Bolsa  
c/o Citibank, N.A.  
Corporate Actions  
250 Royall Street  
Canton, MA 02021

**DELIVERY OF THIS REVISED FORM OF ACCEPTANCE TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. DELIVERY OF THIS REVISED FORM OF ACCEPTANCE TO A BOOK-ENTRY TRANSFER FACILITY WILL NOT CONSTITUTE VALID DELIVERY TO THE SHARE DEPOSITARY.**

**SHAREHOLDERS WHO HAVE ALREADY TENDERED SHARES PURSUANT TO THE U.S. OFFER USING THE PREVIOUSLY DISTRIBUTED (WHITE) FORM OF ACCEPTANCE NEED NOT TAKE ANY FURTHER ACTION IN ORDER TO RECEIVE THE INCREASED OFFER PRICE OF 1,100 CHILEAN PESOS PER SERIES A SHARE AND 990 CHILEAN PESOS PER SERIES B SHARE IF SHARES ARE ACCEPTED FOR PAYMENT AND PAID FOR BY PURCHASER PURSUANT TO THE U.S. OFFER.**

The instructions accompanying this revised Form of Acceptance should be read carefully before this Form of Acceptance is completed. Questions and requests for assistance may be directed to the Information Agent, D.F. King & Co., Inc., at (800) 859-8511.

**THIS REVISED FORM OF ACCEPTANCE IS TO BE USED ONLY FOR TENDERING SHARES (AS DEFINED BELOW). DO NOT USE THIS FORM OF ACCEPTANCE FOR TENDERING ADSs OR FOR ANY OTHER PURPOSE.**



### **Action to be taken to accept the U.S. Offer**

Please read the detailed instructions on how to complete this Form. This Form should only be used to accept the offer by Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, to purchase shares of common stock (the "Shares") of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), a publicly traded stock corporation organized under the laws of the Republic of Chile, other than Shares currently owned directly or indirectly by Telefónica, from all holders of Shares resident in the United States (the "U.S. Holders"), upon the terms and subject to the conditions set forth in the Offer to Purchase, the Supplement, Form of Acceptance, revised ADS Letter of Transmittal and ADS Notice of Guaranteed Delivery (which, as the same may be amended and supplemented from time to time, constitute the "U.S. Offer").

Shares beneficially owned or held of record by persons who are not U.S. Holders cannot be tendered pursuant to the U.S. Offer and can only be tendered pursuant to the concurrent Chilean Offer (as defined in the Offer to Purchase). If you are a holder of American Depositary Shares ("ADSs"), you will receive and should complete a revised ADS Letter of Transmittal and related documents in accordance with the instructions set out therein. If you wish to accept the U.S. Offer, send this completed and signed Form, together with the documents identified below to Santander Investment S.A. Corredores de Bolsa (the "Share Depository"), c/o Citibank, N.A., at the address set forth on the front cover as soon as possible and in any event so as to arrive not later than 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended.

If your *título(s)* and other documentation are not readily available or are lost, this Form should nevertheless be completed, signed and returned as stated above so as to arrive not later than 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended.

Your acceptance of the U.S. Offer is on the terms and subject to the conditions contained in the Offer to Purchase and in this Form. In the event of an inconsistency between the terms and procedures in this Form and the Offer to Purchase, the terms and procedures in the Offer to Purchase shall govern.

If you have any questions as to how to complete this Form, please contact the Information Agent at (800) 859-8511. **Do not detach any part of this Form.**

### **Instructions for Completion and Submission of this Form**

If you wish to accept the U.S. Offer you should:

- (i) complete and sign this Form in accordance with the instructions set out below;
- (ii) forward this Form, together with the following documents to the Share Depository at the address set forth on the front cover:
  - (a) *título(s)* evidencing ownership of Shares, if Shares are held in certificated form,
  - (b) a certificate from the Share department of the Company or the *Depósito Central de Valores* (the "DCV") evidencing the number of Shares, if any, held on deposit at the DCV, the number of Shares and original issued Shares, if any, held by the holder, and indicating the liens or encumbrances that effect the Shares,
  - (c) duly signed *traspaso(s)* (deed of transfer) indicating the number of Shares and the number of original issue Shares, if any, to be tendered, with the date of such *traspaso(s)* in blank,
  - (d) in the case of Shares held on deposit at the DCV, a letter to the DCV instructing the DCV to perform a book-entry transfer in favor of Purchaser,
  - (e) in the case the U.S. holder is an individual, a copy of the U.S. holder's passport or photo identification card,
  - (f) in the case the U.S. holder is an entity, (1) a secretary's certificate certifying the name, title and specimen signature of an officer authorized to execute the transfer documents and a copy of the entity's

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organizational documents, and (2) a copy of the passport or photo identification card of the authorized officer, and

- (g) any other documents requested by the Share Depositary to evidence the authority of the U.S. holder to tender and sell its Shares; and
- (iii) ensure that they are sent so that they arrive or are delivered at the address of the Share Depositary set forth above not later than 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended.

The Share Depositary has established an account with respect to the Shares at DCV for purposes of the U.S. Offer. Shares held in book-entry form may be tendered by sending or submitting by hand to the Share Depositary at its address set forth on the front cover of this Form of Acceptance a properly completed and duly executed Form of Acceptance, together with items (b) through (g) above, as applicable, and effecting book-entry delivery of the Shares to the above-mentioned account of the Share Depositary.

#### **Power of Attorney**

By accepting the U.S. Offer and signing this Form you hereby grant a special irrevocable power of attorney to the Share Depositary authorizing the Share Depositary to complete and execute the *traspaso(s)* and all or any forms of transfer and/or other documents at the discretion of the Share Depositary in relation to the Shares deliver such form(s) of transfer and/or other document(s) at the discretion of the Share Depositary together with the *título(s)* and/or other document(s) of title relating to such Shares and to do all such other acts and things as may in the opinion of the Share Depositary be necessary or expedient for the purpose of, or in connection with, the acceptance of the U.S. Offer and to vest in Purchaser or its nominee (s) the Shares. By signing this Form you hereby grant this irrevocable commercial power of attorney in the understanding that it is being granted in the interest of both the principal and the attorney-in-fact and that the attorney-in-fact shall not be liable for rendering of accounts or any other obligations to you as principal. This commercial power of attorney will be irrevocable unless this Form is revoked. If this Form is revoked, this power of attorney shall be understood as immediately revoked. This power of attorney revokes any and all sell orders of the Shares and powers of attorney granted in connection thereto given previously to this date.

By signing this Form of Acceptance you hereby grant an irrevocable authority and request (1) to the Company, its *Gerente General* (General Manager) or its agents to procure the registration of the transfer of the Shares pursuant to the U.S. Offer and the delivery of the new *título(s)* and/or other document(s) of title in respect thereof to Purchaser or as Purchaser may direct; and (2) to Purchaser or its agents to record and act upon any instructions with regard to notices and payments which have been recorded in the records of the Company in respect of such holder's holding(s) of Shares.

#### **Negative Covenant**

By signing this Form, you agree that, until the Expiration Date or until your Shares are withdrawn from the Offer, you will not sell, transfer, assign, pledge or in any other way dispose of or encumber the Shares tendered hereby.

#### **Representation**

By signing this Form, you declare that your Shares tendered are fully paid and free from liens, equities, charges and encumbrances and that you have the full power and authority to tender and assign your Shares pursuant to the U.S. Offer.

#### **How to complete this Form**

(Please complete in BLOCK CAPITALS)

#### **The U.S. Offer**

To accept the U.S. Offer, write in Box 1 the total number of Shares for which you wish to accept the U.S. Offer. If no number, or a number greater than your entire holding of Shares, is written in Box 1 and you have signed Box 2, you

will be deemed to have written the number of Shares comprised in, and to have accepted the U.S. Offer in respect of all Shares tendered. To accept the U.S. Offer, complete Boxes 1 and 3 and, if applicable, Box 4, and sign Box 2 below.

<div>BOX 1</div> <div></div> <div>Number of Shares to be Tendered</div>
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**Signatures**

You must execute Box 2 in order to tender your Shares and accept the U.S. Offer. If any of the Shares tendered hereby are owned of record by two or more joint owners, all such owners must sign this Form. If any of the tendered Shares are registered in different name on several Share certificates, it will be necessary to complete, sign and submit as many separate Forms as there are different registrations of the Share certificates.

If you sign in a capacity other than that of a registered holder (e.g., under a Power of Attorney), please state the capacity in which you sign and send together with this Form either (i) proper evidence satisfactory to Purchaser of your authority to act in such capacity, or (ii) in the case of a Power of Attorney, an authorized copy of the Power of Attorney duly granted before a Notary Public in Chile or before the competent Chilean General Counsel.

Sign here to accept the U.S. Offer

BOX 2

Box 2	
Execution by individuals Signed and delivered as a deed by	Execution by a company Executed and delivered as a deed by
(Name of record holder)	(Name of Company)
(Signature of record holder)	(Signature)
As evidence of the consent of the spouse in accordance with section 1277 of the Chilean Civil Code:	(Signature)
Signature: _____	
Full name: _____	
Capacity: (Spouse/Representative)	
(The space above should be used to notarize as appropriate)	

**Name(s) and address**

Complete Box 3 with the full name and address of the sole or first named registered holder together with the names of all other joint holders (if any) in BLOCK CAPITALS.

Full name(s) and address

Box 3				
First registered holder	Joint registered holder(s)	Joint registered holder(s)	Joint registered holder(s)	
1. First name(s)(Mr. Mrs. Miss. Title)Last name	2. First name(s)(Mr. Mrs. Miss Title)Last name	3. First name(s) (Mr. Mrs. Miss Title)Last name	4. First name(s)(Mr. Mrs. Miss Title)Last name	5. Corporation(s)Name of Corporation
_____	_____	_____	_____	_____
Address _____	Address _____	Address _____	Address _____	Address _____
_____	_____	_____	_____	_____
Zip code _____	Zip code _____	Zip code _____	Zip code _____	Zip code _____
As evidence of the consent of the spouse in accordance with section 1277 of the Chilean Civil Code:	As evidence of the consent of the spouse in accordance with section 1277 of the Chilean Civil Code:	As evidence of the consent of the spouse in accordance with section 1277 of the Chilean Civil Code:	As evidence of the consent of the spouse in accordance with section 1277 of the Chilean Civil Code:	
Signature: _____	Signature: _____	Signature: _____	Signature: _____	
Fullname: _____	FullName: _____	Fullname: _____	Fullname: _____	
Capacity: _____	Capacity: _____	Capacity: _____	Capacity: _____	
(Spouse/Representative)	(Spouse/Representative)	(Spouse/Representative)	(Spouse/Representative)	

Please provide your daytime telephone number in the event that there are any questions regarding the above.

Daytime Telephone No. \_\_\_\_\_.

**Alternative address**

Insert in Box 4 the name and address of the person or agent (for example, your bank) to whom you wish the consideration or returned documents to be sent if not the same as in Box 3. Complete this box if you wish the consideration and/or other documents to be sent to someone other than the first-named registered holder at the address set out in Box 3.

BOX 4	
Name	_____
Address	_____
	_____
	_____
	_____
Daytime telephone number	_____

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**Additional notes regarding the completion and submission of this Form**

In order to be effective, this Form must, except as mentioned below, be executed personally by the registered holder or, in the case of a joint holding, by the representative of ALL the joint holders as provided for in Article 23 of Law 18.046 of the Chilean Corporations Law. A corporation must execute this Form by means of an authorized officer.

**If your *título(s)* is/are held by your stockbroker, bank or some other agent**

You should either obtain from your stockbroker, bank or other agent the *título(s)* in your name and submit it to the Share Depositary together with the *traspaso(s)* with the date in blank and this Form duly signed with all the documents indicated above or, alternatively, you should instruct your stockbroker, bank or other agent to tender your Shares in the manner specified above.

**If you have lost any of your share certificates**

The completed Form, together with any *título(s)* which you have available, should be sent to or delivered by hand to the Share Depositary at the address set forth on the front cover accompanied by a letter stating that you have lost or destroyed one or more of your *título(s)*. You should then follow the procedures provided for in Article 21 of Law 18.046 of the Chilean Corporations Act and thereupon request the Shareholders' registry of the Company to issue substitute *título(s)*.

**If a holder is away from home (e.g., abroad or on holiday) or if this Form is being signed under a Power of Attorney**

Send this Form by the quickest means (e.g., air mail) to the holder for execution or, if the holder has executed a Power of Attorney, have this Form signed by the Attorney. The completed Form together with the required documents should be deposited with the Share Depositary at the address set forth on the front cover accompanied by the Power of Attorney (or a duly certified copy thereof, provided the signature is original). Any Power of Attorney must have been granted before a Notary Public in Chile or before the competent Chilean General Consul. The Power of Attorney (or a duly certified copy thereof) will be submitted for registration by the Share Depositary and returned as directed. No other signatures are acceptable.

**If you have sold off all your holdings**

You should send this Form at once to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser.

**If you have any questions**

You should immediately contact your stockbroker, bank or other agent or the D.F. King & Co., Inc. at (800) 859-8511.

The consideration due to you under the U.S. Offer cannot be sent to you until all relevant documents have been properly completed and sent to or deposited with the Share Depositary. Notwithstanding that no *título(s)* and/or other document(s) of title is/are delivered with it, this Form, if otherwise valid, accompanied by the appropriate endorsement or certificate signed on behalf of the transfer agent of the Company will be treated as a valid acceptance of the U.S. Offer.

**If your tendered Shares are accepted for payment, you may be subject to U.S. income tax backup withholding**

Under U.S. federal income tax law, the amount of any payments made by the Share Depositary to holders of Shares (other than corporate and certain other exempt holders) pursuant to the U.S. Offer may be subject to backup withholding tax currently at a rate of 28%. To avoid such backup withholding tax with respect to payments pursuant to the U.S. Offer, a non-exempt, tendering "U.S. holder" (as defined in "The U.S. Offer — Section 6 — Certain U.S. federal income Tax Consequences") must provide the Share Depositary with such holder's correct taxpayer identification number ("TIN") and certify under penalty of perjury that (1) the TIN provided is correct (or that such holder is awaiting a TIN) and (2) such holder is not subject to backup withholding tax by completing the Substitute Form W-9 included as part of the Form of Acceptance. If backup withholding applies with respect to a holder of Shares or if a holder of Shares fails to deliver a

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completed Substitute Form W-9 to the Share Depositary or otherwise establish an exemption, the Share Depositary is required to withhold 28% of any payments made to such holder. See "The U.S. Offer — Section 6 — Certain U.S. federal income Tax Consequences."

The box in Part 3 of Substitute Form W-9 may be checked if the holder of Shares is required to submit a Substitute Form W-9 and has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is so checked and the Share Depositary is not provided with a TIN by the time of payment, the Share Depositary will withhold 28% on all such payments until a TIN is provided to the Share Depositary.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained by filing a tax return with the Internal Revenue Service. The Share Depositary cannot refund amounts withheld by reason of backup withholding.

**If I want to make a partial tender**

If fewer than all of the Shares delivered to the Share Depositary are to be tendered, fill in the number of Shares which are to be tendered in Box 1. In such case, a new *título* for the remainder of the Shares represented by the old *título* will be sent to the person(s) signing this Form, unless otherwise provided in Box 4, as promptly as practicable following the date the tendered Shares are accepted for payment. All Shares delivered to the Share Depositary will be deemed to have been tendered unless otherwise indicated in Box 1.

TO BE COMPLETED BY ALL TENDERING HOLDERS

Substitute Form W-9 Request for Taxpayer Identification Number and Certification

Name as shown on account (if joint, list first and circle name of the person or entity whose number you enter below)

Name: \_\_\_\_\_

Please check the appropriate box: ☐ Individual/sole proprietor ☐ Corporation ☐ Exempt from Backup Withholding

☐ Partnership ☐ Other (specify): \_\_\_\_\_

Address: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

<b>PART I</b>	<b>TAXPAYER IDENTIFICATION NO. FOR ALL ACCOUNTS</b>	<b>Social Security Number</b>
<b>SUBSTITUTE</b>	Enter your taxpayer identification number in the appropriate box.	<b>Employer Identification Number</b>
<b>Form W-9</b>	For most individuals this is your social security number. If you do not have a number, see the enclosed Guidelines.	
<b>Department of the Treasury</b>	<b>Note:</b> If the account is in more than one name, see the chart in the enclosed Guidelines on which number to give the payer.	
<b>Internal Revenue Service</b>		
<b>Payer's Request for Taxpayer Identification Number (TIN)</b>		
<b>PART II</b> <input type="checkbox"/> Awaiting TIN		
<b>PART III</b>		
<b>Certification</b> — Under penalties of perjury, I certify that:		
(1) the number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me),		
(2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding, and		
(3) I am a U.S. person (including a U.S. resident alien).		
<b>Certification Instructions</b> — You must cross out Item (2) above if you have been notified by the IRS that you are subject to backup withholding because of under reporting interest or dividends on your tax returns. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out Item (2). The certification requirement does not apply to real estate transactions, mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement account, and payments other than interest and dividends. Also see "Signing the Certification" under "Specific Instructions" in the enclosed Guidelines.		
SIGNATURE _____ DATE _____		

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN THE SPACE FOR THE "TIN" IN PART I ON THE SUBSTITUTE FORM W-9.

**CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER**

I certify under the penalty of perjury that a taxpayer identification number has not been issued to me and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within 60 days, 28% of all reportable payments made to me thereafter will be withheld until I provide a number.

\_\_\_\_\_  
Signature Date



GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9

**Guidelines for Determining the Proper Identification Number to Give the Payer** — Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	GIVE THE NAME AND SOCIAL SECURITY NUMBER OF-
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. (a.) The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
(b.) So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship or disregarded entity owned by an individual	The owner(3)

For this type of account:	GIVE THE NAME AND EMPLOYMENT IDENTIFICATION NUMBER OF-
6. A disregarded entity not owned by an individual	The owner
7. A valid trust, estate or pension trust	The legal entity(4)
8. Corporate account or account of LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable or other tax-exempt organization	The organization
10. Partnership account held in the name of the business or account of multi-member LLC (other than an LLC described in item 10)	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or employer identification number (if you have one), but the IRS encourages you to use your Social Security Number.
- (4) List first and circle the name of the legal trust, estate or pension trust (do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

**NOTE:** If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

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**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9, Cont.**

**OBTAINING A NUMBER**

If you do not have a TIN or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number. Section references in these guidelines refer to sections under the Internal Revenue Code of 1986, as amended.

**PAYEE EXEMPT FROM BACKUP WITHHOLDING**

Even if the payee does not provide a TIN in the manner required, the payer is **not required** to backup withhold on any payments made to a payee that is:

6. An organization exempt from tax under section 501(a), any individual retirement account ("IRA") where the payor is also the trustee or custodian, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).
7. The United States or any of its agencies or instrumentalities.
8. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
9. A foreign government or any of its political subdivisions, agencies, or instrumentalities.
10. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

11. A corporation.
12. A foreign central bank of issue.
13. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
14. A futures commission merchant registered with the Commodity Futures Trading Commission.
15. A real estate investment trust.
16. An entity registered at all times during the tax year under the Investment Company Act of 1940.
17. A common trust fund operated by a bank under section 584(a).
18. A financial institution.
19. A middleman known in the investment community as a nominee or custodian.
20. A trust exempt from tax under section 664 or described in section 4947.

**PAYMENTS EXEMPT FROM BACKUP WITHHOLDING**

**Dividends and patronage dividends** that generally are exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

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**Interest payments** that generally are exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. However, if you pay \$600 or more of interest **in the course of your trade or business** to a payee, you must report the payment. Backup withholding applies to the reportable payment if the payee has not provided a TIN or has provided an incorrect TIN.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid to you.

**Other types of payments** that generally are exempt from backup withholding include:

- Wages.
- Distributions from a pension, annuity, profit-sharing or stock bonus plan, any IRA where the payor is also the trustee or custodian, an owner-employee plan, or other deferred compensation plan.
- Distributions from qualified tuition programs or Coverdell ESAs.
- Certain surrenders of life insurance contracts.
- Gambling winnings if withholding is required under section 3402(q). However, if withholding is not required under section 3402(q), backup withholding applies if the payee fails to furnish a TIN.
- Real estate transactions reportable under section 6045(e).
- Cancelled debts reportable under section 6050P.
- Certain payment card transactions by a qualified payment card agent (as described in Revenue Procedure 2004-42 and Treasury Regulations section 31.3406(g)-1(f)) and if the requirements under Treasury Regulations section 31.3406(g)-1(f) are met.
- Distributions from a medical savings account and long-term care benefits.
- Fish purchases for cash reportable under section 6050R.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. **FILE THIS FORM WITH THE PAYER, FURNISH YOUR TIN, WRITE "EXEMPT" ON THE FACE OF THE FORM AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.**

Certain payments other than interest, dividends and patronage dividends not subject to information reporting are also not subject to backup withholding. For details, see the regulations under Internal Revenue Code sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

**Privacy Act Notice.** — Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report, among other things, interest, dividends, and certain other income paid to you. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

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#### **PENALTIES**

- (1) **Penalty for Failure to Furnish TIN.** — If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) **Civil Penalty for False Information With Respect to Withholding.** — If you make a false statement with no reasonable basis that results in no imposition of backup withholding, you are subject to a penalty of \$500.
- (3) **Civil and Criminal Penalties for False Information.** — Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.
- (4) **Misuse of Taxpayer Identification Numbers.** — If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

**FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.**

TRASPASO DE ACCIONES

Senior Gerente de:  
Sirvase Ud. Hacer traspasar

Acciones de la  
de propiedad, sequin titulos N  
las que he enajenado a al precio de \$ por caida accion  
TESTIGOS Santiago, de

Nombre :  
Firma :  
Domicilio :

Nombre :  
Firma :  
Domicilio :

FIRMA VENDEDOR O REPRESENTANTE

R.U.T. N :  
Domicilio :  
Comuna :  
Ciudad :  
Casilla : Fono  
Nacionalidad : E. Civil  
Conyuge Reg. Con.  
Rol Causa N Juzgado  
Por el presente acepto el traspaso precente y asimismo los estatutos  
de

la:  
TESTIGOS

Nombre :  
Firma :  
Domicilio :  
Nombre :  
Firma :  
Direccion :

Santiago, de

FIRMA DEL COMPRADOR

R.U.T. N :  
Domicilio :  
Comuna :  
Ciudad :  
Casilla : Fono  
Nacionalidad : E. Civil  
Conyuge Reg. Con.

ADQUIRENTE O COMPRADOR SOLICITA

- 1.- Que la sociedad tenga a su disposicion el titulo correspondiente a las accionees adquiridas o compradas, dentro del plaza de 6 dias habiles contados desde la fecha de recepcion del traspaso.
- 2.- Que la sociedad no emita el titulo en el plazo establecido en el N 1 precendente, sin perjuicio de la inscripcion del traspaso correspondiente, y del derecho a solicitar el titulo cuando lo considere oportuno.

Esta nota se transcribe en virtud de lo estipulado en la Circular N 1494 de la Superintendencia de Valores y Seguros de fecha 17 Agosto de 2000.

PARA USO INTERNO DE LA COMPANIA

SE CANCELO — SE SALDO SE EMITIO

Titulo N \_\_\_\_\_ por \_\_\_\_\_ acciones Titulo N \_\_\_\_\_ por \_\_\_\_\_ acciones

TRASPASO DE ACCIONES

Senior Gerente de:

Sirvase Ud. Hacer traspasar  
Acciones de la  
de  
las que he enajenado a  
al precio de \$  
TESTIGOS

propiedad, segun titulos N  
por caida accion  
Santiago, de

Nombre :  
Firma :  
Domicilio :

Nombre :  
Firma :  
Domicilio :

FIRMA VENDEDOR O REPRESENTANTE

R.U.T. N :  
Domicilio :  
Comuna :  
Ciudad :  
Casilla : Fono  
Nacionalidad : E. Civil  
Conyuge Reg. Con.  
Rol Causa N Juzgado  
Por el presente acepto el traspaso precente y asimismo los estatutos de

la:

TESTIGOS

FIRMA DEL COMPRADOR

R.U.T. N :  
Domicilio :  
Comuna :  
Ciudad :  
Casilla : Fono  
Nacionalidad : E. Civil  
Conyuge Reg. Con.

Santiago, de

ADQUIRENTE O COMPRADOR SOLICITA

1.- Que la sociedad tenga a su disposicion el titulo correspondiente a las accionees adquiridas o compradas, dentro del plaza de 6 dias habiles contados desde la fecha de recepcion del traspaso.  
2.- Que la sociedad no emita el titulo en el plazo establecido en el N 1 precendente, sin perjuicio de la inscripcion del traspaso correspondiente, y del derecho a solicitar el titulo cuando lo considere oportuno.

Esta nota se transcribe en virtud de lo estipulado en la Circular N 1494 de la Superintendencia de Valores y Seguros de fecha 17 Agosto de 2000.

PARA USO INTERNO DE LA COMPANIA

SE CANCELO — SE SALDO SE EMITIO

Titulo N \_\_\_\_\_ por \_\_\_\_\_ acciones Titulo N \_\_\_\_\_ por \_\_\_\_\_ acciones

TRANSFER OF SHARES

Senior Manager of:

Please transfer  
Shares of  
owned by  
which I have transferred to  
at the price of \$  
WITNESSES  
Santiago,

, sequin [sic] securities N

for [each] share  
Santiago,

Name :  
Signature :  
Address :

SIGNATURE VENDOR OR REPRESENTATIVE

Name :  
Signature :  
Address :

R.U.T. No. :  
Address :  
Commune :  
City :  
PO Box : Telephone  
Nationality : Marital Status  
Spouse : Reg. Con.  
Docket No. Court  
I hereby accept the aforementioned transfer and also the bylaws of

the:

WITNESSES

Name :  
Signature :  
Address :  
Name :  
Signature :  
Address :

SIGNATURE OF THE PURCHASER

R.U.T. No. :  
Address :  
Commune :  
City :  
PO Box : Telephone  
Nationality : Marital Status  
Spouse : Reg. Con.

Santiago,

ACQUIRER OR PURCHASER REQUESTS

- 1.- That the company have available to him/her/it the certificate corresponding to the shares acquired or purchased, with a period of 6 business days from the date the transfer is received.  
2.- That the company not issue the certificate within the period established in no. 1 above, without prejudice to the corresponding transfer, and the right to [request] the certificate when deemed appropriate.

This note is transcribed in virtue of the provisions of Superintendency of Securities and Insurance Circular No. 1494 dated August 17, 2000.

FOR INTERNAL USE BY THE COMPANY

PAID

ISSUED

Certificate No \_\_\_\_\_ for \_\_\_\_\_ Shares Certificate No \_\_\_\_\_ for \_\_\_\_\_ shares

TRANSFER OF SHARES

Senior Manager of:

Please transfer  
Shares of  
owned by  
which I have transferred to  
at the price of \$  
WITNESSES

, sequin [sic] securities N  
for [each] share  
Santiago,

Name :  
Signature :  
Address :

SIGNATURE VENDOR OR REPRESENTATIVE

Name :  
Signature :  
Address :

R.U.T. No. :  
Address :  
Commune :  
City :  
PO Box : Telephone  
Nationality : Marital Status  
Spouse : Reg. Con.  
Docket No. Court  
I hereby accept the aforementioned transfer and also the bylaws of

the:

WITNESSES

Name :  
Signature :  
Address :  
Name :  
Signature :  
Address :

SIGNATURE OF THE PURCHASER

R.U.T. No. :  
Address :  
Commune :  
City :  
PO Box : Telephone  
Nationality : Marital Status  
Spouse : Reg. Con.

Santiago,

ACQUIRER OR PURCHASER REQUESTS

- 1.- That the company have available to him/her/it the certificate corresponding to the shares acquired or purchased, with a period of 6 business days from the date the transfer is received.  
2.- That the company not issue the certificate within the period established in no. 1 above, without prejudice to the corresponding transfer, and the right to [request] the certificate when deemed appropriate.

This note is transcribed in virtue of the provisions of Superintendency of Securities and Insurance Circular No. 1494 dated August 17, 2000.

FOR INTERNAL USE BY THE COMPANY

PAID

ISSUED

Certificate No \_\_\_\_\_ for \_\_\_\_\_ Shares Certificate No \_\_\_\_\_  
for \_\_\_\_\_ shares



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action to take, you should consult your stockbroker, bank manager, lawyer, accountant or other professional or investment advisor.

If you have sold or transferred all of your American Depositary Shares ("ADSs") in Compañía de Telecomunicaciones de Chile S.A., please send this revised ADS Notice of Guaranteed Delivery together with the accompanying documents as soon as possible to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser.

This document should be read in conjunction with the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer to Purchase") and the Supplement thereto dated October 21, 2008 (the "Offer Supplement"). The definitions used in the Offer to Purchase apply in this revised ADS Notice of Guaranteed Delivery. All terms and conditions contained in the Offer to Purchase applicable to the U.S. Offer (as defined in the Offer to Purchase) for ADSs are deemed to be incorporated in and form part of this revised ADS Notice of Guaranteed Delivery.

## REVISED ADS NOTICE OF GUARANTEED DELIVERY

to Tender American Depositary Shares  
(evidenced by American Depositary Receipts)  
of

**Compañía de Telecomunicaciones de Chile S.A.**

Pursuant to the Offer to Purchase dated September 17, 2008  
and the Supplement thereto dated October 21, 2008

by

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING  
LIMITADA**

a limited liability company (*sociedad de responsabilidad limitada*) owned by  
**TELEFÓNICA, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY TIME, ON  
OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

*The Depositary for the ADSs in the U.S. Offer is:*

**Citibank, N.A.**

*By Mail:*

Citibank, N.A.  
Corporate Actions  
P.O. Box 43035  
Providence, RI 02940-3035

*By Hand/Overnight Courier:*

Citibank, N.A.  
Corporate Actions  
250 Royall Street  
Canton, MA 02021

*By Facsimile Transmission:*

(Eligible Institutions Only)  
Facsimile Number: (202) 222-4593  
To Confirm Facsimile Transmissions:  
(201) 222-4133 or (201) 324-3455

As set forth under "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase, this revised ADS Notice of Guaranteed Delivery (or a copy) (this "Form") must be used to tender ADSs pursuant to the U.S. Offer if the ADRs evidencing such ADSs are not immediately available or time will not permit all required documents to reach the U.S. Depositary prior to the termination of the U.S. Offer. This Form, properly completed and duly executed (including the guarantee by an Eligible Institution in the form set forth hereinafter), may be delivered by hand or mail or by facsimile, if sent by an Eligible Institution, to the U.S. Depositary. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Offer to Purchase and the Supplement.

**DELIVERY OF THIS FORM TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A  
VALID DELIVERY.**

This Form is not to be used to guarantee signatures other than for the purposes described in this Form. If a signature on a revised ADS Letter of Transmittal is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on such revised ADS Letter of Transmittal.

In the case of ADSs held through the Book-Entry Transfer Facility, the revised ADS Notice of Guaranteed Delivery must be delivered to the U.S. Depositary by a participant in the Book-Entry Transfer Facility via Agent's Message in the book-entry confirmation system.

Shares of Compañía de Telecomunicaciones de Chile S.A. may not be tendered by means of this Form.

Ladies and Gentlemen:

The undersigned hereby tenders to Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, the ADSs indicated below upon the terms and subject to the conditions set forth below and pursuant to the Guaranteed Delivery Procedures described in the Offer to Purchase under "The U.S. Offer — Section 4 Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase.

Name of Record Holder(s): _____
_____
Address(es) (including Zip Code): _____
_____
Area Code(s) and Tel. No(s): _____
Signature(s): _____
Date: _____
Number of ADSs: _____
ADR Number(s) if available: _____
If ADSs will be tendered by book-entry transfer check box:
<input type="checkbox"/> The Depository Trust Company
Account Number: _____

**GUARANTEE**

The undersigned, a financial institution which is a participant in the Security Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program (each an "Eligible Institution"), hereby guarantees that the undersigned will deliver to the U.S. Depositary the ADRs representing the ADSs tendered hereby, in proper form for transfer, together with a properly completed and duly executed revised ADS Letter of Transmittal with any required signature guarantees and any other required documents, all within three NYSE trading days after the date hereof.

Name of Firm:
Address: _____ (Zip Code)
Area Code and Tel No.: _____
Email: _____

Authorized Signature:
Name: _____ (Please Print)
Title: _____
Date: _____

**NOTE: DO NOT SEND SECURITIES WITH THIS FORM; SECURITIES SHOULD BE SENT WITH YOUR REVISED ADS LETTER OF TRANSMITTAL.**

**Offer to Purchase for Cash**  
**Any and All of the Outstanding Shares of Common Stock**  
**and**  
**Any and All of the Outstanding American Depositary Shares**  
**(evidenced by American Depositary Receipts)**  
**of**  
**Compañía de Telecomunicaciones de Chile S.A.**  
**at**  
**1,100 Chilean Pesos Net Per Series A Share of Common Stock,**  
**990 Chilean Pesos Net Per Series B Share of Common Stock and**  
**4,400 Chilean Pesos Net Per American Depositary Share**  
**(each representing 4 Series A Shares of Common Stock)**  
**by**  
**Inversiones Telefónica Internacional Holding Limitada**  
**a limited liability company (*sociedad de responsabilidad limitada*) owned by**  
**Telefónica, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY  
TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

October 21, 2008

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees of Clients for whose accounts you hold Shares (as defined below):

Enclosed for your consideration are the Supplement to the Offer to Purchase, dated October 21, 2008 (the "Supplement"), and the related revised Form of Acceptance, revised ADS Letter of Transmittal and revised ADS Notice of Guaranteed Delivery (which together with any amendments thereto constitute the "U.S. Offer") relating to the offer by Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, to purchase (1) any and all of the outstanding series A and series B shares of common stock (the "Shares") of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), a publicly traded stock corporation organized under the laws of the Republic of Chile, other than Shares currently owned directly or indirectly by Telefónica, from holders of Shares resident in the United States (the "U.S. Holders"), for 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing 4 series A Shares, for 4,400 Chilean pesos per ADS, in each case payable in United States dollars as provided below, net to the seller in cash and without interest thereon and subject to any required withholding of taxes, upon the terms and subject to the conditions of the U.S. Offer. The purchase price for Shares and the purchase price for ADSs accepted for payment pursuant to the U.S. Offer will, in each case, be paid in United States dollars, with the dollar amount thereof being determined by reference to the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile and published in the Official Gazette of Chile (the "Observed Exchange Rate") on the Expiration Date (as defined below). Please furnish copies of the enclosed materials to those of your clients for whose account you hold Shares in your name or in the name of your nominee. All terms not otherwise defined herein have the meanings set forth in the Offer to Purchase and the Supplement.

For your information and for forwarding to those of your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Supplement to the Offer to Purchase, dated October 21, 2008;

2. A printed form of letter that may be sent to your clients for whose account you hold Shares registered in your name or in the name of a nominee, with space provided for obtaining such clients' instructions with regard to the U.S. Offer;

3. The revised Form of Acceptance to be used by U.S. Holders of Shares in accepting the U.S. Offer;

4. The revised ADS Letter of Transmittal to be used by holders of ADSs in accepting the U.S. Offer (which constitutes part of the U.S. Offer and is provided for informational purposes only);

5. The revised ADS Notice of Guaranteed Delivery (which constitutes part of the U.S. Offer and is provided for informational purposes only); and

6. The return envelope addressed to Citibank, N.A. (the "U.S. Depositary") (for tendering ADSs).

ADSs cannot be tendered by means of the enclosed revised Form of Acceptance (which is exclusively for use in respect of Shares). If you hold ADSs, you should use the enclosed revised ADS Letter of Transmittal for tendering such ADSs into the U.S. Offer by following the instructions set forth in such form. Additional information can be obtained from the Information Agent, D.F. King & Co., Inc. at (800) 859-8511.

**We urge you to contact your clients as promptly as possible.**

Please note the following:

1. The U.S. Offer is open to all holders of ADSs and to all holders of Shares resident in the United States. See "The U.S. Offer — Section 1 — Terms of the Offer" in the Offer to Purchase.

2. The tender price is the United States dollar equivalent of 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share, net to the seller in cash and without any interest thereon, as set forth in the Offer to Purchase. Consideration for Shares validly tendered and not withdrawn will be paid in United States dollars, with the dollar amount thereof being determined based upon the Observed Exchange Rate published on the Expiration Date.

3. Tendering holders of Shares registered in their own name and who tender directly to the U.S. Depositary will not be obligated to pay brokerage fees or commissions pursuant to the U.S. Offer. However, U.S. federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided. See Instruction 6 of the revised Form of Acceptance.

4. The U.S. Offer and withdrawal rights will expire at 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended (the "Expiration Date").

5. Notwithstanding any other provision of the U.S. Offer, payment for Shares accepted for purchase pursuant to the U.S. Offer will in all cases be made only after timely receipt by Santander Investment S.A. Corredores de Bolsa, (the "Share Depositary") of the completed revised Form of Acceptance, together with the following documents:

(a) *título(s)* evidencing ownership of Shares, if Shares are held in certificated form;

(b) a certificate from the Share department of The Company or the *Deposito Central Valores* ("DCV") evidencing the number of Shares, if any, held on deposit at the DCV, the number of Shares and original issued Shares, if any, held by the holder, and indicating the liens or encumbrances that effect the Shares;

(c) duly signed *traspaso(s)* (deed of transfer) indicating the number of Shares and the number of original issue Shares, if any, to be tendered, with the date of such *traspaso(s)* in blank;

(d) in the case of Shares held on deposit at the DCV, a letter to the DCV instructing the DCV to perform a book-entry transfer in favor of Purchaser;

(e) in the case the U.S. holder is an individual, a copy of the U.S. holder's passport or photo identification card;

(f) in the case the U.S. holder is an entity, (1) a secretary's certificate certifying the name, title and specimen signature of an officer authorized to execute the transfer documents and a copy of the entity's organizational documents, and (2) a copy of the passport or photo identification card of the authorized officer; and

(g) other documents required by the revised Form of Acceptance.

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The Share Depositary has established an account with respect to the Shares at DCV for purposes of the U.S. Offer. Shares held in book-entry form may be tendered by sending or submitting by hand to the Share Depositary at its address set forth on the front cover of this revised Form of Acceptance a properly completed and duly executed revised Form of Acceptance, together with items (b) through (g) above, as applicable, and effecting book-entry delivery of the Shares to the above-mentioned account of the Share Depositary.

Purchaser will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares and/or ADSs pursuant to the U.S. Offer (other than to the Share Depositary and the U.S. Depositary as described in the Offer to Purchase). Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding offering material to your clients.

Any inquiries you may have with respect to the U.S. Offer should be addressed to the Information Agent in the U.S. Offer at the address and telephone numbers set forth on the back page of the Offer to Purchase.

Requests for copies of the enclosed materials should be directed to the U.S. Depositary.

Very truly yours,

Inversiones Telefónica Internacional Holding Limitada

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON, THE AGENT OF PURCHASER, THE COMPANY, THE SHARE DEPOSITARY, THE U.S. DEPOSITARY OR ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE U.S. OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

**Offer to Purchase for Cash**  
**Any and All of the Outstanding Shares of Common Stock**  
**and**  
**Any and All of the Outstanding American Depositary Shares**  
**(evidenced by American Depositary Receipts)**  
**of**  
**Compañía de Telecomunicaciones de Chile S.A.**  
**at**  
**1,100 Chilean Pesos Net Per Series A Share of Common Stock**  
**990 Chilean Pesos Net Per Series B Share of Common Stock and**  
**4,400 Chilean Pesos Net Per American Depositary Share**  
**(each representing 4 Series A Shares of Common Stock)**  
**by**  
**Inversiones Telefónica Internacional Holding Limitada**  
**a limited liability company (*sociedad de responsabilidad limitada*) owned by**  
**Telefónica, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY  
TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

October 21, 2008

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees of Clients for whose accounts you hold ADSs (as defined below):

Enclosed for your consideration and for forwarding to your clients are the Supplement dated October 21, 2008 (the "Supplement") to the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer to Purchase"), the revised ADS Letter of Transmittal and the revised ADS Notice of Guaranteed Delivery (which together with any amendments thereto constitute the "U.S. Offer") and a printed form of letter which may be sent to your client relating to the offer by Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, to purchase (1) any and all of the outstanding shares of series A and series B common stock (the "Shares") of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), a publicly traded stock corporation organized under the laws of the Republic of Chile, other than Shares currently owned directly or indirectly by Telefónica, from holders of Shares resident in the United States (the "U.S. Holders"), for 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share and (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing 4 series A Shares, for 4,400 Chilean pesos per ADS, in each case payable in United States dollars as provided below, net to the seller in cash and without interest thereon and subject to any required withholding of taxes, upon the terms and subject to the conditions of the U.S. Offer. The purchase price for Shares and the purchase price for ADSs accepted for payment pursuant to the U.S. Offer will, in each case, be paid in United States dollars, with the dollar amount thereof being determined by reference to the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile and published in the Official Gazette of Chile (the "Observed Exchange Rate") on the Expiration Date (as defined below). Please furnish copies of the enclosed materials to those of your clients for whose account you hold ADSs in your name or in the name of your nominee. All terms not otherwise defined herein have the meanings set forth in the Offer to Purchase and the Supplement.

For your information and for forwarding to those of your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Supplement to the Offer to Purchase, dated October 21, 2008;
2. A printed form of letter that may be sent to your clients for whose account you hold ADSs registered in your name or in the name of a nominee, with space provided for obtaining such clients' instructions with regard to the U.S. Offer;
3. The revised ADS Letter of Transmittal to be used by holders of ADSs in accepting the U.S. Offer;
4. The revised ADS Notice of Guaranteed Delivery to be used to accept the U.S. Offer if ADRs evidencing ADSs and all other required documents are not immediately available or cannot be delivered to the U.S. Depository by the Expiration Date or if, in the case of book-entry delivery of ADSs, the procedures for book-entry transfer set forth in "The U.S. Offer — Section 4 — Procedure for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase cannot be completed by the Expiration Date.

Shares cannot be tendered by means of the enclosed revised ADS Letter of Transmittal (which is exclusively for use in respect of ADRs). If you hold Shares, you should contact the Information Agent at (800) 859-8511.

We urge you to contact your clients as promptly as possible.

Please note the following:

1. The U.S. Offer is open to all holders of ADSs and to all holders of Shares resident in the United States. See "The U.S. Offer — Section — Terms of the Offer" in the Offer to Purchase.
2. The tender price is the United States dollar equivalent of 4,400 Chilean pesos per ADS, net to the seller in cash and without any interest thereon, and subject to applicable fees, taxes, expenses and charges, as set forth in the Offer to Purchase. Consideration for ADSs validly tendered and not withdrawn will be paid in United States dollars, with the dollar amount thereof being determined based upon the Observed Exchange Rate published on the Expiration Date.
3. Tendering holders of ADSs registered in their own name and who tender directly to the U.S. Depository will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the revised ADS Letter of Transmittal, transfer taxes on the purchase of ADSs by Purchaser pursuant to the U.S. Offer. However, U.S. federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided. See Instruction 11 of the revised ADS Letter of Transmittal.
4. The U.S. Offer and withdrawal rights will expire at 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended (the "Expiration Date").
5. Notwithstanding any other provision of the U.S. Offer, payment for ADSs accepted for purchase pursuant to the U.S. Offer will in all cases be made only after timely receipt by the U.S. Depository of ADRs evidencing such tendered ADSs or book-entry transfer of such ADSs, together with a properly completed and duly executed revised ADS Letter of Transmittal or an Agent's Message (as defined in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase) confirming transfer of such tendered ADSs into the U.S. Depository's account at the Book-Entry Transfer Facility (as defined in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase), and all other required documents.

If holders of ADSs wish to tender, but it is impracticable for them to forward their ADRs or other required documents or complete the procedures for book-entry transfer of ADSs prior to the Expiration Date, a tender may be effected by following the guaranteed delivery procedures specified in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" of the Offer to Purchase.

Purchaser will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of ADSs pursuant to the U.S. Offer (other than the U.S. Depository as described in the Offer to Purchase). Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any offering material to your clients. Purchaser will pay or cause to be paid any transfer taxes payable on the transfer of ADSs to it, except as otherwise provided in Instruction 6 of the revised ADS Letter of Transmittal.



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Any inquiries you may have with respect to the U.S. Offer should be addressed to the Information Agent in the U.S. Offer at the address and telephone numbers set forth on the back page of the Offer to Purchase.

Requests for copies of the enclosed materials should be directed to the U.S. Depositary.

Very truly yours,

Inversiones Telefónica Internacional Holding Limitada

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF PURCHASER, THE COMPANY, THE U.S. DEPOSITARY OR ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE U.S. OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

**Offer to Purchase for Cash**  
**Any and All of the Outstanding Shares of Common Stock**  
**and**  
**Any and All of the Outstanding American Depositary Shares**  
**(evidenced by American Depositary Receipts)**  
**of**  
**Compañía de Telecomunicaciones de Chile S.A.**  
**at**  
**1,100 Chilean Pesos Net Per Series A Share of Common Stock**  
**990 Chilean Pesos Net Per Series B Share of Common Stock and**  
**4,400 Chilean Pesos Net Per American Depositary Share**  
**(each representing 4 Series A Shares of Common Stock)**  
**by**  
**Inversiones Telefónica Internacional Holding Limitada**  
**a limited liability company (*sociedad de responsabilidad limitada*) owned by**  
**Telefónica, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY  
TIME, ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

October 21, 2008

To our Clients:

Enclosed for your consideration and for forwarding to your clients are the Supplement dated October 21, 2008 (the "Supplement") to the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer to Purchase"), and the related revised Form of Acceptance, revised ADS Letter of Transmittal and revised ADS Notice of Guaranteed Delivery (which together with any amendments thereto constitute the "U.S. Offer") relating to the offer by Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, to purchase (1) any and all of the outstanding shares of series A and series B common stock (the "Shares") of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), a publicly traded stock corporation organized under the laws of the Republic of Chile, other than Shares currently owned directly or indirectly by TICS, from holders of Shares resident in the United States (the "U.S. Holders"), for 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share and (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing 4 series A Shares, for 4,400 Chilean pesos per ADS, in each case payable in United States dollars as provided below, net to the seller in cash and without interest thereon and subject to any required withholding of taxes, upon the terms and subject to the conditions of the U.S. Offer. The purchase price for Shares and the purchase price for ADSs accepted for payment pursuant to the U.S. Offer will, in each case, be paid in United States dollars, with the dollar amount thereof being determined by reference to the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile and published in the Official Gazette of Chile (the "Observed Exchange Rate") on the Expiration Date (as defined below). All terms not otherwise defined herein have the meanings set forth in the Offer to Purchase and the Supplement.

We are (or our nominee is) the holder of record of Shares held by us for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The revised Form of Acceptance is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

Accordingly, we request instruction as to whether you wish to have us tender on your behalf any or all Shares held by us for your account pursuant to the terms and conditions set forth in the U.S. Offer.

ADSs cannot be tendered by means of the enclosed revised Form of Acceptance (which is exclusively for use in respect of Shares). If you hold ADSs, you should use the enclosed revised ADS Letter of Transmittal for tendering such ADSs into the U.S. Offer by following the instructions set forth in such form. Additional information can be obtained from the Information Agent, D.F. King & Co., Inc., at (800) 859-8511.

Please note the following:

1. The U.S. Offer is open to all holders of ADSs and to all holders of Shares resident in the United States. See "The U.S. Offer — Section 1 — Terms of the U.S. Offer" in the Offer to Purchase.

2. The tender price for Shares is the United States dollar equivalent of 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share, net to the seller in cash and without any interest thereon, as set forth in the Offer to Purchase. Consideration for Shares validly tendered and not withdrawn will be paid in United States dollars, with the dollar amount thereof being determined based upon the Observed Exchange Rate published on the Expiration Date.

3. Tendering holders of Shares registered in their own name and who tender directly to the Share Depository will not be obligated to pay brokerage fees or commissions.

4. The U.S. Offer and withdrawal rights will expire at 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended (the "Expiration Date").

5. Notwithstanding any other provision of the U.S. Offer, payment for Shares accepted for purchase pursuant to the U.S. Offer will in all cases be made only after timely receipt by the Share Depository of the completed revised Form of Acceptance, together with the following documents:

- (a) *título(s)* evidencing ownership of Shares, if Shares are held in certificated form;
- (b) a certificate from the Share department of the Company or the Deposito Central de Valores (the "DCV") evidencing the number of Shares, if any, held on deposit at the DCV, the number of Shares and original issued Shares, if any, held by the holder, and indicating the liens or encumbrances that effect the Shares;
- (c) duly signed *traspaso(s)* (deed of transfer) indicating the number of Shares and the number of original issue Shares, if any, to be tendered, with the date of such *traspaso(s)* in blank;
- (d) in the case of Shares held on deposit at the DCV, a letter to the DCV instructing the DCV to perform a book-entry transfer in favor of Purchaser;
- (e) in the case the U.S. Holder is an individual, a copy of the U.S. Holder's passport or photo identification card;
- (f) in the case the U.S. Holder is an entity, (1) a secretary's certificate certifying the name, title and specimen signature of an officer authorized to execute the transfer documents and a copy of the entity's organizational documents, and (2) a copy of the passport or photo identification card of the authorized officer; and
- (g) other documents required by the revised Form of Acceptance.

If you wish to have us tender any or all of the Shares held by us for your account, please so instruct us by completing, executing, detaching and returning to us the instruction form set forth herein. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified below. An envelope to return your instructions to us is enclosed. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the Expiration Date.

The U.S. Offer is made solely by the Offer to Purchase, the Supplement and the related revised Form of Acceptance and revised ADS Letter of Transmittal. Purchaser is not aware of any jurisdiction where the making of the U.S. Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the U.S. Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the U.S. Offer will not be made to, and tenders will not be accepted from or on behalf, of the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the U.S. Offer to be made by a licensed broker or dealer, the U.S. Offer will be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

**Instruction Form for Shares of Compañía de Telecomunicaciones de Chile S.A.**

The undersigned acknowledge(s) receipt of your letter and the Supplement to the Offer to Purchase dated October 21, 2008, and the related revised Form of Acceptance and revised ADS Letter of Transmittal in connection with the U.S. Offer by Purchaser, a wholly owned subsidiary of Telefónica, S.A., to purchase any and all of outstanding shares of Series A and Series B common stock and any and all outstanding American Depositary Shares of Compañía de Telecomunicaciones de Chile S.A., other than those Shares currently owned directly or indirectly by Telefónica, S.A. pursuant to the terms set forth in the Offer to Purchase and the Supplement.

This will instruct you to tender the number of Shares indicated below (or if no number is indicated below, all Shares) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase, the Supplement and the related revised Form of Acceptance.

Number of Shares to be Tendered*: _____
*Unless otherwise indicated, it will be assumed that all of your Shares are to be tendered.
Date: _____
<b>SIGN HERE</b>
Signature(s): _____
Print Name(s): _____
Print Address(es): _____
Area Code and Telephone Number(s): _____
Taxpayer Identification or Social Security Number(s): _____

\* Unless otherwise indicated, it will be assumed that all of your Shares are to be tendered.

Offer to Purchase for Cash  
Any and All of the Outstanding Shares of Common Stock  
and  
Any and All of the Outstanding American Depositary Shares  
(evidenced by American Depositary Receipts)  
of

**Compañía de Telecomunicaciones de Chile S.A.**

at  
1,100 Chilean Pesos Net Per Series A Share of Common Stock  
990 Chilean Pesos Net Per Series B Share of Common Stock and  
4,400 Chilean Pesos Net Per American Depositary Share  
(each representing 4 Series A Shares of Common Stock)  
by

**Inversiones Telefónica Internacional Holding Limitada**

a limited liability company (*sociedad de responsabilidad limitada*) owned by

**Telefónica, S.A.**

**THE U.S. OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:00 P.M., NEW YORK CITY TIME,  
ON OCTOBER 30, 2008, UNLESS THE U.S. OFFER IS EXTENDED.**

October 21, 2008

To our Clients:

Enclosed for your consideration and for forwarding to your clients are the Supplement dated October 21, 2008 (the "Supplement") to the Offer to Purchase dated September 17, 2008 (as amended and supplemented from time to time, the "Offer to Purchase"), and the related revised ADS Letter of Transmittal and revised ADS Notice of Guaranteed Delivery (which together with amendments thereto constitute the "U.S. Offer") relating to the offer by Inversiones Telefónica Internacional Holding Limitada ("Purchaser"), a limited liability company (*sociedad de responsabilidad limitada*) organized and existing under the laws of the Republic of Chile and an indirect wholly owned subsidiary of Telefónica, S.A. ("Telefónica"), a publicly held stock corporation organized and existing under the laws of the Kingdom of Spain, to purchase (1) any and all of the outstanding shares of series A and series B common stock (the "Shares") of Compañía de Telecomunicaciones de Chile S.A. (the "Company"), a publicly traded stock corporation organized under the laws of the Republic of Chile, other than Shares currently owned directly or indirectly by Telefónica, from holders of Shares resident in the United States (the "U.S. Holders"), for 1,100 Chilean pesos per series A share and 990 Chilean pesos per series B share and (2) any and all of the outstanding American Depositary Shares ("ADSs") of the Company, each representing 4 series A Shares, for 4,400 Chilean pesos per ADS, in each case payable in United States dollars as provided below, net to the seller in cash and without interest thereon and subject to any required withholding of taxes, upon the terms and subject to the conditions of the U.S. Offer. The purchase price for Shares and the purchase price for ADSs accepted for payment pursuant to the U.S. Offer will, in each case, be paid in United States dollars, with the dollar amount thereof being determined by reference to the daily average dollar-to-peso exchange rate at which commercial banks conduct authorized transactions in Chile as determined by the Central Bank of Chile and published in the Official Gazette of Chile (the "Observed Exchange Rate") on the Expiration Date (as defined below). All terms not otherwise defined herein have the meanings set forth in the Offer to Purchase and the Supplement.

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We are (or our nominee is) the holder of record of ADSs held by us for your account. A tender of such ADSs can be made only by us as the holder of record and pursuant to your instructions. The revised ADS Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender ADSs held by us for your account.

Accordingly, we request instruction as to whether you wish to have us tender on your behalf any or all ADSs held by us for your account pursuant to the terms and conditions set forth in the U.S. Offer.

Shares cannot be tendered by means of the enclosed revised ADS Letter of Transmittal (which is exclusively for use in respect of ADSs). If you hold Shares, you should contact the Information Agent, D.F. King & Co., Inc., at (800) 859-8511.

Please note the following:

1. The U.S. Offer is open to all holders of ADSs and to all holders of Shares resident in the United States. See "The U.S. Offer — Section 1 — Terms of the U.S. Offer" in the U.S. Offer to Purchase.
2. The tender price for ADSs is the United States dollar equivalent of 4,400 Chilean pesos per ADS, net to the seller in cash and without any interest thereon, and subject to the applicable fees, taxes, expenses and charges, as set forth in the Offer to Purchase. Consideration for ADSs validly tendered and not withdrawn will be paid in United States dollars, with the dollar amount thereof being determined based upon the Observed Exchange Rate published on the Expiration Date.
3. Tendering holders of ADSs registered in their own name and who tender directly to the U.S. Depositary will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the revised ADS Letter of Transmittal, transfer taxes on the purchase of ADSs by Purchaser pursuant to the U.S. Offer. However, U.S. federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided. See Instruction 11 of the revised ADS Letter of Transmittal.
4. The U.S. Offer and withdrawal rights will expire at 11:00 p.m., New York City time, on October 30, 2008, unless the U.S. Offer is extended (the "Expiration Date").
5. Notwithstanding any other provision of the U.S. Offer, payment for ADSs accepted for purchase pursuant to the U.S. Offer will in all cases be made only after timely receipt by the U.S. Depositary of ADRs evidencing such tendered ADSs or book-entry transfer of such ADSs, together with a properly completed and duly executed revised ADS Letter of Transmittal or an Agent's Message (as defined in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase) confirming transfer of such tendered ADSs into the U.S. Depositary's account at the Book-Entry Transfer Facility (as defined in "The U.S. Offer — Section 4 — Procedures for Accepting the U.S. Offer — Holders of ADSs" in the Offer to Purchase), and all other required documents.

If you wish to have us tender any or all of the ADSs held by us for your account, please so instruct us by completing, executing, detaching and returning to us the instruction form set forth herein. If you authorize the tender of your ADSs, all such ADSs will be tendered unless otherwise specified below. An envelope to return your instructions to us is enclosed. Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the Expiration Date.

The U.S. Offer is made solely by the Offer to Purchase, the Supplement and the related revised Form of Acceptance and revised ADS Letter of Transmittal. Purchaser is not aware of any jurisdiction where the making of the U.S. Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the U.S. Offer or the acceptance of ADSs pursuant thereto, Purchaser will make a good faith effort to comply with such state statute. If, after such good faith effort, Purchaser cannot comply with such state statute, the U.S. Offer will not be made to, and tenders will not be accepted from or on behalf of, the holders of ADSs in such state. In any jurisdiction where the securities, blue sky or other laws require the U.S. Offer to be made by a licensed broker or dealer, the U.S. Offer will be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

**Instruction Form for Tendering ADSs  
of Compañía de Telecomunicaciones de Chile S.A.**

The undersigned acknowledge(s) receipt of your letter and the Supplement to the Offer to Purchase dated October 21, 2008, and the related revised ADS Letter of Transmittal in connection with the U.S. Offer by Purchaser, a wholly owned subsidiary of Telefónica, S.A., to purchase any and all of outstanding shares of series A and series B common stock and any and all outstanding American Depositary Shares of Compañía de Telecomunicaciones de Chile S.A., other than Shares currently owned directly or indirectly by Telefónica, S.A., pursuant to the terms set forth in the Offer to Purchase and the Supplement.

This will instruct you to tender the number of ADSs indicated below (or if no number is indicated below, all ADSs) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase, the Supplement and the related revised ADS Letter of Transmittal.

Number of ADSs to be Tendered\*: \_\_\_\_\_

\*Unless otherwise indicated, it will be assumed that all of your ADSs are to be tendered.

Date: \_\_\_\_\_

**SIGN HERE**

Signature(s): \_\_\_\_\_

Print Name(s): \_\_\_\_\_

Print Address(es): \_\_\_\_\_

Area Code and Telephone Number(s): \_\_\_\_\_

Taxpayer Identification or Social Security Number(s): \_\_\_\_\_

\* Unless otherwise indicated, it will be assumed that all of your ADSs are to be tendered.

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PROSPECTUS SUPPLEMENT

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PUBLIC TENDER OFFER  
SHARES OF

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COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.

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PUBLICLY TRADED STOCK CORPORATION  
RECORDED IN THE SECURITIES REGISTRY OF THE SVS N°9  
AND  
THROUGH THIS OF  
TELEFÓNICA LARGA DISTANCIA S.A.  
RECORDED IN THE SECURITIES REGISTRY OF THE SVS N° 456

BY

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA OFFERS TO BUY A TOTAL OF 486,001,923 SHARES OF SERIES A COMMON STOCK AND 41,422,151 SHARES OF SERIES B COMMON STOCK OF COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A., EQUIVALENT TO 100% OF THE SHARES ISSUED BY THAT COMPANY NOT OWNED BY THE BIDDER OR ITS CONTROLLER TELEFÓNICA INTERNACIONAL CHILE S.A., AT THE PRICE OF \$CLP1,000 PESOS FOR EACH SHARE OF SERIES A AND \$CLP900 PESOS FOR EACH SHARE OF SERIES B, THROUGH A PUBLIC TENDER OFFER OF SHARES, UNDER THE TERMS AND CONDITIONS SET FORTH IN THIS PROSPECTUS AND THE CORRESPONDING NOTICE, AVAILABLE TO STAKEHOLDERS AND OTHERS AS PROVIDED BY THE SECURITIES EXCHANGE LAW AND THE SUPERINTENDENCY OF SECURITIES AND INSURANCE. AS OF THIS DATE TELEFÓNICA INTERNACIONAL HOLDING LIMITADA, TOGETHER WITH ITS CONTROLLER TELEFÓNICA INTERNACIONAL CHILE S.A., HOLD 387,993,524 SERIES A, SHARES AND 41,739,487 SERIES B SHARES OF COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.

The prospectus and this prospectus supplement have been prepared by Santander Investment S.A. Corredores de Bolsa, hereinafter the "Administrator of the Offer", together with Inversiones Telefónica Internacional Holding Limitada, in order to deliver background of a general nature about the offer as described therein, so that each of the shareholders of Compañía de Telecomunicaciones de Chile S.A., independently, may assess and decide on whether to participate in such offer. The financial information used in the preparation of this prospectus has not been independently verified by Inversiones Telefónica Internacional Holding Limitada nor by the Administrator of the tender offer, and such parties bear no responsibility for such information. The terms and conditions of the offer are contained in the Notice of Offer to Purchase for Cash of Compañía de Telecomunicaciones de Chile S.A. published in the daily newspapers El Mercurio of Santiago and La Tercera on September 16, 2008, and in this prospectus.

ADMINISTRATOR OF THE TENDER OFFER AND FINANCIAL ADVISORS

In the event of any doubts concerning this prospectus or for further more information about the terms and conditions of the public tender offer, interested parties can contact Santander Investment S.A. Corredores de Bolsa by telephone at (56 2) 336 3400 or by post at the following address: Bandera 140, Floor 12, borough and city of Santiago.

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SANTIAGO, OCTOBER 1, 2008

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Pursuant to the SVS instructions delivered by means of Ordinary Notice No. 25,908, dated September 26, 2008, the Bidder hereby supplements the prospectus, replacing or deleting therein, as applicable, the following items:

1) Item 3.1, *Controller of the Bidder*, the first paragraph is replaced by the following:

"The controllers of the Bidder are the companies TICSА, an entity formed and doing business under the laws of Chile, owner of 99.9999982% of the corporate interests, which in turn is controlled by Telefónica Chile Holding BV, with 99.99% participation in, an existing entity formed under the laws of the Netherlands. For its part, the latter company is controlled by Telefónica International Holding BV, an existing entity formed under the laws of the Netherlands, with 100% participation, the latter of which is controlled by 100% owner Telefónica Internacional S.A. Unipersonal Company (Spain), an entity formed and doing business under the laws of Spain, owner of 100% of the shareholder participation. Additionally, Telefónica Internacional S.A. is controlled by the company Telefónica, S.A., with 100% participation."

2) Item 3.4., *Entities Supervised by the SVS*, the second paragraph is replaced by the following:

"In addition to this, Telefónica S.A. participates indirectly, through its subsidiaries TEM Inversiones Chile Limitada, Inversiones Telefónica Móviles Holding Limitada, and Telefónica Móviles Chile Inversiones S.A., in the ownership of Telefónica Móviles Chile S.A., and Telefónica Móviles Chile Larga Distancia S.A., all of the foregoing of which it owns 100%."

3) Item 7.5, *Advertisement of the Result of the Offer*, the second paragraph is replaced by the following:

"In the event that the Offer is successful, the Result Advertisement shall state the total number of shares that will be acquired by the Bidder, and the percentage of control that will be reached by the Bidder due to the Offer, pursuant to Article 212 of the Securities Exchange Law."

4) Item 7.5, *Advertisement of the Result of the Offer*, the fourth paragraph is replaced by the following:

"In the event that the Offer expires due to a breach of the terms and conditions and the Bidder revokes the Offer under the terms of Section 10 of this Prospectus, the Bidder shall publish an advertisement declaring the failure of the Offer. In that case, the Bidder shall not be obliged to perform the purchase or the payment of any of the shares offered for sale."

5) Item 7.7, *System Utilized for the Realization of the Transaction*, the second paragraph is replaced by the following:

"The persons that are willing to sell shares to the Bidder as a consequence of the Offer and its Initial Advertisement shall present their acceptance during the valid term of the Offer or its extension, in the form indicated in Section 9 below, named "*Procedure to Accept the Offer*"."

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6) Item 7.7, *System Utilized for the Realization of the Transaction*, third paragraph, where it says "the Securities Department of CTC, located at Av. Providencia 111, borough of Providencia, city of Santiago, Chile," it should say

"the Securities Department of CTC, located at Huérfanos street 770, 22 floor, borough and city of Santiago, Chile".

7) Item 9.2, *Formalities for the Acceptance of the Offer and Necessary Documents*, the third paragraph is replaced by the following:

"The acceptance shall be delivered from Monday to Friday, 9:00 a.m. to 5:30 p.m., with the exception of the applicable expiration date of the Offer or its respective extension, on which the Administrator of the Offer in the aforesaid address will receive the acceptance until 12:00 a.m."

8) Item 9.2, *Formalities for the Acceptance of the Offer and Necessary Documents*, No. (i) fifth paragraph, where it says "the Securities Department of CTC, accrediting that the title or titles are deposited with the Company located at Avenida Providencia 111, borough of Providencia, city of Santiago, Chile", it should say:

"the Securities Department of CTC, accrediting that the title or titles are deposited with the Company located at Huérfanos street 770, 22 floor, borough and city of Santiago, Chile".

9) Item 9.3, *Devolution of Values*, is replaced by the following:

"In the event that the Offer fails, whether by reason of the conditions pertinent thereto have not been met or for any other, the shares accepted as sold and part of the Offer, as well as all other documents required for acceptance shall be made immediately available to them, and in any event, as of 9:00 a.m. on the day of publication of an advertisement publicizing this event, or the next banking day, without generating any right to an indemnification, payment or reimbursement for the shareholders that have accepted the Offer, nor shall the same imply an obligation or responsibility of the Bidder, its agents, advisors, or representatives."

10) Item 10, *Revocation or Expiration of the Offer*, last paragraph is deleted.

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA

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FOR REFERENCIAL PURPOSES ONLY**

**PROSPECTUS SUPPLEMENT**

**PUBLIC TENDER OFFER  
SHARES OF**

**COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.**

**PUBLICLY TRADED STOCK CORPORATION  
RECORDED IN THE SECURITIES REGISTRY OF THE SVS N°9  
AND**

**THROUGH THIS OF  
TELEFÓNICA LARGA DISTANCIA S.A.  
RECORDED IN THE SECURITIES REGISTRY OF THE SVS N° 456  
BY**

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA OFFERS TO BUY A TOTAL OF 486,001,923 SHARES OF SERIES "A" COMMON STOCK AND 41,422,151 SHARES OF SERIES "B" COMMON STOCK OF COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A. ("CTC"), EQUIVALENT TO 100% OF THE SHARES ISSUED BY THAT COMPANY NOT OWNED BY THE BIDDER OR ITS CONTROLLER TELEFÓNICA INTERNACIONAL CHILE S.A., AT THE PRICE OF \$1,100 PESOS FOR EACH SHARE OF SERIES "A" AND \$990 PESOS FOR EACH SHARE OF SERIES "B", THROUGH A PUBLIC TENDER OFFER OF SHARES, UNDER THE TERMS AND CONDITIONS SET FORTH IN THE PROSPECTUS, IN THE SUPPLEMENT TO THE SAME AND THE CORRESPONDING NOTICE AND ITS SUPPLEMENTS, AVAILABLE TO STAKEHOLDERS AND OTHERS AS PROVIDED BY THE SECURITIES EXCHANGE LAW AND THE SUPERINTENDENCY OF SECURITIES AND INSURANCE. AS OF THIS DATE INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA, TOGETHER WITH ITS CONTROLLER TELEFÓNICA INTERNACIONAL CHILE S.A., HOLD 387,993,524 SERIES "A" SHARES AND 41,739,487 SERIES "B" SHARES OF COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.

The prospectus and its supplements have been prepared by Santander Investment S.A. Corredores de Bolsa, hereinafter the "Administrator of the Offer", together with Inversiones Telefónica Internacional Holding Limitada, in order to deliver background of a general nature about the offer as described therein, so that each of the shareholders of Compañía de Telecomunicaciones de Chile S.A., independently, may assess and decide on whether to participate in such offer. The financial information used in the preparation of the prospectus has not been independently verified by Inversiones Telefónica Internacional Holding Limitada nor by the Administrator of the tender offer, and such parties bear no responsibility for such information. The terms and conditions of the offer are contained in the notice of offer to purchase for cash of Compañía de Telecomunicaciones de Chile S.A. published in the daily newspapers El Mercurio of Santiago and La Tercera, on September 16, 2008 and its supplements, as well as the prospectus and its prospectus.

**ADMINISTRATOR OF THE TENDER OFFER and FINANCIAL ADVISORS**

In the event of any doubts concerning this prospectus or for further more information about the terms and conditions of the public tender offer, interested parties can contact Santander Investment S.A. Corredores de Bolsa by telephone at (56 2) 336 3400 or by post at the following address: Bandera N° 140, 12<sup>th</sup> Floor, borough and city of Santiago.

**SANTIAGO, OCTOBER 13, 2008**

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Through this supplement, the Bidder:

- a) announces an **increase in the price** offered for the shares issued by CTC to **1,100 pesos** for each **share of series "A"**, **990 pesos** for each **share of series "B"** and **4,400 pesos** for each **American Depositary Shares** that represents four CTC series "A" shares;
- b) announces the **extension of the Offer** until **24:00 hours on October 30, 2008**, and
- c) **supplements the Prospectus** replacing the following terms:

**1. Replacing the fifth paragraph of section 1. "Summary of the Offer" with the following:**

"The offer is extended from the 00:00 hours on September 17, 2008, until the 24:00 hours on October 30, 2008."

**2. Replacing section 7.1. "Amount of the Transaction" with the following:**

"7.1 Amount of the Transaction. In the event that 100% of the shares of the Company that are not held by the Bidder or its controller TICS A, are acquired, the total amount of the transaction shall correspond to 575,610,044,790 pesos, corresponding to 1,100 pesos for each series "A" share and 990 pesos for each series "B" share."

**3. Replacing section 7.4. "Term of the Offer" with the following:**

"7.4 Term of the Offer. This offer is extended from the 00:00 hours on September 17, 2008, until the 24:00 hours on October 30, 2008. (hereinafter the "Term Period")."

**4. Replacing section 8.1. "Share Price" with the following:**

"8.1 Share Price. The price per share offered is increased to 1,100 pesos for each series "A" share and 990 pesos for each series "B" share. The price shall be paid in pesos, the national currency and shall not accrue interest nor readjustments.

It is established that the American Offer is made for the price of 4,400 pesos for each ADS that represents four CTC series A shares and which results in the same price per series "A" share in pesos relevant to this Offer. In the case of the American Offer, the price shall be paid in dollars of the United States of America, in the United States of America, in accordance with the observed dollar value effective on the expiration date of the American Offer. For these purposes, it is understood that the observed dollar value is that determined by Central Bank of Chile as indicated in Chapter I(6) of the Compendium of International Exchange Regulations of the Central Bank of Chile."

**5. Replacing section 8.2. "Price for Control" with the following:**

"8.2 Price for Control. The offered price represents a price of 31.8% above the market price for each series "A" share and 18.8% above the market price for each series "B"

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share. Market price is understood as the price defined in the Securities Exchange Law as referenced for public tender offers. Such price is 834.4 pesos for each series "A" share and 833.4 pesos for each series "B" share. Said market price corresponds to the average of the stock market transactions made between June 23, 2008 and September 17, 2008.

Notwithstanding the foregoing, and due to the actual participation of the controller of the bidder and its controller TICSА, there is no control price."

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**

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PUBLIC TENDER OFFER  
SHARES OF

COMPAÑÍA DE TELECOMUNICACIONES DE CHILE S.A.

THROUGH THIS  
OF  
TELEFÓNICA LARGA DISTANCIA S.A.  
BY

INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA

SUPPLEMENT TO THE NOTICE OF BEGINNING DATED SEPTEMBER 16, 2008 AND THE SUPPLEMENT TO THE NOTICE  
DATED OCTOBER 2, 2008 BOTH PUBLISHED IN THE DAILY NEWSPAPERS EL MERCURIO AND LA TERCERA

By means of the notice dated September 16, 2008 published in the daily newspapers El Mercurio de Santiago and La Tercera (the "Notice of Beginning") and the supplement to the notice dated October 2, 2008 published in the mentioned daily newspapers, Inversiones Telefónica Internacional Holding Limitada (the "Bidder") communicated the beginning of the public tender offer of shares issued by Compañía de Telecomunicaciones de Chile S.A. ("CTC"), equivalent to 100% of the shares issued by CTC that are not owned by the Bidder or its controller Telefónica Internacional Chile S.A., ("TICSA") at a price of 1,000 pesos for each share of series "A", 900 pesos for each share of series "B" and 4,000 pesos for each ADS that represents four CTC series "A" shares, under the terms and conditions of the Notice of Beginning and its supplements and the respective prospectus and its supplements (the "Prospectus") (collectively hereinafter the "Offer"), as made available to stakeholder and others as provided by Law N° 18.045 regarding the Securities Exchange (the "Securities Exchange Law") and the Superintendency of Securities and Insurance, ("SVS").

By means of the present notice, the Bidder:

- a) announces an **increase in the price** offered for the shares issued by CTC to **1,100 pesos** for each share of series "A", **990 pesos** for each share of series "B" and **4,400 pesos** for each *American Depositary Shares* that represents four CTC series "A" shares;
- b) announces the **extension of the Offer** until **24:00 hours on October 30, 2008**, and
- c) **modifies the Notice of Beginning** replacing the following terms:

1. Replacing section 3a. "Amount of the Transaction" with the following:

"a. Amount of the Transaction. Amount of the transaction: In the event that 100% of the shares of the Company that are not held by the Bidder or its controller TICSA, are

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acquired, the total amount of the transaction shall correspond to 575,610,044,790 pesos, corresponding to 1,100 pesos for each series "A" share and 990 pesos for each series "B" share."

**2. Replacing section 3d. "Term of the Offer" with the following:**

"**d. Term of the Offer.** This offer is extended from the 00:00 hours on September 17, 2008, until the 24:00 hours on October 30, 2008. (hereinafter the "Term Period")."

**3. Replacing section 4a. "Share Price" with the following:**

"**a. Share Price.** The price per share offered is increased to 1,100 pesos for each series "A" share and 990 pesos for each series "B" share. The price shall be paid in pesos, the national currency and shall not accrue interest nor readjustments. It is established that the American Offer is made for the price of 4,400 pesos for each ADS that represents four CTC series A shares and which results in the same price per series "A" share in pesos relevant to this Offer. In the case of the American Offer, the price shall be paid in dollars of the United States of America, in the United States of America, in accordance with the observed dollar value effective on the expiration date of the American Offer. For these purposes, it is understood that the observed dollar value is that determined by Central Bank of Chile as indicated in Chapter I(6) of the Compendium of International Exchange Regulations of the Central Bank of Chile."

**4. Replacing section 4b. "Price for Control" with the following:**

"**b. Price for Control.** The offered price represents a price of 31.8% above the market price for each series "A" share and 18.8% above the market price for each series "B" share. Market price is understood as the price defined in the Securities Exchange Law as referenced for public tender offers. Such price is 834.4 pesos for each series "A" share and 833.4 pesos for each series "B" share. Said market price corresponds to the average of the stock market transactions made between June 23, 2008 and September 17, 2008. Notwithstanding the foregoing, and due to the actual participation of the controller of the bidder and its controller TICSА, there is no control price."

The Prospectus has been modified to the same effect.

**INVERSIONES TELEFÓNICA INTERNACIONAL HOLDING LIMITADA**

Santiago, October 15, 2008

Dear Shareholder:

Greetings, we inform you that Telefónica, through its subsidiary Inversiones Telefónica Holding Limitada, has amended the price of its Tender Offer (TO) for 100% of the stocks in Empresa de Telecomunicaciones de Chile S.A. (CTC).

The new price represents an increase of 10% of the initial offer, reaching CLP\$1,100 for CTC-A Series and CLP\$990 for CTC-B series.

The amendments form part of the same process that we previously communicated and involve the holding of a new extraordinary shareholders meeting of the company, which will be held on October 28 of this year, with the purpose of deleting the shareholder concentration provisions that Telefónica Chile currently has. This is a material condition for the success of the TO.

In order to fulfill these conditions, the operation has modified its deadline, extending the final date for the shareholders to surrender their shares until October 30.

All information related to the new steps to be taken is available in the web site [www.opactct.cl](http://www.opactct.cl), or if you prefer you can contact a representative of Santander Corredores de Bolsa —managers of the offer- directly, which can give you the orientation regarding your investment at the phone numbers 800 646 000 or (02) 336 3400, or your regular stockbroker.


Yours truly,

Telefónica




While certain sections of the discussion materials prepared by Santander Investment Chile Limitada address a possible integration of Compañía de Telecomunicaciones de Chile S.A.'s (the "Company") business with Movistar, a subsidiary of Telefónica, S.A. ("Telefónica"), these sections were not requested by Telefonica and (i) were not taken into account in the preparation of the terms of the Tender Offer, (ii) were not provided to the Board of Directors of Telefónica or to the Executive Committee and (iii) may be misleading to Shareholders as they could be misinterpreted as a statement of the future plans of Telefónica, Telefónica Internacional Chile, S.A. and Inversiones Telefónica Internacional Holding Limitada (collectively, the "Telefónica Group"). The decision to launch the Offers was made by the Executive Committee of Telefónica on September 5, 2008.

The Telefónica Group, except as disclosed in the Offer to Purchase, does not have any present plans or proposals that would result in (a) any extraordinary corporate transaction, such as a merger, reorganization, liquidation, or purchase, sale or transfer of a material amount of assets of the Company or any of its subsidiaries, (b) any change in the current Board of Directors or management of the Company (including any plans or proposals to change the number or term of directors, to fill any existing vacancy on the Board of Directors or to change any material term of the employment contract of any executive officer), except any change in the Board of Directors resulting from Telefónica increasing its stake in the Company after the Offers or (c) any other material changes to the Company's current dividend rate or policy on indebtedness, capitalization or corporate structure or business.



# EXPLORA

Translation from an original  
file in Spanish



GLOBAL BANKING & MARKETS

value from ideas

CONFIDENTIAL | SEPTEMBER 2008

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# Introduction

## Offer for 55% CTC

- Telefónica currently holds a 44.9% stake in CTC through TISA
- EXPLORA transaction proposes the launch of an offer for the 55% it does not own, which is held by the following stakeholders :
  - Chilean Pension Funds (AFFs) 21% (20% concentrated in 4 institutions)
  - ADRs holders 18% (Capital International Inc. holds 4%)
  - Retail Investors 16%
- Successful achievement of 75% (30% of the not controlled stake by Telefónica), as the minimum necessary to amend the Corporate Bylaws and allow Telefonica to overcome its 45% participation

## Offer valuation

- An offer price of 1,000 CLP (34% premium over the 2 september closing price) will imply a maximum investment amount of US\$ 1,010 Mill/ €679 Mill.\*
- This premium price would imply a EV/EBITDA 08E 4,9x, EV/OCF 08E 10,2x and P/E 08E of 70,6x

## Timing

- Announcement to the market on September 11th (16.45h Chile time)
- Roadshow between September 15<sup>th</sup> and 23<sup>rd</sup>
- End of expected acceptance period on October 14th and closing on October 17th

## Snapshot CTC

	mn. USD				mn. EUR					mn. PS	mn. US\$
	2006	2007	2008E	CAGR 06/08	2006	2007	2008E	CAGR 06/08			
Revenues	1,664	1,273	1,262	7,3%	622	665	640	1,6%	Last Price	747	1,45
% increase	12,7%	17,4%	-0,9%		1,7%	5,2%	-3,0%				
OBDA	540	561	513	-2,5%	410	361	345	-8,3%	Market Cap	714.966	1.384
Margin OBDA	49,6%	44,1%	40,6%		49,9%	44,0%	40,7%		Net Debt	337.379	653
Capex	205	291	303	21,3%	156	198	203	14,1%	EV	1.052.376	2.038
% revenues	19,0%	22,9%	24,0%		19,0%	22,9%	23,9%				
OBDA-Capex	334	270	210	-20,7%	254	183	142	-25,2%	EV/EBITDA 08	3,3x	3,8x

\* Exchange: 1000 CLP = 1,12

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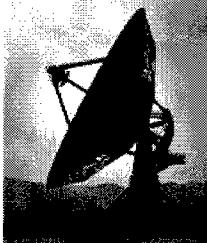
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# Rationale of the Transaction for Telefónica

## 6 key reasons

### Appropriate Timing

#### Attractive valuation

- After losing -10% during 2007 and -22% in 2008 YTD, CTC **now trades on its historical minimum** (over 14 years)

#### Favorable AFP Regulation

- **EV/EBITDA 0.8E 3.9x**, which means a -16% discount vs. its main comparables Wireline LatAm (Telmex y Telesp)
- Regulatory changes encourage **divestments in equity securities**
- We haven't identified any **regulatory, political or public opinion** aspects that could affect negatively the transaction.

### Strategy

#### Integration Fixed-Mobile

- The tender offer for CTC would allow to speed up the integration process between **fixed line and mobile business in Chile**
- The integration will maximize synergies and strengthen Telefonica's competitive position

#### Synergies

- Based on the guidance transmitted in the Investor Day 2007 of an improvement in 5pp of OCF/ revenues from integration fixed-mobile, synergies in CTC-Movistar integration could be up to €130-164 mn, **or 20% of the estimated deal amount**

#### Differentiation

- Fixed-Mobile integration would be an important competitive advantage due to: (i) **strong positioning of Movistar Chile** (ii) **low integration of competitors** (VTR, Entel, América Móvil, Telmex Internacional)

### Impact on shares

#### Attractive and affordable transaction

- Assuming 34% premium, the max deal amount would be €679 mn, an affordable amount for Telefonica (**under Net Debt/EBDA guidance and geographical expansion criteria**)
- **Low impact on EPS** (less than 1%), with a potential positive cash impact due to current dividend policy

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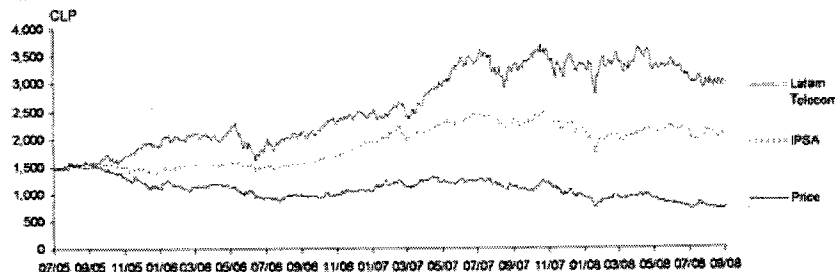


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Valuation: CTC lowest historical value  
Denominated in CLP, -2% 1M, -9% 3M, -35% 12M

CTC: performance of CTC Serie A denominated in CLP, Latam Telecom Index and IPSA Index



IPSA Index and Latam Telecom Index were recorded to CTC share price

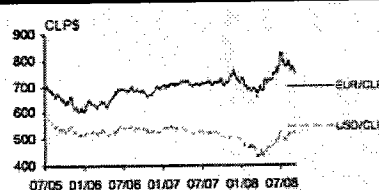
CTC vs. Latam Telecom vs. IPSA

	1M	3M	6M	1Y	2Y	YTD
CTC - A	-2%	-9%	-19%	-35%	-24%	-22%
IPSA	-4%	-6%	+3%	-14%	+30%	-6%
Latam Telecom*	0%	-12%	-12%	-11%	+41%	-11%

Source: Bloomberg as of September 1<sup>st</sup> 2008

\*Latam Telecom index (MLAATQ) is a Telecom Index created by Morgan Stanley, composed from the weighted average of the top 100 of Telecom's companies. The base value of the index was 100 on 01/01/2000

Exchange rate: CLP/EUR, CLP/USD



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Attractive valuation:  
Discount of 16% compared to main comparables companies (Tier I)

Telecom LatAm multiples								
Company	Country	Mkt Cap. (USD bn)	Fixed line as a % of sales	EV / EBITDA		EBITDA CARG 07/09	P/E	
				2008E	2009E		2008E	2009E
Telmex México	MX	23.3	100.0%	5.5x	5.6x	-3.5%	10.2x	9.8x
Telesp PN	BR	14.1	100.0%	4.0x	3.9x	2.1%	9.6x	8.9x
Average Tier I				4.7x	4.7x	-0.7%	9.9x	9.4x
Axtel	MX	1.4	100.0%	4.8x	4.3x	7.6%	24.2x	23.5x
Telmex Int'l	MX	13.1	100.0%	7.0x	6.5x	8.0%	18.3x	16.7x
Brasil Telecom	BR	7.3	88.4%	3.9x	3.7x	6.2%	13.4x	11.0x
Telemar	BR	8.9	78.0%	3.5x	3.4x	2.6%	7.3x	6.6x
Average Tier II				4.8x	4.4x	6.1%	15.8x	14.5x
CTC	CH	1.4		3.9x	3.9x	-2.7%	52.0x	28.6x

Valuation range (equity value)



- Using the comparable multiple of Tier I, CTC will reach an average equity value of € 1,225 Mn.
- This value represent a premium of 32% over the current market price.
- The target price of the company's equity value according of the market analysts is an average of € 1,290 Mn, which means a 39% premium over the current market price
- According to a DCF valuation the equity value would be € 1,297 Mn

Source: Bloomberg, as of September 2<sup>nd</sup> 2009  
\* Assuming a WACC of 9.7%, D of 1.2 and based on the company's projections

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# Attractive relative valuation

Preliminary DCF valuation results in a price of CLP 1.042 per share

Discounted Free Cash Flow (in Million CLP)		2008E	2009E	2010E	2011E	2012E	TV
Sales		664.261	676.662	689.739	700.016	708.666	708.666
EBITDA		258.468	263.849	268.645	270.076	269.531	269.531
Margin EBITDA		39%	39%	39%	39%	38%	38%
EBIT		46.840	51.216	66.816	77.973	92.364	159.218
Tax rate		17%	17%	17%	17%	17%	17%
Taxes		7.980	8.707	11.359	13.255	15.702	27.067
NOPLAT		38.860	42.509	55.457	64.718	76.662	132.151
+ Depreciation		211.528	212.633	201.829	192.103	177.166	110.313
- Capex		134.193	129.881	120.255	113.314	110.313	110.313
+/- Working Capital		0	0	0	0	0	0
Free Cash Flow		116.295	125.261	137.031	143.507	143.516	132.151
Free Cash Flow - Discounted			118.259	115.313	107.639	95.947	797.291
Free Cash Flow in US\$ (Mn)							
Free Cash Flow		228	235	247	250	243	224
Free Cash Flow - Discounted			225	216	199	177	1.766

Summary of the valuation		
Discounted FCF 2009-12E	548	816
Discounted Terminal Value	1.187	1.766
Enterprise Value	1.736	2.582
DFN 30-Jun	439	653
Equity	1.297	1.930
Share implied price - CLP	1.042	

Implied multiples	
EV / Sales 09E	2.0x
EV / Sales 10E	2.0x
EV / EBITDA 09E	5.1x
EV / EBITDA 10E	5.2x

Notes: Preliminary DCF based on preliminary information - 2009, US\$. DCF assuming a WACC of 10% and a  $\beta$  of 1.1

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**Indefinite** + **N**

**Indefinite** + **N**

**Synergies:** assuming an OCF of 4-5% for 2009 CTC+TEM Chile could reach €130-164 mn of integrations synergies

**2** **Chance to maximize the "Corporate dividend"**  
Utilization of the local cash generation to finance the acquisition. CTC with 1.3x DFN / EBITDA DBE (jun-08)

**Greater flexibility in management:** provided that it could reduce / eliminate the presence of minority shareholders.

Source: *Statistical Report of Tibetology*, Editions 2008 y 2009 provided by Morgan Stanley, estimated 2008 y 2009 for Domestic (autonomous) provinces were calculated based on the Internet (see presentation October 07).

- Teléfono Chile** as a unique integrated operator, with **+10 mn. clients**: **+2 mn.** Fixed lines, **6 mn.** Mobile lines, **650k** broadband and **200k** pay-TV
- Strengthen the competitive position in Chile.** Telefonía could offer 4P (quadruple play) products vs. competitors as **Entel** and **Claro** than only can offer mobile services, and **VTR** that could offer 3P (triple play) products, but with only **800,000** customers (2007).
- Fit with Telefonía Group's global strategy,** aimed to reach an integrated regional model

\*90670 CONSENT

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【文】 〇〇〇〇〇〇

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### ► Test One Strategy

- Conductor for Success
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- 1997年12月1日  
● 1997年12月1日


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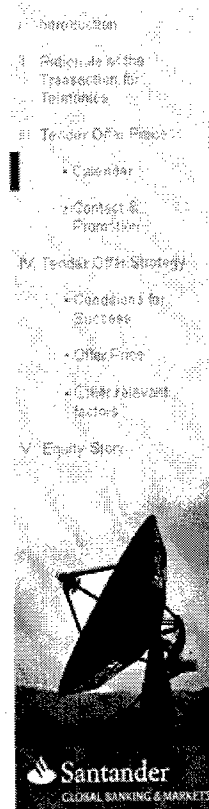
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## Key dates

Press release	▪ Sep-11 / 16:45	Press release in Chile and USA Call to the key investor, in order to arrange roadshow
	▪ Sep-12, 12:00 pm.	General conference call
	▪ Sep-14.	Legal announcement in Chilean newspapers
	▪ Sep-15, 9:00 a.m.	SEC / SVS Filing
Roadshow USA y UK	▪ Sep-15.	Capital International (London) First State (London) M&G (London)
	▪ Sep-16.	Capital Inc. (Los Angeles) Dimensional (Los Angeles) Conference call with international investors
	▪ Sep-17.	Capital Guardian (New York) Renaissance (New York) Capital Research (Washington)
	▪ Sep-22.	AFP Provida, AFP Habitat, AFP Capital
RoadShow Chile	▪ Sep-23.	AFP Cuprum, AFP Plan Vital 2 group meetings with local investors
	▪ Oct-14.	Expiration of the offer
Close	▪ Oct-17.	Close (publishing results, material event, etc)
	▪ Oct-17.	Settlement date



### Tender Offer schedule

[illegible]

## Chosen Time

2


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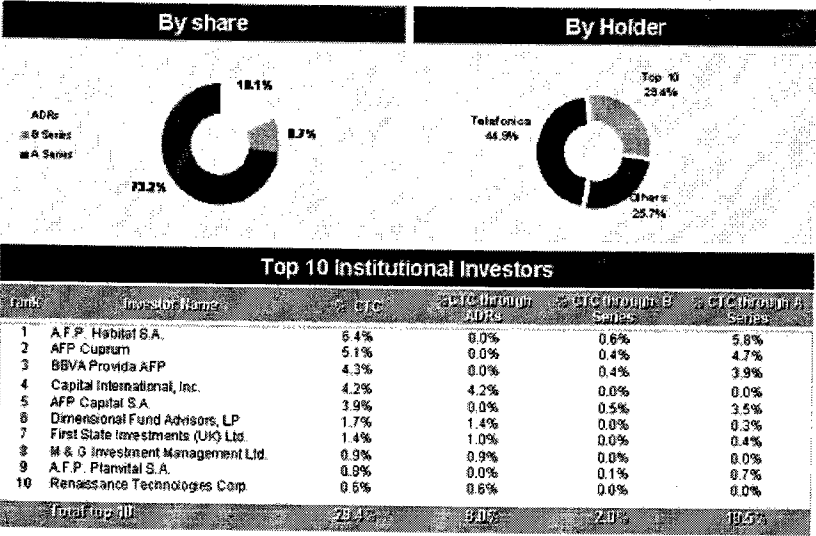
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Transaction Process  
Stakeholders overview



- The shareholding is concentrated in a few Institutional Investors (only 10 accounts control 29.4% of the capital )

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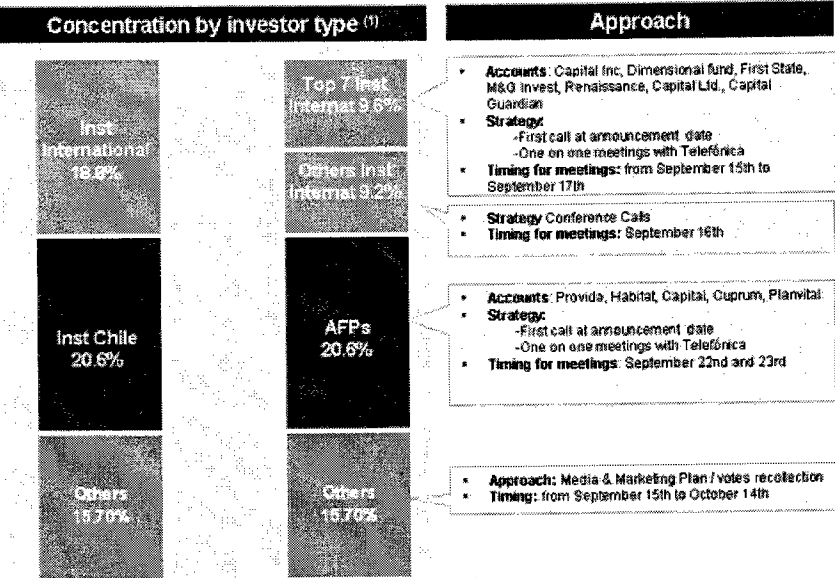


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# Transaction Process

Communication Strategy: focused for institutional tranche, massive for the retail tranche



- Direct contact with the first 12 institutional shareholders and potential organization of group events for other institutional investors.
- Wide marketing campaign for retail

(1) 2008, Subprime - Telefónica

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# Institutional Investors

## International shareholders contact information

Fund	CTC Shareholder (July 00)	Contact Information	Comments
Capital International Inc	CTC-A: 0% CTC-B: 0% ADR: 4.2% Total: 4.2%	<b>New York</b> Lisa Thompson email: lbt1@capgroup.com Tel: +1 212 649 1531 Patrick Grenham email: patrick_grenham@capgroup.com Tel: +1 212 641 1791 Gadi Stadel Tel: +1 212 641 1749 Email: gds@capgroup.com	  Capital Group, with its 3 international divisions (Capital Research, Capital World y Capital International) has portfolio managers around the world. One single portfolio manager can be responsible for several different funds
Capital International Ltd	CTC-A: 0% CTC-B: 0% ADR: 0.4% Total: 0.4%	<b>Washington</b> David Riley Tel: +202 945 6330 Email: david_riley@capgroup.com	
Capital Guardian	CTC-A: 0% CTC-B: 0% ADR: 0.4% Total: 0.4%	<b>Los Angeles</b> Patricia Artigas email: patricia.artigas@cgt.com Tel: +1 310 996 6347	
	CTC-A: 0.3% CTC-B: 0% ADR: 1.4% Total: 1.7%	<b>Los Angeles</b> Akbar Ali Email: +1 310 917 1433 Tel: akbar.ali@dfarfunds.com	Fund managed with "Program Trading" system
	CTC-A: 0.4% CTC-B: 0% ADR: 1.0% Total: 1.4%	<b>London</b> Alan Nesbit Email: anesbit@firststate.co.uk Tel: + 44 131 473 2531 Milla Mathieson, Email: mmathieson@firststate.co.uk Tel: + 44 131 473 2573	
	CTC-A: 0% CTC-B: 0% ADR: 0.9% Total: 0.9%	<b>London</b> Richard O'Connor Tel: + 44 20 7548 3832 Email: richoconn@bloomberg.net	Fund managed with "Program Trading" system
<b>Renaissance</b>	CTC-A: 0% CTC-B: 0% ADR: 0.6% Total: 0.6%	<b>East Setauket (New York)</b> Paul Broder Email: + 1 631 246 5550 Tel: broder@renlac.com	El Fund managed with "Program Trading" system

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- Offer reserved rights



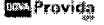

Equity Story





# Institutional Investors

## Chilean Pension Funds (AFPs) contact information

Fund	Type	CTC Stake hold (July 08)	Contact Information
 <b>HABITAT</b> AFP	Pension Fund (AFP)	5.24%	General Manager: Cristián Rodríguez Investment Manager: <b>Alejandro Bezanilla</b>
 <b>Cuprum</b> AFP	Pension Fund (AFP)	4.28%	General Manager: Antonio Tocornal Investment Manager: <b>Ignacio Álvarez A</b>
 <b>Provida</b> AFP	Pension Fund (AFP)	3.88%	General Manager: Ricardo Rodríguez M Investment Manager: <b>Joaquín Cortéz H</b>
 <b>ING</b> CAPITAL	Pension Fund (AFP)	3.13%	Director: Eduardo Vildósola General Manager: Pedro Orueta A Investment Manager: <b>Roberto Perales</b>

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## Contact & Promotion Retail Investors (20% of capital)

### Brokerage Houses

- Acceptances from every brokerage house in the Santiago Stock Exchange will be received. An incentive fee will be offered according to the number of acceptances they get by the end of the offer period.

### Bank branches

- Santander has over 380 branches throughout Chile, which are directly connected to Santander Global Banking and Markets so as to get as many shares as possible, and maximize the diffusion of the process from Arica to Punta Arenas.
- Access to Santander clients' base will be offered
- Marketing materials could be made available in selected Santander's branches.

### Specialized taskforce for voting and shares soliciting

- We advise the appointing of a telemarketing team in order to contact the minority shareholders, make them aware of the Offer, answer to their questions, and promote the voting and tendering of the shares.

### Media Plan

- We recommend the definition of a communication plan for the process, which should include: the main newspapers (El Mercurio, La Tercera, Diario Financiero), radio and internet, the goal of this communication plan is to make the information available to the public opinion.

Zona Norte:  
27 sucursales

Zona Central:  
48 sucursales

Zona Metropolitana:  
195 sucursales

Zona Centro Sur:  
33 sucursales

Zona Sur:  
79 sucursales

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# Conditions for Success

## Conditions for Success

### 75%: By-laws amendment

- The first condition for the Offer is the By-law amendment in order to eliminate the current restriction of 45% of shares that may be owned by one Shareholder.
- In order to make this amendment, the affirmative vote of 75% of the outstanding shares will be required. This voting will take place at the Extraordinary Shareholders meeting to be held prior to the end of the offer period.
- Assuming the acceptance from the local pension funds and from the main ADRholders, the 75% figure could be reached.

### 88%: Board Control

- Given that CTC has 7 board members, a 88% acceptance of the offer will be required in order to reach the full control of the board. This is highly advisable in order to facilitate the strategic control of the company after the offer.

The minimum condition for the offer to success is to get a 75% acceptance in the by-law amendment. Nevertheless, an 88% would be advisable in order to reach the full control of the board.

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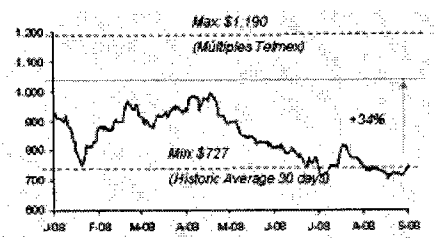
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Offer Price: Conclusions


Valuation (Price per Series A share)					
Method	Criteria	Objective	Base Price CLP A + CLP	Implied Price (CLP)	Difference
1. Comparable Multiples	EV/EBITDA 08 Average for Companies in LatAm	FV/EBITDA: 4.8x EBITDA 08: \$264,4 MM CLP	747	973	30%
2. Multiples Telex	EV/EBITDA 08	FV/EBITDA: 5.5x EBITDA 08: \$264,4 MM CLP	747	1.190	59%
3. Premium for Tender Offers	Premium vs. Average price for 30 days before the offer	24%	727	901	24%
4. Historical Price	Average Price	Last 30 days Last 90 days Last 180 days Last 3 years	747 747 747 747	727 758 832 1073	-3% 1% 11% 44%
5. Analyst's Target Price	Target Price	\$1.036 CLP	747	1.036	39%
6. DCF Analysts*	Target Price	\$1.040 CLP	747	1.040	39%



(\*) Research reports from Deutsche Bank, JP Morgan, Jefferies, Leer & Associates and Credit Suisse.  
Source: Bloomberg, 2.000

For our base scenario, we have assumed an offer price of CLP 1.000 per Series A share, which implies a 34% premium over current market prices (as of 02 september)

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# Offer Price: Comparable Companies Multiples

Multiples

Company	Country	Market Cap (US\$ Bn)	EV / EBITDA		EV / OCF		P/E	
			2008F	2009F	2008F	2009F	2008F	2009F
Telmex Mexico	Mexico	23.3	5.5x	5.5x	6.1x	6.7x	10.2x	9.8x
Teleop PN	Brazil	14.1	4.0x	3.9x	5.7x	5.7x	9.6x	8.9x
Media TIER I			4.7x	4.7x	5.9x	6.2x	9.9x	9.4x
Axcel	Mexico	1.4	4.8x	4.3x	n.d.	n.d.	24.2x	23.5x
Telmex Internacional	Mexico	13.1	7.0x	6.5x	17.0x	15.2x	18.3x	16.7x
Brazil Telecom	Brazil	7.3	3.9x	3.7x	8.4x	5.9x	13.4x	11.0x
Telemar	Brazil	8.9	3.5x	3.4x	9.8x	5.4x	7.2x	6.6x
Media TIER II			4.8x	4.4x	11.7x	9.9x	15.8x	14.5x
Media Wireline LatAm			4.8x	4.5x	9.4x	7.5x	13.8x	12.8x
CTC	Chile	1.4	3.9x	3.9x	8.2x	8.1x	52.0x	28.6x
Telefonica	Spain	118.9	5.8x	5.5x	9.4x	8.6x	10.6x	9.5x

We have classified CTC peers by their comparability to CTC. The Tier 1 companies are the most comparable ones, being Telmex the closest comparable.

CTC stock is currently traded at 3.9x EV/EBITDA 08E, which is below to comparable companies in Latam (4.8x) and to Telmex Mexico (5.5x).

Source: Bloomberg, as of 11/1/10

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# Offer Price: Premiums Tender Offers in Chile

## Relevant Tender Offers 99-08

Announ. Date	Target company	Acquirer	Amount (MM USD)	% Acquired	% Obtained	Premium 30 days	Premium 90 days
Controlling Shareholder Tender Offers							
sep-09	CTC	Telefónica S.A.	1.000	55,1%	100,0%	34%	--
jun-06	Compañía Chilena de Tabacos	Inversiones Precis	170	26,0%	96,4%	30%	30%
feb-06	Empresas Pizarreño	Eltex Labnámérica	69	17,6%	99,2%	15%	25%
nov-00	Chilectra	Enersis S.A.	375	24,5%	98,0%	18%	13%
oct-99	Emelsa	PP&L	23	10,0%	95,4%	6%	5%
oct-99	Emetel	PP&L	10	13,8%	93,4%	18%	14%
oct-99	Elitqa	PP&L	12	19,9%	93,5%	14%	17%
oct-99	Emetari	PP&L	8	16,9%	79,9%	29%	26%
oct-99	Eliecta	PP&L	17	17,3%	80,4%	21%	17%
apr-99	Endesa Chile	Enersis S.A.	2.500	34,7%	60,0%	60%	71%
mar-99	Enersis	Endesa España	1.500	32,0%	64,0%	25%	34%
abr-98	Santlangrup	Santander	110	10,4%	98,0%	33%	53%
Average*						24%	26%
Other Relevant Tender Offers							
aug-07	Esval A	OTTP	367	69,4%	68,4%	11%	16%
jan-05	Paris	Cencosud	1.000 (est)	71,1%	98,9%	28%	32%
mar-02	Chilesat Corp S.A. (Telex)	Redes Óptica S.A.	2	28,7%	46,9%	-48%	-56%
may-01	Laboratorio Chile S.A.	Ivax Corp	395	99,0%	99,0%	14%	25%
jan-01	Gener S.A.	Aes Corp	29	2,1%	97,9%	1%	3%
nov-00	Gener S.A.	Aes Corp	1.200	95,7%	95,7%	37%	33%

- There were 11 go to private transactions from controlling shareholders in Chile in the period 1998 – 2007. These transactions implied premiums ranging from 6% to 60%, with an average of 24% over the market price the day before the announcement.
- In most of the cases, the major shareholder already controlled a high percentage of the target company.
- The invested amount in the offers shown above, is lower than the amount that would be required for an eventual offer for CTC.

\* Source: Intercor Chile CTC offers

\*\* Based on Chilean go to private offer

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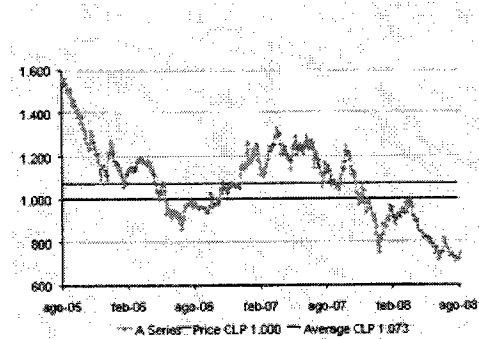
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# Offer Price: Historical Price Evolution

Offer Price vs 3 year Average price

Announc. Date	Target company	Tender Offer Price	3 year average	Price 30 days before	3-year Low	3 Year High
sep-08	CTC	1.000	1.073	753	705	1559
jul-06	Compañía Chilena de Tabacos	5.000	4.787	3800	3600	6199
feb-06	Empresas Pizarreño	1.395	1.034	1040	410	1550
jan-05	Pans	960	496	740	369	875
may-01	Laboratorio Chile S.A	758	461	620	220	763
nov-00	Chilectra	2.200	2.488	1917	1800	3195
abr-99	Endesa Chile	360	243	219	124	327
mar-99	Enerdis	320	246	266	154	314



The proposed price (CLP 1 000 / share) is below the 3 year average (\$1073) and close to the historical low (\$705).

In most of the relevant tender offers the price has been above the 3-year average and close to the historic high.

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# Offer Price: Analysts' Target Prices

Price CTC-A						
House	Date	Recommendation	Target Price (CLP)	Methodology	Market Price* (CLP)	Exchange Rat. CLP/USD
Corp. Research SA	Jul-08	hold	960	Comps	790	495
Deutsche Bank*	Jul-08	buy	1.176	DCF	790	495
JP Morgan*	Jul-08	hold	866	DCF	790	495
Lazard Vial	Jul-08	buy	900	NA	715	512
UBS	Jun-08	buy	1.066	NA	774	508
Merrill Lynch*	Jun-08	sell	841	DCF	810	480
Parila E&J	May-08	buy	1.200	NA	825	490
BCI Comedora de Bolsa	Mar-08	hold	1.030	NA	880	440
Banchile Inversiones	Feb-08	buy	1.150	DCF	969	466
Credit Suisse	Ene-08	hold	1.188	DCF	836	465
Average			1.036		818	
Average DCF			1.040		839	

Sum of the Parts in TEF				
House	Last Report	Firm Value (CLP)	Implied Price (CLP)	Market Price* (CLP)
DB	Jul-08	1.763.301	1.501	722
JP Morgan	Abr-08	1.642.182	1.376	980
Societe General	Abr-08	1.429.991	1.157	985
Bear Stearns	Mar-08	1.571.151	1.485	924
Citigroup	Mar-08	1.861.446	1.677	885
Promedio			1.439	899

- Analysts' target prices average \$1.036 CLP considering all methodologies, and \$1.040, considering just DCFs. Target prices show a steady decrease along the time, accompanying the market performance of the stock.
- On the other hand, CTC's valuations as part of Telefonica's valuations tend to be higher, but this may be due to exchange rate EUR/CLP effects.

\* Data obtained from reports on the ADRs and the website of the respective banks.

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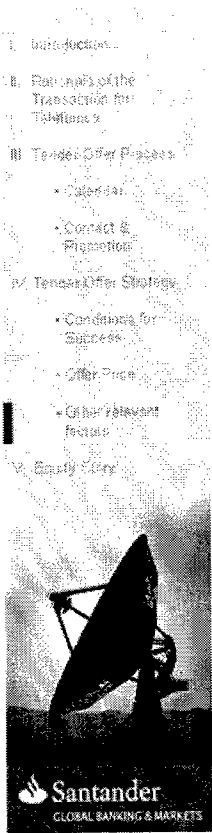
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Other relevant factors

Others	<p><b>Why announcing the offer on September 11th?</b></p> <ul style="list-style-type: none"><li>• Holidays: Thursday 18 and Friday 19 of September are holidays in Chile (National Holidays). Since there is no school, most of the people take the week off and leave Santiago.</li><li>• Therefore, it's critical for the success of the transaction announcing the offer on September 11th. The board will be called before the holidays, complying with the legal requirements</li><li>• Monday 13 of October, is a holiday in United States (<b>Columbus Day</b>), and it will be better to announce the tender offer so that it can expire on October 14</li></ul>
	<p><b>Fixed Price</b></p> <ul style="list-style-type: none"><li>• We suggest to make the offer at a fixed and final price, rather than a lower one to negotiate with main shareholders</li><li>• We do not recommend an offer price structured in tranches based on the offer acceptance level. This would make the negotiation with AFPs and ADRs holders very difficult and would risk the success on the EGM. On the other hand, retail investors will be very influenced by the marketing campaign limiting the price effect</li></ul>

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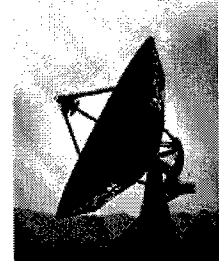


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# Equity Story: Tender Offer

## An attractive premium...

- Tender Offer 100% in cash for 55.1% of CTC shares at CLP 1,000/share A that represents:
  - 34% premium over the closing price on September 2<sup>nd</sup> and last 3 month average
  - Premium significantly higher than the average 24% premium of the last 12 Tender Offers in Chile
  - Quick process and reduced risk: The Settlement will take place on October 17<sup>th</sup> and the deal is not subject to regulatory approval

## ...that recognizes the fundamental value of CTC...

- The Offer price is close to the analysts' target price of CLP 1,036 (10 reports in the last 6 months), and recognizes the fundamental value of the company...
- ...and implies a CTC valuation above comparable companies' average valuation:
  - EV/EBITDA08E of 4.9x (vs. trading comparable companies of 4.8x)
  - EV/OCF of 10.2x (vs. trading comparable companies of 9.4x)

## ...that is not recognized by the market...

- CTC has consistently underperformed other Telecom companies in Latin America during the last years..
- ...due partly to a general trend, in which the wireless operators in Latin America (AMX, TIM Brazil, Entel, Vivo) have increased by 45% in the last 3 years, while the fixed line operators have increased only by 20% on the same period

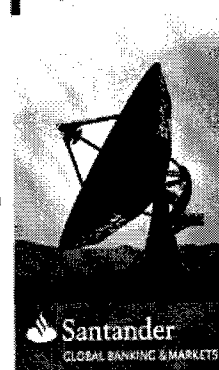
## ...that represents a unique opportunity to realize a increasingly illiquid investment...

- CTC's liquidity has significantly decreased during the last two years (in a context of general volume increase in the Chilean market), making increasingly difficult for CTC shareholders to realize their investment
- The Top-5 CTC investors would need more than 60 days to realize their investments in the company assuming a stake of 25% on the total daily traded volume of CTC share

*The Tender Offer is a unique opportunity to monetize the CTC investment at a 34% premium, that recognizes the fundamental value of CTC that is not recognized by the market*

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Equity Story: 34% Premium...

- The offered price of CLP 1,000 per share implies a CTC valuation of:
  - 34% above its current market price <sup>(1)</sup>
  - 38% above the average price in the last month
  - 9% above the average market price in the last year
- The 34% premium is significantly higher than the average premium paid in the last comparable Tender Offers in Chile, that have had a 24% premium over the average market price of the 30 trading days previous to the offer

Relevant Tender Offers  
98-08

Announce- ment Date	Target Company	Acquirer	Amount (US\$ MM)	% Acquired	% Reached	Premium 30 days
Controlling Shareholder Tender Offers						
Sep-08	CTC	Telefónica S.A.	1000	55.1%	100%	34%
Jul-06	Cia Chil. de Tabacos	Inversiones Precis	170	26%	96.4%	30%
Feb-06	Empresas Pizarreño	Etex Latinoamérica	69	17.6%	99.2%	15%
Nov-00	Chilectra	Energis S.A.	375	24.5%	98%	16%
Oct-99	Emelsa	PP&L	23	10.0%	95.4%	6%
Oct-99	Emelat	PP&L	10	13.6%	93.4%	18%
Oct-99	Eliqsa	PP&L	12	19.9%	83.5%	14%
Oct-99	Emelari	PP&L	8	16.9%	79.9%	29%
Oct-99	Elecda	PP&L	17	17.3%	80.4%	21%
Abr-99	Endesa Chile	Energis S.A.	2500	34.7%	60%	60%
Mar-99	Energis	Endesa España	1500	32%	25%	25%
Abr-99	Santargroup	Santander	110	10.4%	33%	33%
Average						24%

Source: Bloomberg, Prospectus  
(1) Closing price as of September 2<sup>nd</sup> 2008.

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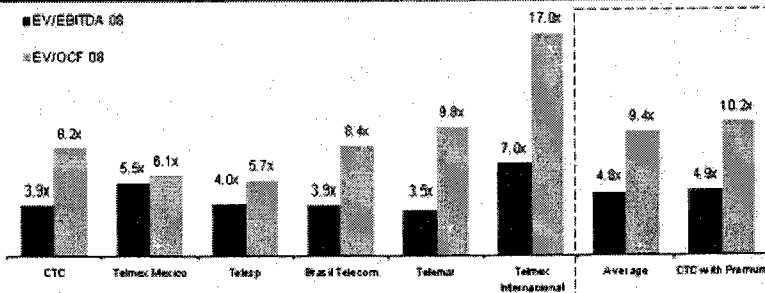
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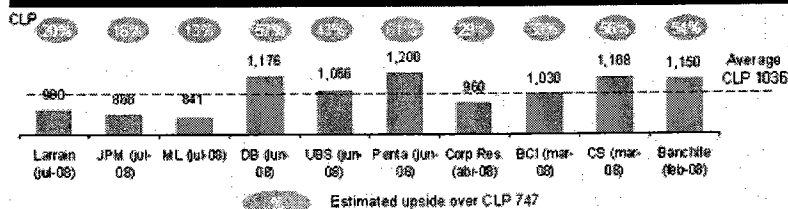
...that recognizes the fundamental value of CTC...

- The offered prices imply a CTC valuation of 4.9x EV/EBITDA08E and 10.2x EV/OCF, in line with its comparable companies and the average analysts' target price of CLP 1,036 (10 reports in the last 6 months), recognizing the fundamental value of the company

#### LatAm Telecom companies Valuation



#### Average Analysts' Target Price in 2008 (CLP)



Source: Bloomberg as of September 2nd 2008; Analysts' reports

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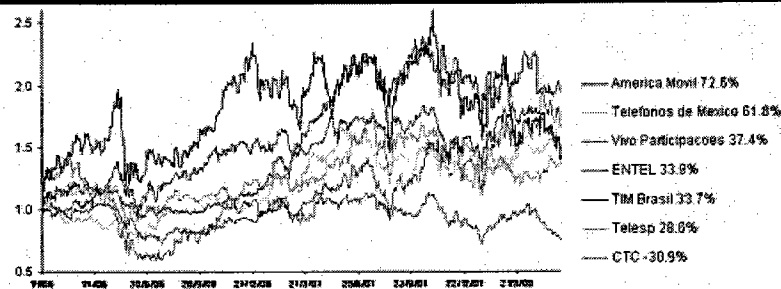




...not recognized by the market...

- CTC has lost 31% of its market value since early 2006
- ... due partly to a general trend, in which the mobile operators in Latin America (AMX, TIM Brasil, Entel, Vivo) have increased by 45% in the last 3 years, while the fixed line operators have increased only by 20% in the same period

Stock Performance of Telecom companies in LatAm (2006-2008YTD <sup>(1)</sup>)



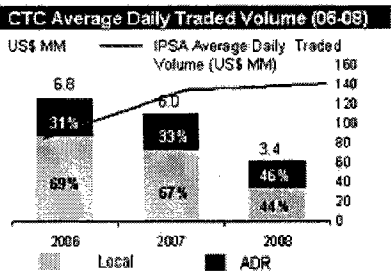
Source: Bloomberg  
(1) Closing price as of September 2<sup>nd</sup> 2008

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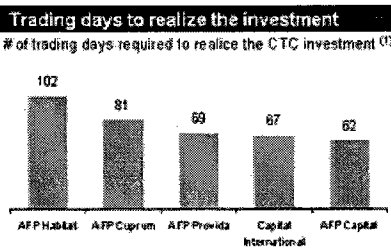


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...and that represents a unique opportunity to realize an increasingly illiquid investment...



- CTC's liquidity has significantly decreased in the last two years (in a context of general increase in the Chilean market's volume), being more difficult for CTC shareholders to realize their investment



Source: Bloomberg  
(1) Assuming a 25% of the Average Daily Traded Volume in 2008 YTD

- The main CTC investors would require between 100 and 60 trading sessions to disinvest in the company at the current levels of liquidity <sup>(1)</sup>
- Moreover, the current CTC shareholders could find themselves trapped in an illiquid company in a post tender offer scenario

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## Telefónica Shareholders: Financial Impact on Telefónica

### <1% Mkt Cap Telefónica

- The tender offer would reach an amount up to €679 mn, that represents less than 1% of Telefonica's Market Capitalization

### Aligned with the Investor Day goals...

- The transaction fits the M&A criteria outlined during the Telefonica Investor Day in October 2007 (Debt/EBITDA ratio under 2.5x)

### ...and with the comparable companies multiples...

- The implicit multiples of the transaction would be 4.9x for EV/EBITDA 08E and 10.2x for EV/OCF 08E, that compares with the Latin American comparable companies' multiple of 4.8x for EV/EBITDA 08E and with Telefónica Group multiples of 5.8x and 9.4x respectively

### ...reinforcing Telefonica's Strategy in the region

- After the global consolidation of CTC, the impact on the EPS should be less than 1%. Positive cash impact.
- The transaction would enable Telefonica to advance in its strategy as an integrated operator in Latin America with the goal of improving its competitive positioning and its operative and financial efficiencies

