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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20459

REC'D S.E.C.
JUL 10 2002
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FORM 6-K

Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

July 10, 2002

Compañía de Telecomunicaciones de Chile S.A.

(Exact name of registrant as specified in its charter)

Telecommunications Company of Chile

(Translation of registrant's name into English)

Avenida Providencia No. 100, Piso 22
Providencia, Lima, Peru
(562) 691-2020

(Address of principal executive offices)

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(Indicate by check mark whether the registrant files or will file
annual reports under cover of Form 20-F or Form 40-F:)

Form 20-F X

Form 40-F

(Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:)

Yes

No X

(If "Yes" is marked, indicate below
the file number assigned to the registrant in
connection with Rule 12g3-2(b):) N/A

COMPAÑÍA DE TELECOMMUNICACIONES DE CHILE S.A.

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CTC CHILE

News Release

FOR IMMEDIATE RELEASE

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TELEFONICA CTC CHILE ANNOUNCES NEGATIVE IMPACT ON 2Q02 RESULTS

(Santiago, Chile – July 8, 2002) Compañía de Telecomunicaciones de Chile S.A. (NYSE: CTC) (“Telefónica CTC Chile” or the “Company”) announces that during the second quarter 2002 it will record a loss on its investment in Terra Lycos shares, in the amount of Ch\$3,866 million (US\$5.6 million). This loss will be recorded as other non-operating expenses in the Company’s 2Q02 income statement, and will cause the Company to record a net loss for the second quarter 2002.

The reduced valuation of the investment in Terra Lycos shares is the result of a decrease in the price of these shares listed on the Madrid Stock Exchange from Euros 9.00 at the end of 1Q02 to Euros 5.75 as of the end of 2Q02. According to Chilean accounting principles, the value of this investment must be recorded as whichever is lower between the book value and the market value of the investment. Telefónica CTC Chile, through its subsidiary Telefónica Mundo, holds 2,984,986 shares of Terra Lycos.

Compañía de Telecomunicaciones de Chile S.A., the first South American company to list shares on the New York Stock Exchange, is the largest telecommunications enterprise in Chile, providing local service, as well as domestic and international long distance services throughout the country. Additionally, the Company provides equipment marketing, data transmission, value-added services and information systems services and operates a nationwide cellular network.

This news release contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1996, including but not limited to Compañía de Telecomunicaciones de Chile S.A.’s expectations for its performance for the second quarter 2002. Forward looking statements may also be identified by words such as “believes”, “expects”, “anticipates”, “projects”, “intends”, “should”, “seeks”, “estimates”, “future”, or similar expressions. The forward looking statements included in this news release are based on current expectations, but actual results may differ materially from anticipated future results due to various factors many of which are beyond the control of Compañía de Telecomunicaciones de Chile S.A. and its subsidiaries. Certain factors which could cause the actual results of Compañía de Telecomunicaciones de Chile S.A. and its subsidiaries to differ materially from the expected results include, among others, changes in Chile’s regulatory framework, impact of increased competition and other factors beyond Compañía de Telecomunicaciones de Chile S.A.’s control.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPAÑIA DE TELECOMUNICACIONES DE CHILE S.A.

By: 

Julio Covarrubias F.
Chief Financial Officer

Date: July 10, 2002