



1991-2007: From telephone company to Telecommunications Corporation

Three decades of sustained growth, learning and development transpired between December 1991 and 2007, defining the Company's current strengths. In order to understand its transformation over that period we must split it into four stages:

1992-1997: Network expansion and modernization

For the first six years as a privatized company, fixed and mobile voice and data networks were expanded and modernized; thanks to the largest capital investment ever made in Venezuela by a private firm: more than US\$ 3 billion. This novel technological platform encompassing the whole country allows us to meet the growing demand for telecommunications, thanks to its being permanently updated, just as the Movilnet network was later on.

A total of 1,981 kilometers of Cantv's most important project were constructed during that period: the inter-urban fiber optic system that would enable the main cities in the country to be connected to the most modern and reliable telecommunications platform in the whole of Latin America.

The first phase of the ATM/Frame Relay for high-speed data and video transmission was put into service and the conversion of the intelligent network platform commenced.

Thanks to an ambitious plan to digitalize and modernize telephone exchanges all over the country, the proportion of access network digitalization rose from 20% to 62%. At the same time an aggressive plan was undertaken to update and expand the public telephone network. At year end there were 70,000 public telephones installed nationwide.

Incoming and outgoing international traffic grew faster than ever before through connection to the different submarine fiber optic cables and use of updated technology at the "Camatagua" earth station.

We are making good progress with the installation of fiber optic cable along the coast, and the Américas I, Columbus II and Pan American submarine fiber optic cables will soon be in service. This will guarantee Cantv simultaneous digital voice, data and video communication between Venezuela and North America, the Caribbean, South America and Europe.

A particularly special plan that marked Cantv's culture was the development of the Service Improvement Program through Plan Caracas and Plan Zulia-Falcón, through which the shortcomings in solutions to failures, line installation and customer service at Commercial Offices was publicly acknowledged and a commitment made to overcome them. This initiative was successful thanks to follow-up through Face-to-Face (Cara a Cara) programs implemented between management and staff which enabled internal weaknesses to be pinpointed and corrective action plans to be designed and executed.

An in-company Prize for Excellence Program was created to acknowledge extraordinary performance by teams and individuals. This led to a cultural change in staff management, triggering initiatives to ensure recognition of the value of achievements and productivity.

Another landmark during this period was the creation of Movilnet on May 19, 1992, which formed a customer base of 21,000 in its first year and soon became the first mobile operator in the country to digitalize its



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network. Using TDMA (Time Division Multiple Access) technology, Movilnet put new products and services on the domestic market with innovations like the caller ID service. By 1997 the operator had a customer base of 375,000 subscribers.

In 1993 Caveguías was relaunched through a change in stock ownership, increasing Cantv's holding to 80%, with a strategic partner (Grabados Nacionales del Grupo Capriles) that contributed 20% of the capital stock. Caveguías modernized its infrastructure, changed its image and logo and became more user-friendly.

Cantv Servicios was created in November 1995 and later became Cantv.net. Its objective was to provide customers with value-added services. Soon it was to become the flagship of the Company's modernization process through the impetus created by providing widespread availability of the Internet service in Venezuela, a position of leadership that it has consolidated over the years.

The privatization of Cantv was strengthened during this period, particularly after November 22, 1996 when the Republic of Venezuela, sold a 34.8% equity stake in the Company in a public offering. Cantv shares are listed on the New York Stock Exchange under the symbol VNT and on the Caracas Stock Exchange under the symbol TDV. d.